

Increase in Taxes On Oil Would Strangle Industry in This Area

Any appreciable increase in the state gross production tax on oil would run the cost of producing the "stripper" wells of west-central Texas so high that it would be impossible for the owners to continue to operate many of them, a report issued this week by the West-Central Texas Oil and Gas association asserts.

In the opinion of numerous conservative men who are well acquainted with the returns from the "stripper" wells of west-central Texas, should a 5-cent per barrel increase in the state tax be imposed on the production from these wells, at least 50 per cent of the 8,611 sub-marginal wells of the district would be abandoned and plugged, the report claimed.

Such action would not only cause the returns of the territory from these wells to be cut in half,

but it would also serve as a serious deterrent to many operators in the contemplated drilling of more wells in the area, the survey declared. Other statements made include:

"The sub-marginal wells in west-central Texas, at their present allowable, are producing approximately 533,000 barrels per month. This adds up to an excess of 6,400,000 barrels per year. Approximately that many dollars are realized from the production of these "stripper" wells.

"Out of this sum, the landowners of the district are being paid \$2,750 per day in royalty. This aggregates \$800,000 per year. Payroll of the 3,500 men employed in looking after these small producers amounts to \$283,000 per month, or 3,400,000 per year. The

total of these two items is \$4,200,000.

Cut Income In Half

"An increase in the state tax of as much as five cents per barrel would, without any doubt, cut this total of royalty and wage disbursements now being paid by the "stripper" wells in this district in half. On top of that, these same small wells are paying taxes to the state, counties and schools amounting to over \$750,000 a year. A five-cent per barrel increase in the gross production tax would, in reality, cause a decrease in the tax receipts of the state and various local political subdivisions. A 5-cent per barrel increase on the total production of the "stripper" wells would amount to around \$320,000.

"That much of an increase would result in at least half of the total annual production being abandoned. This would, as a result, cut in half the \$750,000 in taxes now being paid by these wells. It can be seen that if such action were to occur, the total tax receipts from the "stripper" wells of west-central Texas would decrease by not less than \$55,000 per year. In other words, a five-cent per barrel increase in the state tax would amount to the state's confiscating at least half of the "stripper" wells of this district. This would cause the loss of millions of barrels of oil that would be discovered if these wells were kept on production.

35 Per Cent of 'Strippers'

"West-central Texas has 35 per cent of all the "stripper" wells in Texas. We have 46 per cent of all the "stripper" leases of the state, and 25 per cent of all the "stripper" production in the state. It is of vital importance to the people of this district, if they have any hope of retaining and continuing the benefits they are now receiving from the 8,611 "stripper" wells of the district and from the 1,301 flush wells which ultimately will become "strippers," to inform themselves in a definite way regarding the true facts of the industry.

"A number of interesting and revealing items regarding the producing oil wells of the west-central Texas district are disclosed in the study recently completed by the West-Central Texas Oil and Gas association.

"As of June 1, 1940, the 19 counties included in the territory served by the WCTO&G had, according to records of the oil and gas division of the railroad commission of Texas, 9,937 producing oil wells. Total daily allowable for all of these wells was 49,400 barrels; average daily allowable for each of the wells of 4.9 barrels per day.

"However, included in the total number of wells were 1,301 producers capable of making more than their legal marginal allowable. This marginal allowable is 10 barrels for wells down to 2,000 feet deep; 20 barrels for wells between 2,000 and 4,000 feet, and 30 barrels for all wells deeper than 4,000 feet.

Average of 19 Barrels

"Those above-marginal wells had an average daily allowable of 19.1 barrels per day. A few of these 1,301 producers were being allowed to run as high as 50 barrels per day. That was the highest allowable granted any well in the district.

"A large part—in fact 87 per cent—of all the producing wells of the district were sub-marginal wells. That is, they produced less than the minimum figures which they were allowed to produce, if they could, by law. Average daily allowable of these 8,611 sub-marginal wells was approximately three barrels per day.

"Total daily allowable of all the sub-marginal wells amounted to 23,517 barrels. The individual production of any one of the sub-marginal wells did not amount to a great deal. When they were all taken together, their total production, which in most instances was the same as the allowable, accounted for considerable oil. Total of this item was about 23,500 barrels per day—slightly under 50 per cent of the total production of the entire district.

"Another interesting fact revealed by the study was that over 90 per cent of all the producing wells of the west-central Texas district are owned by independent operators, most of whom—particularly the owners of the "stripper" or sub-marginal wells—live in the district. Many of these owners look after their properties themselves and do all the work connected with producing them.

