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Record Group/Collection: Donated Historical Materials
Collection/Office of Origin: Bush, George H.W., Collection
Series: Personal Papers
Subseries: Zapata Oil File, Business Correspondence File

OA/ID Number: 25852
Folder ID Number: 25852-003

Folder Title:
Reading Files - 1959 (January to March)

Stack:	Row:	Section:	Shelf:	Position:
G	5	1	3	7

April 1, 1959

Mr. J. S. Dewar
H. C. Price Company
Box 1111
Bartlesville, Oklahoma

Dear Stewart:

The Scorpion will probably be released before the Vinegarroon. Therefore, we now plan to drill Block 86 well #3 with it. The Scorpion should leave the Bahamas location in one week and be on location in 21 days approximately. This is a rough estimate but should be close. Our only target date is having a log at 10,850' by June 1.

Russ Mosby is drawing up a footage contract to 10,850' using our latest contract prices just negotiated by competitive bidding in the area on a CATC well with five contractors bidding.

We'll keep you informed.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 31, 1959

Mr. C. T. Peterson, Manager
Contracts Department
R. G. LeTourneau, Inc.
Longview, Texas

Dear Cliff:

Thank you for your letter of March 28, 1959. I have before me now the supplement dated November 16, 1955, to the letter agreement dated November 4, 1955.

I would like to review the past transactions regarding this matter.

Under our construction contract dated November 11, 1954, Article IV, page 3, LeTourneau agreed to furnish \$7500 worth of labor to install piping. This labor was never furnished and inasmuch as it was figured in the total purchase price it was Zapata's position at the time the barge was completed that the purchase price should be reduced by \$7500.

On October 13, 1955, I wrote to Dick LeTourneau requesting a conference about eight items which we felt should have been furnished in our basic contract by R. G. LeTourneau, Inc. Subsequently we had several phone conversations and a meeting regarding these items. On November 4, 1955, LeTourneau mailed a letter agreement to us. It represented a total compromise on the unused labor and on the items which we felt LeTourneau should have furnished. I am attaching to this letter a photostat of an inter-office memo which I mailed to Wayne Dean dated November 4. As soon as I received Mr. LeTourneau's letter agreement dated November 4 I signed it and returned it to him. It makes no mention of any open account balance or of any monies which will be owed by Zapata to LeTourneau. It states quite clearly we were to be billed for \$3,000 (this amount was changed to \$3,597 by letter agreement dated November 16, 1955), and that we would be credited with \$4,500. This letter agreement was a compromise in which Zapata did not get full credit for the \$7,500 pipe labor and did not get free delivery of the \$8,097 worth of work on items 1, 2 and 4.

Mr. Peterson

- 2 -

March 31, 1959

I am also attaching an inter-office memo dated November 28, 1955, from myself to Wayne Dean which reports to him on the final deal and forwards to him in Houston the two letter agreements.

Further, I would like to refer you to a letter dated December 27, 1955, which I wrote R. L. LeTourneau requesting that the note in the amount of \$900,000 be reduced to \$895,500 in the light of our November 4 agreement. In reply to this letter I received a letter from you dated December 30 in which you pointed out that a reduction would be crediting the \$4,500 ahead of schedule. There was no mention of any offsetting charge in this letter or any other letters.

After reviewing this deal in detail it is our firm conviction that the signed letter agreements of November 4 and November 16 spell out in entirety the deal between Zapata and LeTourneau. We have paid the \$3,597 called for in the letter agreements and we now ask that you credit us with \$4,500 since we have completely paid off the note.

I realize that these transactions took place so long ago it is difficult to reconstruct them from pure memory. I hope that the above references and explanations will prove helpful to you in reviewing this matter.

I would appreciate your getting in touch with me after you have had a chance to review this deal. We will, of course, furnish you with a photostatic copy of the cancelled note when we receive said note from Princeton University. Will you please send one copy of your reply to me at our Houston office, 2218 First City National Bank Building, since I am spending a great deal of my time there now.

Best regards.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

March 23, 1959

Mr. Samuel W. Meek
J. Walter Thompson Company
420 Lexington Avenue
New York 17, New York

Dear Mr. Meek:

The attached sheet shows your various expenditures for 1958, your 1958 income, and your projected income for 1959, 1960 and 1961. From this it can be said that the package deal was a good one, the wildcats lousy. Please let me know if you need any additional dope.

I guess Herby has told you that Barbara and I are moving to Houston. We hate to leave Midland, but we are looking forward to our new life on the Gulf Coast.

I hope to see you soon.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Attachment

March 23, 1959

R. G. LeTourneau, Inc.
Longview, Texas

Attention: Mr. C. T. Peterson

Gentlemen:

By letter agreement dated November 4, 1955, you agreed to credit us with \$4,500.00 upon final payment of the purchase price of the platform. On December 31, 1955, we executed a note in your favor for \$900,000.00.

Subsequently this note was assigned to Princeton University. Princeton advises us that when they purchased the note from you they did not obligate themselves to credit us with the \$4,500.00. The Princeton note was paid off in full March 20, 1959. Therefore, will you please send us your check for \$4,500.00.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

March 23, 1959

Mr. P. A. Grove
The California Company
300 The California Company Building
New Orleans 12, Louisiana

Re: Louisiana State Lease No. 3527
West Delta Block 50 Area
Plaquemines and Jefferson
Parishes, Louisiana

Dear Mr. Grove:

We are returning herewith the original and three copies of the subject lease. These have been executed, witnessed and notarized on behalf of this Company, and a corporate resolution attached certifying as to the authority of the executing officer.

If we can be of further assistance in this matter please let us know.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB
Attachments

ZAPATA PETROLEUM CORPORATION
Statement of Expenditures and Income
S. W. Meek - For the Period January 1, 1958, to December 31, 1958

<u>Lease Name</u>	<u>Leasehold Costs</u>	<u>Intangible Costs</u>	<u>Tangible Costs</u>	<u>Operating Expense</u>	<u>Dry Hole Costs</u>	<u>Total</u>	<u>Income 1958</u>
Phillips State "B" Lease	\$ 14.18	\$ 5,267.08	\$2,100.77	\$ 211.17	\$	\$ 7,593.20	\$2,224.58
Phillips State "C" Lease	3.26	339.00	199.52	22.58		564.36	37.35
Albus #1 and Graham #1 (dry holes)					2,677.67	2,677.67	
Otero County Prospect							
Federal #1-14							
Leasehold cost	114.26						
Delay rentals	63.74						
Drilling costs:							
\$20,381.89							
Less: Dry hole							
(4,999.80)							
Less: Overage							
(7,015.75)							
<u>8,366.34</u>					8,544.34	8,544.34	
	<u>\$ 17.44</u>	<u>\$ 5,606.08</u>	<u>\$2,300.29</u>	<u>\$ 233.75</u>	<u>\$11,222.01</u>	<u>\$19,379.57</u>	<u>\$2,261.93</u>

	<u>1959</u>	<u>1960</u>	<u>1961</u>
Estimated Gross Income	2,365	1,750	1,400
Estimated Operating Exp.	375	360	320
Estimated Net	<u>1,990</u>	<u>1,390</u>	<u>1,080</u>

March 20, 1959

Mr. P. S. Bush, Jr.
Johnson & Higgins
63 Wall Street
New York 5, New York

Dear Pres:

Thanks for forwarding the Lunch Club bill.
Attached is our check to cover same.

Bar and I spent three days in Tucson with Jack Greenway and then went up to Phoenix for a couple of days, returning last night. We had a wonderful time there. I think you and Betty Lou would like that western climate. The weather was very hot and clear, but nice and cool at night.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

March 20, 1959

Mr. Ted Patterson
Preston, Moss & Company
24 Federal Street
Boston, Massachusetts

Dear Ted:

Thank you for your letter of March 13 and your letter of March 17, both of which were on my desk today when I returned to the office.

I most certainly would like to arrange a visit for you to one of our rigs in the Gulf of Mexico. There will be no difficulty here, but you should allow at least twenty-four hours since it takes quite a while to get to the Coast and then several hours to get out to the rig. Why don't you call me when you get to Dallas in April and perhaps we can work up a visit to the Vinegarroon or the Nola. My office number in Houston is Capital 2-0395 and in Midland it is MUTual 2-7316. I can be reached through either office.

I am putting your letter on Hugh's desk so he will be advised of the dates.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JM&B

March 20, 1959

Mr. James G. S. Gammell
British Assets Trust Limited
9 Charlotte Square
Edinburgh 2, Scotland

Dear Jimmy:

Thanks so much for your letter of March 12. I appreciate very much your concern over my personal problems. Generally speaking, the deal is satisfactory with me. Knowing all the other things you had to worry about, I should tell you I was very grateful for the consideration that you always had for my own personal position.

The deal seems to be on the tract. I have not seen Hugh in the last week, but he was very confident of getting his group together when I last saw him. Herbie is now back in New York so things should start happening on his end very soon. The date, of course, depends a lot on how Off-Shore progresses over the next couple of months. Right now we have all three rigs working. The Scorpion has just finished up in the Bahamas, but we think we will find a place for it in the Gulf of Mexico. The Nola continues to work satisfactorily, and Nolan Stewart has been down in South America working on several deals for this Nola and maybe another one. I am asking our Houston office to send you a copy of the Nola article from the OFFSHORE magazine. It is so optimistic you will probably suspect I wrote it.

Hugh is working on the immediate sale of the Drilling Company, but I do not know how this is progressing yet since both he and I have been out of town.

Regarding Georgie's plans, we have made the following reservations: leave New York Friday, August 7, 6:00 P.M. on KLM flight #602; arrive Prestwick Field, Glasgow at 11:15 A.M. on Saturday, August 8. Return leaving Sunday, August 30,

from Glasgow at 9:45 P.M. on KLM flight #605 and arrive in New York at 7:40 A.M. on Monday, August 31. I will be in touch with you later about this just to re-confirm, but we do have these reservations firmly made. I hope this will not be too much of a strain on Sue.

We have a big "for sale" sign plastered in front of our house, there there has been no stampede to purchase it so far. We have also bought a lot in Houston and are proceeding to build a house down there.

Best regards and thanks again for all your help.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 20, 1959

Mr. S. J. Veenstra
Vice President
Asiatic Petroleum Corporation
50 West 50th Street
New York 20, New York

Dear Mr. Veenstra:

Thank you for your letter of March 17, 1959.

The headquarters of the Zapata International Corporation is 2218 First City National Bank Building, Houston, Texas. The officers of the corporation are:

George H. W. Bush, President
Wayne H. Dean, Executive Vice President
J. Hugh Liedtke, Treasurer
Nolan Stewart, Secretary.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 20, 1959

Mr. James Cavill
The American University
Massachusetts and Nebraska Avenues
Hamilton House - Room 305
Washington, D. C.

Dear Mr. Cavill:

Thank you for your letter of March 11, 1959.
Unfortunately, we will not have any jobs with Zapata Drilling
Company available this summer. Our Company plans to dispose
of its drilling equipment prior to this time.

Yours very truly,

George H. W. Bush

GHWB:JMcB

Box 3195
Midland, Texas

March 20, 1959

Dear Lib:

Nancy and Sandy Ellis, her husband,
like all ages. Do not make any great plans. I am sure
they have made arrangements to stay at some hotel since
I imagine this is some kind of a business trip for
Sandy.

Thanks for your hospitality.

Yours very truly,

P. S. George, Bill Kennedy is marrying that little girl
who was in San Francisco for a while. He was really glad
to have the chance to meet you.

