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**“SOMEONE GET THE GOVERNOR AN ASPIRIN”:  
ROSS STERLING AND MARTIAL LAW IN EAST TEXAS**

*by Page S. Foshee*

In 1930 Ross S. Sterling won the Democratic primary race for the Texas governorship. He defeated ten other contenders – including former governor Miriam A. “Ma” Ferguson – to succeed popular, two-term Democrat Dan Moody. Because Texas was essentially a single-party state, winning the primary ensured a candidate’s ultimate election to office. Despite the onerous demands placed upon him by the campaign, Sterling soon confronted economic problems that made the primary election fight a pleasant memory.<sup>1</sup>

The Texas economy during the early years of the Great Depression relied upon the production of two commodities: cotton and oil. The inherent capriciousness of both industries exacerbated the already painful effects the Great Depression had on farmers and oil men. Cotton production depended upon adequate rain and sunshine appearing in the correct proportions, in the proper sequence, for the right length of time. Success in the discovery and production of oil required equal amounts of geological skill, persuasive ability, dogged determination, and good luck. Although Texas cotton farmers and oil men regarded their futures as blessed or damned by their own hands and lands, their fate depended upon the actions of foreign governments and of their neighbors in other states; in 1931 no farm field or oil patch could remain insulated from external economic factors. The collapse of both cotton and oil prices forced Governor Sterling to alter his philosophy regarding the relationship between government and private enterprise to shore up the price of cotton and, quite possibly, to save the oil industry from ruin.

Ross Sterling’s background made it difficult for him to impose state government controls upon farmers and businessmen. Born in 1875 to a rural merchant near Anahuac, Texas, Sterling quit school at the age of thirteen and ten years later built his first country store. By 1904 Sterling operated stores in the oil field boomtowns of Batson, Saratoga, Sour Lake, and Humble. Oilmen needed feed for mules and horses; Sterling accumulated both feed contracts and friends in the oil patch. In 1907 Sterling closed his store in Batson and bought four small state banks from a panic-distressed Fort Worth lawyer, integrating them into his Humble, Saratoga, and Sour Lake operations. From these small, diversified enterprises Sterling began to amass his fortune.<sup>2</sup>

In 1911, Sterling and several friends founded the Humble Oil Company. The initial partners included Sterling, Joe Fincher, Clint Wood, and C. D. Goddard. Humble proved so profitable that Sterling sold his store and bank holdings to concentrate on the oil company. Through skillful geological exploration and shrewd bargaining with Gulf Oil Company, primary lease owner in the Goose Creek oil field, Sterling secured his company’s position. Goose Creek, condemned by Gulf as only marginally productive, made Humble a major Texas oil producer. In 1917 the Humble Oil Company

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obtained the first charter under a new Texas oil pipeline law and its name was changed to Humble Oil & Refining Company. Incorporators of the expanded company included Sterling, William S. Farish (future president of Humble Oil), Joe Fincher, Clint Wood, C.D. Goddard, Edgar Townes, Frank Sterling (Sterling's father), Jesse H. Jones, Henry C. Weiss, and Walter Fondren. Shortly thereafter, Humble's directors decided that the company needed to refine its own crude.<sup>3</sup>

The corporation required additional capital to build its proposed refinery in Baytown. One winter morning in 1918, while on a fund-raising trip in the northeastern United States, William Farish met an old friend on a New York City sidewalk. This chance encounter had far-reaching effects for Humble. Farish told his friend, Standard Oil Company of New Jersey president Walter Teagle, about his quest for capital. Teagle quickly arranged for Sterling and the other partners to come to New York and negotiate terms of a loan from Standard. Humble wanted to borrow \$20 million, but Standard would loan no more than \$17 million. When Sterling acquiesced to the lower figure, Teagle agreed to advance the funds on one final condition: that Standard take, as its "customary fee," fifty-one percent of Humble's stock. Sterling rose from the bargaining table and stalked toward the door, then stopped. Too pragmatic to permit pride to destroy the company, he turned to Teagle and agreed to relinquish exactly fifty percent of Humble Oil's stock as a "loan origination fee." The Standard executive paused, then capitulated.<sup>4</sup>

Sterling pursued other business interests while actively involved in managing Humble Oil. In 1925, at the age of fifty, he sold his Humble shares and retired from the oil business to oversee his other operations. He owned the *Houston Post-Dispatch*, a combination of his *Dispatch* and *Post* newspapers, which he had purchased in 1923 and 1924, respectively. In 1925, Sterling's radio station KPRC ("Kotton Port Rail Center") began broadcasting from atop the Post-Dispatch Building located in downtown Houston. He also owned the American Maid Flour Mills and controlling interest in the Houston National Bank. From this corporate setting Sterling answered Governor Dan Moody's call to public service in Austin.<sup>5</sup>

