

6/46

Grande Ronde Oil and Gas Company

Oil and Gas

NAME	OLD NAMES	PRINCIPAL ORE	MINOR MINERALS
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3 S. (SW $\frac{1}{4}$)	39 E.		
4 S.	39 E.	extreme NW fraction	
T	R	S	

PUBLISHED REFERENCES

..... Union COUNTY

..... Grande Ronde Valley AREA

..... ELEVATION

MISCELLANEOUS RECORDS

..... Hiway 30 ROAD OR HIGHWAY

..... DISTANCE TO SHIPPING POINT

PRESENT LEGAL OWNER (S) Grande Ronde Oil & Gas Company

Address Union, Oregon

M. R. Wallace (Pres.)

..... Union, Ore., and/or Piedmont, Calif.

OPERATOR ... Grande Ronde Oil and Gas Co.

Name of claims	Area	Pat.	Unpat.
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Name of claims	Area	Pat.	Unpat.
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Between 5,000 and 6,000 acres leased farm land

EQUIPMENT ON PROPERTY

State Department of Geology and Mineral Industries

702 Woodlark Building
Portland, Oregon

Reported by H. S. Wagner
Submitted December 14, 1944

GRANDE RONDE OIL AND GAS COMPANY

UNION COUNTY

Introductory Statement: Certain areas in the lake bed formations of the Grande Ronde Valley are believed by some to contain oil in paying quantities. Although this is considered highly improbable from a geologic standpoint*, no definitely conclusive test wells have ever been drilled. The executives of the Grande Ronde Oil and Gas Company are currently planning to drill a deep well on a site which they consider favorable. The ensuing report is essentially a statement of basic facts concerning the company, its executives, its holdings, etc., together with a resume of pertinent published geologic data on the petroleum potentialities of eastern Oregon. Progress of this "pioneer" well will be followed carefully in order to augment existing data on the petroleum potentialities of these lake beds and a supplementary report will be made upon completion of said well.

Owners: Grande Ronde Oil and Gas Company - a company incorporated in Oregon, October 16, 1944. President, Mr. H. R. Wallace, address Union, Oregon and Piedmont, California.

Area and Location of Holdings: Between 5000 and 6000 acres have been leased by the company and most of these are situated in the SW $\frac{1}{4}$ of T. 3 S., R. 39 E. A small portion of the holdings occur in T. 4 S., R. 39 E., and leases on additional land in T. 3 S., R. 38 E. are pending. See attached map. Proposed drill hole is located near Hot Lake in center of sec 31, T. 3 S., R. 39 E.

* Buwalda, John P., "Oil and Gas Possibilities of Eastern Oregon", Oregon Bureau of Mines, vol. 3, no. 2, July 1921.

Equipment: Operations are just getting underway. Foundations for a rig and for a generator have been laid and arrangements for the acquisition of a rotary drill and all necessary tool and accessories have been concluded with Mr. R. S. Miesse of Los Angeles, California. It is expected that this equipment will be available within the next two or three months. Mr. Glenn Richards has been engaged as driller.

Transportation: The holdings are adjacent to highway 30 which is a major highway and the site for the test hole is but a short distance away being only a few hundred yards off of a graveled country road.

Mining Facilities: Water for drilling is available from an irrigation ditch located within a few feet of the well site and most miscellaneous hardware and like supplies should be available through local sources.

Geology: Formations. The Grande Ronde Valley is composed of unconsolidated to poorly consolidated lake bed sediments of late Tertiary to Recent age and of fresh water origin. These are interbedded with basic lavas and volcanic tuffs. Occasional thin beds of lignitic coal are found in this formation in other places in eastern Oregon, and it is probable that such occur in the series here, but no notable reservoir sand or oil shales have been recognized in the Grande Ronde Valley.

Structure. While broad folds and domes occur in this series throughout its distribution in eastern Oregon, there is no conspicuous evidence to suggest the occurrence of a structure in the area under lease, nor has there been any study made to demonstrate the existence of one. The proposed drilling is being undertaken primarily on the strength of "indications" such as reported seepages and on the result of various other tests of a comparable nature.

Past Exploration. Although other companies have been interested in the petroleum possibilities of this general region during the past 20 years or so, none is known to have drilled for said purpose within the bounds of the Grande Ronde Valley. The nearest exploratory well was reportedly drilled by a Mr. Hutchinson at a point near, and south of, Union, and it is understood that this well was shallow. The deepest known wells in the valley occur within the City of La Grande where three exceed 1000' in depth. These are all water supply wells and their logs show the expected variations of lake bed formations with some interbedded basalts.