Moderate Living

"Even by doing all of their own work, a large number of the owners of "stripper" wells are able, under present costs of production and the low price being received for their oil, to make a very moderate living.

"Examples of the small return from the majority of the producing oil wells of the district are found in every county. Among these is one individual who lives on the producing properties he owns and operates and has a total of 41 producing wells. From these wells, he receives 28 barrels per day on each day he is allowed to operate.

"Records of concerns operating the larger groups of producers show that after they pay one-eighth of all the money received from the sale of the oil, as royalty to landowners, and pay wages to

pumpers and lease men, and pay an average of \$55 per well in state, gross production tax, social security taxes, unemployment insurance taxes, and the other direct governmental levies, a net profit for twelve months' operation of all of the wells owned by these two companies is realized amounting to \$110.50 per year per well.

"This net is before anything has been set aside to apply on retiring capital investment, or to take care of replacements and repairs to the pumping equipment and other machinery and supplies necessary to produce the wells.

"Out of this net of \$110.50 per well, per year, the operators have to get a return on the money invested, and at the same time, set a reserve to be used in drilling other wells which, in most cases are necessary in order to keep the production of various leases up.

"Operating figures gathered from the majority of the "stripper" well owners of the west-central Texas district, by the regional association, show that the average "stripper" well pays 6.3 cents per barrel direct state, county, and school direct ad valorem taxes. This is in addition to the tax paid direct to the state of Texas, called the gross production tax, and which, during 1939, amounted to 2.9 cents per barrel. In other words, the average barrel of oil produced from the "stripper" wells of west-central Texas during 1939 paid a total of 9.2 cents per barrel direct tax to the state, counties and schools.

Other Taxes

"This total does not take into account other taxes paid by the operators, amounting to 1.4 cents per barrel. When that is put on the total direct tax paid for each barrel of oil produced from the "stripper" wells by west-central Texas amounted to 16.6 cents per barrel.

"A careful check of the financial records of a representative number of independent "stripper" well operators of this district reveals that the operators realized approximately 15 cents per barrel on their production after royalty, wages, and taxes were paid.

"It can be readily seen from these figures that if the suggestion of some people, for increasing the state tax on crude oil by another five cents per barrel, were to be put into effect, the total per barrel tax on the production of the "stripper" wells would exceed the return per barrel now being received by the operators.

"Every county in the west-central Texas district assesses a valuation on oil production and oil properties, for both county and state ad valorem properties. Every school district in which oil production is located also assesses an ad valorem value on these same properties.

"This assessment is worked out on the basis of so much per barrel being assessed against each well for each barrel of oil produced on an average day during the year. In addition to this per barrel levy, a valuation is also placed on all pipe, pumping equipment, and other physical properties used in producing oil. On top of this, the landowners who re-

ceive royalty payments also have their royalty interests assessed a value, and the total of the county and state ad valorem tax rates are applied to this total valuation.

"All the people of west-central Texas, and of the rest of the state, have the fond hope that they, as individuals, will get more direct benefit from oil production. Every person who owns as much as an acre of land dreams that some day, someone will drill an oil well on his property. Every business and professional man in every town in the entire state looks forward to the time when he can enjoy the benefits of increased business brought about by oil development."

several miles out to sea from this port was rescued by two fishermen, who hauled the tired animal into their boat as they were a load of fish. When the men reached their wharf, they borrowed a truck and carted the deer to the woods and set it free.

The German reich has 11,000 amateur orchestras and bands with more than 150,000 active members.

HOW TO MAKE FRIENDS—
RICHMOND, Va., Aug. 17 (AP)—The thief who made off with a deputy high constable's automobile here probably has the good wishes of a big group of citizens. Some 85 legal summonses of one sort or another were in the vehicle, stolen while Deputy R. S. Selph was serving the 86th.

Total domestic and export sales of liquefied petroleum gas in 1939 amounted to 225,150,000 gallons.

Guess Who Bagged a Deer

EASTPORT, Me., Aug. 17 (AP)—A small deer swimming in circles

TO THOSE OWING TAXES TO THE CITY OF CISCO

Recently a questionnaire was addressed to those owing taxes, requesting that certain information be furnished in order that the Commission might determine just what disposition should be made of each particular tax account. Numerous citizens owing taxes promptly responded to this request; numerous others have not responded and you will appreciate the fact that it is impossible for the officials to go personally to each delinquent and ascertain the reason for the delinquency.