In the 1926 Democratic primary, Texas Attorney General Dan Moody defeated Ma Ferguson in her bid for a second term as governor. The bitter campaign for the Democratic nomination followed a year-long investigation of the suspicious letting of highway construction contracts. As attorney general, Moody exposed the criminal relationship between highway commission members and the American Road Company of Dallas. In December 1925, Moody won his suit against American in the 53d U.S. District Court in Austin, propelling him to the governor's office. Once sworn in, he called upon Ross Sterling to chair the state highway commission. When Moody declined to run for a third term as governor in 1930, Sterling permitted friends to draft him into the primary race.<sup>6</sup>

Campaigning vigorously against the irrepressible Mrs. Ferguson, Sterling capitalized on his reputation for integrity and fiscal responsibility. He

launched his campaign in Huntsville on June 20, 1930, calling for improved highways funded by a \$300 to \$350 million bond issue, agricultural aid, consolidation of redundant state departments, and prison reform. His highway funding scheme drew the most derision, especially from Mrs. Ferguson's chief campaigner, husband and former governor James "Pa" Ferguson. During the runoff contest Ferguson asserted that Sterling knew nothing of governmental affairs. Referring to Ferguson's earlier impeachment and his close proximity to the highway commission contract scandals in 1925, Sterling responded, "I know enough to tell the state's money and my money apart." The former oilman won the party's runoff contest by capturing fifty-five percent of the vote. On the second Tuesday of November 1930 Texans cast eighty percent of their votes for Sterling, awarding him their state's highest office. *Texas Weekly* editor Peter Molyneaux eagerly anticipated an administration overseen by businessman Sterling, whom he viewed as a pragmatic, able, and fair chief executive. As events unfolded during his term, Sterling would need all the popular support he carried with him to Austin. He had won a difficult contest, but his greatest challenges lay ahead.<sup>7</sup>

On October 5, 1930, a Sunday, Columbus Marion "Dad" Joiner, a "poor-boy" oil promoter and well driller, completed his third oil well on Daisy Bradford's farm, located in Rusk County between Henderson and Overton. The first two wells had been "dusters," dry holes. If Joiner failed on the third attempt, he would be out of business. He and his geologist-promoter, A.D. "Doc" Lloyd, drilled in an area regarded by experts as worthless pasture. Because rumors of wealth spread swiftly throughout East Texas, a crowd was on hand when the Daisy Bradford No. 3 blew in at the astounding rate of 6,800 barrels, or 285,600 gallons, of oil per day. The earth's largess soon proved to be one of the greatest problems that Ross Sterling faced as governor.<sup>8</sup>

Oilmen all over Texas wondered whether Joiner's well was in a small pocket of oil or if the wildcatter had tapped a "pool?" Subsequent events answered this question resoundingly. On December 28, 1930, oil prospector Ed Bateman, drilling on the Crim property southwest of Kilgore, brought in the Lou Della Crim No. 1 well at a daily rate of 22,000 barrels (924,000 gallons) of oil. Thirteen miles separated the Bradford and Crim wells, both of which were producing from the Woodbine Sand strata. This discovery agitated oil industry executives and brought the field to the attention of major companies, most of which had previously believed that the area held little promise. Then, on January 26, 1931, W.A. Moncrief, John Ferrell, and Edward A. Showers completed the Lathrop No. 1 well, situated between the Gregg County towns of Gladewater and Longview, and the majors began scrambling for lease acreage over what appeared to be a huge sea of oil. The Lathrop well established the limits of the East Texas field. At its greatest extent, the field underlay Rusk, Smith, Upshur, and Gregg Counties in a strip forty-five miles long and five to twelve miles wide. Dubbed the "Black Giant," the East Texas was the world's largest oil field.<sup>9</sup>

Up to the time of the Bateman discovery, Southern Crude Oil Purchasing, Pure Oil, the Texas Company, Magnolia Petroleum, Sun Oil, and Humble Oil

and Refining had been the only large companies to purchase oil leases from area landowners; independent landmen and small operators owned most of the field's leases. This balance began to shift as shoestring operators such as Ed Bateman sold their interests in the field to major companies. On January 9, 1931, even before the size of the East Texas field became apparent, Humble Oil and Refining Company paid Bateman's \$2.1 million asking price for the Crim well and the rest of the 1,494 acres upon which he had valid leases.<sup>10</sup>