Withdrawal/Redaction Sheet

(George Bush Library)

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	CLASS.
01. Letter	From George Bush to James Bush RE: Financial information (1 pp.)	3/20/59	C	
COLLECTION George Bush Personal Papers Zapata Oil File Business Correspondence Files				
FILE LOCATION Reading Files - 1959 (January to March) OA/ID Number Date Closed 11/04/99				

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

F-1 National security classified information [(b)(1) of the FOIA]
 F-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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 F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

March 20, 1959

Mr. W. H. Hunt
700 Mercantile Bank Building
Dallas, Texas

Dear Herbert:

Thanks for your letter of March 13. I am passing it along to our geologist in New Orleans and if we can do anything in that area I will let you know.

Thanks very much for thinking of us.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 20, 1959

Mr. Kirby Fisk
Allied Chemicals
61 Broadway
New York, New York

Dear Kirby:

I am attaching two copies of the memorandum which I have written regarding the Zapata deal which I discussed with you on the telephone today. On reading it over I can see it is very general, so please do call me about it if you feel like it.

Personally, I am sold on the Off-Shore picture, but I have not wanted to present it as one without any problems. I fully realize that you may elect to leave all of your holdings in Petroleum when you realize that under the proposed exchange you will have to pay a capital gains tax. I would like to state again that the memorandum is general and is extremely confidential, and I hope that it will not find its way into any files. We have many problems of disclosure and due to the fact our annual meeting is coming up early in April we are anxious that these details remain confidential.

I hope I will see you before too long. Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encls (2)

March 20, 1959

Mr. Godfrey Rockefeller
Cranston Print Works
261 Madison Avenue
New York, New York

Dear Mr. Rockefeller:

I tried to call you today to discuss with you the matter which is the subject of the attached memorandum. There are two or three substantial blocks of Zapata stock for which I feel personally responsible, and yours is one of them. The attached memorandum outlines the deal that is being worked on right now. After you have had a chance to read it I would appreciate your either writing me or calling me since it would be very helpful to know what you would like to do in this matter.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

Withdrawal/Redaction Sheet

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March 20, 1959

Mr. Robert M. Goodyear
Aiken, South Carolina

Dear Bobby:

The attached memorandum, which is confidential, explains a rather complicated deal that we are about to do in Zapata. The end result will be that Zapata Petroleum Corporation and Zapata Off-Shore Company are separated out. Naturally, I would like very much to have you in the Off-Shore picture 100 percent since that is where I will be spending my time, but as you can see, the proposed switch will involve paying a capital gains tax. I am prepared to do this since I know the business and live with it day to day, but will certainly understand if you prefer to leave your Petroleum holdings as they are, especially since you already own some Off-Shore stock. After you have had a chance to read this I would appreciate your letting me know what you want to do. The attached memorandum has gone to about five people to whom I feel a personal responsibility in this matter. Please give me a call if you have any questions.

Barbara and I plan to move to Houston as soon as we sell our house in Midland, in any event by June 1 at the latest. We are going to build a house down there and it will have plenty of room for you and Patty and even some of the little weenies. We are having a baby in August, probably our fifth boy.

Best regards and love to Evil Mallet.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

I want to advise you of certain happenings in the Zapata picture.

The directors of Zapata Petroleum Corporation have tentatively decided to dispose of the 400,000 shares of stock in Zapata Off-Shore Company owned now by Zapata Petroleum Corporation. This block, approximately 40% of Off-Shore's outstanding stock, will probably be disposed of through a public offering and through private placement. Before presenting the probable terms of the deal I would like to give you some general background information.

The majority of the Zapata Petroleum board feels that it will be some time before Petroleum can realize anything tangible from its off-shore holdings. They feel it would be better to dispose of the stock for cash and then put the cash to work in Zapata primarily by buying producing oil properties. They feel that Zapata should concentrate solely on acquiring production through purchase or exploration. Therefore, Petroleum will probably also dispose of its land drilling company through sale of its rigs.

For Petroleum to dispose of its Zapata Off-Shore Company stock it is necessary that I move over into Zapata Off-Shore Company on a full time basis. For the last two years I have been spending almost all of my time working as President of Zapata Off-Shore Company. These duties have required spending a lot of time in Houston and New Orleans. Therefore we now plan to move to Houston to live. There I will devote 100 percent of my time to the affairs of Zapata Off-Shore Company.

I personally have confidence in the offshore picture and am prepared to switch over into that company on a full time basis. The offshore drilling business has been rough, especially during the last year or two. From the attached annual report you can see that we operated at a substantial loss. However, business has picked up and in my view our company could well be on the threshold of a period of real opportunity. Our equipment debt is down now to about \$825,000. We are maintaining satisfactory levels of cash, and there seems to be more contract work available. We plan to increase our efforts to obtain production and I am encouraged over the opportunities that exist in this field. I have overall confidence in the Gulf Coast area, and although I am not happy with our emphasis on drilling equipment, I feel we have in Zapata Off-Shore Company a vehicle which with some diversification can grow and prosper.

I have tentatively agreed with the board of Zapata Petroleum to switch, share for share, most of my holdings from Zapata Petroleum into Zapata Off-Shore Company. I will incur a capital gains tax in so doing.

Over the past few years Zapata Petroleum in the market has generally sold higher than Off-Shore. At the present time Zapata Petroleum is around 7-3/4 to 8 and Off-Shore is around 8-3/4 to 9. Realizing that some of the holders in Petroleum will want to switch over into Off-Shore, an arrangement will be worked out whereunder a person can sell Petroleum at 8 and buy Off-Shore at the same price. Those early Petroleum holders who have a low cost basis in the stock will incur a capital gains tax in such a switch. For that reason some of those who otherwise might have wanted to switch will remain in Petroleum. The mechanics of this deal will probably be that a group

will offer to purchase 100,000 shares of Petroleum at \$ while simultaneously Petroleum will be selling 100,000 shares of its Off-Shore at \$ on an investment letter basis. If more than 100,000 shares want to switch over some equitable allocation system will have to be arranged since the Petroleum buying group will be for 100,000 shares maximum.

Following this private investment deal there will probably be a fully registered public underwriting of approximately 225,000 shares of Off-Shore stock, the balance of the stock owned by Petroleum after the Bush trade and the 100,000 share private offering.

I do not want to advise you as to what to do in this deal. Perhaps the safest thing is to make the deal on part of your holdings only. Let me try to summarize the pros and cons of both set-ups as briefly as possible.

Zapata Petroleum Corporation

Pros: 1. Assets primarily production

2. Plan to concentrate on adding to reserves by purchasing oil using ABC financing method - a field in which Liedtke is excellent.

3. Internal changes to be made - plan to reduce overhead, hire key exploration man, reduce wildcat drilling.

4. Strong cash position after dispose of Off-Shore stock.

5. Management fine to concentrate on production - not on less desirable contract drilling rig business.

6. Majority of board confident of this approach and new group plan to back their opinion by buying 100,000 shares of Petroleum stock which could firm up market.

7. Bondholders to be offered lower conversion price and chance to redeem up to \$500,000 total bonds at par.

8. Jameson waterflood if successful will raise company income substantially two years from now.

Cons: 1. Income from oil runs down

2. Cash requirements for 1959 about equal to cash to be generated - not much income available for exploration.

3. Debt relatively high.

4. General difficulties of small independent oil companies.

5. Zapata's reserves not of long-life variety.

6. Absolutely necessary to add to reserves.

7. Important for Jameson waterflood to work.

Zapata Off-Shore Company

Pros: 1. Relatively good cash position.

2. Total equipment debt \$825,000 being amortized \$45,000 per month. No other long term debt.

3. Good cash flow - operating at small profit for year to date.

4. New techniques in offshore drilling developed by Zapata could be very profitable.

5. Will have full time management trying to build production and alert to opportunities for diversification.

6. Generally improved conditions offshore coupled with basic long run confidence in offshore as place to seek oil reserves.

7. Block 86 gas property with future development could be of real value.

Cons: 1. Current emphasis on contracting and drilling equipment--traditionally not best assets.

2. Lack of reserves.

3. Dependence on major companies for work.

4. Difficult to borrow money on equipment if additional funds needed.

5. Imate risk in offshore drilling equipment.

I realize that this memo is very sketchy. After you have had a chance to read it you may have some questions. If so please call me at MU 2-7316 at Midland, Texas, or CA 2-0395 in Houston, Texas. I would like to have your general feeling as to what you may want to do, since the private group will have to be shaped up. Most of my family's stock (uncles, grandparents, etc. will switch over); 30% of my own stock will go over, and my father will probably switch some and keep some. He already owns a fairly substantial amount of Off-Shore stock.

This memo is strictly confidential and I ask that you please destroy it after reading. The arrangements discussed above are strictly tentative. I am writing this to you because of the fiduciary relationship I have felt towards your holdings. We are most anxious that the deal not be discussed with outside people; however, if you do want to talk to anyone in New York please feel free to call Herbie Walker at G. H. Walker & Co., RA 2-4000.

George H. W. Bush

March 13, 1959

Mr. Kline McGee
Vice President
The Texas National Bank
Houston, Texas

Dear Kline:

You were thoughtful to write about the office space situation. I believe that we have gotten this situation resolved since it now appears we can pick up an additional 800 feet in the First City National Bank Building on the same floor where we are now located.

We have bought our lot and soon will be spudding in our house. We are coming closer and closer to being full fledged Houstonians.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 13, 1959

Dear Herbie:

Your letter from Dorado Beach was on my desk when I returned today after business this week in Dallas and Houston. This sounds like a great place and you are down there with a wonderful bunch of people. I met Mr. Loudon with Shell when he came through here last year. He is indeed head of the entire Shell group being Managing Director of it, and when his name is mentioned Shell people all over the world come to attention. He probably would not remember me, but we had a long chat at the Petroleum Club about Shell's using contract drilling equipment as opposed to buying their own equipment.

Things shaped up fairly well this week. I had a long talk with Magnolia at a big meeting in Dallas which included their top production people as well as some people from their Treasury Department. I proposed a lease purchase agreement and I am fairly confident that when we are ready we can work out a satisfactory deal with Magnolia to acquire an additional tender. The Nola has been off location a couple of times this week, so we have lost a little time on the CATC well. However, things are generally going satisfactorily. CATC tenders in the Gulf were also off location. Nolan is down in Venezuela and goes from there to Trinidad. When he gets back I hope we will have a line on a good contract.

Paria Operations is having a meeting April 1 and perhaps they will agree to take our equipment. We feel confident they will, if they put additional equipment on at all.

I think we might have worked out our office space situation in Houston as it now appears we can sublease some space on the same floor in the First City National Bank Building. I will have my own office and set-up around the corner from the existing offices. This suits me fine. The more I see of and visit in Houston, the more charged up I get strictly from a business standpoint. It will take a while to get to know the top people there, but once this is done I think we will find there are many new directions in which we might move.

March 9, 1959

Mr. Jack O. McCall
Vice President
The Louisiana Land and Exploration Co.
American Bank Building
New Orleans 12, Louisiana

Dear Jack:

Thanks for the copy of your annual report. I was particularly interested to read that you had been elected a Director of the Company in February. That is terrific and I am really delighted.

I called you up the other day, but unfortunately you were in some meeting and I had to leave town right after lunch.

You might be interested in knowing that Bar and I and the kids plan to move to Houston as soon as we sell our house in Midland (June 1 at the latest). I have been doing so darned much traveling to and from Houston that we finally realized it made much more sense to be there. Naturally we are extremely reluctant to leave Midland after all this time, we will have been in West Texas eleven years in June, but we do know some people in Houston and I am sure we will like that, too. I will spend most of my time in the offshore business. We plan to expand our activities in Zapata Off-Shore and hope to do more exploration work.

Best regards, and see you soon, I hope.

