

DANIELS LET PRIVATE COMPANIES LEASE NAVAL OIL RESERVES WITHOUT BIDDING

Official Files of Navy Department Show Former Secretary Father of Policy of Private Drilling of Naval Oil Reserves.

Washington, March 25, 1924.—On March 3 Representative Britten (Rep.) of the House Committee on Naval Affairs, introduced a resolution as follows: "Resolved, That the Secretary of the Navy be, and he is hereby, authorized and directed, if not incompatible with the public interest, to furnish to the House of Representatives at the earliest date possible such data and information as he may have concerning the following questions: "1. A list of 23 questions was submitted as a part of the resolution, touching upon the history and all phases of the leasing of the naval oil reserves. The resolution was adopted and on March 8 Secretary of the Navy Denby filed with the House of Representatives an answer covering thoroughly the 23 questions. The resolutions called for information regarding who was the author of the legislation authorizing the leasing of naval oil reserves to private corporations for the purpose of exploiting those reserves. The answers, accompanied by documentary evidence from the files of the Department of the Navy, show that Joseph Daniels, suggested the legislation which enables the Secretary of the Navy to dispose of naval oil reserves. It shows that he wanted this legislation in order that he might have power to take oil from the ground in his discretion and to dispose of it in his discretion, even to the point of providing storage for excess oil if he considered it advisable. Documentary evidence submitted in the form of photostatic copies of letters from the files of the Department of the Navy show that under the authority granted him, Secretary Daniels almost immediately began leasing naval oil reserves to private corporations; that he did this through the Secretary of the Interior; that he permitted the Secretary of the Interior, John Barton Payne, to lease naval oil reserves without even advertising for public bids; that these leases provided for the drilling of new wells. The records further show that the royalty from the naval oil reserves under these leases made by Secretary of the Interior Payne, without advertising for public bids, was from 12 1/2 to 25 per cent. The records further show that the leasing of naval oil reserves under Secretary Denby and Secretary Fall was done only after advertising for bids and competitive bids had been received; it shows that the royalty obtained by the government on these leases ran from 12 1/2 to 35 per cent, and that the actual net royalty so far received on these leases is over 27 per cent, or more than the maximum royalty provided for under the Denby-Payne leases, which were let without bidding. "Question—Is it a fact that the then Secretary of the Navy, the Honorable Joseph Daniels, sent similar letters to the chairman of the Committee on Naval Affairs of the Senate and of the House of Representatives, dated respectively March 29, 1920, and March 5, 1920, stating: "(a) It therefore becomes imperative when viewed from an economical standpoint only that machinery be provided whereby wells may be drilled for protection against drainage from adjacent lands, or to supply oil for the government's needs; "(b) And that excess oil from productive wells may be sold or storage provided for excess oil if considered advisable. "Answer—Yes. "Copies of these letters, dated, respectively, March 29, 1920, and March 5, 1920, are enclosed herewith. The letter dated March 5, 1920, to the chairman of the Committee on Naval Affairs, may be found on pages 3119 and 3120 of the hearings before the Committee on Naval Affairs of the House of Representatives, appropriations bill subjects 1920, volume 2. "Question—Is it a fact that in the above referred to letters dated March 5, 1920, and March 29, 1920, Secretary Daniels suggested legislation as follows: "That the Secretary of Navy is directed to take possession of all properties within the naval petroleum reserves as are or may be vested in the United States; to conserve, develop, use and operate the same in his discretion, directly or by contract, lease or otherwise, and to use, store, exchange, refine, sell or otherwise dispose of the oil and gas products thereof, and those from all royalty oil for the benefit of the United States. "Answer—Yes; this language is a verbatim quotation from the letter. "Question—Is it a fact that language practically as suggested by these two letters was enacted into law on June 4, 1920? "Answer—Yes. "The language of that part of the act of June 4, 1920 (41 Stat. 813-814, chap. 228), referring to naval petroleum reserves reads as follows: "Provided, That the Secretary of the Navy is directed to take possession of all properties within the naval petroleum reserves as are or may be vested in the United States for the control and use of the United States for naval purposes, and on which there are no pending claims or applications for permits or leases under the provisions of an act of Congress approved February 25, 1920, entitled 'An act to provide for the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain, or