Sketch of the Pittsburgh Oil Exchanges

By John B. Barbour

When my old friend, Mr. Jno. E. Potter, invited me to address the Historical Society of Western Pennsylvania, upon the subject of the Early History of the Pittsburgh Oil Exchanges,—the subject being one that I am much interested in—I promised him that I would try it and do the best I could.

Upon investigation, I find that there are not over five men now living who were in the business here in 1881, when I entered it, and I am the only one who still remains in the brokerage business. This coming July it will be forty-six years when I first was elected a member of the Pittsburgh Oil Exchange, and I was not yet of age. I have had to depend almost entirely upon my own memory for this article, and I have found that memory does not become more acute with age. I ask your indulgence, therefore, in my efforts to entertain you.

When crude petroleum was first discovered on Oil Creek, the question of transportation became the most important element in the situation. There were no railroads extending into the oil producing territory, nor were there any pipe lines existing at that time. The oil was loaded into barrels at the wells and then hauled in wagons by teams to the creek or river and loaded on barges, which were floated down the Allegheny River to Pittsburgh, where refineries were being established in goodly numbers. The price of oil at this time was regulated largely by this transportation. The weather had a great deal to do with the transportation; when the river was frozen and the barges could not run, in the spring when the roads became impassable for teams, the supply of oil for the refineries became very scarce and the prices ruled high, so much as $8.00 to $12.00 per barrel. The coming of railroads and the establishment of pipe lines soon corrected these conditions.

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The first organization formed in Pittsburgh for the purchase and sale of oil was in 1867, and was known as the Pittsburgh Brokers Association. It was composed of refinners, producers and shippers, who were known as the "Oil Trade," who handled the actual oil. They met on Duquesne Way, between Seventh and Eighth Street, principally in a telegraph office, or on the pavement when the weather permitted. The prices were controlled by the volume of receipts by barges and flat boats, and reports of production of wells at the headwaters, received by telegraph.

With the improved conditions in transportation and storage for the oil, the production began to increase rapidly and the producing territory to expand. Efforts were made to discourage the drill. In 1872 a strong movement was made to suspend drilling operations and shut in the wells, in order to keep down the production. This movement succeeded fairly well. The same kind of producers, however, existed then as they do in the Southwest and other places today. Notwithstanding that thousands of barrels were already being produced more than were needed, and that iron tanks could not be built fast enough to take care of the surplus, and thousands of barrels of this rich oil, even much more valuable than anybody even dreamed of, with its wonderful by-products, the producers kept pegging away and were forced to see half or more of the oil flowing on the ground or into the creeks and rivers. These conditions drove the price of crude oil down below the cost of producing it and caused failures by hundreds.

At this time (1873) there were a number of pipe lines organized to take the oil from wells on which the line was located and store it in iron tanks. As the production was still greatly in excess of the consumption, it taxed the Pipe Lines to build tanks fast enough. Some lines even refused to take any more, but the producer still rushed the drill.

These very bad and demoralizing conditions continued to exist in more or less degree until somebody or some party of men, who can always be depended upon in any emergency in the oil business, devised a scheme for relief. In 1876, there were in existence, about twelve different pipe lines. The largest of these was called the United Line and was generally believed to be a Standard Oil institution. The United Line was reorganized in 1877, under the name of the United Pipe Lines.

As late as 1879 oil was still running on the ground for
lack of sufficient storage facilities. On April 1st, 1879, the
daily production was 36,100 barrels with 900 new rigs and
drilling wells, the largest in history, and the producer still
produced and ran his oil on the ground. The United Pipe
Lines had not caught up with him yet. However, the remedy
was being rapidly provided for. Court proceedings were
entered against the United Pipe Lines by the producers to
restrain them against what the complainants called "arbi-
trary and unfair rules." This was equivalent to a man
shooting the fellow who was trying to save him from drown-
ing. It was the same old producer, however, whose de-
scendants still survive.

While my subject confines me to the early history of
the Pittsburgh Oil Exchanges, I thought I would explain
the conditions that brought about the establishment of oil
exchanges throughout the oil country and the necessity
for them.

The stocks of oil in tanks had grown to about 16,000,000
barrels and were being increased from day to day, and the
drill was still very active despite efforts to control it. Some-
thing had to be done to relieve the situation and prevent a
total collapse and ruination of the Oil Trade.