Yours very truly,

George H. W. Bush

March 9, 1959

Mr. J. H. Davis
CATC Marine Region
P. O. Box 2197
Houston, Texas

Dear Jack:

Just a note to tell you that within the near future Houston will have six new residents--five Bush boys including me, and one wife. We have found Midland is not exactly the offshore drilling center of the world, and although we are reluctant to leave here for many reasons, we are looking forward to Houston. Get out your duck hunting equipment and we will both be real nice to Mosby and see if he will invite us back to that sump hole outside of town.

Best regards.

Yours very truly,

George H. W. Bush

P.S. Don bother to acknowledge this. I merely wanted to pass this dope along to you.

XXX 3195

March 6, 1959

Mr. Harold Shattuck
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Harold:

Will you please send me a stock certificate or stock certificates totaling 10,000 shares of Zapata Petroleum Corporation stock. This should be from the unrestricted stock. I am going to need this to do some financing here at a local bank. If the certificates on hand do not exactly total 10,000 that will be all right, but approximately 10,000 is what I need as soon as you can arrange it. Please forward it to me at Box 3195, Midland.

Yours very truly,

George H. W. Bush

March 6, 1959

Mr. T. D. Collins
5454 Emerson
Dallas 9, Texas

Dear Sir:

I am attaching some information on the Grube lease. Salvage value on the lease appears to be \$29,465. If you need any additional information on this and if I should be out of town, please call Jim Wood, our chief engineer, at MUTual 2-7316.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Attachments

Withdrawal/Redaction Sheet

(George Bush Library)

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	CLASS.
03. Letter	From George Bush to James Simmons RE: Financial informaiton (1 pp.)	3/6/59	C	
COLLECTION George Bush Personal Papers Zapata Oil File Business Correspondence Files				
FILE LOCATION Reading Files - 1959 (January to March) OA/ID Number Date Closed 11/04/99				

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-1 National security classified Information [(b)(1) of the FOIA]
- F-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- F-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- F-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- F-7 Release would disclose Information compiled for law enforcement purposes [(b)(7) of the FOIA]
- F-8 Release would disclose Information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

ZAPATA OFF-SHORE COMPANY

Area: Blocks 103, 104 Vermilion Area

Parmout from: The California Company (104)
Pan American and Texas Company (103)

Water Depth: 62'

Depth of Test Well: 10,500'

Estimated cost: Producer - \$500,000
Dry Hole - \$300,000 less \$90,000 DHC - total \$210,000

Commencement Date: July 15, 1959 (first well)

General Lease Data:	<u>Block 104</u>	<u>Block 103</u>
Lessor	U. S. Government	U. S. Government
Lessee	California Company	Pan American
Expiration of Lease	9/1/60	9/1/60
Lease No.		
S/2	OCS-0570	OCS-0568
E/2	OCS-0569	OCS-0567
Royalty	1/6	1/6

Market Outlet: Transco contracted to take gas from Zapata et al Block 86, Vermilion Area, 2 miles from proposed location

Terms of Deal:

1. Well #1

- a. Zapata drill at 10,500' test well on the westerly 312.5 acre tract, S/2 Block 104.
- b. Override on this tract - 1/16
- c. Percentage of oil to working interest - 77.08334
- d. Dry hole money - \$50,000 - Pan American and Texas Company
\$40,000 - The California Company
\$90,000 - Total

If 10,500' not reached, contribution prorated by depth.

- e. Depth 10,500', Gulf Coast escape clause, or production at lesser depth.

2. Additional acreage Block 104. By drilling a well at a location to be approved by California Company on the NW/4 Block 104, Zapata can earn the full 1250 acre tract subject to 3/32 override or either 60 days after completion California Company may elect to take 1/2 working interest in the well by paying 1/2 the cost of the well. California Company will make a \$75,000 dry hole contribution to this well.

3. Acreage in S/2 Block 103. Zapatacan earn the E/2 SE/4 Block 103 (625 acres) by drilling to 10,500 feet or production at a lesser depth within 6 months after the completion of Well #1 above. The election to drill this test must be made 60 days after completion of Well #1. Pan American and Texas Company retain a 1/8th override on this tract.

Withdrawal/Redaction Sheet

(George Bush Library)

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	CLASS.
04. Letter	From George Bush to G.H. Walker, Jr. RE: Financial information (3 pp.)	3/5/59	C	
COLLECTION George Bush Personal Papers Zapata Oil File Business Correspondence Files				
FILE LOCATION Reading Files - 1959 (January to March) OA/ID Number Date Closed 11/04/99				

RESTRICTION CODES

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 F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Wayne H. Dean

February 24, 1959

George H. W. Bush

I have gone over the Barnwell statement in great detail. I do not think it would be possible to work out a deal with Barnwell; the main reason is that they owe on equipment \$3.436 million. In addition, they owe \$400,000 on their producing oil and gas property. Unless this property is worth a substantial amount of money it would be impossible for us to work a deal with Barnwell. The equity simply is not worth much money because of the substantial debt in front of it. In this connection I broke down the Barnwell statement of income and expense for the 3 months ended December 31, 1958. There were very few details available, but from their figures they grossed \$4740 a day. Their operating expense was \$2413 per day, their operating profit was \$2327 per day, their G&A expense was \$364 a day. In addition to this, their interest expense totaled roughly \$640 a day. This is a tremendous expense and, of course, has an adverse effect on their earnings potential. They showed a net profit for the period of \$23,500. It seems to me that Barnwell stock should never go anyplace until their debt has been reduced substantially.

We should continue to keep our eye on this Company, but at this time I don't think there would be any chance of getting ahold of their rig if we should need one since we could not pay anything for their stock. Please pass this along to Jerry since he and I talked a little bit about Barnwell on the phone.

GB:McB

February 24, 1959

Mr. M. R. Underwood
Underwood, Neuhaus & Co., Inc.
The Houston Club Building
724 Travis
Houston, Texas

Dear Milton:

I have not been in touch with you for some time and I would like to bring you up to date on Zapata.

The Nola spudded in at the Block 51 well on Thursday, February 12. To date the drilling has gone as well as we had hoped. We are currently at 7300', heading for 9,000'. You may recall that we own a 50% interest in this well with CATC. We are not overly optimistic about the well itself, but it has given the Nola a good shake-down, and so far we are more than satisfied with the way the barge is working. We have stayed on location in fairly rough weather; in fact, we have already been through weather rougher than that which is encountered in Trinidad or Venezuela. We do not as yet have a contract for the Nola, but we have had observers on the rig from Venezuela, Trinidad and The Hague, and we are hoping that one of them will give us a contract. We hope to have a well or two more in the Gulf of Mexico for either Continental or The California Company with the Nola.

The Vinegarroon is still drilling in the West Delta Area but shortly will move over to Cameron to drill a well for Continental. The Scorpion is still down in the Bahamas.

I do not have our January figures yet, but I am hoping we made a little money. We continue to chip away at our debt and at the end of this week our equipment debt will total approximately \$850,000. Our cash position is satisfactory.

A while ago at luncheon I mentioned to you I was contemplating moving to Houston to concentrate on the Zapata Off-Shore Company. I think this move is definitely in the wind and

Mr. Underwood

-2-

February 24, 1959

we will probably be moving down there in three or four months. In a way we hate to leave Midland since we have so many friends here and have been extremely happy here, but from the business standpoint the move makes sense and perhaps I will get to stay home more. This proposed move is not known here in Midland, so I would appreciate your not saying anything to anybody there for the time being. Baine Kerr is helping us locate a lot and I think we will probably build a house in or near Tanglewood.

Generally speaking, the company is rocking along satisfactorily. We are not making a lot of money, but business is better for us than a year ago and we have several very interesting farmouts on the line. As soon as the Scorpion finishes in the Bahamas, estimated to be 15 to 30 days, we will move it back to Vermilion and drill another well on our gas property.

Best regards and I shall give you a call when I am next in Houston. Please don't bother to answer this. I merely wanted to bring you up to date since I have not seen you in several weeks.

Yours very truly,

George H. W. Bush

GHWB:JMcB

cc: T. Devine

February 24, 1959

Mr. Ken Regan
Mayflower Hotel
Washington, D. C.

Dear Ken:

I received a letter dated February 14 from Alberto M. Vazquez, a copy of which was forwarded to you. I have talked to Mr. Dodson, and inasmuch as paragraph 2 and paragraph 7 seem to change the original deal considerably, we have decided that neither Cosden nor Zapata would be interested in pursuing the matter further at this time. We appreciate your thinking of us and regret that we have had to make this decision.

I am attaching an extra copy of this letter in the event you want to mail it to Vazquez or Fallon. We do not plan to contact either of them directly.

I hope our paths cross in Washington soon again.

Yours very truly,

George H. W. Bush

GHWB:JMcB
cc: Mr. Dodson

February 24, 1959

Mr. Taro Yamashita, President
Arabian Oil Company, Ltd.
Chiyoda Denden Building
No. 6, 1- Chome
Otemachi, Chiyoda-ku
Tokyo, Japan

Dear Mr. Yamashita:

This letter is simply to advise you that Zapata Off-Shore Company has set up a special subsidiary to operate in foreign waters. The new company is known as Zapata International Corp. We are still vitally interested in doing offshore drilling in foreign areas with either of our two large mobile drilling barges or with our new self-contained floating method.

In the forthcoming issue of OFFSHORE magazine there will be an article reporting on the unique new floating method that has been developed by our Company. We have converted our drilling tender Nola into an over-the-side drilling vessel which can operate in deep waters and which has already proved its ability to operate in rough seas. The unit is complete with fully air conditioned living quarters, National 130 rig, and all the necessary miscellaneous equipment to drill and complete deep wells.

We would appreciate very much your keeping us in mind in the event you have offshore drilling work anywhere in the world coming up in the near future.

Yours very truly,

George H. W. Bush

GHWB:JMcB

March 3, 1959

Mr. de Jager
Manager of Off-Shore Operations
Bataafsche Petroleum Maatschappij
30 Carel van Bylandtlaan
The Hague, Holland

Dear Mr. de Jager:

You can see I have taken your advice and sent out this letter to various companies operating in foreign areas.

It was a great pleasure to see you again in New Orleans. I am hoping that one day we will get together on a contract for your company, but if this is not in the cards I want you to know how much we appreciate the interest you have shown in our company.

Yours very truly,

George H. W. Bush

March 3, 1959

Bataafsche Petroleum Maatschappij
30 Carel Van Bylandtlaan
The Hague, Holland

Gentlemen:

This letter is simply to advise you that Zapata Off-Shore Company has set up a special subsidiary to operate in foreign waters. The new company is known as Zapata International Corp. We are still vitally interested in doing offshore drilling in foreign areas with either of our two large mobile drilling barges or with our new self-contained floating method.

In the forthcoming issue of OFFSHORE magazine there will be an article reporting on the unique new floating method that has been developed by our Company. We have converted our drilling tender Nola into an over-the-side drilling vessel which can operate in deep waters and which has already proved its ability to operate in rough seas. The unit is complete with fully air conditioned living quarters, National 130 rig, and all the necessary miscellaneous equipment to drill and complete deep wells.

We would appreciate your keeping us in mind in the event you have offshore drilling work anywhere in the world coming up in the near future.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

March 3, 1959

Mr. Thomas C. Borland
Vice President
Pan American International Oil Company
630 Fifth Avenue, Suite 450
New York, New York

Dear Tom:

This letter is simply to advise you that Zapata Off-Shore Company has set up a special subsidiary to operate in foreign waters. The new company is known as Zapata International Corp. We are still vitally interested in doing offshore drilling in foreign areas with either of our two large mobile drilling barges or with our new self-contained drilling method.