pending applications for United States patents under any law; to conserve, develop, use and operate the same in his discretion, directly or by contract, lease or otherwise and to use, store, exchange or sell the oil and gas products thereof, and those from all royalty oil from lands in the naval reserves, for the benefit of the United States; and provided further, that the rights of any claimant under said act of February 25, 1920, are not affected adversely thereby; and provided further that such sums as have or may be turned into the Treasury of the United States from royalties on lands within the naval petroleum reserves prior to July 1, 1921, not to exceed \$500,000, are hereby made available for this purpose until July 1, 1922, provided further, that this appropriation shall be reimbursed from the proper appropriations on account of the oil and gas products from said properties within the United States at such rate, not in excess of the market value of the oil, as the Secretary of the Navy may direct. "Question—Is it a fact that had it been the policy of Secretary Daniels at the time these letters were written to retain the oil in the naval petroleum reserves in all reserves? "Answer—It is obvious from the language of the act that no legislation was necessary in order that the oil might be retained in the ground. The retention of oil in the ground is nowhere referred to in this act. "Question—Is it a fact that Secretary Daniels approved the leasing without public advertisement by the Hon. John Barton Payne, then Secretary of the Interior, and drilling of new wells on naval oil reserves? "Answer—Yes. Under date of August 21, 1920, the then Secretary of the Navy informed the then Secretary of the Interior that the lease of the Boston-Pacific Oil company covering the drilling of five wells on section 32 of naval petroleum reserve No. 2, was satisfactory to the Navy Department. The correspondence shows that the terms of this lease were agreed upon in conference between the representatives of the oil company and of the Navy Department, and that such new drilling was considered necessary because of drainage by owners of contiguous property. The royalty accruing to the government under this lease was 25 per cent. Under the so-called Dohney lease of December 11, 1922, the royalty runs from 12 1/2 to 35 per cent, and the actual net royalty received has amounted to 27 per cent. "There are indeed herewith photostatic copies of letter from the then Secretary of the Interior to the then Secretary of the Navy, dated August 16, 1921, letter from the then Secretary of the Interior to the then Secretary of the Interior, dated August 21, 1920, letter from the then Secretary of the Interior to the then President of the United States, dated December 6, 1920, and the lease to the Boston-Pacific Oil company covering the drilling of the five new wells. "Under date of January 25, 1921, the then Secretary of the Navy indicated to the then Secretary of the Interior his willingness to lease 120 acres of the eastern part of section 28, of naval oil reserve No. 2, to the Consolidated Mutual Oil company, and this land was leased without restriction to the number of wells that might be drilled. The correspondence shows that the reason for the leasing of this land was because of water conditions. The government royalty provided under this lease was from 12 1/2 to 25 per cent, while the royalty provided by the so-called Dohney lease of December 11, 1922, on naval oil reserve No. 1, is from 12 1/2 to 35 per cent, and the actual net royalty so far received is 27.14 per cent. "There are forwarded herewith photostatic copies of letter of February 8, 1921, from the then Secretary of the Interior to the then President of the United States, letter dated February 16, 1921, from the then Secretary of the Interior to the then President of the United States, and copy of lease of the 120 acres of land to the Consolidated Mutual Oil company. "Question—Is it a fact that proposals from three companies were entertained for leasing the Teapot Dome reserve and that five companies were asked to bid on royalty oil from the California naval reserves? "Answer—(a) The Texas Oil company submitted a proposal to lease the Teapot Dome oil reserve (see testimony of Mr. Amos L. Beatty, president of the Texas company, pages 753 et seq. of the hearings before the Senate Committee on Public Lands and Surveys). "Mr. Dohney had an opportunity to bid (see page 1944 of hearings above referred to). "Mr. Harry F. Sinclair was also invited to bid and submitted a bid which was accepted. "(b) Five companies were invited to bid on the royalty from naval petroleum reserve No. 1, namely, Standard Oil company of California, the Associated Oil company, Pan-American Petroleum and Transport company, the General Petroleum company, and the Pacific Oil company. Three of these five companies submitted proposals; namely, the Standard Oil company, the Associated Oil company, and the Pan-American Petroleum and Transport company. The bids of these three companies are on file in the Interior department. "Jewett Says Chances of Export Bill Good

