IN THE OIL FIELDS

OFFICE: 624 J W. H. PECK RESIDENCE: R442

OIL MARKET QUOTATIONS.

Kan. and Okla.	$2.25	North Lima	2.38
Cosden	1.45	South Lima	2.38
Corsicana (lt.)	2.25	Wooster	2.58
Corsicana (bk.)	1.30	Indiana	2.28
Iowa	2.25	Princeton	2.42
Forrest	2.25	Somerset	2.60
Caddo (32dg)	2.25	Ragland	2.62
Caddo (28dg)	2.25	Illinois	2.42
Caddo (32dg)	2.25	Canada	2.18
Canada	2.25	Elk Basin (Wy)	1.85
Peru	4.00	Grass Creek	1.85
Corning	2.85	Big Muddy	1.50
Cabell	2.77	Salt Creek	1.50

The Situation.

The situation is remarkably good from all angles. The meeting scheduled for yesterday in New York to determine the course to be pursued by the war service committee with regard to "the plan" and the diversions of oil in the mid-continent field was put over until today, and many of the larger refiners are in attendance, including E. E. Schoch, president of the Western Petroleum Refiners association, and J. S. Cosden.

There is doubtless the same optimistic spirit in evidence in New York as here as oil stocks were soaring yesterday and a glance at the market page will convince the most pessimistic that New York is looking for a debacle on the part of the German army. In other words, is looking for a genuine stampede that will cause the multitude of Germans to break all records as a terror stricken mob bound for home.

The market has not as yet started according to some who ought to know, as it is claimed by the Texas people that were the war taxes out of the way its stock would be worth 100 whereas it closed yesterday at 98. Sinclair also is easily worth par, and better, and unless too many weak-kneed speculators take profits quickly it should not hesitate in its upward move this side of $70 a share.

Cosden & Co. has gained a dollar per share, which is going some for a stock that has been sitting still at a little above par, which is only five dollars, and hence the raise in value is large in proportion.

But the best thing about the situation is that there are still big wells being brought in right at home, as the Kimbley and Moore well west of Okmulgee, amply demonstrates. It is a good country to operate in and many new pools will likely be found between Okmulgee and the Cushing field.

And the allies are cleaning up, which is so much the biggest news as to make all our own affairs look inconsequential by comparison.

The Allocation of Oil.

Business is beginning to pick up with the distributors of oil that was allocated by the Prairie, Gulf, Texas and Carter Oil company to the various refineries who had been short of oil on account of the restrictions placed by the war service committee on the competitive bidding of refiners in this field.

The oil that has been alloted to refiners from the stocks of the Gulf Pipe Line company in Butler county, Kan., is of a gravity that is very acceptable and refiners who have been alloted oil from this field are taking their allotments.

There is also a margin of profit in the oil alloted from the tanks of the Carter Oil company in the Healdton district and at least one refiner is taking his share. The oil alloted from the Glenn pool is beginning to move also, although not of an alluring gravity, but is filling up the stills to full capacity. So far about a third of the refiners are taking their oil according to J. J. Schoch, who is here, and to whom fell the duty of making out a list of refiners desiring such oil.

The Tax on Oil.

R. W. Hart of the Grant Stebbins organization, who has been in Washington for six weeks in the interest of the oil producer's tax legislation, says that nothing has so thoroughly awakened the country's legislators to the need of encouraging oil production as the gasless Sundays when not an automobile is to be seen high or low.

The bill as it passed the lower house, is fairly satisfactory, according to Mr. Hart, with the exception of the definition of "invested capital."

As passed, Section 326 reads as follows: (a) That as used in this title the term "invested capital" means (except as provided in subdivisions (b) and (c) of this section):

(1) Actual cash bona fide paid in for stock or shares;

(2) Actual cash value of tangible property, other than cash, bona fide paid in for stock or shares, at the time of such payment (but in no case to exceed the par value of the original stock or shares specifically issued therefor;)

This clause should be amended, according to Mr. Hart, by striking out the phrase "but in no case to exceed the par value of the original stock or shares specifically issued therefor."

Article (3) reads as follows:

Paid in or earned surplus and undivided profits; not including surplus and undivided profits earned during the taxable year and not including the increase in the value of any asset above the original cost until such increase is actually realized by sale.

To which article, according to Mr. Hart, should be added, "or in case of oil wells, gas wells, mineral deposits or timber, charged to a special investment account and credited to paid in surplus on the books of the corporation. Such increased values to be determined under rules and regulations to be prescribed by the commissioner of internal revenue with the approval of the secretary of the treasury, but in no case to exceed the correct fair market value of the property."

"Provided further that such increased values, if any, shall be depleted in this same manner and at the same ratio as the actual cost of the property."

"Many corporations," said Mr. Hart, "will be unjustly burdened if denied the privilege of taking up on their books legitimate appreciation on tangible property and of taking such appreciation into account in computing invested capital. It does not follow that such appreciation should also be taken into consideration in computing income.

