the Entrepreneur

vs. the Railroad

By Tom Powers

There aren’t many benefits to having your family name attached to a roadway or stream, but from time to time, you do get some questions about it. One that I’m frequently asked is, “When did people start calling it ‘Powers Run?’” I can’t say when this stream northeast of Pittsburgh acquired its name, but I believe I’ve found the first time it made headline news. It’s in the February 5, 1875, issue of *The Pittsburgh Commercial*, though the article has nothing to do with any of my relatives who, starting in 1797, farmed along the streambed for over 150 years. The article itself, “The Power’s Run Insurrection,” relates a skirmish between the Pennsylvania Railroad and an oil pipeline company over who had the right to transport crude oil into Pittsburgh.
When people think of the oil business, they might recall TV's J.R. Ewing cutting deals with Arab sheiks from his Texas ranch, but in the mid-19th century, it was Western Pennsylvanians striking the oil deals. It started in the late 1840s when canal-line owner Samuel M. Kier found a use for the oil fouling his father's salt wells on Bull Creek where it meets the Allegheny River near Tarentum. Geologists would come to understand the relationship between salt and oil deposits: because of the relative impenetrable molecular structure of salt, organic deposits tend to get trapped next to it and, over time, decompose into oil and gas. There were many such sources of seep oil in the area.

Kier, whose recently afflicted wife had been treated by a prescribed “American Medicinal Oil,” figured he might have the same product in his own back yard. Known by early settlers as “Seneca Oil,” it had various applications, including medicinal, used by Native Americans. Kier bottled it as a cure-all and shipped it via canal to Pittsburgh. Though it became well-known and widely consumed, “Kier’s Petroleum Rock Oil” proved unprofitable, so Kier looked for other uses. It was known that oil could be refined and used as an illuminant, but it was smoky and smelly, and there was not enough to compete with whale oil. In 1850, Kier built the country’s first refinery—just a one-barrel still—to process crude oil into carbon oil, or kerosene. His smokeless, odorless oil, along with a lamp he devised, sold well, and he expanded his distilling operation. Suddenly, he needed more oil than what seepage could provide. It was this growing demand that led another oilman to hire Edwin Drake to look for the fuel farther up the Allegheny River. Drake applied salt well drilling methods and struck oil in 1859 near Titusville. Now Kier had a reliable source, and carbon oil soon became a household necessity for lighting. Other byproducts, from gasoline to lubricants, re-fueled America’s Industrial Revolution.

Kier failed to patent his lamp or his refining process, allowing others to copy and profit from his ideas. His partner, Benjamin F. Jones (later of Jones & Laughlin Steel Company), said after Kier’s death in 1874 that he was a charitable soul who felt that the gift of illuminating oil belonged to the world. Kier’s other interests—pottery, coal mining, and steel manufacturing—kept him well occupied and successful.

It didn’t take long for others to benefit from Kier’s largess. After Drake’s discovery, steamboats and barges soon transported oil to Pittsburgh, making the region the world’s leading refiner and exporter. In fact, oil storage tanks lined the Allegheny River. The genie of oil had been let out of its barrel, and Western Pennsylvania in the 1860s became as California in 1849: a place where thousands flocked to “strike it rich.”

By the 1870s, the oil industries in northwestern Pennsylvania were using railroads to bring their product to Pittsburgh refineries, but still sought a cheaper method of transport. One project attracting attention (and the source of the aforementioned skirmish at Powers Run) was the Columbia Conduit Pipe Line begun by David Hostetter, a dynamic character best known for his “medicinal” tonic, Hostetter’s Stomach Bitters.

A Cure for What Ails You
Hostetter’s Bitters was a concoction of intriguing proportions. According to an analysis made by a Department of Agriculture chemist in 1883, a meager 4% of the drink was devoted to herbal oils, which probably included anise, coriander, and vegetable extracts such as cinchona and gentian. The chemist was guessing at those, as Hostetter wasn’t about to reveal his formula, but the rest wasn’t guesswork: 64% water and 32% alcohol. A 64 proof drink! Consider that most whiskeys are 80 proof, and you’ll have an idea why the Union Army ordered boxcars of “Stomach Bitters” for its soldiers during the Civil War.

David Hostetter was the classic American entrepreneur. A failure at business until at age 33, he decided to market his physician father’s stomach cure. Dr. Jacob Hostetter is credited on the bottle, but it was his son David and partner George W. Smith who sold the stomach bitters across the continent starting in 1853. The company continued after David’s 1888 death, barely survived Prohibition, and finally folded in 1958.

