7  THE VISION OF PEACE:
FUEL OIL FOR THE WAR

By the time Doheny formed the Pan American Petroleum & Transport Company in 1916, he was considered to be one of the nation's most enterprising businessmen. His reputation on the West Coast, in particular, had reached legendary proportions. According to one author writing in 1918, there were hundreds of men in California's history who had risen to wealth through mining, real estate, and other ventures, but there was "only one Doheny." What made him unique, the author continued, was his varied talents as "a manager, an executive, a promoter, a stock salesman, a banker, a capitalist, a financier, a diplomat, an expert on manipulation, an authority on transportation, a professor of chemistry, a wizard at geology, and a magnate of sorts." Apart from the obvious hyperbole, this was a reasonable assessment of Doheny's career or, at least, of what he was about to make of it. Another writer went further, suggesting that "what the name of Rockefeller is to the oil refining industry, the name Doheny is to the oil producing industry ... It was he who, like a modern Moses, struck the supposedly dry sands of California with his rod until the valuable fluid gushed forth and it was he who drilled in the tangled jungles of Mexico and unloosed 'gushers' such as the world had never seen before."2

Certainly, after two decades of work, this was not undeserved praise, and at sixty years old, Doheny was ready to assume a prominent role in the nation's business affairs. But such a position required some fundamental changes in his responsibilities and in his outlook. Although he had been accumulating power and wealth for some time, Doheny had been completely absorbed in building his oil companies. But now that he had an
empire to protect, he needed to widen his sphere of influence to meet a variety of challenges, and Doheny took advantage of the United States' participation in the World War to make it happen.

At the time America entered the war in the spring of 1917, business and industrial leaders of all types were becoming vital participants in the effort to bring the nation up to full strength. The demands of the war also made the security of the Mexican oil industry a primary concern for national defense and reinforced the strategic value of the California oil fields for the future. According to a recent study of the international oil industry during this period, there "is no time when business competition is so heavily politicized as in war, which for business means a covert struggle for advantage under a publicly emphasized desire to serve the national interest." Without question, Doheny took advantage of America's role in the war to propel himself and his company into national prominence. And as the next two chapters will show, it was almost impossible for him to draw a clear line between duty and opportunity during a national emergency.3

From the very beginning of the European conflict, there was every indication that oil would play a prominent role. In the fall of 1914, for example, an article entitled "Gasoline and the War" noted that oil had already become more important than food or ammunition. "It has been an axiom of war since wars began," the author wrote, "that an army travels on its belly . . . As it is now, an army travels on its gasoline." The possession of oil, therefore, was essential to the prosecution of modern warfare. And right from the start, the United States served as the principal source of petroleum products to the Allied forces, especially for the fuel oil demands of the British Admiralty. American refineries along the Gulf Coast were particularly important in this trade, and heavy Mexican crude was used to replace the lighter products needed for the European theater. Mexican oil played an even larger role as an industrial fuel for American factories in the Northeast, where Doheny's companies dominated the business.4

The war effort became the perfect advertising medium for fuel oil, and Doheny wasted no time taking advantage of the situation. The first issue of the company magazine, the Pan American Record, announced the arrival of "the century of oil" and went on to explain that every marvel of modern technology would be nothing but a "Jules Verne dream" without fuel oil. Thus, the primary lesson to be taken from the battlefields of Europe was that the current fight was merely a prelude to an even greater conflict in the years to come: "Scientific method will be applied more and more in every domain of human activity, and in this titanic economic struggle that is approaching, only those best equipped will survive the 'storm and stress'
period. Quick transportation is the very essence of success, and the highest speed is only possible for the consumer of oil. If you are not driving your machinery with oil, make the change now; in a few months it may be too late."\(^5\)

This statement encapsulated the twin goals of Doheny's marketing strategy during the period: the industrial application of fuel oil and the conversion of the world's shipping fleets to oil. Obviously, as suggested above, the emphasis on marine transportation was especially important, and Doheny advertised his fuel oil as though it were a tonic for the travails of modern commerce. Each succeeding issue of the *Pan American Record*, in fact, repeated the warning that the real contest between nations would not begin until the economic competition after the war. "For years we have prepared for this development both on the Atlantic and Pacific coasts," one article maintained, "and our oil in Mexico and California is especially suitable for marine fuel." With a new era at hand, according to another, "coal will remain for commercial sloths; oil will be the fuel for those who observe those clearly defined laws that lead to success."\(^6\)

