

COPY OF LETTER TO SAM RAYBURN, DATED FEBRUARY 1, 1943,
SENT THE FOLLOWING.

Senator Tom Connally

Lyndon Johnson

Jay Adams

Sid Richardson

John Naylor

Russell Brown

General Counsel

Independent Petroleum Association of America
Washington, D.C.

~~Ralph Davies,~~

~~Deputy Petroleum Administrator for War
Washington, D.C.~~

Chas. F. Roeser

Wm. R. Boyd, Jr., President
American Petroleum Institute
50 West 50th Street
New York, N.Y.

W. H. Fadden

Frank Walker

Fritz Lanham

Wright Patton

Gov. Stuenkel

Sean Moran

Gas a Miffett

February 8, 1943.

Honorable Frank Walker,
Postmaster General,
Washington, D.C.

Dear Frank:

Enclosed, herewith, is a copy of a letter which I sent to Sam Rayburn. Although I realize that Mr. Rayburn is not responsible for the chaotic conditions and injustices now existing in the oil business, I did want him to know how the independent operators view the matter. I realize that it is a longer letter than you should be expected to read at this time; however, I hope you will be able to take time to read it.

There may be some fields where an increased price would not be justified on a basis of profit per barrel the operators are actually making, meanwhile the West Texas territory does not come under the classification and, as stated in my letter to Speaker Rayburn, if the producers should receive 50¢ a barrel increase in price, it still would only be 84% of the parity price.

Some of the large major companies claim they cannot handle the West Texas crude, when as a matter of fact they can handle it very easily, as their engineering departments will verify, provided they are willing to spend the necessary money in equipping their refineries to handle this particular kind of crude. Many of the large refineries have already done so. Some of the majors seem to find it convenient to handle the quality crude of which they produce the most.

Attached, is a clipping from the Sunday Star-Telegram showing a summary of Texas prices in the Tariff Commission report giving the amount of profit made in various fields. This table gives ample justification for a substantial increase in the price of West Texas crude. West Texas has always been discriminated against in the oil business from

either one standpoint or another - lack of pipeline facilities, restricted use of pipeline facilities, selective buying, etc. With one of the largest potential reserves in the state, it is entitled to a square deal, which it never has received and the guilty offenders against the square deal for West Texas should be smoked out into the open.

Yours very truly,

AGC.KD

Inequities in Texas Prices Revealed by Tariff Report

Humble Will Drill Deep Yoakum Test

Location Staked for 7,500 Foot Wildcat in Southwestern Part of the County.

Special to The Star-Telegram

MIDLAND, Feb. 6.—Humble Oil and Refining Company Saturday announced location for a 7,500-foot deep Permian wildcat test in extreme Southwestern Yoakum County.

It is the No. 1 Tannehill Brothers, Inc., 1,980 feet from the north and east lines of section 840, block D, John H. Gibson survey, due west of the Wasson pool and three and one-half miles southwest of the nearest producer. The drillsite also is 12 miles west of Denver City.

Humble has not yet let contract for drilling No. 1 Tannehill. Rotary will be employed. The location is on a "trend block" of approximately 25 sections assembled by Humble.

Meanwhile, a scheduled 7,500-foot test in Northeast Central Yoakum six miles northeast of Plains, Barnsdall Oil Company No. 1 H. D. Heath, is reaming hole at 2,279 feet preparatory to setting 9 3/4-inch casing at 3,300 feet, through casing section. Present total depth is 5,698 feet in hard lime. The wildcat is 660 feet out of the northeast corner of section 315, block D, Gibson survey.

Comeback Staged.

Staging a comeback after indicating failure, Anderson-Prichard Oil Corporation No. 1-A M. I. Masterson, Northern Pecos County wildcat, blew in two and one-half hours after running a negative drillstem test and made an estimated 40 to 50 million cubic feet of gas per day.