When he died of kidney failure (unfortunately not on the Bitter’s list of curable ailments) Hostetter left a personal fortune of $18 million. The wealth he had earned from his father’s elixir...
allowed him to dabble in true entrepreneurial fashion. He was one of the founders of the Fort Pitt National Bank and one of the directors of the Farmer’s Deposit National Bank. He also served as president of the Pittsburgh, McKeesport & Youghiogheny Railroad, and it was largely his efforts that built the Pittsburgh and Lake Erie Railroad.8

Both Kier’s “Rock Oil” and Hostetter’s “snake oil” led each into the petroleum business. After Kier had developed lamp oil, Hostetter used his profits after the Civil War to invest in the burgeoning oil fields of Butler County. Needing a way to sell his oil, in 1874 Hostetter conceived of a 30-mile pipeline to Pittsburgh where he could connect with the Baltimore and Ohio Railroad, which had refused to go into Rockefeller’s monopolistic “oil pool” of suppliers and transport companies.9

The right of eminent domain for oil pipelines had been granted to eight counties of Western Pennsylvania. This allowed pipeline companies to act for the state in acquiring land for their pipes, as they would supposedly be working in the public interest. Allegheny County, however, was not included in the eight, a restriction that oilmen attributed rightly to the influence of the Pennsylvania Railroad on the state legislature.10

By June 20, 1874, Hostetter’s Columbia Conduit Company had laid pipe from Butler County through Fox Chapel to Harmarville on the Allegheny River, at a rate of five miles per day.11 As the company worked its way down to Powers Run, Hostetter must have been wary of the pending confrontation. He was aware that the Pennsylvania Railroad as well as Rockefeller’s “Cleveland Standard”...
collection of oil refineries and pipeline companies would not take kindly to his maverick operation, but Columbia Conduit was operating on the assumption that State of Pennsylvania documents in the company's possession had granted it the right of eminent domain throughout Allegheny County. Hostetter laid his oil pipe within a few miles of the city to a point where he had to pass under the tracks of the Pennsylvania Railroad. This point, spanned by the railroad's bridge, was located in O'Hara Township (then Indiana Township) at Powers Run.

It didn't take long for Hostetter and the railroad to meet in court. On August 29, Columbia Conduit filed for a bond of indemnity against the Western Pennsylvania Railroad Company (who leased the tracks to the Pennsylvania Railroad) in the event that it would try to block the pipeline's completion under the railroad's tracks. On September 12, the court's opinion held that Columbia Conduit Company had no authority of eminent domain in Allegheny County and would not grant the bond of indemnity against the railroad for any damages to the pipeline. If Hostetter laid pipe, the railroad could tear it up with impunity.

Hostetter's Butler County storage tanks swelled with oil that he couldn't get to market; he needed to act. To bolster his right-of-passage claims under the railroad tracks, Hostetter purchased the stream bed of Powers Run at the point in question. Then, interpreting the court's refusal to grant his pipeline protection—"if there's no pipe there, there's nothing to protect"—Hostetter decided to complete his line.

A Pennsylvania Railroad contingent of five guards at Powers Run went off duty the morning of November 28, and about 100 men armed with various construction tools (which could also serve as weapons) confronted the single, remaining guard. These men, sporting red flannel patches for identification, took possession of the area and laid Columbia Conduit's 3-inch pipe under the railroad bridge. Hostetter now had something to protect, but another hearing in District Court refused to grant an injunction against the railroad.

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**Hostetter's Bitter Railroad Fight**

The *Oil City Derrick* on Tuesday, September 8, 1874, published "A Pipe Line Trouble." It was a reprint of an interview from the *Pittsburgh Leader* conducted with Dr. [sic] David Hostetter of the Columbia Conduit Company before the September 12 court decision. It gives a good indication of the conspiracy between the railroads and pipe companies that were working against David Hostetter's planned pipeline. Here is an excerpt:

"The Pittsburgh Leader scents a war among pipe line men in the breeze. There were also rumors in the street yesterday that some arrangement had been made between the various pipe lines but we could trace it to no authentic source."