The remedy was at hand and had already begun to op-
erate. All the existing pipe lines were bought by or con-
solidated with the United Pipe Lines, which company was
generally believed to be really owned by the Standard Oil
Co. It was not long until this company (United Pipe Lines)
was taking the oil from the wells, thus stopping the terrible
waste that had been going on. They issued certificates in
denominations of 1000 barrels each to producers carrying
oil in storage. These certificates or accepted orders on the
Pipe Line were made deliverable to the holder or his order,
and when endorsed by him, were made deliverable to the
holder or his order, and when endorsed by him, were ne-
gotiable and worth the current price per barrel, which at
that time was what the Pipe Line agent was willing to pay.
When these certificates were accepted as high-class col-
lateral for loans by the banks, exchanges where they could
be bought and sold were rapidly established at Oil City,
Pittsburgh, New York, Bradford and several other places.
The Oil City Exchange was the first, and owing to that city
being the headquarters of the United Pipe Lines, and where
practically everybody was interested in oil, it soon made
and controlled the market. This Exchange was organized in 1876.

On July 21st, 1878, the Pittsburgh Oil Exchange was formally organized. Geo. W. Cochran of the Columbia Oil Co. was elected President; Jonathan Gallagher, producer, Vice President; Wm. N. Riddle, President of the Penn bank, Treasurer; and Samuel M. Willock, producer and refiner, (Waverly Oil Works) Secretary. The Capital Stock was $5,000.00, divided into 200 shares of $25.00 each. It required one share for each membership, thus making 200 members. Of these, 180 were subscribed for and were practically all from what composed the Oil Trade of Pittsburgh. These men were all high-class men, pioneers in the oil business and of the same class of citizens who were the pioneers in the iron, steel, glass, coal, shipping, boat-building, etc., and the other activities that made this city famous. As these men mostly went along, because it was in their natural and regular line of business and was cheap, the growth of trading in Pipe Line Certificates was slow. These $25.00 Exchange seats, in 1879, sold as low as $10.00 each, which illustrated the lack of interest in the business of Pipe Line Certificate speculation. However, the increasing activity at Oil City began to be reflected here, and the trading in Pipe Line Acceptances began to increase in volume. For awhile the new Pittsburgh Oil Exchange met in the Scott House, corner of Seventh Street and Duquesne Way. It was later the Hotel Boyer, and now the Elks' Club House. This location on Duquesne Way had been the home of the Oil Trade of Pittsburgh ever since it started. However, better and more centrally located quarters were deemed necessary, and one-half of the second floor of the Germania Savings Bank Building, Wood and Diamond Sts., was rented and equipped with telegraph offices, Bull Ring, etc., for trading purposes.

Everything was all set now for an active business of speculating in Pipe Line Certificates, except the traders themselves, and that was only a matter of a short time.

The membership of the Pittsburgh Oil Exchange was composed of men who were in the business legitimately and took to the Exchange trading very slowly. It was probably better that this was true, as it gave those who did become identified with the Pipe Line Certificate trading an oppor-
tunity to get well acquainted with business before it became too active. From the date of organization in 1878 until early in 1881, the trading was very light, and confined largely to the members themselves, there being few, if any, Commission Brokers. The Commission for buying or selling 1000 barrels was at that time $6.25, which on a good sized business, such as came later, would have been very remunerative. This rate was soon reduced to $2.50 for buying or selling 1000 barrels. This was afterwards reduced to $1.25, at which rate it remained.

The unit of fluctuation was at that time 5/8c per barrel, until Sept. 1, 1881, when it was reduced to 1/8c per barrel, which greatly simplified and promoted trading.

The telephone had only begun to make its appearance in business, and there were only a few in use, and those were of the non-metallic wall type. The Exchange had one installed in a large bank vault on the Exchange floor. I have frequently seen as many as six brokers' clerks standing in line waiting their turn to use it.

They were now calling members of the Exchange "Oil Brokers." There was only one concern, Loomis & Ball, that had a whole office to itself, and that was on the ground floor on Wood Street—about where Weldin's Book Store is now. The United Pipe Line's offices were on the second floor above, as were also the offices of Captain Vandergrift—the rest of the brokers who had offices, occupied desk room in the vicinity of the Exchange, or rented wall desks in the Exchange room, where they kept their books and papers, and used them during Delivery Time.

When trading on the floor and the Commission business increased, there came, of course, a big change in these conditions. Offices were acquired, telephones installed and necessary clerical forces was engaged.

