

## Court Edict Paralyzes Drilling in Montana Oil Board Asks Speed in Passing Law to Correct Chaos in Industry

Need for speed in passing legislation to offset the recent court ruling on intangible drilling cost chargeoffs is emphasized in a formal resolution adopted this week by the Montana Oil Conservation Board, and sent to the entire Montana congressional delegation.

The resolution points out that the uncertainty prevailing because of the ruling has already done irreparable damage to the war effort, in that it has virtually paralyzed drilling programs in many areas. It follows:

WHEREAS, well drilling activities in the oil and gas producing fields of Montana, as well as in areas under lease for prospecting for new sources of oil and gas production, have declined during the first four months of 1945 at an alarming rate in comparison with the record of like activities established in comparable periods of the year 1944, and;

WHEREAS, we have been informed by many of the oil and gas field operators and drilling contractors, and we know from personal knowledge as to our individual interests in well drilling operations that uncertainty and alarm created by the decision of the United States court of appeals for the fifth circuit, dated March 8, 1945, in the case of F.H.E. Oil Company versus Commissioner of Internal Revenue, generally referred to as the "Intangible Development Cost Decision," has been since March 5, 1945, and it now is, one of the principal reasons for the abandonment or indefinite deferment of new well drilling operations that were planned for commencement in Montana fields on and after March 15, 1945, and;

WHEREAS, despite the announcement of the Commissioner of Internal Revenue as recently published in newspapers throughout the nation that no change in the income tax regulations will be made "for the time being," the oil and gas field operators feel that their right to deduct intangible well drilling costs from current income for income tax purposes, in accordance with regulations of the Internal Revenue Bureau in force for about 25 years last past, is subject to revocation by administrative ruling at any time, and;

WHEREAS, the continuance of new well drilling in Montana fields throughout the year 1945 at the rate established in 1944 is the minimum of such activity indubitably required to maintain the volume of crude oil production recommended by the Petroleum Administrator for War as necessary to supply minimum demand for crude oil from Montana fields by industries classed as essential for purposes connected with the war effort, and;

WHEREAS, a large majority of the oil field operators have carried on their well drilling and oil producing activities throughout the present war emergency under conditions most unfavorable and discouraging to them, with little or no financial profit realized by those most diligent in well drilling because of burdens heaped upon them by way of substantial increases in costs of labor, materials, and necessities of life, delay in obtaining repair and replacement parts, etc., and the oil producers being compelled to adhere to crude oil price ceilings arbitrarily established by "freezing" subnormal prices prevailing in October, 1941, without regard to producing costs prevailing then or thereafter, and;

WHEREAS, all operators and producers other than these independently wealthy, and they are few in number, must pay all costs of new well drilling, including equipment necessarily and properly chargeable to capital account, out of current income from sale of their crude oil as produced and unless they can be assured of their un-

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## BETTER ORDER THE NEW MAP!

Now in the hands of the lithographers and due to reach us May 15, is that new 37x41 map covering 16 townships, Ranges 1W to 4W, inclusive, and Twps. 34N to 37N, inclusive. Takes in all of Kevin-Sunburst oil area, including new Consolidated extension and extends to Canadian border. Each township 9x9 inches. Limited printing. While they last, \$1 each. Send remittance to Supply Department, Montana Oil Journal, P. O. Box 2050, Great Falls.

## THREE QUIT KEY STATE OIL POSTS

Two jobs of utmost importance to the Montana oil industry are vacant. Fred Platt, Shelby, quite a few weeks ago as chief oil and gas supervisor, and no successor has been appointed. Jim McGowan of the Montana Oil Conservation Board is now at Shelby, filling in for Platt until a successor is named.

Following in Platt's footsteps, L. G. Hinkley, who had headquartered at Billings, covering the southeastern part of the state, also turned in his resignation, to be effective June 1. Although the records maintained by the supervisors are of vital importance to the future of the state oil industry, salaries paid for the two jobs are much too low, in view of the qualifications needed to successfully and efficiently fill the two posts, in the opinion of responsible operators.

Another resignation affecting handling of the state's oil industry was recently turned in by George Bartholomew, Helena, long in charge of the oil and gas division of the board of railway commissioners.

## STANOLIND BIG TIMBER WILDCAT MAKING HOLE

Stanolind Oil & Gas Company has spudded its interesting wildcat near Big Timber, in south central Montana, and made hole during the week to 773, with rotary tools. Location is SE SE SW 31-2N-15E.

## U.S. WELL COMPLETIONS 1,024 DURING FEBRUARY

Oil well completions of 1,024 in the short month of February were 2 above the January total and 76 above February, 1944. The number of active drilling rigs, however, has declined monthly from the high of 4,441 in November, 1944, to 3,875 at the end of February.

## OIL MEN ARE PROMISED ENOUGH PIPE FOR NEEDS

There will be sufficient oil country tubular goods available in the third quarter of this year to meet the needs of oil men, according to PAW announcement.

## New Pool, 100-Barrel Well Vie for Spotlight

## Kevin-Sunburst Action Spans 17 Miles; Outpost Locations Made

The versatile Kevin-Sunburst field, condemned by some as being "drilled out" more than ten years ago, put on an interesting performance this week, with activity noted over an airline distance of 17 miles east and west.

At the western end of the 17-mile airline, interest centered in Consolidated Gas Company's 2 Barkuloo, a quarter of a mile east of the Consolidated. This same farm that came in April 16 making 100 barrels per acre, the field two miles west of previous producing limits. The well, in SE NE SE 15-35N-4W, spudded in Thursday. It is expected to aid materially in determining the pool trend.

