



A Texas Ranger Hall of Fame E-Book™

MARTIAL LAW IN EAST TEXAS: WHAT IT HAS MEANT TO THE STATE AND THE NATION

East Texas Chamber of Commerce --- Longview, January 9th, 1932

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MARTIAL LAW IN EAST TEXAS:
WHAT IT HAS MEANT TO THE STATE AND THE
NATION

Never before in the history of Texas has a situation such as that of the East Texas oil field so affected the entire State's economic background with such telling results. It has become international in scope. The following text is an unbiased record of facts and events which led to and followed the declaration of martial law in the East Texas oil area.

FOREWORD

MARTIAL LAW in the East Texas oil field, has been in effect for about five months. Feeling that there is a widespread misunderstanding in the minds of the people of Texas concerning the East Texas oil situation, the East Texas Chamber of Commerce has compiled these facts and presents them to the citizens of the State as a whole.

We, of East Texas, have a direct and personal interest in every phase of this complex situation. We have had to face and solve many problems. Only a short time ago we were at cross purposes with each other. Chaos reigned; all was discord; there was distrust and greed in our midst. A fever of discontent prevailed. Everyone seemed in opposition to his neighbor's views and plans for remedying the situation. Conditions were growing worse daily. Problems were being pyramided one upon another. The trend of events pointed to a desperate situation. The situation demanded drastic action—the declaration of Martial Law followed.

With impartial rule, law and order returned and with it came clarity to a complex situation. Problems faded and order emerged from a scene of chaos; confidence and trust were restored. The majority of the landowners and tax payers felt that their heritage would be pre-served and that the best interest of all would be served. Governor Sterling's decisive action was prompted by this feeling.

Much of the information contained herein, has appeared in our magazine, "East Texas." So much interest has been shown in these articles and so many extra copies have been requested, that this bulletin has been compiled as a matter of general information and as a brief history of the interesting events of 1931 in the East Texas oil field.

East Texas Chamber of Commerce --- Longview, January 9th, 1932

MARTIAL LAW IN THE EAST TEXAS OIL FIELD

WHAT were the conditions which led to and caused Governor Sterling to declare Martial Law in the East Texas oil field? The proclamation of the Governor, dated August 16th, 1931, putting Martial Law into effect at 6:00 a. m., August 17th, is the answer.

The Joiner well, near Henderson, in Rusk County, found oil sand in September, 1930. In December, 1930, the Bateman-Crim well, near Kilgore and nine miles north of the first well, was brought in. On January 26th, 1931, the Lathrop well, twelve miles still farther north in Gregg County, was completed. A mad race of drilling resulted.

The East Texas oil field is the greatest oil producing area yet discovered in the world. Roughly, extending from Upshur County on the north through the entire length of Gregg, across the northwestern part of Rusk County and into Smith County on the south, it has a proven length at this time of about forty-nine miles with a width of from two to eight miles. There are now (January, 1932), about 3,500 producing wells in this area.

It is not only outstanding because of its size but because the sand from which the oil is produced is by far softer than any other developed in the Southwest. It is an old shoreline. On the east, the receding seas of the centuries ago left chalk banks or bluffs. Against these piled the sands of the sea, thinning out as it extends westward. The shoreline extends northeast and southwest.

On the west the salt water lies against it. Between this line on the west and the chalk line on the east, the oil is trapped. Underneath the sand lies a stratum of salt water. In this sand, not above nor below it, is the gas.

The fact is obvious that if this field be permitted to produce uncontrolled, that is to say, one well or a group of wells permitted to flow more oil than another well or group of wells, the

large flowing wells would soon destroy not only themselves but the wells adjacent for an undetermined distance.

Geologists differed as to whether the East Texas field was a series of pools or one pool. However, during the shut down under Martial Law between August 17th and September 5th, the most skeptical geologist and petroleum engineer was convinced that it was one pool, for the few wells far to the south and on the edge that had never flowed began to gas and flow oil.

This picture is necessary in order that the conditions surrounding the field and the things that took place during the middle of August, 1931, may be more clearly understood.

It was believed by lawyers and oil producers and the Railroad Commission that under existing laws preventing the physical waste of natural gas and crude petroleum, the Railroad Commission had the power to restrict production in a given field and require wells to produce oil and gas from day to day, ratably. This was called proration.

The Railroad Commission had hearings; promulgated rules and regulations. The oil industry seemed on an upward grade. The great fields in West Texas were being prorated. The Van field in East Texas was unitized. Then came in East Texas.

The Railroad Commission had a hearing and adopted rules and regulations for its proration. Certain operators obtained temporary injunctions. The result was that other operators obtained permission from the Railroad Commission to flow their wells in the same proportion as did the operators who had obtained injunctions, and other operators simply defied the Railroad Commission, and thus was created an endless chain which resulted in a wide open producing field with 1,300 wells producing 1,400,000 barrels per day.

Wide divergence of opinion developed among oil men, among the royalty owners and among citizens, most of whom were unfamiliar with the oil business. Sharp controversy arose. It

will be recalled that during this stage of the spectacular development, Guy A. Blount of Nacogdoches, then president of the East Texas Chamber of Commerce, in a speech at the annual convention of the Chamber, at Marlin, April 20th, 1931, declared openly for proration. The convention also adopted resolutions favoring regulation and conservation of oil. About this time sentiment began to change strongly in favor of proration.

The price of oil dropped to ten cents. Deducting gathering charges, the land owner, whose royalty was usually one-eighth of the gross oil produced, found himself being credited though in many cases not paid one-fortieth of one cent per barrel for his oil. Not only that, he saw the gas, which must be conserved to lift the oil, blown into the air by the hundreds of millions of cubic feet, such gas containing a gasoline content of from five to eight gallons per thousand cubic feet, a substance of great value itself. He saw the salt water beginning to be drawn into and through his oil sand. Many small operators had no pipeline affiliation, no refinery connections, and could not dispose of their oil even at the absurdly low prices and found their leases being drained.

Just before this occurred, the Governor had convened the Legislature in Special Session and after a month's consideration the Legislature amended the existing law. It required ten days' notice for the Railroad Commission to give notice and hold a hearing. The old law had been rescinded by the new law. On August 14th, 1931, the Railroad Commission issued such an order for a meeting to be held on August 25th. In the meantime, on August 11th, 12th, 13th and on through the 14th, 15th, 16th and into the 17th, the gigantic dissipation of landowners' oil, destruction of his natural gas, the physical wreck of his oil sands continued. Independent oil producers held a mass meeting at Tyler and there by resolution called upon the Governor to declare Martial Law and stop this awful waste. A committee called upon the Governor and on

the morning of August 14th presented facts to the Governor that convinced him that “a state of insurrection” existed, and that unless he acted and acted promptly there would be armed conflict, the extent of which and disastrous effect of which no man might foretell.

The Governor declared Martial Law and sent the Military forces in. They shut down every well in the field pursuant to the Governor’s orders.

In the meantime, the Railroad Commission had its hearing and on September 2nd, 1931, issued an order based on their findings of fact that in order to safeguard the East Texas field from physical waste of oil and gas, it was necessary to hold the production down below 400,000 barrels per day. There were then 1,623 wells in the field, and the Commission fixed the allowable at 225 barrels per well per day.

The Military stayed on to aid the Railroad Commission in enforcing this order. Subsequently on September 21st, the Railroad Commission, in order to maintain the production below 400,000 barrels, reduced the allowable per well to 185 barrels. Later on October 13th, they again, in order to maintain production below 400,00 barrels, reduced per well allowable to 165 barrels.

Then on the evening of October 13th, 1931, a temporary injunction without notice was issued by Federal Judge, restraining the Railroad Commission from enforcing its order as against the owners of five certain wells, from producing less than five thousand barrels per day, and also enjoined, not the Governor, but the Commanding General of the Military Forces in the East Texas field from enforcing the Railroad Commission’s orders.

