IN THE OIL FIELDS

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OIL MARKET QUOTATIONS

[illegible]

Crude Oil by Pipe[illegible]

[illegible]

The Outlook

Looking back on the past at this particular time is mighty good medicine. Investments as there is no doubt of interest and the situation being absolutely unique in the annals of the oil game in the mid-continent field.

It is the first time in the history of the independent refiner that he has been fully warranted in carrying prices for refined stuff without regard to markets elsewhere and not only that, but can post them without regard to markets elsewhere and not only that, but can post them with every assurance of there being a market and a mighty strong market at that.

The prices quoted at the top of this column are conservative and are only high enough to give the refiner an even break with no excessively small margin of profit. That the prices are reasonable is easily proven by the fact that at this time there is much wild talk about $1 gasoline and which is harmful for the trade, and is the real reason that those prices are thus posted.

Gasoline at filling stations in Pittsburgh is selling at 33 cents per gallon and one of the leading manufacturers there, who certainly ought to be conservative, has informed the writer that he believes gasoline will sell in his home town at nearer $1 per gallon than 50 cents within the next six months.

The fact is there is no danger of gasoline going above 35 cents per gallon in what is known technically as Standard of Indian territory, nor higher than 50 cents per gallon in the Pittsburgh district. It will be the cheapest motive power there is at these prices.

Oklahoma can still be depended upon to furnish a lot of oil. Today's news from the field indicate that the well south of the original well at Paden is going to make a real oil well and will mark the opening of a new pool of considerable magnitude. While the 5 3-16 casing was being run yesterday the well made a flow for two hours and if it makes good there is bound to be a lot of drilling between the Cushing field in township 16-7, and the Paden wells in township 12-7. It has happened so often that the trends follow the range lines that there is likely to be a repition in this instance.

It is also a noteworthy fact that the McCray well in the Jennings pool is actually made enough oil and has widened the pool until there is no doubt that much oil will be produced in that rich little pool. At any rate it all helps and there should be no panic or undue excitement as to the future supply.

It was pointed out during December of last year that there would be a runaway market for all during the spring and this has proven to be the case. Everything has gone higher and there will be a rising market for months to come. Even a new Cushing pool would not stem the tide. The writer has recently seen train loads of tractors on their way to the farms of the west and has seen the continual procession of new cars being driven out of Detroit. He has talked with manufacturers who are using more gasoline and lubricating oil every day, not to mention fuel oil, which for once is recognized for its efficiency and for its economy by manufacturers everywhere.

All this points to a wonderful increase in demand and it further points to the fact that there will be no casinghead blends going begging as they did a month ago. There will be no prosecutions for profiteering in fuel oil as there was at the opening of the new year. There will be no talk of government intervention as there has been on all occasions, but there will be a straight demand from business men and manufacturers and they will insist on having always direct and from the office who makes the old fashioned gasoline.

It all means that oil stocks are [illegible]

Crude Prices and the Refinery

[illegible] the refiners served by it in the Pennsylvania territory that it would be futile to continue supply the from with crude after March 15, [illegible] in a country-wide situation which is calculated to limit the operations of independent refiners and put the process plant, with no source of crude, out of business.

In the mid-continent territory, and especially in fields like that at Burkburnett and Louisiana, a lot of the oil that has been produced during the past five years has been free oil and the refining plants have been able to get a supply of crude by purchasing it, by trade, gift, or through the line of some of the pipe line companies under the common carrier program. The products of these plants have been marketed largely through the jobbers.

The margin of profit on the operation of a skimming plant began to be whittled away when the Prairie lowered the price of mid-continent crude to $2.50 in November, and was again whittled when the same purchaser again advanced the price to $2.75 30 days later. About the first of the year the Sinclair organization posted $3 oil in the mid-continent territory and this advance was met by other purchasers. All these price advances were preceded by advances on the posted price of Pennsylvania crude, which has really been the price determining factor on mid-continent oil since these fields were opened. The margin of difference in the price of the oil in these fields is absorbed in transportation charges.