In the forthcoming issue of OFFSHORE magazine there will be an article reporting on the unique new floating method that has been developed by our Company. We have converted our drilling tender Nola into an over-the-side drilling vessel which can operate in deep waters and which has already proved its ability to operate in rough seas. The unit is complete with fully air conditioned living quarters, National 130 drilling rig, and all the necessary miscellaneous equipment to drill and complete deep wells.

We would appreciate your keeping us in mind in the event you have offshore drilling work anywhere in the world coming up in the near future.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

March 3, 1959

Mr. Dale Nix, Vice President
Arabian American Oil Company
505 Park Avenue
New York 22, New York

Dear Mr. Nix:

This letter is simply to advise you that Zapata Off-Shore Company has set up a special subsidiary to operate in foreign waters. The new company is known as Zapata International Corp. We are still vitally interested in doing offshore drilling in foreign areas with either of our two large mobile drilling barges or with our new self-contained floating method.

In the forthcoming issue of OFFSHORE magazine there will be an article reporting on the unique new floating method that has been developed by our Company. We have converted our drilling tender Nola into an over-the-side drilling vessel which can operate in deep waters and which has already proved its ability to operate in rough seas. The unit is complete with fully air conditioned living quarters, National 130 drilling rig, and all the necessary miscellaneous equipment to drill and complete deep wells.

We would appreciate your keeping us in mind in the event you have offshore drilling work anywhere in the world coming up in the near future.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

March 3, 1959

Mr. S. J. Veenstra
Vice President
Asiatic Petroleum Corporation
50 West 50th Street
New York 20, New York

Dear Mr. Veenstra:

This letter is simply to advise you that Zapata Off-Shore Company has set up a special subsidiary to operate in foreign waters. The new company is known as Zapata International Corp. We are still vitally interested in doing offshore drilling in foreign areas with either of our two large mobile drilling barges or with our new self-contained floating barge.

In the forthcoming issue of OFFSHORE magazine there will be an article reporting on the unique new floating method that has been developed by our Company. We have converted our drilling tender Nola into an over-the-side drilling vessel which can operate in deep waters and which has already proved its ability to operate in rough seas. The unit is complete with fully air conditioned living quarters, National 130 drilling rig, and all the necessary miscellaneous equipment to drill and complete deep wells.

We would appreciate your keeping us in mind in the event you have offshore drilling work anywhere in the world coming up in the near future.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

February 23, 1959

Mr. B. H. Mann
Baker, Botts, Andrews & Shepherd
Esperson Building
Houston, Texas

Dear Mr. Mann:

Thank you for your letter of February 16, 1959. I think your suggestion to go over this in detail with Nolan Stewart is a good one. I would appreciate being kept informed on all aspects pertaining to this matter.

Yours very truly,

George H. W. Bush

GHWB:JMcB
cc: W. H. Dean

February 23, 1959

Mrs. R. G. Scott
122 Quinlan Street
Lynchburg, Virginia

Dear Mrs. Scott:

As I told you, I notified a friend of mine in San Antonio about your tract of land. It would be most helpful if you could send me a plat or map of this acreage so I could pass it along to him for a closer evaluation.

Yours very truly,

George H. W. Bush

CHWB:JMcB

cc: Mr. Dean

February 23, 1959

Mr. Charles Caliga
The California Company
800 The California Company Building
New Orleans 12, Louisiana

Dear Charlie:

I believe the attached letter is self-explanatory. I would appreciate your letting me know the official reaction to this proposal at your earliest convenience. We shall keep you advised as to Pan American's and Texas Company's attitudes.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl. (2)
cc: Mr. Dean
cc: Mr. Little

February 23, 1959

The California Company
800 The California Company Building
New Orleans 12, Louisiana

Attention: Mr. Caliga

Re: Vermilion Area, Block 104

Gentlemen:

We should like to make the following revised proposal on the above referenced block:

1. Zapata shall drill an exploratory test in order to earn the westerly 312.5 acres on the S/2 Block 104. The California Company will retain free and clear a 1/16 override on this tract and will contribute \$40,000 dry hole money to the test. The test shall go to 10,500 feet or production at a lesser depth, or to a depth at which salt, heaving shale or impenetrable formations are encountered which would make further drilling hazardous or impracticable. Should the well be stopped as a non-producer prior to 10,500 feet as a result of conditions outlined above, The California Company will prorate on a depth basis its dry hole contribution.

2. By drilling a second test to an objective sand found in Well #1, or to 10,500 feet, Zapata can earn the 1,250 acre tract comprising the W/2 of the N/2 of Block 104. The California Company will retain a 3/32nds of an 8/8ths override. Thirty days after the completion of Well #2 The California Company may elect to convert this override to a 50% working interest. If such election is made, The California Company will pay 50% of the cost in the completed well. The California Company agrees to make a \$75,000 dry hole contribution to this well if it goes to 10,500 feet, or a proportionately reduced dry hole contribution if it goes to a lesser depth. If production is established and The California Company elects to retain its 3/32nds override, The California Company will not be required to pay for any cost of the well.

3. Well #1 will start within 120 days of the signing of the formal contract between The California Company and Zapata.

4. This offer is contingent upon Zapata's negotiating a deal with Pan American Petroleum Corporation and The Texas Company whereunder these companies

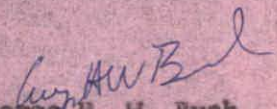
will contribute at least 1,250 acres subject to a 1/8th override and \$40,000 dry hole money.

5. It is understood that Zapata will not have to drill on the Pan American and Texas Company acreage in order to drill Well #2 (see 2. above).

This offer is made subject to working out a detailed contract between The California Company and Zapata Off-Shore Company.

Yours very truly,

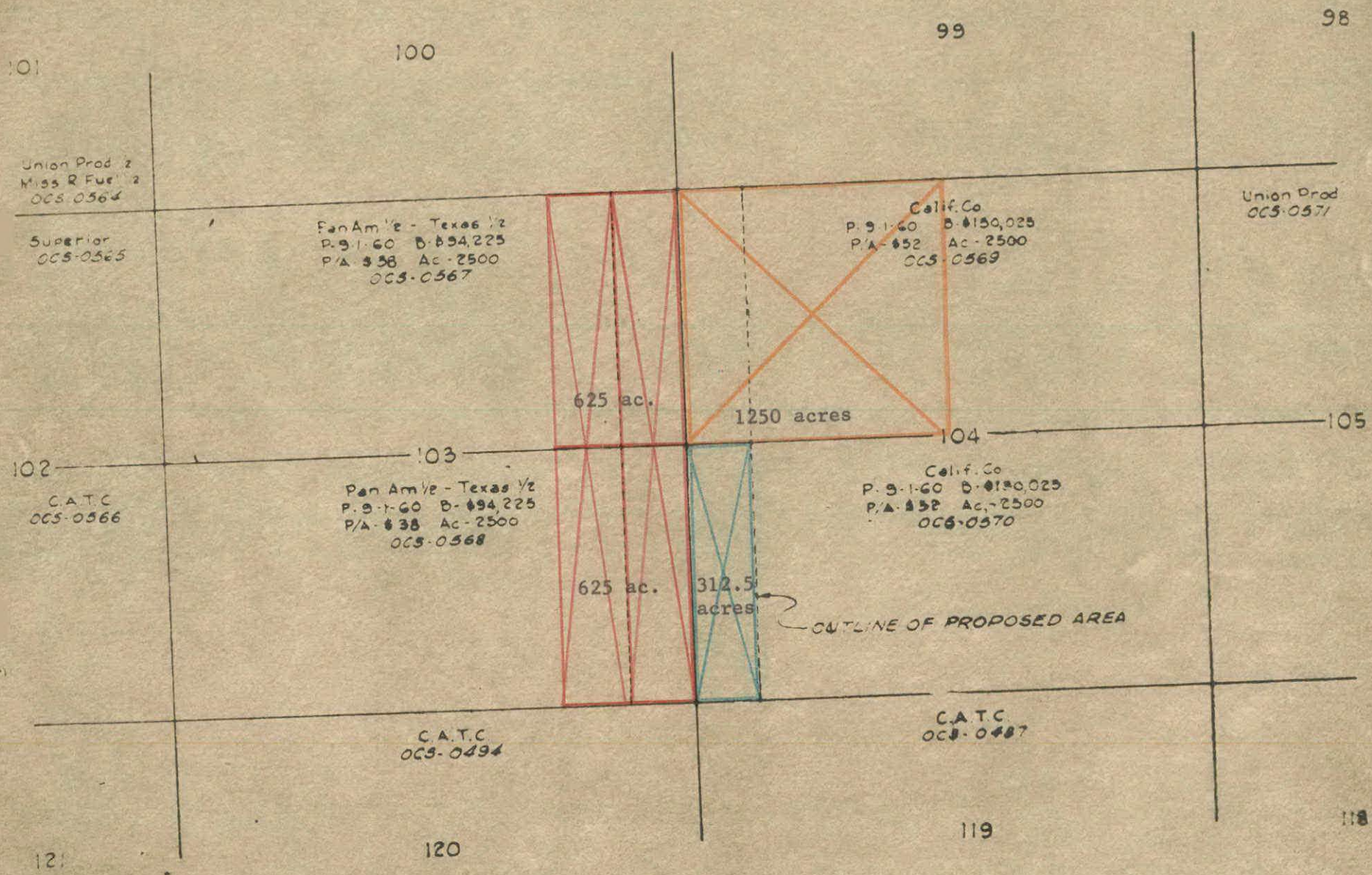
ZAPATA OFF-SHORE COMPANY


George H. W. Bush
President

GHMB:JMcB

cc: W. H. Dean

cc: Sterling Little



VERMILION 104 AREA
1" = 4000

February 16, 1959

Felmont Oil Corporation
P. O. Box 1855
Midland, Texas

Re: SL 1446, Block 86, OCS 0172
Vermilion Area

Gentlemen:

We hereby confirm our agreement to sell to you or your affiliated companies or your associates an 11.71875% working interest in Block 86 (hereinafter referred to as the new Felmont interest) on the following terms:

Felmont to purchase 11.71875% working interest at cost:

	<u>Totals</u>	<u>11.71875%</u>
1. Cost of Well #1 less protection platform	\$521,455.94	\$61,108.12
2. Cost of Protection Platform	* 64,836.61	* 7,598.04
3. Total	586,292.55	68,706.16

*It is probable that all partners will be called upon to absorb the full cost although at the present time three of the CATC members have each paid for 1/8th of the line 2 cost. These CATC members may rightfully request refund of these monies, in which case Zapata et al and the new Felmont interest purchase price will be based on the costs shown at line 3 above.

In addition to purchasing the 11.71875% working interest at cost, Felmont agrees in respect to Block 86, Well #3, to be drilled in 1959, that the new Felmont interest purchaser will pay 23.4375% of the cost of drilling and completing said well in accordance with AFE dated January 14, 1959, or any subsequent AFE approved by all the parties. Regarding costs incurred subsequent to completion, such as

tying into the gas line, the new Felmont interest shall bear only its 11.71875% of such costs. After Well #3 is on production the new Felmont interest shall pay 11.71875% of all operating costs.