will be done to make this help for the farmers quickly available. An example of the kind of assistance from the business world Senator McNary is getting I desire to call attention to the fact that John R. Mitchell, president of the Capital National Bank of St. Paul and formerly member of the Federal Reserve Board is here to exert every possible influence in favor of the McNary-Haugen measure. "Good bankers and economists who have studied the problem of the farmers and the need of definite and immediate relief for the food producer are more and more inclined to unite on this measure as one that will do more than any other suggested remedy and we are greatly encouraged in the probability of a successful end to the fight which Senator McNary is making to get this legislation to President Coolidge for his signature. "Oregon needs an egg laying contest. The poultry department of the state college not only favors such a contest, but would welcome an opportunity to assist in organizing and maintaining it, provided it could be organized and financed in such a manner as to make it a credit to the state, says A. G. Lunn, poultry husbandman in charge of experiment station work at the college. Many poultrymen and farmers are unable to trap-nest their stock and have no way of telling the real merits of their selection or breeding work without an official test, explained Professor Lunn. "It is a fact that few poultry keepers keep actual records of cost of production, a matter in which the public at large is interested. If, as at the present time, eggs are low in price, and it is costing as much to feed a hen as she is returning in eggs produced, the public should know it, and knowing it perhaps they would not be averse to paying at least enough to compensate the producer of good quality eggs," he said. Resolutions favoring an egg laying contest were adopted by the Oregon Bankers association, the Willamette Valley Realtors association and the Oregon Poultrymen's association at the recent agricultural conference at Oregon Agricultural college. REAL BARGAINS—Spring Tooth Harrows \$10 per section—less than present cost, 3-bottom 16-inch gang plow at \$130.00—less than present cost in Portland. Buy now. Save money. PEOPLES HARDWARE CO. For Sale—Two tons of barley at Bargaine's warehouse, Lexington, Ore. S. E. NOTSON, Heppner, Ore.

Egg Laying Contest Is Considered in Oregon

Most Poultrymen Unable to Trap-nest Their Flocks, So Need Help in Learning Hens' Ability.

Under the present relation of cost of labor and farm supplies to the price of wheat, it is difficult and in many cases impossible to raise wheat at a cost per bushel less than the value of the wheat. There are only two possible remedies. First, to increase the price of wheat by some such way as in the McNary-Haugen Bill; second, to reduce the cost of growing wheat by using one or both of the following methods: 1. Cheaper summer fallow and harvesting methods. 2. Better yields per acre of high quality wheat. In regard to cheaper methods of summerfallow and harvesting methods, the Committee recommends that the following possibilities be investigated: 1. Investigation by County Agent of the possibilities of cheaper summerfallow methods, gathering information from all parts of the Western United States where summerfallow is headed grain. 2. Investigation of the roller type of blade weeders now in use in Umatilla county. 3. Preparation of cost estimates from the users of automatic feeders for headed grain. 4. Investigation of possible savings by using canvas instead of nets in header boxes. 5. That the Farm Bureau try to get prices on good canvas for use around the header grain. Recognizing that it costs nearly as much per acre to grow ten bushels per acre as it does twenty, and therefore, that the largest single factor in reducing cost of production per bushel is to get maximum yields per acre, the Committee recommends that the County Agent adopt in his crop program the following points: 1. Continuation of wheat nurseries, including from year to year, all of the promising varieties. 2. Continuation of wheat certification. 3. Distribution of smut-resistant wheats as soon as possible. 4. Demonstration of the possibility of cutting down rates of seeding with copper carbonate, thereby making substantial savings on seed. 5. A tour to the Moro Experiment Station, and a County tour taking in demonstrations and visits to the nurseries on the Lawrence Redding farm at Eight Mile, and Troy Bogard's, north of Ione. 6. Demonstration of the efficiency of the various brands of copper carbonate and getting information on their cost. 7. Variety trials on a field of Turkey Red vs. Hybrid 125 vs. Fortyfold. 8. Trials of Hard Federation seeded very early in the Spring on stubble. 9. Demonstration of the possibilities of Fall seeded Federation on the heavier lands. 10. Experimental plantings of fax. 11. Barley variety trials. The Moro Experiment Station has included in its work, the testing out of all of the possible varieties of trees adapted to dry land use. The Committee recommends that the County Agent secure from this and other sources all available information on varieties and prices of shade and ornamental trees and method of growing them so that by another year the Farm Bureau may bring in trees at the lowest possible cost, in order to beautify farms, provide shade in summer, and make living more pleasant. The Committee feels that certain practices have passed the experimental and demonstration stage in this County, have proved their unquestioned merit and should be adopted by everyone. The Committee recom-