During the preparedness campaigns leading up to America's participation in the war, the *MexPet Record* gave the following warning: "End of war in Europe will mark the beginning of the world's greatest struggle for commercial supremacy. The liberated tonnage of Germany will join with war-freed vessels of all the world in searching out cargoes in all seas and all countries. The ships that use fuel-oil will be first to every port because they will be swiftest on the voyage. The ships that are prepared will get the cargoes. Be prepared by having your ships fitted to burn Mexpet Fuel-Oil."\(^7\)

Statements of this type were not just simple advertisements for a product; they were sophisticated arguments aimed at the political leaders in Washington. In this case, the message was clear: the United States and its commercial agents could reshape the world by using Mexican oil as their source of power. Another example of this approach can be seen in a full-page illustration entitled "The Vision of Peace," which portrayed a multi-ethnic group of people gazing heavenward at a bank of clouds shaped like the Western Hemisphere. Where California and Mexico would be located in these cloud formations, there were oil derricks pouring their contents on the troubled waters of the world. The sense of irony in this scene is palpable, since oil would do as much to roil those waters as to calm them. Nevertheless, from the company's point of view, oil was a commercial and civilizing agent that no nation could afford to neglect.\(^8\)

An earlier statement in the *MexPet Record* was even more direct: "Transportation is the most important thing in the world and fuel-oil is
The most important factor in transportation. Therefore the nation that controls fuel-oil controls the world." The company even published a revised version of the song "Rule Britannia," rendered as "Rule Petroleum!" to dramatize the point: "The Muses, still with Freedom found, Shall to thy happy yachts repair; Blest oil! with matchless power crowned, To rule the sea and guard the air. Rule, Petroleum! Petroleum, rule the waves! Fuel-Oil is not for slaves." Taken together, the foregoing statements not only pro-
vided a marketing outline for the fuel oil business, but they gave Doheny a political agenda for the war. In the first place, aside from pushing the development of his own transportation network, he had to convince the American government of the strategic value of the Mexican oil fields, and he had to stop the Mexican government from implementing a nationalist attack against the industry.

He put his plan into effect on the eve of America's entry into the war, when he pledged his Mexican oil properties, and his fleet of oil tankers, to the United States government. Actually, such offers of personal service and business assistance were not uncommon in the spring of 1917, and Doheny's motives were unquestioned. In fact, the *Los Angeles Times* took comfort in knowing that one of its citizens, and "one of the country's most influential figures in the oil and financial world," would make such a sacrifice. Doheny prefaced his gesture by saying that "every citizen of the United States should loyally support the President in this crisis, and the world should understand that the President has the united nation behind him." To that end, he sent a formal announcement to President Wilson on Feb. 7, 1917, offering the use of Pan American Petroleum's tank steamers, 5 million barrels of fuel oil stored at Tampico, and any other aid the government might need. The *New York Times* considered it "one of the most gratifying offers" made at a time when firms were volunteering everything from rubber to steel.10

On the West Coast, Doheny also led a movement aimed at strengthening the navy's defensive posture in the Pacific. Specifically, he started a fund with $10,000 of his own money to build up the Naval Militia of California. Taking advice from naval officers who considered the current fleet inadequate and understaffed, Doheny and other like-minded businessmen wanted to put 100,000 men into the Naval Reserve and then enlist them into active duty with financial inducements from private donations. In this regard, Doheny's efforts were similar to the work being done by the National Security League, which focused attention on military preparedness, expanding the armed forces, and promoting a plan for universal military training. The latter organization, "bankrolled by big capitalists," operated military training facilities around the country aimed specifically at the business class. Although California was one of the last places to catch war fever, at least a dozen corporate officers of Pan American Petroleum spent time at the preparedness camp at Monterey in the summer of 1916, including E. L. Doheny Jr., who went on to serve as a Naval Reserve officer during the war.11

Up to this point, Doheny's efforts had been consonant with those of
other business leaders concerned about American security, but soon after
the United States formally entered the war in April 1917, he made a con­
tribution to the California State Council of Defense that went well beyond
the bounds of normal activity. In fact, Doheny shocked state officials when
he presented the governor with $100,000 worth of weapons consisting of
“nearly a million rounds of ammunition, almost enough high-power rifles
to arm a regiment and enough modern machine guns to equip three bat­
teries.” At first, Doheny stated that the material had been on order for some
time and had only just arrived, but as it turned out, the weapons had been
cached somewhere in central California for a much longer period. Do­
heny’s previous support for military training facilities lent some consis­
tency to his claim that he had purchased the weapons as a precaution in
case of war. And, considering that the National Guard and regular army
units were likely to be withdrawn from the region under that condition,
the chairman of the Defense Council stated that “the value of Doheny’s
contribution is almost incalculable.”

