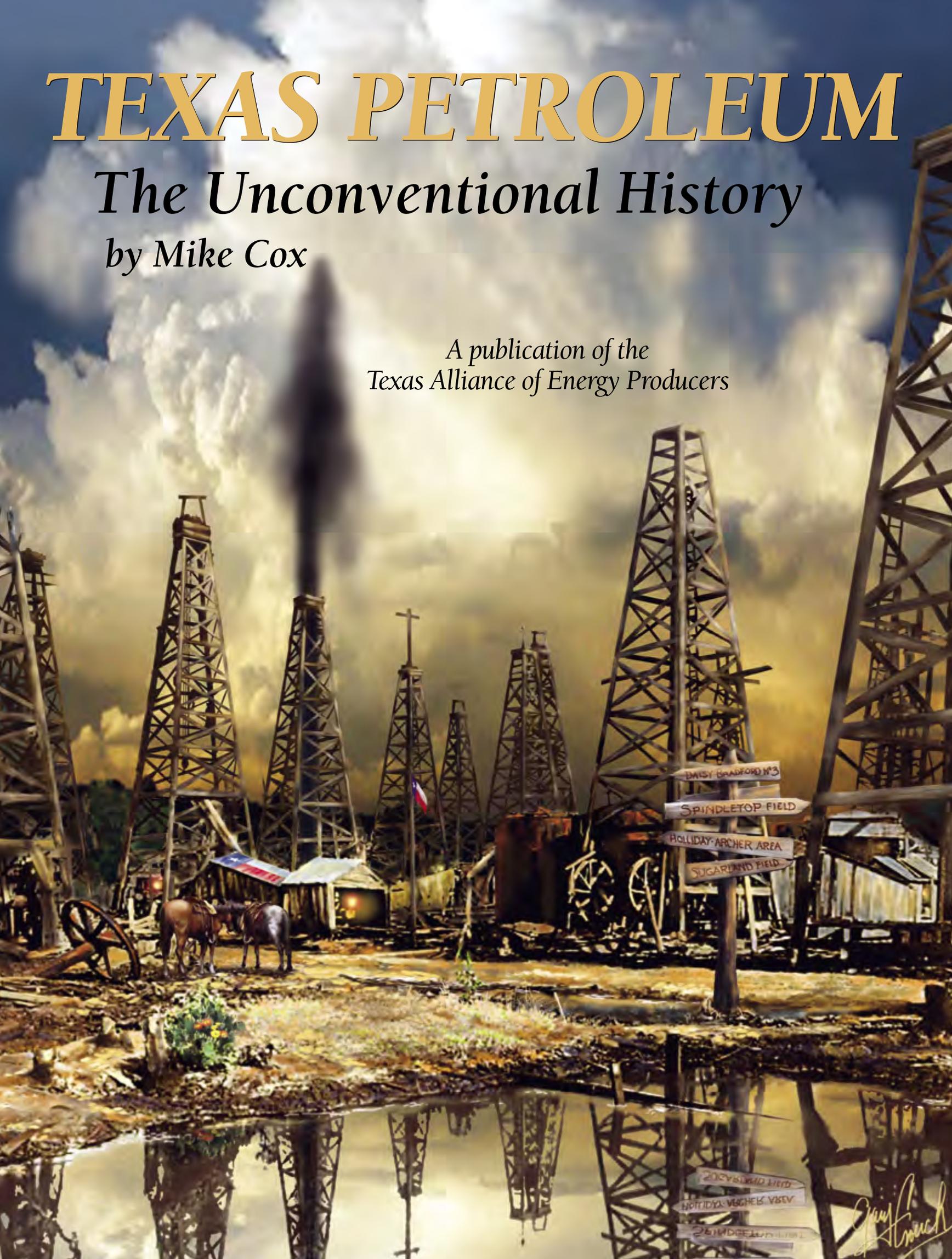


TEXAS PETROLEUM

The Unconventional History

by Mike Cox

A publication of the
Texas Alliance of Energy Producers



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INTRODUCTION

Born through dedication and stubbornness, the oil and gas industry in Texas has become an economic powerhouse that delivers jobs and prosperity to millions of people throughout the world.

The story of petroleum is written in the heartaches of failure as well as the excitement of success.

It is a story of drilling a hole deep beneath the Earth with the hope of producing hydrocarbons. The history of petroleum is controversial, but over time the value of crude oil and natural gas became important as a transportation fuel, electric power generation and so much more.

U.S. military forces used oil and gas to win World War I and II. Great Britain Prime Minister Winston Churchill proclaimed that the “Allies floated to victory on a sea of East Texas oil.”

Nations used the “oil weapon” in the 1970s in an attempt to influence U.S. foreign policy.

This is a story of an unconventional industry that has used unconventional technology and delivered unconventional results. It is a story of risk takers that have achieved greatness.

