

## Section

# 1

## The Birth of the Oil Industry

### Main Ideas

1. The Texas oil industry began with the discovery of a major oil field in Corsicana.
2. The Spindletop strike marked the beginning of the oil boom in Texas.

### Why It Matters Today

During the 1800s Americans searched for new energy sources. Use current events sources to learn about different sources of energy available today.



**TEKS:** 1A, 1C, 6A, 7A, 7B, 8A, 8B, 9A, 13C, 20C, 20D, 21A, 21B, 21C, 22A, 22D

### myNotebook

Use the annotation tools in your eBook to take notes on the discovery of oil at Spindletop and the beginning of the oil industry in Texas.

### Key Terms and People

- petroleum
- fossil fuel
- derricks
- refinery
- Pattillo Higgins
- Anthony F. Lucas
- Spindletop strike
- boom-and-bust cycle

## The Story Continues

Spindletop was a small hill just outside Beaumont. Although it was only 12 feet high, people often called it Big Hill. One day Pattillo Higgins took a Sunday school class on an outing to Big Hill. He happened to notice gas bubbles in the spring at the top of the hill. When Higgins poked his cane into the ground, gas escaped. This visit convinced Higgins that there was oil under Big Hill.



### The Search for Oil

The demand for oil had risen dramatically after scientists developed kerosene in the mid-1800s. Kerosene was a new form of fuel for lighting that could be made from coal or **petroleum**. Commonly called oil, petroleum is a dark, thick, liquid **fossil fuel**. A fossil fuel is a fuel formed underground from plant or animal remains. Compared to other fuels, such as whale oil, kerosene was less expensive and less dangerous to use. The first major U.S. oil strike occurred in the late 1850s. An oil company sent Edwin Drake to northwestern Pennsylvania to search for oil. He drilled holes to try to reach petroleum deep underground but had little luck. One day when the drill reached 69 feet, a black liquid oozed out of the well. Local farmers ran through a nearby town shouting, “The Yankee has struck oil!”

Drake's success led others to search for oil. In Texas a Civil War veteran named Lyne T. Barret drilled for oil outside Nacogdoches in 1866. He struck oil at 106 feet. His oil well was soon producing 10 barrels of oil a day. However, Barret could not raise the money necessary to continue drilling and had to shut the well down. Other Texans accidentally discovered oil. George Dullnig, a rancher in Bexar County, struck oil while drilling for water in 1886. Dullnig drilled two more wells but did not find enough oil to continue drilling. Other efforts at finding oil in Texas met with little success. Texas produced only 48 barrels of oil in 1889, compared to the 35 million barrels of oil produced in the rest of the United States.

It was not until 1894, when drillers in Corsicana searching for water struck oil, that the Texas oil industry truly began to grow. The Corsicana landscape was soon dotted with **derricks**, or towers that support oil-drilling equipment. During 1896 the Corsicana oil field produced 1,450 barrels of oil. Just four years later, Texans took more than 839,000 barrels of oil out of the oil field.

To process the oil, business leaders constructed a **refinery**. A refinery is a factory where crude oil is refined, or made pure, and then made into various products. The oil refined at Corsicana was used to lubricate machinery and provide kerosene for lamps.

**Reading Check Identifying Cause and Effect** What scientific innovation occurred in the mid-1800s, and how did that affect Texas?

### Interpreting Visuals

**Spindletop.** The Spindletop strike led to an oil boom in the Gulf Coast region. How does this image of the Spindletop oil field six years after the first strike reflect the oil boom?



Image Credit: © Corbis



## BIOGRAPHY

### Anthony F. Lucas

(1855–1921) In 1879

Austrian Antonio Francisco Luchich came to the United States, eventually changing his name to Anthony Francis Lucas. He worked as a mining engineer in Colorado and Louisiana before arriving in Texas in 1899. While drilling at Spindletop, Lucas and his wife lived in a shack and used boxes and crates for furniture. Spindletop made Lucas a wealthy man—he received \$400,000 for his work there. **What role did Lucas play in the Spindletop strike?**

## ★ The Spindletop Strike

The success at Corsicana was quickly overshadowed by a discovery at an oil field near Beaumont. **Pattillo Higgins**, a brick-factory owner, believed that oil would be found under a salt dome at a place called Spindletop Hill, or Big Hill. Salt domes are underground formations that often trap oil and natural gases. In 1892 Higgins and some friends worked together to form the Gladys City Oil, Gas, and Manufacturing Company. Although the company drilled three wells at Spindletop, it did not strike oil. But Higgins refused to give up.

Higgins ran an advertisement calling for a drilling engineer. In 1899 an engineer named **Anthony F. Lucas** responded to Higgins's ad. Lucas was an expert on salt domes, and he agreed that oil was probably beneath the Spindletop dome. He started drilling there in June 1900. At 575 feet, Lucas found traces of oil, but his equipment was not strong enough to continue. After finding business leaders willing to invest in new equipment, Lucas continued drilling. A man who worked at Spindletop described the big oil strike that occurred on January 10, 1901.