On Tuesday and Wednesday morning of last week the proprietors of the Union, United, American, Karns, Antwerp and Relief Pipeline with Colonel Tom Scott of the Pennsylvania Railroad and Roberts of The Allegheny Valley Railroad held a secret conference at the Monongahela House ostensibly to take measures toward dealing with a ruinous competition which it is said exists between the proprietors of the respective lines but really to deliberate and form a plan by which they might overthrow and defeat the purposes of the Columbia Conduit Company, which is just now on the point of making connections with the various oil refineries of the city, a thing which would have been summarily checked by the Pennsylvania Railroad Company who, when the former attempted to cross the track of the latter at Fairview Station (Power's Run) tore up the pipe and would not allow it to be done. The matter was carried into court and will in all probability be decided this week.

For the purpose of getting a fair statement of this matter a Leader reporter yesterday evening called upon Dr. Hostetter one of the joint proprietors of the Conduit Company.

**Reporter** — In what way are the pipemen of the oil region interested in the fight between the Railroad and the Conduit Co?

**Mr. H.** — So far as the matter of right-of-way is concerned they have no connection whatever but they are deeply interested, and have so much cause to be against us as the Railroad Company. Those pipe lines represented at the meeting at The Monongahela House have all along had the transportation of the oil from Petrolia, Karns City, Millerstown and other oil producing districts to Brady's Bend and Pittsburgh.

**Reporter** — There are complaints among the refineries hereabouts that their trade is cut off and limited to Pittsburgh alone by the exorbitant freight charges. How is this?

**Mr. H.** — It's true in every respect. I've been traveling through the west the past three weeks and never once during my absence did I see any oil from our market. It's all "Cleveland Standard" or from New York and eastern refineries. Pittsburgh dealers can't send their oil to Cincinnati or Cleveland because by the time they paid the freight on it they would be considerably out of pocket. The Pennsylvania Railroad Company had a good thing of it, not alone by their ability to compel producers to pay the excessive rates of transportation, but they had the shipment of it back again, after being refined here, to the Cleveland markets, thus making..."
A force of nearly 300 men under the personal direction of James Creighton, supervisor of West Penn Railroad, retook the property and broke up the pipeline on December 4. A good amount of oil was spilled into the river before the Conduit Company could turn off the Harmarville pumps. While this was going on, representatives of Columbia Conduit were attending a conference in Philadelphia to work out an agreement with the Pennsylvania Railroad. With this turn of events, David Hostetter probably had good reason to use his own stomach bitters.

Pushed into a corner, Hostetter further tested the railroad’s resolve. He sent a force of 120 men to retake possession of the disputed point on February 1, 1875. Armed with pickaxes and wearing the same red flannel patches, they pushed back the railroad’s seven guards and re-laid the pipe under the railroad track.

Eyewitness accounts state that the Columbia Conduit party operated with military order. The encampment included roll calls, camp fires, and even a telegraph line to keep in contact with Hostetter’s office at No. 77 Fourth Avenue in Pittsburgh. One of the organizers was Captain Ezekiel Gordon, a riverboat pilot and owner of a tavern a short distance downriver from the incident. Gordon had been involved with transporting crude from the Oil Creek area since the 1860s.

In short order, the railroad obtained a warrant to arrest 30 identified oilmen. On February 4, an officer and a force of men took a special train to Powers Run to retake the property. The Pittsburgh Commercial called it “The Power’s Run Insurrection,” and the officer took 40 people into custody. Agents of the railroad then broke up the pipe, once again creating an oil spill that was not shut off without considerable loss.

Captain Gordon and two of his sons, James and George, were among those detained. According to a letter Hostetter wrote to the Commercial, innocent bystanders were arrested. In fact, several familiar surnames seen on property maps of the time (Boyd, Hulings, Moyes, and Jessup) were on the warrant. The well-heeled Hostetter put up $4,500 in bail for Gordon and four other of his agents. The rest of the people were let go on their double profits. Dealers will no doubt be able to get their oil to the Cleveland and Philadelphia markets at a rate so much lower for the reason that the pipe line does away with the necessity of its shipment twice by rail, that they can, even in the present depressed state of the market have a fair margin. The railroad company sees this. It sees that we will be able to supply the Baltimore markets, and of course the more markets we supply the greater will be the transportation through our pipe to the refineries here, and the more that comes through the pipe the more freightage the railroad company will loose. As a necessary consequence the pipe proprietors in the Oil regions will loose pipage in the same proportion that the railroad company loses freight. You will readily see how much it is to the interest to both to go against us. The pipe line in the Oil regions form connections with all the railroads leading to the North and West. It is the object of the two bodies, the railroad company and pipe men, if the later is beaten in the suit for right-of-way, to kill us by cutting off the Pittsburgh oil trade entirely, and making Philadelphia the oil centre. It is the purpose to get the producers to make a discrimination between the mediums of transportation, and give them all the traffic. There isn’t any fear on our part, however, if we get the right of way, but that we can serve the interests of Pittsburgh.