Alex Mills

President and Chief of Staff

Texas Alliance of Energy Producers



AUTHOR'S NOTE

I remember, when I was a teenager in the early 1960s, traveling with my granddad to Albany to do some camping and fishing. To get there from Austin, not that I paid much attention to maps in those days, we had to drive through Breckenridge. Even as a kid, I was struck by the fact that it boasted such a tall building for such a small town. That's because Breckenridge used to be a wild and woolly oil boom town, my granddad told me. And then, inveterate story teller that he was, he went on to regale me with his recollections of the oil boom days in West Texas. The reason he knew so much about it is because he was there. As a young reporter, he covered the Ranger oil boom in 1917. He worked for a long-defunct oil field newspaper based in Fort Worth, and also later was city editor of the also defunct *Fort Worth Press*.

Listening to Granddad's stories, it wasn't too hard for me to imagine what it had been like in those early days of oil exploration and production in West Texas. Thanks to that early introduction, I've been interested in Texas oil and gas ever since. Alas, the only money I've ever made off hydrocarbons in Texas is from writing about them, but at least it's been fun.

In researching and writing this book, my only frustration was in not being able to tell the story of Texas's rich petroleum industry history in as much depth as I would have liked. There are enough good stories, and fascinating characters, to fill a multi-volume set of books. So, in reading this book, please keep in mind that it is only what I hope you will find to be an interesting overview of the industry story in Texas.

Finally, I'd like to thank Beverly Waak, a long-time reader and lover of books who grew up in the refinery community of Baytown. She graciously read the manuscript for this book, gently pointing out typos, errors and areas needing clarification. She also took the author's photo. Truly, when I met Beverly, I struck it rich.

Here's hoping you enjoy this exploration of the industry that helped build Texas and is still at it today.

Mike Cox
Austin, Texas





PROLOGUE

When Virginia-born Enoch Horton brought his wife Martha and 10 of their 11 children to the Republic of Texas from Missouri in November 1844, all he sought was a piece of good land where he could raise his children and make a living.

The 640-acre tract he obtained through the St. Louis-based Texas Land and Emigration Company, whose Texas venture was known as the Peters Colony, lay adjacent to a shallow stretch of the West Fork of the Trinity River, about six miles west of a new settlement called Dallas. Other travelers found it convenient to splash across the river near where Horton had built his cabin, and as more newcomers moved into North Texas, the crossing became a well-used ford. When fall or spring rains raised the Trinity too high for horses and wagons, Horton took in a little money ferrying people and freight across the river.

One day when Horton saw an eagle's nest high in a nearby tree, he decided to call the spot Eagle Ford. A man that observant may have noticed a multi-layered outcropping of shiny, dark gray rock exposed along the bank of the river, but he could not have envisioned the future significance of those mud rocks and the vast underground formation—saturated with oil and gas—that stretched for hundreds of miles on a down-tilting plane all the way to the Mexican border. But long after Enoch Horton's time, long after his children's time and even their children's time, a huge chunk of subterranean Texas that came to be called the Eagle Ford Shale, a formation dating back to the Cenozoic era, would transform the state, the nation and the world.

In the first decade of the 21st century, an obscure, two-word place name in North Texas—Eagle Ford—became synonymous with a long, wide swath of oil production in South Texas that helped make the United States the world's top energy producer, eclipsing even the oil-sodden emirate of Saudi Arabia.

But that's getting ahead of the story. Before the Eagle Ford petroleum play changed everything, Texas had already seen one transformation caused by oil and gas—decades of boom and bust that gave the state the third component of an economic triad that, in addition to cotton and cattle, defined Texas until the development of the high tech industry became the fourth leg of the table.

Far more constant than the erratic value of a barrel of crude oil or the life and death cycle of oil and gas wells, oil and gas fields, and boom towns, has been the petroleum industry's constant quest for better ways to get the job done. Since the 1890s, Texas has often been on the cutting edge of petroleum-related technology. Less tangible than stacks of patents for drill bits, blowout preventers and pump jacks is a way of thinking that influenced many pioneer oilmen and still holds today—a willingness to take a chance on something most others see as foolhardy if not downright impossible. Many a Texan gambled and lost at the oil game, but many others risked everything and kept drilling or kept experimenting with new techniques until they struck oil, either literally or figuratively.

“Wildcatters,” as the History Channel's *Empires of Industry* series put it, “made and lost fortunes searching Texas for black gold. Like the gold rush prospectors of an earlier generation, these adventurers dreamed of wresting fortunes from the earth. Their target was oil, and their destination





was Texas. Part gambler, part geologist, a wildcatter risked everything to drill a hole in the ground in the hopes of becoming an instant millionaire. Wildcatters turned sleepy hamlets into boomtowns, earned and lost fortunes, and enabled America's transformation into a nation of cars and drivers."

