Supposedly it was a chance encounter with Charlie Canfield that turned Doheny toward California. Canfield had been one of the lucky few to leave Kingston a wealthy man in the mid-1880s, but he had squandered his fortune on a string of bad investments in real estate and race horses. By the fall of 1891, he was out on the prospector’s trail once again when he and Doheny met, accidentally, on a train platform in Victor, California, now known as Victorville. There were many other former New Mexicans working in the Oro Grande Mountains near San Bernardino. T. F. Chapman, one of Doheny’s old neighbors and one of the most successful Kingston miners, had a mine and mill set up in Victor, and F. A. Urban, Doheny’s former partner in the Satisfaction Mining Company, had gone there as well. So when Doheny’s lead mining business at Pinos Altos fell apart, he had a number of friends ready to welcome him to the West Coast.1

Before Doheny decided to make a permanent move to California in October 1891, he had already become involved in a legal fight over an abandoned gold mine that sat next to one of Canfield’s claims. Apparently, Canfield had been acting as the agent between the landowner and a potential purchaser at the time Doheny came on the scene. After that, the two worked to scuttle the deal by disputing the markers and the deeds of the previous owners so that Doheny could file a new claim. In the end, after threats of gunplay and charges of fraud from both sides, the case fell apart, leaving Doheny and Canfield to try their luck elsewhere.2 Their next venture involved a group of investors who wanted to set up a company to test a new smelting process to treat low-grade ore. This deal involved two Los
Angeles real estate brokers, M. M. Morrison and Joseph A. Chanslor, along with J. B. Rentchler, Canfield's old partner from Kingston who had obviously done a much better job of handling his money. Together, these three put up $9,997 of a $10,000 investment, leaving Doheny, Canfield, and another miner to throw in a dollar apiece and all of the labor. This too, fell apart for unstated reasons.3

By the fall of 1892, Doheny was flat broke and looking for another opportunity. He found it in Los Angeles. Although he would later claim to have stumbled into the oil business by accident, there is ample reason to believe that he was not as ignorant of the industry as he let on. As an educated miner interested in smelting and extraction processes, Doheny would have kept up with the literature and news on the subject through the pages of the *Mining and Scientific Press*, a standard in every camp and mining town in the West. And even a casual review of that journal would have revealed numerous accounts of oil production in Southern California. If Doheny had been paying any attention at all in January 1892, he would have seen the following notice reprinted in several local papers: "The Brea Mine: The *Herald* has alluded to the recent discovery of a large deposit of petroleum products near the city's west limits.... A shaft was sunk on the hill which gave a surprise in the shape of a ledge of bituminous rock...[then] another fine vein of asphalt was uncovered... and a small stream of oil commenced to flow out of the face of the bluff. This week the company will put their cheap fuel on the market. Those who wish to see one of the curiosities of Los Angeles... should not fail to take a trip to the brea mine. It is just a quarter of a mile west of Westlake Park."4

Thus, despite the apocryphal stories of total ignorance, Doheny probably knew more than he let on. But his role as the founder of the Los Angeles oil district is nonetheless unique. He was not the first person to extract oil in the city, and he was certainly not the first to experiment with the petroleum he found near Westlake Park, but he was the first person who managed successfully to promote its use at the precise moment that the railroads and other industries recognized oil as a viable fuel. In marked contrast to his experiences in New Mexico, Doheny was finally in the right place at the right time.

Oil exploration had been going on in Southern California for at least thirty years before Doheny began digging in the oil seeps of Los Angeles. By the late 1880s, there were almost one hundred producing wells operating in the hills surrounding the city. At its peak this business represented a financial outlay of several million dollars in what was already a capital-intensive industry. Within the city of Los Angeles, itself, there had been
numerous attempts to drill for oil going back as early as 1863, when one budding entrepreneur supposedly spent $65,000 trying to prove the value of the city’s oil resources. There was also a well-publicized report by the California State Mining Bureau in 1888 listing every known oil well and petroleum exude in the state, including the ones in Los Angeles. Years later, Doheny praised the value of this report, if not its author, W. A. Goodyear: "It can scarcely be credited that he knew the significance of the information which his annual report conveyed to the experienced prospector. That report, made some years before I went into the oil business, was really my best guide in the discovery of the various oil districts which it was my good fortune to open up in that state."

Obviously, Doheny made good use of the information available to him and did not succeed on luck alone. The real challenge was not to find the oil but to overcome the prevailing apathy about it. Still, Doheny’s “discovery” of oil in Los Angeles was attributed to a stroke of genius that made him a legend in the California oil industry.

As Doheny most often told the story, he was living in a cheap hotel on the west side of the city when he saw a wagon loaded down with pitch. Curious, Doheny stopped the driver and found out that the material came from a spot near Westlake Park and was being used as fuel by the local ice plant. Hearing that, Doheny supposedly raced off to see the oil exudes for himself. “My heart beat fast,” he recalled, as he watched the sticky material ooze out of the ground:

> I had found gold and I had found silver and I had found lead, but this ugly-looking substance I felt was the key to something more valuable than any one of these metals. Without ever having seen an oil district or an oil derrick . . . my natural prospecting instinct told me that these tar exudes bore the same relation to the petroleum below that the resin on the outside of a pine tree bears to the more limpid sap within . . . It was almost incredible that the possibilities of this spot had not been recognized by people connected with the nearby communities. The whole thing seemed too good to be true; yet it was true.

Convinced that he could sell the oil, Doheny persuaded Canfield to become a partner in his latest endeavor. While they could not afford a lease in the Westlake area, they obtained some cheaper property in central Los Angeles which had also been flooded with oil in the past. The saturated ground at the corner of West State and Patton had later been cut up for fuel, leaving a large hollow along one street. Now, utilizing their mining skills, Doheny and Canfield dug a shaft into the depression hoping to
locate the source of the oil. Initially, their technique was less a product of ignorance than it was a matter of utility and finances. A 4 foot by 6 foot miner's shaft allowed for more seepage into the hole than a drill bit and cost much less than the $5,000 required for the average well.

As they went to work using the miner's method, a witness recalled watching Doheny handle a shovel while Canfield ran a windlass to take out the debris. They continued on like this for thirty-eight days before they struck oil at a depth of 155 feet. Canfield's account of this first well mentioned only that the shaft slowly filled with oil as they entered the final section. But Doheny recalled that they first hit a pocket of gas at this point that "crackled like pop-corn" as it came up through the shale, which convinced them to get out of the shaft before they were asphyxiated. They found another way to finish the job after Doheny remembered a method used for drilling artesian wells, which he had seen as a boy in Wisconsin. Adopting the same technique, he brought in the well by driving the sharpened tip of a sixty-foot log into the bottom of the shaft. Unfortunately, the gas pressure was not sufficient to produce a flowing well, so the oil had to be hoisted out of the well with the windlass and a bucket.