The worsening political situation in Mexico suggested another ratio­
nale for Doheny’s unusual stockpile, although no state or federal official
was inclined to explore the possibility. During the first years of the revolu­
tion, the foreign oil camps had been armed for their own protection but
they quickly discovered that this only made them more vulnerable to ban­
ditry. Then, when Carranza came to power, the oilmen were forced to
discontinue the practice altogether and rely upon the government for pro­
tection against the rebels. In addition, the Wilson Administration placed a
formal embargo on all arms shipments to Mexico. It seems likely, therefore,
that Doheny’s gift had been a supply of weapons intended for the oilfields
before the policy changed.

According to Harold Walker, there was no inclination among American
oil workers to have the region turned into an armed camp. In fact, in a
confidential letter to the secretary of the interior, Franklin Lane, in Novem­
ber 1916, Walker stated that “self protection and national safety demand
that no American bullets shall go to a country that will misuse them . . .
and turn them against Americans. . . . If the de facto government does not
get ammunition the bandits will get none.” To do otherwise, Walker con­
cluded, increased the likelihood that “one of those American bullets is apt
to get me.”

This attitude casts serious doubt on a more provocative interperetation
that links Doheny’s actions with alleged attempts by American citizens to
instigate a counter-revolution against the Carranza government. For those
critical of American business interests in Mexico, Doheny’s name, like
Rockefeller's, become synonymous with such activity. While there is no denying that Doheny was actively involved in trying to manipulate the political situation in Mexico—or at least the North American interpretation of it—there is no proof that he was personally involved in direct efforts to overthrow the government. Unfortunately, it is almost impossible to sort out the facts on this issue, even though the State Department was aware of the various accusations against the oil companies and military intelligence officers had tried to assimilate information from all sources. In one instance in March 1918, a postal censor intercepted a letter from a man in Mexico City offering to supply the Mexican News Bureau with "documentary evidence" that Doheny's weapons had been intended for a rebellion against the Carranza regime in Lower California.\(^1\)

The letter alleged that Doheny promised to give full financial support to Esteban Cantu, the insurgent Governor of Lower California, if he would start a military uprising on the Mexican mainland designed to "force radical concessions from the Carranza Government." According to an official report, Cantu was well known along the border for having a tight political grip on his state and a loose set of morals. Aside from licensing all types of vice operations, however, he was seen as a friend and protector of American property owners in Mexico. Thus, Cantu's indiscretions were tolerated because of his businesslike efficiency, which, in the opinion of a recent historian, allowed him to run Baja California Norte "as if it were a subsidiary of General Motors." Furthermore, Cantu's opposition to federal control from Mexico City made him the subject of incessant talk about the possible annexation of Lower California to the United States. In reality, Cantu flaunted his relative isolation from the political pull of Mexico City for his own reasons and had no intention of playing into the hands of the Americans. But he thrived off the annexationist sentiment in California and Arizona, nonetheless.\(^2\)

Since he had no business interests in the region, it is doubtful that Doheny was involved in these plots, although a well-armed rebellion in the far West might have relieved governmental pressure on the oil zone. Unfortunately, as will become more apparent with his later activities, Doheny fell into the habit of throwing money at almost any project even remotely aligned with his interests in Mexico. However, in the absence of factual evidence for support, all that can be said for sure is that there was enough intrigue among business interests in Mexico to support any number of conspiracy theories.