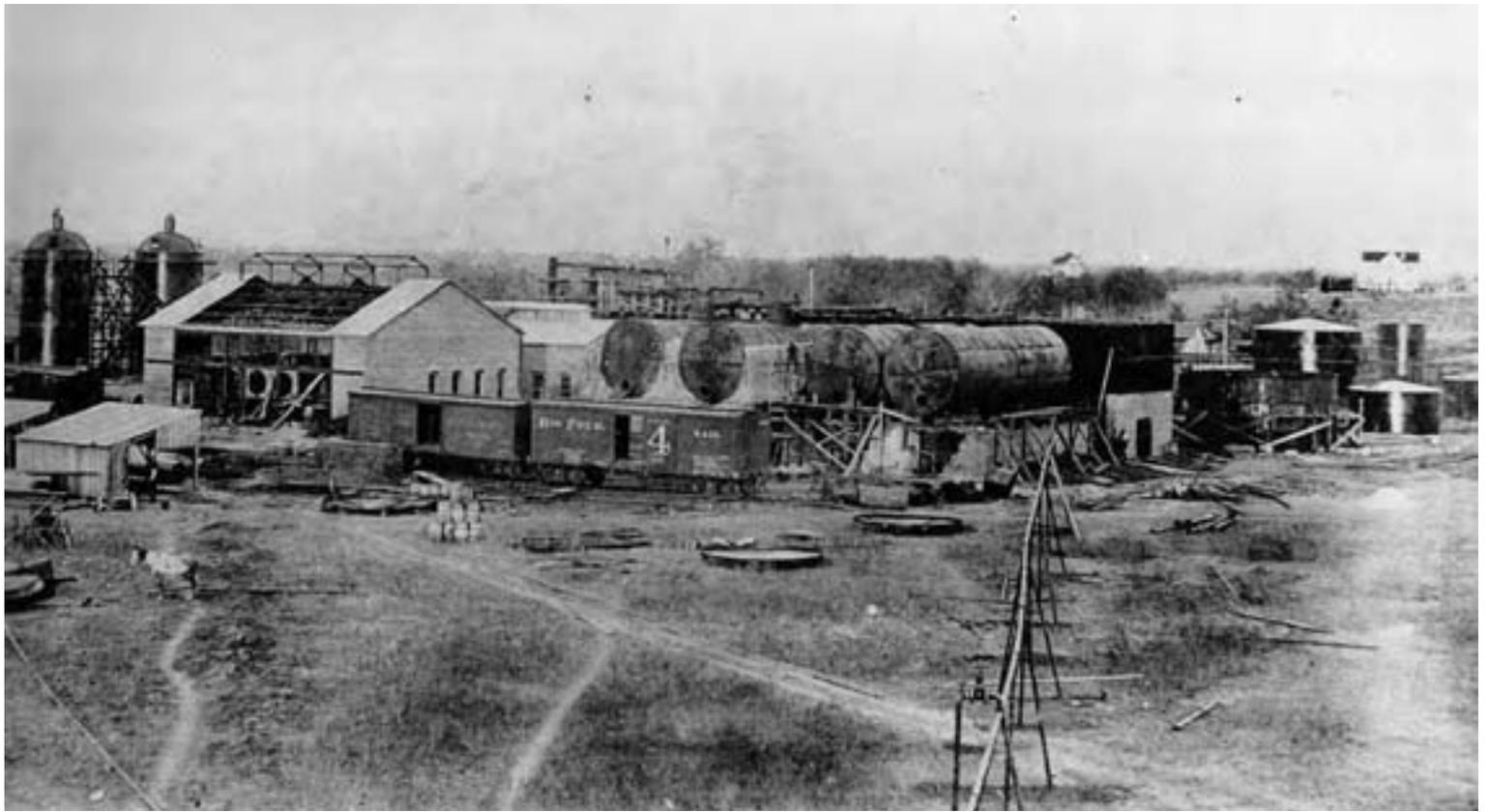
The oil industry not only helped build Texas, but the money that discoveries on 1.4 million acres of University of Texas-owned land in West Texas has brought in over the years has helped educate generations of young Texans. In 2013 the university made \$1 billion from oil and gas. In addition, tax revenue coming from oil companies helped fund government services and build and maintain infrastructure. Beyond that, the philanthropic use of oil money has gone to support everything from health care to scientific research to libraries and the fine arts. Invested oil money even gave Texas professional football.

"The money received from oil has contributed more than any single source to the building up of Texas's modern roads, hotels, office buildings, and universities, and it has contributed more than any other factor to make it possible for the whole United States to have low-priced motor fuel and to produce and to drive more automobiles than any other nation," University of Texas petroleum engineering professor Frederick B. Plummer wrote in 1937.

Big oil is a Texas icon supported by hardworking men and women and a colorful cast of wheeler-dealer characters – past and present, real and fictional – whose story alone could fill volumes. Writers have produced a sizable field of oilfield literature, from works of history and biography to technical studies and a tank truck of fiction. Hollywood has added to the mix, with movies like the 1941 Clark Gable and Spencer Tracy classic "Boomtown" and an even bigger film, 1956's "Giant" with James Dean and Elizabeth Taylor.

This is the story of Texas oil and gas, an unconventional history of an industry that has benefited the state, the nation, and the world.