The Exchange hours were from 10 A. M. to 12 M, and from 1 P. M. to 4 P. M., except on Saturdays, when it closed at 3 P. M. The Exchange was closed on all Legal Holidays. Deliveries were made on same day as sales were made up to 3 P. M., unless otherwise provided for. Failure to deliver by 3 P. M. caused the seller an extra day's storage or carrying charges, amounting to an average of 50c to 60c per 1000 barrels.
This provision in the delivery rules caused some mighty lively hustling among the members and their clerks when the trading became heavy, as it did in 1882. All checks passing for certificates delivered had to be certified. This reminds me of an interesting personal experience along that line. As I stated above, all checks had to be certified when given in payment of certificates received. In the morning we would arrange for the deliveries. The Exchange would close at 12 noon for lunch, and the floor book containing the transactions of the morning would be turned over to arrange for the delivery, which would start shortly after 1 P.M. Mr. T. J. Watson was my employer. He was the biggest trader on the Exchange as well as the largest Commission Broker. In order to make his deliveries, it required liberal banking credit. During the tremendous activity of the market in 1882 the banking side of it became abnormal. The Penn Bank, then located at the corner of Liberty and Wood Street, was the recognized oil men's bank, doing 80 to 90 per cent of brokers' business. W. N. Riddle, known affectionately as "Billie" by his friends, was the President. He was also the Treasurer of the Exchange. Mr. Watson was given extraordinary credit at the Penn Bank, because he was considered a very wealthy man. The bank would always certify his checks for a fairly good amount, without question, knowing that he would deposit its equivalent in cash or oil before the day was over. One day in October 1882, following an unusually large trading day, we had big deliveries, and in order to make them, it would require a very large number of certified checks for quite a large aggregate amount.

D. F. Collingwood, the well-known insurance man, was my office assistant at that time; and he was a great clerk. He could cover more ground in the shortest that I ever saw. In the absence of telephones, when we wanted more margins, we had to send after the man to his place of business. When we sent Dave, he delivered the message just as he received it, and he always came back with the cash or a refusal to pay, in which case—"out would go the oil." My custom was to make out the checks, give them to Collingwood to get certified and then run out to get a quick lunch before going back to work. This day Dave came back before I got away, with a broad grin on his face. He said,
“Mr. Riddle wants to see you.” I said, “What for?” He replied, “About the checks, I suppose.” I rushed up to the bank in a great hurry because the time was short, and precious. Mr. Riddle was waiting for me. He said, “Jack, what the h... are you trying to do? You want me to certify checks for more money than I have in the bank.” I knew that the total was large, but had not taken time to foot them up. I knew everything would be all right at the finish and wasn’t worrying about them. I laughed and told him that I just had to have those checks or I could not make my deliveries in time. The Boss expected me to do it, and it was up to me to make good; it would be doing me a great personal favor. He said it didn’t look like good business to certify such a large amount. I told Mr. Riddle that I could constitute myself an agent of the bank and would guard its interests the same as if I was a member of his staff, if he would certify the checks. He said, “All right, Jack, you can have the checks and always can on that basis,” and I always did. I describe this incident to you, to illustrate some of the things that were done during that wonderful and exciting period. I was only a “cub,” just past twenty years old at that time.

Business on the Exchange in 1881 was steadily increasing, as the public interest was aroused. Sales increased from about 175,000 barrels per day to over 400,000 barrels. The decline of the Bradford Field production was used to put the market price above $1.00 per barrel. Early in the year 1882 the outlook for a big production in the Cherry Grove District in Warren County, caused a depression in the market which carried it down to 49½c. This big decline caught the speculators in Pipe Line Certificates who were “Long,” and squeezed them pretty badly, many of them suffering big losses. These low prices then existing were very attractive and were instrumental in causing a big increase in the business. Western Pennsylvania became crazy to speculate in oil. It seemed as if every fellow who could raise $100 or more was in the market. Margins required were 10c to 25c per barrel, regulated by market prices. Brokers put up Bulletin Boards in front of their offices, posting prices every half hour. There being no reliable telephone service for quotation purposes, it was necessary to call at brokers’ offices, or go to the Exchange.
for information. During the summer of 1881 prices rallied to a point above 60c. The death of President Garfield had a temporary bad effect. Although the stocks in storage were being increased pretty nearly 1,000,000 barrels per month, the new element in the situation, the speculator, was paying more attention to some particular spot in the field than to the general situation. There was now about 52,000,000 barrels in stock and a surplus being produced each day. The Cherry Grove District that had caused the big decline in the market in early summer began to exhibit signs of collapse. This started a great demand for oil certificates which resulted in a big bull market that caused tremendous excitement on the Exchange, with very large transactions and big advance in prices.

