

Gerlough Application Ignored; Supervisor Muddle Unclassified

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cient service, the Montana Oil Conservation Board, using a portion of the ¼ of a cent a barrel production tax collected from all operators in the state, has in the past aided the commission in paying the expenses of the inspectors. The board was not obligated to do so, but has done so only in the best interests of the industry.

It was an experiment in co-operative regulation by state governmental agencies that operated efficiently and satisfactorily under the supervision of Platt, and L. G. Hinkley, the Billings supervisor. There were no complaints and numerous favorable comments from operators who recognize and appreciate good field supervisory service.

At the original meeting held in Great Falls to name a successor to Platt, a joint session attended by oil board members and the three commission members, the oil board members voted unanimously to name Gerlough to the post vacated by Platt. Gerlough applied for the Shelby post only, hence action by the two board members in appointing him to the Billings post came this week as a shock to the board members, who had felt the commissioners would be willing to co-operate in obtaining efficient and qualified supervision of an important state industry.

Gerlough was favored and named by the oil board because his application, plus investigation, showed him to be the only applicant professionally qualified. Gerlough is a geologist and mining engineer and has had about 20 years experience in Montana fields as manager of oil and gas field well drilling and producing operations. He was therefore named, as the only applicant fully qualified.

Because of the demands made upon it by governmental agencies, and private industry, the oil conservation board must employ the services of a geologist or engineer, qualified to handle oil and gas production, storage and conservation problems, to estimate oil and gas reserves, de-

termine gas pressures and oil-gas producing ratios, survey well sites, determine well site elevations, and so on.

Gerlough was also the only applicant entitled to preference under the veterans preference employment laws of Montana. On April 25, R. P. Jackson, secretary of the Montana Oil Conservation Board, notified the board of rail commissioners, by telegram, that the board had picked Gerlough for the Shelby post.

Members of the oil industry here this week were hopeful that Commissioners Smith and Casey would review their decision with regard to Gerlough, in order that the oil conservation board might be justified in continuing to meet part of the expense of maintaining two inspectors.

The regulatory laws of Montana applicable to drilling wells and oil and gas producing industries give the board of railroad commissioners exclusive authority to regulate the location, drilling, casing and plugging of wells, and therefore the sole right to employ field men to supervise such activities.

The Oil Conservation Board has authority to appoint field men to perform any service that it may require.

If the members of the two boards cannot agree on appointees to serve in any field or district, at joint expense, the only alternative apparently will be for each board to select its own appointees.

Such a procedure would be generally wasteful, uneconomic, and not in the best interests of the state, the oil industry, or the public.

In making clear the oil board stand with regard to applicants, R. P. Jackson, board secretary, said: "The Oil Board's selection of Mr. Gerlough to succeed Mr. Platt at Shelby was no reflection on the abilities and merits of other applicants considered. Many of them are known to be high class workmen of unblemished reputation in the oil fields for skill and industry in drilling wells and most of them are personal friends of one or more of the Oil Board members. If the

selection had been made on the basis of personal popularity in the oil field fraternity and endorsements by prominent operators, Guy Young of Shelby would undoubtedly have been the choice. Mr. Gerlough was chosen on account of his professional qualifications and long experience in managing oil and gas field operations in executive capacities and since the Oil Board members have since then become convinced that he is also entitled to the appointment under the Veterans' Preference laws, the chance of a withdrawal of their selection must be considered a very remote possibility."

Send a contribution to the Sunburst Badger.

Elk Basin

Five drilling wells in the Montana portion of the Elk Basin field reported progress during the week as follows:

CARTER-HENDERSON EA-3
NE NW NW 35-98-23E
Drilling, 5511.

STANOLIND-DEGLER NO. 2
SW NW SW 36-98-23E
Drilling, 5920.

STANOLIND-ELK A NO. 15
NW SW 35-98-23E
Spudded 4-12-45; drilling, 2537.

STANOLIND-TP EUGENE LINGA
C NE SE NW 34-98-23E
Drilling, 4874.

STANOLIND-FOOKER NO. 2
NE SW SW 27-98-23E
WOC, 5375.

One Hurdle Surmounted...

The Fifth Circuit Court of Appeals at New Orleans has "laid aside" its previous ruling, which had invalidated the option to expense intangible drilling and development costs.

This means the internal revenue bureau may now go ahead as it has for more than two decades, continuing to allow operators to charge off intangibles to expense, if the operators desire.

However, the matter is not being allowed to rest there. It is felt some other court, at some future time, may explode a similar bombshell. Hence, legislation to permanently legalize the intangible chargeoff is now pending in congress. There is overwhelming support for the move, and no visible opposition.

It now appears that any firm or individual now may drill, secure in the knowledge that he will be allowed to charge off his intangible drilling costs. Thus ends a condition that had the entire industry in chaos.

STILL ONE TO GO...

However, independent crude oil producers of the nation still have had no favorable response to their long-standing request that the present ridiculously low price of crude oil be raised, to a point commensurate with the actual cost of replacing the crude now being sold.

The attitude of the governmental agencies with respect to the independent oil man is in startling contrast to the governmental attitude toward the horse racing racket. The same Vinson, who for so long turned a stony ear to the plight of the independent oil producer, nearly broke his neck giving the horse racketeers the "go-ahead" signal, immediately following V-E day. So, we will have horse racing. But—men who produce crude oil will continue to be required to do so at a price that does not come anywhere near what their costs will be when it comes to drilling and replacing that same crude oil, so needed now in prosecution of the war against Japan. It does not seem right.

This advertisement is one of a series, sponsored by Montana independent oil producers, to acquaint the producers with facts vital to their welfare, and from time to time to acquaint the public with some of the problems now confronting this vital industry. These advertisements will be continued throughout 1945.

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(If you are interested in any aspect of the Montana oil industry.)

This complete and newly revised map, a very clear white print, 50 by 36 inches, gives at a glance information that otherwise would require weeks of research. And—the information is CORRECT! Every well shown on the map has been checked against well logs on file with the Montana Oil Conservation board. Here's the information contained on this map:

Location of all producing oil and gas fields.

Location of all principal anticlines.

Location of every wildcat ever drilled in the state, including name of the well, depth to which it was drilled, section in which it was drilled, and results obtained, as indicated by symbol.

County boundaries and county seats.

Township boundaries.

Two cross sections showing geological formations, one taking in the area from Glacier Park eastward through Bowdoin dome, the other taking in the section eastward from the Elk Basin field through the Baker-Glendive anticline.

This map may be seen at our office. Price \$5.25 for paper, \$8.75 on linen backing.

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