Gas volume decreased to between 15 and 20 million feet after it had blown for more than a day, and operators now are running Schlumberger electrical survey after killing gas by pumping in mud. Source of the gas is uncertain. A 37-minute drillstem test from 4,070 to 4,150 feet, in the lower Permian, showed only drilling mud, and a 45-minute test from 4,460 to 4,564 feet, total depth, recovered 270 feet of mud, with no oil or gas present.

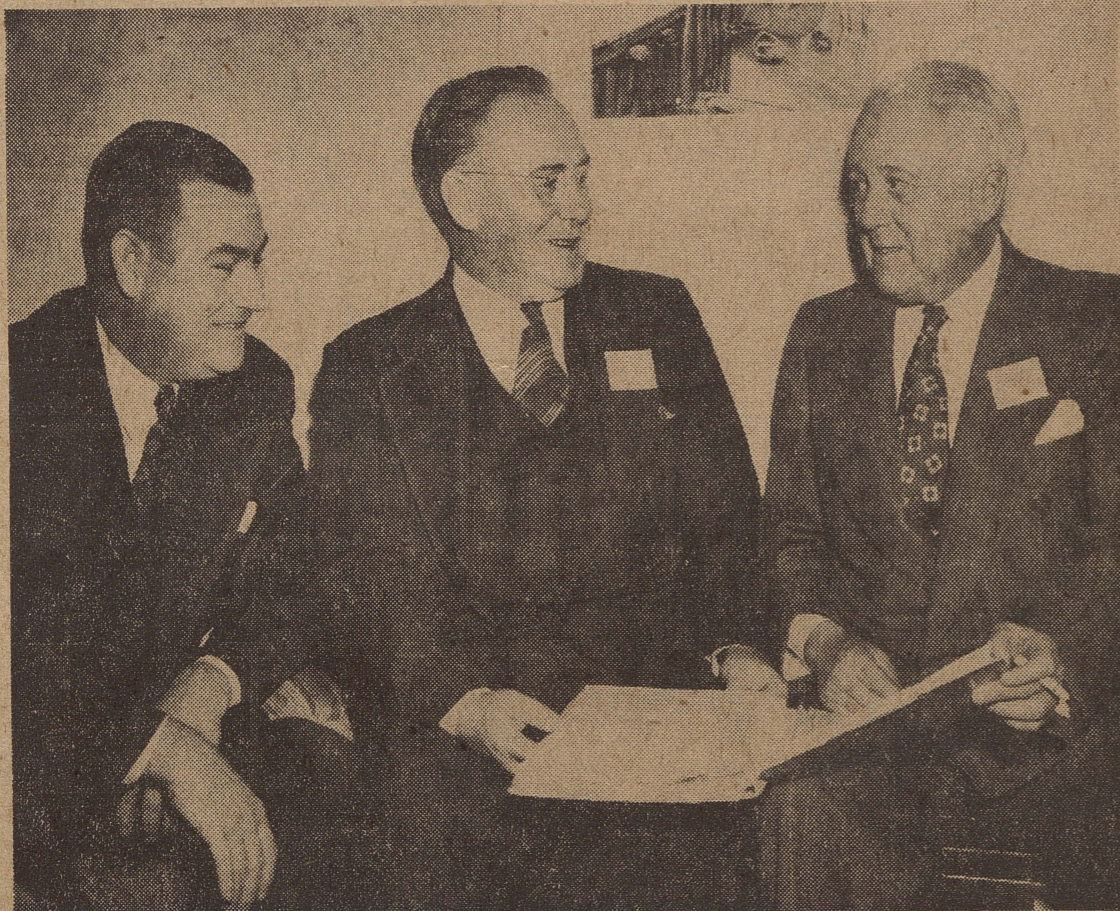
No. 1-A Masterson, with elevation of 2,553 feet, logged base of Permian at 4,460 or 4,470 feet, geologists' calls varying; broken, detrital section from base of Permian to 4,500 feet; sand, possibly Cambrian, from 4,500 to 4,530 feet; top of pre-Cambrian (in this instance a weathered granite) at 4,530 feet, and top of solid granite at 4,563 1/2 feet, stopping six inches in the granite.