### TEXAS VOICES

“All of a sudden, a chunk of mud came out of the six-inch hole . . . with an explosion just like a cannon popping off. . . . I walked over and looked down in the hole there . . . this frothy oil was coming up . . . each flow a little higher and a little higher and a little higher. Finally it came up with such momentum that it just shot up clear through the top of the derrick.”

—Al Hamill, quoted in *Tales from the Derrick Floor*,  
by Mody C. Boatwright and William A. Owens

The giant plume of oil shooting into the air at Spindletop could be seen from more than 10 miles away. People came from miles around to see it. Over the next nine days some 800,000 barrels of oil shot out of the Spindletop well before workers could cap the gusher. Word of the strike quickly spread around the world, with newspapers calling it the great gusher in Texas. The **Spindletop strike** marked the beginning of the Texas oil boom and the age of oil in Texas.

**Reading Check Finding the Main Idea** What was the significance of the strike at Spindletop?

## ★ Boom and Bust after Spindletop

The discovery of oil at Spindletop led to a boom in the Texas economy and created many jobs. Hundreds of oil companies formed to drill new wells, and the population of Beaumont swelled by nearly 40,000 people. By 1902 more than 500 oil companies were operating there. The *Galveston Daily News* reported on the growth and excitement in Beaumont. “The town continues to fill up. The street resembles a great holiday event. . . . Physicians are becoming real estate men. The lumber

### KEY DATE 1901

The discovery of oil at Spindletop near Beaumont was the beginning of the modern oil industry.

industry is forgotten in the wild rush for oil land. . . . Throngs of people frequent the streets until late at night and everything is oil.”

Spindletop oil production peaked in 1902 at more than 17 million barrels of oil. That year, nearly 20 percent of the oil produced in the United States came from Spindletop. The discovery of this huge oil field soon affected oil prices. With large quantities of oil being produced, the supply of oil outpaced the national demand. As a result, the price of oil dropped. By 1902 oil prices had hit an all-time low of three cents a barrel. These changes in price were part of a **boom-and-bust cycle**, or alternating periods of growth and depression in an industry or economy. The boom and bust at Spindletop was the first such cycle the Texas oil industry would experience.

The rush of companies drilling oil at Spindletop soon led to the depletion of the field. By 1904 Spindletop was producing only 10,000 barrels of oil a day. Most of the new companies that had formed went out of business when their wells dried up. Of those Texas companies that survived, several grew into major businesses. J. S. Cullinan, who owned the Corsicana refinery, founded the Texas Fuel Company in Beaumont in March 1901. The company soon changed its name to the Texas Company—later Texaco—and grew rapidly. By 1905 it owned oil wells and a refinery as well as railroad cars and pipelines for transporting oil.

Another Spindletop oil company, the J. M. Guffey Petroleum Company, was formed in May 1901. Its owners also founded the Gulf Refining Company. The two companies struggled for several years until merging in 1907 to become the Gulf Oil Corporation. The Magnolia Petroleum Company and the Humble Oil Company, both founded in 1911, also became major businesses.

The oil companies that survived the early boom were important to the Texas economy. They employed thousands of Texans, which in turn helped boost many of the state’s other businesses.

**Reading Check Evaluating** How did the Spindletop oil boom affect the local economy and national oil prices?

## Daily Life

### Life in the Oil Fields

Working in the Texas oil fields was rough, dirty, and dangerous. Laborers usually worked 12-hour shifts. O.G. Lawson recalled that workers were sometimes burned by “gas wells that they had no way of controlling.” Gases escaping from wells could hurt or kill. **What was life like for workers in the oil industry?**



## Section 1 Review



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ONLINE QUIZ

### 1. Define and explain:

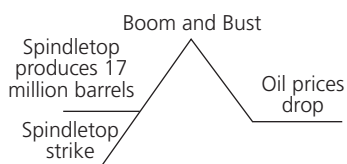
- petroleum
- fossil fuel
- derricks
- refinery
- boom-and-bust cycle

### 2. Identify and explain:

- Pattillo Higgins
- Anthony F. Lucas
- Spindletop strike

### 3. Identifying Cause and Effect

Use a graphic organizer to describe causes of each event below.



### 4. Finding the Main Idea

- Trace the rise of the Texas oil industry.
- How did the oil boom affect national oil markets and local communities?

### 5. Writing and Critical Thinking

myWriteSmart

**Making Generalizations and Predictions** You are a reporter present at the Spindletop strike. Write a short newspaper article on the event. Consider the following:

- the people and events that led to the strike
- how the strike will affect the future