In the days and weeks that followed, the aspiring oilmen were the only ones interested in their discovery. By now, Doheny was a full-fledged convert to oil, but Canfield was not. According to Henry Ailman, another transplanted New Mexican who worked alongside Doheny, Canfield did not like working with the gas and decided to give up and go back to mining. When he did, he traded his interest in the oil well for Doheny's interest in some gold claims near San Bernardino. With Ailman as his new partner, Doheny resolved to make the oil well a success.

Previously, Ailman had owned a mercantile and banking operation in Silver City, but he lost the business when a run on the bank forced it into receivership. He had tried gold mining in Pinos Altos and in Arizona before arriving in Los Angeles in May 1892. When he learned of Doheny and Canfield's efforts to strike oil, he persuaded them to sublease one of their three lots to him. Consequently, there were actually two companies at work simultaneously: the original one consisting of Doheny, Canfield, and Sam Connon, another acquaintance probably from New Mexico, and a second one made up of Henry Ailman, his father-in-law, Ira Smith, and his thirteen-year-old son. Ailman's well was about fifty feet, or two weeks, behind the first, and he recalled that both efforts succeeded in finding oil that was "far superior to the tar which we expected to be satisfied with." It was at this point that Canfield left for the mountains and Connon returned to his former job at a local bank.

Fortunately, with the fledgling company near collapse, Connon rescued
the operation after he received an inheritance from his parents. Even then, there was no money to spare, and they continued to use primitive methods: a drilling rig consisting of an X-shaped chunk of metal for a drill bit, a makeshift derrick, and a horse for lifting power. This system was as precarious to operate as it was cheap, because it did not allow them any control over the drilling cable. And Doheny, who Ailman said “elected himself driller,” had trouble with the rig from the start. On their second attempt to position the bit over the well, for instance, Doheny lost control of the line, and the men watched helplessly as their 300-pound bit plunged 150 feet into the hole “as though shot out of a cannon.” Unamused, and clearly disgruntled at being second-in-command, Ailman had to dig out the bit, which was now buried several feet into the bottom of the well.

With some practice, however, Doheny was able to “make hole” with this Spartan outfit and got down another thirty feet in the original well, where they reached a promising flow of oil. They began collecting the oil in discarded tallow buckets belonging to the Southern Pacific Railway and had eight full barrels by the next morning. The only other person interested in their strike at this point was the property owner, J. F. Turner, who showed up to see what was happening. When Turner caught sight of the oil, Ailman interpreted the look on his face to mean, “My God, have I let a fortune slip through my fingers.” Next, looking for an excuse to get the oil for himself, Turner “[found] something to kick about, trifling though it was, [and] he hopped on Ed about it.” Then, Ailman recalled, “Ed’s Irish and Turner’s state of Maine tightwadism locked horns and words flew.” In the end, Turner paid them $900 to get off the property and made them agree not to drill within 1,200 feet of his ground. Not one to give up without a fight, Doheny got around this restriction by having Carrie use her name to lease an adjacent lot. While not much of a ruse, this allowed them to get within a reasonable distance of the original well and continue their operation.11

Within a year of Doheny’s initial discovery, the momentum of the industry had picked up, and the neighborhood surrounding that initial site was crowded with nine producing wells and four companies at work. Turner had four wells pumping, Doheny and Ailman had two, another partnership had two, and a man from Downey, California, had one. According to the Los Angeles Herald, these wells occupied about 150 square feet of ground along both sides of State Street. In addition to the increasing number of wells, the technology was also advancing; the well-financed companies like Turner’s were using standard drilling rigs and steam boilers. As yet, however, none of the wells produced much oil.12

In reality, production was the least of the oilmen’s worries. In fact, it
was almost a curse when Doheny and Ailman obtained a steady flow of oil with no market, which forced them into the street to scramble for customers among the local businesses. In this early period, there were only two big companies and a handful of smaller ones using fuel oil in their operations, and that supply came under contract from an oil company in Newhall, northeast of Los Angeles. Ailman complained that "no one would admit that there was anything near the city except thick road stuff." Finally, the manager of a small plant that ground up bone for fertilizer seemed interested. The fertilizer plant had been getting some light oil from other sources but needed a heavier product, and the Los Angeles oil seemed like an ideal substitute.

Now, however, Doheny and Ailman's dilemma changed instantaneously when they had to turn down their first large contract for lack of production. Luckily, they came up with a way to dramatically step up the pace of their operation. According to Ailman, they already had a steam burner which was sitting idle because their oil was too thick to use with a conventional burner, and they could not afford anything else. A tour of the fertilizer plant, however, had given Ailman a chance to see a different system—the one that worked with the heavier oil. When he realized he could duplicate the design on their equipment, he took Doheny aside and said to him, "Ed, we have no oil to sell. We will burn it ourselves." His invention worked as planned and enabled them to hook their burner to a spudding rig, using a five-inch rubber belt and a thirty-inch pulley, and get down to 260 feet in their first well. With a thirty-foot derrick above the hole, they were pumping three to four barrels of oil a day, as much as any well in the field.

With the combination of better equipment and a steady infusion of experienced drillers from the eastern oil fields, the shallow wells in central Los Angeles dropped down as far as 500 feet, and the need for capital grew proportionately. This transformation proved the value of the city field and brought in a crop of new investors. One of those newcomers offered Doheny a much larger engine if he would provide the derrick and the drill cable for a new company. Doheny jumped at the chance and found a third party to loan him the money for the material. Apparently, in haste, Doheny left Ailman out of the deal, although he belatedly offered to make him the company's new engineer to smooth things over.

While this operation clearly represented a step forward, it was still on the struggling end of the scale. Whether from inexperience or inferior equipment, Ailman recalled, they could not get a straight hole, and Doheny wore himself out trying to make the drill "crooked proof." All that
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Ailman could say in retrospect was that the companies that were drilling deeper “wiped out our baby outfit.” When that happened, Doheny and Ailman went their separate ways. Eventually, Ailman retired from the oil business with nothing to show for it except for his unheralded role as one of the pioneers of the Los Angeles oil industry.

All in all during these early years, oil production in the city remained an extremely risky proposition. Contrary to the general impression that Doheny’s first well sparked an immediate oil boom, there was an extended period of slow and painful growth before the industry took off. The city experienced a roller coaster of activity between 1892 and 1899, and it was not until the end of the century that Los Angeles, and Southern California, in general, experienced the oil fever commonly associated with Doheny’s efforts. Far more accurate for the early period was a comment in the Los Angeles Times in 1894 reminding readers that Doheny faced “hard work to make a start in the oil business at a time when nobody had any confidence in it, being forced to scrape together and mortgage everything he owned.”

That effort paid off, however, as Doheny climbed to the top of the local industry by year’s end, with nineteen wells out of a total of 155. His company had a production capacity of 350 barrels a day but averaged about half of that due to a lack of demand. Overall, the Doheny Oil Company was regarded as “one of the most productive and best equipped groups in the district.” In fact, Doheny was doing much better than that, since his closest competitor, another local partnership, had only nine wells capable of producing 175 barrels per day. Those two companies accounted for almost half of the oil produced in the city.

