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THE MEXICAN LIGHT AND POWER COMPANY, LIMITED

(COMPAÑIA MEXICANA DE LUZ Y FUERZA MOTRIZ, S. A.)

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FILE: Messersmith

AIR MAIL

October 23, 1950

D.N.Heineman Esq., c/o
American Interncontinental Trade &
Service Co. (AMITAS), Inc.
50 Broadway,
New York 4, N.Y.

Dear Dannie :

I have just this morning returned from Cuernavaca where I spent the weekend. Good progress is being made on the house and things are going very well there. So far as the wisdom of having bought the house and going down there for weekends is concerned, there is no doubt; for this is now the third weekend in succession I have spent there, and I feel about 100 % better for it. The lower altitude during weekends is certainly a good thing for me.

On my return this morning I found three letters from you :

First, I have before me your personal and confidential letter SEC.AD.NS/Cfl-3662 acknowledging my letter of October 4 and Maryssael's memorandum of October 5, and its accompanying letter of October 7, all with regard to the interest which Becker and certain other firms are to supposed to have and showing in our securities, particularly the common stock. I appreciate very much your comments and your having been able to give these long letters your thought so quickly. I will be writing you further about this within a few days.

I also have your letter SEC.AD.H/Cfl-3694 of October 17, acknowledging my personal note of October 12 in which you comment on the rains and on the coal situation in Argentine. Our storage this morning in Necaxa is 117.5 million cubic meters, which is just forty million better than the same day last year, which also happened to be the highest storage we reached last year. The Navy has just told us that we will have to return the Diesels in any event, and fortunately we are able to do so. We will be able to dispense with them in early December, when the contract ends. The Navy has told us that they cannot yet

give us a reply on the steam unit, as the matter has been referred to higher authorities. Of course now we are willing to let the Diesels go without protest, but we must make a determined fight to keep the steam units, for I do not see how we could, with the present water storage and the demand we have to face, be able to get through until the next rainy season without the steam unit. You may be sure that we do everything we can to keep the steam unit, and we will have the help of the State Department and the Mexican authorities. The water storage in Lerma and Ixtapantongo has not improved and I do not see that we can get much improvement there. I note with interest what you say concerning further drought in Italy and Spain, and the reduced coal production in Europe. I had no idea that the coal production had been dropping so much.

I also have before me your letter SEC.AD.H/Cfl-3672 of October 17 with regard to the placing of orders. I have noted with interest what you say. The orders for the Patla generators and water wheels have been placed with Allis,Chalmers, and I think, taking every factor into account that has to be considered, we did right. I do agree with you that there are certain orders now which we can place in Europe. There has been some change in the situation on which we could make a certain gamble, and there are some orders which we still have to place, in which some of the same factors are not present, as we had to consider when placing the order for the turbines and generators. We ~~are thinking we~~ have decided to place the order for the towers in Germany., and we are considering at this time very carefully, ~~for~~ we cannot also place the order for penstocks and ~~sewage~~ tanks in Europe. You may be sure that Maryssael and I will give your letter of October 16 the most thorough consideration, and we appreciate your comments and the enclosures to your letter.

Merge

Offers for the Patla tunnel have come in, and they differ so widely that they will require even more careful study than that which we would ordinarily have to give to this matter of awarding the contract. The lowest bid we received was around 20 Million Pesos, and the highest for about 58 Millions. This variation is tremendous. The bids were received last Friday and under study over the weekend; it will take several days more before any, even preliminary, idea or comparison can be made. The fact that there is such a variation in the bids, is quite unusual.

Maryssael is planning to leave for Europe as

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soon as the contract for the Patla tunnel is awarded; he has been hoping to leave here around November 1st and sail almost immediately thereafter fromNew York. But I am not certain as to just when he will be able to leave , for he cannot leave until the contract for the Patla tunnel is awarded. He may miss you in Brussels, but he will, in any event, see you either in Mexico or in New York later.

Lawson, who is in Toronto, is going to take this chance~~s and~~ to come here for a brief visit to Mexico. He is arriving here by air, Saturday, October 27th, and is leaving Friday, November 3rd, for New Yorkand London. He is going to stay with us at the house while he is here, and we will try to make his visit agreeable. He is a very fine person, and I am glad that he is going to make this brief stay in Mexico. I am sure he will enjoy it.

I am writing this hurriedly. Marion joins me in love and good wishes. We look forward to seeing you before long.

Cordially and faithfully yours,

George S. Messersmith.

GSM/go