Further Exploration.

The Anderson-Prichard wildcat's gas showing probably will lead to more exploration in the area. It is located 660 feet out of the southwest corner of section 24, block 140, T. & St. L. survey, three miles south of the Apco-Warner pool, which produces from the Ellenburger, lower Ordovician. With the exception of a few dolomite fragments in the detrital section, No. 1-A Masterson failed to log any Ellenburger.

Magnolia Petroleum Company No. 1-29 H. J. Eaton, wildcat six miles southwest of Imperial in Northern Pecos County, attracted interest as it drilled below 6,021 feet, in gray lime believed by some to be Silurian. The well went out of Permian at 5,410 feet, drilled detrital section to 5,475 feet, then logged a long chert section, probably Devonian, to 5,760 feet, where it entered lime. Location is 2,970 feet from the northeast, 990 feet from the southeast line

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OIL SCOUTS—Three officials of the National Oil Scout and Landmen's Association look over their records after election at the recent convention in Dallas. Left to right, they are: H. L. Jones, New

Orleans, editor of the yearbook, re-elected; J. W. Selby, Houston, chairman of the executive committee and retiring president, and E. V. S. Lowerre, Oklahoma City, newly elected vice president.

Archer-Wichita Areas Watched

Special to The Star-Telegram

WICHITA FALLS, Feb. 6.—The Wichita-Archer Counties district this week held interest in North Texas.

Three miles southwest of Iowa Park, Grace and Grace No. 1 J. E. Roller Estate, lot 47, R. J. Scott survey, was swabbing the hole preparatory to shooting an oil sand at 4,045 to 4,114 feet.

This wildcat, one and one-half miles east of production in the northeast part of the KMA pool in Wichita County, set pipe at 4,043 feet to test an upper sandy lime, regular KMA pay from 3,900-20 feet, but after acidization and perforations failed to get results. Drilling was resumed and at 4,045 feet a rich sand was encountered. In preparation to clean to bottom, swab was run and the oil followed the tool and flowed a head of 100 barrels. This operation continued with the oil coming at a rate of 550 feet per hour.

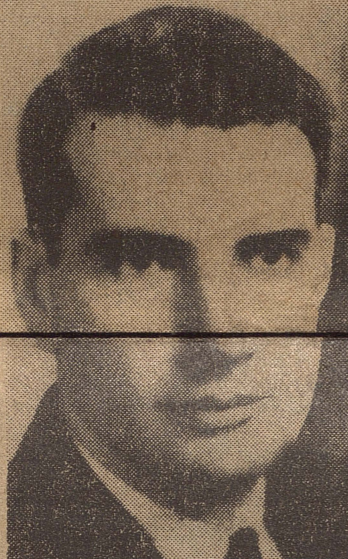
North of Electra in block 251, Waggoner Colony lands, the Magnolia Petroleum Company No. 1 J. R. Brewer, on a 25-minute drill stem test of the Ellenburger at 3,510-14 feet recovered mud and three feet green dry dolomite and was drilling ahead in the formation at 3,563 feet.

W-E Production and Grace No. 1 Daniels, J. Deck survey, shallow test 3 miles southeast of Burkburnett on the golf course, was abandoned as dry at 1,550 feet.

Four miles north of Scotland in Archer County, Whitaker Oil Company No. 2 William Coleman, block 25, Brazos County School lands, was waiting on results of a drill-stem test of a conglomerate at 5,687-95 1/2 feet that showed a little oil and good odor. Top of this formation was picked up at 5,687 feet and rilled to 5,692 feet. Core was pulled at 5,692-95 1/2 feet with shows.

Northwest of Holliday one and one-half miles, Belfort Oil Company No. 1 Kemp and Kempner, block 67, KWFT survey, a wildcat, cored lime at 4,893 to 4,904 feet with recovery of 11 feet of shale

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Del Crosby of Houston, who was elected president. He is chief scout of the Humble Oil and Refining Company.

—Associated Press Photos.

