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**JOSEPH S. CULLINAN: PIONEER IN TEXAS OIL**

*by Tommy Stringer*

With the discovery of oil in Corsicana in 1894, that community gave birth to the industry that has become synonymous with Texas. While several people contributed to the development of the Corsicana field in particular and the Texas oil business in general, none played a greater role than Joseph S. Cullinan. A native Pennsylvanian, he began working in the oil fields at the age of fourteen, and he remained active in the industry until his death at the age of 77. His experience in virtually every phase of the oil industry qualified him to assume a leading role in the drama of Texas oil.

Born December 31, 1860, near Sharon, Mercer County, Pennsylvania, Joseph Stephen Cullinan was the oldest son and second of eight children born to John Francis and Mary Considine Cullinan, both of whom were recent emigrants from County Claire, Ireland. They married at Dubuque, Iowa, in 1856, and moved to Sharon, Pennsylvania shortly thereafter.<sup>1</sup>

Joseph Cullinan attended public schools in Sharon, but he went to work in the oil fields at the age of fourteen. Cullinan's responsibilities included messenger boy, oil wagon teamster, pipeline laborer, and drilling crew member, all of which gave him a wealth of practical experience in the oil industry. He learned the business literally from the ground up.

In 1882 Cullinan joined the Standard Oil major transportation affiliate, National Transit Company of Oil City, Pennsylvania, and he advanced in that organization.

His abilities were recognized by a key executive of Standard, and Cullinan was transferred in 1888 to Lima, Ohio, where he was appointed superintendent of the natural gas and tankage departments of the Buckeye Pipeline Company.<sup>2</sup>

While in Lima, Cullinan met and married Miss Lucy Halm, daughter of a local merchant. To this union five children would be born; John Halm (1893); Craig Francis (1894); Nina Jane (1896); Margaret Ann (1898); and Mary Catherine (1901).<sup>3</sup>

Cullinan continued to move up Standard Oil's corporate ladder, having been made division superintendent for another Standard Oil subsidiary, the Southwest Pennsylvania Pipeline Company of Washington, Pennsylvania.

But in 1895 Cullinan left Standard Oil to organize his own company, the Petroleum Iron Works, which specialized in fabricating and erecting steel storage tanks and steam boilers. Despite the stiff competi-

tion of the storage tank business, Petroleum Iron Works became a profitable venture for Cullinan and the six partners who backed the effort.<sup>4</sup>

These early years as managing partner of Petroleum Iron Works were vital in the development of Cullinan's career. He gained further experience and self-confidence from the exercise of independent managerial authority. His travels for the company throughout the regions of Appalachia and the Middle West enabled him to make new contacts and to renew old friendships within the oil fraternity. He was involved in the design of the equipment sold by his company, giving him first hand knowledge of the problems and practices of different petroleum producing areas. Generally, his role in this company required him to make on-the-spot decisions so vital in highly competitive business situations.

Obviously Joseph Cullinan was qualified to meet the challenge presented to him by a group of Corsicana businessmen interested in developing their newly found oil deposits.

Corsicana, like dozens of other communities in the rich black-belt agricultural territory of North Central Texas, relied almost exclusively on cotton for its economic livelihood. Railroads had come in the 1870s, bringing professional and mercantile groups to the community. Times were good through the '80s but the prolonged agricultural depression of the 1890s hit rock bottom in 1894 when cotton prices fell to 4¼ cents per pound on the Dallas Cotton Exchange. Corsicana's civic leaders determined that something must be done to solve their problem of a one-staple economy.<sup>5</sup>

In 1894 the Corsicana Commercial Club was organized for the purpose of attracting new industry to the community. While the city had several advantages, there was one obvious shortcoming: the town's water supply was hopelessly inadequate for industrial purposes. The first goal of the Commercial Club was to resolve that problem.<sup>6</sup> To do so, the Corsicana Water Development Company was chartered. That company negotiated a contract with the American Well and Prospecting Company, an enterprise composed of H. G. Johnston, Emlin Akin and Charles Rittersbacher, itinerant well drillers. The contract called for the drilling of three artesian wells within the city limits of Corsicana. James Autry, boldly and confidently predicted that the three wells, when completed, would have a total daily flow of 750,000 gallons. No pumping installations would be necessary since there was sufficient natural pressure to fill standpipes and storage tanks.<sup>7</sup>

Work began on the first of the wells in the spring of 1894 on South Twelfth Street near the Cotton Belt Railroad. On June 9, drilling had reached a depth of 1,035 feet when crewmen noticed crude oil filling the shaft and rising to the surface. Efforts to seal off the crude

oil from the shaft proved unsuccessful, as it saturated the ground surrounding the drilling site.

Workmen constructed a ditch to drain off the oil seepage to an earthen tank nearby. As estimated daily flow of 150 gallons of crude drained into the tank as drilling continued to complete the intended water well.

Reaction to the discovery of oil ranged from total apathy to irritation because of the delays it caused in completing the water well. The drilling company repeatedly emphasized there was no plan for utilizing the oil.<sup>8</sup>

Ralph Beaton and H. G. Damon, neither of whom were associated with the Water Development Company, sent samples of the Corsicana crude oil to Oil City, Pennsylvania. Tests showed that the Corsicana crude had commercial value for fuel and for refining purposes.<sup>9</sup> Beaton and Damon quickly formed the Corsicana Oil Development Company. John Davidson, a man described as an experienced Pennsylvania oil man, was also involved in the venture. Since they lacked capital, about all the Oil Development Company could do was to initiate an enthusiastic leasing effort to reserve drilling rights on town lots in the area of the water well.