Your Officials are seeking to determine just what action should be taken on each particular tax claim and the failure of numerous persons to reply has seriously handicapped them in this. Work is being carried on constantly, with the view of getting all tax accounts up to date and it is necessary that these collections be pushed.

Such investigation as has been made, has caused your Officials to believe that there are numerous delinquents who could readily pay without any sacrifice; others who could pay in full within a reasonable time and others who could now commence paying in substantial installments.

There are some, who, due to unforeseen

hardships, illness, etc., cannot readily pay and still others who have no intention of paying due to inability or other reasons, and the actual condition of each particular delinquent is going to largely control the action of your Commission in its efforts to collect taxes.

Those of you who can pay should do so at this time; those who cannot pay at this time, should, so far as is possible, make definite arrangements to pay in the near future or in installments.

Your lack of attention to this will certainly justify the Commission in believing that you intend to ignore the matter and they will have no alternative except to institute foreclosure suits and vigorously prosecute such suits as have already been filed.

Regardless of your reason for not paying, you should cooperate with the Commission in fully advising it as to your situation and intentions.

CLARK ROBERDS,
City Attorney.
F. D. WRIGHT,
Assistant City Attorney

America's Fall Favorites

For "Best" \$7.95

Streamlined young dresses with all-American poise and charm. Simple and suave with new skirt fullness, shirring, pockets, stunning sleeves. Very 1941... in crepes, sheer wools, rayons. Black, subtle colors. 12-20.



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- SQUIBBS TOOTH PASTE 2-25c Tubes, a 50c value Both 34c
- 2-40c Tubes, an 80c value Both 59c
- PRO-PHY-LAC-TIC TOOTH BRUSH 29c
- TEK TOOTH BRUSH, single brush 23c
- TEK TOOTH BRUSH, double carton 43c
- 50c GEM SAFETY RAZOR with 5 Gem Blades, and 50c BARBASOL SHAVING CREAM All for 59c
- 89c SCHICK Injector RAZOR, with 8 Blades, and 35c LIFEBOUY SHAVING CREAM All for 49c
- \$1.00 HINDS Honey & Almond CREAM 49c
- \$1.00 MAHDEEN HAIR TONIC, and 50c MAHDEEN SHAMPOO Both \$1.00
- \$1.00 LUCKY HAIR TONIC (plain or with oil) and 50c LUCKY TIGER SHAMPOO Both 69c
- 50c JERIS HAIR TONIC, and 35c JERIS SHAMPOO Both 51c
- \$1.00 WILDROOT HAIR TONIC, and 50c Pro-Phy-Lac-Tic HAIR BRUSH Both 79c

Close Out Special On Regular 25c

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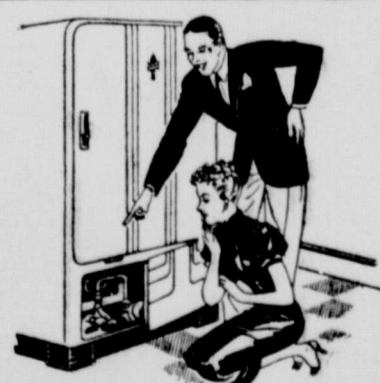
QUESTION 1

"What make of refrigerator do you expect to buy next time?"

Poll shows the swing is to the gas refrigerator... the only "automatic" that freezes silently with NO MOVING PARTS!



1 "You bet we're getting silence this time," says one woman. "Servel simply can't make a noise. After our experience with another make, that's all we need know to want the gas refrigerator!"



2 "No wearing parts for us in our new Servel," answers another couple. "You see, a tiny gas flame does the work of moving parts in its freezing system... so there's nothing to lose efficiency... even after years of use!"



3 "Savings are important, too... in helping us to decide," says a thrifty housewife. "And friends who've had their gas refrigerator for nearly ten years say it runs for as little now as when new—a few cents a day!"



4 "I want conveniences, too..." decides another woman. "The most modern there are... and from what I've seen of Servel, that's the refrigerator for me. It just seems to have everything I want in it!"



5 "Change to Servel!" That's the vote of the majority in this poll... and from coast to coast. People who've had experience want its permanent silence and all the other advantages of its freezing system with no moving parts. And they know gas refrigeration alone can give them these things. Whether it's to be your first or your second... before buying, see the 1940 models now, and get the full story of Servel's silent freezing.

"There is no substitute for Personal Service"

CISCO GAS CORPORATION
711 Ave. D.