Conoco Testing Deep Project on Louisiana Coast

Special to The Star-Telegram

LAKE CHARLES, La., Feb. 6.—Testing of a semiwildcat well northwest of the Ville Platte pool, Evangeline Parish, and the staking of a new Calcasieu Parish wildcat held main interest this week on the Louisiana Gulf coast.

Continental Oil Company No. 1 Jaubert Brothers, northwest out-post in the Ville Platte area, drilled to 10,290 feet where 6-inch casing was set. Operator first perforated at 10,210-226 feet for a squeeze job then failed on the initial production attempt through perforations at 10,131-161 feet. These perforations were squeezed and operator now is testing through a new set of perforations at 10,136-162 feet.

Conoco Stakes Test. West of this outpost, Continental is reported staking location for a test in section 28-3s-2e.

In the Gum Cove area of Calcasieu Parish, Union Sulphur Company staked location for its No. 1 W. T. Burton-Calcasieu National Bank in the center of the northwest quarter of section 24-11s-12w.

East Texans to Talk Price

Committee of 14 East Texas operators has invited all independent producers, royalty owners and those interested in the East Texas field to meet at a luncheon Monday at the Blackstone Hotel, Tyler.

Olin Culberson, member of the Texas Railroad Commission; E. B. Germany and Marion Church, both of Dallas, will speak.

"The price of crude oil undoubtedly is the most important matter facing the oil industry," said H. P. Nichols of Tyler, Saturday. He is executive vice president of the East Texas Oil Association. Continuing, Nichols said, "The oil reserves of this country are in a most perilous position and if a serious oil shortage is to be averted the independent operator must be encouraged to seek new oil fields; an advance in the price of crude is essential to warrant the risk involved in wildcatting."

"The cost of oil field labor has advanced 50 per cent; oil field supplies, food and other essential commodities have materially increased, but a sinister influence apparently is opposed to a crude price increase.

The East Texas Oil Association is sponsoring the meeting, with the invitation issued by the following committee members: Henry Bell, B. G. Byars, Barney Carter, R. W. Fair, Roy D. Golston, L. A. Grelling, W. F. Nennery, Bryan W. Payne, R. L. Peveto, George S. Pirtle, W. M. Priddy, Paul B. Scott, James T. Smith and W. C. Windsor.

The pool's active operation at present is the Texas Company No. 2 Benefield and Singleton, Wanhop survey, south of its No. 1 Benefield and Singleton in the same survey, which was past 3,115 feet.

In the Quitman area of Wood, attention was focused on the south offset to the discovery well of Shell Oil Company No. 1 J. B. Goldsmith, Lanier survey, which was being finaled from casing holes at 6,432 feet. The test is credited with coring 67 feet of pay. The firm's north offset, No. 1 Blacklock, Pursue survey, was coring in the Paluxy past 6,175 feet. A west offset, Delta Drilling and others

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PHILADELPHIA, Feb. 6 (AP)—Sun Oil Company and subsidiaries reported Saturday consolidated income of \$8,671,000 for the calendar year 1942, equal to \$2.91 a common share. This compared with \$16,532,540 for 1941, or \$6.21 a share.

Extension to Kildare Pool Sought

Longview Operator Will Drill One and One-Quarter Mile Northwest Area.

Special to The Star-Telegram

MARSHALL, Feb. 6.—Northwest extension of one and one-fourth miles to the Kildare pool in Cass County, productive from the Gloyd line of the Rodessa series, will be sought by Rogers Lacy, Longview oilman, who has cleared location and was moving in materials Saturday for the operation.

Lacy's prospect is the No. 1 William Davis-Lacy fee, staked on a 65-acre tract in the A. Gideon survey. It is spotted 3,680 feet from south line and 1,245 feet from east line of the survey.

Lacy obtained drilling permit several weeks ago but has held up drilling until this weekend. His test will be the most important in the area since the pool was discovered last year by John Messenger, Marshall operator, at No. 1 Benefield and Singleton, John Wanhop survey.

