

DAILY AVERAGE PRODUCTION

Week Ending July 21 Allowable	
United States	2,592,800 2,530,300
Montana	8,850 8,000

POSTED FIELD PRICES

Kevin-Sunburst	\$1.85
Pondera	1.95
Cut Bank	1.65
Cut Creek	1.97

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MONTANA-HEADLIGHT HAS GUSHER

VALIER AND PENDROY ARE DUE IN WEEK

Slow progress marked the past week on two crucial test wells, one in the Valier area of southern Cut Bank field and the other still farther south, on Pendroy structure.

Both wells are due for completion during the coming week. The Barmac-Bruning test on the Valier area, SW 1/4 SW 1/4 1-31-6W, is today drilling at 2363, after having underreamed the pipe down to that horizon. It is due to pick up the sand at 2650. This is the first well on the south side of the Marias river in the Cut Bank area and it is checking structurally with the field. The only question is regarding the presence of the Cut Bank sand this far south. If it finds the sand present, it opens up another 50,000 acres of potential oil land increasing the field's present proven area of 114 square miles.

At Pendroy, six miles west of the Pondera oil field, drillers slowed up considerably, reporting a gain of but 130 feet for the week. The hole bottoms at 2115 and this crucial test should be a completion early next week. Location is NE SE 1/4 NW 1/4, 20-27-6W, one mile northeast of the town of Pendroy.

Possible Cut In Allowable Slowing Pace

With talk of proration, activities in Kevin-Sunburst field slowed down this week. One new location was announced.

Potlatch-See No. 2, NW SW 1/4 SW 1/4 21-34-1W, is a location. Nepsstead-Holgeson No. 8, NW 1/4 NW 1/4 28-35-1W, is drilling at 1150. They had the red beds at 1150.

W. C. McKnight No. 1, SE NW 1/4 SW 1/4 19-35-2W, spudded July 24 and is drilling at 150.

In Devon field, Busher-Frazier No. 1, NE 1/4 NE 1/4 29-33-2E, is still drilling, at 1430, after having picked up 6,000,000 cubic feet of gas.

In Flat Coulee, casing has been reamed down and drilling resumed with two crews at 840 feet.

DAILY PRODUCTION MONTANA-WYOMING WEEK ENDED JULY 21

MONTANA:	
Cat Creek	600
Kevin-Sunburst	4,350
Pondera	890
Buckley Border	260
Cut Bank	2,600
Lake Basin	40
TOTAL	8,840
WYOMING:	
Big Muddy	1,830
Elk Basin	570
Grass Creek	1,290
Labarge	1,640
Lance Creek	340
Lost Soldier	1,240
Oregon Basin	2,500
Rock River	1,540
Salt Creek	17,620
Garland	850
Byron	70
Badger Basin	40
Dallas-Derby	600
Dutton Creek	70
Ferris	40
Fannie	2,350
Greybull	10
Hamilton Dome	1,040
Hudson	300
Midway	70
Osage	950
Pilot Butte	10
Poison Spider	330
South Casper	600
Teapot	30
Black Mountain	800
TOTAL	36,630
Total Mountain States	45,470

Allowable Increased

Montana's allowable production for August has been increased by the Petroleum Administration to 8,900 barrels per day. Montana and Wyoming were the only states to get an increase for August. Montana will exceed its July allowable. In June the June allowable was 8500 barrels per day and the production was actually 9,050 barrels per day. However, actual sale and delivery of crude amounted to 9350 barrels per day, showing that there was a market for more than the state's production. With Montana storage three quarters empty, the market is considered healthy by the Montana Petroleum Conservation Board through whose efforts the August increase was secured.

Mr. Operator: What Will You Have—Proration or Cuts in Crude Prices?

An Editorial

From many operators and from others familiar with the situation in northern Montana oil fields, The Journal has learned that the old "army game" is about to be placed back in operation in northern Montana.

A word of explanation as to how the old army game works on the oil industry might not come amiss at this point.

The story is about as old as the oil business. The buyers of crude oil raise the price to instill and encourage development. As soon as the boys are well on their way to supply the needs, the buyers usually back away from the picture, leaving an apparent over-supply of production on hand, which is the excuse for dropping the price of crude oil. When this is accomplished, the buyers usually move back into the market to fill up immense storage during the winter months, making it up into gasoline the following summer. Thus, the small, independent producer suffers; not only he, but the state of Montana, the United States government and all landowners who are royalty owners in these development operations.

Many operators have commented to us that the Canadian buyers in Kevin-Sunburst are "backing away" from crude oil purchase contracts. Heretofore they were wrestling for contracts. Now, with 32 strings of tools working, they suddenly become cold. They certainly think that they are going to be able to get cheaper oil and by the laws of the old army game they are right.

We can appreciate that the Canadian buying companies are interested in buying oil as cheaply as possible, having no interest whatsoever in the resale of gasoline in the United States; and the facts are that heretofore reductions in the price of crude oil have not been reflected in the price of gasoline sold in our local market. In fact, insofar as the producer knows, there appears to be no relationship between the two commodities. The Canadian buyers have indicated their desire to use from 6,000 to 8,000 barrels daily and have invited the development of this barrellage. One concern has even built a pipeline to pipe this oil directly into Canada, which is highly satisfactory to Montana producers, providing they pay the Montana producer a fair price.

This big business racket of storing oil has been one of the most profitable operations in the oil business and the facts are that they usually pay for their storage every year, by pushing prices up and down. Perhaps Cut Bank producers should pay for a little tankage and perhaps they shouldn't.

There was created last year a Montana Oil Conservation board. This board has devoted its efforts up to this time to keeping the Montana quota high enough to allow Montana oil fields to market sufficient oil to supply the domestic and Canadian market. That allows a big margin. Everyone is opposed to prorating so long as an operator can sell his oil at a profit. However, if he is going to have to sell his oil at a LOSS, wouldn't it be well to avert the possibility of that loss?