The rush to drill wells in East Texas, spurred by the legal particulars of petroleum ownership, resulted in greatly escalated production that drove the value of oil down sharply. Petroleum, a migratory entity trapped in porous, subsurface strata, migrates to the point of least compression. When a well is drilled into an oil-bearing stratum, water, gas, or a combination thereof will drive liquid hydrocarbons through the stratum to the pressure-relieving hole. If oil is removed from a formation too quickly, the natural driving elements will be damaged permanently. Rapid extraction leaves a great deal of petroleum in the earth. Because of oil's migratory nature, it respects no surface boundaries. The legal theory known as the "rule of capture" applies; he who brings the oil to the surface owns it. Because neighbors may drain oil from beneath each other's property, everyone in the East Texas field rushed to drill on their tracts.<sup>11</sup>

Falling prices and irreversible reservoir damage concerned Governor Sterling. As additional wells began producing crude oil prices faltered, then slipped, and, finally, hurtled downward. As an oilman, Sterling knew the damage being wrought in East Texas. As governor, he understood that the ultimate responsibility for protecting Texas' natural resources belonged to him. The Texas Railroad Commission was responsible for establishing oil proration limits; that is, the maximum daily amount of crude each well could produce. Texas law required that the commission prevent physical, not economic, waste of hydrocarbons.<sup>12</sup>

But the commission had already suffered a setback in both its prestige and authority. On August 27, 1930, more than one month before Dad Joiner completed the Daisy Bradford No. 3 well, the railroad commission set the statewide maximum allowable production at 750,000 barrels per day. This 50,000-barrel reduction from 1929 provoked an angry response. On August 30, 1930, the Danciger Oil and Refining Company filed suit against the commission in state district court, alleging that the agency had set the allowable figure at 750,000 barrels only to support the price of crude, and the order had no relation to physical waste. Danciger secured a temporary injunction permitting it to operate freely, thus hampering commission efforts to establish proration as a means to conserve resources. In February 1931, the state court held that the commission had not exceeded its legal bounds in the Danciger case and that effects on crude prices resulting from the order were a side issue. Danciger appealed the ruling. Because of the pending appeal, the commission appeared unwilling, during the spring of 1931, to take additional action that could provoke legal challenges. In addition, the commission's order

preceded discovery of the East Texas field, so operators there could legally produce as much oil as they wished.<sup>13</sup>

As crude prices continued their precipitous slide, Oklahoma Governor William H. "Alfalfa Bill" Murray convened a meeting of oil-state governors at the Texas Hotel in Fort Worth on February 28 and March 1, 1931. Sterling and representatives of New Mexico and Kansas governors attended and created a Governors' Advisory Committee. They sent telegrams to the presidents of major operators and requested that President Herbert Hoover host a conference on oil imports. The meeting also generated a scheme to levy a one-twentieth-of-one percent tax on gross production to pay state "oil umpires" to oversee production and maintain proration orders. On March 16, stating that "the present condition creates a great and critical public emergency," Sterling submitted his plan for the establishment of an oil conservation commission to the legislature. The measure went nowhere. The price of oil continued to fall; the oil industry was clearly spiraling out of control, and measures had to be enacted to calm the situation. Government intervention in the form of proration regulations seemed the only solution to overproduction.<sup>14</sup>

Proration divided oilmen and royalty owners everywhere. Pro- and anti-prorationists deluged Governor Sterling with letters and telegrams pleading their side of the issue. On February 6, 300 landowners and small oil operators met in Overton, Texas, and formed the East Texas Lease and Royalty Owners Association to fight proration. In a fit of pique, "Doc" Lloyd called for regulations to prohibit the railroad commission from issuing proration orders. He then alleged that Humble Oil controlled prices in the East Texas field. Whipped into a righteous frenzy by Lloyd, the Royalty Owners Association hired former governor Dan Moody to plead its case in Austin. Dallas oilman Robert Penn – accused by Lloyd of being Humble's "lapdog" – headed the pro-regulation group. Both small independent and large national oil producers claimed membership in Penn's organization. Humble Oil president William S. Farish had long believed that the industry could take care of its own affairs without governmental meddling; producer-imposed proration in the Yates field in West Texas proved Farish's point. The Yates discovery in December 1926 followed closely on the heels of large finds in the United States, Venezuela, Columbia, and Sumatra, making overproduction and falling prices distinct possibilities. But Humble, Marathon, and other operators agreed to produce only 30,000 barrels per day in the Yates field, even though the field's daily capability stood at 192,000 barrels. By exercising restraint, the companies had prevented both physical and economic waste.<sup>15</sup>

The sermon of self-control fell upon the deaf ears of East Texans who had extended themselves to poor-boy a well and needed cash flow to recover their investment. Small independents operated the majority of the field's wells and well-drilling outfits. They were convinced that the large concerns could drive oil prices down to intolerable levels and wait them out until all the "little guys" had either gone out of business or were forced to sell their interests to companies such as Sun, Magnolia, or Humble.