CHAPTER 1

EARLY OIL

Somewhere between present Sabine Pass and High Island, in July 1543, survivors of Hernando Desoto's ill-fated expedition to further explore the New World for Spain noted a thick, gooey substance floating in the brackish coastal water. Later referring to it as *cope*, the Spaniards—forced inland by a storm in the Gulf of Mexico—used the pitch-like material to caulk the bottom of their vessels before they resumed their journey. Merely one of history's myriad footnotes, it nevertheless represented the first known use of a petroleum product by non-natives in what would become the United States.

Two centuries later, as Texas began to be settled, new arrivals noted oil or gas seeps here and there, but since oil had no real economic value, no one cared.

N A C O G D O C H E S

The American oil industry got its start in Pennsylvania on August 27, 1859—19 months before the Civil War—when Edwin T. Drake successfully oversaw completion of the first-ever well sunk in search of petroleum for commercial purposes. While his name, usually prefaced by an honorific “Colonel,” is generally the first to appear in any history of the oil industry, the jack-of-all-trades and former railroad conductor was not the man who came up with the idea of extracting oil from the earth and converting it into a highly sought product called kerosene.

New York lawyer George Bissell is the one who actually envisioned capitalizing on the growing demand for lamp oil by mining what was then known as “rock oil” (as opposed to vegetable or animal oils) and marketing it to light American homes and offices. Bissell's motivation had nothing to do with altruism. He pursued his vision hoping to make money, which, despite his lawyer's shingle, was something he did not have much of. To finance his scheme he teamed up with John Townsend, a banker from New Haven, Connecticut.

Townsend, in turn, happened to live in the same hotel with the then out of work Drake, whom he hired to oversee the drilling of an oil well near the timber town of Titusville, Pa. — a hilly area long known for its numerous oil seeps. The discovery well, drilled by a blacksmith named William A. “Uncle Billy” Smith, not “Colonel” Drake, came in at 69.5 feet and precipitated the first North American oil boom.

Down in Texas, Lynis Taliaferro Barret must have been an inveterate newspaper reader. Four months after Drake hit oil, Barret executed an agreement giving him mineral rights to 279 acres near a natural seepage called Oil Springs, 13 miles southeast of Nacogdoches in the piney woods of East Texas. The spot was well-known, at least locally. Spanish explorers had noted the seepage in 1790 and used oil from it to lubricate their cart and wagon wheels.

As a merchant and half-owner of a general store in the nearby community of Melrose, Barret appreciated the sales potential of the relatively new-fangled, kerosene-fueled lamp. A sudden national demand for what was then known as “illuminating oil” had pushed the price of a barrel of oil to \$20, a giddy amount of money in the mid-19th century.

Before Barret could organize a drilling operation, sectional differences brought on war between the North and eleven seceding Southern states which reorganized themselves as the Confederate States of America. Born in Virginia and loyal to that venerable commonwealth, Barret interrupted his career in commerce to serve as a captain in the Confederate army. His business partner enlisted in the CSA infantry.

While Barret had followed the progress of the nascent oil industry in Philadelphia, he likely never heard of Juan Lopez Saenz, a Tejano rancher in South Texas. Saenz had moved from Rio Grande City to Duval County in 1854. The rancho he established stimulated a settlement briefly known as Noleda before it acquired a longer-lasting name, Piedras Pintas. That's Spanish for painted rocks, which is what a nearby geologic feature looked like.



Corsicana's 1890s oil play led to the state's first refinery and generated a talent pool that helped shape the petroleum industry in Texas.



 Above: Early wooden oil tanks in Nacogdoches County, taken in 1880.

Below: Remnants of a nineteenth-century rig near Nacogdoches, where a grocer sunk a producing well in 1866.



Saenz needed water for his ranch, so he soon began digging a well on his land. Using a mule-powered drop tool tied to a rope, he found it irritating to hit oil at 30 feet. Badly needing water, he cut a piece of mesquite, wrapped burlap around it and used it as a plug to stop the oil flow. Then he continued drilling until he hit water.

The few writers who have mentioned Saenz's well over the years have always felt obliged to note that the Tejano's brush country "producer" amounted to the first "dual completion" in Texas. In a low-key way, the Piedras Pintas well also represented the state's first commercial oil operation. Saenz turned a *puercos*' ear into a silk purse by making a small amount of money off travelers who both watered their animals and greased the wheels of their carts at his well.

Up in East Texas, after the Civil War, Barret and his partner reopened their store and Barret revisited his plan to seek oil in Nacogdoches County.

On October 9, 1865, he signed a document which granted him "the exclusive privilege of mining operations" on the same acreage he had leased in 1859. The instrument provided that the heirs to the Skillern estate be paid 1/12th "of all products of said lands in the way of minerals or oils." In time, that kind of arrangement would come to be called an oil lease, a simple, two-word description of a new area of Texas real estate law that in future years would end up conveying billions of dollars. Mineral leases also gave scam artists a new direction to apply their skills.

Soon, other Texans grew Texas interested in oil. That September, Beaumont attorney George W. O'Brien received an interesting letter from A.B. Trowell of Liberty. Trowell recommended that O'Brien "buy all the land in Jefferson County that has sour lake water or sour lake tar on it...The great excitement of this age is oil...This region of Texas will be wild upon the subject..."