Thereupon the Governor immediately by Executive Order took charge of the proration of the East Texas field, ordered his Commanding General to prevent any well from producing more than 165 barrels per day. Subsequently on October 29th, the Governor, in order to hold

the production down to 400,000 barrels per day, the safe limit found by the Railroad Commission in its original hearing, issued an Executive Order reducing the allowable to 150 barrels and subsequently this allow-able was reduced by Executive Order to 125 barrels per well on November 7th, and to 100 barrels per well on December 11th.

So far as the Governor is concerned, the facts indicate that he did not enter upon the proration of the East Texas oil field solely because of any economic condition, nor did the Railroad Commission issue its order because of that.

The Governor took charge of the field and its proration in order to prevent not only the physical waste of natural gas and oil but the absolute destruction of the property of the people in East Texas who owned these lands, and to prevent rioting that appeared to be imminent in the event the rape of the East Texas oil field of August was repeated.

Evidence of the actual danger of physical violence, rioting, and the taking of the law into their own hands by owners of oil leases and royalties, was submitted to the Governor and is substantiated by the statements, letters, telegrams, petitions and resolutions of numerous responsible citizens and organizations in close touch with the situation.

Early in December, 1931, when it was rumored that Martial Law would be revoked and the troops removed, protests were filed by oil operators, royalty owners, laboring men, businessmen and organizations throughout the four counties of Gregg, Upshur, Rusk and Smith.



EAST TEXAS CHAMBER SUPPORTS EXECUTIVE ORDER

Extracts from Minutes of Directors Meeting,

East Texas Chamber of Commerce,

Houston, November 23rd, 1931.

“Upon motion of Director Low, seconded by Director Taylor, the directors voted to extend the commendation of the board to Governor Sterling for his action in establishing martial law in the East Texas oil fields of Smith, Rusk, Gregg and Upshur Counties, supporting the former action of our Executive Committee on October 23rd. The Executive Committee on this date wired the Governor as follows: ‘In our opinion your action in establishing martial law to preserve order, prevent disturbances and conserve natural resources was necessary and the removal of the soldiers now would threaten the peace and dignity of the four counties so affected.’ “



MAYOR CRIM OF KILGORE APPROVES MARTIAL LAW

*Excerpts of letter from Mayor J. Malcom Grim of the City of Kilgore,
dated December 9th, 1931, to Governor Sterling:*

“The declaration of Martial Law by you, and the shutting in of the field was very welcome to our people, and we are very grateful to you as our Chief Executive for having so acted. That Martial Law is and has been acceptable to the good citizens of this East Texas is beyond question, and we feel that disaster was averted by your heroic act.

Were Martial Law lifted, it is our opinion that we would face the same chaotic condition as we did last summer, and great properties would be destroyed. We the landowners would be the sufferers along with the State of

Texas. I am reliably informed that within the last few days there has been a great lowering of gas pressure and further water encroachment to such an extent that the situation is becoming alarming, and in certain areas daily additional wells are being placed on the pump.

In conclusion, Governor, I urge that you issue new orders at once reducing the allowable in order that this condition may be somewhat remedied. While I feel that you have intimate knowledge of the situation here on account of your recent visit and close touch with General Wolters. I cannot help but feel that immediate action on your part is imperative.”

Very truly yours,

(signed) J. MALCOM CRIM, *Mayor of Kilgore*



**A PETITION From More Than 1200 Representative Citizens
of the East Texas Oil Field Area to Governor Sterling**

*To the Honorable Ross S. Sterling
Governor of Texas:*

We, the undersigned oil producers, and land and royalty owners of the East Texas field, including, Smith, Rusk, Upshur and Gregg Counties, hereby petition your Excellency to issue an order shutting down the production of all oil and/or gas wells in said Counties and declare Martial Law to enforce said order for the following reasons, to-wit:

That by reason of recently repealed laws affecting the oil industry and the fact that recently enacted laws cannot be made effective for an interim during which we have no other effective method of control except that which is by constitutional and statutory law vested in the Chief Executive.

That there is great physical waste being permitted in said field by the following manner, to-wit:

Wells are being operated with a gas and oil ratio in such a manner as to waste and destroy gas pressure of the field, and is destroying millions of cubic feet of gas daily; that by reason of the excessive production of oil in many wells being operated by selfish, greedy purchasers, and premature intrusion of water into wells producing from the same strata is resulting.

That the natural gas is wastefully being burned and destroyed in all sections of the field, preventing utilization of natural gas both in commercial quantities and in the lifting of the oil from the wells in the East Texas field.

That unnecessary fire hazards have existed and are still existing in the field, which has resulted in the loss of life of many oil workers, and has destroyed millions of dollars worth of property.

That excessive production of oil from any well offsetting and adjacent to wells of independent operators, which have not yet been connected to pipelines, is resulting in the trapping of oil, and in the draining of oil from under the wells not connected to pipelines.

That great waste is resulting which is incident to the inequitable utilization of gas energy and water drive, or other natural forces, which is a result from inequitable withdrawals of oil from the pools.

That purchasers of oil have failed and refused, and still fail and refuse to pay the lease owners and the royalty and landowners the money which has been due them for many months, that by reason thereof, undue hardships, economic loss, and destruction of private property has resulted, and unless all wells are shut in, will result in still greater loss to the people of East Texas.

That farm owners in the oil producing area have been forced to vacate their home and fireside and move into nearby cities and towns to permit the drilling and producing of oil and gas from wells under their home and by reason of the failure to pay them the money due, some of which has been due for eight months, that those farmers and their families are being deprived of food and clothing, although they may be the owner of untold wealth.

That foreign corporations are robbing, devastating and forever destroying the great wealth which should inure to the citizenship of the State of Texas by taking oil at the rate of eight hundred thousand barrels per day in the East Texas field, and refusing to pay one-tenth of its value, thus depriving the lease and royalty owners and landowners of their just and fair price for the oil, and depriving the State of Texas of thousands of dollars of taxes.

That, by reason of the chaotic conditions created, fostered and engendered by common purchasers of oil in conjunction with brokers and others interested therein, that the oil producers, royalty and landowners of East Texas

are being deprived of hundreds of thousands of dollars daily, and the natural resources of the State of Texas are being rapidly destroyed and depleted for the greed and unsatiable desire of a few oil producers who are enriching their coffers in violation of every moral and legal-code known to men.

That the physical and economic loss resulting thereby is the most open, flagrant, diabolical violation of the anti-trust laws of the State of Texas, and Nation ever perpetrated upon a free citizenship of any Republic, which acts are sufficient to cause loss of life and property if not prevented. The illegal, unfair, unjust, inequitable, discriminatory, excessive taking of oil from wells of common purchasers, and the refusal to take oil from independent producers except at confiscatory prices, has engendered a feeling among the people of said counties, which may result in a great loss of property unless an order is entered shutting down the production of oil and gas until the rights guaranteed every citizen are fully protected.

NOTE: The above petition with signatures are a matter of record and are on file in Austin.



