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The Montana Oil & Mining Journal endeavors to insure the honesty and trustworthiness of every advertisement it prints and avoid the publication of all advertisements containing misleading statements or claims.

ADVERTISING RATES ON APPLICATION

"CONGRESS BARES SALARY LEADERS"

The above statement was recently headlined in the newspapers. Then followed a list of salaries ranging from over half a million annually down to $100,000.

Such items are perfect rabble-rousing publicity. Nothing is said about the fact that on each of these salaries, government gets the lion's share. After each such salary or earning figure there should be another figure showing government's tax share in the salary which the Federal surtax alone, not counting normal Federal tax or state income taxes, graduate up to a maximum of 75 per cent.

If government taxes on each large salary or income were headlined, it would be shown that government and not the individual pockets the bulk of the money.

"Why did you divorce your husband?"

"Incompatibility."

"Yes. He always woke up about two A. M. and wanted to go home."

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"What caused the explosion at your house last night?"

"Powder on my coat."

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Newspaper editors sometimes get into trouble through proofreading errors. Publishing the following story caused an editor to leave town.

"Mrs. John Breinlinger presented her husband with an eight-pound baby girl on Thursday last. Mrs. Breinlinger was formerly Miss Anna Gray and very popular locally. The happy parents have the congratulations of all on this suspicious event."

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"I'm goin to love you until the cows come home!"

"Okay, fresh, but meanwhile you don't have to pet the calves!"

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The world-famous surgeon had successfully performed his spectacular operation. Disregarding all ethics, the crowded clinic burst into applause. Thereupon the surgeon raised his hand for silence and, as an encoure, dexterously removed the patient's appendix.

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"What is the difference between a bathroom and a cemetery?"

"There is no difference. When you gotta go—you gotta go."

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Miserable: "Did you ever wake up in the morning with a grouch?"

Florabelle: "Heavens, no! I'm not married!"

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The boss asked one of the stenographers in the office, "What would you say if I hired you as my private secretary?"

And the coy little stenographer replied. "I won't say anything but 'Yes'."

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"Hallo, Bridget. What time is it, and where's the apple pie?"

"It's eight sir."

Thrifty Host: "And when will you dine with us again?"

Guest (still hungry): "Now, if you like."

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"Waiter, I've been sitting here drinking cocktails for three hours. Bring me something to sober me up."

"Yes, sir. I have your check right here, sir."

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Sweet Young Thing: "Now what are we stopping for?"

Operator: "I've lost my bearings."

Sweet Young Thing: "Well, at least you're original, most fellows run out of gas."

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"How's your wife's mental condition since the psychiatrist has been treating her?"

"She's better, but the psychiatrist went nuts."

A small boy was asked to write an essay in as few words as possible on two of life's greatest problems.

He wrote: "Twins."

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When someone asked Dumb Dora if she was ever troubled with improper thoughts, she said, "Why, no, I rather enjoy them."

PRORATION IS

(Continued from Page One)

Kalispell to use Cut Bank crude and nothing is said about excess production in Kevin-Sunburst, leaving an excess production of 5,174 barrels daily of crude oil. The instrument commends the Montana-made gasoline campaign but questions its efficacy in solving the problems of producers and suggests that a campaign of price cutting might be a better plan.

Supreme court decisions are quoted to establish the nature of "waste", maintaining that there is as much economic waste in Montana as in other oil producing states which have adopted proration. Other decisions regarding drainage of lands by active wells while adjoining wells are forced to remain idle, are quoted, also the matter of abandonment of wells which are making a large amount of water. "The buck should not be passed to the board of railroad commissioners", it says of Finding No. 6, of the board's order.

There is no reason, says the instrument, why proration should limit market expansion or oil field development. "If new refineries desire to enter the industry and consume Cut Bank and Kevin-Sunburst crude oil the oil will be available to them. If operators desire to drill wells the new wells will have their production taken care of. As to existing contracts, says Mr. Hurd, they were necessarily made in contemplation of the conservation act.

"All of those states (now having proration) as well as Montana, have exactly the same problems; namely an excess production of oil over the market requirements. Those states long ago saw the futility of destroying the stability of the oil industry if some producers were running to capacity and others not allowed to produce oil at all. The question is the same in all of the states. Proration merely means that production shall be in accordance with the market demands."