In addition to the production of his own company, Doheny and his partner, Sam Connon, were the principal shareholders in the newly formed Metropolitan Oil Company, which had the single best producing well at 100 barrels a day. Even more remarkable in light of Doheny’s previous financial straits, he and Connon put up $20,000 apiece to form the company along with three other investors. Since business was still not that good, Doheny had obviously located a source of capital. Whether it was from a local bank or a private party is unknown, although it was probably the former. Either way, this source made all the difference in the world.

Despite this dramatic improvement, the oil industry was still struggling to find its way in a community wary of its presence. In particular, there were environmental concerns that left petroleum advocates pleading for a chance to prove themselves. And for better or worse, Los Angeles had been undergoing a fundamental change since the 1880s from being a passive seaside resort to becoming a modern commercial and manufacturing
center. What it lacked was a cheap source of fuel. Doheny’s efforts, therefore, contributed to the forward movement of the city, as long as the residents were willing to accept certain changes. “Oil derricks outlined against the western sky,” wrote the Los Angeles Times, were not as pretty as orange trees but they were more profitable. Likewise, the Los Angeles Herald believed that “the hour of deliverance is at hand.”

The people living in the oil district were not so sure. Almost as soon as the derricks started going up, the nearby residents sought to halt the industry in its oily tracks. Throughout the summer and fall of 1894, especially, the homeowners around Second Street Park rose up in rebellion, launching one attack after another against the oil producers before the City Council. Doheny, among others, met each charge with the same defense: that the oilmen were putting ten dollars into the area for every dollar they took out and that the citizens of Los Angeles would be the ones to profit from the industry. “Smoke, noise, and dirt,” said another oilman, “are the three necessary evils to the growth, expansion, and upbuilding of our beautiful city.” And, he continued, if the aesthetic tastes of every citizen had to be taken into account and every nuisance wiped out, “our city of the living [would] be turned into a veritable city of the dead.”

Nevertheless, the oilmen had to admit that concerns about public health and safety were warranted even though they considered them over-
Oil and Railroads in Southern California, 1892–1902

stated. This particular admission came in response to a suit filed in Federal Court by eight local residents seeking an injunction against the industry. Begun in October 1894, the suit listed every oil producer in the city and singled Doheny out from among sixty-one individuals to be the principal defendant in the case. The bill of complaint presented a graphic description of living conditions near the wells, emphasizing the “noxious vapors, smoke, noisome smells, fumes, stenches and noises which disturb, affect and impair the health of . . . [the residents] and deprive them of the comforts and enjoyments of life.” For these reasons, the plaintiffs demanded municipal control of the oil industry, a prohibition on nighttime work, and at least $5,000 in damages for their suffering. In the meantime, city representatives passed a preliminary curfew on nighttime drilling activity and assigned a local police officer to enforce sanitation and safety laws within the district, but left the larger issue of control up to the courts.18

To meet this particular challenge, Doheny took the lead in forming the Oil-men’s Protective Association in November 1894 as a cooperative attempt to govern the local industry. Focused solely on the problems outlined in the citizens’ complaint the Protective Association appointed a special committee to see that the oilmen controlled spills, cleaned up their lots, and reduced the smoke from their boilers. They even offered to grade the streets with their own asphalt to make transporting oil by wagon less hazardous. The threat of real legislation inspired the producers to seek out the worst offenders and “prosecute any oil man who maintains a nuisance.”19

This voluntary effort by the oilmen elicited a corresponding compromise from the residents: in January 1895, they offered to drop their suit if the oilmen agreed to strict boundaries on the south and west sides of the oil field to keep the derricks out of new residential areas. However, this was the one thing the oilmen absolutely refused to consider. Without any definable limits to the oil field as yet, they wanted the freedom to follow the oil no matter where it took them, and despite warnings to proceed with caution, some of the producers talked “rather wildly about the powerlessness of the courts to interfere with their business.”20 When the court dismissed the nuisance suit on April 30 without explanation, it supported the oil industry’s wish to have free rein over the city after all. Although some regulations were necessary for public health and safety and some neighborhoods received protection, the Los Angeles Superior Court struck down most restrictions on the geographical growth of the oil industry. According to the Los Angeles Times, these were “righteous” decisions designed to ensure the industrial health of the city, if not the environment.
And until the city field had been fully explored, there was little anyone could do to stop the oil producers from conducting their business, as one attorney put it, "as though they were in the middle of the Sahara Desert."  

In spite of their victory in court, some of the oilmen still wanted to come up with a way to drill and pump wells that met everyone's concerns. The initial idea was to use electric motors to run the oil machinery. As before, Doheny was the first one to put an idea to the test. This time, he worked in partnership with A. P. Maginnis, an official of the Southern California Railway—the western end of the Atchison, Topeka, and Santa Fe—who was also involved in the oil business. Skilled at public relations in his railroad work, Maginnis appealed to the City Council in March 1895 for permission to set up a large generator to conduct an experiment, believing that "electricity will do away with all the offensive features" of oil production. The Council approved the proposal, and Doheny reconfigured one of his drilling rigs to operate with an electric motor and used it for several months as the public watched with anticipation. Unfortunately, the results were never satisfactory, and Doheny abandoned the attempt in mid-September.  

This incident was important because it was one of the first collaborations in a long history of mutual investments between Maginnis and Doheny. Maginnis held a number of positions with the Santa Fe Railway and its subsidiaries. In 1895 he was the claim agent for the Southern California Railway, the manager of the Pacific Land Improvement Company (the real estate arm of the Santa Fe), and the community liaison officer of the Elsinore, Pomona, and Los Angeles Railway Company. Outside of his official duties, Maginnis operated several oil wells in Los Angeles in partnership with K. H. Wade, the general manager of the Southern California Railway.  

These men were Doheny's first contacts with the railroad at a time when the prospect of converting coal-burning locomotives to oil-burning engines had every oilman in California panting in anticipation. Doubtless, his relationship with two railroad executives gave him a decided advantage. Wade, in particular, had been instrumental in setting up the first California experiments between the Santa Fe, the Southern Pacific, and the Union Oil Company to use fuel oil in locomotives. After a successful test in October 1894, Union Oil thought it had an open field to supply the Santa Fe. But the deal fell through in February 1895 when Wade discovered he could get cheaper oil from the Los Angeles city field, with Doheny as the principal supplier of the Southern California Railway.  