While legislators produced no law to the governor's liking, the railroad commission called a public hearing for March 24 to determine how best to handle the volatile East Texas situation. Led by Carl Estes, firebrand editor of the *Tyler Journal*, members of the East Texas Lease and Royalty Owners Association planned to attend the commission hearing. Estes called for a "march on Austin" to show unified support for free and unrestricted production and announced that a special train would be available for the trip south. On March 24, thirteen chartered Pullman cars arrived in Austin and discharged landowners, royalty owners, and small operators determined to keep proration out of East Texas.<sup>16</sup>

This contingent kept the hearing lively. At one point, debate between Moody and Penn nearly erupted into fisticuffs. The line between politics and spectacle was negligible; the audience enjoyed the antics and cheered their respective advocates. Despite the histrionics, on April 4, 1931, the railroad commission prescribed allowable limits for the East Texas field. Effective May 1, operators legally could produce 160,000 barrels of oil per day on a field-wide basis. Commissioners divided the field into twenty-acre tracts for proration purposes, permitting each tract to produce an amount corresponding to its capacity relative to that of the field as a whole, while stipulating that no tract would be limited to fewer than 100 barrels of daily production. But anti-prorationists filed suit, ignored the order, and little changed in the East Texas field.<sup>17</sup>

By this time crude production had reached levels sufficient to affect prices beyond the state's borders. Like Ross Sterling, Oklahoma Governor Murray struggled with deteriorating oil prices. Oklahoma operated under a proration system, but continued unchecked production from the East Texas field rendered the policy ineffective. Several oil companies shut-in their wells to await higher prices. The Seminole and Oklahoma City fields were producing oil, but at rock-bottom prices. The average price of crude oil in January 1931 was \$.95 per barrel; in August it fell to just \$.14.1 per barrel. Prorationists maintained that regulation was necessary to save reservoirs and resources; anti-prorationists were equally determined to produce as much oil as possible.<sup>18</sup>

The dilemma became increasingly vexing in the summer of 1931. Phillips Petroleum Company president Frank Phillips insisted that the price crisis resulted from uncontrolled production from the massive East Texas field. Other explanations failed to explain the price collapse. Domestic petroleum stocks were 7,000,000 barrels below those of 1930; domestic consumption roughly equaled that of 1930; and while exports were down, so were imports. Phillips asserted that with regard to oil prices, "the most potent, specific cause is lack of control of the great East Texas pool." He concluded that if regulations could be enforced "the favorable economic conditions elsewhere prevailing throughout the industry will have an opportunity to make themselves felt."<sup>19</sup>

By mid-summer 1931, the oil price situation had become so desperate

that Governor Sterling called a special session of the Texas legislature. Sterling said that “there exists a deplorable condition in Texas on account of the great waste of our natural resources, particularly oil and gas, and there is an urgent demand for a strengthening of our conservation laws.” The governor outlined the action he wanted: “enact such legislation as will adequately provide for the conservation of the natural resources of our State [*sic*].” The session lasted from July 14 to August 12, 1931; temperatures rose in the un-air-conditioned Texas capitol as legislators began work. Before remedial legislation could be acted upon, Odessa Representative Lee Satterwhite put before the House a resolution requiring the House Oil, Gas, and Mining Committee and the Senate State Affairs Committee to investigate the activities of major oil companies in the East Texas field. The resulting hearings allowed lawmakers to spread their own gospel regarding the oil industry upon the pages of the House and Senate journals. Testifying before the House committee, company president William S. Farish stated that Humble Oil had no power to set prices and posted no prices in the East Texas field. According to Farish, 252 minor operators owned forty-seven percent of the wells in the field and, because Humble purchased its production on an individual basis, prices fluctuated freely. Robert Penn recommended immediate proration for all flush, or flowing, wells. Former governor Pat Neff, a minority of one on the three-member railroad commission, shredded his fellow commissioners, Chairman C.V. Terrell and Commissioner Lon A. Smith, accusing them of “Physical inactivity, mental inertness, [of] following the line of least resistance, in prorating only those who wanted to be prorated – without an intelligent gesture toward proration.” The hearings occupied much of the members’ time and featured the governor as a witness before each of the two committees. Sterling scuttled an attempt to link him to Humble Oil by rumor of a kickback disguised as a mysterious loan. The alleged “loan” proved to be an advance royalty payment on a producing well that Humble drilled in 1930 on property that Sterling and two partners owned.<sup>20</sup>