The new Felmont interest will bear its proportionate part of the 1/8th base royalty, its proportionate part of the 1/6th of 8/8ths overriding royalty being retained by CATC, and, commencing March 1, its proportionate part of all operating expenses, capital costs, etc. in conjunction with Block 86 except as noted in the paragraph above.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

February 12, 1959

Mr. Hal Dean
El Paso Natural Gas Company
1004 Milam Building
San Antonio, Texas

Dear Hal:

The attached letter staggered into here today. Do not answer it, but if this shows to be under the heart of some big gas field let me know and we shall buy this from this lady.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Attachment

February 12, 1959

Mrs. R. G. Scott
122 Quinlan Street
Lynchburg, Virginia

Dear Mrs. Scott:

I do not think that our Company would be interested in the tract of land in Zapata County about which you wrote to G. H. Walker & Co., One Wall Street, New York, New York. We are in the offshore drilling business and are not in the business of acquiring acreage. I have passed your letter along to a friend of mine in San Antonio who is familiar with Zapata County.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 12, 1959

Mr. Dan W. Lufkin
44 Wall Street
New York 5, New York

Dear Dan:

Thanks for your letter of February 11. I am afraid I cannot help you out since I do not know Mr. Robert A. Weaver, Jr. or the Bettinger Corporation. In any event it was nice hearing from you. If I can ever be of assistance to you in this part of the country please do not hesitate to drop me a line.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 12, 1959

Mr. Frank B. Pugsley
Baker, Botts, Andrews & Shepherd
Esperson Building
Houston, Texas

Dear Mr. Pugsley:

Thank you for your letter of February 11. This letter merely confirms my previous low opinion of Mr. Hanna. I have never been to his office, nor have I seen any of his drawings or catalogs that I can remember. His assistance to me and to Zapata has been positively nil. I don't think I have even seen Hanna in the last two years. I shall be anxious to know what Mr. Mann's reaction to all this is.

Thanks for your help.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 12, 1959

Dear Dad:

Thanks very much for your recent letter. I took your advice and Tuesday went to see Neil Mallon in Dallas. I talked to him for about an hour Tuesday morning, and he called in Fred Carlson, the Chief Economist for Dresser. He was inclined to feel that my position regarding Off-Shore was sound. Also Carlso felt, and Neil agreed, that the best area for future growth in the domestic oil business will lie in the Gulf of Mexico--this, in spite of the fact that the offshore business will be faced with certain problems in the short term future.

I then had lunch with a fellow from Magnolia who is in charge of the Magnolia-Continental-Neumont group, and he confirmed that his company had great confidence in the offshore business for the long pull.

Jim Gammell from Scotland is here now. As you may remember, his firm owns the largest amount of Zapata Petroleum Corporation stock. I have spent the morning with him and he plans to spend the next few days here delving into the picture in an effort to decide what is the best position for them to take, and also in an effort to help iron out the overall problem. Both Hugh and I are most anxious to get the situation resolved.

I shall let you know what the outcome of our talks with Gammell prove to be.

Ever devotedly,

cc: Herbie Walker

February 11, 1959

Mr. Louis Marx, Jr.
200 Fifth Avenue
New York, New York

Dear Louis:

Stanley Rawn was in the office today and I had a very nice visit with him. He makes a fine impression. I am delighted you asked him to come by, and I hope you will tell him or Fred Martin to call on us if we can ever help them out out here. I gave Stanley some names of engineers we know who might be of help to you in waterflooding.

Best regards and please come see me in Houston or Midland when you next get down this way.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 9, 1959

Mr. W. G. Harris
T & P Building
Dallas, Texas

Dear Mr. Harris:

On Tuesday night, January 20, I had a roomette in Car #88 from Midland to Dallas; however, I got off at Ft. Worth. I left my watch in the pocket above my pillow in the berth and was wondering if this had been turned into your lost and found department. It is a Swiss made watch with a blue band and on the back is engraved "G.H.W. Bush".

If a watch of this description has been turned into your office I would appreciate your letting me hear from you.

Yours very truly,

George H. W. Bush

JMcB

February 9, 1959

Mr. Walter G. Rafferty
G. H. Walker & Co.
111 Pearl Street
Hartford 3, Connecticut

Dear Walt:

On February 2 W. M. Brumley, our Treasurer, wrote John Ellsworth about the L & K deal. He referred him to some information which had been sent to him before and asked Mr. Ellsworth to contact him if he had any questions. Would you please check with Mr. Ellsworth and ask if he needs any additional information. If he does, ask him to send me a telegram and we can get the information together and phone him.

It was good hearing from you. Of course, Bar really enjoyed her visit--it was the highlight of her trip.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 9, 1959

Mr. E. L. Fallon
Brown and Root
Room 1023, Pennsylvania Building
425 13th Street, N. W.
Washington, D. C.

Dear Mr. Fallon:

Please pardon my delay in writing to you. I have been traveling a good deal and have just gotten back to my office.

Mr. Dodson and I agreed to send to you this list of questions about the Bolivian oil business prior to one or both of us going to Bolivia. Some of the things we would like to know are as follows:

- (1) The overall policy of the Bolivian government to private development of oil properties in Bolivia.
- (2) It was our understanding that some of the work to be done was on proven properties. Does "proven" in this instance actually mean wells offsetting production, or does it just mean there is a general geological area similar to one that is now producing? We are particularly interested in the proven aspect of the properties.
- (3) We would like to have some general comments on the terrain at the area of interest since variations here could affect drilling costs substantially. Are there roads leading from the cities into the production areas?
- (4) We should like to have a summary of the marketing situation. Is there a good demand for Bolivian oil, and if so, to whom is it sold? What will be the requirements as to building pipelines, refineries, etc.
- (5) Nature of prospects, depth, number of tests to drill, any unusual drilling conditions, such as heaving shale, flowing water, etc., normal casing program, any particular weather problems due to

February 9, 1959

seasonal rains, etc., gravity and type of oil.

(6) Requirements as to using Bolivian labor and any special tax requirements and import duties on drilling machinery imposed by Bolivia.

(7) More detail as to the type of program envisioned. It was our original understanding we were to take over certain production now in existence in order to operate it and further develop it. Is this essentially correct?

(8) Corporate form required for doing business in Bolivia. Is qualification in Bolivia necessary?

(9) Any suggestion as to the best way to proceed on negotiating a final deal?

Zapata's man has not yet gone to Bolivia, although this should take place within the next couple of weeks. We had to postpone Mr. Dean's visit to Bolivia due to some other work on the Coast. I should like very much to have the answers to these questions before he goes to Bolivia. Please send copies of your correspondence to me to Mr. E. K. Dodson, Coedden Petroleum Company, P. O. Box 1311, Big Spring, Texas.

Yours very truly,

George H. W. Bush

GHWB:JMcB

cc: Mr. Dodson

February 9, 1959

Mr. G. H. Walker, Jr.
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Herbie:

It is difficult to say where the Nola will be on March 1. However, I am reasonably sure the Vinegarroon will be off the West Delta Area at that time. If the Nola is in that vicinity, and it is most likely it will be, we will have our own boats and will arrange a trip to both the Nola and the Vinegarroon for you on Sunday, March 1. If the Nola is not in this area, we will be dependent upon CATC's transportation. They are servicing the Vinegarroon with a helicopter. I am sure that we can arrange for you to go out to the Vinegarroon by helicopter if you would like to do this. In any event, I shall alert Wayne and tell him you will probably want to go to either or both of the rigs on March 1. I shall try to be down there then myself. If we do not use CATC's plane we will, of course, be able to take as many people as you would like to invite. The proposed Shell trip sounds interesting. It would take you over both the Nola and the Vinegarroon provided they are in the same area in which they are now operating since Block 24 is down at the mouth of the river, but I think you would get a bigger kick out of actually going on the rigs rather than just seeing them from the air.

I will keep in touch with you on this. Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMCB

February 9, 1959

Mr. D. D. Bovaird, President
The Bovaird Supply Company
P. O. Box 2590
Tulsa 1, Oklahoma

Dear Mr. Bovaird:

Thanks ever so much for your letter of February 4. The Y.M.C.A. certainly appreciates your generous donation. I realize your company must get hit up on many of these drives, and I can well imagine you would like to miss an appeal or two. However, I know I speak for all the Board of the Y.M.C.A. when I say your gift in this instance is sincerely appreciated.

We are having a meeting on Wednesday with Jim Gammell who is coming over from Scotland, and out of that perhaps we will come up with a workable plan for Zapata. Provided these meetings are over by Friday, it is possible I will be in Tulsa then. If so, I shall give you a ring and we can get together for a meeting or two.

My best regards to Bill.

Yours very truly,

George H. W. Bush

GHWB:JMcB

Box 3195
Midland, Texas
February 9, 1959

Mr. Donald K. Walker
Executive Secretary
Committee on Enrollment and Scholarships
Yale University
703-A Yale Station
New Haven, Connecticut

Dear Don:

I should be happy to talk to the three boys whose names you sent me. I will write them today to try to set up a meeting.

It was good hearing from you, and I hope to see you before too long.

Best regards.

Yours very truly,

George H. W. Bush

GHNB:JMcB

February 5, 1959

CATC Marine Region
P. O. Box 2197
Houston, Texas

Attention: Mr. Lee Molesworth

Re: Blocks 61, 62, East Cameron Area

Gentlemen:

We have agreed upon a geophysical program for this area, and this is to advise that our shooting should commence within ten days.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB
cc: Mr. Jack Davis
cc: Mr. R. G. Mosby

February 5, 1959

Mr. Bill Roever
4512 North Central Expressway
Dallas 6, Texas

Dear Bill:

Jim Simmons, the President of the Commercial Bank and Trust Co., asked me to find out something about Clark Brothers' banking connection in Midland. Apparently your local man would not be opposed to banking with the Commercial Bank, but Clark does bank with The First National Bank. Who should I write to about this situation? We would like very much to have the account, even though I am told it is not a large one, and I think that our Bank could be of service if any of your people ever needed anything in the area.

Yours very truly,

George H. W. Bush

GEWB:JMcB

bcc: Mr. Pharr

February 5, 1959

Mr. Baine P. Kerr
Baker, Botts, Andrews & Shepherd
Esperson Building
Houston, Texas

Dear Baine:

This morning I glanced through our retainer agreement with Baker-Botts. I am assuming that this agreement does not have to be renewed every year, although I understand that if the burden of work should be in excess of that provided for, the amount of the retainer shall be adjusted. If we do have to have a new agreement each year, will you please send it to me, otherwise I will assume our retainer is still in effect.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 4, 1959

Mr. William T. Savage
Manager, Research Department
Shuman, Agnew & Co.
155 Sansome Street
San Francisco 4, California

Dear Mr. Savage:

Thank you for your letter of January 29.

At present the Company's three drilling barges are employed as follows: (1) The Scorpion is drilling a deep test for the Bahama California Oil Company at Cay Sal Bank in the Bahamas. It is difficult to estimate how much longer the Scorpion will be on this Well since we are on a day-to-day working basis. (2) The Vinegarroon is doing completion work for CATC (Continental, Atlantic, Tidewater & Cities Service) in the West Delta Area off the Louisiana coast. This barge should be tied up on this work for 45 days. (3) The Nola I has been converted to a floating drilling vessel and will commence work on Sunday in West Delta Block 51. This well will be the first for the Nola I as a floating drilling vessel. The well will be drilled for Zapata and CATC, each owning a one-half interest in the well, with a dry hole contribution being made by The California Company.

In answer to your second question, we do not have any long term contracts for any of our equipment; however, we are hopeful the Nola will be placed on a long term contract upon completion of the Block 51 well. The mobile drilling barges will remain on a well-to-well basis. We have one well to drill in Block 86, Vermilion Area, in which Zapata has a working interest. This well should be a confirmation test for our gas discovery of last year.

So far this year the Company has operated at a profit and kept a good deal busier than we did a year ago. If the conversion of the Nola I works successfully we should

be able to show nice earnings provided the two big rigs can be kept moderately busy. Our first quarter earnings, after approximately \$270,000 for depreciation, should be about \$85,000.