Although Doheny's precise role in these events is unclear, there is no doubt that he had been determined to sell oil to the railroads from the
beginning. During a promotional trip to San Francisco in the fall of 1894, at the time Wade was working with Union Oil, Doheny met with officials of the Southern Pacific in San Francisco about supplying them with fuel. Apparently, he made a favorable enough impression that the Southern Pacific set aside a locomotive in Los Angeles and equipped it with oil burners to test the local fuel oil. Perhaps this was his part in Wade's campaign, or vice versa. It is also possible that Doheny hoped to play the two railroads against each other in a bid for his services, convinced as he was that the heavy crude oil from the Los Angeles wells would be a much cheaper fuel
than coal. In recounting the details of his San Francisco trip, for instance, Doheny stressed that he "was prepared to say now that oil can be profitably furnished to the Southern Pacific at $1 a barrel, and that this would approximate coal at $3 per ton," which was much less than what the railroad paid at the time. Confident that the oil resources of the city would inspire further development, Doheny proclaimed that "one of the greatest industries on the Pacific Coast is building up right here on Second Street in Los Angeles," adding that it would also be easy to get "all the money wanted for any kind of oil well proposition." He even suggested a plan for a new company that would move oil by pipelines, from the city field to a central depot, for easy delivery along spur lines to the various railroads. He also envisioned a major pipeline to the coast, "where a huge storage tank could be placed on a dock, so that the oil barges may load direct from it." Clearly, Doheny could see where the industry was headed as early as 1894 and was determined to take a leading role in its development.

While Doheny concentrated his efforts on fuel oil, he also promoted early attempts to refine heavy crude into lighter products through the Pacific Oil Refining and Supply Company, one of the first companies to try to build a pipeline and storage network in the city. The work began with E. A. Edwards, a recent immigrant from the Ohio oil fields, who built the refinery and designed a system for treating the by-products of asphalt, the company's main product. Eventually, Edwards was able to distill the local crude into at least four distinct grades, ranging from heavy stove oil to a small amount of light material similar to eastern illuminating oil.

Despite its success, or because of it, the Edwards refinery, located just a few blocks from the central oil district, became the most visible symbol of the oil industry's threat to the environment. Acting under increasing pressure from the community, the City Attorney drafted an ordinance to outlaw oil refineries within the city limits and threatened to close down the existing operation. In December 1895, Doheny and Maginnis stepped in to save the company with a plan to relocate the refinery to a lot adjacent to the Southern California's track along the bed of the Los Angeles River. There they intended to make extensive improvements in the plant and machinery so that Edwards could work the local oil "for all there is in it."

As with their earlier bid for an electric franchise, Maginnis lobbied City Hall on behalf of the refinery and summarized the continued plight of the industry in a letter to the Council: "I am not able to understand why the oil men, who have done more for Los Angeles than any other people, should be so continually persecuted. We have paid out about $10,000 in litigation and have never yet lost a case, which shows that we have been
wrongfully accused and annoyed unjustly. The oil men have distributed in your city over $600,000 in an effort to give you cheap fuel... and in return we have been met only by lawsuits and injunctions." Maginnis noted, in particular, that the parties interested in the refinery had a monthly payroll of over $18,000 and represented a capital investment of over $90,000. In conclusion, Maginnis dismissed the local opposition to the refinery as the work of a "wealthy and influential member of the Standard Oil Company" who feared local competition, and asked the Council not to pass the anti-refinery ordinance without investigating the situation.28

Two weeks later the city leaders approved the plan to relocate the refinery on a provisional basis "as a test to use the latest improved appliances." On March 25, 1896, Doheny and Maginnis reorganized the company as the Asphaltum & Oil Refining Company, with financial help from Sam Connon and H. L. Williams, one of Edwards's original investors. Each of them put up $2,500 in return for 250 shares of stock, which accounted for half the capital stock of the company. A fifth investor, Theodore Clark, added $10,000 of his own. Once in operation, the refinery was able to process about 330 barrels of oil a day, which placed it second out of the five refineries in the Los Angeles area, behind the Union Oil Company's 400-barrel plant. Presumably, the Doheny-Connon Oil Company supplied all of the crude oil.29

Even as the local industry grew more sophisticated, however, there was still the fundamental problem of defining the limits of the field. More precise information would reduce the hostility of residential groups, but definition was even more important from a marketing perspective, since many potential customers feared that the local field was nothing more than a small pocket of oil that could dry up at any time. To clear up the issue, the Chamber of Commerce hired Professor W. L. Watts, a field geologist with the California State Mining Bureau, to make a special study of the oil fields in Southern California—and the Los Angeles district, in particular. As of March 1895, the city field was still confined to a few square blocks around Second Street Park radiating out from Doheny's first well. Now, some 200 wells were crammed into the area with as many as four or five per lot. But with production cut back for lack of customers, Watts hesitated to make any predictions about the supply, although he did not believe that the field would hold out for long at full capacity. He estimated current daily output at 300 barrels and thought that was about a quarter of the field's potential. From surface indications, Watts did not hazard a guess about geographical boundaries; he merely advised the oilmen to keep moving in all directions and see what happened. Contrary to his intended
mission, therefore, Watts reinforced the conflict between the oilmen and their neighbors and heightened consumers’ fears of committing themselves to an uncertain supply. 

As before, Doheny stepped forward with a plan. He organized a new company, the Producers Oil Company, to act as a clearinghouse for the entire field through a centralized storage and pipeline system. By creating a cooperative storage system, Doheny intended to stabilize both the supply and the price of oil so that customers would negotiate long-term contracts for fuel. According to a report in the *Los Angeles Herald*, Doheny wanted to create a “common reservoir” of oil that could be held or sold depending on the conditions of the market. Ideally, this would prevent individuals from “selling haphazard” and undercutting the price and would put the oil producers “in a position to talk business to consumers.” During the previous year, for example, the price of oil dropped from $1.40 a barrel to $.85, when a dollar a barrel was the accepted minimum to make a profit.

Incorporated on January 3, 1895, Producers Oil Company began with twenty-seven oilmen from the city field, representing over half of the supply. Although many observers hoped that the company would stabilize the market, it never operated as advertised. Despite Doheny’s claims, many small producers were very suspicious of the company from the start, because almost all of the initial shareholders were Doheny stalwarts. These included Charlie Canfield, who had recently returned to the oil business, George Owens and Sam Connon, who were Doheny’s current partners, and Frederic Northrup and Charles Sumner, who were directors of the Metropolitan Oil Company. Doheny’s overwhelming domination of Producers Oil Company left the impression that it was nothing more than a scheme to gain control of the whole market.

This suspicion appeared to be justified by the activity of the Union Oil Company, the largest operation in the state at the time. In response to the low prices and turbulent conditions in Los Angeles, which had begun to affect sales in the outlying regions, Union Oil tried to exert some control over the city. Previously, Union had stayed out of the Los Angeles field, believing it to be inconsequential, but by the end of 1894, Los Angeles oil was becoming a problem for the company. At the same time that Doheny was organizing Producers Oil Company, Union Oil made a direct proposal to the Los Angeles oilmen to buy up the local surplus of light fuel oil and market it on their behalf. Early the next year, Union officials reached an agreement with about twenty producers of light oil, although they accounted for only about 8 percent of the total output of heavier crude.
In the course of these dealings, Union Oil representatives let it be known that they were willing to drastically cut their own prices “in order to convince local producers that it is useless for them to compete with the big corporation.”