Economics: From the standpoint of location, that is, with reference to the cost of supplying an operation here, and with reference to strategic location in terms of markets, a commercial field here would be most ideally situated. But from the standpoint of the likelihood of a potentially commercial pool existing here, the outlook is by no means encouraging. Such studies as have been made of the oil and gas possibilities in eastern Oregon have revealed that from a geologic standpoint prevailing conditions are unfavorable and that the chances of developing either oil or gas in commercial amounts are slight indeed, particularly so in the La Grande, Baker and Durkee Valleys. (Refer - Buwalda, "Oil and Gas Possibilities of Eastern Oregon", Oregon Bureau of Mines, vol. 3, no. 2, July 1921) Such exploratory drilling as has been done in these beds in other parts of eastern Oregon bears this out to the extent that Arnold and Kennitzer state that "Investment in wildcat drilling in Oregon is speculation of the most hazardous type". (Refer - "Petroleum in the United States and Possessions", by Ralph Arnold and Wm. J. Kennitzer, 1931, pp 951-56.) While eastern Oregon is generally and correctly regarded as very improbable territory, the lack of a sufficient number of truly conclusive test holes, properly and

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702 Woodlark Building
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(District - None)
(County - Union)

Examined November 8, 1944
Report by N. S. Wagner

GRANDE RONDE OIL AND GAS COMPANY

A formal report covering this company and its holdings, activities, etc., is being written, but is being held in this office pending receipt of certain up-to-date data on oil and gas potentialities in eastern Oregon, reportedly occurring in a book entitled "Petroleum in the U. S. and its Possessions" by Arnold, Ralph and Kemnitzer, 1931.

This confidential report is being rushed through at this time mainly because the information therein might be of use to you birds in the Portland Office in the event you are confronted with inquiries about this outfit and its activities.

By way of introduction I can say it is the old, old story. A screwball set-up from top to bottom. Screwball to an extent almost unbelievable and apparently backed by enough dough to make it worth our while to be on our toes and follow their activities very carefully.

I replied to their "Requested Exam" with fear and trepidation mainly on account of the way my old friend F. M. Gunn had expressed himself about the manner in which the Department functioned as stooges for Bethlehem Steel, etc. I expected to be put on the spot both professionally and personally and to be treated as a stooge for Standard Oil. Just the opposite proved to be the case. Instead of being put on the spot I was very cordially received and proffered every courtesy and consideration imaginable. All possible information was eagerly given me, but with no apparent pressure towards priming me for a favorable report. Direct, and what could have been considered somewhat embarrassing questions from me were answered fully and willingly and without resentment. In short, everything was so damn lovey-dovey that I couldn't help envision a "nigger in the woodpile". Yesterday said nigger may have turned up in the form of a letter from the president asking for a copy of my report, although I'm not too sure of that point yet as I rather believe that the boys sincerely believe their own hot air to be the real McCoy and not hot air. They say they are financed by private capital and if so, more power to them because they freely admit they are "widdoating". My opinion of their sincerity will hinge on whether or not they attempt to peddle stock in the future. At present I will rate them as unconditionally screwball to the nth degree, but so colossally ignorant that they are really sincere in believing they have a promising prospect.

Mr. M. R. Wallace is President of the company. His home address is Piedmont, California. Company address at Union, Oregon.

He is supposedly an accountant, just returned from Alaska where he worked on an investigation of the famed oil line and refinery there. He says his next door neighbor in Piedmont is the contractor for said pipe line, which means he must have a tolerably swanky home and the wherewithall to back it up.

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He talks of working considerably for various outfits in Texas and is not unacquainted with the oil country and oil activities as is evident from his talk. He gave me most of the dope I have and as a matter of record I am going to present much of it here in quite some detail.

First, negotiations have been concluded for a drill rig and all accessory tools. This should be delivered within the next couple of months. Foundations for same are already constructed and plans are to sink to 3200'.

The company was incorporated in Oregon October 16, 1944. They were perhaps vaguer in this point than on any other. They claim to be financed by private capital - presumably mostly Wallaces' - and the impression left with me is that they are adequately financed.

They know they are wildcatting and answered a question of mine to that effect with a very specific "yes". In fact, Wallace stated that he has drilled four other wildcats, all of which came in, and that this is his fifth and he hoped his luck would hold up.

While they readily admit this to be a wildcat well, they feel that they have a very promising prospect. Their reasons for regarding the prospect as promising are almost weird enough to be unbelievable. For instance, Wallace has a copy of Buwalda's report on the Oil and Gas Possibilities of Eastern Oregon, Vol. 3, No. 2 of the Mineral Resources of Oregon. In this Buwalda discusses the Grande Ronde Valley specifically and his discussion is replete with statements such as "The younger rocks (lake beds) -- do not offer much promise". "The basaltic lavas cannot be eliminated", "The fresh water strata -- also do not offer much promise for an oil supply". In his conclusion of the bulletin itself, Buwalda states for eastern Oregon in general "As to prospects for oil in commercial amounts, eastern Oregon cannot be regarded as impossible territory but it is rather improbable territory."