With America's entrance into the war, however, Doheny did not have to resort to promoting armed rebellion to advance his cause. Instead, as a
member of the newly appointed committee on petroleum resources, he had a legitimate access to power through the Council of National Defense. Headed by A. C. Bedford, the new president of Standard Oil New Jersey, the committee was charged, by Bernard Baruch, the director of the War Industries Board, with managing the nation’s petroleum supply. To carry out that order, Bedford chose a select group of leading oilmen to help him coordinate the industry: Doheny, G. S. Davison of Gulf Oil, J. W. Van Dyke of Atlantic Refining, C. F. Lufkin of The Texas Company, H. F. Sinclair of Sinclair Oil & Refining, and J. H. Markum, an independent producer.16

Naturally, the members of the petroleum committee relished the opportunity to blend their own goals with those of the nation at large. Bedford, for instance, hoped to repair Standard Oil’s public image by creating a cooperative arrangement between the federal government and the industry in general. According to Mark L. Requa, who had been appointed as the Fuel Oil Controller for the United States Fuel Administration, Bedford had a vision for a new order within the oil industry which demanded public confidence and widespread publicity. “He had seen the old order go down before adverse public opinion,” Requa recalled, and “realized that for better or worse a new order had come and he conformed to it.” The oil committee, therefore, provided the perfect opportunity to reshape the industry and place it on the leading edge of America’s war effort. It was also a larger reflection of the type of activity that Requa and Doheny had been involved in on the West Coast.17

For Doheny, at least, this was the perfect time to advance Mexican oil as an essential resource for the United States, and he anticipated a profitable working relationship between his company and the government. “There are few corporations in the country,” he said, “whose business is more necessary for war-like operations than the Pan American Petroleum & Transport Company.” Oil tankers, in particular, were a “sine qua non of success.” With five of its ships in the service of the British Admiralty by the fall of 1917 and another five carrying Mexican crude to the Gulf and Atlantic refineries, the company claimed a prominent role in the Allied effort. Already, its shipments of oil from Tampico had more than doubled, from 702,650 barrels in July 1916 to 1,608,305 barrels a year later. And, month after month, as the Allies seemed always to be running out of fuel, the company stressed the transportation problem: “WE HAVE THE PRODUCTION; WE NEED THE TANKERS.”18

From his seat on the petroleum committee, Doheny pressed the issue at every opportunity. “The big problem that confronts the government
so far as oil is concerned," Doheny told a West Coast reporter, "is that of keeping the shipment of the Mexican oil supply up to the maximum":

The Allies are dependent upon the Mexican output. There would be no trouble in giving the Allies all the oil they need if we had the tankers, but the government has had to withdraw so many boats for other branches of the trans-Atlantic service that there is a threatened shortage of tank ships. Our United States supply is on the ragged edge of being just sufficient for our needs. Four million gallons of gasoline [are] annually produced from the Mexican output of crude oil, and 50 percent of that quantity is exported to Europe. Our big job now is that of getting the facilities with which to convey Mexican oil to a point on the Atlantic Coast from where it can be shipped to England by the shortest route.19

Doheny's comments about his own business highlighted the dilemma for the petroleum committee as a whole. Somehow, out of the welter of competing companies, overlapping markets, and inadequate transportation facilities, the leaders of the industry had to provide the necessary fuel for the battlefields of Europe without hindering the supply needed for critical domestic industries and civilian consumption. Initially, the committee hoped to use its governmental authority to enforce its decisions, but within six months after it was formed, the Wilson Administration decided to turn the cooperative committees over to their respective trade organizations. Of course, given the independent nature of the business, the oil industry did not have one. As an alternative, Baruch asked Bedford if the oil group would simply reconstitute itself as a trade organization and continue working without interruption. Absent official sanction, however, there was no guarantee that the nation's oil producers, or any other group, would follow along. For that reason, the United States Chamber of Commerce suggested that all major industries form War Services Committees, controlled by the War Industries Board, to replace the previous committees of the Council of National Defense. This alteration allowed the petroleum committee in particular to retain its members and its quasi-official status without risking an embarrassing revolt from within. To further legitimize the organization, the members voted to include representatives from the smaller independent companies, and, on December 21, 1917, the new Petroleum War Service Committee held the first of forty-one meetings to carry out its mission.20

Aside from handling the existing crisis, the Petroleum Committee represented a providential development for the oil industry and the beginning
of a psychological change among the oilmen themselves. For the first time in the industry’s history, independents, wildcat drillers, and the big integrated companies sat down to coordinate their efforts. To make the change even more startling, the committee no longer met in Washington but in Bedford’s office at 26 Broadway, the headquarters of the Standard Oil Company. For many oilmen, this was tantamount to dancing with the devil, but it was also an opportunity to form the sort of association that had thus far eluded the industry. Doheny’s experience on the committee helped him to finally envision himself as one of the industry’s leaders. Six years earlier, he had gone to New York to beg Standard Oil for a contract. Now, the main office of the Pan American Petroleum & Transport Company was just up the street, and Doheny presented himself at Bedford’s door as an equal.

