

Texas Oil Production Limited by Commission

By CARLTON WILSON
United Press International
Austin, Texas — (UPI) — The first great oil gusher in Texas created a sensation that has repercussions today for everyone who uses an automobile or heats his home with oil or gas.

Although oil flowed from Texas wells since 1859, the greatest single impetus to the state industry came at Spindletop Jan. 10, 1901.

There, near Beaumont on the Gulf Coast, the first salt-dome discovery made by Capt. Anthony F. Lucas, Jr. launched a campaign of drilling that increased state oil production from 836,039 barrels in 1900 to 4,393,658 in 1902 and 892 million in 1961.

In 1902 the Spindletop well alone produced 17,421,000 barrels, or 94 per cent of the state's production. Prices dropped to three cents a barrel, an all-time low.

The search for oil and gas continued until its peak year of 1956, when some 21,500 wells were drilled by a billion dollar industry. High costs, disappointing results and relatively low oil prices have led to a decline in drilling since then.

Nevertheless, about a third of the wells drilled in the United States during 1960 were in Texas. There have been some 470,000 holes punched down into Texas soil seeking oil in the last 64 years. The deepest of these went down 25,340 feet in 1958 — and yielded nothing.

The deepest Texas producer is a gas well at 16,680 feet — more than three miles into the ground.

Since Spindletop's fabulous

find, only about one out of 60 wells has discovered enough oil or gas to be profitable. The average cost of an oil well is about \$47,600, the Texas Mid-Continent Oil & Gas association reports.

Gas wells, which are generally deeper, cost on the average \$112,000 plus. The cost may run as high as \$1 million for a gas well drilled in the Gulf of Mexico, at about \$89 a foot compared to a per-foot cost of around \$11.40 for an inland oil well.

Natural gas is produced in Texas by about 18,500 gas wells and about 121,000 wells, for there is some gas in every oil field. About six trillion cu-

bic feet of gas was marked from Texas wells in 1960 and reserves in the state total about 119.5 trillion cubic feet, or about 46 per cent of the U. S. reserves.

"Wildcat" wells drilled in untried territory or unexplored depth discover new fields and producing formations. About 3,166 of these were drilled in Texas in 1960, but more than 90 per cent were dry holes.

Few of the wells that do produce oil are financial successes.

Another 12,415 Texas wells were drilled in 1960 to develop oil and gas fields which already had been discovered.

In all, some 66 million feet of hole (15,581 wells) were drilled in Texas that year — enough to reach through the earth one and a half times.

The results of all this exploration is a present total of more than 200,000 oil wells in Texas that produced \$2.8 billion worth of crude oil last year.

Much of this crude oil is processed into automobile and aviation gasoline at the 59 refineries in Texas. A large portion, depending on the quality of the crude, goes for kerosene, other fuel oils and lubricants.

The amount of Texas oil production is limited by the

three-member state railroad commission to conserve the resource, keep supply and demand in balance and stabilize the market — which now finds oil selling for \$3 a barrel.

Production was held to eight days during eight

months of 1961, nine days for three months, and one month of 10-day production.

Total 1961 production of 101 days was an all-time low and compared to a record 366 days during 1948, a leap year.

If commission controls did not exist, Texas well operated at maximum efficient rates could produce an estimated 4.7 million barrels daily, some 2.4 million barrels a day more than present production. In an

emergency, Texas could produce more than 18 billion barrels as last year.

The supply of Texas oil will last about 20 years at the present rate of production, based on industry estimates of known reserves to

taking more than 18 billion barrels. But exploration and development have uncovered oil sources during the last 60 years at a rate of more than one billion barrels a year, faster than oil is now being produced.

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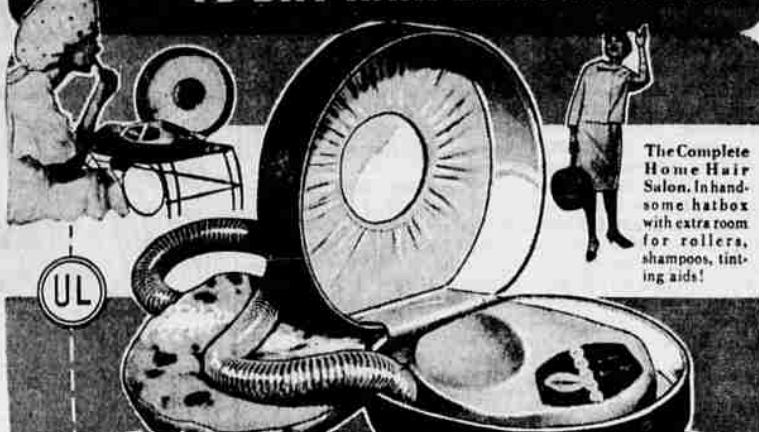
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