For several months, the price of oil remained at seventy to eighty-five cents per barrel, while everyone awaited the completion of the pipeline and storage facilities being constructed by Doheny and a few other large companies. By the summer of 1895, however, conditions in the field were worsening by the day, and the depressed market allowed the financially strong companies to feed off of their weaker competitors at will. Under those circumstances, an attitude of fear and desperation took hold of the small producers, which led them into a drilling frenzy in a futile effort to save themselves. Of course, it only hastened their demise. With some 400 wells pumping and forty more being drilled, the price of oil dropped with every additional barrel. At this pace, the oilmen were putting down about fifteen wells a week and eating up a new city block each month. The nine blocks that now made up the Los Angeles field were so crowded that the oil derricks touched at the base. A report on the field for the end of August estimated current production at 3,500 barrels of oil per day, when the market could not absorb 1,200. Small producers with no storage capacity and no financial reserve sold their oil for whatever they could get, which drove the price below thirty cents a barrel.

To understand this suicidal behavior, we need to know something about the “rule of capture,” which dominated the philosophy of oil production. Essentially, according to legal interpretation, oil could be claimed only when it reached the surface: “Whatever gets into the well belongs to the owner of the well, no matter where it came from.” Thus, as one Los Angeles producer explained: “The main reason for the operation of so many wells now is that every oil well owner knows that if he doesn’t pump the fellow next to him will get all the oil in the locality. There isn’t a cent of money being made, but they are all pumping to prevent their neighbors from pumping up what don’t belong to them strictly.” The result was that nothing in the market was secure, and companies with long-term contracts at fifty to seventy-five cents a barrel watched helplessly as their customers reneged on agreements when the price dropped by half. At this point, with no stable market price, no firm commitments, and no way to ship oil to potential customers outside the city, the local oil producers were, in the view of the Los Angeles Times, no better off than a “hungry man on a desert island with diamonds in his pockets.” Over time, the situation paralyzed
the market when the surviving oilmen refused to make any more contracts, stopped drilling, and decided to let the surplus play out before they started over again. With the complete demoralization of the oil market in the fall of 1895, the time was right for another attempt to get the producers to work together for their mutual benefit. From all indications, the Producers Oil Company had not yet done anything to slow down the process of disintegration. In fact, Doheny had aggravated it by soaking up as much of the cheap oil as he could get, perhaps feeling no sympathy for the individuals who refused his help. By this time, however, there was another organization on the rise as an alternative. The new group was the Los Angeles Oil Exchange, which was headed by Rufus H. Herron, a recent immigrant from the oil fields of western Pennsylvania. Like other transplants from the eastern fields, Herron was well-acquainted with the situation facing the Los Angeles producers. In particular, Herron had been in Pennsylvania during the Great Shut-Down Movement of 1887 to 1888, when the local producers not only joined a protective association but did it in cooperation with their archenemy, Standard Oil. Standing together, if only for a short time, they exerted some positive control over the chaos of the oil fields. For a full year, the association successfully held back drilling and production, eliminated the surplus, and brought the price of oil back up to an acceptable level. When it was over, the independents and Standard Oil went back to fighting each other but not before proving that, under certain conditions, small and large producers could work together profitably.

With this background, Herron seemed a more benign benefactor than Doheny, and his effort effectively divided the field into competing camps: on one side were the pioneer oilmen allied with Doheny, while on the other were the rest of the producers, mostly newcomers, who were upset at having been “lured on with long yarns of how various firms were going to store our oil for us.” The conditions of the market, however, made it very difficult for the Oil Exchange to promote their brand of cooperation. Although the leaders of the Exchange claimed to have at least seventy-seven out of one hundred possible producers in their organization, actual participation was less than half that number, and even those members were split into competing groups. Ideally, each company was supposed to sign a three-year contract to market their oil through the Exchange, but as of October 1895 only thirty producers had done so. As it happened, the producers were never willing to sign binding agreements but merely promised to allow the Exchange to handle their oil.
The condition which actually brought the field together was an increasing glut of oil that so overwhelmed the storage system in December 1895 that it forced a district-wide shutdown. By this time, the Los Angeles Times could report that the "climax of defeat" had come to a majority of the well owners. With no storage and no market for their oil, producers could keep only a fraction of the city's 300 operating wells pumping. Now conditions were right for the Oil Exchange to have an effect on the market. Over the next six months, a combination of production cutbacks and the failure of many weak companies stemmed the tide of oil. And using its own tank steamer, the Exchange organized several bulk sales of oil to consumers in San Francisco. The combined effect of these factors helped turn the market around and lift the price up from forty cents in December to $1.25 in June.

Despite the lack of detailed evidence for these events, it is clear that Doheny was able to continue operating throughout this period because he had a larger customer base than any of his competitors. By the end of 1894, he was supplying fuel oil to a number of local businesses, including a brewery, a cold storage plant, and a packing company. He also had a contract to provide oil for the steam-generating system at City Hall, after offering to refit their burners for free and promising them a $500 reduction on the annual fuel bill they normally incurred using coal. Ironically, the members of the City Council were probably warming themselves on cheap local oil while they debated the nuisance complaints against the oilmen. Overall, Doheny's success at winning these long-term contracts left him vulnerable to any sudden changes in the oil market, especially when his aggressive marketing strategy won him a major contract to supply the Southern California Railway. In this case, Doheny's friendship with A. P. Maginnis and K. H. Wade helped him to secure the railroad's business, but the work turned out to be a mixed blessing in the end. The contract began in early 1895 and called for Doheny to deliver 20,000 barrels of oil a month and keep a full month's reserve in storage. The railroad paid him $1.05 per barrel. Taking an estimated cost of production of fifty to seventy cents a barrel and adding 10 to 15 percent for delivery, Doheny had fashioned a contract with the Santa Fe that left him a reasonable, but not excessive, profit.

Not all his arrangements were so rational, however. Hoping to extend his domination of the market, Doheny took on additional contracts during the oil glut at a much lower rate; this left him desperate to buy oil at thirty to forty cents to avoid the prospect of taking a financial loss on every barrel. By March 1896, it would have cost him as much as seventy to eighty
cents a barrel for any additional oil to cover contracts he had made at half that amount. Those contracts cut deeply into the earnings from his arrangement with the railroad. To make matters worse, the production of the wells, as Watts had warned, began to drop off as much as 10 percent a month as the field started to play out. And with the market price edging one dollar a barrel at the well, Doheny’s margin of profit was razor-thin. At the end of the oil glut, consequently, with shrinking supplies and rising prices, Doheny was hard-pressed to fill the railroad contract and keep up with the rest of his obligations. Simply put, Doheny got caught short when the price of oil started to rebound.