In other words, it doesn't take a soothsayer to find out that the plan of some buyers is to cut the price of north Montana oil. If nothing is done about it, we will be selling oil again for from 5 cents to 10 cents a barrel less than the lifting cost.

Now that we have a "conservation" board, could it do more in conserving our natural resources than to regulate the production of oil so hat it will NOT be sold at a loss?

Wouldn't it be better to prorate production to actual demand at this time, to make it possible to sell at a profit even HALF as much oil as we are now producing — as to sell

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Yunck Well Makes 50 Bbl. In 4 Hours And Then Bridges

MONTANA-Headlight Oil company's Yunck No. 1 NW 1/4 SW 1-34-6W, within a few rods of the first well in Cut Bank field, is today rated as a gusher—the first reward of its kind rained down on the pioneer prospectors of Cut Bank oil and gas field.

Coming in unexpectedly, the well flowed out of control for eight minutes and after the flow was directed into the tanks it made 50 barrels in four hours—at the rate of 300 barrels per day. Thereafter it suddenly bridged as sand apparently clogged the hole below the casing. It is now being cleaned out.

The well picked up the sand at 2790 feet on July 25. There was 1,000,000 cubic feet at the top of the sand, this well being

located on the "gas-oil contact," which furnishes the largest wells in this field.

About 70 rods east is the discovery well of Cut Bank field. It is being produced as a gasser, supplying the town of Cut Bank. It had a small showing of oil but not in commercial quantities. It was this showing of oil that led to the drilling of the Haines well in Sec. 2-34-6W, which was the discovery oil well.

Montana-Headlight is the operating company of the Drumheller interests—a name famous in Idaho mining history. The company is headed by Jerome Drumheller of Spokane and field operations, including the natural gas line operation, are in charge of Dan Drumheller. R. C. Tarrant, who drilled this well, is heavily interested in the Montana-Headlight.

PRODUCERS WELL QUITS AT CONTACT

Producers Development syndicate this week abandoned its test on the Emerson farm southeast of Cut Bank field, in NW 1/4 NW 1/4 29-32-4W, failing to get either oil or gas in horizons above the Madison lime.

The hole was carried to 2780, the top of the lime, where water rose 450 feet. No effort was made to test the "break" in the lime, to avoid difficulty in plugging. A sand from 2590 to 2630 which was dry is claimed by some to be the true Cut Bank sand, while others maintain that there was no true Cut Bank sand present. If there is 40 feet of Cut Bank sand in this district, it means that some interruption such as a fault or complete lensing out must have occurred in a distance of about four miles.

Preparations for other wells in the district have been halted for the present.

COOLIDGE IS BACK IN FOLD, NORTH FIELD

The steady procession of veteran Kevin-Sunburst operators returning to the fold of active drillers in that field continued this week as it became known that Coolidge & Coolidge, composed of E. B. "Hank" Coolidge, his nephew, are resuming active operations, after a four-year lay-off.

This company recently drilled a well on the newly acquired 200-acre Zachor lease in the east end of Kevin-Sunburst and completed a pumper which was saved from being a dry hole by the magic of acid.

Henry Coolidge was formerly production manager of Hardrock Oil company and for four years past has been operating the Lander, Wyo., field where he established quite a reputation for himself as a production man. He returned to Kevin to apply new methods in restoring old properties and in drilling some new wells. Included in the plans of Coolidge & Coolidge is resumption of production on the Magic City lease in Section 13-34-1W, where the one producer has been shut down for more than two years. The pump jack will be replaced by a machine to pump it on the beam to overcome the water, (Continued on Page Five)

FIVE WELLS COMPLETING SEVEN WELLS STARTING IN CUT BANK OIL-GAS FIELD

FIVE wells are in course of completion in Cut Bank oil field today and seven new locations were announced at the same time to keep up the tempo of the steady activity.

None of the wells announced this week are part of the 20-well program required by the government as a result of the recent Indian lease sale. Wells must be started on some of these leases within 30 days and all of the others must be drilling within 30 days.

Two of the new locations are in the vicinity of the Tarrant-Jones gusher where no less than a dozen wells will result from the finding of a gusher pool by a well that is still making around 200 barrels.

Roy Tarrant started the first new well in the pool, drilling at 175 feet Friday in SE 1/4 SE 1/4 36-34-6W on his State No. 1.

Lon Crumley started moving in on his Jones No. 1 location, SE 1/4 SW 1/4 31-34-5W.

Other operators who have offset obligations south and east have not yet moved.

Aside from the Montana-Headlight-Yunck No. 2 well, there were no sensations in the field this week. Texaco-Consolidated Gas, center 15-35-6W was completed July 23 with an initial of 5 million cubic feet of gas at 2809 feet.

Anand-Hutchings-Bonnett No. 1, NW 1/4 SE 1/4 10-32-5W was delayed by having sheared a pin, resulting in another fishing job soon after drilling out cement. It is drilling in today at 2920 feet.

Anand-Hutchings-Matson No. 1, NW 1/4 SW 1/4 11-34-6W, is 2650 feet. Cobb-Walberger No. 3, SW 1/4 SE 1/4 35-35-6W, drilling, 2510.

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New Cut Bank Map

For corrections for your Cut Bank may see Page 3.

We are this week issuing a new map of Cut Bank, showing townships 32, 33, 34 and 35, down to and including the new Barmac-Bruning well, also ranges 4, 5 and 6 West. It shows all wells to date. It will be sent to SUBSCRIBERS upon receipt of 10 cents in stamps. Price to non-subscribers 25c. Use this coupon.

NAME _____

ADDRESS _____