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SECURITIES AND EXCHANGE COMMISSION
REGIONAL OFFICE
UNITED STATES COURTHOUSE
FORT WORTH, TEXAS

November 27, 1936

14006 (3000)

Mr. C. Roy Smith, Chief
Oil and Gas Unit
Securities and Exchange Commission
Washington, D. C.

Dear Mr. Smith:

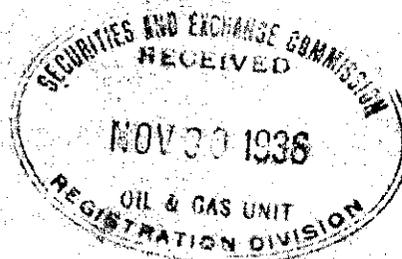
Mr. French was in Tulsa the first of this week and learned of a growing practice, in the preparation of offering sheets, which might be of interest to you if it has not heretofore been brought to your attention.

It appears that a number of wholesale royalty dealers in Oklahoma are filing offering sheets without engineer's reports. However, when copies of the offering sheets are furnished to retail dealers, a copy of an engineer's report is also transmitted. The wholesale dealer writes the retail dealer that the report is furnished solely for the latter's use and is not to be used in making sales to the public. Of course, neither we nor the wholesaler knows what use the retail dealer makes of the report.

Mr. French was asked whether or not this practice is in violation of the Act or the Rules and Regulations. I should greatly appreciate having your advice on this matter.

Yours very truly,

O. H. Allred
O. H. Allred
Regional Administrator



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