Given these constraints, the financial consequences of Doheny’s situation were not long in coming. On the first day of August 1896, the *Los Angeles Times* reported the collapse of the Doheny-Connon Oil Company, adding that the “immediate cause of the failure was due to bad business management and extravagance.” Doheny’s largest creditors, especially the Farmers and Merchants Bank, forced the move. The following day the paper backed away from their attack on the management of the company, citing “unfounded rumors” as the source of the earlier quote. To avoid bankruptcy, Doheny and Connon voluntarily assigned their property to W. A. Morgan, a representative of the bank, “in order to provide funds for immediately suspending development and paying off all labor and other claims.” The receiver was confident that, by maintaining daily operations without the burden of expansion, “the regular production of the property will enable its owners to liquidate all liabilities in good time.”

Obviously, this was not an event Doheny elaborated upon in later years, except during one interview in 1905. At that time, he charged that a combination of oil well owners—presumably the Oil Exchange—had been formed to “bust [him] up in business” because he had the “temerity” to take contracts at rates that were well below the market price for a barrel of oil. As far as it went, this explanation is in accord with the facts available. What it does not clear up is Doheny’s rationale for taking contracts that put him increasingly at risk. Either he was supremely confident in his ability to find oil and did not believe that the field was vulnerable to exhaustion or he simply counted too much on his ability to control the market by gathering all the production into the Producers Oil Company. Unfortunately, he attributed the underlying problem to politics rather than management. Specifically, Doheny considered himself a victim of his political sympathies during the 1896 presidential campaign, in which he had supported the candidacy of William Jennings Bryan. Supposedly, the Farmers and Merchants Bank of Los Angeles had been part of a nationwide effort.
by Republican financiers to "strengthen their position in case of [some] commercial and financial disaster . . . which might occur if Bryan was elected, and they were not extending their loans." This program included an attack on Democratic loyalists. Thus, Doheny was notified that the bank was "able and willing to extend aid to their friends" but could not abide those who supported William Jennings Bryan. Hearing that, Doheny told the vice-president of the bank that he understood but that he could not "change the opinions of a life time after a few minutes conversation." Instead, as he recalled, he persuaded the bank "to name a trustee to whom I would deed the property in order to fill my contracts." Afterward, he hoped to get his company back. Thus, by portraying himself as the victim of jealous competitors and political enemies—a tactic he would use again—Doheny was able to sidestep any discussion of the problems he created at the time. Perhaps, given the intense feelings generated by the presidential election, he was put at a disadvantage because of his political affiliation, but that had nothing to do with what led him into trouble in the first place.

A final note about Doheny's political activity is that he had recently joined the Silver Republican Club, a group of pro-Bryan Republicans formed in the months before the election—a curious place for a lifelong Democrat, unless he was actively recruiting his business associates for the opposition. Doheny was also one of thirty delegates chosen to represent Los Angeles County at a conference held by the provisional committee of the Silver Republicans, and he continued this work despite any conflict it caused. In July 1897, for example, when Bryan addressed the Silver Republicans of Los Angeles, Edward and Carrie Doheny were there, along with A. P. Maginnis and several other oilmen, seated prominently in front of the honored guest.

Political sympathies notwithstanding, Doheny's problems in 1896 were financial and had resulted from a too-rapid expansion of his organization. Afterward, with the company in receivership, Doheny worked in vain for several months to turn the situation around. One of the first things he did was to move outside the central district in an attempt to find new territory. As it was, the central oil district was approximately 800 feet wide, north to south, and one mile long, east to west. The wells along the northern and southern boundaries had not been good producers while those on either end of the field sat along an area where the oil strata dropped off so steeply that it cost too much to drill for the deeper oil. Since the bank was unavailable as a source of capital, it is not clear who put up the money for the wildcat well. Nevertheless, in November 1896 Doheny started drilling
Oil and Railroads in Southern California, 1892–1902

three-quarters of a mile beyond the western boundary of the oil zone. Undeniably aggressive, he was not known for being careless. Thus, his reputation as a “cautious exploiter” led many observers to celebrate prematurely the expansion of the field. Unfortunately, Doheny missed the oil sand by a quarter of a mile and ended up with water instead of oil. He made a few more attempts closer in with no more success. Eventually, by the summer of 1897, a new flush field had come in on the east side of the old district, which sent the market into another period of overproduction. By then, however, Doheny had already given up and moved on.46

In making this decision, Doheny was following the lead of the Santa Fe Railroad, which was determined to establish an independent source of oil. Apparently, before the new field opened up, some of the strongest members of the Oil Exchange, which had broken apart by this time, had stepped in to make up the difference between what the railroad needed and what Doheny could supply. In doing that, these individuals deliberately raised the price of oil as high as possible. When it reached $1.67 a barrel in March 1897, the Santa Fe balked, converted a number of engines back to burning coal, and sent Doheny out to Orange County, near the city of Fullerton, to open up a new district. Once established there in December 1897, Doheny sold out what was left of his Los Angeles holdings to John A. Connon—Sam’s brother—for $1,000.47

Actually, Doheny’s decision to move into Orange County had been well planned, since he had taken out several oil leases in Fullerton at least a year in advance. In June 1895, for example, Doheny obtained a lease for two pieces of property in Fullerton from the Olinda Ranch Company; the lease included an option to purchase 2,700 acres for $51,000. To maintain the lease in the meantime, Doheny had to drill at least one well before January 1896, suggesting that some of his financial problems in Los Angeles might have come from prospecting in Fullerton—that is, if he was working for himself at that point. It also seems likely that the Santa Fe was underwriting his lease hunting in Orange County and perhaps even his wildcat work in the city.48

The only thing that is clear is that Doheny’s financial difficulties in no way imperiled his relationship with the Santa Fe. Certainly, it made him more dependent on their largesse. On the other hand, the railroad seemed to need his expertise just as much. Consequently, on December 5, 1896, the president of the Santa Fe Railroad approved a contract between K. H. Wade and Doheny that extended their arrangement. Essentially, the five-year contract obligated Doheny to develop the Fullerton leases that he had obtained, along with others held by Wade, to supply the Southern Califor-
nia Railway. The railroad also agreed to pay him to investigate other prospects “with a view of acquiring and developing the same” on their behalf. And for the life of the agreement, the railroad expected to have the benefit of his “knowledge and experience” at all times and required him to “personally direct and superintend the work of development and production of oil in the lands covered by [the] leases.” According to this agreement, which was clearly defined as not being a partnership, Doheny was responsible for providing the drilling machinery (engines, boilers, cables, and oil and water lines), while the railroad would take care of the well casing, oil derricks, pumps, material for storage tanks, transportation facilities, fuel, and labor costs. The cost of fuel to operate the equipment would be divided between the two parties, with the railroad paying a two-thirds share. After deducting for royalties paid to the landowners, the railroad agreed to buy two-thirds of the net from Doheny at one dollar per barrel. Doheny received the other third of the oil in payment for his work and had the option of selling it, as well, to the railroad for the same price. Because this was not a partnership, however, Doheny did not have a proprietary interest in any of the leases or materials furnished by the railroad, and if the Santa Fe needed to move faster than Doheny’s resources would allow, it retained the option of bringing in a third party.49