This bulletin is one of Wallace's treasures and he regards it as ENCOURAGING - SUPPORTIVE EVIDENCE. Reason: Buwalda says "prospects are not impossible" and because the lake beds are not freshwater as Buwalda states, but marine on account of Mr. Gunn found fossil shells. Seemingly the mere presence of fossil shells cinches the point. In other words, if Buwalda had been as fortunate as Gunn and had found the shells, he wouldn't have "mistakenly regarded the beds as freshwater and he would doubtless have been more enthusiastic about prospects here," as is shown by his conclusion even under the circumstances that "prospects are not impossible". Result: A truly lucky break for Wallace et al which accounts for a truly excellent prospect remaining unmolested all these years for them to open up. Dammit, why wasn't I born lucky too?

Another reason for believing they have an excellent prospect lies in the fact that they have tested the ground by means of drilling several (8) auger holes to about 15 foot depths and tested the drillings with the "Chloroform test". What is the chloroform test? In case you birds don't know, the procedure is "pulverize the drillings and bake them in a furnace and then test with chloroform in the usual way." That's the answer I got to my question.

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Another reason it is an excellent prospect is that an associate, (a local boy who by his own admission has never been around an oil field until recently) has invented a gadget which says so. Wallace has seen "hundreds of doodle bugs" which he fully appreciates are the bunk for reasons which we all share. But he regards this one as being different and good mainly on account of "it works for anyone" - not for just a particular operator because of personal know-how or for otherwise mystical reasons. It works for him. It works for Gunn. It was given to me but I very carefully avoided testing it. It has been tested with good results in Montana and it was used on the Phillips Petroleum Well in western Oregon when that well was young and it showed there was no oil there as has subsequently been demonstrated. Etc. and etc., with the usual line of "proofs".

To make a long story shorter, yet still to record some of the factual statements - "They have found a dozen or so seeps". "The hot water in Hot Lakes which is very close to the well site will have no detrimental bearing on any possible oil". "THEY HAVE NO STRUCTURE OR EVIDENCE OF ONE" - this they admit perfectly frankly and did so several times in response to my questions. They are going only on evidence of oil such as their reported seeps, their drill holes and chloroform tests, the gadget, the "favorable" report of Buwalda's and of one of Condon's early books, etc. Structure? "Why of course they won't know anything about that till they drill."

The general caliber of the executives "Wallace et al" is further defined by this. Gunn told me the U. S. Topo sheet for the area was no good because it didn't have any contours in the particular area (the Grande Ronde Valley) they were interested in. When I explained the reason was that there was no relief to contour, he caught on quickly and said "Oh". But Mr. Wallace, the brains and financier of the outfit looked at the map later and pointed out one solitary contour which does traverse the lower end of the valley. He was as pleased as a kid with a new toy to see that "they showed that fault just like it is". I just kept my mouth shut. After all I was being told, not asked.

I have bumped into some funny ones in this oil business before, but none like this. The "babes in the woods" aspect is not unusual, but said "babes in the woods" have always been the stockholders or some sucker financier, not the promoters themselves. The incongruous aspect of the whole thing is that they are going about everything with such an engineering like appearing manner, with their blueprints, auger holes, reference library, etc. No -- all such front is usual with good promoters. The incongruous thing is that they seem to have a genuine belief that all this meaningless mumbo-jumbo is high class and sound.

At any rate, the important thing is that they are going ahead and I am going to follow their activity closely because if they do sink a hole to 3200' this hole will be the first really tangible bit of prospecting data in the immediate area. Already there is talk of a pool or two in the Baker Valley and the big boom down at Durkee some years ago never was settled conclusively to anybody's satisfaction. It could come to life again only too easily. Much depends on what this outfit does and says, and in view of this, I shall keep myself posted on their activities so as to be able to up and say something too, should the occasion arise.

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Other data: Rig rented from R. S. Miesse, 681 Subway Terminal, Los Angeles - with branch offices in Taft and Cisco, California. Miesse is a licensed exploration and equipment man in California according to his letterhead and I understand Wallace has dealt with him before this. However, he is not going to do the drilling. The driller engaged is Glenn Richards - a local boy and an experienced driller. Incidentally, much of the "best situated" leases occur on his sister's land.

As mentioned in the beginning, a formal report covering this will be forthcoming as soon as I obtain the latest and most authentic geologic data on the Oil and Gas Possibilities in Eastern Oregon.

Respectfully,



N. S. Wagner

The statements which I have set forth in quotes may not be the exact wording used, as, necessarily enough, I didn't take notes in quite such an obvious manner. However statements indicated by quotes are essentially as made.

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