When the crude oil market went to $3 many of the topping plants in Texas and Oklahoma were forced to shut down or limit operations to the point of supplying outstanding obligations, and practically all of them have been running short since January 4. The advance to $3.50 on March 1 is considered the last straw, as it is said to be impossible for a topping plant to [illegible] crude at $3.50, pay transportation charges on it, process it, and show a profit with the present prices [illegible] gasoline, kerosene and fuel oil.

That the independent refiner is up against the biggest problem he has ever faced, not only in the mid-continent territory but throughout the nation, is the opinion of experienced students of the situation. The plant without its own production and transportation facilities is face to face with a shortage of free oil, subject to purchase, and a price that is prohibitive.

The opinion has been expressed, and shared by some refiners, that the various Standard subsidiaries are working in collusion to eliminate the independent refiner from the industry, and are boosting the price of crude without making similar advances in refined products, in order to freeze out the independent.

Those who are at divergence with this view, point to the fact that gasoline, kerosene and fuel oil have all been advanced during the past three months, that the refining plant processing crude to its base, and owning its own crude supply can still show a profit, and to the mounting cost of production of crude oil, as well as to the diminishing supply. An official of one of the Standard companies operating in the southwest, said this week:

"The advance in crude oil is due solely to the increased cost of production." Another operator stated that the total cost of producing oil in the field oil fields of the Mid-Continent territory aggregates about $3 a barrel, including everything from the time the lease is taken until the oil is delivered from the pipe line to the refiner. Probably a combination of the increased cost of producing oil, and its increasing scarcity, are primarily responsible for the present conditions.

The situation in the refining districts of the east is grave. If Pennsylvania refiners are unsuccessful in their efforts to get a small allotment of crude through the high priority, a move that is entirely logical in some, they will either have to shut down or look to a new source of supply, which would inevitably be in the southwest. There is enough oil in the states of Oklahoma, Texas and Louisiana to tide eastern refiners over a period, if there was sufficient transportation facilities to move it. The taking of the oil out of the Appalachian fields, it is pointed out, however, would decline many refining plants now running at half, or less capacity, and would likely lead to exceptional premiums being paid in those fields.

As the situation now stands, Pennsylvania oil is posted at $5.10 a barrel and mid-continent oil at $3.50. Refiners in the east who have been served by the Joseph Seep survey (North Peak) since 1902 are notified that after March 15 they will be cut off. Refiners in the mid-continent territory, without their own production are facing a price on crude that leaves no margin of profit for processing it.

There is only one definite conclusion to be drawn from the whole story, operators say—that is that a drilling campaign, never before approached in severity, will be prosecuted in the prospective oil producing territory during the coming months in an effort to meet the depletion of stocks of crude petroleum and prevent further increasing measures to the trade. The Oil Weekly.

Constantin Enlarging at Deval

The great improvement now under way at the Constantin plant at Deval, Okla., will be completed by April 1, which will mean an increase of 4,000 barrels daily output from the big plant. It will then have a total capacity of 10,000 barrels per day, and work on the new bleaching plant will begin immediately.

Few people realize the extent of the investment Mr. Constantin has made in that vicinity. He will have a 52-room fire proof hotel for the use of his employes, with 16 new residences, all having electric lights, steam heat and hot and cold water. He will have a church, school house, picture show and everything necessary for the comfort and use of his employes, and it goes without saying, will take a large mark in the business of the mid-continent field. Mr. Constantin's great interest in the welfare and upbuilding of Tulsa has made him a host of friends, all of whom will be glad to know of his great prosperity.

A Conflict of Opinion

The several wires received from Washington conflict as to the date of the extension, whether it is May 1 and also as to whether it applies to individuals as well as corporations. The latest information by wire indicates that the extension is to May 1 and applies to corporations only but we are assured that a copy of the original order has been mailed to the Mid-Continent Oil and Gas association and as soon as it is received it will be published and clear up all uncertainties.