Resolution Adopted at Meeting of Producers and Royalty Owners of East Texas Area on August 14th, 1931

WHEREAS, the Legislature has enacted a new law looking to the conservation of the natural resources of this State and the prevention of the physical waste of oil and gas, and

WHEREAS, it will be impossible for the Railroad Commission under the terms of said law to prepare a proper order there under to effectuate the principle of said law and put the same in active operation in less than fifteen days, and

WHEREAS there is now no effective order of the Railroad Commission or law of the State to prevent the actual physical waste of these important natural resources of the State by reason of injunction suits and other vexatious and dilatory forms of litigation which have resulted in widespread violation of said present orders and existing law and that such chaotic condition will continue during the period necessary to pass and put into operation any new orders under the new law and that the present unequal and unfair withdrawal of oil from offset leases and the unequal and unfair taking of oil by various pipe line companies and purchasers will continue unabated and in all probability will increase, working undue and unreasonable hardships on that great majority who are complying with the present orders of the Railroad Commission under the existing law, and

WHEREAS such unequal production and taking which are now existent and which will continue until new and effective orders have been established and which is now causing great physical waste of the natural resources of oil and gas which are rightful property of the State of Texas and are causing great loss to the State of Texas not only of the natural resources itself, but in taxes, both gross production and ad valorem and depleted revenues rightfully belonging to the School and University Funds of the State, not alone in the

revenues from producing properties but also the great loss which will result from the sale of mineral rights on the large areas of undeveloped lands belonging to the school fund and the University of Texas which are integral parts of the State government itself, and

WHEREAS, the present unequal production and taking has and will during the interim until the new law can be made effective by the Railroad Commission caused undue physical waste in the loss and depletion of gas pressure and energy necessary to produce the greatest ultimate recovery of these natural resources and loss caused by the rapid intrusion of salt water and in the coming and trapping off underground of great quantities of said minerals and the loss due to the burning of gas from the wells without extracting there from the large gasoline content, and

WHEREAS, these conditions have already resulted and caused threats of violence and the destruction of property and a further continuance may, in all probability result in actual destruction of property and a reign of lawlessness and as evidence thereof may be noted the tendency to a let down in the general enforcement of all conservation laws of the State and ruthless and unheeded violations of the same.

NOW, THEREFORE, be it resolved that in order to prevent this irreparable waste to the State of Texas and so that an equitable and unhampered basis of production may be fixed before the fact instead of after the fact and that unequal production and the consequent loss may be prevented during the time necessarily incident to determining, passing and putting into operation of a new

and effective order of the Railroad Commission under the new law, we respectfully petition and urge His Excellency, the Honorable Ross S. Sterling, Governor of the State of Texas, that he forthwith and immediately declare Martial Law in the oil producing territory of Gregg, Smith, Rusk and Upshur Counties, Texas, to the end that the present enormous physical waste may be eliminated and huge loss to the State of Texas be prevented and that life and property may be safe during this hiatus of the conservation laws of the State and that said Martial Law be maintained and oil production completely shutdown in said area for and during the reasonable period necessary to put into effect the new order under the new law.

J. F. Lucey, *Chairman*

W. D. Lawrence, *Treasurer*



LONGVIEW CHAMBER OF COMMERCE SEES PUBLIC SAFETY AND ECONOMIC BENEFIT

LONGVIEW CHAMBER OF COMMERCE - October 27th, 1931

To All to Whom These Presents Shall Come:

WHEREAS, the Governor of the State of Texas, under his Proclamation No. 8447, under date of August 12th, 1931, declared Martial Law in the Counties of Upshur, Gregg, Rusk and Smith, and

WHEREAS, the city of Longview is in said district, and

WHEREAS, we, the officers and members of the Longview Chamber of Commerce, and citizens of the County of Gregg, heartily endorse the action taken by the Governor because we believe at the time prior to the declaration of Martial Law there were threats of outbreak, acts of violence on the part of indignant responsible citizens of this city, and other parts of the County against those who openly, flagrantly and rebelliously violate the laws of the State and disobey the constituted civil authorities of the State of Texas, and a state of insurrection, riot, and breach of the peace existed, and

WHEREAS, Brigadier General Jacob F. Wolters was sent by the Governor in command of this Martial Law area, and in our opinion has faithfully and impartially carried out the orders of the Governor to the interest of all concerned, and

WHEREAS, on the 13th day of October, 1931, certain operators within this Martial Law area saw fit to appear before Federal Court and ask for an injunction restraining the employees of the Railroad Commission and General Wolters from carrying out the Railroad Commission's orders, which injunction was granted by the Federal Court, permitting the opening of the wells of the parties seeking the injunction, and

WHEREAS, at the time the order was issued there was a sense of feeling among producers of this area to the effect that if these wells were permitted to be opened, that their wells likewise should be opened, and were ready at any time to open them, and

WHEREAS, with this feeling existing among the operators, we believe the citizens, land-owners, royalty owners, and tax payers of this County became very apprehensive as to what would happen if such condition should exist, and were preparing themselves to protect their property in any manner they could, by force of violence in destruction of property and loss of human life, or in any other manner to protect and save their property, and

THEREFORE BE IT RESOLVED, that this organization with its standard of civic pride, and strong support of public safety and welfare of its citizens, and a strong demand for obedience of all laws, do most heartily commend and pledge our support to the Governor of the State of Texas, for his action in placing Martial Law in this district, and to Brigadier General Jacob F. Wolters, his officers and men, for their faithful performance in carrying out the orders issued to them, which in our opinion averted and prevented disturbance, riot, destruction of property and loss of human life and helped the people of this section to protect their property, and prevented the return of the conditions that existed before or prior to the placing of Martial Law in this district, and

BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to the Governor of the State of Texas, the Adjutant General of the State of Texas, Brigadier General Jacob F. Wolters, his officers and men, and to the press.

LONGVIEW CHAMBER OF COMMERCE,

G. A. McCREIGHT, *President*

ATTEST:

M. D. ABERNATHY, *Secretary.*



OVERTON CITIZENS SPEAK

TELEGRAM

Overton, Texas, December 11th, 1931.

Governor Ross Sterling, Austin, Texas.

We the undersigned citizens within the military district of East Texas having read in the press reports a suggestion that martial law be abandoned respectfully repeat that in said district there is yet existing a strong tendency toward lawlessness among a large and apparently organized element.—stop— We believe this lawless element has been suppressed only by the presence of the troops.—stop—We believe that the abandonment of martial law and withdrawing of troops would result in disastrous consequence and crime in all its phases would probably strangle the district.—stop—We therefore respectfully petition that you continue martial law in the military district until such time as will be safe for life and property to withdraw troops.

Signatures Follow

R. A. Motley

W. P. Moore

W. E. Florey

H. P. Leverett

G. P. Birdwell

Harry Florey

J. S. Powers

J. W. Turner

J. A. Birdwell

J. C. Gipson

Maxie Wilson

Sam Warren

H. F. Crews

R. E. Gillum

P. C. Warren

Joe E. Sexton

J. H. Silvey

W. B. Kee

W. F. Neal



AMERICAN REFINING PROPERTIES

Wichita Falls, Texas

August 26th, 1931

Governor Ross S. Sterling

Austin, Texas

Dear Governor,

Attached please find copy of resolution passed at a meeting of independent refiners at Wichita Falls today. In line with resolution I was requested to forward you a copy of same and assure you of our support.

Yours very truly,

E. H. Eddleman



INDEPENDENT REFINERS SUPPORT MARTIAL LAW AND CONSERVATION PROGRAM

At a called meeting of the Independent Refiners of Texas assembled at Wichita Falls on August 26th, 1931, the following resolution was adopted:

WHEREAS, the Governor of the State of Texas, has seen fit in his wisdom to declare Martial Law in the great oil fields of East Texas for the

purpose of conserving the natural resources of the State of Texas and to prevent riot and

WHEREAS, the Railroad Commission of the State of Texas is at this time conducting a hearing considering the adoption of rules and regulations for the conservation of the oil fields of this State, especially East Texas;

BE IT THEREFORE RESOLVED:

That we hereby commend the Governor in declaring Martial Law in East Texas because we believe same was done to conserve the great resources of this State and to prevent violence and that same has resulted in stabilizing the oil industry throughout the State and has saved a great number of marginal or stripper wells from abandonment and will no doubt save many small producers and refiners from bankruptcy, thereby preventing widespread unemployment and general unrest.

We further desire to express our confidence in the Railroad Commission of the State of Texas, believing as we do that they will take whatever steps necessary to carry on the good work that has been started by the Governor of this State and hereby urge said Railroad Commission to take such steps and pass such rules and regulations as they think best to carry into effect immediately the new conservation law of this State to the end that there may be the minimum of waste in the production of oil in Texas.