Daugherty Ears



Former Rep. Paul Howland and ex-Senator Geo. Chamberlain, counsel for Atty-Gen. Daugherty, daily attend the Senate Committee investigation into Daugherty's administration of the Department of Justice.

Farm Activities FROM THE "MORROW COUNTY FARM BUREAU NEWS"

Wheat Growers Meeting at Lexington February 9.

Two hundred and twenty-five Morrow County wheat growers met at Lexington, February 9, to discuss current problems of wheat growers and the provisions of the McNary-Haugen Bill. During the morning session committees on resolutions, program, and labor were appointed and talks on wheat production given by D. E. Stephens, and E. R. Jackman. In the afternoon, the McNary-Haugen Bill was explained and the Morrow County Export Commission League organized. The report of the committees follow: Report of Program Committee. Under the present relation of cost of labor and farm supplies to the price of wheat, it is difficult and in many cases impossible to raise wheat at a cost per bushel less than the value of the wheat. There are only two possible remedies. First, to increase the price of wheat by some such way as in the McNary-Haugen Bill; second, to reduce the cost of growing wheat by using one or both of the following methods: 1. Cheaper summer fallow and harvesting methods. 2. Better yields per acre of high quality wheat. In regard to cheaper methods of summerfallow and harvesting methods, the Committee recommends that the following possibilities be investigated: 1. Investigation by County Agent of the possibilities of cheaper summerfallow methods, gathering information from all parts of the Western United States where summerfallow is headed grain. 2. Investigation of the roller type of blade weeders now in use in Umatilla county. 3. Preparation of cost estimates from the users of automatic feeders for headed grain. 4. Investigation of possible savings by using canvas instead of nets in header boxes. 5. That the Farm Bureau try to get prices on good canvas for use around the header grain. Recognizing that it costs nearly as much per acre to grow ten bushels per acre as it does twenty, and therefore, that the largest single factor in reducing cost of production per bushel is to get maximum yields per acre, the Committee recommends that the County Agent adopt in his crop program the following points: 1. Continuation of wheat nurseries, including from year to year, all of the promising varieties. 2. Continuation of wheat certification. 3. Distribution of smut-resistant wheats as soon as possible. 4. Demonstration of the possibility of cutting down rates of seeding with copper carbonate, thereby making substantial savings on seed. 5. A tour to the Moro Experiment Station, and a County tour taking in demonstrations and visits to the nurseries on the Lawrence Redding farm at Eight Mile, and Troy Bogard's, north of Ione. 6. Demonstration of the efficiency of the various brands of copper carbonate and getting information on their cost. 7. Variety trials on a field of Turkey Red vs. Hybrid 125 vs. Fortyfold. 8. Trials of Hard Federation seeded very early in the Spring on stubble. 9. Demonstration of the possibilities of Fall seeded Federation on the heavier lands. 10. Experimental plantings of fax. 11. Barley variety trials. The Moro Experiment Station has included in its work, the testing out of all of the possible varieties of trees adapted to dry land use. The Committee recommends that the County Agent secure from this and other sources all available information on varieties and prices of shade and ornamental trees and method of growing them so that by another year the Farm Bureau may bring in trees at the lowest possible cost, in order to beautify farms, provide shade in summer, and make living more pleasant. The Committee feels that certain practices have passed the experimental and demonstration stage in this County, have proved their unquestioned merit and should be adopted by everyone. The Committee recom-

Report of Resolutions Committee.