Later that year, someone did drill a well in Saratoga, but the effort went nowhere, largely because of inadequate equipment.

While the advice offered by Trowell would prove spot on, the first producing oil well in Texas would come in among the whispering pines of East Texas, not the upper coast.

In December, with funding from four other investors, Barret organized the Melrose Petroleum Oil Co. Despite its redundant name, the firm would have the distinction of being Texas's first oil company. Next Melrose Petroleum went on to contract with Benjamin T. Kavanaugh to provide drilling equipment to sink a well on the Skillern property. Using a piece of machinery called "Butler's Improved Auger for Boring Wells," Barret and company began drilling on June 9, 1866.

Work continued for more than three months until September 12, when the Melrose crew struck oil at 106 feet. The shallow well produced only 10 barrels a day, but an analysis of a sample the company sent to New York declared the oil "superior in all its properties."

With visions of his lease transforming his community into the Titusville of Texas, Barret traveled to New York and then Pennsylvania seeking financial backing for further exploitation of the Skillern tract. He secured a contract with Brown Brothers of Titusville, a company that agreed to ship \$5,000 worth of drilling equipment to Texas and begin working the play Barret had found. But on the day that effort was to have begun, the company wrote, as Barret later put it, "that on account of the low price of oil and the unsettled condition of the country [Reconstruction], it would be inadvisable to prosecute the work further."

Despite his prescient thinking, it turned out Barret had the right idea at the wrong time. A drop in oil prices to less than \$3 a barrel had tanked Eastern interest in the Texas play, and despite an upswing in prices in 1868, Barret's

dream of developing oil production in the Lone Star State went no further. Having found oil only to lose a fair amount of money in the process, Barret redirected his energies on the more dependable mercantile business.

Nineteen years later, other operators brought in oil wells in Nacogdoches County, but even though some 90 wells dotted the area by 1890, they netted a total of only 54 barrels, earning their royalty owners slightly more than \$225. Even so, Nacogdoches County can be said to be the first in Texas to experience an oil boom, albeit minor compared to what lay ahead.

Hoping to further capitalize on the growing illuminating oil market, a group of investors had a 14-and-a-half-mile pipeline built from Oil Springs to the rail line at Nacogdoches. And a small-capacity refinery began operation at Bayou Vistador, about three miles from the discovery well sunk by Barret. Primitive as both projects were, each represented the first in Texas. Nacogdoches County also saw the first use of both rotary and cable tool rigs, the first oil storage tanks and the first use of metal drums to hold oil.

Despite fairly extensive drilling and the development of some infrastructure, it does not appear that anyone saw the Nacogdoches field as having anything but minimal economic value. Before long, Barret and the Nacogdoches oil field he tried to capitalize on had been all but forgotten.

Still, the visionary store owner had established a business model that would last into the modern era—that to produce oil a would-be mogul needed a lease to a likely prospect, a company to secure drilling equipment and someone to oversee the drilling process. After that, he needed a way to get the oil from its source to its potential market.

A century after Barret struck oil in East Texas, as an assemblage of dignitaries gathered at Melrose to unveil a state historical marker commemorating the Virginian's pioneer efforts, Railroad Commissioner Ben Ramsey, a native East Texan, put the matter into perspective: "Like so many inventors and explorers, [Barret's] timing was unfortunate for his personal welfare.... He was trying to develop a supply of oil when there was a glut

in another part of the country [Pennsylvania] near the market [the more populated northeastern states]."

Barrett had been Texas's first wildcatter, long before the term entered the vernacular of the petroleum world. While he had been correct in his belief that money could be made from oil in Texas, a report prepared by the U.S. Bureau of Mines in 1871 did not share Barret's enthusiasm for the future of oil production in the 28th state of the union. In fact, Washington geologists flatly declared Texas had little if any oil to be found.

CORSICANA

Lynn Barret intentionally sought oil. The next significant petroleum discovery in Texas came purely by accident.

For decades, cotton growing had been the economic mainstay for the Navarro County town of Corsicana—and much of the rest of the state as well—but in the early 1890s, cotton prices withered. What the dry weather didn't kill boll weevils did. Several Corsicana businessmen decided that the future of their town lay in its industrial development, not agriculture. Since manufacturing plants needed a reliable supply of water, they organized a company to drill three artesian wells and hired a less-than-four-year-old firm to sink the shafts.

On June 9, 1894, drillers with the American Well and Prospecting Company hit oil-bearing stratum, not water, at 1,027 feet. The contractor lowered casing to seal off the oily sand and kept going deeper, finally hitting warm artesian water at 2,470 feet. Annoyed investors, needing a community water source much more than oil, punitively cut the contractor's fee by half, paying the company only \$500.