“A Pipe Line Trouble,” The Oil City Derrick, September 8, 1874.
own recognizance.

Hostetter’s letter proclaimed:

The Conduit Company owns the bed in Power’s Run in fee simple, having purchased it of the owner and holding a deed for the same. The Railroad Company have merely the right of way, acquired by purchase of the bed of the canal, which was over the run by an aqueduct, that is the right to span the run by a bridge.

The court did not agree. In a decision handed down on February 6, the judge maintained that West Penn Railroad did indeed own the property in question as it had purchased the old Pennsylvania canal bed from the Commonwealth of Pennsylvania to put down its tracks. The canal, hand-built both in-ground and above-ground along the north shore of the Allegheny from Freeport to Pittsburgh, had been purchased by the Pennsylvania Railroad in 1857. (The Pennsylvania later sold it to West Penn, which then leased it back to the Pennsylvania.) The old canal bed wasn’t just a right-of-way, it was property. The question was, which of these prevailed: the owner of the streambed or the owner of the canal right-of-way across the stream?

The February 6 decision imposed an injunction on Hostetter and Columbia Conduit to not “interfere with the said Railroad Company in their use, enjoyment and control of said property, nor molest them thereon.” If David Hostetter was going to deliver his oil to Pittsburgh refineries, a creative solution needed to be found.

Two months later, the April 21 issue of the Oil City Derrick announced, “The Columbia Conduit Company has completed a contract for transporting oil across the West Penn Railroad at trifling cost, by means of a peculiar description of trucks, and with a few days the line will be in successful operation.”

The timing in the article was optimistic, but it does show a resourceful solution to the railroad’s impediment. Columbia Conduit Company prepared to artfully dodge the railroad by moving the pipeline about 3/4 of a mile south of Powers Run to a public road that crossed the railroad tracks, then carried the oil across the tracks in tank wagons.

The crossing was at present-day Boyd Avenue, near River Road in O’Hara Township. After oil from the pipeline was poured into the tanks, carted across the tracks, and pumped from the wagons into a 24,000-barrel underground storage container on the opposite side, it would be pumped to refineries across the river or put onto barges for transportation.

The operation commenced at 6 p.m. on June 29, 1875. By the next day, three wagons were at work hauling 4,000 barrels of oil per day with negligible loss of product. An undated photograph of the operation shows a Pennsylvania Railroad engine crew along with Columbia Conduit’s men and wagons.

The fight to get the Columbia Conduit Line into Pittsburgh spurred legislation in support of pipelines. Early in 1875, bills were presented in both Pennsylvania’s Senate and House. As the Pittsburgh refineries were nearly all either owned or leased by Rockefeller’s Standard Oil, the few independents left had little hope for a free

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Columbia Conduit Company's solution to bypassing the railroad's right-of-way was to have tanker wagons haul oil over a public road (Boyd Avenue in O'Hara Township) from the end of the pipeline to the pipeline on the other side of the railroad track. This undated photo was taken after the “Power's Run Insurrection.”

The Drake Well Museum
pipeline law to pass. Although the bills were strongly supported, they were defeated, and Columbia Conduit continued to cart its oil over the railroad tracks.\textsuperscript{32}

Two years later, David Hostetter succumbed to Rockefeller's monopoly. In a report on Standard Oil's acquisitions in the October 13, 1877, *Pittsburgh Evening Chronicle*, it was noted by an anonymous source that a recent private sale of a "cool million and a half" was transferred to David Hostetter. The article's author speculated that the total included $500,000 for the oil that Columbia Conduit had in reserves with the rest going towards the purchase of the line and its appurtenances.\textsuperscript{33}

Even if Hostetter did make out financially, one would have to wonder (given his eventual $18 million fortune) if it was worth the

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**Courtroom Histrionics**

During the December 12, 1874, court confrontation between the Columbia Conduit Company and the Pennsylvania Railroad, a speech by the railroad's lawyer, John Dalzell, could have made Shakespeare blush. The 29-year-old Dalzell, a Yale graduate and later a member of Congress, had a flair for the dramatic, as this excerpt shows:

But under what head of equity jurisdiction has the plaintiffs any standing in court, to invoke the strong arm of the law? "To quiet title," says my learned friend on the other side. But he forgets that this court has already decided that the plaintiffs have no such title as would justify a court of equity in acting. He forgets that even in clear cases of right, the court always looks to the conduct of the party who makes the application, and will refuse to interfere, even in cases where it acknowledges a right, unless his conduct in the matter is free from blame.

