

Lancaster Countians Invest

In Oil: 1864-1865

By J. W. W. Loose

When Frank Gearhart, an Indiana, Pennsylvania, independent oilman—or “wildcatter”—began buying drilling rights from Salisbury Township farmers in March 1981, Lancaster Countians were (and still are) skeptical about his chances for finding natural gas or oil under the Garden Spot’s rich farmland. Others have come to Lancaster County on similar missions during the past century, and nary a drop of oil nor whiff of natural gas have been found. There is gas and oil under Salisbury Township, to be sure, but those fuels are passing through in pipelines that form a corridor under Salisbury Township.

The shoe was on the other foot in the Civil War period when Lancaster Countians joined in the speculative rage for oil. In the 1864-1865 period no less than eight different companies were formed locally to drill wells, refine oil, and transport the product in Jefferson, Elk, Venango, Clarion, Centre, Clearfield, Beaver, and Greene counties.

When “Colonel” Edwin L. Drake’s well near Titusville yielded oil in late August, 1859, the rush to acquire leases on oil lands began. Petroleum geology was then unknown, and the siting of wells was done by methods so primitive as to be laughable. The minimum cost for drilling a well in 1859-1860 was \$1,000. Use of “divining rods” was common, with the practitioners of that art charging \$25 to \$100 per well site.¹

From 1864 to 1866, Pennsylvania's oil wells yielded about 84 million barrels of oil. Crude oil was selling for \$8 per barrel in 1864, having risen to that level from slightly more than \$1 per barrel in 1862. At the wells the price was much different, however, for there, at the wellhead, oil could be purchased for as little as ten cents per barrel. Transportation and storage costs were high.

Where money was to be made the Lancaster County mind was alert and interested. In 1861 the Columbia (Pittsburgh) Oil Company, capitalized at \$200,000, paid to its shareholders dividends of \$300,000 for approximately six months of operations. The following July the company paid \$100,000 in dividends to its stockholders. Quarterly dividends of 10% were not uncommon. Another company in 1864 brought in a well that yielded 300 barrels daily, and within three months the owners made \$785,000 from the sale of oil and leases. Even single-acre leases enriched the landowners with the profits of half of all oil pumped plus bonuses as high as \$4,000 per producing well.²

News of the wild speculation reached Lancaster County quickly. First to express interest was a group of Lancaster men who organized The Lancaster and Clarion River Oil Company on 16 January 1864. Capitalized at \$300,000, with shares at \$1 par value, the company bought 91 acres in Jefferson County. At its first meeting, \$52,000 had been paid into the company for stock. The president was John F. Herr. Theodore W. Herr served as Secretary-Treasurer, and Michael H. Shirk was vice president. Other directors were Jacob W. Frantz, Jacob G. Peters, John D. Skiles, Levi W. Groff, Christian Lefever, Andrew B. Kauffman, and John B. Stehman. The corporation office was in Lancaster city. Theodore Herr operated a real estate and insurance agency in Lancaster. Lefever also was in the insurance business. Skiles was a prominent leaf tobacco dealer and eventually would become president of the Fulton National Bank. Kauffman also had an insurance business.³

Next on the scene was the Mason Oil Company with its corporate offices in Columbia. Capitalized at \$100,000, with \$5 par value, this firm was organized 26 November 1864. With \$20,000 paid in at time of organization, the company purchased eight acres in Dunkard Township in Greene County. Christian S. Kauffman headed the firm, with M. M. Strickler serving as treasurer. Other directors were Robert Crane, S. S. Detweiler, and M. H. Angell. Kauffman was an ironmaster. Crane was a superintendent of the Pennsylvania Railroad. Detweiler was cashier of Columbia First National Bank. Angell appears to be an "outsider," perhaps an "expert" on oil speculation. Strickler was a wealthy farmer and landowner.⁴

The *Lancaster Inquirer* was amused by the "oil fever" and commented

cynically on it along with a journalistic swipe at Columbia, a favorite pastime of Lancaster newspapermen.

In Columbia the editor of the *Spy* tells us that the speculators have got the fever so bad that it has broken out into a large company, into which everybody who can scrape up a few hundred dollars is anxious to enter but unfortunately but few have so far been favored. They are about to start a refinery there, make money, and teach Lancasterians how to speculate, grow rich, and "jine the petroleum aristocracy!" In Mount Joy and Marietta a few of the leading financiers have entered the whole pig into a few companies and some have come out minus of nice little sums.