In accordance with your request we have placed your name on the Company's mailing list. Please let me know if I can answer any additional questions.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

Box 3195
Midland, Texas

February 3, 1959

Mr. G. H. Walker, Jr.
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Herbie:

In December 1956 Ganny gave me 11 shares of Parke Davis. We sold this stock in March, 1958. I am wondering what, if anything, we can use for a cost basis on this stock. I believe you sent me something on this a long time ago but I cannot seem to find it. I would appreciate your letting me know about this since I am in the process of preparing my tax return.

Yours very truly,

George H. W. Bush

GHWB:JMcB

Withdrawal/Redaction Sheet

(George Bush Library)

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	CLASS.
05. Letter	From George Bush to G.H. Walker, Jr. RE: Financial information (3 pp.)	2/3/59	C	
COLLECTION George Bush Personal Papers Zapata Oil File Business Correspondence Files				
FILE LOCATION Reading Files - 1959 (January to March) OA/ID Number Date Closed 11/04/99				

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

F-1 National security classified information [(b)(1) of the FOIA]
 F-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 F-3 Release would violate a Federal statute [(b)(3) of the FOIA]
 F-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

February 3, 1959

Mr. George Furneal
Vice President
Bahama California Oil Company Limited
320 Market Street
San Francisco 11, California

Dear George:

Wayne Dean and Sterling Little went to Miami where they reviewed the geology on the Cuban prospect. Sterling went over to Havana and checked the available information there and he was enthusiastic about the prospect. Unfortunately, due to conditions at that time, he was not able to go out to the location nor was Dean. They were advised that several days advance notice should be given for the trip; therefore, we have not checked on the ground drilling problems. Inasmuch as this is a high cost project we would not like to make any commitment or any offer until we have made an on the spot examination. This we plan to do at the earliest possible time.

Wayne has been very busy with final stages of work on the Nola I, negotiating a new deal for the Vinegarroon, and doing certain planning on the Scorpion, so I just do not know when he will be able to make this check. I would appreciate your letting me know if time is of real importance to you at this point. We are, of course, most anxious that Wayne be in or near New Orleans when the Nola goes on location to drill this first well with the over-the-side method. We had planned to start our West Delta Block 51 well Monday but we had a minor accident while under tow to location and had to pull in for repairs, thus setting our schedule back five or six days.

I did want you to know we are still interested and will check this out as soon as we can.

-2-

I would appreciate your letting us know as to the timing of your Bolivian deal because Wayne also would like to make the trip we discussed with you in time to make an intelligent bid.

Texas today is covered with ice and sleet--a most unusual sight.

Best regards.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB

cc: Wayne Dean

February 3, 1959

Mr. Robert T. Priddy
Dual Drilling Company
City National Building
Wichita Falls, Texas

Dear Bob:

Hugh Liedtke has handed me your letter of January 26. Accordingly I have written to my brother at Johnson & Higgins in New York City. They have installed pension plans for many of the country's largest companies and are experts in these matters. We do not have a pension plan in Zapata at this time, but Johnson & Higgins has put in a group medical insurance plan for us and group accident life insurance. Of course, there will be no obligation to you in discussing this with my brother, but Hugh and I both feel Johnson & Higgins are among the foremost experts in the country on these matters.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMCB

bcc: P. S. Bush, Jr.

February 2, 1959

Mr. J. S. Dewar
H. C. Price Company
Box 1111
Bartlesville, Oklahoma

Dear Stewart:

I have not been in touch with you for a while, but I note that Mosby has written to you regarding the situation on the gas contract. All we need now to sign the contract is the final wording from Transco on the location of the gathering platform. This should be forthcoming in two or three days. The commencement of the Block 86 well will depend on availability of the rigs, but we realize the importance of getting the well down before Transco is ready to lay the line and even if our own rigs are not available we will make some deal to get the well drilled. We shall furnish you shortly with the final AFE on the project.

We are still working on the Block 104 deal from The California Company, and we are about to do some shooting on another CATC project. We also have made an offer to Magnolia on a salt dome shallow test. I should like to talk to you about these projects as they develop.

Let me know if you are going to be in Houston anytime soon since I am there a good deal.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

February 2, 1959

Mr. G. H. Walker, Jr.
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Herbie:

Darn our luck on the Nola! She left port on Sunday ready to drill, and going through the final railroad bridge the aft tug let the current get ahold of the Nola and swing her into the bridge. When I talked to Wayne this morning he did not know how serious the damage was, but now it turns out not to be too bad. We had to pull her back through the bridge up into the slip where she has been for the last few days. One of the large beams that support the ~~cantilever~~ CANTILIVER was bent, as was one of the corner posts on the derrick. The derrick part can be had there in New Orleans and is being fixed right now, but the 15 foot beam had to be specially ordered from Lee C. Moore in Tulsa. They have the beam in stock and have said they will have it shipped by Wednesday. We are trying to hurry it up and send it on down tomorrow. The shipyard said it will be a 24-hour job to install it. Total damage looks like it will run around \$25,000 of which the insurance will pay all but \$5,000. This is a real discouraging deal, but I guess in the offshore business we should expect this kind of thing once in a while. We are in fair shape on our deal provided we can drill the well rather quickly. We want to get the well down by February 18 since that is the date of the lease sale. We may not be able to make this date now. At first we thought the barge would have to go back to the shipyard, but this is not the case as of now.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

January 30, 1959

Mr. Davis Bovaird
Bovaird Supply Company
P. O. Box 2590
Tulsa, Oklahoma

Dear Mr. Bovaird:

At the suggestion of John Ashmun, who has been very active in the Midland Y.M.C.A. drive, I am writing to you about a possible contribution from Bovaird Supply Company. Midland is in the process of letting bids for the construction of a big new Y.M.C.A., one which is much needed here. We are having a general follow-up drive in an attempt to raise an additional \$175,000, the amount needed to fully complete the building.

I feel sure your firm has a general policy on such matters, and, of course, I do not know whether this would preclude your contributing. I will say, however, that this is a matter of vital interest to Midland, and all of us are hoping you will be able to make some kind of contribution.

It was nice seeing you in New York. I am sorry we did not have more time to visit. My main regret about the meeting was we did not have enough of a chance to fully develop the ideas we were kicking around.

Best regards to Bill and I hope I will see you soon.

Yours very truly,

George H. W. Bush

GHWB:JMcB
bcc: John Ashmun

January 30, 1959

Mr. Gene Coker
1204 1/2 Eagle Street
Houston, Texas

Dear Gene:

Thank you for your letter of January 23 and please excuse my delay in answering it. I have just returned to town today after a rather extended trip to the East.

At the present time, as far as I know, we will not have any jobs available for geologists during the summer. However, I would like very much to meet you and talk to you about what you intend to do with the thought I might be helpful in finding you such a place. We have an office in Houston at 2218 First City National Bank Building, phone CA 2-0395, and I would like to suggest you call there in about a week. I am in and out of there all the time and if you will leave your number with Billie Jackson she will bring it to my attention when I come to Houston.

Looking forward to meeting you, I am

Yours very truly,

George H. W. Bush

GHWB:JMcB

bcc: Billie Jackson

Box 3195
Midland, Texas

January 30, 1959

Mr. C. A. Buckley
Box 2369
Houston 1, Texas

Dear Mr. Buckley:

Some time ago I authorized my brokers, G. H. Walker & Co., One Wall Street, New York 5, New York, to transfer some of my Southwestern Capital stock to J. A. Rudolph. Yesterday I called the office of Southwestern Capital and the lady was not able to tell me if this had been accomplished. I talked to New York and they tell me they have not yet received the transferred stock. I would appreciate it very much if you would look into this matter and advise me of the status of the transfer.

Yours very truly,

George H. W. Bush

GHWB:JMcB

cc: Mr. Rudolph

January 30, 1959

Mr. Wayne Martin
19820 Battersea Boulevard
Rocky River 16, Ohio

Dear Mr. Martin:

Thank you for your letter of January 26.

You are correct in that our annual report should be out in two months.

You asked about our acreage near Pan American's discovery in Brazoria County. During 1958 Humble drilled a 14,000 foot dry hole within one-half mile of our tract. This dry hole was most discouraging to the area, and although people are still actively buying leases there based on an even deeper play, we were disappointed since success in the Humble well would have made our tract look most promising. We have not given up on the area by a long shot, but I would say that it will be some time before we realize anything from this.

Regarding our overall drilling program, we were very active during 1958. I believe the Company will show approximately a \$400,000 loss for the year, but in spite of this drilling loss we feel we have made some headway on adding to reserves out here.

You are correct in assuming the allowable situation has improved out here. This has had a good effect on some of our production, although some of our leases were not affected by the allowable cuts.

I realize this is a very general letter, but if you have any more specific questions I would be glad to try to answer them.

Yours very truly,

ZAPATA PETROLEUM CORPORATION

George H. W. Bush
Vice President

GHWB:JMcB

January 30, 1959

Mr. Kline McGee
Senior Vice President
The Texas National Bank
Houston, Texas

Trustees
Princeton University
Princeton, New Jersey

Gentlemen:

In accordance with our letter agreement dated May 1, 1958, I am attaching a balance sheet and income statement as of December 31, 1958, along with a recapitulation sheet.

You will recall that Zapata Off-Shore Company agreed to pay to you 50% of that amount by which the net quick assets exceeded \$350,000. The recapitulation sheet shows this amount to be \$29,431.66. There is only one item which needs explanation, and that is our account shown as the 15,000 feet of drill pipe from the Bahama California Oil Company. We have shown this amount as a contingent liability of \$55,052.00. Zapata has a firm obligation to purchase this drill pipe from the Bahama California Oil Company by no later than September 31. You will note on the balance sheet the purchase price is \$110,105, and that depreciation to December 31 was \$19,004. However, in talking to Kline McGee with The Texas National Bank we agreed that Zapata would not deduct the full amount of the pipe, but rather the minimum liability which Zapata had. Zapata can be called upon to purchase the pipe upon the completion of the Cay Sal well that we are drilling, but in no event can we wait later than September 31, 1959, to make this purchase. For your information I am attaching a photostatic copy of our agreement with the Bahama California Oil Company. Inasmuch as in a strict accounting sense the liability is contingent we have elected to footnote it rather than place it under current liabilities; hence, the necessity of making this separate calculation. It is, in fact, a commitment which Zapata must go through with and which must require cash.

In accordance with the letter agreement, the proceeds of any payment should be split two-thirds - one third, with two-thirds

to The Texas National Bank and one-third to Princeton University. We are sending herewith our check to The Texas National Bank in the amount of \$19,621.11, and to Princeton University in the amount of \$9,810.55, said payments to be applied against principal. If you have any questions about our computation I would appreciate your letting me know.

Once again I should like to express my appreciation for your help in the past. The refinancing to which you agreed helped our Company over a difficult period, and we are hopeful we will be able to continue now on the full payment schedule until each of our obligations is fulfilled in its entirety.

Yours very truly,

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB
Encl.

cc: Mr. Alfred S. Foote
Vice President
J. P. Morgan & Co. Incorporated
23 Wall Street
New York 8, New York

cc: W. N. Dean

January 27, 1959

American Express Company
65 Broadway
New York 6, New York

Gentlemen:

We are enclosing herein American Express credit card #218 025 513 5 issued to this Company with expiration of April 30, 1959. We would appreciate your canceling this credit card.

Yours very truly,

(Mrs.) Juanita McBride

Encl.

Issued to Mc Cormick

January 27, 1959

American Airlines
910 South Boston
Tulsa 3, Oklahoma

Gentlemen:

We are enclosing herein Air Travel Cards
#AQ 16923 N 906886 issued to M. R. Voltz, and
#AQ 16923 AN 417048 issued to Sanford E. Mc-
Cormick. We would appreciate your canceling
both of these cards.