John H. Galey and James M. Guffey arrived in Corsicana in late 1895. This team of wildcat drillers struck a deal with the Corsicana Oil Development Company and drilling got under way on some of the leases secured by the company.

Although some deposits were found, they could hardly be described as abundant. Galey, Guffey and Davidson all sold their interests in the venture to Corsicana businessmen S. W. Johnson, Fred Fleming and Ralph Beaton.<sup>10</sup>

The Corsicana Oil Development Company was reorganized and named the Southern Oil Company. Newspaper reports boasted of the new company as being a "home enterprise" with a policy to "... push development and the work of boring as many wells as possible as fast as the work could be done."<sup>11</sup> By 1897 production totalled nearly 66,000 barrels from 57 wells, by the end of 1898 the 342 producing wells yielded more than 544,000 barrels, and by the end of 1900, as the field expanded eastward, production soared to 836,000 barrels as operators drilled feverishly as close as possible to existing wells to increase production.<sup>12</sup>

A major technological advancement aided in the development of the Corsicana field. Two brothers, M. C. and C. E. Baker, had made use of rotary drilling equipment in their water well drilling, and they brought such equipment with them to Corsicana. The result was that by the end of 1898, all the cable tool drillers had converted to the rotary or had moved on to other fields.<sup>13</sup>

The ease with which rotary drilling equipment penetrated the sub-surface to shallow oil producing strata not only increased drilling speed but also reduced costs, with completion costs per well averaging \$1,200 to \$1,500 less in Texas than in Pennsylvania.<sup>14</sup>

The Corsicana field thus had tremendous potential, but local businessmen had only limited access to speculative capital and therefore could venture comparatively modest amounts for field exploration and development. To realize fully the great potential, Corsicana had to solve the problems of storage, transportation, marketing and manufacturing. A refinery was an absolute necessity, but it was not easy to secure the required capital. Part of the problem lay in Corsicana's reluctance to go to "outsiders" for financial backing, or even to participate with outsiders in joint financial ventures. At least five offers to build a refinery in Corsicana were tendered with local businessmen supplying half the required capital. Each of the five offers asked for sizeable promotional fees or bonuses in cash or stock for the outside investors for their part in developing the venture. Each of the proposals was rejected.<sup>15</sup> But it finally became apparent to Corsicana producers that they must seek outside help. The limited storage facilities were filled to capacity, leading to waste. Corsicana had little knowledge of marketing procedures. Frustration and resentment resulted as local producers unjustly blamed the railroads for not furnishing enough tank cars.<sup>16</sup>

In desperation, Corsicana turned to Joseph Cullinan, a man who knew the oil business. In 1897, when he met in Dallas with leaders of Corsicana, he was a polished executive trained by the grandfather of all oil companies, Standard Oil.<sup>17</sup>

Cullinan decided that the first problem to solve was the shortage of storage facilities. As the managing partner in a firm specializing in such construction, Cullinan readily met this need in early December, 1897, when he returned to Corsicana with a crew from his Petroleum Iron Works. Construction soon began on a 16,000 barrel tank, measuring 80 feet in diameter and 25 feet high. The site was beside the Cotton Belt tracks in southeastern Corsicana.<sup>18</sup>

In January, 1898, Cullinan announced a contract with the three largest Corsicana producers: Southern Oil, Texas Petroleum and Oil City. Under the terms of the contract, he was to purchase 100,000 barrels of crude from these companies at 50 cents per barrel. It was further specified that Cullinan need not buy more than 1,000 barrels a day unless, at his option, he chose to receive and pay for additional amounts. The contract covered a two years period.<sup>19</sup>

While the contract was with only the big three producers, smaller producers were also included since Southern, Texas and Oil City were then producing 700 to 800 barrels daily. Additional purchases would

be made from the smaller operations to fill out the 1,000 barrel daily requirement.<sup>20</sup>

The one suspicion that haunted Cullinan was his ties with Rockefeller's hated monopolistic trust, Standard Oil. Fears arose that the oil in Corsicana would slip out of the hands of local people to those who had no concern about the building of the community but were concerned only with profits for themselves.<sup>21</sup>

Cullinan was backed in the venture by two Standard Oil executives, Calvin N. Payne, who was general manager of Standard's major pipeline affiliate, and Henry Folger of New York and chairman of Standard's Manufacturing Committee. With those two men furnishing \$100,000 the J. S. Cullinan Company was organized at Corsicana for the purpose of conducting general petroleum business including exploration, production, transportation, marketing, and manufacturing activities.<sup>22</sup> Thus, Corsicana entered the rough and tumble world of the oil business.