As for the work itself, Doheny sat on the producing and transportation subcommittees and was vice-chairman of the group responsible for allocating fuel resources among the Allies. These assignments allowed him to promote the tanker routes between Tampico and the Atlantic Coast refineries and to argue that the Mexican trade should receive priority assignments. In addition to Doheny, Herbert Wylie sat on an advisory committee to study the construction of tank vessels, barges, and other ships, and Frederic R. Kellogg, counsel for the Mexican Petroleum Company, served on a legal committee to determine the limits of the petroleum group’s authority.21

Along with Doheny and Requa, T. A. O’Donnell was the other Californian who took on a major role as the director of domestic production, a separate position that required him to work as a liaison between the government and the independent producers. To convince wary independents that he was on their side, O’Donnell resigned as president of the California Petroleum Company and from the boards of Mexican Petroleum and Pan American Petroleum. Still, he was especially well equipped to comment on Mexico and repeatedly emphasized its importance as America’s oil reserve. “We have a safety valve in Mexico,” O’Donnell told a national convention of oilmen, “that is going to take care of us in time, but meanwhile we have to furnish every barrel of oil where it is.”22

While Doheny and his associates worked to promote their business within official circles, the Pan American Record published desperate pleas for more tankers to be diverted to the Mexican supply routes and for more of the merchant ships to be converted from coal to oil. As it was, most of them still burned coal that had to be shipped to the coast by rail. “The Allies are crying for help,” one article noted, “which we are unable to ren-
der owing to the clogged conditions of our railways and harbors.” With inadequate sources of coal and an overextended rail system, hundreds of fully loaded ships were left stranded for want of fuel.

Doheny considered this a criminal waste of resources: “No oil-burning vessel need ever be delayed an hour for fuel in a port through railroad congestion.” Just one Mexican tanker with 10,000 tons of fuel oil could replace 600 rail cars of coal and supply a dozen ships with round-trip passage to Europe. In 1917, alone, it would have taken 55,000 cars to equal the company’s shipments of 6 million barrels of oil along the Atlantic Coast. With an adequate number of tankers, Doheny believed that Mexican oil could win the war for the Allies. However, while there was no disputing the benefits of fuel oil, there was also no way to make the conversion during the war.23 Overall, despite these constraints Doheny was doing a brisk business by 1918. By that time, the Mexican Petroleum Company was controlling most of the northeastern industrial market, sending gasoline directly to Europe, and furnishing almost all the oil going to the South American market, where Chilean mines supplied vital raw materials for the munitions industry.24

At the same time, Doheny was waging a constant battle to keep his own fleet of oil tankers at a minimum level to meet the demand. When the war began, Pan American Petroleum had fourteen ships under construction. Of the five vessels built and delivered during 1917, one was immediately commandeered by the government, and four went into regular service. Construction delays on the remainder ran from five to eight months, and Doheny received three large ocean tankers out of an order of five, and one small coastal tanker out of four, by the summer of 1918. The schedule was so constrained, however, that the Emergency Fleet Corporation, the government agency responsible for controlling the shipbuilding industry, asked the petroleum committee members if they could build their own tankers. Needing every vessel they could lay their hands on, the committee members were prepared to do just that when the war ended in November 1918.

Doheny was never satisfied with the government’s handling of the shipping arrangements, believing that his oil tankers should have received priority treatment, although he would have settled for having them completed according to the terms of his contract, which stated that all of his ships should have been finished by January 1918. If not, the yard was supposed to pay a $1,000 penalty for every day that the ships remained uncompleted. Given the exigencies of the war, the Emergency Fleet Corporation disregarded all previous contracts, rearranged the building program, and put
many customers on hold for the duration. In the meantime, they refused to acknowledge late charges on overdue orders and insisted on adding the rising cost of building materials to the agreed-upon price of each ship. Feeling as he did about the necessity of his oil tankers, Doheny was outraged at the Fleet Corporation's tactics and demanded that the government abide by the rules. In the end, he figured the government owed him $850,000 in construction penalties and $1,555,000 in excess charges.\textsuperscript{25}