Early in September 1882, the market was about 53½c, and under the wild and crazy buying movement which started, as stated before—by the collapse of the Cherry Grove Field, the price advanced rapidly, and on November 6th the market opened at 121, sold up to 137 and closed at 124¼. I have not the figures of total sales on the Pittsburgh Exchange, but they must have been over 12,000,000 barrels. In Oil City that day the sales were nearly 18,000-000 barrels.

The making of deliveries for transactions of that volume imposed a tremendous task on the brokers and their clerks. As I have stated before, deliveries were made the same day as the sales were made. Storage charges had to be paid, and a receipt for the same attached to the Certificate when delivered. These deliveries had to be made on the floor of the Exchange before 3 P. M., and they began at 1 P. M., or as soon as the Certificates could be gotten from the Pipe Line offices, where they had to be left to pay storage, or attach Fire Slips, if necessary. Certified checks also had to be gotten ready.

GENERAL AVERAGE OR FIRE SLIPS—When any of the storage tanks belonging to the United Pipe Lines would be struck by lightning, or burn from some other cause, the loss would be pro-rated and all outstanding certificates would be assessed their share of the loss. The holder would go to the Pipe Line office and buy the amount assessed at current price for oil and attach the receipt to the certificate, which would restore it to the full 1000 barrels.
A careful record had to be kept of these receipts and deliveries. When a delivery clerk received a certificate, he took a record of its number, the date of receipt and name of party from whom received. He also kept a record of the party to whom it was delivered and the date. He might handle the same certificate several times during the same afternoon. As each certificate was received, the clerk had to know whether the endorsement on the back was correct, whether the certificate was within the six months' limit, whether it had necessary "General Average" or Fire Slip attacher and the storage paid to date of delivery. This required lots of time, of course, but we became expert by experience, and it was absolutely necessary. For example, occasionally when time was short, a certificate would get by that was short a Fire Slip, Storage, or was past due. It would finally land in possession of some one who was going to carry it. When he finally went to deliver it, he would discover the error. He looked up his records and found the name of the party from whom he had received it. He would make a demand upon him to correct the error, and it would be traced back through the records until the original owner was found, who would have to correct the error and clear the record of that certificate. It took practically superhuman effort to meet the requirements of these deliveries.

I brought in a bundle of three hundred certificates one day after big sales, which I had taken from bank loans, and left with the Pipe Lines to pay storage, and started about 1 P. M. to deliver them. I handled the most of these certificates several times that day, before they finally landed where they were to stay. This day was one of the most exciting in the month of October 1882. The hallway on the second floor of the Germania Building and the stairways leading up and down were so jammed that it was impossible to get in and out. We had to send for the police to keep a passage-way clear for the Delivery Clerks to get in and out on their way to the banks and Pipe Line offices. As I have stated before, there were no telephones to reach your broker and the halls and stairways were crowded with clients of brokers who were frantic to reach them to issue orders or seek advice. Quite a number were also just sight-seers. Such was the mad desire to get close to their brokers that the memberships
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on the Pittsburgh Oil Exchange—which had a par value of $25.00 and sold in 1879 as low as $10.00 each, were bid up to $3000. each. Two members of the Oil City Oil Exchange bought seats on the Pittsburgh Oil Exchange in 1879, one at $10.00, and the other at $15., and sold them in October 1882 at $2950. and $2960., respectively.

I haven't the ability to properly describe the situation here that was created by this excitement over the speculation in oil certificates. The rapid and wide fluctuations in price, the reputation of the certificates as reliable collateral made them a most attractive speculative medium. The remedy for the demoralizing situation in the oil trade that I referred to early in this article had been applied, and the public was carrying the oil in storage at a price that gave the Pipe Lines a good profit.

It was becoming physically impossible for the Delivery Clerks to get the time to handle the certificates properly and safely. The handling of the banking end of it was becoming more difficult every day. It was a common thing for us to make bank deposits as late as 4:30 P. M. It was nearly an every day occurrence to deposit sight drafts with certificates attached on New York, Oil City, or Bradford as late as 4:30 or 5 P. M. After floor deliveries were made up to 3 P. M. it requires an hour or longer to check up the certificates and cash. These conditions became so bad that they called for an immediate remedy.