Cullinan eventually increased his buying to as much as 1,800 barrels per day and the price steadily increased from the contract price of 50 cents to \$1.03 by the end of 1897. The guaranteed price, although it was considerably lower than that being paid for Pennsylvania crude, together with Cullinan's construction of additional storage facilities, greatly encouraged Corsicana's producers. The future indeed looked bright to the community leaders who only months earlier had feared the demise of the town. Joseph Cullinan was the individual most responsible for the resurgence of the new positive attitude that began to permeate the minds of the citizens of Corsicana.<sup>23</sup>

Cullinan was not finished. Aware that eastern railroads had found fuel oil successful in running their locomotives, he persuaded the Cotton Belt to lend him an engine for experimental purposes. He turned the project over to his brother, Dr. Michael Patrick Cullinan, a licensed physician whose crippled leg required him to use a crutch. He had come to Corsicana at his brother's invitation and was a valuable asset since he had alternately practiced medicine and engaged in the oil business.<sup>24</sup>

Within a few days after assuming responsibility for the project, "The Doctor" had the locomotive ready to go, and it made a flawless run to Hillsboro, forty miles west of Corsicana. Although the Cotton Belt did not immediately make the conversion to oil, the Houston and Texas Central, which also served the Corsicana field, became the first Texas railroad to do so in 1901, shortly after the discovery of oil at Spindletop.<sup>25</sup>

Cullinan's innovative talents emerged again shortly after his arrival in Texas. The hot, dry Corsicana summers kept a permanent cloud of dust in the air. Cullinan persuaded the City Council to allow him to

sprinkle crude oil on some of the city's streets. The idea proved so successful that the council awarded him a contract to treat all the city streets. Hearing of Corsicana's dust-free streets, other Texas towns ordered tank cars of crude oil to deal with their problem.<sup>24</sup>

Oil producers looked with disdain upon natural gas. It was regarded as useless and was burned off. Cullinan, together with William H. Staley, a local operator, obtained a franchise from the city to provide natural gas to consumers, having found it entirely satisfactory for illuminating purposes. By the end of 1898, the Corsicana Gas and Electric Company had laid enough pipe to furnish 85 homes and 21 businesses with natural gas service, making Corsicana the first Texas city to offer such service.<sup>25</sup>

Despite all he had done, Cullinan became convinced the full potential of the Corsicana field would not be realized until a refinery was constructed. Consequently, he obtained a 136 acre tract of land in the southeastern section of town. The site was conveniently accessible to both the Cotton Belt and Houston and Texas Central railroads.<sup>26</sup>

Construction began in June, 1898, and in the next few months the barren prairie changed to a technological wonder. By December, Cullinan's construction crews completed their work, and Texas' first true oil refinery was ready to begin operation, which it did on January 1, 1899.<sup>27</sup>

In February, 1899, it was announced that Standard Oil's southwest marketing affiliate, Waters-Pierce of St. Louis, would handle the products from Corsicana's refinery. They opened a local office with Aaron P. Robinson as general superintendent.<sup>28</sup>

The first shipment of Corsicana oil was, as might be expected, reason for a great deal of civic pride. Each tank car bore a banner boasting, "Corsicana Refined Petroleum, Produce of the First and Only Refinery in Texas or the Southwest." Joining in the festivities, Cullinan donated 1,000 gallons of illuminating oil to the monument fund of the United Daughters of the Confederacy. Local residents, eager to try the new product and at the same time aid a worthy cause, purchased all the oil for a dollar per gallon.<sup>29</sup>

During the first months of operation, the refinery handled 500 barrels per day. By the end of the first year's operation, the refinery was operating at its full capacity, 1,000 barrels per day.<sup>30</sup>

In the meantime, Cullinan expanded his control of the Corsicana field. He obtained control of an area known as the Waterworks property, which proved to be productive. Between 1899 and 1905 the tract was estimated to have produced more than 400,000 barrels of crude oil.<sup>31</sup>

Although the Waterworks property proved profitable, it by no

means represented the ultimate goal of Cullinan in regard to the Corsicana ventures. In August, 1899, a corporation called the Corsicana Petroleum Company was chartered with Cullinan as president and director. Other directors included Corsicana banker, James Garrity, local lumber dealer and mayor, James Whiteselle, Garva Strong, and Calvin Payne of New York.<sup>34</sup>

The company's sole purpose was "owning and producing oil, gas and other minerals." With Cullinan leading the way, the company acquired some of the best wells in the field, as well as the mineral rights to thousands of potentially valuable oil lands. Along with the Southern Oil Company organization of Ralph Beaton, H. G. Damon, Aaron Ferguson, Howard White, Fred Fleming, Allison Templeton and S. W. Johnson, Cullinan's company controlled the Corsicana oil industry.<sup>35</sup>

Cullinan's key role in the organization and managerial direction of a major producing unit, Corsicana Petroleum, and a manufacturing plant, Corsicana Refining, thus signaled the initiation of intergrated operations within the Texas petroleum industry.

Yet Cullinan had another significant contribution to make to the industry. From his earliest days in Texas, he had been concerned with the haphazard drilling practices conducted by Texas producers. They had no concern with conservation but rather operated under the law of capture. Cullinan's experience in oil producing Pennsylvania enabled him to play a leading role in getting conservation laws enacted in his adopted home of Texas.

Texas had been guilty of such practices as crowding too many wells into productive areas, waste because of inadequate storage, and the habit of burning away natural gas. A major mistake was the improper plugging of wells which had an adverse effect on field production and longevity. Such wells left open soon filled with surface water that ran through to the oil bearing strata, decreasing production of nearby wells and diminishing the life of the entire field.