"In computing income from profits on sales of capital assets, such appreciation should be disregarded, and the cost price of such assets should be the fair market value, as of March 1, 1913, if acquired prior to that date, and actual cost if acquired subsequent to then.

"The government undertakes to allow to all corporations certain deductions, which are to be based on the actual amount of capital invested in business. There can be no getting away from the proposition that the current value of a tangible property is the actual capital invested in same. Unquestionably, all corporations should be granted this deduction, which is based on capital invested, on an equitable basis.

"The majority of corporations will be granted this deduction as a matter of course. The exceptional corporation should be, and can be in the manner stated above, put on the same basis as the majority corporation.

"In granting this equalization of invested capital, the government does not surrender any income taxing rights. The increased earning power of such appreciated property is immediately available for purposes of taxation, and all of the earnings of such property will be available for taxation purposes as fast as realized.

"The profit on sale of the asset itself, if any, is immediately available for taxation purposes as soon as sold. For the government to tax these increased earnings and not to allow the increased values of the assets, from which derived, is manifestly unjust.

"Take the case of a corporation producing oil. It has a leasehold, for which it paid $1,000 bonus. A well is brought in which proves to have a settled flow of 10 barrels per day. When the settled flow is ascertained, this property immediately acquires a value of one thousand times the price per barrel of oil, per daily barrel production. To illustrate: If oil is selling at $2.45 per barrel this well is worth $2,450 per barrel of daily production, or $24,500.

"It can be readily sold for this amount, and the government will tax a very liberal income from an investment in that amount. The corporation should be permitted to take up on its books as appreciation, the difference between the $24,500 and the $1,000 originally paid for the leasehold, or $23,500 should be computed as capital invested, precisely like new capital invested in the business on the day the appreciation is taken up on the books of the corporation.

"In the regular course of investigations by the internal revenue department, it will be a very simple matter for the examining officer to verify all such appreciation entries.

"No corporation would be able to set by with appreciation entries that are not legitimate."

Mr. Hart said that the bill is now in the hands of the senate finance committee and that this committee expects to report on it about he 25th of this month, and that with the very strong disposition on the part of the country's legislators to aid in the acceleration of oil the chances are that any report made will consider favorably the oil man and his needs.

Big Well Northwest of Okmulgee.

The expected has happened, only on a little bigger order than some might have believed. The well of Kimbley & Moore located in the northeast corner of 11-13-11 found the sand yesterday at 2,480 feet and with it just touched, the well is flowing at the rate of an estimated 4,000 barrels and is probably the biggest well completed in the Youngstown district.

With the completion of this well comes the suspicion that a second Youngstown pool will be found in this locality, and it is expected to run from the No. 3 well of the Producers & Refiners corporation located at the center of the west line of the northwest of the northeast of 2-13-11 which came in about a week ago with an initial flow of 1,175 barrels, southeast to the big well. The well completed by Moroney and associates in the northeast corner of the southwest of the southeast of 2-13-11, between the two large wells, while only good for 75 or 100 barrels may perhaps be on the west edge of the big pay. It is understood that water has broke in on the Moroney well and they are now trying to shut it off.

Four or five months ago, the Carter Oil company drilled a hole in the southwest corner of the southeast of 2-13-11 on the same piece now held by Moroney and others but did not get enough oil to make a well after drilling it to 2,470 feet and as the lease stipulated that a producer had to be drilled in a certain time to hold the lease, it was necessarily given up. Kimbley drilled a duster on the H. Larney farm in the northwest of 1-13-11 at 2,378 feet and the Gladys Belle people drilled a 10-barrel well from sand found from 2,485 to 2,495 feet in the southwest corner of the southeast of the southwest of 1-13-11. These are the most important wells entering into the situation and there is plenty room for a nice pool to be developed.

Among those expected to be in the big money are the New York Oil company owning the southeast quarter of the southeast of 2-13-11; the Carter Oil company owning the northeast quarter of the southeast and the southeast of 2; Dickerson and the Kawfield Oil company owning the north half of the southwest and the northwest of the southwest of 2; the Gladys Belle owning the southwest quarter of 1; the Producers & Refiners corporation owning the west half of the northeast of 2 and the Gypsy owning the northeast quarter of the northeast of 2. Draw a line from the Producers & Refiners corporation No. 3 to the big well and then draw another line through the middle of the Youngstown pool northwest and southeast and the two lines almost parallel.

Texas News.

There is a great exodus from Ranger as a result of the Spanish influenza and development of the oil fields in that vicinity is seriously affected. The town, crowded with transients to its utmost capacity, is affected more than any of the other towns of the oil district and many people are seeking other places of refuge.

The Gulf Production company has drilled its No. 1, Davis farm, in Stephens county 7 feet deeper and it is flowing 2,000 barrels.