We, the undersigned committee on resolutions, beg to submit the following: Be It Resolved, by the farmers of Morrow County, Oregon, in convention assembled, being three hundred farmers, producers of 90,000 bushels of wheat, in attendance: First—That we favor the McNary-Haugen Bill, believing that it will afford early relief to the wheat grower, early and effective relief being necessary to save the wheat farmer from bankruptcy. Second—That we can see in the further extension of credit no relief to the wheat growers, the majority of whom are now laboring under a great burden of interest payments as they can well afford to attempt to carry, their need being some remedy which will enable them to obtain such price for their product as will give them a reasonable profit, this in turn enabling them to reduce their indebtedness and relieving them of the necessity of asking for extension of credit. Third—Since a protective tariff has been the means of securing to other lines of industry a profit which was really remunerative, we favor such a tariff upon wheat as will save to the American farmer the home market, otherwise he should not be required to pay on what he purchases a tariff upon the things which he must have in his line of work, the farmers' position being simply that we ask for the immortal Roosevelt styled "a square deal" so far as tariff legislation is concerned. Fourth—That a copy of these resolutions be sent to the president of the United States, to each of our Representatives and Senators in Congress, and to each of the local papers of the County. Be it further Resolved, That we heartily commend the work being done by the Experiment Station at Moro in solving the problem of the farmer, and we hereby express our appreciation of the assistance rendered by Director D. E. Stephens, of the Moro Experiment Station, and Professor E. R. Jackman, of the Extension Service of the O. A. C., in making the meeting a success; and also extend to the other speakers our hearty thanks for their able and instructive addresses. Committee: R. B. Wilcox, Charles B. Cox, Jeff Jones, H. M. Olden, S. E. Notson. Report of Labor Committee. Whereas, farm employes are the

Report of Labor Committee.

only class of laborers that demand top wages, regardless of their skill or efficiency; therefore, Be it Resolved, that an effort be made by the farm organizations in Wasco, Sherman, Gilliam, Morrow and Umatilla counties to establish a graduated wage scale for various kinds of labor with a scale low enough so that skilled labor, efficient hands and those that stay with their jobs can be rewarded for their efficiency by a substantial raise over the advertised scale. We further recommend a wage scale of from thirty-five to fifty dollars per month for common farm hands for Spring work and that farm organizations endeavor to cooperate in investigating the supply and demand of labor and endeavor to establish a uniform scale with reasonable variation for efficiency for harvest wages. Committee: R. A. Campbell, chairman, Fred Mankin, W. E. Bennett, William Padberg, R. W. Turner, Edward Rietmann. Report of Livestock Group. Economic Conference. By GARNET BARRATT. In a previous issue of this paper, Mr. R. W. Turner has given a very complete report of the Economic Conference at Corvallis, January 23 to 25, therefore as one of the representatives to that conference from this county, I will try to briefly outline some of the investigations and recommendations as taken from the livestock committee report, with special note of those pertaining to stock interests in Morrow county. Those interested may obtain a complete report from the County Agent as limited space does not permit a full report. The last census report values beef cattle in Oregon at approximately twenty-nine and one-half million dollars; sheep at twenty-four and one-half million, and dairy cattle at less than nineteen million. Sheep and cattle constitute the chief source of income from approximately three-fourths the area of the state composing the grazing area, while farming and irrigated regions compose the balance, or approximately fifteen million acres, where dairying and hog raising with farming compose the largest livestock income. With reference to beef cattle it was found that the actual reduction in numbers in the last few years has been less than is generally assumed. In 1920 Oregon produced 10 per cent of its beef requirement, while the three Pacific Coast states produced only 87 per cent of beef requirement for their entire population. It is the vast grazing area that has made beef production a large livestock enterprise in this state. Experiences prove that the cheapest beef is produced on grass with hay in winter and that it is more profitable to sell steers at two years of age than at three years or older. Fatening at an older age takes more grain, that will make more profit if fed to hogs. The last two years have been times of deep depression for the cattle man and much dissatisfaction has been the result, with a tendency of cattle men to go into the sheep business as a more profitable investment. It was the recommendation of the committee that range land where grazing and feed conditions are best suited to cattle should be continued as such, alternating from cattle to sheep, and from sheep to cattle under temporary price fluctuations is not justified on such lands. Selling cattle at low prices and purchasing sheep at high prices is not deemed advisable. The sheep industry like the cattle industry is assured a permanent place in Oregon agriculture by reason of the grazing areas that cannot be used otherwise. Sheep have decreased thirty million head in the last twenty years, while our population has increased. Our annual production of wool in the United States today is less than fifty per cent of our consumption, with an average importation in the last three years of about a hundred and forty-two million pounds. The outlook for sheep industry is very good at present. Because of limited range, it is not thought that range sheep will be increased, but it is believed that farm sheep can be increased as profitable sideline of small farms in valley and irrigated sections, without interfering with other farm enterprises. Experiences of others in country prove that because a few sheep are a great help in the utilization of weeds and farm waste lands on the average farm and furnish two crops a year, their use as a permanent feature of a diversified farming program is destined to grow rather than diminish. Oregon is deficient in the production of hogs, in fact it is the only product that it does not produce enough of for its own consumption. The needs at present are one-half hog per person or about 350,000 hogs. It was recommended that each farm keep enough hogs to utilize farm waste; that dairy farms keep one hog to the cow to use up surplus milk; one hog for every five to ten acres of grain, and one hog to be kept to use up garbage wastes on farm. In this way enough hogs can be kept to supply local consumption at a profitable cost, and not have to ship so much pork into the state, and thereby keep the money at home. Lower freight rates on purebred