Cullinan viewed the Corsicana situation as intolerable. He expressed his views in a letter to Corsicana attorney, W. J. McKie, "... Legislation is essential where there are so many small holders, many of them wholly inexperienced (and) ... not likely to go to the expense of plugging wells unless compelled to do so."<sup>36</sup>

Under the leadership of Cullinan, several informal meetings with Corsicana business and civic leaders were held. Through these meetings he persuaded them to push for such legislation. Robert Prince, representing Navarro County in the Texas House of Representatives, introduced H.B. number 542, a measure "... to regulate the drilling, operation, and abandonment of gas, oil and mineral water wells and to prevent certain abuses connected therewith."<sup>37</sup>



Cullinan, Whiteselle and Garrity all testified before the House Committee on Mining and Minerals in favor of the bill which passed both houses of the Texas legislature with little opposition. When Governor Joseph D. Sayers signed the measure on March 29, 1899, Texas had its first petroleum conservation statute, another feather in the cap of Joseph S. Cullinan.<sup>33</sup>

Cullinan was pleased by the legislation, but there were two points which still disturbed him. First, he thought the penalties assessed for violations were too light to be effective and he urged more severe fines. The second factor he disliked was the failure of the law to designate an official empowered with authority to see that the well-plugging procedures were followed.

He prophesied that eventually the legislature would correct these shortcomings, which they did with an amendment in 1905 to the original law that had been enacted six years earlier.<sup>34</sup>

In the meantime, the curtain was rising on act two of the Texas oil drama. The scene shifted 200 miles southeast to Beaumont where self-educated Patillo Higgins, expounding his unorthodox theories of geology, insisted there was oil in the region.

Initial efforts to find the oil proved unsuccessful, and Higgins found it impossible to secure local financial backing. In desperation he placed an advertisement in a mining journal, extolling the potential for oil production in the Beaumont area.

The single reply came from mining engineer Anthony Lucas, who lived in Washington, D.C. The two men made arrangements to meet in Beaumont, and Lucas agreed with Higgins regarding the promising potential of finding oil there.<sup>35</sup>

Lucas went East to seek financial backing. He contacted Henry C. Folger of New York and Standard Oil and a partner of Joseph Cullinan in the Corsicana venture. Folger consulted with another partner, Calvin Payne. Payne and Cullinan then visited the Spindletop area in February, 1900.

Payne turned Lucas down, telling him that the area would never be productive. Cullinan secretly disagreed but was not in a position to challenge his benefactor.<sup>36</sup>

Despite other setbacks, Higgins and Lucas saw their predictions come true. At 10:30 in the morning, January 10, 1901 the drilling crew, having bored to a depth of 1,160 feet, were preparing to lower the drill pipe back into the hole after changing bits. Suddenly the well broke loose, sending pipe and oil gushing into the air high above the derrick.

Lucas directed crews to construct earthen dams to contain the

oil flowing at an estimated daily rate of 75,000 to 100,000 barrels. Before the well was capped nine days later, some 800,000 barrels of oil had gushed forth upon the Texas coastal plain.<sup>43</sup>

News of Spindletop spread across the nation. Among the first oilmen on the scene was Joe Cullinan, arriving the day after discovery.

Cullinan was determined to participate in the drama unfolding at Spindletop, but because of his commitments in Corsicana and the chaotic nature of Spindletop, he exercised caution. He chartered a new enterprise, the Texas Fuel Company, on March 28, 1901, to engage in a general oil purchasing business and to operate a pipeline gathering system.<sup>44</sup>

Although competition was unbelievably stiff, Cullinan had a major advantage over other similar companies. In 1899 he had constructed a 37,000 barrel capacity storage tank at Sabine, 20 miles south of Spindletop. The tank, the only substantial storage facility in the entire Beaumont area, had been constructed to sell fuel oil from the Corsicana field to ocean-going vessels entering the Sabine River from the Gulf of Mexico.

The tank had seen only limited useage until the Spindletop discovery but with the prolific flow of oil, producers were forced to sell crude at three to ten cents a barrel. Cullinan leased tank cars and shipped 2,000 barrels per day to the Sabine tank to await favorable fuel oil contracts.<sup>45</sup>

When the J. M. Guffey Petroleum Company began construction of a field collection system and a pipeline to tie Spindletop with storage and loading facilities at Port Arthur fifteen miles to the south, Cullinan decided he must make his move if the Texas Fuel Company were to survive. His apprehension increased when Guffey, with backing from the Mellon banking interests, decided to expand his operations by constructing a refinery at Port Arthur. The refinery was incorporated as a separate entity and designated the Gulf Refining Company.<sup>46</sup>

Cullinan's opportunity came in the form of an offer from the Hogg-Swayne Syndicate, the most powerful business-political combination in Texas. The agreement called for Cullinan to manage the properties of the syndicate.

They approached Cullinan after their own inexperience had resulted in the loss of substantial sums of money. In an agreement reached with the syndicate, Cullinan, through his Texas Fuel Company, assumed responsibility for construction of collecting and storage facilities and for marketing the syndicate's production. Work began almost immediately on construction of a pipeline to Port Arthur and on seven new 37,500 barrel storage tanks in the area.<sup>47</sup>

In the meanwhile, Cullinan expanded the operations of Texas Fuel as a market for crude oil. He opened an office in Beaumont, employed sales representatives, and began to contract with Spindletop producers to purchase their oil. By April, 1902, Cullinan had contracted for future delivery of 1.2 million barrels of Spindletop oil at an average price of six cents per barrel. Because of the increased demands on his time and talent in the Spindletop area, Cullinan found it necessary to sever his ties with Corsicana, which he did in a letter of resignation written January 3, 1902."