Here in Lancaster, quite a number of our citizens, both male and female, have got the fever bad. New companies that are to pay millions upon the stock, new projects that will run oil from the mountains into a big vat in Philadelphia where it is to be retailed at fabulous prices, and all the efforts of "stock bulls and bears" are discussed, embarked in and earnestly supported. The motto seems to be "let's get rich" and oil gives us that means. Hurrah for coal oil!

Despite the carping from the Lancaster press, Columbia's entrepreneurs thought they knew a good thing when they saw it, and oil was the thing of the future. A month after the Mason firm was established, the Bruner Farm Petroleum Company was organized (29 December 1864) with capitalization of \$500,000, in shares at \$5 par value. The entire issue as subscribed to immediately. Lands were purchased in Venango County. Presiding over this venture was Isaac Eckert, who had numerous iron interests. The treasurer was William M. Seyfert. Other directors were William G. Case, a prominent rolling mill owner and merchant; J. W. Siminton, F. W. Northrop, Frederick Lauer, and John McManus.⁶

The same day another Columbia-based company, the Amber Petroleum Company, was organized with \$500,000 capitalization, with \$5 par value. This company acquired lands along Dunkard Creek, Dunkard Township, Greene County. Robert Crane and S. S. Detweiler, whom we met on the Mason Oil Company board, were president and treasurer respectively. Other directors were William Patton, wealthy Columbia industrialist and rolling mill operator; M. H. Angell; C. S. Kauffman; M. M. Strickler; and Henry Carpenter, Lancaster physician.⁷

On 9 January the Lancaster and Beaver River Oil and Mining Company was organized with \$150,000 capitalization, par value \$1.00. At the time of certification, \$30,000 or 25 cents per share had been paid in. Lands were acquired in Beaver County. The president was Dr. Joseph Lefever, the secretary was F. L. Calder, and the treasurer was John R. Bitner. Calder owned a tobacco shop, and Bitner was active in transportation, warehousing and leaf tobacco; he would become the Fulton Bank's first president. Other directors were David Bair, dry goods merchant; Benjamin Reinhold, lumber dealer; Samuel Hess; Oliver J. Dickey, attorney; Isaac W. Leidigh, Paradise farmer; and Dana Graham, comb manufacturer.⁸

Oil lands, oil stocks, oil wells, and oil everything are now the subject of conversation on the cars, in the hotels, on the streets, in the drawing rooms, and wherever men congregate. How far it extends, its profits, its uses, &c are discussed with an intense interest. Some of the most enthusiastic assert it to be inexhaustible, and predict its introduction into our most everyday uses. One expects it soon to take the place of lard and butter (and not cost fifty cents a pound); another thinks it is going to cure rheumatism and most of the other ills that flesh is heir to; another asserts that it is going to create a great revolution in traveling—that travellers will soon oil the soles of their shoes, step on the railroad bars (tracks) and slide away with lightning speed to their destinations. And with their castles in the air, and the prospect of the pump in the wells, the goodnatured and hopeful enthusiastic enjoy a most pleasant communion with themselves and happy conversation with everyone else. It is to be hoped that the oily goddess may continue her smiles until every Pennsylvanian becomes at least a millionaire.⁹

Interest in oil lands speculation continued unabated. The *Columbia Spy* boasted:

The oil subscription advertised in our columns last week is meeting with unexpected success. Up to Thursday evening there had been over fifty thousand dollars subscribed and actually paid in. The property owned by this company is enough to form several companies with a joint capital of five millions of dollars. We have no doubt the whole amount will be subscribed in a few days when the books will be closed. The property consists of four valuable leases and two tracts in fee simple on Dunkard creek, Greene County, Pa. now considered the best oil region yet discovered.¹⁰

By now the excitement had spread to Christiana, and the townsmen gathered to form the Greene County Basin Oil Co. on 4 February 1865, with capitalization of \$200,000, par value \$2.00. Samuel Slokum, Sadsbury farmer, was elected president. The treasurer was George W. Phillips. Other directors were Robert J. Houston, Nathaniel Slaymaker, Thomas Boyd, Joseph Pownall, Oliver J. Dickey, Samuel G. Haslett, Dr. Benjamin F. Tillum, and Amos Townsend, Jr. The firm took up lands in Greene County.¹¹

Columbia decided another company was needed, and on 6 February 1865 the Moshannon Oil Company was formed, with \$100,000 capitalization, par value \$1.00. The firm acquired lands along the Moshannon River in Clearfield and Centre counties. Presiding over this venture was William Patton, with John W. Steacy, a Columbia merchant, as treasurer. Other directors were George H. Rumble, hardware merchant; George Young, Jr., newspaper editor and insurance executive; Amos S. Green; and J. C. Bucher, liquor merchant. The firm's holdings were the largest of the local companies: 1124 acres.¹²