Despite the posturing of both investigative committees, minerals conservation proposals made their way through the legislative process. Two important issues had to be decided by lawmakers: whether to establish a new conservation commission and whether proration should be limited to physical waste, economic waste (market demand), or expanded to a combination of the two criteria. Identical administration bills, the Woodward Bill in the Senate and the Wagstaff Bill in the House, provided for effective conservation measures. The bills set forth the duties of the government in preventing physical waste, prescribed severe penalties for violators, and established a new conservation commission to relieve the railroad commission of its oil and gas oversight duties.<sup>21</sup>

Amid both legitimate legislative debate and headline-grabbing committee hearing testimony, a three-judge federal court handed down a crucial ruling. On July 28, 1931, in *Alfred Macmillan, et. al. v. Texas Railroad Commission*, the court held invalid the commission’s earlier proration order covering the East Texas field. In the court’s opinion, the order had no reasonable relation to



physical waste, was based on market demand, and violated the state's conservation laws. Moreover, the court ruled that the order deprived the plaintiffs of property without due process of law, impaired obligations under contracts, and impeded interstate commerce. In response to the ruling, Governor Sterling promised to veto any act that used market demand as a criteria for proration. The prorationists were bewildered, the anti-prorationists elated. Before Texas legislators could react to the federal court ruling, events north of the Red River heightened the tension.<sup>22</sup>

In Oklahoma, Governor Murray told oil companies that he was prepared to declare martial law on August 1, 1931, to raise and support the price of oil. His threat proved counterproductive, because beginning at 12:01 A.M., August 1, producers opened their wells full stream, producing as much crude as they could prior to the anticipated shut-down. On August 4, the governor proved that he was a man of his word, sending the National Guard into the oil fields. In his declaration of martial law, Murray accused Sinclair Oil Company officials of "holding numerous secret meetings with seditious intent and intrigue, against the State Government" [sic]. One of these secret meetings was held in the city of Tulsa last March ... to consider the possibility of bribing forty members of the Legislature and impeaching the Governor." Murray alleged that Sinclair's "intrigues" were specifically designed to drive the price of oil through the floor "against the best interests of the school children of the State." In Texas, events forced businessman-governor Ross Sterling to adopt similarly extreme measures to control oil production.<sup>23</sup>

After the *MacMillan* ruling, the Texas legislature enacted a compromise conservation bill. House Bill No. 25, dubbed the Anti-Market Demand Act, authorized the Railroad Commission to regulate mineral conservation by clearly defining physical waste, permitted the commission to use gas-oil ratio and water encroachment as criteria in determining production limits, and provided for criminal penalties for those violating commission orders.<sup>24</sup>

Apprehension permeated the East Texas field following the adjournment of the legislature on August 12. Passage of the Anti-Market Demand Act implied to some that railroad commission proration orders issued under the old law had been rescinded and that East Texas oil could be produced at maximum flow. The price had slumped to \$.14.1 per barrel and desperate or unscrupulous producers were planning to open the valves. A group of operators who had voluntarily shut-in their wells met at Tyler on Friday, August 14, to discuss the crisis. In the months since the anti-proration rally in Austin, Tyler *Journal* editor Carl Estes had experienced an epiphany and now supported production controls. The 1,500 people who attended the meeting in Tyler adopted a resolution petitioning the governor to impose martial law in the field so that "enormous physical waste ... and huge loss to the State of Texas be prevented and that life and property may be safe during this hiatus of the conservation law of the State." The petitioners appointed five of their number to drive to Governor Sterling's home south of Houston, present him with the petition, and plead their cause. On the same Friday afternoon, the East Texas Chamber of Commerce, also meeting in Tyler, telegraphed the governor and asked him to

declare martial law immediately in the East Texas field. As did those 1,500 souls in the operators' group, chamber members protested the "unequal production" in the field and stressed that "conditions had already resulted and caused threats of violence and the destruction of property."<sup>25</sup>