Despite the effort to keep the water well chaste, traces of oil made it to the surface and at some point, someone thought to strike a match near it. That simple test demonstrated that the oil was in a heavy enough concentration to be flammable. Learning of that, two entrepreneurially minded businessmen collected a sample from the well and sent it to Pennsylvania for analysis. Receiving a positive report, they organized the Corsicana Oil Development Co. to spud



All that remained of Texas' first oil well, photographed in 1937.



Another view of the 1898-vintage Magnolia Refinery in Navarro County.

a test well. But they needed money to do that. John Davidson, a veteran of the Keystone State oil industry, agreed to invest in the test and may have been the one who convinced fellow Pennsylvanian John H. Galey to come to Corsicana. An experienced wildcatter, Galey contracted to drill five test wells for half interest in the company's leases. In turn, Galey conveyed half of his interest to partner James M. Guffey.

Drilled in the heart of the town in 1895, the oil well produced only 2.5 barrels a day when it came in. In May of the following year, a well at Fourth and Collins streets that made 22 barrels in its first 24 hours showed the mineral possibilities of the area and brought further drilling. The Corsicana discovery killed off any lingering interest in Nacogdoches' oil patch, where production had dwindled to a barrel a day per well.

The Corsicana wells flowed only modestly compared with fields in Pennsylvania, Ohio and Kansas, and the Pennsylvanians quickly lost interest in the Texas enterprise and sold out. The Corsicana Oil Development Co. was legally dissolved with a new company, Southern Oil, taking its place. At the close of 1897, Navarro County had 43 wells that had produced 66,000 barrels.

Without petroleum infrastructure—storage tanks, pipelines and refineries—oil is only so much dark goo lacking a way to market. Hoping to solve that problem, Corsicana's mayor invited another Pennsylvanian to visit Navarro County. His name was J. S. Cullinan.

In 1882, at 21, Cullinan had gone to work for the Standard Oil Company in the Pennsylvania oil patch, then the most productive and busiest in the United States. Standard, founded in Ohio in 1870 and owned by John D. Rockefeller, was the world's largest oil company. Cullinan worked for the company for 13 years, learning how to drill a well, erect a tank farm, put down a pipe line

or operate a refinery. Two years after leaving Standard, Cullinan took the train to Texas to check out the new production in Corsicana.

With financial backing from two silent partners who just happened to be with Standard Oil, the Yankee oilman formed a company he called J. S. Cullinan and Co. Having both capital and know-how, Cullinan soon became the leading force in Corsicana's new oil play. He built a tank farm and started buying oil from local producers. In turn, he sold the oil, primarily to Standard Oil's regional marketing outlet in St. Louis, Waters-Pierce.

Cullinan shipped oil from Corsicana by rail, but knowing he could make more money for his company by refining the product in Texas, he spent \$150,000 to build a refinery in Navarro County. As two-time Pulitzer Prize-winning writer Marquis James later put it in his history of Texaco, the East Texas refinery was "the first worthy of the name west of the Mississippi." Though the facility distilled kerosene for lamps, one inevitable by-product of that process was gasoline, most of which had to be disposed of. No market for it existed.

While apparently seeing no future in gasoline, Cullinan clearly thought unconventionally. He successfully tested using crude oil for locomotive fuel instead of coal and he came up with the idea of sprinkling oil on Corsicana's streets to allay dust, one of the first road "paving" projects in Texas. Waco and Fort Worth also gave Corsicana oil a shot on their streets.

Another innovation particular to Corsicana but not connected to Cullinan involved a Civil War-era cannon. Whenever lightning or some other cause ignited a tank fire, workers charged the old artillery piece and shot a hole near the bottom of the tank to drain as much oil as possible before it burned.

Within a year-and-a-half of the initial discovery, the Corsicana field consisted of 47

wells producing 65,975 barrels. That kind of action brought about a phenomenon that would reoccur many times more over the next century and beyond—a cycle of boom and bust. Soon, practically every town lot in Corsicana had been leased. By the time the United States declared war on Cuba in 1898 following the explosion of the battleship *Maine* in Havana harbor, the Corsicana oil field had 287 producing wells.

Not only did Corsicana see construction of the state's first major refinery, it became the first Texas community to benefit economically from the oil industry. As would happen again and again in later years, the play changed Corsicana from a county seat town mostly dependent on agriculture into an industrial city, exactly what local businessmen had hoped for even if it hadn't happened the way they'd planned. When federal census enumerators fanned out over the city in 1900 to assess its population, they found 9,313 residents, up substantially from 1890.

The boom, though modest compared with the explosive growth future discoveries would stimulate in Texas, dramatically increased tax revenue. Its treasury flush with funds, Navarro County could afford to build a new courthouse in 1905. By that time, however, the output of the field had already peaked, having reached top production in 1900 at 829,559 barrels. In that year, Corsicana accounted for two percent of the nation's oil.

What happened in Corsicana demonstrated to all business-minded Texans that beyond the income it could generate for everyone directly connected to the new industry, oil had a multiplier effect on the economy. The state's oil field supply business came into being in Corsicana.

