

The Truth About Pine Island and the Standard Oil Company of Louisiana

The Standard Oil Company did not confine its efforts to find a market for Pine Island Crude to United States refineries alone. It also tried to find an outlet in Canada.

IMPERIAL OIL, LIMITED

Toronto, Ontario, Canada, Jan. 29, 1919.

Col. F. W. Weller,
New York.

Dear Col. Weller:

I have had some correspondence with Mr. Teagle relative to running Pine Island Crude, and would inquire whether you would sell us 4,000 to 5,000 barrels for shipment to Sarnia Refinery in our cars, for the purpose of making test runs there.

The price, I understand, is \$1.25 per barrel at Shreveport, and would ask please that you advise by wire whether you are in a position to accept our order for the above mentioned quantity, and to what point and to whom the cars should be consigned, so that I can arrange with our traffic department to send them forward at once.

Yours very truly,

C. C. STILLMAN.

(Telegram)

C. C. Stillman, Imperial Oil, Limited,
Toronto, Canada, 2:55 p. m., Jan. 31, 1919.

Referring to your letter 29th this month, will be glad to sell you 5,000 barrels Pine Island Crude. The field price is \$1.25 and our gathering and loading charge is 6c, which would make the price to you \$1.31 per barrel, f. o. b. cars Lewis siding, Lewis, La. You can send your cars if agreeable to this point.

F. W. WELLER.

STANDARD OIL COMPANY OF LOUISIANA

February 5th, 1919.

Mr. C. O. Stillman, Imperial Oil, Ltd., Toronto, Canada.

Dear Sir: Referring to my telegram of January 31st, since quoting you on 5,000 barrels of Pine Island Crude Oil, the price in field has changed from \$1.25 to \$1.00; therefore, we will be pleased to deliver you the 5,000 barrels at \$1.06 per barrel, f. o. b. your cars, Lewis Siding, Lewis, La., instead of \$1.31 previously quoted.

Our object in making this reduction is that we are working entirely in an effort to assist the producers, and therefore wish to give you the lowest possible price in order to induce you, if possible, to continue taking this oil.

Yours very truly,

F. W. WELLER.

IMPERIAL OIL, LIMITED

Toronto, Ont., Feb. 8, 1919.

Col. F. W. Weller,
New York.

Dear Col. Weller:

I am in receipt of your letter of the 5th inst., and note that the price of Pine Island Crude in the field is now \$1.00 instead of \$1.25, and want to thank you for letting us have the 5,000 barrels at the new price.

On receipt of the oil at Sarnia, it is the intention to make experimental runs to determine what value the crude is to us as compared with other grades of crudes we are running. If the results obtained show that it is to our advantage to purchase more of this crude from you, I will be pleased to write you further.

Yours very truly,

C. O. STILLMAN.

In accordance with the above 20 10X cars were forwarded to the Imperial Oil, Limited, at Sarnia, Ont., February 18, 1919. Up to date, however, we have not been able to obtain any further orders from the Imperial Oil, Limited.

The following exchange of telegrams between Mr. C. O. Scholder, General Sales Manager, Standard Oil Company of Louisiana, New Orleans, who at that time was in New York, and Mr. T. H. Taylor, his assistant in New Orleans, tells its own story:

(Telegram)

T. H. Taylor, New Orleans, La., 4:20 p. m., Feb. 13, 1919:
Wish you would wire Stansbury Standard Oil Company, Kentucky, for answer regarding quotation we made him on Pine Island Crude. Also is it possible to interest any other buyers of fuel in Pine Island Crude?

C. O. SCHOLDER.

(Telegram)

C. O. SCHOLDER, New York, Feb. 17, 1919:

Referring to your telegram 13th this month Pine Island Crude Oil, G. H. Stansbury states can only make use of product for fuel oil. They have in their storage tanks sufficient to last them for the next 60 days, and in view of very weak condition of market not inclined to make further purchases now. However, offer five tank-cars at price \$1.00 per barrel f.o.b. Lewis, La., which will try out at Louisville. Claim able buy fuel oil from the west at slightly lower figure delivered Louisville than their offer. Please telegraph if we shall enter order this basis.

T. H. TAYLOR.

T. H. Taylor, New Orleans, La., 11:40 a. m., Feb. 18, 1919.

Referring to your telegram Pine Island Crude for Stansbury, quote him five cars at \$1.06 per barrel of 42 gallons f. o. b. Lewis. This is absolutely cost and no profit to us.

C. O. SCHOLDER.

While these and similar efforts were being made to interest large refineries in Pine Island Crude, the Standard Oil Company of Louisiana was also leaving no stone unturned to attract local orders from manufacturers and the small contract trade. Quantity bids were likewise submitted to the Houston, East & West Texas Railway and to the Louisiana Railway & Navigation Company, but in each case without success.

Proposals issued by the Emergency Fleet Corporation, March 14th, calling for bids on 2,000,000 bbls. fuel oil offered a possible opportunity for marketing Pine Island Crude, at which the Standard Oil Company of Louisiana promptly grasped. In order to bring every legitimate influence to bear to gain the acceptance of this Pine Island bid, Col. Weller wrote Senator Joseph E. Ransdell as follows:

New York, March 29, 1919.

Dear Sir:

You are, no doubt, familiar with the situation which now prevails in the Pine Island, Louisiana, field, as regards over-production of this particular Crude Oil, which is of a fuel character.

Since the signing of the Armistice, which suddenly stopped the outlet from this particular field, we have been making every possible effort to market the oil being produced at Pine Island, virtually without profit to this Company. We have continued to take Pine Island production up to the present and have, since the signing of the armistice, taken 990,000 barrels, at prices varying from \$1.55 down to \$1.00 per barrel. The market price today at the wells is 75c per barrel.

We have submitted a bid to the Emergency Fleet Corporation, Division of Operations, on their Proposal S. D. No. 1, date March 14th, agreeing to deliver 2,000,000 barrels of this Pine Island Crude Oil on the basis of 90c per barrel of 42 gallons, f. o. b., our dock Baton Rouge, Louisiana, or 97c per barrel by our barge to vessels of the Emergency Fleet Corporation in New Orleans or its harbor limits.

The price at Baton Rouge which we have quoted is based on a posted price at the wells of 75c per barrel, to which we have added 10c per barrel for gathering the oil and piping same to Baton Rouge, also plus 5c per barrel for refining, storage and handling, making total price at Baton Rouge 90c, to which has been added 7c per barrel to cover cost of lighterage from Baton Rouge to New Orleans, making delivered price alongside of steamers to be bunkered 97c per barrel.

In order to assist in relieving the producers, I would beg to suggest for your consideration, your calling Mr. Hurley's attention to the fact that the use of Pine Island Crude will afford a very large measure of relief to the producers, who are so urgently in need of the same at this particular moment. We are not making this request on our own behalf, but solely in an effort to assist the producers of Pine Island Crude to secure the largest possible market for their current production.

Very respectfully yours,

F. W. WELLER.

Senator Ransdell promptly took the matter up earnestly and energetically with Mr. Hurley, but to date the Emergency Fleet Corporation has allotted only 500,000 barrels to this Company, and their acceptance did not include any Pine Island Crude.

Standard Oil Company of Louisiana