That is, indeed, but the assertion of that most familiar of all principles, that he who seeks equity must do equity, that he who seeks the aid of a court of chancery must come with clean hands; and, it might well be added, with a pure heart.

Is this the position of the Columbia Conduit Company? Have they done equity? Are their hands clean? Why, sirs, they are here asking this court, a court of equity, to sustain them in the violation of law, and secure to them its fruits! Branded with the mark of Cain by every court to which they have appealed—and they have run the gauntlet of them all—they at last come here asking protection against us, after they had submitted themselves to your Honors, appealed to the law, openly and flagrantly violated it. On Friday last, by means of the power of money—ill gotten gains—aided by the poverty and starvation that staves idle men in the face, they gathered a band, more ragged than Falstaff's army, and secreting them in the valley of Power's run, on the morning of November 28th, precipitated them, a hundred strong, and armed, on the solitary watchman guarding our property. They entered and took it by force, by violence and threats.

And this is the possession—the legal possession (God save the mark)—that they ask this court, a court of equity, to enforce and protect! As well might the thief, who, sneaking at my door post, enters in my servant's absence and appropriates my property, claim that he holds it legally, and ask your Honors to protect his possession.

Are the plaintiffs' hands clean? Suppose murder had been committed on that November morning before daybreak (and it would have been had it been necessary), upon whose hands would have been the stain? Not on those of the ignorant men who committed the violence, but on those of larger brain and better education, who planned this most infernal outrage. Which of our friends upon the other side, I would like to know, planned this campaign, and is responsible for the doctrine that a court of equity will protect a possession like this?

Your Honors are appealed to, to legalize an outrage? And at this day, too, when of all times, the Courts should frown down such action. Why, sirs, for years the sickening details of outrages in the Southern States have been a stench in the nostrils of all civilized communities. And now the trail of the serpent is marked nearer home. In Eastern Pennsylvania the riots of the "Molly Maguires" hold in terror all law abiding and liberty-loving citizens. Almost in our midst, these poor Italians, who were willing to earn their bread for less wages than some others, are shot down like dogs in their tracks, and no man dares arise to avenge their blood.

Last and worst of all, these plaintiffs, unable to convince the Court that the law is as they would have it, by force and violence and bloodshed, take the law in their own hands, and then ask the Court to protect them! "The law is not with us—down with the law" is their motto. Will this court approve and sanction such conduct?

Will it fail to administer the merited rebuke? Can this Court, a court of equity, grant an injunction under such circumstances?

Will violence be sustained or not? is the simple question. Its answer rests with the Court—and there we most confidently leave it.\textsuperscript{1}

\textsuperscript{1}"The Oil Trade," *Pittsburgh Evening Chronicle*, October 13, 1877, p. 1.
A pumping station that's connected to the Sun Refining (Sunoco) oil tanks up the hill from Freeport Road. The station's pipeline goes underneath the nearby railroad track. Perhaps, that's memorial enough.

**Tom Powers** is working on a book about the history of O'Hara Township. This article is one of many surprising stories to come out of that suburban community. Tom is the owner of Power Media and Design, a graphic design service, and holds an M.F.A. from Penn State University.


Another view of the Columbia Conduit Company's oil truck operation. The Drake Well Museum

aggravation. Perhaps he suspected that the real value of his operation would be in its sale to the competitor.

There's nothing to commemorate this episode from Pennsylvania's "oil boom" years. However, tucked away near the old grade crossing, at the corner of River Road and Boyd Avenue, is an inconspicuous little oil

Left: The oil pumping station at the corner of Boyd Avenue and River Road. Right: Railroad crossing at Boyd Avenue. Photos courtesy of author

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David Hostetters Allegheny City mansion as published in the 1876 *History of Allegheny County*. Authors collection.


8 Young.


12 "The New Pipeline from Millerstown," *The Oil City Derrick*, June 20, 1874.


24 These surnames can be found on Indiana Township and O'Hara Township property maps from 1851, 1876, and 1883. The 1876 map was reprinted by the Historical Society of Western Pennsylvania in 1988 and the O'Hara Township map is on page 62. There is no way to positively identify those involved were from the neighborhood (save for Ezekiel Gordon and his two sons, identified from the newspaper accounts and census records), but the similarities are suggestive.