The brief concludes: "We respectfully urge that the order and findings of the board be not approved by Your Excellency (the governor); that they be disregarded and that appropriate steps be taken to have a fair, impartial and proper solution of the problems confronting the oil industry."

The brief was served upon the board and upon the governor who had fixed March 1, as the time limit for filing briefs or exceptions.

TWO WELLS

(Continued from Page One)

1, SE NE¼ NE¼ 26-35-4W, a little less than a mile northeast of the Enneberg producer. It is reported at 1890 feet after having had a good showing of gas in the Sunburst sand at 1845. The bit was still working in the Sunburst at 1890 feet, indicating that it is checking a little lower structurally than the Parrent well. They expect to have to go to around 2050 to reach the lime contact.

The third well in the district which resumed drilling this week, is West Kevin-Community-Fee No. 1, NE¼ NW¼ 3-34-4W, south and slightly west of the Enneberg well. It is now at 1300 feet, having made 100 feet of new hole. Frazer & Smith, contractors, expect to run tour until the well is completed, weather permitting.

A large number of leases have been taken in the district during the winter months. Considerable land has been purchased by operators in fee simple. West Kevin Community company bought several hundred acres in fee simple on tax title, from Toole county. Crumley & Frary of Cut Bank have bought several tracts in fee simple. Fifty Six Petroleum, Big West and others have taken large blocks of leases, among others.

SEND A CONTRIBUTION TO THE SUNBURST BADGER

OUR CLEARING HOUSE FOR CONFLICTING VIEWS

THERE are many elements of atisfaction in our business of dealing in royalties. Not only is it one of the most exciting forms of investment of which we know—with the thrill of drilling wells which may without warning burst into gushers—but it is pleasurable to watch the lives of people who have profited from their royalty investments.

We have a letter this week from an inactive member living in Tacoma. He has been out of the market ince the depression. He had ben quite well-to-do and had only begun to investigate roy- ties when the depression struck, wiping him out. His stocks and bonds went the usual route. He did not or could not—fortunately—sell his royalties. One of them was a royalty on the Bruins farm in Kevin-Sunburst field. He paid a high price for that royalty, we thought, when he invested $2,000. He is an old man—over 80 years of age—and therefore one who could not buy in advance of the drill and wait for the profits which come only when development starts. So his high-priced producing royalty was the best.

We heard from him last week after a long interval of time. He is out the royalty market because of lack of funds However, his Bruins royalty has proven a God-send. In the "hard times" of the past few years this royalty has earned him FIVE THOUSAND, ONE HUNDRED AND SEVENTY DOLLARS.

That sum has been paid out to him at a time when he needed it more, perhaps, than at any other time in his life. He, wisely enough, now wants to sell the royalty for a cash sum, knowing that he will not have many more years to receive income from oil runs.

Again it is a source of great satisfaction to check over the accounts of members, as we do occasionally, to see how they are getting along on their investments. We find the "lucky" ones who seem to make money no matter where they turn. We find others who have no luck at all. Then there are some who plod along, making a good return on the investment, with sufficient reserves in proven oil lands to insure them of a comfortable living for the rest of their lives.

This third class, we find, are the ones who devote the most study to their investments. We recognize this type very quickly. That is another of the satisfactions that our daily mail brings us. Those who are alert to the changing picture in the oil industry are the ones who profit most. The alert ones regard this organization as a clearing house for ideas. We have had a lot of clippings from members recently. Several called our attention to the article in David Cushman Coyle's prize essay on "The American Way" in Harper's Magazine. Then another member sent us a clipping from the Christian Science Monitor, answering the Coyle article. Still another sent us clippings regarding the proposal to tax fuel oil. Still another sent sent us a clipping from the Magazine of Wall Street.

Much of this seems very confusing. The man who read Coyle's article accepted the author's conclusion that an oil famine is at hand: that the "known reserves are still only about enough to carry our present rate of consumption in 1950." This man said: "I am resolved to buy all the oil I can get in underground storage." Continuing, he said: "I don't care about quick development. I want to buy SURE oil land if such a thing is possible, and I am willing to wait. Oil is the one thing that is going to increase in value."

