copa fields, and where adequate transportation facilities had been installed. In Calgary it can be taken out only by tank cars, and if the railways become clogged with business and the market becomes temporarily glutted, the price of oil might easily drop to fifty cents, and perhaps twenty-five cents, per barrel.

Before estimating oil returns, it might be proper to stop and see what the purchaser of shares ought to expect from his venture. Capital to the average man is easily worth 10% per annum. The average life of a well is perhaps two years. But let us put the average life at Calgary at five years. Therefore there should be returned to the venturer 20% on capital account and 10% on interest account, making 30% return in dividends before the venturer can consider himself as breaking even on the purchase. In other words, 30% of $149,500, amounting to $44,850, will have to be declared in dividends to the public each year for five years before they will get their original investment back. This, by the way, is something more than one-half of what went into the company's treasury in the original instance.

But for the public to receive $44,850 in dividends, the company will have to declare dividends on $800,000, the outstanding capital stock, or $400,000 cash value, which is the same ratio as the offering of shares to the public. This at 30% amounts to $120,000.

If we assume that the average price of oil is one dollar per barrel, the company should easily be able to save 75c per barrel for net earnings. To earn net $120,000 the well of the company will have to produce ,at the rate of 75c per barrel, 160,000 barrels of oil per year, or the life of the well 800,000 barrels, or per day 438 barrels. This is a fairly liberal estimate for a well to produce, and many producing well owners would be happy to show as substantial a result. Yet this must be produced to break the public even on the venture. Production over this is profit.

Now other wells may be drilled on the leases of the company, the cost of which is defrayed by the producing well. The new wells drilled may be brought in, in which case they will be considered as profit or they might not, in which case the dividend to be declared will be reduced. The geologists tell us that while in the aggregate the supply of oil is large, yet when considered in toto it is quite limited. Where an oil field is extensively developed the yields quickly drop off. Such is the case in the Bakersfield and Maricopa fields, and practically every known oil field in the world.

The conclusion is this: That in the case of the typical instance cited for an example of operation in the Calgary oil fields the company must strike oil, and strike it in quantity, before it can get out its public shareholders even, and to make a profit out of operation for them, the company must make more than an ordinary strike. While we believe and hope that Calgary will make good as a splendid producing oil field, the results to date have not brought in a producer. Many wells are being driven, and a great deal of machinery is being shipped in for more extensive drilling; but so far oil has not been found in paying quantities, however favorable the indications are.

To bring back the public memory four years, it will be recalled with what enthusiasm oil shares then were subscribed for in Vancouver. The companies floated then operated in the largest field in the world, under conditions where the signs for sinking wells were the most promising. Yet of about thirty-five companies floated, representing about that many millions of dollars of share capital, only two or three struck oil, although all were said to have struck wet gas, and only one has produced oil in paying quantities, and that one has never paid a dividend. Of all the companies floated, no shareholder has ever received a penny in return.

The discussion we have taken up has not had any suggestion of bad faith or fraud. Only companies offering shares in good faith, with good personnel of directors, of capable administration, and honestly handled, are contemplated. What shall we say, then, of companies wherein fraud develops, or was there in its incipiency, where bad faith and incapacity are apparent? Where, in that case, is the public shareholder?