Ten Producers in Area. Production in the area is found at 6,050 feet or slightly above that. The area has 10 producers and the eleventh prospective well is in process of completion. It is on the north side and is the C. C. Gilger No. 4 Cass County fee, John Watson survey, which was bottomed at 6,108 feet after coring 38 feet of pay, topped at 6,015 feet with elevation 281 feet.

Starting of Lacy's test, as he was finishing a "tight" well on the northwest side, No. 1 Wheeler Smith, Hopson survey, where casing was set, came at a time when extensive development of the area was planned, to put the pool in the limelight with Wood County at the weekend.

Messenger announced plans for a three-well program on a 120-acre spread which has been unitized into three 40-acre tracts in the Hopson and G. G. Gerdis surveys. He already has permit from the Railroad Commission to drill the first well, No. 1 T. J. Taylor Jr., in the Hopson survey, but plans to submit the three-well program to federal authorities before starting work.

First For Operator. The tests will be the first for Messenger and associates since the pool was opened.

Another operation getting started is by Phillips Petroleum Company at No. 1 Staats, Hopson survey. Roads were built and location cleared. The company had permit to drill No. 1 Gray, in the Hopson survey, but this week changed site to the Staats tract. Footage measurements were not available. The test is a west offset to Gilger's No. 1 Cass County fee, Watson survey.

The pool's active operation at present is the Texas Company No. 2 Benefield and Singleton, Wanhop survey, south of its No. 1 Benefield and Singleton in the same survey, which was past 3,115 feet.

In the same pool, Standard Oil Company of Ohio is rigging up rotary equipment on a location 1,004 feet north of the discovery well and on the W. J. Ray land, in the middle of a 42-acre tract.

In the same pool, R. E. Foster of Monterey, Cal., is rigging up to drill 330 feet out of the southeast corner of the W. T. Smith

400-acre tract.

Summary of Texas Prices in Tariff Commission Report

Several low margin areas in Texas were revealed in the statistics compiled on the price of crude oil by the United States Tariff Commission for the Office of Price Administration. These are revealed in the following summary:

Texas Districts—	Profit.	Gulf Coast	Profit.
Panhandle	.341	(Except Conroe, Old Ocean, Barber's Hill, Thompson, Hastings, Tomball, Anahuac and Dickinson.)	.360
West Texas	.164	(Except Ector, Yoakum and Gaines.)	.339
(Except Ector, Yoakum and Gaines.)		Conroe	.739
Ector	.256	Old Ocean	.722
Gaines-Yoakum	.271	Barber's Hill	.421
North Texas	.133	Thompson	.576
South Texas	.390	Hastings	.683
(Except White Point, Government Wells, Loma Novia and Seven Sisters.)		Tomball	.476
White Point	.888	Anahuac	.671
Others	.177	Dickinson	.122
East Texas	.206	National Average—	Profit.
(Except East Texas field, Rodessa, Van, Cayuga and Talco.)		Texas	.366
East Texas Field	.526	California	.438
Rodessa	minus .225	Rocky Mountain	.512
Van	.338	Mid-Continent	.330
Cayuga	.458	Illinois	.728
Talco	.182	Eastern	.534
		All States	.407

Ft. Worth Operator Stakes One of Three Wildcat Tests

Special to The Star-Telegram

ABILENE, Feb. 6.—Interest in oil exploration in this area soared to a new high Saturday with locations for six new tests, including three wildcats.

Hunter & Hunter of Abilene and F. Kirk Johnson of Fort Worth staked site for a wildcat on a 2,100-acre block assembled 10 miles northeast of Abilene and two miles east of Hamby in Callahan County. Location is 660 feet out of northeast corner of the 240-acre Mimmie S. Marlin block, section 69, block 14, T&P survey. It is to be a 2,100-foot test.

Jones County gained another wildcat in the Merry Brothers & Perini and Alder Oil Company No. 1 B. E. Hattox, 990 feet from northeast corner of the 137-acre block, J. M. Long survey No. 3. The block, assembled by Merry Brothers & Perini, is seven miles northeast of Anson. Contract calls for 3,000 feet.