Two early figures in the soon-to-blossom oil production equipment industry, brothers C. E. and M. C. Baker, came to Navarro County in 1895 from South Dakota, where they had been drilling water wells with a hydraulic rotary rig. To make the drilling easier, they pumped low-density mud into the hole. When they tried that technique in Corsicana, they found they could complete a well in half to three-quarters of the time it took to drill with a traditional cable tool rig. Teaming up with the owners of American Well Prospecting Co., which had relocated from

Kansas after the oil play began on the basis of their water well, the Bakers began manufacturing rotary drilling rigs in the company's machine shop. Their invention revolutionized the oil industry.

"Corsicana's fame is not restricted to being the first commercial field developed in Texas," Lucile Silvey noted in her 1937 master's thesis, a study of the East Texas oil field. "It was here the rotary method of drilling was born, here the first southwestern pipeline was laid, here the first refinery was built, and here oil was first utilized for paving streets and roads, as well as for locomotive fuel consumption. It was at Corsicana that natural gas was first used for commercial heating and lighting purposes, out of which has grown a separate industry, vast in scope and regency."



In addition, the Corsicana oil field brought about a far-sighted piece of legislation, a pioneer environmental measure that marked the state's first effort to regulate the oil business. House Bill 542, passed on March 29, 1899, and later signed into law by Governor Joseph D. Sayers, made it illegal to drill into a second oil-bearing strata before "incasing" the well. Among other things, it also required plugging abandoned wells. The measure did not provide for any agency with oversight over oil production, leaving enforcement up to civil lawsuits.

Oil would continue to be a significant factor in Navarro County's economy for years to come. As late as the 1950s, Corsicana touted the fact that its population included 21 millionaires. That's why the city boasted in 1953 of having the highest per capita income of any Texas town.

However it's gauged, the early play in Navarro County gave Texas a talent pool that proved quite handy seven years later, when the state—and the nation—entered the new age of petroleum big time. And J. S. Cullinan and others with a Corsicana connection would be key players.



This Civil War-vintage cannon was used at Corsicana to puncture burning oil tanks.



CHAPTER 2

SPINDLETOP

“A GREAT OIL GEYSER”

Two years before the accidental petroleum discovery in Corsicana, a man who had only a few years before found God began a search for oil. His name was Patillo “Bud” Higgins.

His first discovery, his own spirituality, came in 1885 when he became converted at a Baptist revival. As devout a sinner as he would become a fervent Christian, Higgins had killed a Beaumont deputy city marshal in 1881. In the same gunfight which felled the lawman, a bullet fired by the officer mangled Higgins’ left arm. When an infection set in, a doctor had to amputate most of the limb. Having lost an arm, he at least gained acquittal in court, his lawyer convincing a jury of his peers that Higgins had slain the officer in self-defense, not plain meanness.

As is the case with most important discoveries, Higgins’s quest for oil was born of pragmatic need. Having transitioned from street fighter to businessman, in seeking the most efficient fuel to fire the kilns at a brick plant he operated, Higgins concluded oil would be the best bet. He had traveled to see out-of-state brick plants, finding they produced a better-fired brick after converting to oil.

For years, Higgins had believed oil could be found under a Jefferson County salt dome known as the Big Hill. (“Hill” is a relative term. The feature rose only about 15 feet above sea level, and looked like a hill only in comparison with the flat coastal plain around it.) His certitude was based on more than a hunch. He had taken his Sunday school class to the hill for a picnic, and while there he noticed several small springs with gas bubbling up. Poking a hole in the ground nearby, he lit a match and ignited the gas coming from below. The kids thought it was funny. Higgins thought it was very interesting.

Putting his Bible aside for a book on geology he had sent for, Higgins read by kerosene lantern light late into the night. In 1892, now fully convinced oil lay beneath the hill others called Spindletop (for a cone-shaped pine tree on top), he found three Beaumont businessmen willing to invest some money and organized the Gladys City Oil, Gas and Manufacturing Co. Gladys City, named for one of the girls in Higgins’ Sunday school class, existed only in his imagination and the fanciful engraving on the letterhead of the company’s stationery.

The street fighter turned businessman envisioned Gladys City as a future industrial metropolis, but just about everyone else in the area saw his proposed city and the oil play he predicted as nothing but a pipe dream. Higgins talked his partners into backing a test well on the hill, and in 1893 he hired a driller to spud in a well. Bad weather and slow going ate up available money and Higgins cancelled the test. He managed to raise money for a second test, but the driller did not have the right equipment for the job and the well ended up abandoned and plugged. Against his advice, other investors opted for a third try, which also flopped.

By this time, 1898, Higgins had sold his brick plant as well as his interest in the Gladys City company. What he did still have was leased acreage that included Spindletop, so if he could find someone willing to take a chance on another hole, he could still come out ahead if they found oil.