His next major obstacle in the Spindletop area was to secure more capital from two additional sources. First, he secured backing from Lapham Enterprises, controller of the nation's leather trust. They were represented in the Texas venture by German-born Arnold Schlaet. The second source of capital was the noted "wheeler-dealer," John W. "Bet-A-Million" Gates of Chicago. Because of Gates' reputation as a gambler, Schlaet objected to his being included in the venture. It is to the credit of Cullinan that he was able to manage such diverse groups as the Hogg-Swayne Syndicate, Lapham, and John Gates, each of whom distrusted the others." Whatever their differences, all three agreed that Joseph Cullinan was indispensable to the operation. In September, 1902, fire broke out in the Spindletop field. In order to save the field, it was necessary for someone to organize and direct a coordinated effort to fight the fire. Beaumont's civic leaders, in an emergency meeting, appealed to Joe Cullinan to assume the responsibility. He agreed to do so only if he were authorized to enforce his directives at gunpoint if necessary. Thus empowered, he began work which continued around the clock for a week. Using steam and sand, Cullinan and his firefighters extinguished the flames, thus saving the field.

Cullinan's eyes were seared by the gas fumes, leaving him sightless for a few days. With his eyes bandaged, he held conferences at his bedside with local authorities and dictated a full report of his activities to Schlaet and Gates.

All three of his backers voiced their concern and commented on the danger to which Cullinan had subjected himself. As Gates said, "You should use extreme caution, for you are the irreplaceable man in our plans.""

With adequate capital now assured, Cullinan rapidly expanded his Spindletop operations by organizing the Producers Oil Company with an authorized capital of \$1.5 million. After experiencing some setbacks in its early stages. Producers Oil prospered, serving as the exploratory and producing company complementing Cullinan's major pipeline and refining venture, the Texas Company, successor corporation to the Texas Fuel Company. Between 1902 and 1907 Producers Oil pro-

duced more than 73 million barrels of crude oil from holdings in Texas, Louisiana, Oklahoma, Kansas and New Mexico.<sup>51</sup>

The Texas Company came into being when Cullinan and his attorney, W. J. McKie, reorganized the Texas Fuel Company due to its limited capitalization and corporate scope. The Texas Company charter encountered some obstacles because Texas law prohibited a single corporation from engaging in more than one business purpose. The original charter had to be altered somewhat to comply with statutory provisions, but in 1902 the Texas Company (Texaco), with an authorized capital of \$3,000,000, was recognized as a legal corporation in Texas.<sup>52</sup>

At the first board of directors meeting, held May 20, 1902, at Beaumont, Joseph Cullinan was named president of the company. He continued to expand his influence in the Gulf Coast area oil interests, having acquired interest in the Moonshine Oil Company and the Paraffine Oil Company, both of which were involved in production. In 1904 he was involved in the organization of the Landslide Oil Company, yet another venture into oil exploration and development.<sup>53</sup>

By the fall of 1902 production in the immediate area of Spindletop began declining, presenting Cullinan with another challenge. Thus, the Texas Company acquired, for \$20,000 cash, an option for the purchase of a 865 acre tract at Sour Lake, some 25 miles northwest of Beaumont. That area had the same geological traits as Spindletop, indicating a large subsurface salt dome. There were mineral springs and petroleum seepages in the area. Some oil exploration had been done at Sour Lake resulting in some minor production. The field was forgotten with the discovery of the Corsicana and Spindletop deposits. Now with those two fields declining, interests were revived in Sour Lake.<sup>54</sup>

Under the option Cullinan was permitted to drill three test wells on the tract. The third well, completed in January, 1903, blew in as a gusher with a daily rate flow of 15,000 to 18,000 barrels. Walter B. Sharp, the driller, completed the gusher on a night so dark and stormy that rain had washed away all traces of the gusher by morning. Cullinan had wanted to keep the new well secret, but such was impossible.<sup>55</sup>

The purchase price of the 865 acre tract was \$1 million with April 1, 1903, as the expiration date of the purchase option.

What Cullinan feared would be a problem proved no problem at all. The necessary funds were raised, enabling the Texas Company to secure the property. During the first month of operation of the Sour Lake field, the discovery well alone produced 250,000 barrels, earning the company \$150,000.<sup>57</sup> The Texas Company's discoveries had led to frenzied drilling on surrounding leases, driving the price down from sixty cents to fifteen cents. Foreseeing this, Cullinan had constructed

storage tanks in the area, enabling him to purchase the later, cheaper oil.

Cullinan had implemented his conservation measures in the Sour Lake field, adhering closely to a policy of selective drilling and proper spacing. The result was the field remained productive long after surrounding leases had been abandoned. Revitalization of the tract by deeper drilling occurred in 1916, 1923, and 1935. By 1939 the 856 acre tract purchased by Cullinan in 1903 had yielded to the Texas Company more than 27 million barrels of crude oil.<sup>54</sup>

Cullinan expanded the Texas Company enormously during its first decade. He justifiably felt proud of both his own and his company's accomplishments. What had begun as a small crude oil transportation and purchasing operation serving only a limited fuel oil market, the Texas Company had expanded by 1911 toward a national distribution and marketing system for its diversified petroleum products. From its original capital and assets of \$2 million, the company had increased its capitalization to more than \$27 million and its assets to \$32 million. Its operations included more than a thousand miles of pipeline and field gathering systems and storage facilities for more than 20 million barrels of oil. The company owned three refineries and maintained terminal facilities at twelve Gulf Coast and East Coast ports. European marketing and distribution were in progress through a storage plant at Antwerp, Belgium. The company owned more than 1,000 tank cars, 5 locomotives, 6 ocean-going tankers, and more than 20 barges.<sup>55</sup>

