SLIDE IN FARM PRICES CHECKED

Farm Stability a Hope for 1954

WHILE drought was not a problem for Ninth district farmers in 1953, they did suffer from consequences of the general price declines which continued on most farm products.

Farmers were left somewhat confused at the same time by the way high levels of prices and incomes received by most labor and industry groups were maintained. Although assuring a good domestic market for farm products, it tended to hold farmers' costs high.

This situation "adds up" in farmers' minds to a distressing price-cost situation.

There are several definite reasons for this price-cost squeeze and for the decline in farm prosperity of recent years. One is that total farm production has been at near-record levels. Another is that foreign demand for our farm products has been reduced substantially—about one-third in fiscal 1953 compared with that of 1952.

As a result, storage stocks of many farm products have accumulated. This has tended to depress market prices of the commodities in large supply.

Farmers planning ahead

In view of what happened to his economic position in 1952 and 1953, the farmer is concerned about what 1954 may have in store for him. Will the price-cost squeeze be eased or will it become worse? What will happen to domestic demand? Will our foreign customers take more or less of our surplus farm products? Will farm production be maintained? What will be the level of farm price supports? Can he get enough credit?

These are significant questions to every farmer. He wants to know what the prospects are so that he can plan his farming enterprises in 1954 more intelligently.

Price supports, strong demand can bolster farm markets; parity ratios may average in low 90's

In an effort to get answers to such questions, the writer attended the U. S. Department of Agriculture's annual Agricultural Outlook conference in Washington, D. C., in late October. This article reflects largely information and impressions received while attending this meeting.

Domestic demand is key factor in farm outlook

What will be the level of domestic demand for farm products in 1954? This is of utmost importance. For several years the domestic economy has been operating at boom levels. There has been little unemployment; wages have steadily increased; business investments in new plant and equipment have been very large; industrial production has expanded to record peacetime levels; wholesale prices of most products, except agricultural, have been maintained; and defense expenditures have been huge.

As a result, business has been extra good up until now. But signs are continuing to multiply that a plateau has been reached. Some business indexes have already turned down.

USDA spokesmen believe, however, that only a minor decline in
general business activity is to be expected in 1954. They feel that the domestic demand for farm products in 1954 will be maintained very close to that of this year.

Spokesmen at the outlook conference believed also that foreign demand for American farm products during 1954 would be stabilized at about 1953 levels, which it is granted were disappointing.

Production may slip a bit; supports maintained

The supply side, or farm production, in 1954 will of course depend on weather developments plus the effects of new production controls on important crops such as wheat, corn, and cotton. Assuming normal weather and yields, total production and marketings are expected to be only slightly less compared with those of 1953. Of course, significant variations may occur in different geographical areas and among farm enterprises.

Price support operations in 1954 are expected to be carried along about as they have been in 1953. The six basic crops will continue to receive 90 per cent of parity supports. The Secretary has recently announced continued price supports in 1954 for oats, barley, rye, and grain sorghums at 85 per cent of parity. Pressures are mounting to give additional farm products higher price supports.

Sometime during 1954 the Congress is expected to work out a new farm program to apply in 1955 and later years. At the present time it appears likely that any new farm legislation will continue to hedge farmers against the effects of serious depression.

Expectations favorable

The Bureau of Agricultural Economics in estimating agricultural economic trends in 1954 made several general assumptions as follows:
1) The international situation will remain at least as stable as it has in 1953.
2) Average weather will prevail in 1954 for the country as a whole.
3) Domestic and foreign demand will continue at about 1953 levels in terms of purchasing power for farm products.

Working from these important assumptions, spokesmen at the recent outlook conference presented the following estimates or guesses for 1954:
1) Prices received: “Prices received by farmers next year may hold fairly close to present levels.”
2) Prices paid: “The farmer will not have to contend with a much further worsening of the cost-price squeeze.”
3) Farm income: “Farm operators' realized net income may be fairly close to the 1953 level of $12.5 billion.”
4) Livestock and meats: “Cattle numbers on January 1 are likely to be different from January 1953... With a continued strong consumer demand, prices are expected to hold relatively stable around current levels.”
5) Dairy products: “Total supplies probably will exceed demand at prices approaching this year’s level.”
6) Eggs and poultry: “Production of eggs and broilers... promises to be even larger next year. Prices may average somewhat lower in 1954.”
7) Wheat: “Wheat supplies for the 1953-54 marketing year are estimated at a record of more than 1,700 million bushels.”
8) Corn and other feed: “Supplies of feed concentrates are at a near record quantity per grain consuming animal unit. Feed prices this fall and winter are expected to remain somewhat lower than a year earlier, but prices of a number of feeds may strengthen along with corn later in the feeding year.”