The Cosden Oil & Gas Co. found a showing at 2,465 feet in its test in Coleman county, but it will not make a well. Drilling was progressing at 2,480 feet at last report. The showing is considered of much importance as it was found near the showing of the Mitchell producer in that county.

There is a tremendous shortage of drillers, notwithstanding the shortage caused by the "flu" epidemic. About 20 rigs at least are shut down waiting for the necessary "manpower."

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With the Stocks.

Texas Company and Mexican Petroleum, both of these high class stocks again made new high price records for this movement today. Texas Company opened at 192 3-4, and closed at 198, which was the high point for this issue today and is the highest price Texas Company has sold in over a year and a half. Mexican Petroleum, which opened at 149¾, and sold down to 148¾ during the day, only to make a new high figure for this movement of 158 1-2, but dropped back to 157 1-2 at the close of the session.

Royal Dutch Petroleum stock sold at 132 today, which is up 13 1-4 points from Wednesday's closing. Improvement is in sympathy with the rise in other oil shares and it also reflects aggressive policy of this foreign oil combine in conducting its business throughout the world. Company has acquired large producing areas in various parts of the world, well located for the handling of fuel-oil business for steamships.

Cities Service company declared regular monthly dividend of 1-2 of 1 per cent and ¾ of 1 per cent in stock of common, and 1-2 of 1 per cent in cash on the preferred stock, both payable December 1, to stock of record November 15.—Houston Fible & Co.

News from Duncan.

Many new locations have been made in the Duncan field, two being credited to the Prairie Oil & Gas Co., the first that company has made in the field. The Prairie has timbers in to drill on the Adams farm, in the southeast corner of the southwest of the southeast of 20-1s-9w and has also timbers on the ground on the Harlin farm, in the southwest corner of the northwest of the northeast of the northeast of 29-1s-9w.

Jake Hamon has the rig built on the Tarca Fine farm, in the southeast corner of the southwest of 20-1s-9w.

The Magnolia Petroleum Co. has a rig on the ground for No. 1, Waino farm, in the southwest corner of the northwest of 23-1s-9w.

In the northeast corner of the southeast of the northeast of 27-1s-10w the Olive Bell Oil Co. has moved in a rig to drill on the Ellis farm.

The Wichita Development Co. has built another right on its acreage to the southwest, it being located on the Patterson farm in 4-2s-10w.

Three Dusters in Greenwood County.

Three dusters are reported from Greenwood county. They are No. 1 of the Western Plains Oil & Gas Co. on the Kinman farm, in the northwest corner of the northeast of the southwest of 11-28-10; No. 1 of Marshall and associates on the Barnard farm, in the northwest corner of 33-22-10, dry and abandoned at 2,385 feet, and the Homanokla Oil company No. 1 Beavers farm, in the northwest corner of 26-24-12, dry and abandoned at 1,825 feet.

Newkirk Prices Still Soar.

Special to The World.

NEWKIRK, Okla., Oct. 14.—H. W. Long, J. H. Elem and others of Wichita have bought undivided one-half interest in the oil royalty of the John J. Cronan farm, the north eighty acres of the southeast of 3-27-3e. The consideration was $30,000.

The Cronan farm offsets on the east that of the Martin farm on which the Kokomo Oil company is drilling at 2,550 feet, and diagonally offsets on the southeast the Hall farm, on which the Pirtle-Pitman Oil company is drilling around 500 feet. The nearest production to the Cronan farm is one mile and one-half south, at the Hayes and the Engelkemeir producers.

Back From the Convention.

R. S. Ayers of the Southern Oil corporation returned yesterday from New York, where he attended the big convention and says that in that town they are not giving the Germans longer than two weeks to survive. Mr. Ayers was sick for a day or two which rather took off the edge of the pleasure of the convention, but he heard Mr. Bedford's speech, which all agree was the crowning feature of the convention.

Mr. Ayers is of the opinion that after the meeting of the advisory board in New York, which has been postponed until Friday, that the refiners may be allowed to purchase crude oil wherever they can find it and is further of the opinion that it would greatly accelerate business and would be the means of bringing a much larger output within the reach of the government for war purposes.

Mr. Ayers looks with confidence on the future of the refining industry in general and believes that for the next year there will be a strong demand for petroleum and its products. Evidently his opinion is also held by the speculators in New York as oil stocks are tremendously active.

Dan Geary in Town.

Dan Geary, the popular pipe man of the Republic Pipe company, is in Tulsa looking over the situation, and is apparently as young and full of ginger as he was 40 years ago. He is getting the glad hand from a wide circle of friends.

Parted Casing in Duncan Test.

The Holden Petroleum company cemented the 6 5-8-inch casing at 2,000 feet on its test in 25-1s-9w and later pulled the casing to see if the cement had set and pulled it in two at 1,600 feet. It will try to sidetrack it and go deeper.

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