

# Montana Journal

DAILY AVERAGE PRODUCTION			
Week Ending November 30, 1940			
U. S.	3,335,050	Decrease	430,850
Montana	17,800	Decrease	250



POSTED FIELD PRICES	
Kevin-Sunburst	\$ .90
Pondera	\$ .90
Cut Bank	\$1.10
Cat Creek	\$1.10

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## TWIN FIELDS WELL LOOKS COMMERCIAL

Twin Fields Petroleum company, financed largely by Great Falls business and professional men, apparently scored another success in the high gravity pool this week, with a showing of oil in its Thompson No. 3 well in NW NW 1/4 SE 1/4 28-35-3W. The showing is in the first "break" in the lime in which three other wells nearby have had initial production of 100 barrels or better.

Finding the lime contact at 1713 dry, the bit picked up its showing of oil at 1736 to 1742 and drilling stopped at 1745. At last reports it was making something over a barrel of oil an hour, indicating small commercial production before acidization.

Like other large wells in the area, the oil horizon carried a peculiar mud or muck—a talc-like substance that generally identifies faulting. A small quantity of this muck was found in the Fulton Petroleum-Thompson No. 5 well, a quarter mile northeast and likewise in the Pacific National-Davidson while still farther northeast. Big West-Dahlquist No. 15 had so much of this peculiar mud that the well had to be abandoned, after having had commercial production.

The quantity of muck in the Twin Fields well was comparatively small. After getting the showing, the crew ran the bailer and brought up crude which tested 36.1 gravity. The second bailer tested 37.2 gravity. As bailing continued the gravity of the oil went up until the last sample ran 38.5 gravity, which is the average for the pool although some crude runs above 40 degrees B. Decision was reached to let the well stand over night before treating with hydrochloric acid.

Drilled on the highest topographical point in the district, this well was expected to check high structurally but instead was about 12 feet lower than surrounding wells. There was no explanation, unless there is further evidence of faulting which caused this company's No. 3 well to check 30 feet higher than its direct offset on the north.

This company's recently completed U. S. No. 1, in NW NW 1/4 NW 1/4 28-35-3W, is making from 15 to 20 barrels per day, slowly overcoming the large flow of water which appeared after acidization. It is now making only 15 barrels of water, whereas it made as high as 150 barrels of fluid initially. It is expected that the proportion of

(Continued on Page Five)

## DAILY PRODUCTION MONTANA-WYOMING WEEK ENDED NOV. 30

MONTANA—	
Cut Bank	11500
Kevin-Sunburst	4830
Border	50
Cat Creek	430
Lake Basin	—
Pondera	970
<b>TOTAL</b>	<b>17780</b>
WYOMING—	
Big Muddy	1120
Garland	2050
Lance Creek	25215
Oregon Basin	5440
Reok River	2600
Salt Creek	14510
Wertz	5000
Badger Basin	180
Black Mountain	60
Byron	3780
Cody Dome	60
Cole Creek	890
Dallas Derby	850
Dutton Creek	60
Elk Basin	370
Grass Creek, light	530
Hidden Dome	70
Hudson	240
Iron Creek	10
Labarge	1900
Lost Soldier	2490
Medicine Bow	725
Mahoney	550
Mule Creek	110
Osage	600
Poison Spider	230
Queasy Dome	460
Teapot	30
Warm Springs	70
Frannie	2450
<b>TOTAL</b>	<b>72650</b>
Total Colorado	3480
Total Rocky Mt. States	93910

## Stock Issues Under \$100,000 Are Exempted By SEC Rule

Revised rules exempting stock issues of \$100,000 or less from the registration provisions of the Securities & Exchange act of 1933 were announced by the SEC at Washington, D. C. this week, bringing new cheer to the metal mining industry of Montana which has been at a standstill as a result of being unable to finance under the stringent rules of the commission.

Under the new rules, oil company financing is apparently barred, there being no apparent provision to cover the financing of drilling companies. No Montanan has ever been able to figure out a method of oil company financing under SEC rules except where the issue has been over \$100,000, and that situation is apparently unchanged.

Newspaper and radio advertising is now allowable, under the new rules and the protection of the public now rests with enforcement of the laws regarding the use of the mails to defraud. Copies of all advertisements must be mailed to the regional offices of the SEC, not for the purpose of regulating the text but merely to be used as basis for prosecution, should the issue prove irregular or fraudulent.