Don’t sell farmers short in ’54

Not only is the outlook for agriculture important to district farmers, but it is also significant for bankers and other businessmen. The banker has fewer lending worries when his farm customers are relatively prosperous. Businessmen sell more goods and services to farmers with net incomes on the plus side.

Farm prosperity is reflected all down the line in concerns that finance, transport, process, store, and market farm products from production to consumption.

The indications for a considerable degree of economic stability in 1954 may give some assurance to businessmen generally that perhaps the worst of the “price-cost squeeze” for farmers is now behind them. Severe drouth in the Ninth district could, of course, “upset the apple cart,” but at present it would appear to be a mistake to sell the farmer short in 1954.

F. L. Parsons
Significant finds have been made and facilities constructed, but activity has been slowed for lack of large-scale outlets for oil.

WITH the Williston basin at a stage where its development phase is "retarded," expanded production would now seem to hinge on additional pipelines and adequate markets.

Oil output has been limited and some discoveries have disappointed, but since the basin's progress was last reviewed here (July 1952) there have been a number of significant happenings.

Twenty-seven new oil finds have been made (indicated by arrows in chart 1). Though greatly varied in depth, quality, and significance, the total number of fields discovered by early autumn thus had reached 38.

The period also has been marked by substantial capital investments in new pipelines and refining facilities. These suggest that moves will be made to improve outlets.

Business in the basin has reflected, at the same time, the pace of oil development.

New zones discovered

Among the more interesting finds of the past 14 months were these:

- Bottineau county pools discovered late in 1952 were the first significant shows of oil off the Nesson anticline in North Dakota. While the area still remains marginal (some water is produced with the oil), the discoveries have lent greater immediate interest to the relatively shallow, eastern flank of the basin.

- The Dynneson well in eastern Montana was the first commercial find in the deep central portion of the basin, away from the two major anticlines. It developed into a good producer—the deepest in the basin at 12,600 feet.

- Shell's Cabin Creek discovery in Montana uncovered a "pay zone" several hundred feet thick. Elsewhere in the basin producing intervals are generally 25 to 150 feet in thickness.

- The Fryberg discovery in southwestern North Dakota uncovered a new producing sector in that state remote from previous discoveries. This well also gave the first encouraging shows of oil in a porous sandstone formation. (Limestone layers are the source of all present production in the state.)

On the other side of the ledger, some discoveries proved to be disappointments and many a promising show of oil was found to be of limited importance upon further testing. Cases in point were some of the Bottineau wells, a number of Bottineau discoveries, and the Wolf Point field in Montana.

Only two fields are being developed with any rapidity: the Beaver Lodge and Tioga fields of northwestern North Dakota. With more than 200 wells between them they produce about 60 per cent of the oil coming out of the Williston basin. Even at this, the wells are "held back." Their output could perhaps...
Oil output not great

Oil production in the Williston basin during the first half of 1953 averaged 22,000 barrels a day. Of this amount, North Dakota fields supplied 14,300; Montana fields 7,600; and the remainder came about equally from Saskatchewan and Manitoba.

It is evident that the basin's oil output, as its third year of activity draws to a close, remains relatively small. Production during August averaged about 25,000 barrels a day—less than one-half per cent of the nation's total.

By way of contrast, oil production in Alberta approached 300,000 barrels a day this summer (in the province's seventh year of intensive oil development).

Williston Basin Output, August 1952

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of Wells</th>
<th>Barrel Per Day Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saskatchewan</td>
<td>36</td>
<td>1,540</td>
</tr>
<tr>
<td>Manitoba</td>
<td>59</td>
<td>1,820</td>
</tr>
<tr>
<td>Montana</td>
<td>72</td>
<td>7,600</td>
</tr>
<tr>
<td>North Dakota</td>
<td>204</td>
<td>14,320</td>
</tr>
<tr>
<td>Total Williston Basin</td>
<td>371</td>
<td>25,280</td>
</tr>
</tbody>
</table>

One factor stimulating activity at North Dakota's two major fields is the expectation that refineries now under construction in the state will be able to absorb about 33,000 barrels of this crude oil daily by the end of 1954. Necessary pipelines have already been completed. (See chart II.)