On 27 February 1865 the Lancaster and Venango Mutual Petroleum Association was formed in Lancaster city, with a capitalization of \$200,000,

par value \$1.00, with \$25,000 paid in. Ninety-one acres were acquired in Venango County. Colonel William H. Engle, an ironmaster, was elected president, and Amos Bowman, cashier of the Marietta First National Bank, served as treasurer. Other directors were David Roth, insurance broker; Abner D. Campbell; Thomas W. Morley; Thomas Grieves, merchant; Frank J. Herr; Dr. Henry Landis; C. N. Haldeman; Alexander Hood, attorney; Colonel William Cooper Talley; and Benjamin M. Stauffer. Membership on the board was comprised mainly of Marietta and Lancaster businessmen. Colonel Engle was a lumber merchant in Marietta in addition to his iron interests.¹³

The Elk and Venango Oil Company was organized in Lancaster on 10 April 1865, with \$100,000 capitalization, 50 cents par value. Of this "poor man's stock," \$26,000 was paid in at the time of certification. Lands in Elk County (150 acres) and Venango County (11 acres) were acquired. The president was John Sheaffer, bookseller and stationer; and the vice president was David B. Hostetter, a grocer. Jacob Stauffer was elected secretary. Abraham Bitner, Jr. was treasurer; he was a freight forwarder, and promoter of numerous industrial enterprises. Other directors were George B. Shober; Jacob L. Stehman; Joel Wenger; David Fulton; Captain Jacob D. Gompf; and John Baker.¹⁴

If Lancaster County was going to be "rolling in oil," from the speculative standpoint, someone had better be ready to refine the thick stuff into illuminating and lubricating oils. Robert Leighton Gerhart and Hiram Stamm decided to form a partnership to refine oil. They were the general partners. Two special partners were added: Edward J. Zahm, prominent jeweler and watch merchant who invested \$2,000, and the Reverend Dr. Emanuel Vogel Gerhart, Franklin & Marshall College president, and later, head of the Theological Seminary of the German Reformed Church, opposite the College who invested \$4,000. Oil refiner Gerhart, son of the eminent educator and theologian who helped finance the enterprise, eventually became a Reformed minister himself. The oil refining partnership lasted from 30 July 1867 until 1870. The works were located along the Pennsylvania Railroad tracks near Plum Street. Its principal product was "coal oil" (actually kerosene) for illumination and fuel.¹⁵

In Columbia Samuel Truscott and a partner named Gurnsey operated an oil refinery as early as 1866 along the road leading to Marietta. The following year Truscott & Co. consisted of Samuel Truscott, J. W. Steacy, and M. S. Shuman. The same group of men formed Steacy & Co., flour millers. Truscott & Co. refined oil until 1885 although it would appear from the scanty evidence available that in the latter years they were dealers and wholesalers of oil rather than refiners.¹⁶

The oil fever eventually left the Lancaster County investors and

speculators, and the dreams of “getting rich quick” faded into the more mundane world of economic reality. Few speculators and investors lost much money or realized their hopes of becoming millionaires.

Notes

1. Harold F. Williamson and Arnold R. Daum, *The American Petroleum Industry* (Evanston, Ind.: Northwestern University Press, 1959), I, 90-92.
2. *Ibid.*, 119-121.
3. Lancaster County Records, *Register of Manufacturing Corporations*. Vol. 1. 38-40. (Located in Document Vault 2, Lancaster County Historical Society)
4. *Ibid.*, 30-31; *The Columbia Spy*, 3 December 1864.
5. *The Lancaster Inquirer*, 22 November 1864.
6. *Register of Manufacturing Corporations, op. cit.*, 32-33.
7. *Ibid.*, 33-34.
8. *Ibid.*, 36-37.
9. *The Lancaster Inquirer*, 22 November 1864.
10. *The Columbia Spy*, 3 December 1864.
11. *Register of Manufacturing Corporations, op. cit.* 43-44.
12. *Ibid.*, 40-41.
13. *Ibid.*, 41-42.
13. *Ibid.*, 44-45.
14. *Ibid.*, 45-46.
15. *Ibid.*
16. *Lancaster County Tax Assessment Records*, Columbia, 1866 (Lancaster County Historical Society); *Boyd's Directory of Lancaster, Columbia, Chester and West Chester, 1874-1875* (Lancaster, Pa.: J. M. Westhaeffer, 1874); *Barnes' Directory of Lancaster County, 1875-1876* (Lancaster, Pa.: Pearsol and Geist, 1875); *Ferris Bros' Lancaster City and County, 1884* (Wilmington, Del.: Ferris Bros. 1884)