The lone setback suffered by the Texas Company during its first decade was an unsuccessful attempt to merge its holdings with the J. M. Guffey Petroleum Company which was controlled by the powerful Mellon family of Pittsburg. When the merger failed, the Mellons reorganized their holdings and changed the name of the company to Gulf Oil Corporation.<sup>56</sup>

Despite this lone obstacle, Cullinan had expanded the company significantly. He had managed to attract some of the leading oil executives to Texas to work in his enterprise. Many of these men brought from Ohio and Pennsylvania by Cullinan provided leadership to the Texas Company long after Cullinan had severed ties with the company.

After a decade of consistent growth, the Texas Company experienced back-to-back years of economic reverses in 1911 and 1912. Company income dropped from \$6.4 million in 1910 to \$2.2 million in 1912. Although increased to \$6.6 million in 1913, there were those, particularly Arnold Schlaet, who began to question the management of the company. Noted for his conservatism, Schlaet challenged Cullinan's wishes to extend company operations during the two "off" years. He also resented Cullinan's total dominance of the management of the company. He thought the company too large and too complex to be

run by a single individual, labelling Cullinan a dictator.<sup>61</sup> The result was a proxy fight which the Schlaet forces won. Cullinan resigned in 1913 as president of the company he had founded.<sup>62</sup>

But he was not finished with the oil business. He purchased the undivided one-half interest in a 1,394 acre tract near the Humble oil field for \$10,000 in May, 1914. The same month he organized the Farmers Petroleum Company whose purpose was to be solely for exploration and production.<sup>63</sup>

The five test wells drilled on the site by Farmers proved highly successful, especially the fifth one which was of gusher proportions, yielding a flow rate of 20,000 barrels per day. The tract produced more than 2 million barrels of crude from 1915 through 1916. The company enjoyed prosperity and expanded its operations by constructing a lease gathering system at Humble and completing a 15 mile pipeline to an extensive tank farm in east Houston. In addition, property had been purchased along the Houston ship channel for tidewater loading facilities and a pipeline spur from the tank farm to the channel was under construction.<sup>64</sup>

Farmers Petroleum did so well that it became necessary to dissolve the company because its capitalization and corporate powers were too limited for further development and expansion. The result was two companies: Republic Production Company, for exploration and production; and the American Petroleum Company, a pipeline and refining company. Each had an authorized capital of \$3 million.<sup>65</sup>

Also involved in the dissolution of Farmers Petroleum was the organization of American Republics Corporation, chartered under Delaware law with an authorized capital of \$10 million. American Republics was a holding company whose function was to hold the stock of subsidiary companies transferred, sold, or assigned to it. By the end of 1916 American Republics acquired three other wholly owned subsidiaries: the Papoose Oil Company of Oklahoma; the Federal Petroleum Company of Louisiana; and Cullinan's old Petroleum Iron Works of Pennsylvania.<sup>66</sup>

A significant development occurred on November 15, 1916, when an agreement was reached between Republic Production Company and the Houston Oil Company which gave Cullinan's company an undivided one-half interest in 800,000 acres of East Texas timberland. The agreement gave Republic Production exclusive rights to explore and develop those lands for petroleum purposes. Because of a series of events, Houston Oil was in reality a lumber and land company; its managers were not oil men at all.<sup>67</sup>

When Cullinan left the Texas Company, he proposed a deal to Houston Oil promising that his company would assume full financial responsibilities for oil exploration in the timber land.

In July, 1918, Cullinan's company drilled the discovery well in what came to be known as the Hull Field in Liberty County. One 800 acre tract alone at Hull, the Dolbear Lease, produced more than 4.6 million barrels of crude from 1918 to 1923.<sup>16</sup>

Further Republic Production efforts resulted in successful production in Hardin and Tyler counties—the Arriola, Spurger, and Silsbee fields—in the 1920s. The Houston Oil timberlands produced the Joe's Lake and East Village fields in Hardin County, two of the most important discoveries in the Gulf Coast area of Texas after World War II.<sup>17</sup>

A similar arrangement was made with Frost Lumber interests of Shreveport, Louisiana. While substantial oil production did not result, large deposits of natural gas were found. Cullinan and Frost formed the Union Power Company at Monroe, Louisiana, to manufacture carbon black. They eventually sold this operation for \$2.5 million to Interstate Natural Gas of New Jersey, a subsidiary of Standard Oil.<sup>18</sup>

In 1919 Cullinan acquired controlling interest in Galena Signal Oil Company of Franklin, Pennsylvania. He soon organized a subsidiary of American Republics, Galena Signal Oil of Texas, to operate a small refinery along the Houston ship channel. The Pennsylvania company was eventually sold to Valvoline and the Houston-based venture was sold to the Texas Company in 1928.<sup>19</sup>

Overall, Cullinan seemed content with American Republics and its subsidiaries. It was, after all, an oilman's enterprise concerned with simply finding oil. It was dominated by local capital, and Cullinan's leadership was unchallenged. He was not burdened with marketing procedures and administration, neither of which he seemed to care for.