Similarly, in Canada where the Interprovincial pipeline cuts through the Canadian portion of the Williston basin, it has been possible to continue field development work much more rapidly than is generally the case on the U. S. side of the border.

In Montana the most developed field is East Poplar with about 30 wells. However, none of the dozen fields in the state have really been outlined or systematically drilled. In fact, some fields plotted in chart I have only one or two wells.

South Dakota is, so far, the only state in the basin with no commercial oil production, though there have been "shows." One of these (located in the corner of the state along the southern extension of the Cedar Creek anticline) is now being tested for production.

Considerable exploration activity has been carried out. During the fall (an exceptionally mild one) there were about 100 seismic crews in the basin. But over-all development activity is slowed considerably because no ready markets exist for the oil. As a consequence, prices are generally quite low (from $1.60 to $2.00 a barrel at the well) and production at all fields is "shut in" to some extent.

Plants, pipelines take shape

Meanwhile, pipelines, refineries, and other facilities undertaken in the basin during the past 14 months called for some rather substantial capital commitments. Ground was also broken on related construction outside the basin area, and some of these projects are indicated in chart II.

At Mandan in central North Dakota, Standard Oil company (Indiana) is at work on a 30,000 barrel-a-day refinery scheduled to be ready late in 1954. Both the 150-mile crude oil pipeline from Nesson anticline fields to the refinery, and the 200-mile products line from Mandan to Moorhead, Minnesota, have been completed. (Moorhead is the western terminal of one of the company's existing product lines.) Cost of these projects exceeds $30 million.

From the Billings-Laurel area in Montana, where 45,000 barrels of daily refining capacity is located, product movement will be aided by two new pipelines. One of these, Yellowstone Pipeline company's 940-mile line from Billings to Spokane, is under construction.

This $20 million carrier will have terminals at Helena, Missoula, Bozeman and Spokane, and its 10-inch diameter steel pipe line will be engineered to an initial capacity of 30,000 barrels daily. Main participants are Continental and Carter oil companies.

An 8-inch products line is planned by Williston Basin Pipelines, Inc., from the Laurel-Billings area to Glendive. This $5 million project is expected to be completed in the summer of 1954. It will serve markets in eastern Montana and the western Dakotas. Crude oil refined in the Billings area comes from Wyoming and Colorado fields.

Two small refineries in North Dakota are under construction, but these will have relatively little effect on the crude oil market. They are the 2,000 barrel-a-day Queen City refinery at Dickinson, and the 1,500 barrel-a-day Williston Basin Refining unit at Williston.

Gas produced with oil at fields along the Nesson anticline will be processed at a natural gasoline plant being constructed near Tioga. The $15 million plant, to be operated by Signal Oil and Gas company, will eventually handle about 50 million cubic feet of "wet" gas daily, and wring out of it some 9,000 barrels of pressurized liquids (propane, butane, and so-called "natural gasoline") plus 50 tons of sulfur (which exists as hydrogen sulfide in the underground oil reservoir).

The resultant "dry" gas is similar to that burned in homes and industry, and has been contracted for by a newly formed utility for resale after the plant goes into operation next year.

New Minnesota refinery dedicated near Duluth

South of Duluth, Minnesota, International Refineries, Inc., began operation of their 11,500 barrel-a-day refinery in May. The firm has received government approval for rapid amortization on a proposed $4 million product pipeline from Duluth to Minneapolis, where most of the company's product is marketed.

Crude oil is purchased under a 10-year contract from the Canadian Interprovincial pipeline.

Interprovincial Pipeline's extension from Superior, Wisconsin, to Sarnia, Ontario, has just been completed. Alberta oil now pumped across the upper Michigan peninsula leaves the Ninth district at St. Ignace, Michigan. The $76 million line, carrying up to 120,000 barrels a day of crude oil, serves two refineries in the district en route.

In the Twin Cities area, Northwestern Refining company has completed a catalytic cracking unit at St. Paul Park, although its expansion program to a 30,000 barrel-a-day crude capacity is still in process.

A new firm, the Great Northern
Oil company, picked a tentative site for a 20,000 barrel-a-day refinery along the Mississippi river near South St. Paul. However, this proposed $15 million plant hinges on construction of a crude oil pipeline from eastern Montana through the Twin Cities area to Chicago.

If both refinery projects are actually carried to completion, they would result in an active demand for crude oil in the Twin Cities of about 50,000 barrels a day.