Yours very truly,

(Mrs.) Juanita McBride

Encls. 2

xxx 3195

January 19, 1959

Mr. Thomas W. Moseley
General American Transportation Corporation
2612 Coppers Building
436 Seventh Street
Pittsburgh, Pennsylvania

Dear Mose:

Thanks for your good letter of January 9 and the black book which were on my desk when I returned to the office today. I have read it with interest and you are to be commended. Actually, I spent one evening with Pfau in San Francisco and saw the book out there.

You asked about the offshore drilling business. I believe it is picking up somewhat although we had a very bad year last year. We have had a profitable first quarter for this year, but it is hard to project what will happen in the future since so much of this depends on major company spending. I know Mac Boring with Dixilyn and he is a very competent guy.

I hope I shall see you before too long. Barb is in Washington now and I will meet her there Wednesday. We are planning to have dinner with Congressmen Ashley and Morehead and Assistant Secretary of State Macomber. God, what wheels these guys are getting to be! I am afraid both Morehead and Ashley will be antagonistic to the oil industry, but perhaps I will have a chance to debate with them anyway.

Love to Barb and thanks for your good letter.

Yours very truly,

George H. W. Bush

P. S. I believe since you stepped down from the top spot with Bright Star that particular corporation has been floundering around in search of another top leader. Payne is pretty much of a work horse but he has refused to take on the onerous task of the presidency.

xxx 3195

January 19, 1959

Mr. F. E. Wellings
General Manager
Production Operations
Iraq Petroleum Company, Limited
214, Oxford Street
London, W. 1, England

Dear Mr. Wellings:

Thank you very much for your letter of January 8.
We are pleased you will keep our firm in mind in the
event you do offshore drilling in the Persian Gulf.

Yours very truly,

George H. W. Bush

GHWB:JMcB

bcc: Wayne Dean

January 19, 1959

Mr. Minor S. Jameson, Jr.
Executive Vice President
The Independent Petroleum Association of America
1110 Ring Building
Washington 6, D. C.

Dear Minor:

Thank you for your letter of January 8. I plan to be in Washington on Thursday of this week and I should like to come by to see you if you have a minute. Please don't bother to answer this letter, but I will give you a call when I get to Washington.

Yours very truly,

George H. W. Bush

GHWB:JMcB

January 19, 1959

Mr. Ken Regan
Mayflower Hotel
Washington, D. C.

Dear Ken:

Let's set the appointment up for 10:00 A. M. on the
twenty-second, and then if we need to talk further we can
meet again at 2:00.

I will call you Thursday morning.

Regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

xxx 3195

January 19, 1959

Mr. Basil J. Rusovich, Jr.
President
Transoceanic Shipping Co., Inc.
Suite 411, Shell Building
Houston 2, Texas

Dear Mr. Rusovich:

Thank you for your letter of January 12. Henry Lindsley did speak to me about you and we will certainly keep your firm in mind, though we very seldom have any foreign freight problems.

I have passed your letter along to Mr. Wayne H. Dean, our Vice President in Houston, and I am sure he will read it with interest.

Yours very truly, .

ZAPATA OFF-SHORE COMPANY

George H. W. Bush
President

GHWB:JMcB
cc: Mr. Dean

Box 3195
Midland, Texas

January 19, 1959

Messrs. Vic Flaherty
and Bruce Barnes
Sorg Printing Company
P. O. Box 2622
Houston, Texas

Dear Vic and Bruce:

Thank you for the invitation to your Company party on January 24. Unfortunately, I will be in New York since we are having a Directors meeting the following Monday. Sorry I cannot make it.

Yours very truly,

George H. W. Bush

Box 3195
Midland, Texas

January 19, 1959

Mr. Lester Cummings
The Field Club
Greenwich, Connecticut

Dear Lester:

Thanks so much for the squash rackets and balls which arrived safely. They look great and I cannot wait to try out my new racket.

I expect to be in Greenwich shortly and hope to see you when I am.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

January 19, 1959

Mr. Mac O. Boring, Jr.
President
Dixilyn Drilling Company
Box 3427
Odessa, Texas

Dear Mac:

Thank you for your thoughtfulness in sending me your annual report. It was most presentable and it looks to me like you have done far better than average under difficult circumstances. I am not sure we can say the same, but we are plodding ahead hopefully.

I cannot remember whether I sent you one of our annual reports. I know I asked our office in Houston to do this, but in the event you did not receive it I am sending it along.

Yours very truly,

George H. W. Bush

Encl.

xxx 3195

January 19, 1959

Mr. Ewell E. Murphy, Jr.
Baker, Botts, Andrews & Shepherd
Esperson Building
Houston 2, Texas

Dear Pat:

The first meeting of the Board of Directors of Zapata International Corporation was held today in Midland. I am attaching a copy of the minutes for your file. The original of the minutes have been forwarded to Houston for inclusion in the minute book. Zapata Off-Shore Company, at its last meeting, authorized the purchase of 1,000 shares of common stock of Zapata International Corporation. We shall open a bank account, pay in the \$1,000, and issue the stock certificate shortly.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

A G E N D A

Directors Meeting
January 12, 1959

1. Minutes of previous meeting.
2. Election of officers for coming year:

George H. W. Bush - President
Wayne H. Dean - Vice President & Mgr of Operations
J. Hugh Liedtke - Treasurer
Royt S. Taylor - Secretary
J. A. Rudolph - Asst. Treas. & Asst. Secy.
Juanita McBride - Asst. Secy.
W. M. Brumley - Comptroller
3. Resolution approving and ratifying contracts and official actions of officers during year.
4. Set officers salaries for coming year.
Dean, Taylor - Zapata overhead
5. Resolution by Board on Whitney Bank - Insurance premium financing
6. Presentation of financial report - Mr. Bush
 - a. Statements
 - b. Debt retirement
 - c. Block 86 deal
7. Report on operations - Mr. Dean
 - a. Nola 1
 - b. Mobile rigs
8. Formation Zapata International Corporation
Approve purchase 1,000 shares \$1 par capital stock by Company

SUMMARY OF ZAPATA'S
CASH OBLIGATIONS AFTER
SALE TO FELMONT OF 11.71875 W.I.

IF Well #3		IF Well #3		IF Well #3	
To A Dry Hole		Produce			
35,156		35,156		35,156	
Tie-in #1 well cost - 100,000		Additional cost tie-in #3 well		Additional 100,000	
Drill #3 well		Totals			
75,000		110,156		117,188	
110,156		187,500			
(68,706)		(68,706)			
41,450		118,794			
Net to be paid in by Zapata		Less Cash received from		Felmont Sale	

Interests After Zapata Sells one-quarter of its 46.875 Working Interest to Felmont and Essex:

	<u>W. I. Before Zapata Cut Back</u>	<u>Final W. I.</u>	<u>% to be Paid #3 Well</u>	<u>Final % Oil Produced</u>	<u>Dry Hole * #3 Well</u>	<u>Producer * #3 Well</u>	<u>Cash Involved ** Sale by Zapata in #1 Well</u>
G. H. Walker, Jr.	3.125	3.125	3.125	2.21350	10,000	15,625	
Price	12.5	12.5	12.5	8.85400	40,000	62,500	
Essex	12.5	12.5	12.5	8.85400	40,000	62,500	
Felmont	25.00	25.00	25.00	17.7085	80,000	125,000	
Zapata	46.875	35.15625	23.4375	24.90258	75,000	117,188	\$ 68,706.23
Felmont-Essex Purchase	-0-	11.71875	23.4375	8.300859	75,000	117,188	\$ 68,706.23
Totals	100.00%	100%	100%	70.8334	320,000	500,000	

* Based on dry hole - 320,000
 Producer - 500,000

** Based on well #1 cost \$586,293.10

Area: Zapata has 2 large obligations in connection with Block 86, Vermilion

1. Drilling #3 well
2. Hooking up gas for sale #1 well and #3 well if productive.

Upon abandonment of well #2, Zapata et al, knowing that CATC would be opposed to additional development expenditures on 86, proposed that CATC either join in more drilling or revert to an override and let Zapata et al do the additional drilling. CATC decided to go the override route and they now are re-assigning all of their working interest in return for a 1/6th override. Zapata et al will drill #3 well within 90 days.

The reversion by CATC results in Zapata's working interest being increased to 46.875%. If Zapata retained this interest our obligations would be:

1. Drilling #3
 - a. Drilling \$150,000
 - b. Drilling and completing \$234,375
2. Connecting #1 well
 - a. If only 1 well \$ 46,875
 - b. If 2 wells - produce \$ 93,750

In order to assure our being able to carry our own share we proposed to Felmont that we cut back our working interest by 1/4. We will sell them 1/4 of our working interest in well #1 at cost. In well #3 they will pay a disproportionate part of the cost. We end up paying 23.4375% but we get 35.15625 working interest. The following figures summarize the transaction:

ZAPATA'S INTERESTS BLOCK 86

	<u>Before CATC Reversion</u>	<u>After CATC Reversion</u>	<u>After Sale to Felmont</u>
Work. Int.	23.4375	46.875	35.15625
% oil prod.	20.5078	33.2034	24.90258

<u>ZAPATA'S COSTS:</u>	<u>Without Sale to Felmont</u>	<u>With Sale to Felmont</u>
% to be paid #3 well	46.875	23.4375
Drill #3 well		
1. Daywork	\$150,000	\$75,000
2. Producer	\$234,375	\$117,188
Tie in #1 well	\$ 46,875	\$ 35,156
Tie in #1 & #3 well	\$ 93,750	\$ 70,312

January 9, 1959

Mr. Alfred S. Foote
Vice President
J. P. Morgan & Co. Incorporated
23 Wall Street
New York 5, New York

Dear Al:

Thank you for your letter of January 5. Don't worry, we will not object to the merger with the Guaranty. We are anxious to see this deal go through since we have some pretty substantial plans in mind for financing off-shore drilling barges in the future. I understand the Guaranty has been real tough on off-shore equipment, but now that Morgans will be in there weilding the big stick I am sure our industry can look for a much more liberal loan policy.

Best regards to you and your associates, and thanks a lot for the letter telling us of the deal.

Yours very truly,

January 9, 1959

Mr. Sidney G. Butler
Assistant Vice President
J. P. Morgan & Co. Incorporated
23 Wall Street
New York 8, New York

Dear Sidney:

How thoughtful of you to send me the clipping from the London paper about the Japanese. As the article relates, we struck out on the deal.

Thanks for your help, and I am looking forward to seeing you before too long.

Yours very truly,

George H. W. Bush

GHWB:JMcB

January 9, 1959

Mr. G. H. Walker, Jr.
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Herbie:

Our schedule for the next couple of weeks is shaping up as follows:

I go to Houston Sunday night and will be there Monday for our annual meeting for Zapata Off-Shore. Wayne Dean and I will go to San Francisco Tuesday to talk to the Standard Oil Company of California about two foreign deals which they have proposed to us. I plan to come back via St. Louis, arriving there on Friday, January 16. Bar will meet me there, most likely coming by train from Texas. She will then go on to Washington on Sunday to stay with Mother and Dad. I will come back to Midland for the 19th and 20th and will then go to Washington January 21. I have a meeting there on January 22. We thought we would stay with Ganny the nights of January 22 and 23. She wrote us a letter inviting us to do this, but she was a little mixed up on the dates. Would it be too much trouble to check with her to see if this is satisfactory. We thought then we would come out to Greenwich on the morning of the 24th and fool around with you and Mary for the weekend if that is still convenient. We will have our meeting on the 26th and we should probably head back either that night or the next day.

We are looking forward to seeing Bert and Sandy in St. Louis over the weekend of the 17th. Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

cc: Mrs. Prescott Bush

January 9, 1959

Mr. Vincent Smith
G. H. Walker & Co.
One Wall Street
New York 5, New York

Dear Vincent:

You have inquired as to whether we have any drilling prospects in mind which might suit Peter Salm. I should like to mention here two such programs.