Many primary industrial enterprises, heretofore barred from financing, will be made possible under the new ruling. Most primary mining ventures can be financed with a stock issue of \$100,000 or less.

The text of the SEC release and excerpts from the new ruling are printed in this issue of the Journal.

## New SEC Rules On Stock Issues Effective Today

In a substantial revision of its procedures and its rules in connection with the granting of exemptions under the Securities Act of 1933, the Securities and Exchange Commission announced today that it had repealed its present rules 200 to 210 inclusive and substituted a single simplified regulation containing a single integrated exemption which in many respects substantially broadens the availability of the exemption.

Section 3 (b) of the Securities Act gives the Commission the power under such rules and regulations as it may deem necessary in the public interest and for the protection of investors, to exempt from the registration requirements of the Act securities issues up to and including \$100,000. Heretofore the Commission has given a total exemption on issues up to \$30,000. As to other issues not in excess of \$100,000, an exemption up to now, has been available only upon varying terms and conditions, such as the compliance with the laws of the states in which the securities were sold, or the use of a prospectus containing certain specified information. Where prospectuses have heretofore been required, they have been examined in the Registration Division of the Commission.

The new simplified procedure does not require the use of a prospectus in any case. To avail itself of the exemption, a domestic issuer will now need only to send to the nearest Regional Office a letter notifying that Office of its intention to sell, together with any selling literature it may plan to use. This letter of notification need contain only such information as the name of the company, the name of the underwriters, the name of the issue to be sold and a brief summary of the intended use of the proceeds. The issuer can give this notice, at its option, either through an informal letter or through the use of a two-page form which will be supplied on request for its convenience. Where the issuer chooses to use a prospectus, the regulation indicates certain skeleton information to be included.

A broadened exemption is available in several important respects under the new regulation. For example, the Commission takes a new position as to future sales of the securities of the same issuer. Heretofore the Commission's rules have been such that, if the offering was a part of a larger financial program, involving the future sale of additional securities of the same class, the exemption was not available. The new regulation specifically states that the exemption is available even if "it is contemplated after the termination of the offering an offering of additional securities will be made." This will apply in instances, among others, where issuers wish to make annual offerings of already outstanding securities for such purposes as employees' participation plans. In such instances, where the offering is not over \$100,000 the exemption will be available.

Furthermore, the exemption is now available to issuers and their controlling stockholders even though each may wish to offer \$100,000 under Regulation within a single year. Heretofore, in such instances, a registration statement has been necessary.

The new regulation shifts the commission's administrative emphasis

(Continued on Page Five)

## COLOR PHOTOS ON SOGONY CALENDAR

The Journal has received one of the new 1941 calendars issued by Socony-Vacuum Oil company on which are 12 color prints, from prize winning color photography. All the 56,000 employees of the company were invited to participate in the camera contest and six of the 12 winners were employees of the White Eagle or mid-western division while four of the number were Montana pictures.

The April picture is a color photo taken by B. G. Stevenson of Great Falls in the A. C. M. wire mill, showing hot rolling copper rod, the film having accurately recorded the hot copper rod as it comes from the furnaces and workmen wearing red and blue shirts provided added color to the composition. A second prize winning contribution by the local Socony-Vacuum manager is a color photo of the turbines of Montana Power company at Rainbow dam.

J. S. Haines of the local office also won photographic honors by registering two pictures in this calendar. One is of the gold dredge in Last Chance Gulch, near Helena, the color film having caught the purple of the distant hills; and the interior of the N. P. railway shops, with red cranes providing the chief color.

One striking picture, photographed by G. A. Round, is an airplane picture of Boulder Dam. One scenic view, only, is included in the 12, photographed by L. E. Hanson, and is a striking color record of "The Old Guard" in Grand Canyon.

As a calendar it is a work of art but the criticism from the viewpoint of the camera hobbyist is that there is no data on timing, aperture or lens adjustment, accompanying the several exposures. Inasmuch as the company is distributing 35,000 copies, the interest of other cameramen is doubtless secondary.

## ROUND BUTTE AGAIN ACTIVE

BILLINGS—John E. Sadring, president of Miracle Oil Co., drilling a test well in Round Butte dome, on Sec. 22-6S-23E in Carbon county, reports he has purchased casing, and is reaming to set it at 2327 feet. This test has been in operation for more than three years, and it is reported showings of both gas and oil have been encountered on the way down.