**Pipeline links needed**

Of the foregoing projects, only the Standard Oil refinery represents a commitment to purchase any substantial “chunk” of the basin’s output. However, by the time this refinery is in operation and capable of absorbing up to 30,000 barrels daily, the Nessan antiline fields that supply it may be able to more than double that figure.

Eastern Montana’s fields are relatively unaffected. Local gathering systems have been constructed to convey oil from scattered wells to nearby loading spurs. For example one is at Glendive, where the Texas Pipeline company has put in about 22 miles of steel pipe connecting some 20 wells, and another is in the East Poplar field, where nine miles of plastic pipe have been installed.

But these measures obviously fall short of “curing” the basin’s marketing difficulties. The only satisfactory answer would be pipeline links to major markets capable of absorbing, over the years to come, production amounting to hundreds of thousands of barrels a day.

One of the projects most persistently reported under consideration (but by no means assured) is a crude line from eastern Montana via the Dakotas to Chicago.

Existing production potential—in the neighborhood of 40,000 barrels a day—is not sufficient to warrant such a line. A firm supply of 60,000 to 100,000 barrels of oil daily in excess of local consumption is estimated as requisite to long, trunk pipeline construction.

**Geology promises needed production**

There is little question that supplies of the required magnitude will be found. Judging by the basin’s huge volume of sedimentary rock favorable to oil occurrence, enough probably could be found within two years at reasonable drilling rates.

Authorities regard it unlikely that even a major portion of the oil fields hidden beneath the Williston basin’s surface have been found. For one thing, vast areas of the basin are undrilled, and much remains to be learned about the region’s “internal anatomy.”

The basin has very thick and extensive sections of rock similar to those in other oil producing regions. Several of these layers have been found productive in the Williston basin—though not necessarily all of them at any one locality.

On a relative volume basis the Williston basin in all probability will approximate the productiveness of such other oil regions as Alberta or those in Texas.

**Business effects have been conservative**

Though the basin remains important in potential, its development has dropped in tempo at many points. It would be erroneous to apply the term “boom” to the situation. For the most part, the things that are done are slow and deliberate—even hesitant—and local business has responded accordingly.

In some ways the basin seemed to be poised in anticipation of more pipelines and market outlets, while potential sponsors of these in turn carefully study its drilling achievements.

Among business communities in the basin, the town of Williston, North Dakota, has had perhaps one more.
Signs of Strength Appear in Economy

THE NINTH district economy showed strengthening signs as recent trends fortified the general outlook—a better general outlook than had been the case earlier this fall. Building is continuing at a remarkable pace, to finish out the year at high levels with no apparent letup.

Department store sales picked up during November for the beginning of what is expected to be a favorable Christmas sales season. Even the big weak spot of the Ninth district economy over the past year—cattle prices—seemed to be stabilizing, and expectations for high meat demand pointed to a satisfactory winter market outlook.

Demand for credit seemed to be greater than usual—at least, loans added since mid-year by district member banks exceeded the net increase shown during the like period of 1952. This was in marked contrast to loan behavior in the rest of the nation, where the net seasonal addition was much less than last year.

**B U S I N E S S**

**Department store sales have shown improvement**

District sales in November again were ahead of corresponding 1952 receipts, according to preliminary figures. In the four large cities, weekly sales for the last week of October and the first two weeks of November were up about 5 per cent.

Most merchants expect Christmas sales equal to or better than those in 1952, interviews indicated.

For the month of October, sales fell below the corresponding 1952 receipts in all but a few areas of the Ninth district. Sales were down by 4 per cent for the entire district. Most merchants attributed the slump in sales to the unseasonably warm weather, which caused deferment of purchases of such items as fall and winter clothing.

Employment also lagged in retail trade firms during October. Usually beginning to build up noticeably in preparation for the heavy Christmas trade, such employment rose less than normal this year. For instance, the number of full- and part-time workers in retail trade in Minnesota increased by less than 1,700 between September 15 and October 15, while last year the gain was almost 2,300 workers.

In Montana the number of full- and part-time workers in retail trade actually declined by 700.

**Construction activity has been brisk this autumn**

The substantial backlog of construction projects caused contractors to take advantage of the exceptionally dry, warm weather. It was also reflected in employment figures available for October.

In Minnesota the number of workers on construction jobs in that month exceeded, for the first time this year, the number employed in the same month of last year.