In 1899 he convinced mining engineer Anthony F. Lucas, then living in Washington, D.C., to bore (“boring” was the early term for drilling) another well on the hill. Lucas set about trying to raise money for a test, but given the history of failure at Spindletop, no one was willing to take a chance. Lucas ran the idea by the two gentlemen from Pennsylvania who had invested in Corsicana’s play for a time, James M. Guffey and John M. Galey. With money they got from Pittsburg millionaire Andrew Mellon, the deal was on. But Higgins was not in on it. (By this time, so many different people had been contractually involved in one way or the other in the quest for oil at Spindletop that lawyers yet to be born would be assured a nice living from future litigation involving royalties.)



The “Wall Street” of Beaumont during the boom.

In August 1900, the Hamill Brothers of Corsicana, Jim G., Allen (Al) W. and Curt (Jim had been an artesian well driller in Waco before taking up the oil business in Navarro County; Curt a salesman and Al a cowboy), got a letter from Galey, who officed in Pittsburg. The Hamills and Galey had met when he was in Corsicana before writing off the Texas play as not worthy of any more of his money. Galey said, as A. W. later recalled, “that a Mr. Lucas” would be in touch with them to get a bid on drilling a well near Beaumont. J. G. Hamill took the train to Beaumont to look over the drilling site before proposing a price. After seeing the hill, he offered a contract to sink the test up to 1,200 feet for \$2 a foot. Lucas considered that amount acceptable, and in October, the brothers shipped a rotary drilling rig from Corsicana to Southeast Texas. After the Hamills got a derrick built and all their equipment in place, drilling began on October 27, 1900.



In the pre-dawn hours of December 9, Al Hamill, who was pulling a solo all-night shift began to smell gas. At first light, he noticed a showing of oil. When brother Curt and Byrd arrived with breakfast, they dispatched Byrd to get Lucas, who lived about a mile and a half away. Mildly excited, Lucas asked Hamill how much of a well he thought it would make.

“The only experience any of us had was at drilling small wells in the Corsicana field,” Hamill remembered, “but I thought it would easily make 50 barrels a day.”

By Christmas Eve, they were down 860 feet and had finally, though with considerable difficulty, broken through the sand and hit a hard formation. “Mr. Galey could see we three boys were worked down,” Hamill said, so he suggested they shut down for the holiday. That was fine with the young drillers.

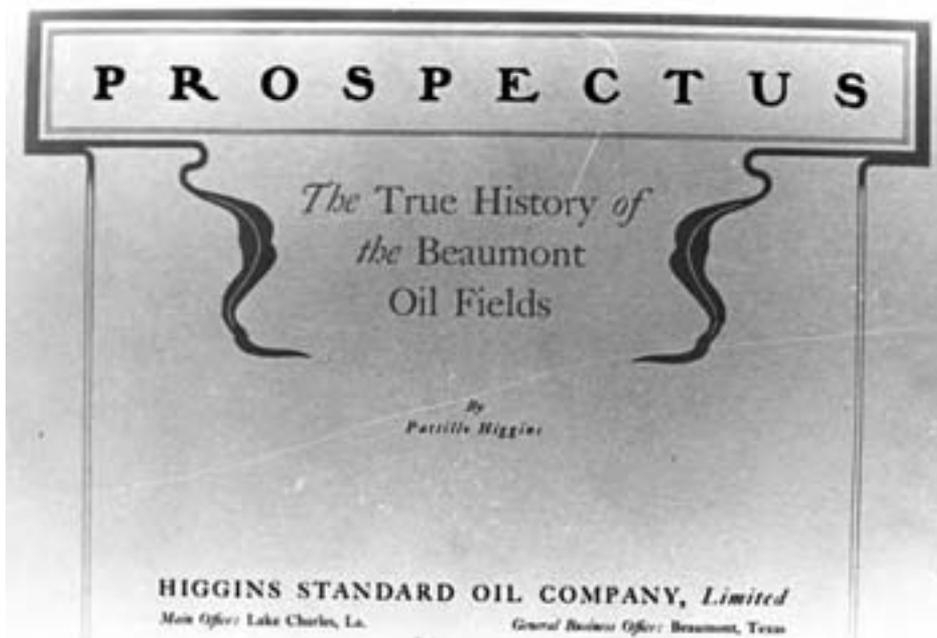
Back at the rig on New Year’s Day, 1901, they fired up the boiler again and resumed drilling, making 140 more feet by the end of the week. But then it seemed that the drill would go no farther. On January 9, A. W. wired his brother in Corsicana to send them a new fishtail drill as fast as possible. The following morning, A. W. met the train at the depot to pick up the bit. Returning to the well site, he helped the rest of the team to get the new drill attached and then they started putting drill pipe back down the hole.



Above: Patillo Higgins had one arm and one dream—oil.

Below: Naming it for one of the girls in his Sunday school class, Patillo Higgins organized the Gladys City Oil, Gas and Manufacturing Co. in Beaumont.

The work proved to be brutally hard and the drilling crew consisted of only three men—Curt and A. W. Hamill and Peck Byrd. They ran the rig around the clock, not out of impatience to make hole, as oil workers call the drilling progress, but to lessen the possibility of a disastrous gas blow out. They had already hit one small pocket of gas, and felt that keeping the circulatory pumps going all night would prevent a dangerous pressure buildup.



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