In light of his complaints, Doheny appeared before a Senate Commerce Committee in June 1918 to testify about price-gouging and corrupt practices at the Fleet Corporation's Hogg Island shipyard. Doheny argued that his ships had been held hostage, under the threat of being commandeered, until he paid an inflated price to get them. "We allowed ourselves to be coerced," Doheny admitted, "in order to get the ships." Several oil companies had undergone a similar experience, and Doheny was not alone in complaining about the situation. F. R. Kellogg, counsel for the Mexican Petroleum Company, for example, was on hand seeking compensation for industry losses on behalf of the Petroleum War Services Committee. Ultimately, evidence taken at the hearings substantiated Doheny's charges of profiteering at Hogg Island, but such abuses had been expected and were supposed to be tolerated under the circumstances. Nevertheless, Doheny reported in his 1917 annual message to the stockholders that the unpaid late penalties and the business lost on account of the shipping problems cost the company in excess of $6 million for the first six months of the war. The only consolation, Doheny added, was the knowledge that "they were providing a vital component of the Allied effort."\textsuperscript{26}

However, investors did not have to be satisfied with good works alone, since the Doheny companies were still doing quite well. Pan American Petroleum had gross earnings of $5,114,628 for 1917 and $8,066,727 for 1918, although deductions for income and excess profits taxes reduced net profits to $4,308,904 and $4,666,727, respectively. Gross earnings for Mexican Petroleum, on the other hand, from which Pan American Petroleum derived half its income, increased dramatically over the course of the war—from $9,668,464 in 1916, to $18,121,790 in 1917, and $26,320,546 in 1918. Net profits, subject to both United States and Mexican government taxes, were $7,153,060, $4,986,021, and $6,699,444, respectively, for the same period. The company sold 7,850,194 barrels of oil in 1916, 16,736,000 barrels in 1917, and 18,500,000 in 1918. The selling price per barrel increased from $.85 in 1916 to just over a dollar a barrel in 1917, and reached $1.42 in 1918. Rather than being a reflection of the bulk price of crude oil in Mexico, this growth represented increased sales of refined
fuel oil and gasoline from the company's topping plant in Tampico and the refinery at Destrehan, Louisiana. The 25 percent drop in net profits between 1916 and 1917 represented a massive investment in ships and transportation facilities, which more than doubled the operating expenses, from twenty to forty-five cents a barrel. In 1918, the government's excess profits tax reduced proceeds by an additional $5 million. Under protest, the company also paid several million dollars a year in taxes to the government of Mexico.  

Although Doheny anticipated an unparalleled growth in the fuel oil business for the coming years, he was deliberately cautious in his remarks to the shareholders in July 1918, when he reminded them that "the revenue received by the stockholders is the result of an investment of large sums of money, in a very precarious enterprise, in a foreign country, where success depends not only on the good judgment of the management, but upon the good will and fair treatment of the Government and people where the business is carried on, and of the home Government of the Company where the capital originates and most of the facilities for operation are produced."  

Doheny argued that the taxation programs of both the United States and Mexican governments needlessly threatened the future of the company, since both nations received risk-free benefits from Mexican oil production. Moreover, because the legitimate investors had not yet recovered their initial capital, none of the company's earnings should be taxed as profit until the original investment had been paid out. Actually, this was a common refrain within the industry in protest to any government tax plan. According to Doheny, the oilmen were "only too anxious to support the Government in every possible way," but the popular idea that oil production could be treated like any other industry with a stable cost structure and regular output was completely false. "It is 100 percent wildcatting today, as it always has been," he insisted. "If you cut off the incentive to prospect" through taxation, "you automatically stop the supply."  