Fain & McGaha of Wichita Falls announced location of the third

wildcat test, also in Jones. To be the No. 1 Nevill, location is 330 feet from west line and 2,190 feet from south line of 202.9-acre Barzillia Nevill block, Thomas Hunt survey No. 260. The block is a mile southwest of Truby.

Fain & McGaha No. 1-B Canon, 330 feet out of the southwest corner of 40-acre A. J. Canon block, in block 72, DeWitt County school land, Stith pool, Jones County, is drilling ahead. To be a 2,350-foot test, the location is northeast of the Jones & Stasney and Fain & McGaha No. 2 Canon, 330 feet from the north line and 827 feet from west line of lot 81, DeWitt County school land, which made 25 barrels hourly on 24-hour test.

A fishing job was completed and drilling resumed at 1,555 feet in the Humble No. 1 Williamson, 660 feet from north and west lines of south half of section 31, block 18, T&P survey, South Noodle pool. The Anderson-Prichard No. 2

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Producer, Two Locations for Coleman Areas

Special to The Star-Telegram

COLEMAN, Feb. 6.—Striking of the Morris sand in a well near Novice and the staking of two new locations in the Rock Crusher pool were the highlights in Coleman County this week.

Owens & Adams topped the Morris sand at 3,002 feet and drilled on to 3,005 feet in the No. 1-A Coker, section 72, GH&H survey, Novice pool. Five and one-half-inch casing was set at 2,997 feet. Nine feet of saturated sand was picked up.

In the Rock Crusher pool, 12 miles northwest of Coleman, W. J. Murray is cutting a core at 3,115 feet in the No. 1 Bessie Wisener, J. P. McLean survey. The test is a southwest outpost, being 1,217 feet from the discovery well.

In the same pool, Standard Oil Company of Ohio is rigging up rotary equipment on a location 1,004 feet north of the discovery well and on the W. J. Ray land, in the middle of a 42-acre tract.

In the same pool, R. E. Foster of Monterey, Cal., is rigging up to drill 330 feet out of the southeast corner of the W. T. Smith

400-acre tract.

Personnel for PAW Listed.

Revised list of the key personnel for District 3 of the Petroleum Administration for War was released Saturday by D. E. Buchanan, district director-in-charge. Offices are in Houston for District 3, which comprises Texas, Louisiana, Arkansas, New Mexico, Mississippi and Alabama.

The revised list: Director-in-charge, Darst E. Buchanan.

First alternate director-in-charge, Ervin O. Buck.

Second alternate director-in-charge, Gordon T. Granger.

Production—Ervin O. Buck, district director; Robert L. Carruthers, assistant district director; Emmett R. Brann, production specialist; Harry Leyendecker, principal petroleum development analyst; J. Boyd Best, assistant chief, petroleum development section; B. G. Martin, petroleum production analyst; Lawrence W. Hewitt, petroleum development analyst.

Materials—C. Edward Naylor, district director; J. Aubrey Bonham, assistant district director; Richard L. Cochran, petroleum materials specialist.

Natural Gas and Natural Gasoline—D. E. Buchanan, district director; Manning L. Mayfield, assistant district director; James H. Graham, natural gas and natural gasoline analyst.

Reserves—Dr. Frank V. L. Paten, assistant director; William J. Murray Jr., conservation engineer; Harry R. Power, petroleum consultant.

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Shows Need for Upward Adjustments

North and West Texas Greatest Sufferers Under Postings; Commissioners Urge Increase.

BY LEROY MENZING.

Action of the Office of Price Administration in denying an over-all crude price increase on the strength of the report of the Tariff Commission leaves the door wide open for upward adjustments in the postings for low level areas in Texas. The study of the Commission on the price of crude oil reveals inequities in Texas prices that the OPA cannot ignore.

