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100 Years at the Wood River Refinery

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CONTINENTAL OIL COMPANY (PART TWO)

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Continued from the September 2017 newsletter.

On January 10, 1870, the Standard Oil Company (Ohio) was founded by John D. Rockefeller. Some 15 years later, this event would affect the fortunes of the Continental Oil Company.

With the establishment of the Standard Oil Company, Mr. Rockefeller began absorbing various companies. According to a California newspaper, by 1880, the Standard Oil Company controlled about 90% of the western oil market. Also that year, a Standard Oil historian noted that a challenger to Standard Oil was already at hand – the Continental Oil and Transportation Company of California.

At this time, the product in demand was turpentine, and it was quickly becoming a bone of contention between the oil companies. Uriah S. Hollister, who at one time had been the Denver agent for Standard Oil then later became the general manager for Continental, stated that one day he had an inspiration realizing how they could beat the competition.

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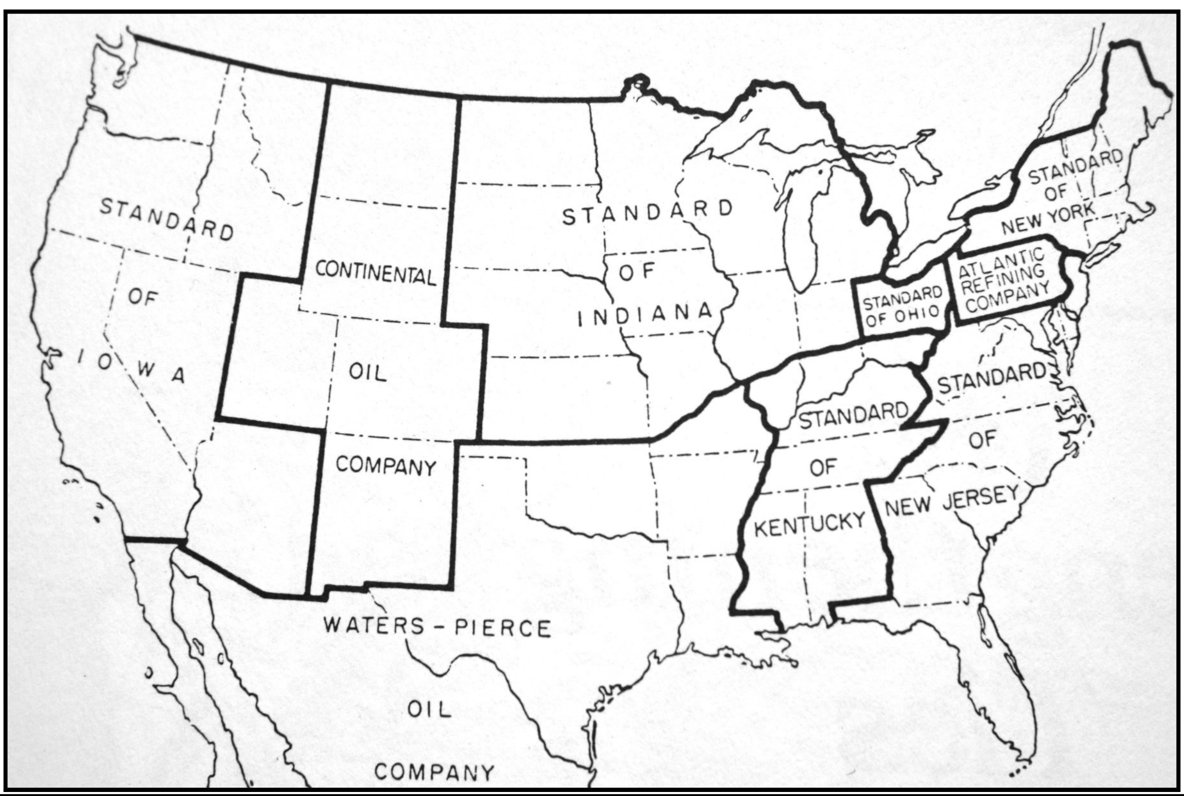

Continental Oil Company (cont.)

He explained to Isaac Blake that since the freight cost for turpentine was about three times higher than oil, he could order a Continental tank car of turpentine and bill it as oil. The deception worked, and Hollister stated, “they had fun as long as the tank car lasted.”

Blake loved to bedevil the competition, taking delight in completing detailed research to pin-point weak spots in the operations of other companies, particularly Standard Oil. In one such instance, Blake discovered Standard was having problems with lubricating oils, and he recruited a lubrication specialist who had once worked with Standard. The specialist, acutely aware of his former employer’s product weakness, was quickly able to transfer a good many Standard customers to Continental’s growing list of satisfied customers.

Blake possessed a sharp and inventive mind in the economics of supply and transportation along with a system of rebates and discounts with railroads and other transportation agents. With the growing strength of Standard Oil, Blake moved his operation from the West Coast to Denver.

By the middle of 1884, Blake and his partners accepted an offer from Standard Oil to become an affiliate of the operation. This was a very unusual arrangement as unlike others who had joined the Standard Oil flagship, Continental would continue to function as it had in the past, although with some reorganization. In December of 1884, the new certificate of incorporation was drawn up and was officially accepted on January 1, 1885.

The Rocky Mountain News for January 2, 1885, explained why Standard negotiated to acquire Continental. *The News* stated “The Standard Oil Company and the Continental Oil and Transportation Company have consolidated their businesses in Colorado, New Mexico, Wyoming, Montana and Utah, under the style of the Continental Oil Company. The situation leading up to the reorganization came about because Standard Oil with 130 bulk stations felt that it had very inadequate coverage of the nation. More firms with marketing facilities were needed.”