In Montana, October usually marks the beginning of the winter letdown in employment, but this year the downturn was at a minimum. According to the state employment service, the number of construction workers, contrary to the usual downward trend, rose by about 100 between September 15 and October 15.

Monthly employment in construction has been steadily above the 1952 totals on the upper Michigan peninsula.

The backlog of construction projects is reflected in the amount of contracts awarded for residential building and the dollar valuation of building permits issued for nonresidential projects.

In the third quarter the amount of contracts awarded for residential building in this district was more than one-fourth larger than the total for the same quarter in 1952. As a result of the fall pickup in building of houses, the number of new housing starts this year may not fall far below the total for last year.

For the nation, housing starts are now estimated at 1,100,000 in 1953, which would be only about 30,000 below the number of new starts in 1952.

The building of schools and churches or additions to such buildings and industrial plants, warehouses, and commercial buildings has continued strong. From July to October inclusive, dollar valuation of building permits issued by representative cities in this district for such projects was more than two times the total issued in the same months of last year.

**Business failures rise slowly**

There has been an increase in the number of business failures since the early part of the summer. In the third quarter, 40 firms in this district failed as compared with 20 and 33 respectively in the first and second quarters of this year.

Last year the number of failures in any quarter did not exceed 35.

The amount owed creditors by firms failing in the third quarter exceeded the aggregate amount owed by those failing in both the first and second quarters.

The rise in business failures in this district has occurred mainly among distributors, both wholesalers and retailers. Stiffer competition has been at the root of most liquidations, since it has reduced or wiped out profits for some marginal firms.

Automobile dealers have been squeezed by the decline in used car prices, but failures by no means have been limited to the automotive field.

Primary causes of business failures, according to men who are in a position to observe, have been: 1) a decrease in the volume of sales; 2) excessive overhead costs due to inexperienced management; and 3) not
sufficient capital to serve as a buffer against minor reversals.

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**FARMING**

> Winter cattle market appears in good position

Generous rains over the Midwest, development of winter wheat pastures, and continuation of strong consumer demand for beef have tended to stabilize cattle markets in recent weeks.

Some observers believe, in view of anticipated strong demand for beef this winter, the government beef purchase program, and reduced supplies of competitive red meats, that the winter cattle outlook is good.

The probability of reduced numbers of cattle on feed this winter, compared with last year, should also add strength to cattle prices this winter.

> Pig crop larger in 1954

The 1953 pig crop is expected to reach a five-year low. But in response to relatively favorable hog prices this summer and fall, hog producers will likely increase sow farrowings next year.

The 1954 spring pig crop is now expected to show some increase from 1953. Actual slaughterings may begin to rise above those of this year around mid-1954. Until then, pork supplies will probably remain below 1953 levels.

Feeder pig prices are relatively high at present. That is because fall pig numbers are on the low side and because the short-term outlook for hogs appears optimistic.

> Beef producers now have indirect support

Two years ago (October, 1951) beef cattle prices averaged 146 per cent of parity. In October 1953 they were only 71 per cent of parity.

Although some producers feel that direct price supports are desirable, it is by no means a universal demand. For example, a poll of livestock producers in Montana a few weeks ago indicated fewer than one out of four livestock men favored some form of price supports.

There is an indirect beef price support program in operation at present. It is the beef purchase program which was started last spring. Heavy purchases were delayed until this fall to give support when most needed. It was designed especially to furnish support for the lower grades of cattle.

The Secretary of Agriculture recently said that the meat equivalent of over 750,000 head of cattle would be purchased before December 15, 1953. This represents nearly one-half of all cutters and canner cows marketed between October 1 and December 15 and will account for a large proportion of beef slaughter during the first half of December.

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**BANKING**

> Deposits failed to match year-ago gain

District member banks enlarged their holdings of earning assets in October by three times the amount that deposits increased, with the result that bankers' cash balances declined by $19 million.

Deposits, which increased by $105 million in October last year, went up by only $10 million this October. The over-all gain of $10 million represents net withdrawals of $9 million at the city banks and net deposits of $19 million at the country banks.

The deposit reduction at city banks compares with an increase of $58 million at the same banks in October last year. Contributing to the reduction this October were withdrawals of public funds much larger than a year ago.

October deposit changes for 1952 and 1953 are shown by states below.