Only simple arithmetic is needed to ferret out North Texas, West Texas and East Texas, outside of the East Texas Field, as the low price areas in the 248-page report of the Tariff Commission, which made its study on prices for 1939, 1940 and the first nine months of 1941. The fact the books were closed in September, 1941, makes the argument in favor of upward adjustments in these districts even stronger, as the costs of development have spiraled upward since that date.

High Profit Areas.

While the selective-buying plagued Permian Basin and the North Texas stripper district have suffered under uneconomic prices, larger margins of profit have been reaped in South Texas and the Gulf Coast. The latter is a stronghold of major owners and further points to the inequities that have existed for years under discriminatory price fixing by major companies.

Only a profit of 13 cents per barrel was found by the Tariff Commission for the stripper districts of North Texas, while West Texas, excepting Ector, Yoakum and Gaines Counties was credited with 16 cents per barrel. In Ector, the margin was 25 cents, slightly under 27 cents in the Gaines-Yoakum area.

The position of West Texas in regard to low prices and allowables was brought directly before Petroleum Administrator for War Ickes Friday by Railroad Commissioners Jester, Thompson and Culberson.

Urges West Texas Hikes.

They urged Ickes to grant increases in production allowables for West Texas, arguing these pools are not getting their share of production as most oil for aviation gasoline comes from South Texas. They also contended West and South Texas crude should be used to feed the Big Inch line, pointing out that facilities are available for bringing oil from the two districts to the Longview terminal of the carrier.

The Texans advised Ickes the greatest oil reserves in Texas are in the Permian Basin and long-range plans should be developed now for drawing more heavily on these huge reserves. They also urged greater use of West Texas crude for the production of aviation gasoline, contending it is necessary under proper conservation policies for Ickes to compel refiners to convert their plants to the use of the oil.

Anahuac Benefits. The older areas of East Texas, outside of the East Texas field, were not far behind West Texas and North Texas in low profits, the margin being 20 cents. In the East Texas field, the commission listed a profit of 52 cents plus per barrel as against a loss of 22 cents in Rodessa and a net of 33 cents for Van; Cayuga 45 cents, and Talco 18 cents.

Moving into the coastal district, large inequities in the postings for

(TURN TO PAGE 2, COLUMN 1.)

Two Tests Staked Southwest of Young County Discovery

GLADEWATER, Feb. 6.—The "chart grabbers" in the field is considered considerably less, he said, but vir-

isified with their jobs. So says Mrs. Luther Abel, Gladewater

William M. A.

feet in shale.

Price Inequities in Texas Shown by Tariff Report

(CONTINUED FROM PAGE 1)

Texas crudes are found. The average for the district was 36 cents, but this excepts the high allowable areas of Conroe, Old Ocean, Barber's Hill, Thompson, Hastings, Tomball, Anahuac and Dickinson.

At Anahuac, where an increase in the allowable was granted only this month, the profit was 67 cents per barrel. Hastings, where the purchasers also have been clamoring for more oil, netted 68 cents per barrel, while Conroe, another of the "blessed" pools, tops the area with a gain of just a fraction under 74 cents. Old Ocean isn't far behind with 72 cents, followed by Thompson 57 cents, Tomball 47 cents, Barber's Hill 42 cents and Dickinson 12 cents.

The highest margin of profit in the State—39 cents—is listed for South Texas, excepting White Point, Government Wells, Loma Novia and Seven Sisters. White Point tops the State in profit for a single pool at 88 cents plus. The other pools are grouped at 11 cents.

The Panhandle is slightly under the Gulf Coast and South Texas, at 34 cents.

Despite the glaring inequities in certain areas, the overall picture in Texas does not compare with that of the Nation, a picture that would be even more gloomy if it were not for the "blessed" pools.

But even taking these areas into consideration, the average profit in Texas is only 36 cents plus, which is below the overall average of 40 cents plus for all States. Illinois, with its unrestricted production, leads the Nation at 72 cents plus, followed by Eastern 53 cents, Rocky Mountain 51 cents, California 43 cents plus and Mid-Continent 33 cents.

It is the contention of producers that Texas should be brought to the level of other States in the Nation, and that all areas within the State should be on the same **high level.**