This arrangement allowed Standard and Continental to expand into other surrounding states and continue westward to the Pacific Coast. Alaska and parts of Canada were also included. Blake, as president of the Continental affiliate, continued to have a strong voice in the affairs of the organization and remained very much in control. The joining of Standard and Continental resulted in the largest fleet of vehicles and tank cars ever assembled within one organization.

During the 1880s, Blake continued to forge ahead with new developments, advertising efforts, establishments of new bulk plants, and other projects. Some of his projects would be considered today as research and development. However, Blake was becoming restless again and began looking for new adventures.

Blake considered railroads as the “arena of action” for the twenties. The company continued to function as if it was a standalone oil company while Blake propelled himself into new industrial ventures, even though he was heavily in debt. By 1892, he had invested much time and money into the construction of the Nevada Southern Railroad. However soon after his investment, an economic crisis hit the West. Blake lost more than $1 million. In August of 1893, Blake stepped down as president of Continental Oil Company. He severed his active connections with the company, and Henry Morgan Tilford took the reins of Continental.

In 1888, Continental acquired a minority interest in the United Oil Company, and by 1916, the company was fully owned by Continental, which marked the company’s entry into the refining market. In December 31, 1899, under the stock holdings of the Standard Oil Company (New Jersey), Continental (Iowa) was listed as being 100 percent owned by the Standard Oil Company and was still heavily involved in the marketing of kerosene. By 1906, Standard Oil managed 98.9% of the western market. Even though Continental was not directly involved in much production, company representatives who were in the field making contracts for the purchase of petroleum products frequently studied refining technologies.

The western lands were becoming more available for oil exploration. With Theodore Roosevelt becoming president following the assassination of William McKinley in September 1901, the westerners viewed President Roosevelt as having a “true spirit of pioneering.”

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Continental Oil Company (cont.)

This outlook resulted in the Westward Expansion, with large parcels of land becoming available for purchase. A newspaper of the time ran an ad that some six million acres of land were available to purchase on the "ten-year plan." The price per acre was listed as 50 cents to $1.23 per acre in Wyoming while in Colorado the price was $1.00 to $1.25 per acre. The prime areas of Nebraska and western Kansas were $1.50 to $3.50 per acre.

Even through these times, Continental continued with its major activities of storage, transportation, and marketing. In addition to the large storage facilities, many substations (distribution centers) were utilized to enhance the tank wagon method of distribution. The tank wagons made their rounds in all types of weather since few customers had large storage capabilities.

Typically, a wheeled tank wagon was pulled by a two-horse team. However, in the snow regions during the winter, a sled pulled by a six-horse team was often used. The motor truck would not appear on the scene until about 1910.

For a typical 1906 delivery route in the Denver area, a route driver would receive about fifty dollars per month. The driver would be assigned a two-horse team pulling a 600-gallon, two-compartment tank wagon and a route of about 130 stops, mostly grocery stores. Some stores would require a biweekly visit.

The driver would work about ten hours a day, six days a week. The daily routes would vary depending on the additional types of products to be delivered. Some of the additional products besides gasoline and kerosene included axle grease, candles, motor oil, small cook stoves, heaters, and lanterns.

By about 1910, the company began investing in motor trucks for transportation of fuels. The first truck to bear the company name was believed to have been a Kelly.

The space behind the cab was used for packaged products. The rear area held an eight-foot divided tank that would hold about 850 gallons of product. This arrangement allowed the driver to handle two types of liquid product as well as packaged goods. Unfortunately, the trucks were not very reliable, so the garage foreman would have to dispatch a team of horses to assist.

However, new technologies were on the horizon, and the transportation of products would soon increase in both quantity and efficiency.

September Trivia Question

Q. What was germ oil?

A: Ernest Marland, owner and operator of Marland Refining Company, earned his notoriety by being the first to find oil in Ponca City in the early 1900s. Marland was an attorney and a student of geology. He was convinced that this science would revolutionize the oil industry.

Conoco and Marland Oil Companies both were producing passenger car motor oil in early 1921. Marland held the patent for the first canned passenger oil product from the new Continental Oil Company founded in 1929.

The product was called “Germ Processed” Motor Oil. The germ process was the first motor oil additive ever used by an oil manufacturer.

The process involved the development of a special oily additive which was patented by two British scientists in 1918. It was produced using castor oil components.

In 1934, Conoco developed a synthetic version called GD-150, later called MDS. The MDS was the material referred to as “oil plating” on the cans and in advertising.

Germ Processing was chosen as the name of the first motor oil because someone referred to it as a “germ of an idea.” Germ processed oil didn’t come in refinery sealed cans until the early 1930s and was dropped in 1940 for motorine oil, a low-cost paraffin-based oil. There were nine different germ oil cans used during the germ oil era.

The drawing winner is Michael Schmitt.
Please contact Megan Allen to claim your prize.

Trivia Question

Approximately how much did the Kelly truck described in the Continental Oil Company article above cost when it was purchased?

Answer the trivia question by sending your response to WRR.Community.Relations@p66.com. Next month, we’ll reveal the answer and select one lucky winner to receive a 100th Anniversary trinket!

Comments or Suggestions?
Contact:

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Our First Winterization

In October 1917, construction of the refinery was still creeping along at a pace much slower than anyone desired. Shipping delays and out-of-specification material continued to plague the workers and engineers.

The new pipeline was not faring much better as it was also behind schedule. However, during the months of October and November, the pipeline construction team managed to cross the Mississippi River just before the "ice season." This was a major achievement as this was the first time a pipeline crossed the river.

The short term goal for the refinery was to have at least one or two boilers on line by late fall or early winter. At least there would be a warm spot somewhere.