Ross Sterling spent the weekend of August 14-16, 1931, preparing for martial law in East Texas; so did a number of oil producers. While Sterling visited with the five representatives from Tyler on Saturday morning, East Texas wells spewed forth crude at the rate of more than one million barrels per day. Sterling knew that the petitioners had not overstated their case. He had had a "mole" in the field for some time, *Oil Weekly* publisher Ray L. Dudley, who confirmed the severity of the situation. The governor drove to Austin Saturday afternoon to sign the proclamation. He mobilized National Guard cavalrymen in Austin, Brenham, Dallas, Tyler, Fort Worth, Houston, and Mineral Wells for service in East Texas where they would join Texas Ranger Captain Tom Hickman and ten other Rangers. The governor placed guardsmen under the command of Brigadier General Jacob F. Wolters, who, in his non-military role served as staff attorney for The Texas Company.<sup>26</sup>

A new chapter in oil regulation began at 6:00 A.M., Monday, August 17, 1931, when the governor's martial law declaration went into effect and national guardsmen and Texas Rangers closed more than 1600 wells in the East Texas field. General Wolters arrived in Kilgore at approximately 8:20 A.M. and by 11:00, all Humble Oil and all Texas Company wells had been shut down. Wolters warned would-be violators of the consequences: "Resistance to the law is insurrection. That's war, whether it be armed or not." Troops met little resistance, and by Monday night Wolters announced that the shutdown had been accomplished without violence. Closure of the Black Giant had been affected swiftly, but no one could say how long the field would remain sealed.<sup>27</sup>

The railroad commission issued a new proration order for the East Texas field on September 2, 1931, to take effect September 5. Governor Sterling thought the order so loosely constructed as to be worthless. Commissioners modified the order and Sterling permitted the field to reopen, under the supervision of General Wolters. As drilling continued in the field, production inched toward the 400,000 barrel per day limit. Commissioners amended their order by lowering the per-well daily allowable twice to remain below the field limit. This arrangement worked well.<sup>28</sup>

On October 13, 1931, several small operators obtained an injunction in the United States District Court for the Eastern District of Texas halting enforcement of the commission's proration order and enjoining the commission from issuing a similar order. But the suit did not name Sterling as a defendant, so to maintain martial law and production limits, the governor assumed personal control of the field, immediately reducing the daily per-well production limit from 165 to 150 barrels. On November 20, the plaintiffs amended their suit to include Sterling and Wolters as defendants. On February 18, 1932, after a three-day hearing, the Federal District Court held that

Sterling had overstepped his authority in declaring martial law.<sup>29</sup>

Martial law had expired, but the principle for which the governor enacted it survived. In 1932, the Texas Court of Civil Appeals released its opinion in the Danciger case. The court held that production in excess of market demand did result in physical waste, and that limiting production to market demand diminished or eliminated that waste. The August 27, 1930, railroad commission proration order had thus been ruled legal. Also in 1932, the United States Supreme Court, in a ruling rendered in *Champlin Refining Company v. Oklahoma Corporation Commission*, upheld an Oklahoma proration law that relied upon market demand to restrict production. In essence, the Texas Court of Civil Appeals and the U.S. Supreme Court affirmed market demand as a criterion for physical waste prevention. On November 12, 1932, Governor Sterling signed into law the Market Demand Act, the result of a special legislative session. Ross Sterling had been vindicated.<sup>30</sup>

Ross Sterling was an oilman – he understood the petroleum industry, and as a corporate executive believed in non-interventionist government. But as governor he discovered that his *laissez faire* policy did not always work. The oil crisis forced Sterling to reexamine his beliefs. The process of evolving from an autocratic executive and state commission chairman to a chief executive, responsible for crafting compromise among contentious factions, combined with the political and economic exigencies of the times, altered Sterling's perspective of government's role in business affairs. As he said to Texas senators during the legislative oil investigations of July 1931: "A few years ago I made it plain [that] I was opposed to too much government in business, but conditions have changed, and it is now necessary for the government to come to the aid of the oil industry."<sup>31</sup>

#### NOTES

<sup>1</sup>Seth Shepard McKay, *Texas Politics, 1906-1944* (Lubbock, 1952), p. 187; Mike Kingston, Sam Attlessey, and Mary G. Crawford, *The Texas Almanac's Political History of Texas* (Austin, 1992), p. 215; Mike Kingston, ed., *1994-95 Texas Almanac and State Industrial Guide* (Dallas, 1994), p. 519.