While most of his attention was devoted to American Republics, he still controlled several Pennsylvania ventures, specifically Petroleum Iron Works and its subsidiaries. He planned to consolidate the Pennsylvania business by eliminating its unprofitable operations.

In 1929 Cullinan turned over the presidency of American Republics to his son Craig. Joseph returned as president during the Depression years when the company went into receivership. Craig resumed the presidency in 1936 and remained in that capacity until his death in 1950.<sup>20</sup>

American Republics and its subsidiaries were liquidated and its assets sold to Sinclair Oil Corporation in 1956 for \$108 million.<sup>21</sup>

Cullinan was active in civic and philanthropic endeavors. He had predicted as early as 1905 that Houston would be the center of petroleum in the Southwest. He moved his headquarters to that city shortly thereafter. He served as president of the Houston Chamber of Commerce from 1913 to 1919 during which time he was instrumental

in securing federal funds for construction and maintenance of the Houston ship channel.”

To add further to the success of the ship channel, he built the Houston North Side Belt railway, a short switching and service line connecting the north shore of the channel with existing trunk line facilities. Cullinan also served as an officer and director of the Intra-coastal canal Association of Louisiana and Texas and of the National Rivers and Harbors Congress.”

His philanthropy included generous donations to the Houston Art Museum, the Houston Symphony Orchestra and the Houston Negro Hospital, which he endowed in memory of his son, John Halm Cullinan, who died in 1920.

Cullinan served as chairman of the Mount Rushmore National Memorial committee from 1928 to 1933 and was Herbert Hoover’s special advisor in the Food Administration during World War I.”

In fact, it was during a trip to San Francisco in 1937 to visit former President Hoover that Cullinan developed pneumonia and died at the age of 77.”

Cullinan had spent his entire life in the oil business. It was due to his talents and vision that the first significant Texas oil field, the Corsicana field, was developed. It was Cullinan who first provided that community with the natural gas for heating and lighting. He built the first oil refinery of commercial significance west of the Mississippi, locating it in the southwest section of Corsicana.

J. S. Cullinan led the fight to get conservation laws passed by the Texas Legislature to eliminate waste in the industry. His role was as vital as anyone’s in the development of the East Texas field.

The founder of the Texas Company (Texaco), Cullinan started ten companies to explore for, produce, refine and market Texas oil. He personally recruited many of the men to Texas from the oil producing areas of Ohio and Pennsylvania who would provide the necessary know-how and leadership to develop properly the Texas petroleum industry.

From the numerous contributions which he made, J. S. Cullinan might appropriately be called the “Father of the Texas Petroleum Industry.”

#### NOTES

“Cullinan Family Genealogy,” Folder. Joseph Stephen Cullinan Papers, Texas Gulf Coast Historical Association Archives, University of Houston Library, Houston, Texas.

<sup>2</sup>James O. King, *Joseph Stephen Cullinan: A Study in Leadership in the Texas Petroleum Industry; 1897-1937*. (Nashville, 1970), 5.

<sup>3</sup>Cullinan Papers.

<sup>4</sup>King, *Joseph Stephen Cullinan*, 7.



- <sup>1</sup>*Dallas Morning News*, December 8, 1894.
- <sup>2</sup>Annie Carpenter Love, *History of Navarro County* (Dallas), 1933), 177.
- <sup>3</sup>Morrison and Fourmy's *General Directory of the City of Corsicana, 1894-95* (Galveston, 1894), 7.
- <sup>4</sup>*Dallas Morning News*, October 10, 1895.
- <sup>5</sup>*Dallas Morning News*, November 16, 1897.
- <sup>6</sup>Charles A. Warner, *Texas Oil and Gas Since 1543* (Houston, 1939), 26.
- <sup>7</sup>*Dallas Morning News*, October 18, 1897.
- <sup>8</sup>U.S. Geological Survey Bulletin No. 184 (Washington, 1901), 55, 61-62.
- <sup>9</sup>*Dallas Morning News*, August 25, 1898.
- <sup>10</sup>George C. Matson and Oliver B. Hopkins *The Corsicana Oil and Gas Field, Texas*. U.S. Geological Survey Bulletin No. 661F (Washington, 1918), 250.
- <sup>11</sup>King, *Joseph Stephen Cullinan*, 23.
- <sup>12</sup>*Dallas Morning News*, November 28, 1897.
- <sup>13</sup>King, *Joseph Stephen Cullinan*, 29.
- <sup>14</sup>*Dallas Morning News*, October 18, 1897.
- <sup>15</sup>Deed Record of Navarro County XCII, 629-30.
- <sup>16</sup>*Dallas Morning News*, January 18, 1898.
- <sup>17</sup>*Dallas Morning News*, January 7, 1898.
- <sup>18</sup>Articles of Co-partnership, May 8, 1898 between J. S. Cullinan, C. N. Payne, and H. C. Folger, Jr. Cullinan Papers.
- <sup>19</sup>*Dallas Morning News*, May 17, 18, 1898.
- <sup>20</sup>King, *Joseph Stephen Cullinan*, 43.
- <sup>21</sup>Warner, *Texas Oil and Gas Since 1543*, 33.
- <sup>22</sup>C. C. Rister, *Oil! Titan of the Southwest* (Norman, 1949), 48.
- <sup>23</sup>*Dallas Morning News*, March 27, 1897.
- <sup>24</sup>*Dallas Morning News*, July 24, 1898.
- <sup>25</sup>"History of the Refining Department of the Magnolia Petroleum Company," unpublished manuscript prepared by Publications Staff, Mobil Oil Company, Beaumont, Texas.
- <sup>26</sup>"History of the Refining Department of the Magnolia Petroleum Company," 12.
- <sup>27</sup>*Dallas Morning News*, March 5, 1899.
- <sup>28</sup>"History of Refining Department of Magnolia Petroleum Company," 11.
- <sup>29</sup>"Waterworks Property" folder, James L. Autry papers, Fondren Library, Rice University, Houston, Texas.
- <sup>30</sup>Copy of Charter, Corsicana Petroleum Company, Texas Archives, I, 38.
- <sup>31</sup>Meeting January 4, 1899, "Minutes, Board of Directors Meetings, 1897-1901," 32. Southern Oil Records in Charles A. Warner collection.
- <sup>32</sup>J. S. Cullinan (Beaumont) to W. J. McKie (Corsicana) February 1, 1905, Cullinan Papers.
- <sup>33</sup>Texas, *House Journal*, 26th Legislature, 1899 (Austin, 1900), 404.
- <sup>34</sup>For full text of the statute, see HPN Gammel, Compiler, *Laws of Texas, 1897-1902* (Austin, 1902), 68.
- <sup>35</sup>In 1917 further legislation was passed empowering the State Railroad Commission to enforce conservation measures and requiring well records similar to those proposed by Cullinan a decade earlier.

