

CHAIRMAN'S OFFICE  
MAILED

MAR 15 1961

The Honorable Maurine B. Neuberger  
The United States Senate  
Washington 25, D.C.

Signed by: \_\_\_\_\_

Re: Umpqua Oil Corporation  
File No. 245-1782

Dear Senator Neuberger:

This is in reference to your letter of March 2, 1961 concerning an inquiry you received from Mr. Hugh Berry which relates to the above-named company.

I am enclosing a memorandum prepared by the Division of Corporation Finance of this Commission concerning the subject matter of your inquiry. I appreciate your interest in this matter and will be glad to answer any further questions which you may have.

Sincerely yours,

Edward N. Gadsby  
Chairman

Enclosure

RCO<sup>o</sup> Brien: aam  
(GRIFFIN)

MEMORANDUM PREPARED BY THE DIVISION OF CORPORATION FINANCE  
OF THE SECURITIES AND EXCHANGE COMMISSION IN CONNECTION  
WITH THE INQUIRY OF MARCH 2, 1961 FROM THE HONORABLE  
MAURINE B. NEUBERGER

Senator Neuberger forwarded to the Commission a letter from Mr. Hugh B. Berry, a director of Unpqua Oil Corporation, concerning the use of certain geologist's reports and pictures in the company's offering circular and selling material filed pursuant to Regulation A of the General Rules and Regulations under the Securities Act of 1933. Senator Neuberger requests a report on Mr. Berry's inquiry.

Unpqua Oil Corporation filed with the Commission on August 31, 1960 a notification and offering circular pursuant to Regulation A which is the conditional exemption from full registration under the Securities Act of 1933 for the offering of securities in the amount of \$300,000 or less. Included with the material filed was a geology report by Mr. Conrad Martin of Reno, Nevada. The material filed was examined by the Commission's Oil and Gas Engineer and it was determined that Mr. Martin's report tended to be misleading, as it related to the company's operations, in that (a) geological structural maps were not filed to substantiate the statements and conclusions made although it is understood that such maps exist; (b) the report was of such a general nature as to have little connection with the company's proposed test well; and (c) the report refers to oil production in California, Texas and Louisiana which may have no direct bearing on possible oil deposits in the Oregon area. It was therefore felt that this report, which comprised six pages of the 14-page offering circular, would tend to mislead investors.

In offering the securities, the company wished to use a brochure which included several pictures of oil wells and oil properties. This brochure was not to be accompanied by an offering circular as required by Rule 255 of the General Rules and Regulations under the Securities Act of 1933. The Seattle Regional Office of the Commission, therefore, informed the company that pursuant to Rule 256(c) the only material which could be used prior to sending an offering circular to prospective investors was a simple announcement stating the name of the issuer, the title of the security, the amount of the offering, the principal unit offering price to the public, the identity of the general type of business of the issuer and a brief statement as to the general character and location of its property.

In general, the Commission encourages the filing of geological reports if they have specific application to the particular properties which the issuer is exploring. Pictures of particular properties are also allowed as long as they do not detract from the written material. However, in no case may the circular to be used in place of an offering circular contain any more information or pictures than is outlined in Rule 256(e).

There is a particular need for investor protection in the area of exploratory oil corporations and the Commission must be especially vigilant to insure the investor realizes that he is purchasing an interest in a particular oil venture and not a general interest in the oil industry.

The Unpqua Oil Corporation offering circular was cleared by the Commission on December 1, 1960. The offering circular in its present form concentrates on disclosure concerning the company itself and its particular properties and problems.

C O P Y

Rosebury, Oregon  
Feb. 23, 1961

Senator Maurine Neuberger  
Wash. D.C.

Dear Senator Neuberger

A group of men and myself a few years ago drilled an oil well at Camas Valley Oregon. The well was ruined and for lack of funds wasn't completed. Now we have formed a new company, the Umpqua Oil and Gas Corporation.

The Federal Securities Exchange Commission of Seattle Wash and the State gave us permission to sell stock to finance drilling an oil well at Camas Valley Oregon. We have two very good geology reports, on the Camas area and the well that was ruined, by Conrad Martin of Reno Nevada and Dick Thorpe of King City California, both AAPG geologists. We had oil and gas shows in this well, at different zones, high gravity and parafine base oil, we also took a colored picture of the gas burning, a beautiful 5 to 6 foot orange flame, like you see in any oil field.

The Federal Securities Exchange Commission of Seattle Wash won't let us use the geologists reports or use the picture of the gas burning in our prospectus or brochure. Now Senator Neuberger what I want to know why is this against the law to use the geologists reports and a true picture of the gas burning in our brochure to sell stock, they give us permission to sell stock then tie our hands. After all it's the little wildcatters that open up these new oil fields and not the major companys.

Oregon does have oil, the reason I say this, I learned my geology the hard way, thru experience. I have checked oil ground in Montana Colorado Texas and Utah and I also called Gallup New Mexico an oil field three years before it was developed. I have affidavits made by attorneys and oil secretarys predicting the outc ome of wells before they are drilled and I have my first one to be wrong on, up to date.

I sent all this data and a picture of the gas burning to President Kennedy February 11th but haven't heard from him. Could you look into this matter and see what you can do for us. If you could see the picture of the gas burning the President has you could see what a wonderful industry it would be for the state of Oregon.

I am a Democrat, I talked to a lot of people to vote for you and was very happy when you were elected. Senator Neuberger would you please take this up with the President and let us know if you can help us, the quicker the better as this is urgent.

Very sincerely yours,

Hugh D. Berry

1322 So. E. Mill St., Rosebury, Oregon

Original returned to  
Senator Neuberger.