Specs-- (Continued from Page One) that defense at its source.

What would you call the best national defense? I would call it the realization of the best economic and spiritual health that is it possible for our country to have.

It is quite probable that you can contribute a great deal more to the defense of your country by building a good and successful business in Cisco than you could possibly do by enlisting in the navy.

Now what does that bring us to? To simply that what we call patriotism, what we call our national defense, is nothing that Washington can provide. It is something that begins at home.

The column would say, therefore, that patriotism—and, incidentally, national defense—is a home matter. It consists in the use of the means at hand to bring the greatest good to the greatest number.

Profit is not inconsistent with this ideal. On the contrary, honest profit is a measure of as well as a reward for contribution.

Patriotism means something else. It means supporting the public institutions which guard or employ the principles of our government.

TO CHECK MALARIA IN 7 DAYS take 666

Just Before the Battle



Dallas "cigarettes" refuse to work as another drive-in employee, in left foreground, tries to stop photographers. Girls later fought among themselves, and with reporters and photographers, smashing cameras and pictures before police quieted them down.

Willkie Keynote - - -

(Continued from Page One) of the British fleet would have a serious effect.

If control of the Atlantic is lost to Britain and the United States is forced to build a two-ocean navy, this country might be exposed to attack in the Atlantic and its vital foreign trade profoundly affected.

"We might have to change to some more totalitarian form of government. The objectives of America are in the opposite direction."

No Military Involvement

While stating that he was in agreement with the principles of American defense and interest in the present conflict, Willkie asserted he did not take such agreement as implying military involvement in the hostilities.

"There have been occasions," he charged, "when some of us have wondered if he (Roosevelt) was not deliberately inciting us to war."

The nominee condemned "dabbling in international affairs and manufactured panics" and asserted that the first duty of a president is to preserve peace.

common ambition and the common energy. He is a peg driven down in the fabric. "Here I am and here I stay," sez he. Fortunately for him, the Almighty in his wisdom has seen fit to chop life's tenure into sections, so that he can shortly retire from the scene and start all over again somewhere else.

He is the best patriot who builds a good home and livelihood and helps to build a good community. It's a fact!

The Dangerous Triangle

The healthy human body is a marvelous example of eternal preparedness. "Sentinels" are on duty constantly, in case of danger. A standing army of "fighters" is ready to pounce instantly on any infection.



Telling the Public About the Doctor appears weekly in this paper



First Christian Church Sunday school at 9:45 a. m. classes for all age groups and a warm welcome awaits you at our Sunday school.

First Presbyterian Church Sunday school, 9:45, morning worship, 11. Sermon by the pastor on the subject, "A Call to the Church."

gaining the encouragement of cooperative buying and the extension of rural electrification. The end of such measures, said Willkie, is the proper distribution of the wealth of the country.

To accomplish this, Willkie declared, the New Deal has spent 60 billions of dollars. "I say there must be something wrong when, after the expenditure of such a fantastic sum, we have less opportunity than before."

The nominee declared that the New Deal seeks its objectives by spending as much as it can. "I propose to do it by spending as little as possible."

Party Lines Down "Party lines are down," Willkie told his audience as he began his acceptance address. "We go into a crusade."

The candidate reviewed the history of his ancestors and their struggle against oppression and autocracy in central Europe, and how they finally came to America to secure what they could not obtain there.

"I still adhere to these convictions. I pledge myself to the boy I was and to all who have faith in me that I will never let them down." Willkie was introduced by Cong.

Success or Failure, Which?

This Is The BANK that SERVICE Is Building

Modern Safety Deposit Service

First National Bank

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Destroy your credit and you destroy in a large measure your opportunity to succeed.

Credit is confidence which once destroyed is very hard indeed to regain. Guard your credit and be successful. Neglect it and be a failure.

Which Do You Want to Be?

Joe Martin, chairman of the republican national committee.

Blockade of - - -

(Continued from Page One)

England, augmented its aerial invasion of that island Saturday with intensified pre-dawn attacks while the high command

recounted heavy destruction wrought in Friday's assault.

With the avowed purpose of gaining complete mastery over Britain, new waves of bombers and fighters streaked out across the channel. Germans said the air warfare Friday cost the British 89 planes at a loss of only 31 nazi craft.

down in flames. At the same time the British struck back with night raids in Central and northern Germany.

Damage to buildings and two deaths were admitted.

Mr. and Mrs. S. H. Nance have been visiting in DeLeon.

Oregon has 60 state parks.

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(Right)



(Left)

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