## MORTON WELL IS HOLDING AT 50 BBL. DAILY

Morton Oil & Refining company's Morton No. 9 well in the south end of Kevin-Sunburst oil field, continued to make 50 barrels of oil per day during the past week, after having had an initial of 100 barrels per day following acidization. It is the best well in the pool and the first demonstration of the effectiveness of acid on the "high" of the field. This well gives a diagonal offset to Hardrock Oil company on its government lease known as the O'Mally permit. On this permit Ohio Oil company drilled its famous "five barrel gusher", the unexplained enigma of the Morton pool. It would flow five barrels but would produce no more by pumping or swabbing, and was abandoned. That was a decade before acidization was known.

## Mills Has Oil At Top Of Lime

Mills-Government No. 2 well, SE NE 1/4 SE 1/4 8-35-2W, in the Baker-Howling pool, is reported to have a showing of oil at the contact and is drilling on down to the first "break" in the Madison lime. After setting casing at 1541 Mills found the contact from 1630 to 1636 with a showing of oil. He was drilling at 1639 at last reports. He will acidize.

## Rimrock Wells Due In Soon

The next completion due in the field is Scotland-McNamer No. 4, CNL NE 1/4 SW 1/4 29-35-3W, in the Rimrock high gravity crude pool. It is drilling at 1605 feet.

Kevin-Land Co.-Leach No. 4, C SE 1/4 NE 1/4 31-35-3W, is still shut down at 1669, with casing run, ready to drill in.

Toles Drilling Co.-Davidson No. 2, NW SE 1/4 NE 1/4 28-35-3W, offsetting the Fulton Petroleum-Thompson No. 5, a 100-barrel well, is spudding, working daylight.

## Sunburst 'Cat Nearing Sand

Parrent-Holbrook No. 1, C SW 1/4 NE 1/4 2-36-3W, a wildcat west of Sunburst, is drilling at 1530 feet, due to pick up the Kootenai sands within a day or two. There is possibility that the Cut Bank sand will be found present in this location. Structurally, this well is checking on the principal producing contour of the Cut Bank oil field, according to "Slim" Parrent. A well two and a half miles southwest of the Parrent well had Cut Bank sand containing oil and gas.

## BROADVIEW WELL ACTIVITY RESUMES

BILLINGS—It is reported the operators on Broadview dome test are cleaning up machinery and mending water pipes, preparatory to making an effort to bring this well into production. Broadview dome test is located on the NE corner, NE 1/4 SW 1/4 of Sec. 12-3N-23E, Yellowstone county, and has been standing at 5129 feet for some time, with casing set at 5,000 feet.

## Cut Bank Oil Pool Is Extended Southward As Kaulberg Well Comes In

Another extension to the south was recorded in Cut Bank field this week with a producer making 250 barrels in the first 24 hours giving promise of more large producers in a newly opened territory a mile south of the Big Bend pool.

The well is Kaulberg-Tribal No. 1, in center NE 1/4 SW 1/4 19-32-6W, one fourth mile south of A. B. Cobb's Tribal No. 1, which had an initial of 185 bbl. per day. These are tribal leases purchased at tribal sale early last summer, on which leases only three wells have thus far been drilled.

## NEW RECORD THROUGHPUT NOVEMBER

Runs to stills in Montana refineries jumped to an all-time record November high, according to preliminary figures on November crude markets. This follows a decline of refinery throughput during October owing to the semi-annual shutdown of The Texas company's refinery at Sunburst.

The Sunburst plant was in full operation during the month of November and registered a record run of 200,000 barrels during the 30-day period. This is approximately 9,000 barrels greater than any previous month's run. The increased capacity is credited to newly installed heaters and adoption of a new process which speeds up the steam still treatment of gasoline. The plant is said to have run 8,400 barrels in one 24-hour period during the month, that being also the highest run for any 24 hours in the history of the plant. It is said that the plant could be stepped up to 8,500 barrels per day, without excessive pressure, if occasion demanded.

Total refinery runs in October were 398,307 barrels as compared with 506,815 barrels in September and the November runs are expected to approach the September record, although November is usually a light month.

## STANDARD "SELLS" RUMANIAN PLANTS

BUCHAREST.—Premier Gen. Ion Antonescu of Rumania decreed today the exploration of all oil pipelines, pumping stations, reservoirs and all real estate on which they are situated.