About the middle of November 1882, a Clearing House was established for deliveries of all transactions made on Exchange. E. C. Hetzel was made Manager and D. W. Semple, Assistant Manager. The plan was to furnish each member with a Clearing Sheet, upon which he listed all his trades. On the Debtor side he would put the number of barrels, the name of the member from whom coming, the price and the total amount of money. On the Credit side he would place the number of barrels going out, the name of the member to whom it was going, the price and total amount of each. He would balance the sheet. If it showed a balance against him he would attach a certified check to his sheet when he filled it, or would receive one when balance was in his favor.

Each member was required to compare his sheet with all other members to detect errors before filing. If a
member failed to compare and caused the Clearing House to be out of balance by such neglect, he was fined. All sheets had to be filed by 11 A. M. each day. Delinquents were fined. These rules were necessary and strictly enforced to facilitate the work and ensure prompt settlements.

When members had to take certificates from bank loans to make deliveries they would have the bank sign an agreement to deliver to the Clearing House so many Certificates, upon payment to them of so much money. If the balance was oil coming out, a slip was signed by a bank, agreeing to pay so much cash upon receipt of so many certificates. These slips were filed with the Clearing sheet.

The establishment of the Clearing House was a wonderful improvement in making deliveries as a time and labor saver, and also saved considerable expense. In the month of October 1882, our firm drew checks on the Penn Bank for a total of about $11,000,000, which was a very large sum in those days. We paid to the Penn Bank for interest about $2900 for October. If we drew checks for $100,000 to $500,000 from the banks and deposited back one-fourth to one-half of it drawn upon other city banks, we would save that interest by the Clearing House, which was quite an item. We had no further trouble in making deliveries, no matter how large the transactions.

The system of speculating in Pipe Line Certificates had now become firmly established and the public was in all right, and carrying the big stocks in storage.

As a result of the “Bull Spree” in the Fall of 1882, the public was loaded with oil at high prices, and when the collapse came in December 1882, the market broke so rapidly that it caught brokers and speculators alike. From a low point in September at 53\% to a high at 137 in November and a low in December of 75, was some real “Spree.”

Many speculators with good paper profits in December and anticipating making Christmas presents, and who did not corral their profits, found themselves broke, or nearly so, by the big decline just before Christmas. I don’t believe there ever was a time when a community
was so "blue" as this one was at that time in December, 1882.

Owing to favorable reports from the producing fields, the market rallied in January and February 1883, and held most firm until June, when it sold at 124¼, the high for the year. The fluctuations were active and broad enough to maintain an active interest upon the part of the public. The Pittsburgh market had become a lively affair. The Germania Bank Building had become too small for its operation, and the Old City Hall auditorium on Market Street was secured and the Exchange was moved to it. The room was too large, but we managed to get along all right and it left room for the "Fire Works" that we had occasionally.

Private wire service to New York and Oil City was maintained by three or four houses. One New York firm had private wire to Pittsburgh, Oil City and Bradford, with an operator and floor man in each Exchange. They were known as "Scalpers" and by quick wire were able to catch the difference in the market prevailing between each city, frequently as much as 1/8 to 1/2c per barrel, if the markets were active.

We also had the "Piker." He was the fellow who made turns on our own Exchange of 1/8 to 1c by being nimble and buying on "dips" and selling on "bulges." The "Trader" we had also. He was the fellow who would watch the market pretty closely, and when it looked good to him he would plunge and buy from 10,000 barrels up, and sell when the market seemed high enough, and then would probably take the "short" side for a turn. The "Broker" was the fellow who only traded when he had a Commission order.

The special feature of this year (1883) in the Pittsburgh Exchange was the organization of a syndicate for the avowed purpose of putting the price of oil to $1.50 per barrel. It was headed by R. M. Kennedy, who was known as the "Seven Seals and Golden Wonder" man, because he was boasting the sale of an article by that name. He was also a Real Estate man and operated the big plan of lots opposite the Homewood Driving Park, lying between Frankstown Avenue and the Pennsylvania Railroad. This syndicate became known as the "Penn
Bank Syndicate,” because that bank was its headquarters; nobody ever dreaming that a few months later it would develop that it was the “Penn Bank Syndicate” in fact. This syndicate worked along, passed the word around as to its intention, and gradually worked the market up. They were handicapped, however, by some of those who had been invited to go along, unloading on them when a good profit was in sight; and again money became pretty tight and the syndicate had to borrow in New York. The price reached 120 in December, which was the high. It was reported about this time that the Standard Oil Company was opposed to the price going higher, and as they had loaned their money through the banks to the syndicate, they called the loans and forced the selling of the oil, which practically dissolved the syndicate.