BE IT FURTHER RESOLVED:

That we express our confidence in all the law enforcement agencies of this State, including the Governor, the Railroad Commission and the Attorney

General, and commend them for their fearless action in the past in enforcing the laws of this State

Taxman Refining Company --- By J. J. Taxman, President.

Panhandle Refining Company --- By Roy B. Jones, President.

Olney Oil and Refining Company --- By R. S. Allen, President.

Great West Refining Company --- By R. S. Allen, President.

Archer Refining Company --- By Geo. G. Golden, President.

Dale Oil and Refining Company --- By D. G. Gray, President.

American Refining Properties --- By E. H. Eddleman, General Manager. .

Simms Oil Company --- By F. R. Schneider, Vice-President.

Burford Oil Company --- By F. W. Burford, President.

East Texas Refining Company --- By F. W. Burford, President.

Norgold Refining Company --- By A. T. Gray, Vice-President.

Primrose Refining Company --- By H. J. Strief, President.

Waggoner Refining Company, Inc. --- By R. L. More, Secretary-Treasurer.

Many other refiners unable to have a representative at the meeting expressed their approval of the movement by wire and telephone.



Texas Quick Route To Economic Recovery

Editorial—*Fort Worth Star Telegram*, December 5th, 1931

Such economic benefit has resulted to Texas already from its six months of oil output control that business leaders and thoughtful observers now see the oil industry as the quickest and surest avenue of business recovery for this State.

Since the Legislature and the Governor undertook the curbing of the East Texas field, oil prices have risen 40 cents a barrel from the low point scored in July. The average production of the State over the year, it is estimated, will be 950,000 barrels daily. The increase of 40 cents alone will mean \$150,000,000 more poured into Texas over a year's time. It will be equivalent to a 5,000,000-bale cotton crop, exclusive of the seed, at 6 cents a pound. It will mean increased income for the land and royalty owners, steady employment at good wages for the oil workers, and \$3,000,000 more for the State in gross production taxes alone. Counties, in which are located producing oil fields and other oil properties, will benefit likewise through better ad valorem values and better collection of ad valorem taxes.

The results so far achieved are proof that the policy has paid in dollars and cents, casting aside all considerations of the folly of wasting this valuable and irreplaceable resource by the exploitation of fields, or the greater benefits in the future through its conservation.

But as great as have been the benefits to the State these past six months, a far greater benefit will result if the output of the oil-producing states is kept in line and upon an equitable basis. Other increases will follow and the day will not be far off when the price paid will be 50 cents higher than at present.

And this increase, in a year's time, will add another \$173,000,000 to Texas' income, or at the rate of a half a million dollars more daily. Added to the increased income already obtained from the 40 cent raise, it would mean over a year's time the stupendous sum of \$320,000,000 added to Texas' income, or \$25,000,000 every month, or \$850,000 every day.

The State would receive another \$3,567,000 in gross production taxes, practically wiping out its deficit; the counties would share through restoration of normal assessments and better collection; the University of Texas, one of the largest royalty owners in the State, and the common school fund would receive tremendous benefits. The share of land and royalty owners alone would be \$21,572,000 for the year, and every cent of this sum would represent one hundred per cent profit to them. The land and royalty owner has no more expense when oil is \$1.30 per barrel or \$2 per barrel than when the price is 10 cents; but when it is the latter figure this store of vast underground riches is being taken from him for a pittance and once gone is gone forever.

The cost of this huge deficit—Texas could not expect to receive it without some cost—would be, it is estimated, an increase in the price of retail gasoline of 2 to 3 cents a gallon. This increase in price based upon the State's gasoline consumption for last year would cost the public \$20,000,000, an amount less than the share of the land royalty owners. After paying the higher gasoline bill, Texas would still be \$150,000,000 better off.

No other state has such an opportunity, because Texas, while the leading oil producing state of the Nation and under a sane conservation policy may remain so for a generation—producing 40 per cent of the Nation's total—is one of the smaller consumers, among states, of gasoline. But a fraction of the gasoline manufactured in Texas is consumed in Texas. A small increase in the retail price of its gasoline means a big increase in the price of crude oil and enormous increase to the State's annual income. Few individuals ever have the opportunity of trading \$20 for \$173 or any state trading a \$20,000,000 increase in its gasoline bill for an increase of \$173,000,000 in its oil income.

With the benefits already obtained, there should be little doubt about the continuation of a rigid and equitable control of oil production. And when the higher prices for crude oil do come, and with them the small increase in gasoline costs, the gasoline user should realize what it means to his State, its great stimulant to business recovery, and welcome, rather than resent, the increase. It is a rare opportunity. The State authorities and the public should do all possible to bring it about.



ONLY MARTIAL LAW ADEQUATE

Editorial—from *The Vernon Daily Record*, August 18th, 1931

Governor Sterling's action in shutting down the East Texas oil fields with Martial Law is a drastic step, and one fraught with danger to individual interests. But the emergency which existed was one requiring drastic action.

Martial Law is something always to be employed sparingly and only in extreme cases. It is diametrically opposed to democratic theories for the time that it is operative leaves the people no semblance of self government.

Nevertheless, it cannot be denied that a public emergency existed in the East Texas oil field that was beyond all jurisdiction of civil law. This had been demonstrated. New laws were recently passed by the Legislature to cope with the situation which had proven unmanageable, but they cannot be made operative for several days. In the meantime the big operators were draining hundreds of thousands of barrels of oil from East Texas land under price schedules that were ruinous for the small producer who could do little more than sit by and watch his leases drained of oil. A continuation of this condition would have meant that more independents would have been frozen out and the State would have lost a considerable sum in oil taxes.

The condition was one of vital concern to every resident of the State. In addition to involving undeniable waste of natural resources it promised to affect adversely the educational interests of the State from the smallest rural school to the State University.

It was time something was done. Governor Sterling saw the need of action, and must have known that only one efficacious action was possible without red tape that would have been delay and countless obstacles. He invoked that action and thereby brought down upon himself much criticism. It is a precedent which a great many thinking people will hesitate to endorse, even though in hearty sympathy with the Governor's purpose.

Still, nothing short of military rule would have been adequate to cope with the situation. Need we criticize an executive when our own desires precipitate conditions that make drastic action necessary to protect the interests of the State?



CITIZEN SEES WASTE OF EAST TEXAS OIL CURED BY MARTIAL LAW

Tyler, Texas

December 11th, 1931

Honorable Ross S. Sterling, Governor

The State of Texas, Austin, Texas.

Dear Governor:

I consider your move in cutting the allowable of the East Texas field to the present figure a very constructive move and for the best interest of all concerned.

I have read of the proposal to turn the supervision of the field back over to the Railroad Commission and if this step means the withdrawing of Martial Law, I consider it a very ill advised move. The operators of the field are not as yet sufficiently educated to the necessity of their cooperation with each other and abiding by the law that the field cannot be operated without great waste unless there is machinery for the rigid enforcement of law.

I hope that reductions in the production in other parts of the State will be made in line with East Texas production.

Yours very truly,

H. L. HUNT



**TYLER CITIZENS AND TAX PAYERS PLEAD FOR
CONTINUANCE OF MARTIAL LAW**

Tyler, Texas

December 14th, 1931

Honorable Ross S. Sterling,
Governor, The State of Texas,
Austin, Texas.

Dear Governor:

I have been requested to forward to you the enclosed petition. The feeling of the people here in this matter goes further than the statement expresses in the petition.

Thanking you for your earnest consideration of our wishes,

Yours truly,

H. L. HUNT.



To the Governor,

The Honorable Ross S. Sterling:

We the undersigned, citizens within the Military District of Smith, Rusk, Gregg and Upshur Counties, having read in press reports a suggestion that Martial Law be abandoned, respectfully represent that in said district there yet exists a strong tendency toward lawlessness among a large and apparently organized element. We believe this lawless element has been suppressed only by the presence of troops. We believe that the abandonment of Martial Law and withdrawal of troops would result in disastrous consequences, and crime in all its phases would promptly strangle the district.