When Doheny headed to Fullerton in March 1897, therefore, he went with the full support of the Santa Fe behind him. But even with that help, opening a new field from scratch took time, and it was slow going in Fullerton for many months. Meanwhile, back in Los Angeles, the opening of the eastern extension of the field ushered in another period of overproduction that forced prices back down below fifty cents a barrel by the end of the summer. This situation allowed the railroad to maintain operations and buy up a three-months’ reserve of fuel oil, about 65,000 barrels, to tide them over while Doheny built up their properties in Orange County. More than anything else, the continued volatility of the market reinforced the Santa Fe’s determination to secure its own supply of oil. Seven months into the work, when Doheny had two wells producing a total of fifty barrels a day and two more ready for the pump, W. G. Nevin, who took over the Southern California after Wade’s death in March 1897, boasted that the railroad was now “practically independent” of any action by the local producers and expected to be totally self-sufficient by the spring of 1898.50 Despite Nevin’s confidence, Doheny did not save the Santa Fe from the vagaries of the market as early as anticipated, but his work was impressive nonetheless. When he completed the first wells in October 1897, they met only about 5 percent of the railroad’s current demand. By the following
August, he had ten wells that produced about 200 barrels a day, or roughly 20 percent of total consumption. From there the pace of development increased steadily until the fall of 1900, when Doheny had nineteen wells that produced as much as 100 barrels a day each, bringing the Santa Fe close to the independence it desired.\footnote{51}

Apart from his work in Fullerton, Doheny was also experimenting in the western section of the district near the mouth of Brea Cañon. In July 1899, he formed the Brea Cañon Oil Company—with a coterie of Santa Fe investors, including Maginnis, Nevin, and C. N. Sterry, a Santa Fe attorney from Los Angeles—to handle the properties. Early appraisals of the Brea Cañon had been enthusiastic and the company's first well produced several hundred barrels of oil a day for the first six months, when most of the wells throughout Southern California yielded well below half that amount.\footnote{52}

Having fulfilled his primary obligations to the Santa Fe in Fullerton, Doheny began to range outside of the Los Angeles Basin and soon migrated to Bakersfield in Kern County. As with every preceding oil discovery in California, there were obvious signs that oil existed along the Kern River, but for many years, no one cared to look. One person who did was Thomas Means, an old rancher whose property sat along a bend in the river about seven miles outside of Bakersfield. Most folks considered Means a lunatic and a pest on the subject of oil and dismissed his rantings about having a fortune in oil at his doorstep. Means did not want to do the work himself, but he badgered the locals to come out and take a chance on his property. Finally, in the spring of 1899, two local men, Jonathan and James Elwood, took him up on the offer and drilled the first well. Having scouted the area on his own, Doheny was familiar with Means's story and was quick to move in as soon as he heard about the new well. In a race with John B. Treadwell, his counterpart for the Southern Pacific Railway, Doheny secured a lease on the Means ranch and bought up additional tracts along the river to determine the direction of the oil pool.\footnote{53}

Then, on May 23, 1899, Doheny incorporated the Petroleum Development Company as an independent operation outside the purview of his Fullerton contract. With an initial capital stock of $50,000, Doheny was the principal shareholder with $20,000. Naturally, several Santa Fe officials invested, as well, and most of Doheny's oil went straight into the engines of the Southern California Railway. This time, Doheny really did help set off the next oil boom, as the Kern River field expanded to include some twelve square miles of land, more than forty oil companies, and 134 wells by the end of its first year. Most of the producing outfits were small
operations with three or four wells apiece, but sitting at the top of the list
were the two companies allied with the railroads. At this point, Treadwell
had nineteen wells, Doheny had seventeen, and both were drilling as
quickly as possible.\textsuperscript{\textsection 54}

Although the Santa Fe was Doheny’s principal customer in Kern River,
the railroad did not step in immediately and take over the operations as
they had in Fullerton. In fact, the Santa Fe was still rather cautious with
respect to the oil situation. Where the Southern Pacific was in the process
of converting all of its locomotives to burn oil, the Santa Fe decided to
maintain some coal engines just in case oil production fell off or was delib­
erately withheld. Before making a complete switch to fuel oil, the Santa Fe
wanted to have an extensive storage system paralleling their lines and a
headquarters in place at Bakersfield. Thus, the railroad continued to en­
courage Doheny’s efforts without making it a new policy.\textsuperscript{\textsection 55}

In fact, both the Brea Cañon and Petroleum Development oil compa­
nies appear to have operated as independent companies, unlike the Fullerton
properties. And there is no indication that the Santa Fe representatives
who invested in these companies had official funds at their disposal, de­
spite the fact that their efforts clearly fit the railroad’s expansion plans. One
example will suffice. In April 1897, Doheny and several of his associates
bought some land in Fullerton in their own names, although they intended
to use it for oil to fill the Santa Fe’s contract. In this case, they purchased
forty acres of land for $2,000, developed it for two years, and then sold it
to Nevin for $10,000 in March 1899. At that point, it was clear that Nevin
bought the land on behalf of the Santa Fe Railroad.\textsuperscript{\textsection 56}

Although there is room to speculate about the personal involvement of
the railroad officers, there is no doubt that Doheny was able to take advan­
tage of his work for the Santa Fe. Relying on the income from the Santa
Fe’s oil field in Fullerton and his position as the railroad’s oil expert, Do­
heny not only escaped potential disaster in Los Angeles but expanded his
own operations along with those of his benefactors. Taking full advantage
of the latitude of his contract, Doheny went into the Brea Cañon and then
moved on to Bakersfield, pulling the railroad along behind him to each
destination. Once established in Kern River, he relinquished his contract
in Fullerton and forged ahead into Mexico, using the profits from the Pe­
troleum Development Company to support his latest investments. When
Doheny decided to close out his Fullerton contract in October 1900, he
had produced more than 200,000 barrels of oil for the railroad. As of Au­
gust 31, Doheny had been paid $58,846 for the oil he sold to the Santa Fe.
Out of that, he spent about $14,000 for machinery, leaving the remainder
for living expenses and other investments. In the end, the Santa Fe valued his share of the two years remaining on his contract, assuming a 23 percent annual reduction in output, at $127,126 and offered him a cash payment of $67,500. From an initial investment of $300,000, Doheny estimated the value of the Fullerton operation at $2.5 million. Sustaining Doheny’s development work over the first three years meant that the railroad had paid an average price of $1.64 a barrel when the market rate was no more than one dollar, and often much less. But president E. P. Ripley considered it a vital investment since it had protected them from what he described as “combinations formed among the producers to squeeze us.”