The man who sent in the clippings regarding the proposed tax on fuel oil said: "Isn't this likely to put the oil industry into the doledrums? Will this not either put the price of fuel oil so high that none will use it else the lowered price will undermine the profit of the refiner so that our oil will be left in the ground indefinitely?"

Those two men are thinkers. Likewise the man who sent in the Christian Science Monitor clipping in which the writer said: "The fact is that, ever since the dark prophecies were first uttered, new sources have constantly been tapped . . . For there is a tremendous area still remaining unexplored—an area about 20 times the size of the United Kingdom. That much of this area would be oil-bearing is the verdict of geologists. They describe the area as of geological formation which may contain oil. Oil men themselves speak about the possibilities without any such qualification."

The member who read the article was not inclined to accept the "oil famine" theory proposed by Coyle. Rather, he read something else between the lines. He wrote:

A growing propoganda regarding the coming oil famine has been apparent to me for some time past and I have been waiting to see the answer. The answer comes with the introduction in congress of the bill to put a one-cent-per-gallon tax on fuel oil. That is the work of the powerful coal barons. The fuel oil industry has grown into such importance in this state that I can forsee the day when the gasoline content will no longer be the important part of the crude oil. I am not an old man but I can remember when KEROSENE was the part of crude that determined the price. Gasoline and fuel oil were a drug on the market. Then came the use of gasoline, and kerosene faded from the picture. None ever refers to the worth of crude in terms of the value of the kerosene. Whereas they used to pour the gasoline into our kerosene in order to get rid of the former, now they pour kerosene into our gasoline to get rid of the kerosene. Gasoline content determines the value of crude oil. About half of the barrel of crude is fuel oil. So they started developing a market for the fuel oil. As a result, thousands and perhaps hundreds of thousands of oil burners have been installed not only in factories but in private homes. People who have burned fuel oil in their homes would never go back to coal if they could afford to buy fuel oil. But that is the "catch". The coal barons have an idea that they can force people to go back to burning coal by adding 42 cents per barrel to the cost of fuel oil. To accomplish this end, it is necessary to prove to the public that they can't depend on the supply of fuel oil; that in just a few years there will be no fuel oil available at any price; and therefore that people should burn coal and save the oil—keep it in the ground, for the use of future generations."

The letter goes on to comment on the attitude of the administration and points out the apparent error in claims of the coal barons as to the amount of revenue that would come to the hard-pressed government coffers through such a bill. To accomplish the objective, he said, it will be necessary for fuel oil sales to TREBLE—which is not probable in the face of price increases.

The member who sent the article from the Magazine of Wall Street made no comment. The article is based on the statements that new discoveries are not equal to the consumption of crude and depletion of present fields. The author, A. T. Shurick, accepts these statements and points to the oil stocks as a great investment opportunity because, he says, "It is a well-established fact that the peak petroleum production (and concurrent high price level for oil) will occur far in advance of the ultimate exhaustion of the petroleum supplies." He concludes that "oil production will theoretically peak in 1943 with the practical error limited to around two years."

He says: "The oil industry is outstripping increases in all other major lines at a rate that points to a rather formidable load on the producers when industry in general again becomes active."

While the anti-oil forces are waving their hands and shouting about the shortage of oil, the American Petroleum Institute has suddenly left its ultra-conservative position of past year, the author states that the A. P. I. "may be leaning to the optomistic in its interpretation"—referring to the estimates of reserves developed in 1937. Says the author:

"The 1937 results involved heavy drilling operations, an increase of 30% over the number of wells in 1936, and the second largest of record. Substantially the bulk of these new additions to the reserves continue to be marginal extensions of presently known fields. There were no important new fields brought in.

The article is very interesting and we suggest that our members read it carefully. It appeared in the issue of February 26.

A bulletin containing highly confidential information regarding our own affairs is in process of preparation and will go out to members immediately. The Montana oil industry is in a transitional situation that means the greatest opportunities we have known since the early days of Cut Bank when, at the bottom of the depression, we bought royalties which brought quick return of prosperity to many of us. The opportunities of those days are over-shadowed by present opportunities, we believe. We are glad to explain the situation in detail to any who wishes to join our organization and study current publications.