We, therefore, respectfully petition that you continue in operation Martial Law in the present Military District until such time as it will be safe for life and property to withdraw the militia.

P. G. Lake	Oil Operator.
R. W. Fair	Oil Operator.
C. W. Boon, President	Walter Conally Company.
J. A. Burgerfield	Capitalist.
Clay Hight, Vice-President	Citizens National Bank.
J. W. Fitzgerald, Vice-President	Citizens National Bank.
Tom DeLay, President	Chamber of Commerce.
Hub B. DeLay	Evangelist.
H. W. Caldwell, President	Caldwell, Hughs, DeLay and Allen.
Robert Allen, with	Caldwell, Hughs, DeLay and Allen.
W. L. Ilrey, Manager	Illfrey, DeLay and Allen Cotton Co.
G. St. John, Agent	St. Louis and So. Western R. R. Co.
C. M. Pope	Salesman
Tom Wilson, Owner	Wilson Hardware Company.
J. D. Stringer, President	Tyler State Bank & Trust Company.
W. A. Pounds, Vice-President	Tyler State Bank & Trust Company.
C. A. Cox	Insurance and Loans.
W. T. Keaton	Capitalist.
L. D. Armstead	Capitalist.
M. Siegel	Merchant.
C. A. Turnell	Merchant.
Louis Durst, Office Manager	Mayer & Schmidt, Department Store.

S. Bruck, Manager	Mayer & Schmidt, Department Store.
J. S. Powell, Assistant Manager	Mayer & Schmidt, Department Store.
C. F. Mansfield, Secy. and Treas.	Mayer & Schmidt, Department Store.
R. E. Bryan	Merchant.
J. H. Calhoun, Manager	Texas Power and Light Company.
Sam R. Greer, President	Peoples National Bank.
J. M. Stephens, Vice-President	Peoples National Bank.
Henry Eagle, Vice-President	Peoples National Bank.
J. A. Stephens, Cashier	Peoples National Bank.
H. A. Coker	Merchant.
W. E. McKinney	Oil Operator
E. P. McKenna, President	Blackstone Hotel Company.
J. C. Hale	Merchant.
J. R. Lipscomb	Salesman.
F. Watkins, Manager	Dixie Rose Nursery.
W. V. Henson, Manager	Texas Pecan Nursery.
H. L. Hunt	Oil Operator
H. B. Marsh	Lawyer



DISCOVERER OF EAST TEXAS FIELD SEES NECESSITY FOR CONTINUANCE OF PRORATION

Tyler, Texas

December 3rd, 1931

30

Governor Ross Sterling,

Executive Mansion,

Austin, Texas.

Honored Sir:

IN RE: *Proration, East Texas.*

I would state that in my opinion the sentiment in East Texas is changing very rapidly from one of censure on the way you have handled the situation to one of approval.

To take care of the real need of the people here, I am sure, and to protect all interested parties, the lower allowable should be enforced, and 100 barrels per well per day at this time would not be far out of line.

I believe any action you may take along this line will be sustained with firmness by the oil fraternity in East Texas.

In this connection I would state that I have somewhat changed my former position on the question of proration, but it was the only thing that would save the situation. As the discoverer of the East Texas oil field, I have absolute confidence that you will at all times act as you think best for all concerned.

I thank you for your letter of 3rd and note the suggestions you have made. I am working on a plan that I think will be for the benefit of the small producer and large alike.

Very respectfully,

C. M. JOINER.



NORMAL BUSINESS FROM A “BEDLAM OF
INEQUALITY”

WELLS AND GANN DRILLING COMPANY
Tyler, Texas

December 12th, 1931

Brigadier General Jacob F. Wolters,
Military Headquarters,
Kilgore, Texas.

My dear Sir:

I want to take this opportunity to express our appreciation of the orderly impartial and businesslike way in which the East Texas oil field has been handled since you have taken charge of same.

Under your regulation and supervision you have brought business out of chaos, and order out of a bedlam of inequalities. There is no serious criticism of the operation of the East Texas oil field that I know of, as handled under your Military Authority.

It would be exceedingly dangerous to the oil interests of East Texas to lift the Martial Law in East Texas and place the operation of the oil field back in the hands of the Railroad Commission. Under civil authorities the Commission could not possibly cope with the gigantic situation. It is

absolutely imperative, from my viewpoint, that the East Texas oil field remain indefinitely under the supervision, regulation and control of the Military Authorities.

May I ask you to transmit my ideas, or forward this letter direct to the Governor, as I think he should be fully advised of the importance and necessity of continuing Martial Law in the East Texas oil field, and Military operation of same.

With best wishes and kindest personal regards, we are

Yours very truly,

WELLS AND GANN DRILLING CO.,

By (signed) J. K. Wells.



**DALLAS GROUP FEELS REMOVAL OF TROOPS WOULD
MAKE ORDERLY PRORATION IMPOSSIBLE**

TELEGRAM

Dallas, Texas—December 14th, 1931.

GOVERNOR ROSS S. STERLING,

AUSTIN, TEXAS.

**IT WOULD MEAN DISASTER TO EVERY OPERATOR IN THE FIELD TO REMOVE
YOUR CONTROL IN THE WAY OF MILITARY SUPERVISION OF OIL PRODUCTION IN**

EAST TEXAS AND WE EARNESTLY REQUEST YOUR CONTINUATION OF THIS SUPERVISION OF PRORATION IF AT ALL FEASIBLE OR POSSIBLE.

B. A. LASELLE FEAZEL DAVENPORT CORPORATION MACK & PIPES

L. M. KAISER, WM. F. DODSON, WM. E. ALLAUN, J. HART WILLIS, E. D. DAVENPORT,
J. BEN ROSS.



PLEA FOR CONTINUANCE FOR PRESENT PRORATION

PLAN

TELEGRAM

Tyler, Texas—December 11th, 1931.

HON. ROSS S. STERLING,
STATE HOUSE—AUSTIN, TEXAS.

THERE IS A RUMOR OUT HERE THAT MARTIAL LAW WILL BE LIFTED IN THE EAST TEXAS OIL FIELD I FEEL THAT THIS WOULD LEAD TO CHAOS AND THINK YOU SHOULD MAKE THOROUGH INVESTIGATION AND CONSULT WITH YOUR PERSONAL FRIENDS IN THIS AREA BEFORE SUCH STEPS ARE TAKEN.

WM. G. JOHNSTON.



EAST TEXAN SEES HERITAGE SAVED FOR SMALL

LAND OWNER IN OIL AREA BY MARTIAL LAW

TEXAS PECAN NURSERY, INC.
TYLER, TEXAS

December 12th, 1931

Governor Ross S. Sterling,

Austin, Texas.

Dear Governor:

I have noticed in the newspapers the last day or two that there is a probability of your withdrawing Martial Law in the East Texas oil field and turning this field back to the Railroad Commission.

I want to say that things have gone along exceptionally well since you have had charge of this field under military law. I believe that this field has broken all records as to morality and peace in every respect since you have had charge, and I believe the day you release Martial Law that conditions will change very abruptly and that East Texas will immediately get back into a much worse condition than it was before you shut the well down.

We have from 25 to 40 operators in this field that would not hesitate to do anything for a few extra dollars. I do not believe that the Railroad Commission can possibly handle these parties.

I own somewhere near 700 acres of land in the proven territory, and I am drilling 40 acres, and I believe it is in your hands to help me as well as thousands of others to realize quite a bit of money from this field, and I am sure

that you are anxious to see the landowners of the East Texas field realize every dollar that they are entitled to. I believe your actions will not only determine the destiny of the East Texas field, but also will control the oil industry throughout the entire United States and the 'World, and of course if the oil industry fails it will cause every other line of business that is depending on the oil business to fail also.

You have certainly done marvelous things for the owner of this section since Martial Law was established, and I hope you will see your way clear to continue Martial Law for several months to come.