CONTINUED ON NEXT PAGE

With the Oil Men

H. F. Wilcox, who has had a long siege of it with the flu, is sitting up and will soon be out again.

M. E. Moody, vice president of the Prairie Oil & Gas Company, is here from Independence, Kas.

J. W. Hays, secretary of the Gilliland Oil company, is the proud father of a baby girl, the third in the family.

H. M. Barnes and H. A. Howe, of Grand Rapids, Mich., are in the city looking over the situation and have some interests here.

J. E. Kennefick, of the Progressive Production company, Kansas City, Mo., is spending a few days in Tulsa in the interests of his company.

G. E. Kneedler, formerly with the Producers & Refiners' corporation, is here from Nicaragua, where he has charge of the Elbanko plantation for the Elbanco company.

H. Jensen, with the Anderson and Gustafson people at Chicago, has moved to Tulsa to 1125 North Main street, and will be in the office of the Anderson and Gustafson people here.

Messrs. Stein, Johnson and Kerstetter, well known operators of Tulsa, have been in Warren county, Ky., and have made a careful examination of conditions there. They are said to be very favorably impressed with the outlook.

J. V. Throop and wife are on their way to California, where they will take a month's vacation. Mr. Throop is manager at Kansas City for Anderson and Gustafson. Chas. A. Gustafson of that popular firm is due here this morning.

Secretary Grant of the Independent Oil Men's association which meets every fall is in Denver, arranging for the meeting which will be held in that city some time during October. It ought to have been brought to Tulsa by all means.

Messrs. R. W. Widener, R. C. Gilliland and L. O. Smith, the latter superintendent of gasoline plants for the Gilliland oil company, are on their way to Chicago to attend the Petroleum congress, which opens in that city today.

Burt W. Lyon is in the city and reports having lost a dear friends and a partner in business who died Saturday, with pneumonia, at his home in Kansas City. Mrs. Lyon is still in California and has been suffering with a bad cold, but is now some better.

Major Lilly, who operates the Pawnee Bill refinery at Yale, was in the city yesterday, and reports they will soon be started up again after a shut down for repairs. The plant will be in fine running order when it begins operation. It ought to be a great money maker.

E. Z. Jefferson, the belt man of Pittsburgh, Pa., is due this morning and will visit in Tulsa for a week before going to California for a trip combining business with pleasure. He will see Albert Brown in Los Angeles and is counting on a big time out there. The Oil Well Supply company handles his entire output.

H. W. Noble of H. W. Noble and company, financial brokers and bankers of Detroit, Mich., is in the city looking after conditions, and will report back to his many customers throughout Michigan just what the outlook is. He has been in consultation with G. C. Stebbins and Chas. F. Noble, and will doubtless find things much to his liking here.

George Neff, who now lives in Chicago and operates in Butler county, Kas., is of the opinion that the new pool up in Marion county is going to cost the operators more money than they will ever get out of it, on account of the high cost of leases and because there is no oil except in a narrow streak along the creek. Mr. Neff is interested with his old partners, Messrs. Root, Hupp and Duff, in a good well in Texas, but ought to make headquarters here in Tulsa where he has a world of friends.

G. W. Webster, writing under date of March 1, from Havana, Cuba, says that he is finding everything exceedingly pleasant with the carnival in full blast, that the hotels are very nice but are overcrowded. He says that farming in Cuba is still 100 years behind the times and that oxen are used almost exclusively in the country. He also states that there are more Ford cars in sight in Havana than in any place he has ever visited. Mr. Webster and his wife expect to sail for home almost any time now.

J. B. Gilliland, who has charge of production in Louisiana for the Gilliland Oil company, is in the city and states that the Standard of Louisiana is now running about 22,000 barrels of oil per day from the Homer field, while the Gilliland Oil company is running 20,000 barrels per day into storage and to the loading racks. The Gilliland people now have in storage 950,000 barrels in Louisiana, and 60,000 barrels at Burkburnett. This certainly ought to be worth some money before snow flies, especially as no new pools are being discovered in Louisiana, with all the drilling now under way.

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OIL AND GAS

Leases, Supplies, Production, Etc.

[illegible]

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