<sup>2</sup>Ed Kilman, "Sterling – Texan. A Biography of Ross S. Sterling," pp. 8, 10, 23-24, 33, typed manuscript, Ross Shaw Sterling Papers, Center for American History, University of Texas at Austin, Austin. Hereafter cited as Kilman.

<sup>3</sup>Kilman, pp. 40, 43-44, 55-66ff.

<sup>4</sup>Kilman, pp. 92, 106ff; William Warren Sterling, *Trails and Trials of a Texas Ranger* (Norman, 1959), p. 298.

<sup>5</sup>Kilman, pp. 95, 100, 113ff; Sterling, *Trails and Trials*. pp. 299-300.

<sup>6</sup>McKay, *Texas Politics*, pp. 147-148, 187, 189; Seth McKay and Odie Faulk, *Texas After Spindletop* (Austin, 1965), p. 121; John David Huddleston, "Good Roads for Texas" (Ph.D. diss., Texas A&M University, 1981), pp. 64-69; Norman D. Brown, *Hood, Bonnet, and Little Brown Jug* (College Station, 1984), pp. 289-291.

<sup>7</sup>Kingston, et al, *Political History of Texas*, pp. 215, 291; McKay and Faulk, *Spindletop*.

pp.124-125; McKay, *Texas Politics*, pp. 191, 198-200ff; *Texas Weekly*, November 8, 1930, p. 7.

<sup>8</sup>James A. Clark and Michael T. Halbouty, *The Last Boom* (Austin, 1984), pp. 79-80; McKay and Faulk, *Spindletop*, p. 127; Warner E. Mills, Jr., *Martial Law in East Texas* (Syracuse, 1960), p. 7; James Presley, *A Saga of Wealth: The Rise of the Texas Oilman* (New York: G.P. Putnam's Sons, 1978), p. 116.

<sup>9</sup>Clark and Halbouty, *Last Boom*, pp. 99, 106-107; Mills, *Martial Law*, p. 7; Presley, *Saga of Wealth*, pp. 123, 126.

<sup>10</sup>Clark and Halbouty, *Last Boom*, pp. 101-103; L.E. Bredberg, "East Texas Counties Get Play," *Oil and Gas Journal*, January 8, 1931, pp. 52, 166.

<sup>11</sup>Mills, *Martial Law*, pp. 3-5; Clark and Halbouty, *Last Boom*, pp. 144-145; David F. Prindle, *Petroleum Politics and the Texas Railroad Commission* (Austin, 1981), pp. 22-25, 28-29ff.

<sup>12</sup>Prindle, *Petroleum Politics*, pp. 30-31; Edmunds Travis, "The Sound Basis of Proration," *Texas Weekly*, June 6, 1931, p. 8; Raymond Brooks, "Sterling Asks Legislature to Establish Proration Commission," *Oil and Gas Journal*, March 19, 1931, p. 22; H.J. Struth, "Crude Output and Stocks Reduced in 1931," *Oil Weekly*, January 29, 1932, pp. 36-37.

<sup>13</sup>Mills, *Martial Law*, p. 9-10; Barbara Sue Thompson Day, "The Oil and Gas Industry and Texas Politics, 1930-1935" (Ph.D. diss., Rice University, 1973), p. 88; Clark and Halbouty, *Last Boom*, pp. 151, 160-161.

<sup>14</sup>*San Antonio Express*, March 1, 1931, p. 1; March 14, 1931; "Governors Talk Crude Oil Situation," *Oil and Gas Journal*, March 5, 1931, pp. 39, 199; Raymond Brooks, "Sterling Asks Legislature to Establish Proration Commission," *Oil and Gas Journal*, March 19, 1931, p. 22; Keith L. Bryant, Jr., *Alfalfa Bill Murray* (Norman, 1968), p. 199.

<sup>15</sup>*Tyler Journal*, February 6, 1931, March 6, 1931; *Oil and Gas Journal*, July 30, 1931, pp. 21, 167.

<sup>16</sup>Day, "Oil and Gas Industry," p. 92; Clark and Halbouty, *Last Boom*, p. 161; *Tyler Journal*, March 20, 1931, p. 1. Also on page one of the March 20, 1931, *Tyler Journal* appeared a small notice that Lathrop discovery well operators W.A. Moncrief, John Ferrell, and Edward A. Showers had sold their interests in the well and surrounding 2,400 acres to the Yount-Lee Oil Company. Deals such as the Lathrop well sale and Ed Bateman's sale of the Lou Della Crim lease to Humble Oil gave major producers an extra foothold in the East Texas field.