Assuring you that I have been and will be with you on every move you take, I am

Yours respectfully,

R. W. Fair.



MARTIAL LAW in East Texas Hikes State Revenue

News Dispatch—*Houston Post-Dispatch*, December 19th, 1931

Texas has realized \$705,342 more in gross production taxes during the fifteen weeks following the beginning of Martial Law in the East Texas oil field, than would have accrued to the State under crude prices prevailing in August, when the field was shut down.

This is the conclusion reached by W. Frank Caster, first assistant State Auditor, in an investigation of the subject, according to a report made to Governor Ross Sterling.

Basing his calculations upon average prices as posted over the fifteen-week period from August 15th to November 28th, and upon prevailing prices as at August 31st, the auditor found:

That the average price over the fifteen-weeks' period was \$.5915; that the average price as of August 31st, was \$.2380, making an increase of \$.3535.

Auditor Cites Figures. That the estimated values of the State's oil, based upon the fifteen-weeks' price, was \$59,015,092; that the estimated value at the previous average price would be \$23,747,944, leaving an increase in value of \$35,267,148. This being the amount the producers have benefited since Martial Law.

That the estimated returns under the two per cent gross production tax during the fifteen-weeks' period was \$1,180,301; that the proceeds of this tax under the August 31st price would have been \$474,958, making an increase of \$705,342 in State income for the period.

The allocation of these tax proceeds, the auditor says, is \$885,226 to the general revenue fund, and \$295,075 to the available school fund.

Another table submitted by the auditor shows:

Average Price Higher. That the average price of oil per barrel for the one week ending November 28th was \$.7453; that the average price for the one week ending August 21st, was \$.2380, showing an increase of \$.5073 per barrel as between the two single weeks.

That the estimated value of oil produced during the one week ending November 28th was \$5,072,487; that the estimated value of oil produced during the week ending August 21st was \$2,380,225, showing an increase of \$2,692,261.

That the estimated State tax returns for the week ending November 28th totaled \$101,449; that the estimated returns for the week ending August 21st totaled \$47,604, making an increase of \$53,845 in State revenues for the latter week.

Since production reports to the State comptroller are for quarterly periods which do not correspond to the period under consideration, the auditor pointed out that daily average production figures published in the *Oil Weekly* had been used as a basis of calculations. Also the posted figures for the various oil fields were obtained from this source.

Detailed Tabulation. The auditor filed a detailed tabulation showing the number of barrels produced, the average posted price, the total value of production and the estimated amount of tax accrued, for each of the fifteen weeks included in the period. This statement also shows the number of barrels produced in each district.

“Although the value of production during the closing week of the period shows an increase,” the official reported, “the number of barrels produced was less.”

The report showed a total production of 10,000,200 barrels for the week ending August 21st, and a decrease of 3,194,450 in the weekly number of barrels produced.

“Your attention is directed,” the report concluded, “to the fact that these figures are based on the assumption that tax will be collected on all oil produced. As it is possible that there will be a certain percentage of the total production upon which the tax will not be paid, allowance should be made for such loss of revenue. As no figures were available: from which such deduction could be determined we have not made any adjustment to our figures.”



To Curb Waste—Sterling a Champion of States Rights

Extract—*Austin (Texas) American-Statesman*, October 18th, 1931

Governor Ross S. Sterling is a champion of States rights. He is holding the East Texas oil fields under control with troops defying a Federal Court injunction restraining State officials from interfering with operation of certain wells. That injunction was granted by Federal Judge Randolph Bryant, a native Texan, a Republican and a distinguished citizen of the Lone Star State. Brigadier General Jacob F. Wolters is taking orders from Governor Sterling, who is commander-in-chief of the military forces of the State. This is an excerpt from the order issued to General Wolters: “According to facts presented to me by reliable persons it is evident that organized and entrenched groups of crude petroleum oil and natural gas producers in East Texas are threatening by violence if necessary to create and carry on a waste of crude petroleum and natural gas in rebellion against efforts of the constituted civil authorities of the State.” A three court federal judge will deal with the Bryant injunction in the very near future. It appears that the dogma of State’s rights is not dead in Texas. It appears that the laws of the commonwealth for the conservation of the natural wealth of Texas are to be held to the limit by the Democratic Governor of Texas. Why should there be oil waste? Why should there be natural gas waste? Why should the precious mineral wealth of the people be sold for the price of a song?



STERLING IS RIGHT

Editorial—*The Shreveport Times*, October 17th, 1931.

Governor Sterling, of Texas, takes his place in political history as a militant champion of State rights and a defiant foe of federal interference. His refusal to obey the summary

process of a Federal Court which ordered him not to interfere with the operation of five reopened oil wells brings the issue of federal jurisdiction sharply to the fore.

Governor Sterling's view is that oil production in Texas is purely the State's business. "The federal courts," he said, "should not be permitted to throttle the will of the people. This is the State's affair and the federal courts should let the State take care of it." Which is another way of telling Uncle Sam to stay in his own backyard—if he has any.

The question of authority raised by Governor Sterling is not new. On the contrary, it is as old as the republic. State rights is the rock upon which those who opposed the federal union in its formative days predicted that it would go to pieces. But it has not done so; and it never will.

We know nothing whatever of the legal phases of the Texas controversy; but it certainly would seem as if Texas should have the exclusive right to deal with its domestic questions. Oil and gas are national resources only when they are found on national preserves. Texas has exclusive jurisdiction over the initial production of oil developed within its confines. Permits must be obtained from the proper State officials before wells are drilled and laws covering production and waste must be punctiliously obeyed.

Being wholly a State resource, it should be within the province of Texas to say how oil should be marketed. The effect of the reopening of wells under authority of a federal injunction would be to prevent execution of Texas' plans for stabilization of the oil industry. If the State has the power to make these plans, it should certainly have the power to prevent interference with their proper execution.

We do not know anything about the law governing the rights of Texas in Governor Sterling's dispute with the federal courts, but certainly all of the equities are with the chief

executive. Even if the federal government has the legal right to interfere with operation of a state program of stabilization, it should be slow to exercise it. Texas should be left to handle its own affairs, and particularly its oil affairs.



SUPPORT STERLING

Editorial—*The Longview Morning Journal*, October 17th, 1931

The *News-Journal* believes that Governor Ross Sterling is right in his determination to maintain proration of the East Texas oil field, despite the fact that a federal injunction has been granted to the contrary. As the *News-Journal* views the situation, Martial Law can be overstepped only by the President and the Supreme Court.

Governor Sterling is, in our opinion, too smart a man to take the step he has taken without knowing what he was doing. He has at his command the attorney general's department and some of the best legal talent in the State.

The *News-Journal* believes that the attitude he has taken is for the benefit of the oil industry, subsequently the land and royalty owners.

It has been demonstrated and proved that proration is essential to the preservation of the oil industry. East Texas too well realizes the price it has paid for flush production. Again the entire structure is threatened. Breaking down of proration and disregard of Martial Law means disaster to East Texas, and great injury to the other oil sections of the country. Why put the industry back on crutches, when it has almost recuperated from its recent injury?

The Governor issued a statement the other day wherein he said an exhaustive survey had disclosed that the supply of stored oil was rapidly being depleted, and indications pointed to an

increase of \$1 a barrel for crude. Non-observance of proration would nip this opportunity in the bud.

The *News-Journal* urges the chamber of commerce, the city commission, and other representative organizations, firms and individuals to write, wire or telephone the Governor assuring him of their support. Bolstered by such reinforcements, the chief executive will have renewed courage to press his fight.



APPROVAL FOR GOVERNOR STERLING

Extract—*Wichita Falls (Texas) Record News*, October 16th, 1931

Governor Sterling has been criticized in times past for his slowness of action. Our Governor is a conservative and cautious man and if he has been lacking in promptness of decision and speed in action he has made up for it in stolid courage.