**October Deposit Changes at District Member Banks**

(Millions of Dollars)

<table>
<thead>
<tr>
<th>State</th>
<th>1952</th>
<th>1953</th>
</tr>
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<tbody>
<tr>
<td>Michigan</td>
<td>+2</td>
<td>-73</td>
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<tr>
<td>Minnesota</td>
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<td>-4</td>
<td>+3</td>
</tr>
<tr>
<td>Total</td>
<td>+10</td>
<td>+105</td>
</tr>
</tbody>
</table>

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Contrary to national trend, district loans increased more than a year ago

Member banks in all district states except Michigan added to their loans during October; the largest part of this new indebtedness was lodged at country banks, which accounted for $23 million of the $29 million addition to loans in the district for the month. A substantial part of the addition to loans in October represents the purchase on October 28 by district banks of Commodity Credit corporation "certificates of interest" worth almost $12 million.

For the second consecutive month, member banks in North Dakota added to their loans at a much higher rate than did the average member bank. In October, loans at North Dakota member banks increased by 7 per cent compared to the district average of 2 per cent; gains for September were 12 per cent and 1 per cent respectively.

Unlike the situation in the rest of the nation, where loans have expanded less rapidly since June than in the same period last year, Ninth district member banks have added more loans since June than they did in the same period of last year. Time deposits at country banks increased by the same amount they had a year ago, while at city banks the increase was limited to one-third last year's gain.

Borrowing by the city banks was unchanged for the month, but country banks added $2 million to their bills payable in the same period. The amount of investments held by district member banks was enlarged only slightly in October as purchases of U. S. government securities were almost offset by the liquidation of other securities.

Despite the fact that district member bank deposits were higher at the end of October than at the beginning, required reserve balances declined between the two dates. This situation was produced by the shift in deposits from city banks, where higher reserve ratios are required, to country banks, where lower reserve ratios are required.
**Hungry Horse big power producer**

The $102 million Hungry Horse project, in the final stages of construction, became one of the leading power producers in the Pacific Northwest. During the last week of October, maximal production reached the rate of 285,000 kilowatts per hour.

Water was being used at the rate of 10,000 acre-feet a day, and the level of the reservoir was lowered one foot.

The dam will supply power to Anaconda Aluminum company’s $50 million reduction works now under construction at Columbia Falls, Montana.

**Chamberlain span to be dedicated**

Plans are being made for the dedication of the $2.5 million bridge across the Missouri river at Chamberlain, S. D. The bridge, 2,004 feet long and four lanes wide, was scheduled for completion about December 1.

**Cuyuna manganese plant completed**

Manganese Chemical corporation’s new manganese recovery plant at Riverton, Minnesota, was completed recently. The $2 million plant will use the ammonia carbonate process to separate chemically manganese from coveries of the actual oil fields—but they outwardly expressed the thinking of the hundreds of companies and individuals who planned and shifted “overhead” staff in an effort to set themselves for a long development ahead.

Following are a few specific examples of the kind of thing that has happened:

- In Glendive, the Texas Pipeline company opened a permanent office. Crude oil gathering lines completed this fall were initial achievements.
- At Rapid City, Shell Oil company opened an exploration office out of which some of the company’s South Dakota efforts will be directed.
- Amerada established its regional headquarters in Williston, where it opened a new two-story office building in April. The office is located about 50 miles west of the two big fields in North Dakota, from which Amerada’s wells alone produce nearly three-quarters of the state’s daily output.
- Billings was selected by two major companies as a regional headquarters this past year. Socony-Vacuum Oil company will begin work soon on a four-story office building to be ready for occupancy early in 1954. The entire Williston basin, northern Rocky Mountain and western Canada region will be supervised through this office.

**Insurance group plans building**

The Lutheran Brotherhood (life insurance society) announced plans for building a $1.5 million home office building in the Minneapolis loop. Construction of this four-story building is expected to start next April or May.

**Marketing moves coming**

These occurrences are a sample of the step-by-step positioning that will likely continue for the next several years by large firms and small. No cascade of developments, but rather an irregular, bit-by-bit preparation brought about by the statistical nature of the task of finding oil fields and then finding takers to handle the oil produced.

Development has been retarded by economic necessity, but it is certain that major moves to market the basin’s crude oil are in the wind. They would have to be forthcoming within the next few years.

Only through the anticipation of such marketing developments are the new offices and depots, the large investments tied up in leases and equipment, and the persistent though scattered drilling efforts made economically meaningful. The investments cannot begin to pay off until the basin begins to produce in larger quantities.