<sup>17</sup>Day, "Oil and Gas Industry," p. 93; Clark and Halbouty, *Last Boom*, p. 162.

<sup>18</sup>Struth, "Crude Output," *Oil Weekly*, January 29, 1932, pp. 36-37; Bryant, *Alfalfa Bill*, p. 198.

<sup>19</sup>*Austin Statesman*, July 8, 1931, p. 2; *Texas Weekly*, July 11, 1931, p. 5; Mills, *Martial Law*, p. 19.

<sup>20</sup>Texas, 42d Legislature, *House Journal*, 1st Called Session, 1931, p. 2; *Oil and Gas Journal*, July 16, 1931, p. 17; July 30, 1931, pp. 21, 167; Texas, 42d Legislature, *Senate Journal*, 1st Called Session, 1931, pp. 367-370ff; *Texas Weekly*, July 25, 1931, p. 4; Mills, *Martial Law*, pp. 18-19.

<sup>21</sup>Day, "Oil and Gas Industry," pp. 103-104.

<sup>22</sup>Day, "Oil and Gas Industry," p. 104; Clark and Halbouty, *Last Boom*, pp. 165-166; Mills, *Martial Law*, p. 20; Prindle, *Petroleum Politics*, p. 31.

<sup>23</sup>*Oil and Gas Journal*, July 30, 1931, p. 21; Wm. H. Murray, *Executive Order, Calling Out the National Guard, Declaring Martial Law and Ordering Military Control to Close Down all Prorated Oil Wells*, Secretary of State Record Group 19, Series 7, Boxes 2 and 3, "Proclamations," State Archives Division, Oklahoma Department of Libraries, Oklahoma City, Oklahoma; *Austin Statesman*, August 1, 1931, p. 1; August 4, 1931, p. 1; Mills, *Martial Law*, p. 20; Andrew M. Rowloy, "Governor Shuts Down Oklahoma Wells," *Oil and Gas Journal*, August 6, 1931, pp. 13, 20; James R. Scales and Danny Goble, *Oklahoma Politics: A History* (Norman, 1982), p. 169.

<sup>24</sup>Day, "Oil and Gas Industry," pp. 105-107ff; Texas, *General and Special Laws*, 42d Legislature, 1st Called Session, 1931, pp. 46-57.

<sup>25</sup>Sterling, *Trails and Trials*, pp. 230-231; Mills, *Martial Law*, pp. 24-25; Day, "Oil and Gas Industry," p. 109; East Texas Chamber of Commerce, *A Book of Facts: Martial Law in East Texas, What it Has Meant to the State and the Nation* (Longview, 1932), pp. 11-14.

<sup>26</sup>Clark and Halbouty, *Last Boom*, pp. 167-168; Mills, *Martial Law*, pp. 25-26; *Oil Weekly*, August 21, 1931, pp. 15, 43-44; *Austin Statesman*, August 16, 1931, pp. 1-2.

<sup>27</sup>East Texas Chamber, *Book of Facts*, p. 7; "Troops Shut Down East Texas Fields," *Oil and Gas Journal*, August 20, 1931, pp. 15, 104; "East Texas Field Closed Under Martial Law," *Oil Weekly*, August 21, 1931, pp. 15, 43-44; Prindle, *Petroleum Politics*, P. 31; *Austin Statesman*, August 17, 1931, pp. 1-2; *Time*, August 24, 1931, p. 14.

<sup>28</sup>Mills, *Martial Law*, pp. 29, 33; Struth, "Crude Output," *Oil Weekly*, January 29, 1932, pp. 36-37; East Texas Chamber, *Book of Facts*, p. 8; Prindle, *Petroleum Politics*, p. 31; McKay and Faulk, *Spindletop*, p. 127; Clark and Halbouty, *Last Boom*, pp. 182.

<sup>29</sup>Mills, *Martial Law*, pp. 34-36, 39-40; Sterling, *Trails and Trials*, P. 304.

<sup>30</sup>Mills, *Martial Law*, pp. 39-41ff; Clark and Halbouty, *Last Boom*, pp. 186-187.

<sup>31</sup>*Fort Worth Star Telegram*, September 2, 1931, p. 1; *Oil and Gas Journal*, July 30, 1931, p. 21; Texas, 42d Legislature, *House Journal*, 1st Called Session, 1931, p. 14; Texas, 42d Legislature, *Senate Journal*, 2d Called Session, 1931, pp. 1, 3.