I had been elected a member of the New York Petroleum Exchange in July 1883, and was sent down to keep my eye upon what was going on, which I did.

The market started off in 1884 strong and active as a result of field conditions. The speculator and manipulator had control of the market and were keeping it active with wide fluctuations.

Although the Pittsburgh Oil Exchange was functioning all right and furnishing all the facilities necessary for carrying on a large business, I admit in very homely, but intensely patriotic surroundings, a Charter was taken out in 1882 by Captain Vandergrift for a new Exchange to be known as The Pittsburgh Petroleum Exchange with a capital of $150,000. There were to be 300 members with a block of 5 shares at $100 par each, necessary for membership. The old Rody Patterson livery stable on Fourth Avenue, across from the Dollar Savings Bank, had previously been secured for a site for the new Exchange. Then began strong efforts to enroll a membership. There was naturally a strong resentment exhibited by members of the old Exchange against this move to ruin it. It was no use, however, the pipe line interests which also meant Standard Oil, and most of the banks, used their influence in behalf of the new institution. There also was considerable coercion exerted on the members of the old Exchange to secure their support.

The new building was a very handsome structure and well arranged for oil exchange purposes. On the
ground floor on the left entering the building was located the new Keystone Bank, organized to help along the speculators in Certificates. In the rear of the bank and on the opposite side of the building were rooms available for brokers’ offices. On the second floor, which was reached by an easy stairway, the walls of which were handsomely decorated with allegorical pictures, the Exchange room was located. The room was two stories in height. In the front end there was a gallery which was reached by a spiral staircase.

This gallery was used for smoking, and checkers or dominoes, also Directors’ and Officers’ quarters. On the other end was a space railed off on the main floor and used as a lobby for the public, and a small gallery for spectators. These rooms were beautifully decorated, ventilated and lighted. In the basement, a high-class restaurant was located.

The building was of brick and sandstone trimming. Over the front door was the carved head of a lamb, and over one window was the head of a “bull,” and over the other was a “bear.” Very appropriate and suggestive, but it received considerable criticism.

The price of membership of the Pittsburgh Oil Exchange had been holding around from $1000 to $1500 at this time. The talk of a new Exchange naturally caused them to decline, and with assistance from those on the floor who were interested in the new one, the old Exchange was clubbed to death. A short time after the new Pittsburgh Petroleum Exchange began operating the Pittsburgh Oil Exchange met a tragic but honorable death on August 10th, 1885. In the liquidation each member received the sum of $39.55. My membership had cost me $1060 in 1882. I paid $800 for one on the new Pittsburgh Petroleum Exchange.

Early in the year 1884 the market began to feel the effect of tight money conditions, liquidation of Penn Bank Syndicate accounts and the threatening clouds that were beginning to overcast the financial skies. During the first four months the market was active and covered a range from 115¾ in January to 90% in April. It recovered to a high of 103¼ by May 5th. Then the storm, that had threatened for some time, broke. Failures of banks and in-
individuals throughout the country, and members of the various oil exchanges created panic days, and prices started down precipitately. From a high of 103 1/4 on May 5th to a low of 65 1/2 on the 16th. After a recovery to 80 on the 27th, it sold down to 51 1/4 on June 21st. This period between May 5th and June 21st, 1884, covered the panic days of that lively time. The failures in other sections, had caused a tremendous upheaval in financial circles.

Here, the Penn Bank generally recognized as the oil man's bank, was compelled to suspend on June 21st, due, it was reported, to a run owing to the big break in oil market. It was re-opened on the 23rd, but was closed finally on the 26th, when it was charged that some of the Directors had been speculating with the bank's funds. The failure of this bank was, of course, a big blow to Pittsburgh.

The trading on the various Oil Exchanges during the month of May 1884 were the largest in the history of the business. On the 15th the Oil City total sales were over 27,000,000 barrels, in New York over 40,000,000 barrels, and in Pittsburgh were over 20,000,000 barrels. This total was about three times the amount of oil in stock. These sales were never equalled again in the oil exchanges.