At the eastern end of the 17-mile airline, in a section of the field long neglected for no good reason, Enfield Oil Company brought in its No. 2 Grass, C SW SE SE 17-35N-1W, with an initial of 100 barrels, following 1,000-gallon acidization of the Ellis-Madison contact at 1491. This well is in the same section as one of the most interesting wells ever drilled in the Kevin-Sunburst field, the Frazier-Rice "deep test" that flowed considerable high-gravity amber crude from the Devonian at 3390, and that was abandoned, back in the old cable tool days, because it was found impossible to handle a heavy flow of carbon dioxide gas that accompanied the oil.

In between these two wells, and north and south of the line connecting them, there were many other interesting developments during the week, including the completion of six wells, announcement of five new locations, and continuation of activity on 14 wells either rigged up or making hole.

Outside of the Enfield-Grass well, the most interesting completion of the week was Pacific Western's No. 7 on a U. S. lease in C SW NE NW 9-35N-3W. This well had an initial of 138 barrels in 48 hours, of which 50 percent was water. Pumped steadily, the oil output held up but the water declined to 15 percent.

Balance of the completions were (Continued on Page 5)

## UNION IS ABANDONING TEST ON WILLOW CREEK

Union Oil Company this week was abandoning its wildcat on the Willow Creek anticline, west of Choteau, after testing an oil showing in the Sunburst sand, 3230-3240. It got water in the top of the Madison lime at 3488. When it started this well, the company filed notice of intention to test the Devonian. Whether additional drilling will be done on the structure has not been announced.

## WILL LOWER 10-INCH IN FULTON'S WILDCAT

With Ted Hawley in charge, operations have been resumed in Bill Fulton's wildcat southwest of the Cut Bank field. Reaming is now under way, with the 10-inch pipe to be lowered from 2013 to 2400 feet, to shut off bentonite. When the 10-inch is landed, effort will be made to get down to bottom, 2725, and recover a bailer, before drilling is resumed. Base of the Colorado is expected at about 3100. Unusual interest attaches to this wildcat in that it is making gas and had no water from top to bottom.

## TEXACO WILDCAT NEAR BORDER DRILLING, 2145

The Texas Company is drilling at past 2145 feet with rotary tools in its interesting wildcat in the Headlight Butte area, three miles south of the Canadian border and about six miles northwest of the nearest producers in the north end of the Cut Bank field. It is reported this well will test the Madison lime.

## WILDCAT NEAR DUNKIRK GETS WATER IN MADISON

Attempt to bring in an oil field a few miles southeast of Shelby, in the Dunkirk area, ended in failure this week when Thorpe & Walker's No. 1 O'Laughlin, in SW SW NW 3-31-1W, got sulphur water in the Madison lime at 1820.

## THREE FINISH TO PAY SAND IN CUT BANK

Three completions, one making five barrels hourly after shooting, the other making 25 barrels in eight hours after a shot, plus another still testing after shooting, were recorded during the week in the Cut Bank field. Three new locations were made, and 14 wells are rigged up or making hole.

The completions were Wright Hagerty's Tribal 5 No. 5, Texaco-Walker No. 3, and Union-Bailey No. 3, in the order given.

Completion of the Consolidated Gas Company's westward extension of the Kevin-Sunburst field, that widened the boundaries of that field to within two miles of the eastern edge of the Cut Bank field, (Continued on Page 7)

## SOUTHEAST MONTANA WILDCAT PASSES 4150

Stanolind Oil & Gas Company's interesting and important wildcat between Broadus and Miles City, in Powder River county, extreme southeastern Montana, this week reported hole made to 4154 feet with heavy duty rotary tools. At that depth, Schlumberger was run. The 9-inch hole is now being reamed to 12 1/4-inch. If this well is drilled to reported objective, it will be the deepest hole ever put down in the state. Airline, it is more than 300 miles southeast of Great Falls, illustrative of the wide open spaces in Montana's oil areas. Nearest oil field is Soap Creek, 100 miles southwest.

## DEVON POOL EXTENSION DRILLING AT 250 FEET

Attempting to extend Texaco's new Devon area pool a quarter mile to the north, the company's No. 2 Weir has spudded in and is drilling past 250 feet. Eastern boundary of the pool was apparently defined last week, when the No. 2 well on the Ekholt farm, a quarter of a mile east of the discovery well, got sulphur water at the top of the Madison lime.

## WILDCATS NEAR BORDER TESTING MADISON LIME

After getting a good gas flow in the Cut Bank sand, wildcat of the McLeod Oil Company, northwest of the Cut Bank field and four miles north of the Alberta-Montana border, has run 5 5/8-inch pipe to 4728 feet and is drilling ahead with cable tools to the Madison lime. Four miles to the northeast, Trans-Alberta No. 1 has a fishing job in the Madison lime, at 3840 feet.

## MID-MONTANA WILDCAT STANDING, 5930 FEET

After drilling to total depth of 5930 feet, wildcat of the Mid-Montana Oil Company on the Harlo Dome structure in Wheatland county, south central Montana, it shut down waiting for interpretation of a Schlumberger survey. It is believed in or near the top of the Devonian. Location is in 13-7N-18E.

PAW Recommended Production Rate for May—Bbls. Per Day		
Montana	22,200	
Colorado	16,500	
Wyoming	192,400	
Total District 4	137,400	

AVERAGE DAILY PRODUCTION Week Ended April 28, 1945			
Montana	26,408	Increase	2,867
Wyoming	104,050	Decrease	309
Colorado	9,070	Decrease	470