Many oil operators from this section and from all sections of the State have sent telegrams of approval to Governor Sterling for his action in maintaining Martial Law. If all who approve his action were to attempt to send telegrams there would not be enough wires to transmit them.



LEGISLATURE Urged to Protect Natural Resources with Proper Proration Measures

Executive Office, July 14th, 1931.

A grave crisis confronts the State in the conservation of its natural resources. The earth's reservoirs of oil and gas are being drained and virtually thrown away, and enormous underground waste is resulting from the orgy of disorderly production.

Section 59 of the State Constitution declares: “The conservation and development of all the natural resources of this State . . . and the preservation and conservation of all such natural resources of the State are each and all hereby declared public rights and duties. . . .”

Aside from these legal “public rights and duties,” Texas of today owes a solemn moral obligation to Texas of tomorrow, not to exhaust and dissipate its resources needlessly so as to deprive oncoming generations of their benefits.

This applies to soil, water and other mineral resources, with equal force as to oil and gas. The impoverishment and deterioration of the State’s agricultural lands, already in advanced stages in some sections, is creating a conservation problem which bids fair in the not distant future, unless checked, to attain distressing proportions, directly affecting the welfare of every farmer in the State whose soil is being sapped of its fertility through erosion and lack of proper rotation of crops. State assistance and counsel, properly directed along proven scientific lines, could do much toward preserving the quality of the soil, and spare the tillers thereof incalculable losses from diminished productivity.

Existing laws are inadequate to carry out the conservation clause of the State Constitution, and in consequence the State is suffering grievously. The oil industry, one of the State’s principal sources of wealth, is demoralized and tottering on its foundations; thousands of people, directly dependent upon the industry, are going bankrupt; hundreds of thousands, perhaps millions, of others are feeling the effects indirectly; and the State itself is losing millions of dollars annually in reduced gross production tax receipts—all due to the wanton release and waste of oil and gas which nature has been storing up for thousands of years in the subterranean sands.

So acute and disturbing has the emergency become, that citizens from all over Texas have besieged the Executive Office with telegrams, letters, petitions, long distance calls and personal visits, urging the convening of a special session of the Legislature to cope with the problem. Numerous chambers of commerce, local governing bodies, land, lease and royalty owners, businessmen and the vast majority of small independent oil men, have joined in the demand, pleading that immediate legislation was the only course that offered substantial relief.

Not wishing to put the State to the expense, and the members to the inconvenience of an extraordinary session, unnecessarily, I withheld action for several weeks, hoping that the conservation problem might be worked out through voluntary public effort. However, such effort apparently has proved fruitless; and finally, after many members of the Legislature had added their advocacy of a session and the enactment of a conservancy law, I concluded that this course should be taken.

Accordingly, I submit to your Honorable Body the matter of enacting legislation to make the conservation clause of the Constitution effective. And, since this clause covers "all the natural resources of this State," I believe that your legislative program should properly include the conservation of all mineral resources, of the soil, and of the waters of Texas.

The soil is the basic natural resource of the State, and it is being depleted so rapidly that unless remedial steps are taken, the heirs to our agricultural lands a few generations hence will find them a worn-out, unproductive legacy. Such already has proved the case in other states where the lands have been cultivated longer, without adequate attention to conservation.

The public waters, too, are becoming more and more important as a natural resource, as the State grows. More and more they are coming into demand for power, irrigation and municipal use. While we have a Water Board for their conservation, we should look well to

keeping our facilities abreast of the changing requirements of the times, lest we fail to realize the full public benefits of our waters.

Much study and consultation has strengthened my belief that conservation of our natural resources could best be achieved through a unified program of effort for conserving all natural resources. And so I commend this idea to your earnest consideration, confident of your wisdom to work out a constructive plan that will meet the emergency, give effect to the Constitution, and safeguard the State's interest in its natural properties, and in the future.

Respectfully submitted,

Ross S. Sterling, Governor.



PROCLAMATION by the
Governor of the State of Texas

To All to whom These Presents Shall Come:

WHEREAS, Section 59-a, Article 16 of the Constitution of the State of Texas declares that the preservation, conservation and development of all of the natural resources of this State are each and all public rights and duties; and

WHEREAS, the Legislature in the Act effective August 12th, 1931, declared the law of Texas to be: "Neither natural gas nor crude petroleum shall be produced, transported, stored or used in such manner or under such conditions as to constitute waste"; and

WHEREAS, crude petroleum oil and natural gas are natural resources of this State; and

WHEREAS, from facts presented to me by many responsible citizens including resolutions adopted at a meeting of producers and royalty owners of East Texas oil field on

August 14th, 1931, and representations made by a committee of citizens who called upon me and submitted facts as to the conditions that obtained in said East Texas oil field, it is evident that:

There exists an organized and entrenched group of crude petroleum oil and natural gas producers in said East Texas oil field, covering areas within the counties of Upshur, Rusk, Gregg and Smith, who are in a state of insurrection against the conservation laws of the State relating to the prevention of waste of crude petroleum oil and natural gas, and are in open rebellion against the efforts of the constituted civil authorities of this State to enforce such laws; and that

As evidenced by a telegram in my hands from the Sheriff of Rusk County, the sheriffs of the counties in the district defined have not a sufficient force, and under the very nature of our government could not have a sufficient force to compel operators and producers of crude petroleum oil and natural gas to obey said law, it being utterly impossible with the forces at the command of the sheriffs or other civil authorities to enforce either the orders of the Railroad Commission of Texas or the laws pertaining to the waste of crude petroleum oil or natural gas against an entrenched group of insurrectionists such as are violating the law in the territory defined; and that

The first called session of the Forty-second Legislature enacted a new conservation law amending existing statutes; and in order to give the Railroad Commission of Texas sufficient time to have hearings and promulgate proper orders providing for the conservation of crude petroleum oil and natural gas in the district above defined during which time without the presence of protecting authority the crude petroleum oil and natural gas in said district are being unlawfully dissipated and wasted and the landowners and royalty owners being robbed of their royalties by unscrupulous and lawless producers, transporters and operators; and that

By reason of the reckless, unlawful and criminal handling of producing wells in said district water is being rapidly drawn into the oil sands, thereby creating enormous physical waste of crude petroleum oil, and more than 1,000,000,000 cubic feet of natural gas, rich in gasoline content, are being wasted, all of which causes a great loss of revenue to this State, and does, and will, affect the welfare of our educational institutions, including our common schools, eleemosynary institutions, and each and every State Department of the State Government, and will increase the burdens of taxation upon our people generally; and that

The existing condition has brought about a state of public feeling on the part of citizens, that if the State Government cannot or fails to protect the public interest and the interest of the land and royalty owners they will attempt to take the law into their own hands, and by force of arms shut down the producing oil wells in said defined district until the State can and will enforce the conservation laws; and that

In at least one instance, as reported to me, an oil company operating in said defined district has ordered representatives of the Oil and Gas Division of the Railroad Commission of Texas who were performing their lawful and official duties from their leases; and

WHEREAS, this condition has caused threats of acts of violence on the part of indignant responsible citizens against those who openly, flagrantly and rebelliously violate the laws and defy the constitutional civil authorities of this State; and

WHEREAS, a state of insurrection, tumult, riot and breach of the peace does exist in the defined area; and

WHEREAS, in addition to the insurrection, tumult, riot and breach of the peace that does now exist in the said defined area, there is now imminent danger of said insurrection, tumult, riot and breach of the peace threatening serious danger to citizens and their property being extended

not only in the territory heretofore described, but in other areas of this State where oil and natural gas is being produced by operators who are obeying the laws relating to the conservation of crude petroleum oil and natural gas; and

WHEREAS, it is necessary for the preservation of the crude petroleum oil and natural gas in the defined district that the reckless and illegal exploitation of the same be stopped until such time as the said resources may be properly conserved and developed under the protection of the civil authorities; and

WHEREAS, Section 10 of Article 4 of the Constitution of the State of Texas makes it the duty of the Governor of the State to “cause the laws to be faithfully executed”; and

WHEREAS, Section 7 of Article 4 of the Constitution of the State of Texas makes the Governor of this State the Commander-in-Chief of the military forces of this State, and gives him “power to call forth the militia to execute the laws of this State”;

NOW, THEREFORE, I, R. S. STERLING, Governor of the State of Texas, and Commander-in-Chief of the military forces of this State, do by virtue of the authority vested in me under the Constitution and laws of this State declare that the conditions above described do exist and are clearly violative of the Constitution and laws of this State, and that by reason of this the conditions contemplated in Article 5889 of the Revised Civil Statutes of Texas of 1925 exist in the following described territory, to-wit:

“The Counties of Gregg, Upshur, Rusk and Smith in the State of Texas.”