On April 1st, 1884, the United Pipe Lines were transferred to the National Transit Co. This made no change in ownership as both companies had the same people back of them. The National Transit, however, had a broader and much more liberal charter. There were only a very few of these charters issued, one of which our Philadelphia Company secured.

The next event of importance was the formal opening of the new Pittsburgh Petroleum Exchange on April 21st, 1884. Capt. Chas. W. Batchelor, President of the Keystone Bank, a close friend of Captain Vandergrift, was selected for President; B. W. Vandergrift, Treas.; J. I. Buchanan, Secretary. Mr. Batchelor had arranged for Reverend Maxwell, Rector of Trinity Episcopal Church, to deliver an Invocation at the opening at 10 A. M. While the prayer was being delivered the members were crowded around the Bull Ring waiting for the word "Amen." The excitement was intense, a new well had been brought in the Bradford Field and oil was being offered on the Curb there at about 3c below the close the night before. Then everybody was
anxious to make the first trade on the new Exchange. It was like a lot of spirited horses or athletes waiting for the word "go."

I never before or since heard such a racket and feel sure that Reverend Maxwell must have been startled.

After the big market and heavy trading of 1884, which had a drastic and lasting effect on the traders, there was an inclination to go slow and business on Exchange was consequently rather inactive.

While the conditions in the oil market were rather quiet in 1885, it was suggested that we establish a Call of Stocks. A stock board containing local bank, insurance, street railway, industrials and a miscellaneous list were arbitrarily placed on this Board.

At 11 A. M. each day, the genial Secretary, Captain John K. Barbour, got up on the rostrum and called the Stock List. At first it brought few results, but it grew slowly and finally resulted in three calls daily, and when the speculation in oil grew less and less, trading in stocks increased to an extent that caused a change in the name of the Exchange in 1886 to The Pittsburgh Petroleum Stock and Metal Exchange.

Three stock calls were held daily in addition to the trading in Oil Certificates. These conditions existed until the Union Trust Company secured the majority of the $150,000 stock at a low average price, due to decline in the Oil Business. It took over the property at cost and then, its representatives undertook to manage the Exchange as the holder of the majority interest. The minority interest—which consisted of the majority in number, revolted, and in 1894 organized the Pittsburgh Stock Exchange. In 1896 it was chartered as The Pittsburgh Stock Exchange, which exists to-day in its own $300,000 building, with cash in bank and a membership of 115.

I should go back to the Oil Exchange in 1887, and mention what brought about the finish of the speculation in Pipe Line Certificates. At the session of the Legislature, in 1887, Mr. Billingsley of Washington County introduced a Bill for the purpose of regulating the charges made by oil pipe lines for storage, pipeage, etc., and the shipping of the oil to points at the demand of the holder, which were absurdly impossible. This Bill was believ-
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ed by many to be a "pincher" on the Standard Oil Company, the real owner of the pipe lines. The producers and all the Oil Exchanges held meetings at home and at Harrisburg to urge the Bill's passage. This pressure was so great that it forced a compromise by the Pipe Line Company, the terms of which provided for the reduction of the storage charges to 25c a day per 1000 barrels from 41 2/3c. This was the death knell of Oil Certificate speculation, and the killing off of the best friends the producer had—"the speculators"—and the "Pipe Lines." The producer was too blind to see it, but 'twas always so.

As there was no longer any profit to the Pipe Lines in the storage charge, they started in to squeeze out the speculator, and before long, the Oil Exchange went out of business for lack of customers. As stated before, we in Pittsburgh had already provided for this contingency by trading in stocks.

The rapid depletion of the stocks in storage strongly aided in the freezing out of the speculation in Pipe Line Certificates.

After the experience the traders in oil had as the result of the financial upheaval in 1884, and it was discovered how closely the oil markets were influenced by and followed the course of the New York Stock Market, it was decided to install a New York Stock Ticker and a Quotation Board where they could watch the fluctuations.

A very small boy in knickers was engaged to mark up the quotations as they came over the ticker. The name of that small boy was Dwight W. Morrow, afterwards a member of the firm of J. P. Morgan & Company, and who at present is representing this great Government as Minister to Mexico.

I have tried to adhere closely to facts in recording the above history, as my memory serves me, and hope that it has been of interest to you.