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Why pay tribute to a Superstition?

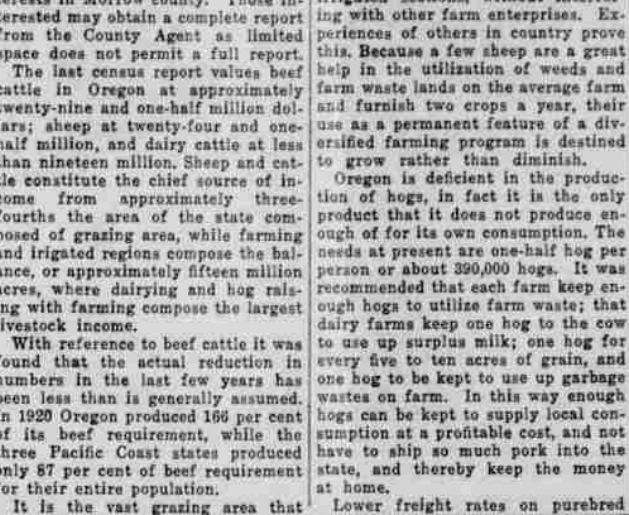
The idea that "eastern" motor oils—merely because they cost more—are in some mysterious way "better" is just as baseless as the superstition about the black cat crossing the road, illustrated above.

Automotive engineers have long recognized that the most suitable crude petroleum so far discovered from which to manufacture a motor oil is produced on the Pacific Coast. It is Naphthenic Base Crude.

"Thinning Down" an Advantage The motor oil (Zerolene) which is refined from this crude has characteristics somewhat different from those of eastern paraffine base oils. It "thins down" more rapidly for one thing, and this fact is often cited against it. But this is really an advantage instead of a defect. Because it thins down more rapidly, it reaches an effective lubricating body sooner, and follows more closely the changing bearing clearances of the engine as it warms up.

Highway Commission Finds the Facts Some time ago the engineers of the California State Highway Commission decided to subject this anti-western bogie to the brutal test of actual comparison. Read the summary of these tests, printed in the 1921 Biennial Report of the California State Highway Commission:

STANDARD OIL COMPANY (CALIFORNIA) Zerolene For Motor Cars



SEED WHEAT—For sale, at my ranch, Eight Mile, at \$1.00 per bu., 50 sacks. Hard Federation certified seed wheat. L. REDDING.

The Judge's Joke



WHEN A MAN MAKES A FOOL OF HIMSELF, HE USES MIGHTY CHEAP MATERIAL, EH?

SEED WHEAT—For sale, at my ranch, Eight Mile, at \$1.00 per bu., 50 sacks. Hard Federation certified seed wheat. L. REDDING.