In addition to his work in Southern California, Doheny also had a contract to supply all the Santa Fe’s oil for their Mojave-to-San Francisco line. Once again, the railroad relied on Doheny’s expertise and confidence and signed the contract when he had only one small well, producing thirty barrels a day, while the railroad needed at least a thousand barrels. While waiting for him to build up production in Bakersfield to cover the new contract, the Santa Fe shipped its own oil up from Fullerton and bought cheap oil in Kern River during the first months of flush production. By the following year, Doheny had met the demands of the contract with approximately twenty wells in production and found himself with enough free time to explore for oil in Mexico. As prospects increased below the border, Doheny negotiated an end to his relationship with the Santa Fe in August 1901, when he submitted a proposal to sell the Petroleum Development Company to the railroad. The details of his appraisal illustrate just how well he was doing in Kern River. He estimated the total worth of the company at $3,150,100, based on the following assets: 1,500 acres of oil land; thirty wells, which produced an average of fifty barrels a day each; 40,000 barrels of oil in storage; and $225,000 in oil-well machinery, tanks, and other supplies. Using the Santa Fe’s own estimate of its oil requirements, he valued the remainder of his contract for 30,000 barrels a month at $900,000. At the time, Doheny was actually producing at least 45,000 barrels a month, out of which the railroad took its 30,000 barrels at $.96 each when the market rate was $.38. And since he had only 40,000 barrels in storage, he must have been selling the rest of it to the railroad for storage depots along their lines. In terms of profitability, Doheny noted that oil could be “produced and delivered on board the cars from the Petroleum Development Company’s wells at less than fifteen cents per barrel.” This left him with a profit of seventy-one cents per barrel on his contract. Certainly, once assured of the supply, the Santa Fe was happy to take that savings for itself. Finally, based on his own geological experiments, Doheny
offered an “ultra-conservative” estimate for the company’s oil reserves at 100 million barrels—enough oil to run the entire Santa Fe system west of Albuquerque “for over 50 years.” Taking everything together, Doheny asked for $1.8 million for the Petroleum Development Company. The Santa Fe disputed some of Doheny’s calculations and countered with an offer of $1.25 million, which Doheny accepted. Even though he now had to split the proceeds with five minority stockholders, he was due about $850,000 for himself.  

After having started with nothing but an idea and some determination nine years earlier, Doheny left for Mexico a millionaire in 1902. Although he had displayed an extraordinary amount of skill and ambition over these years, his initiative might not have counted for much had it not been for his connection to the Santa Fe Railroad. With that as his safety net, Doheny proceeded relatively risk-free into a market that others found inherently unstable. Still, his promotional efforts to overcome the railroad’s reluctance to convert to oil and his tireless work to open up new fields were good indications that he would be equally successful in his later adventures south of the border.

In closing this chapter, before going on to Doheny’s work in Mexico, we need to take a final glance at his domestic life during these years. For lack of information to the contrary, Edward and Carrie must have continued their married life in Los Angeles much as they had in New Mexico. All that is known for sure, aside from Carrie’s role in leasing oil property, is that they shared the tragedy of losing their daughter, Eileen, in 1892 and the consolation of having another child, Edward Jr., the next year. And in the summer of 1896, when Doheny was forced to take stock of his company and his career, Carrie was the one who persuaded him to go back to Wisconsin and see about his parents. Once there, learning that everyone but a brother had died in the twenty-four years since he had left, Doheny took his brother back to Los Angeles to live with him, adding to an already extended family that included his in-laws, Mariah and Martin Barber, who had come to Los Angeles in 1893. Barber worked for Doheny through the 1890s and eventually became general superintendent of the Santa Fe’s oil development in California.  

It is certain, though, that Edward and Carrie’s relationship had been deteriorating during these years and reached the point of divorce sometime around 1898. At the time, divorce was still a relatively unusual and drastic response to a failing marriage, and there must have been a serious and justifiable reason for the breakup. Carrie moved north to San Francisco and later had a house built in Oakland where she reportedly lived quite
well on a $500 per month alimony settlement. Edward remained in Los Angeles and became engaged to Carrie Estelle Betzold, known as Estelle, a twenty-five-year-old telephone operator. Rumor had it that it was Estelle's voice that first captured his attention. However they met, Edward and Estelle were married in a civil ceremony in August 1900. The wedding took place in Albuquerque, New Mexico, aboard a private rail car belonging to A. P. Maginnis, as part of a business trip and train holiday that included Mr. and Mrs. Maginnis, Charles Canfield and his wife, and a few other guests.60

Upon returning to the West Coast, however, the newlywed couple received the news that Carrie had died. Newspaper accounts of the tragedy quoted Miss M. Morgan, who had been Carrie's companion for the preceding ten months. According to Morgan, Carrie asked her to order some fluid to recharge the household batteries, along with some medicine, from the local drug store. When the supplies were delivered to the house, Carrie answered the door, took the package, and disappeared into her bedroom upstairs. A short time later, Morgan was startled "by a violent screaming." Rushing to Carrie's room, Morgan found her "in terrible agony." Morgan said that Carrie was able to tell her that she mistook the battery fluid for the medicine and had swallowed some before she realized her error. This would have been a curious mistake, however, since the bottle of battery fluid had "Poison" written on it in conspicuous red letters. The coroner determined that Carrie had actually poured herself a large wine glass full of the solution—at least six ounces—and drank all of it, which would have required several gulps at least. Because the battery fluid caused her to vomit almost as soon as she got it down, her death was not immediate, and she suffered for several days before finally succumbing to the toxic mixture. In the end, however, the coroner did not challenge the story of an accidental poisoning. All that Morgan could add in the way of explanation was that "Mrs. Doheny has been a sufferer from nervous troubles for a long time." Incidentally, there was no mention of Edward Jr. in all of this. Presumably, young "Ned," who was then about seven years old, remained with his father after the divorce, suggesting that Carrie had either been judged unfit for the task, or had chosen to let the child go.61

Given the circumstances of her death and the likelihood that she deliberately took her own life, Carrie Lou Ella Doheny was no longer a subject for discussion in the Doheny household. Edward never mentioned her again, at least not in public. The Dohenys (Edward, Estelle, and Ned) remained an intensely private family, and none of their closest friends, even those who had known Carrie, betrayed their confidence. For her part,
despite some obvious insecurities, Estelle rose to the challenge of managing a wealthy household with determination, if not enthusiasm. For reasons unknown, she would never have any children, although there was every indication that she accepted Ned as her own, and most people believed he was. Estelle devoted herself to philanthropic work, book collecting, and the oil business. From the beginning, she served as a close and trusted adviser to her husband and eventually became one of the first female directors of a major oil company when she joined the boards of several Doheny corporations in the early 1920s.