One of the companies hardest hit by the decree was the Romano Americano, owned by Standard Oil. It has several hundred thousand dollars invested in property which will be expropriated.

A second decree ordered seizure of all Danube barges, tugs, tankers and seagoing ships owned and used by companies with Jewish stockholders.

It was pointed out that this will enable Antonescu to seize American and British companies' properties if he wishes.

The companies under the decrees will be reimbursed over 25 years, being paid by bonds bearing 3 per cent interest.

## GETS GAS IN EAGLE

Montana-Dakota Utilities No. 145 well in Cedar Creek field near Baker, drilled to the Eagle sandstone, at 1733 feet to get its gas production of 170,000 cubic feet per day. The Judith River sands were dry. Location is in NE SE 1/4 NE 1/4 10-9N-58E. Company is now completing its No. 146 in NE SW 1/4 NE 1/4 17-10N-58E.

## WINIFRED GASSER

W. W. Tony has completed a small gas well at 440 feet, with an initial of 40,000 cubic feet per day in Winifred gas field, developed in recent years by the late Charles Emmons. Location of the well was in center north line NE 1/4 SW 1/4 26-22N-17E, on state land. Hess & Tony State No. 1 is being drilled in center west line, SW 1/4 NE 1/4 36-22N-17E. Tony expects to develop enough gas to supply Winifred and other nearby towns and possibly eventually get an adequate supply for Lewistown.

Success of this well marks the entrance of still another drilling contractor into the role of producer—the type of success story that has marked the history of Cut Bank field. Richard A. Kaulberg, who worked his way up from roustabout to driller, to tool pusher, to contractor now takes his place with the important producers.

As is usual, Kaulberg is sharing his success with some associates who furnished the cash while he furnished the equipment and the ability to complete and operate a producing well. His fortunate partners are D. J. McGonigle and J. P. Bishop of Butte who will share with Kaulberg the proceeds of this well which is expected to produce 100 barrels per day or better when placed on the pump.

This well had considerable gas with the oil and the column fluid came up 2050 feet in the hole in one hour and 40 minutes after the lower Cut Bank was penetrated. From 2833 to 2840, the swab was run to 800 feet and the well started to flow and flowed for an hour.

Statistical data on the well follows: Sunburst sand, 2710 to 2740, and from 2750 to 2760; upper Cut Bank from 2785 to 2833 with a shale break from 2814 to 2820 and a showing of oil at 2795; lower Cut Bank from 2833 to 2840, the main pay; Ellis shale from 2840 to 2842. Seven-inch casing was cemented at 2791.

Kaulberg came to Montana oil fields from Wyoming in 1926 and was employed by the Texas-Pacific and by Fifty-Six Petroleum. After the opening of Cut Bank field he became tool pusher for Nadeau Brothers, taking time out to go to Bellingham, Wash., to drill a wildcat well as contractor. Returning to Montana he later took over the Nadeau-Hagerty lease in Section 15-34-6W which he has been operating, while engaging in contracting. He has drilled several wells for The Texas company and others. When the Blackfoot Indian sale was held this year he bid in one of the tracts, interested McGonigle and Bishop and drilled his first well.

A. B. Cobb is now drilling a second offset to the Kaulberg lease, located in SW SW 1/4 NW 1/4 19-32-5W, which is drilling at 2680 feet and due for completion next week.

Hannah-Porter company has a tribal lease in this same section and is preparing to move a rig as soon as the Hanlon, Agent-Allotted 131 No. 3, SE SW 1/4 NW 1/4 7-32-5W is completed. It is now drilling at 2600 feet.

(Continued on Page Five)

## RIVERTON TEST IS CLEANING OUT

BILLINGS—Operators on the Fox test, Riverton Oil Co. No. 1, located four miles west of Laurel, Yellowstone county, have been cleaning out hole and otherwise preparing to drill deeper, the past few weeks.

Sidney Armatige of Billings, an old time driller and operator, has been assisting the Riverton operators with their work in cleaning out. A showing of gas and oil has been reported.

## DAN McDONALD IS DRILLING 2 WELLS

BILLINGS—Curtis-McDonald No. 1, test on Sec. 24 T51N-92W, Torchlight structure, Big Horn county, Wyoming, were running 15 1/2 in. casing to bottom hole 1030 feet, last Friday, preparatory to drilling ahead. This test is located a half mile southeast of the Clifford S. Johnson test, started on Torchlight some months since. Dan McDonald is in charge of operations on both tests.