- <sup>40</sup>James Pressley, *Saga of Wealth*.
- <sup>41</sup>King, *Joseph Stephen Cullinan*, 89.
- <sup>42</sup>Walter Rundell, *Early Texas Oil: A Photographic History, 1866-1936* (College Station, 1977), 38.
- <sup>43</sup>Copy of Charter, Texas Fuel Company, Texaco Archives, I, 76-77.
- <sup>44</sup>A photograph of the tank is found in William B. Phillips, *Texas Petroleum* (Austin: Mineral Survey, Bulletin No. 1, University of Texas, 1901), 4.
- <sup>45</sup>Walter Rundell, *Early Texas Oil*.
- <sup>46</sup>Texaco Archives, I, November 9, 1901.
- <sup>47</sup>J. S. Cullinan to Corsicana Refining Company, January 3, 1902, as noted in "Documentary History of the Texas Company," compiled by Louis W. Kemp and Wilfred B. Talman, Texaco Archives, 4.
- <sup>48</sup>King, *Joseph Stephen Cullinan*, 110.
- <sup>49</sup>Clark and Halbouty, *Spindletop*, 117-118.
- <sup>50</sup>J. W. Gates to Cullinan, September 20, 1902, Cullinan Papers.
- <sup>51</sup>Production Records, Producers Oil Company, Texaco Archives, IV, 108.
- <sup>52</sup>King, 133. The trade name *Texaco* was copyrighted in 1907. The green T superimposed on a red star was the company's recognizable trademark.
- <sup>53</sup>Clark and Halbouty, *Spindletop*, 188.
- <sup>54</sup>Warner, *Texas Oil and Gas Since 1543*, 3-4; 22-23; 46, 117, 190.
- <sup>55</sup>Rundell, *Early Texas Oil*, 66.
- <sup>56</sup>Warner, *Texas Oil and Gas Since 1543*, 191, 199, 204, 373.
- <sup>57</sup>Company Production Records, Texaco Archives, XIV, 27.
- <sup>58</sup>Inventory of Texas Company Assets, dated June 30, 1910, Texaco Company Folder, Autry Papers.
- <sup>59</sup>King, *Joseph Stephen Cullinan*, 179.
- <sup>60</sup>Schlaet to Lewis Lapham, March 24, 1909, Texaco Archives, XLIV, 209.
- <sup>61</sup>Excerpts, Minutes of Texas Company Stockholders Meeting, November 24, 1913, Texaco Archives, XLVIII, 26.
- <sup>62</sup>Charter and incorporation agreement, Farmers Petroleum Company, dated May 15, 1914, Farmers Petroleum Company Folder, Autry Papers.
- <sup>63</sup>King, *Joseph Stephen Cullinan*, 198.
- <sup>64</sup>King, *Joseph Stephen Cullinan*, 199-200.
- <sup>65</sup>King, *Joseph Stephen Cullinan*, 202.
- <sup>66</sup>King, *Joseph Stephen Cullinan*, 205.
- <sup>67</sup>Warner, *Texas Oil and Gas Since 1543*, 213-214.
- <sup>68</sup>Warner, *Texas Oil and Gas Since 1543*, 214-215.
- <sup>69</sup>Warner, *Texas Oil and Gas Since 1543*, 215.
- <sup>70</sup>Warner, *Texas Oil and Gas Since 1543*, 216.
- <sup>71</sup>*Houston Post*, April 21, 1934.
- <sup>72</sup>King, *Joseph Stephen Cullinan*, 210.
- <sup>73</sup>Annual Reports, American Republics Corporation, Warner Collection.
- <sup>74</sup>*Houston Chronicle*, March 12, 1937.
- <sup>75</sup>King, *Joseph Stephen Cullinan*, 213.
- <sup>76</sup>*Houston Chronicle*, March 12, 1937.
- <sup>77</sup>King, *Joseph Stephen Cullinan*, 215.