While there were inordinate risks involved in doing business in Mexico, there were also enormous profits to be made, as well, as indicated by the rise in Mexpet shares during the war years and after. Between 1916 and 1920, more than 5 million shares of Mexican Petroleum common traded hands each year, putting it in league with U.S. Steel, Crucible Steel, and Anaconda Copper at the top of the list of industrial stocks. As noted earlier, the price fell from $129 to $67 during the political crisis in Mexico ignited by the Pershing Expedition during 1916 and early 1917. Thereafter, the stock climbed as high as $264 and, by October 1919, was a market
sensation. That dramatic increase was an indication of both the financial health of the company, as measured by its economic importance during the war, and the prospect that Mexican oil would become even more important in the future.\(^{30}\)

What the company still needed, however, was the clear and unambiguous support of the American government. Certainly, it was not from a lack of trying on Doheny's part that the company had not yet secured this guarantee. In fact, as we have seen, he used every method he could think of to link the American war effort, the nation's future oil supply, and the anticipated competition on the high seas after the war to the possession and protection of the Mexican oil fields. To supplement the work of the War Services Petroleum Committee and the constant editorializing of the *Pan American Record*, Doheny also enlisted the help of Mark Requa, the National Fuel Oil director, to request that the government use, and protect, Mexican oil as the only means to preserve the dwindling petroleum reserves in the United States.

Specifically, Doheny sent a letter to Requa in March 1918 laying out all the arguments in favor of Mexican oil, and he had it privately published and distributed around the country as a policy statement. Doheny's main point was that the nation's current domestic oil resources were inadequate to the demands of the war. Mexican crude was already being substituted for shortages on the West Coast and to compensate for the declining production of many older fields elsewhere. Although Doheny admitted that new fields would be discovered to take their place, he was certain they would not be opened up in time to make a difference in the war. To rely upon prospective oil lands at the present time, Doheny asserted, "would be to invite disaster to our arms in the great impending struggle."\(^{31}\)

A few months later, Requa wrote to Frank L. Polk, Counselor for the State Department, to summarize the nation's oil situation as it related to Mexico. For the first six months of 1918, Requa reported, United States production, excluding that of California, had been approximately 635,000 barrels a day, with another 40,000 barrels a day withdrawn from storage. Imports from Mexico averaged 90,000 barrels of oil a day, and Mexican oil also supplied an additional 40,000 barrels a day directly to Europe and South America. If the Mexican supply were cut off for any reason, the United States would have to make up for it with stored oil out of an available stock of 100 million barrels, or about an eighteen-month supply. If the war lasted well into 1919, as many people anticipated, and the demand continued to rise, the government would have to begin rationing oil, something that had been avoided thus far.\(^{32}\)
Even without the information gleaned from Doheny, Requa believed this situation to be absolutely true as a result of his frustrating attempts to purchase oil in the Mid-Continent field. Requa had attempted to purchase a few million barrels of fuel oil as a winter reserve for the military. To his surprise, he came up empty-handed and concluded that “any surplus quantity of fuel oil is apparently nonexistent at the present time.” Even if he had located the oil, it would have still been impossible to get it delivered to its destination on the East Coast, since the pipelines and railways were filled to capacity. The situation convinced Requa that conditions were grim at best: “We have insufficient transportation facilities; we have insufficient refining facilities; and we have not a reserve of fuel oil any place throughout the United States upon which to draw in compensation for the loss of this Mexican source of supply.” That was precisely the point Doheny had been trying to make since the beginning of the war.33

Later critics, knowing that the war lasted only until November 1918 and that the United States found itself facing an oil glut in the early 1920s, have argued that oilmen like Doheny deliberately lied about conditions to gain control of foreign supplies and public oil lands in the United States. President Wilson’s secretary of the navy, Josephus Daniels, perhaps the most skeptical of the lot, attributed every argument about the shortage of domestic production to industry propaganda. But official estimates of the nation’s oil supply tended to be very low during these years and were supported by reports written by both Ralph Arnold and I. C. White for the United States Geological Survey.34

For Doheny, there was more than enough evidence to suggest that the United States would be making a major economic blunder if it let the Mexican oil industry slip from its grasp. Doheny reemphasized the scramble for oil that was sure to come after the war, a struggle the Wilson Administration seemed unwilling to acknowledge. Quoting from the head of the British Board of Trade, Doheny pointed out that Great Britain already had a stated policy “to acquire as large a control as possible of the world supply of petroleum,” especially in the Middle East. Consequently, Doheny drew a parallel between British interests in the Anglo-Persian oil fields and the American presence in Mexico. Clearly, with both Britain and Germany scouring the globe for petroleum, Doheny believed that the United States “must avail itself of the enterprise and ability and pioneer spirit of its citizens to acquire and to have and to hold a reasonable portion of the world’s petroleum supplies.” America’s future as a world leader depended on the possession of Mexican oil, and it was up to Doheny to convince the administration to follow his lead.