(1) Zapata Canadian Petroleum Corporation.

Zapata has formed a subsidiary to do drilling in Canada. We have studied the area closely and it is our firm conviction that many low risk opportunities exist in Canada, particularly in Southern Alberta and Saskatchewan. We intend to start our operations in Southern Alberta where we will be looking primarily for gas reserves. The Southern Alberta area, as far as risk goes, is not unlike the Texas Panhandle which has enjoyed considerable popularity of late. We do feel the reserves are better in this area and that more acreage can be obtained with each deal. There is a question of market in many of the areas in Canada, but in the area that we are considering it appears that a good market for the gas will be available within a year, thus guaranteeing a reasonable payout since the wells, once they are hooked up, pay out in about 20 months.

In order to assure taking only first class deals, Zapata Canadian has worked out an arrangement with a highly regarded Canadian geologist, Mr. Elmer L. Herbaly. Mr. Herbaly was highly recommended to us by some of the top executives for Gulf Oil Corporation for whom he has previously worked. During the last year he has worked for a consultant firm, but has now branched off on his own and our arrangement with him gives us an exclusive look at any of his prospects. For more than a year Mr. Herbaly has been concentrating on Southern Alberta, the very area where we intend to do most of our drilling.

We have not come up with a final formula on how much of the deals Zapata itself will take or what arrangement it will want to make with its partners. Several groups in Midland have expressed an interest in joining us in this operation. It is safe to say, however, that we will have some outside participants in Zapata's interest, and I would suggest your talking to Mr. Salm on a lump sum figure since we will not break the program down into individual deals. I feel this type of deal, if successful, would be a good one for Salm since he can probably stand a relatively short period of time without the income from the gas. We view this as a program looking for

January 9, 1959

long term reserves, and anyone interested in selling his gas immediately should not participate. I should also like to mention that though the prospects are low in risk, we will be wildcatting. Zapata plans to supervise the drilling and production end of the operation and we will be the operator on all wells drilled. We will look to Herbaly and his associate, an experienced engineer in Canada, for special advice, and we will go heavily on Herbaly's recommendations as to individual deals. If Mr. Salm plans a participation in an across-the-board program, I feel I can recommend this in all good conscience without reservation.

(2) Zapata Off-Shore Company, Vermilion Area, Block 104.

I mentioned also that Zapata Off-Shore Company plans to drill a wildcat in the Vermilion Area sometime during this year provided a satisfactory arrangement can be worked out with The California Company, Pan American and The Texas Company, from whom we will be getting the farmout. The deal is located about 8 miles west of Blocks 86 and 96. Structurally it is a different play from the Block 86 area, being a deep-seated structure off the east flank of a producing dome. The prospect is untested. We have done geophysical work on this, and our geophysicist in New Orleans has strongly recommended the drilling of the well. The well will go to 11,500 feet, and Zapata plans to keep a quarter interest in the deal. We will sell a turnkeyed quarter interest for \$75,000 to the casing point. If the well should be productive, each party will pay his proportionate part of the completion costs estimated in this instance to be an additional \$50,000. In other words, a quarter interest in a completed well would run approximately \$125,000. I have talked to Mr. Dewar with the H. C. Price Company on this deal and we feel they will probably take a quarter interest if and when we can work the deal out. If Mr. Salm is interested in this prospect, please let me know and I will keep in touch with you as we work with The California Company. The California Company has offered us 1,250 acres for the drilling of this test, but we do not feel this is enough acreage and we do not want to take the deal on this basis. However, we are hoping they will change their mind and raise the amount of acreage. Inasmuch as we expect to be selling gas out of Block 86, a gas line will be in the immediate area, thus making the deal more attractive as far as the market goes. This deal is a rank wildcat, but one, which if successful would be a very high reserve. The leases run out in September, 1960. If the first well is successful we would have to drill some additional wells to hold all the leases involved in the deal. However, the structure is of such a nature that if the first well were a success the remaining locations would be relatively low on risk.

These are the two deals I mentioned to you on the phone, Vincent, and I can honestly say both of them are first class. You can see they are different types of deals and it might well be that neither of them would be just what you were looking for. I personally like them both but do not

Mr. Smith

-3-

January 9, 1959

want to go overboard in recommending anything to Peter.

Give me a call if you have any questions before I get to New York on January 26th.

Yours very truly,

George H. W. Bush

GHWB:JMcB

cc: Mr. Manro T. Oberwetter

Mr. Kline McGee
Senior Vice President
The Texas National Bank
Houston, Texas

Dear Kline:

I am attaching for your files a copy of our
November, 1958, figures.

Yours very truly,

George H. W. Bush

JMcB
Encl.

January 8, 1959

Securities and Exchange Commission
Washington 25, D. C.

Gentlemen:

Enclosed herewith is SEC Form 4 by me for the month ended December, 1958, showing my change of ownership of common stock of the Zapata Petroleum Corporation. By copy of this letter I am forwarding a copy of this Form 4 to the American Stock Exchange.

Yours very truly,

George H. W. Bush

JMcB
Encl.

cc: American Stock Exchange
86 Trinity Place
New York 6, New York

January 8, 1959

Mr. Ken Regan
The Mayflower Hotel
Washington, D. C.

Dear Ken:

This is to confirm the fact that E. K. Dodson and I will be in Washington on Thursday, January 22. We leave on Braniff January 21 from Dallas at 3:00 P.M. If you need to contact me January 21 I will be staying in care of Senator Prescott Bush, 3415 Volta Place, telephone HO 2-4244. If you are able to confirm the time and place of appointment prior to this, will you please send me a letter to the above address and I will pass along the information to Mr. Dodson.

Yours very truly,

George H. W. Bush

GHWB:JMcB

bcc: Mr. Dodson

January 7, 1959

Mr. Alfred S. Foote
J. P. Morgan & Co. Incorporated
23 Wall Street
New York 8, New York

Dear Al:

I am enclosing for your files a copy of our
November, 1958, figures.

Yours very truly,

George H. W. Bush

JMcB
Encl.

January 8, 1959

Mr. E. K. Dodson, Vice President
Cosden Petroleum Corporation
P. O. Box 1311
Big Spring, Texas

Dear Ernie:

I am attaching three clippings and a map on Bolivia. I have requested space on Braniff's flight #10 leaving Dallas January 21 at 3:00 P.M. I shall let you know when this is confirmed.

I have written Ken Regan to set up the meeting definitely for January 22. It is my understanding this meeting will be with Eugene Fallon. It is possible that James F. Smythe will be back from his trip to Costa Rica, and if so he will also meet with us. These are both South American representatives for Brown and Root.

This may be a wild goose-chase--we shall find out on the twenty-second.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

January 7, 1959

Mr. P. S. Bush, Jr.
Johnson & Higgins
63 Wall Street
New York 5, New York

Dear Pres:

Zapata has had a drilling arrangement with South Penn whereunder we have dug up certain drilling prospects. We do the operating and drilling and they participate with us in the wells. We have been relatively successful in this program with them which started three months ago, although we have not had luck on any of our wildcat wells. I think South Penn can figure, however, they have added to their reserves as a result of this program. To date South Penn has spent approximately \$300,000 to \$400,000 with us and we hope to do more with them in 1959.

Best regards.

Yours very truly,

George H. W. Bush

GHWB:JMcB

January 7, 1959

Dear Ken:

The figures prepared by your economist were on my desk when I got back from Houston this morning. I have sent them along to Washington, and I feel confident they will be helpful.

Yours very truly,

George H. W. Bush

Mr. M. S. Kendrick
Regional Manager
CATC Marine Region
P. O. Box 2197
Houston, Texas

Box 3195
Midland, Texas

January 7, 1959

Dear Dad:

When you were here you expressed an interest in having some material on the costs of drilling dry holes. This information is not easily come by since the industry does not usually prepare such statistics. The attached figures have been worked up by an economist for Continental Oil Company and I would think they would be as accurate as we could possibly hope to get. The I.P.A.A. has recently put out a brief summary on the depletion question and I will send you that when I get it.

I think if people will just look at the history and merits of depletion, there will be no cut, but I realize this might not be done since we in the oil business have had such poor nationwide publicity.

Please stick this in your file and if there is ever a specific question for which you need a straight-forward answer I feel that through some of my friends in the major companies I can come up with some statistics that would be helpful.

If you think of it, I would appreciate your letting me have your views on what might happen on this question as soon as you have had a chance to form an opinion.

I hope to see you soon.

Ever devotedly,

bcc: Mr. M. S. Kendrick

Box 3195
Midland, Texas

January 7, 1959

Mr. Wyatt Garfield
Pomfret School
Pomfret, Connecticut

Dear Wye:

Thanks for the catalog and your good letter
of December 30.

I had dinner with the Marinis family over
the holidays and I must say I was delighted to get a chance
to talk to Tommy and hear about Pomfret. I think he likes
it a great deal is delighted he is there. I did not see
Pete Lekisch.

I shall keep my eyes open for other likely
candidates. I think my own boy, George, now age 12½, will
be going away to school after next year; however, right
now we are leaning towards Andover inasmuch as I went there,
and since we feel that in his case perhaps a bigger school
will be better for him. I might be a bit presumptuous in
thinking he can get into Andover or any other prep school.

Best regards and thanks for your thoughtful-
ness in writing to me.

Yours very truly,

George H. W. Bush

CHWB:JMcB

January 7, 1959

Mrs. Bobbie J. Aldridge
Program Chairman
Desk and Derrick Club
Box 1362
Artesia, New Mexico

Dear Mrs. Aldridge:

It was most thoughtful of you to invite me to speak to the Artesia Desk and Derrick Club in March. Unfortunately, I do not believe I will be able to make the March 3 meeting. I have been spending most of my time in Houston working with our Off-Shore Company, and therefore I hate to commit to be in Artesia on a Tuesday. As to someone else from our Company making an appearance, all our Off-Shore people are in Houston and I do not think they could be present.

Again, thank you for inviting me and I hope you understand my position.

Yours very truly,

George H. W. Bush

January 7, 1959

Mr. John E. Justice, III
Continental Oil Company
P. O. Box 2197
Houston, Texas

Dear Johnny:

Just a note to congratulate you on your wedding. I called you up yesterday, but found you were still honeymooning.

I hope to see you before too long. Again, my sincerest congratulations.

Yours very truly,

xxx 3195

January 7, 1959

Mr. James W. Boswell, President
Boswell International, Inc.
401 Sanshin Building
1-10, Yuraku-cho, Chiyoda-ku
Tokyo, Japan

Dear Jim:

The attached article appeared today in the
OIL & GAS JOURNAL. I am wondering if this contract is
a matter of record, and if so, how we would go about ac-
quiring a copy of it.

Best regards and I hope our paths will cross
before too long.

Yours very truly,

George H. W. Bush

GHWB:JMcB
Encl.

January 7, 1959

Mr. P. S. Bush, Jr.
Johnson & Higgins
63 Wall Street
New York 5, New York

Dear Pres:

We have worked out a deal with Continental on Block 86, Vermilion Area, wherein their interest will revert to an overriding interest and we will own the full working interest. When the date of this transfer becomes effective, we will want to carry insurance on the full working interest instead of just on the one-half working interest now covered. By copy of this letter I am asking Rudolph to let you know the effective date of transfer so we will be sure to be covered when we take over completely.

Yours very truly,

George H. W. Bush

GHWB:JMcB
cc: J. A. Rudolph

Jerry - Please check with Russ as to the effective date of reassignment to us by CATC. I agreed with Molesworth that it will be as soon as possible, but it will probably take a few days to get the assignment prepared.