AND I do hereby declare Martial Law in said territory, effective at six A. M. the seventeenth day of August, A. D. 1931; and I hereby direct Brigadier General Jacob F. Wolters to assume supreme command of the situation in the territory affected and without delay shut down each and every producing crude oil well and / or producing well of natural gas, and to

further take such steps as he may deem necessary to enforce and uphold the majesty of the law, subject to the orders of the Governor of Texas and Commander-in-Chief of the military forces of this State, as given through the Adjutant General.

IN TESTIMONY WHEREOF I have hereunto signed my name officially and caused the Seal of the State of Texas to be hereunto affixed at my office at Austin, Texas, this the 16th day of August, A. D. 1931, at twelve o'clock Noon.

R. S. STERLING, *Governor of Texas* (SEAL)

By the Governor:

WATT L. SAUNDERS, *Assistant Secretary of State*. * * *



Colonel J. Lewis Thompson* Praises Martial Law in Speech Before American Petroleum Institute at Chicago

“Finding our conservation laws and regulations successfully defied, we ask the law makers of Texas to give us a new and better law. Thanks to interested or uninformed opposition and to the difficulties necessarily attended upon an attempt to solve in little time a complicated problem, the new law that was passed fell short of our expectations and needs. We hailed it, however, as an advance, and pledged our aid in its enforcement. Then came a new danger. With the old law repealed and the new not yet operative, the forces of exploitation engaged in a tremendous effort to drain our field. At the peak of this effort, the field’s production totaled more than a million barrels of oil per day—more than the whole world was producing twenty years ago. An outraged people appeared on the verge of desperate action. In this emergency, organized and unorganized citizens, joined by hundreds

of right thinking operators, appealed to the Governor for Martial Law. Thank Heaven, we have a Governor in Texas who knows our people's problems, and has the courage to act in defense of their rights. He responded to our cry of distress, took charge of the situation under his constitutional authority as Commander-in-Chief of the National Guard, and put an end to a period of unparalleled pillage."

* Colonel J. Lewis Thompson, President, East Texas Land and Home Owners' Assn.



... From the *Houston Press*,

December 23rd

The following *United Press Dispatch* was carried in the *Houston Press* of December 23rd:

STERLING THANKED

By *United Press*

LONGVIEW, December 23rd—Local oil men and business leaders today dispatched fifty congratulatory Christmas telegrams to Governor Ross Sterling thanking him for his handling of East Texas oil field.



Extracts from Telegrams

—from the Citizenship of East Texas



Longview, December 23rd—. . . you have rendered all of East Texas a great service throughout the year and our citizens are most grateful to you.

—R. M. Kelly and L. D. Kelly.



Longview, December 22nd—. . . expressing our gratitude for the great service you have rendered all of Texas.

—Hubert M. Harrison and Marvin D. Abernathy.



Longview, December 22nd—We believe that the future generations will be the beneficiaries of your wise policy in East Texas in their behalf.

—R. B. Wathal and H. L. Foster.



Henderson, December 23rd—Gratitude for your helpful handling of our oil situation.

—H. Packman.



Kilgore, December 23rd—Greetings from a land owner in East Texas who appreciates Martial Law Protection.

—P. E. Barton.



Kilgore, December 23rd—Holiday greetings in appreciation of Martial Law in East Texas Oil.

—*Kilgore Daily News* by Nugent E. Brown, Editor.



Longview, December 23rd—Have been through East Texas field past two days and was very happy to hear and see the strong moral support and physical expressions in telegrams to you from many East Texas citizens expressing a unanimous appreciation for saving the East Texas field thus protecting the future prosperity of this broad locality by continuing

Martial Law.—stop—You have done many things during your administration, but if nothing has been accomplished outside of the service you have rendered East Texas then your action here will continue close to the hearts of East Texas People for several generations.

—F. W. Burford.



Henderson, December 23rd—I wish to commend you for the courageous and constructive efforts that you have put forth in administering our East Texas oil field.

—Rade Kangerga.



Longview, December 22nd—We want you to know that we are grateful to you for Martial Law in East Texas and for the fine officers and men that are under your command

—A. L. Connor and W. C. Martin.



Longview, December 22nd—Your administration during the year now coming to a close has been a benediction and a blessing to all of Texas and especially to East Texas.

—G. A. McCreight and Oliver Daniel.



Longview, December 22nd—We are strict believers in proration therefore we are prorating the expense of a Christmas Message to our Governor.

—J. F. Stuckey and E. B. Oliver.



Longview, December 22nd—We appreciate the great service you have rendered all of Texas and especially this section.

—Clifford Mooers and Jake Hamon.



Longview, December 23rd—Your wisdom in selecting the military personal interest in the East Texas district has been a decisive fact or in the successful consummation of proration and the consequent well being of its citizens.

—W. C. Hurst and E. M. Bramlette.



Longview, December 23rd—Sitting around our old East Texas firesides this Christmas Season we want you to know that we appreciate the friendliness in which your commanding officer General Jacob F. Wolters has made it possible by carrying out your commands for many of our East Texans to enjoy this Christmas Season.

—Bill Taylor and J. O. Monday.



Henderson, December 23rd—Gratitude for your helpful handling of our oil situation.

—C. C. Teller.



Longview, December 22nd—You have rendered all of East Texas great service throughout the year now drawing to a close and our citizens are most grateful to you.

—W. B. Smith and Grover Finch.



Longview, December 22nd—We are grateful to you for Martial Law in East Texas and for the fine officers and men that are under your command.

—E. K. Owen and Walter Camp.



Kilgore, December 23rd—We appreciate and need the protection of Martial Law in East Texas.

—Day Drug Company.



Kilgore, December 23rd—Am sincerely grateful for Martial Law in East Texas.

—Kilgore Plumbing and Electric Company.



Kilgore, December 23rd—We appreciate the protection of Martial Law in East Texas.

—D. C. Laird.



Kilgore, December 23rd—One who appreciates the enforcement of Martial Law in the East Texas oil field.

—Milam and Payne Drug Company.



The Following East Texas Citizens Wired the Governor Commending His Proration by Martial Law in the East Texas Oil Field—

Longview, December 22nd—S. C. Forman and H. B. Ziegler.

Longview, December 22nd—Joe Lasage and E. E. Crain.

Longview, December 22nd—E. Q. Whitney and Joe Grimes.

Longview, December 22nd—C. A. Loftis and C. L. Taylor.

Longview, December 22nd—E. Hamvasy and Thos. Welch.

Longview, December 22nd—Dr. V. R. Hurst and Dr. H. A. Ross.

Longview, December 23rd—W. R. Nicholson and Horace Glover.

Longview, December 22nd—H. B. Aden and Chas. Bazzell.

Longview, December 22nd—C. M. Meadows and C. E. Faulk.

Longview, December 22nd—LeRoy Ziegler and Lawrence Skipper.

Longview, December 22nd—Reverend R. L. Owen and Reverend Thos. S. Barcus.

Longview, December 22nd—W. B. Chauncey and W. Edward Lee.

Longview, December 22nd—Joseph M. Weaver and Captain Lewis Thompson.

Longview, December 22nd—L. M. Reese and B. Clay Todd.

Longview, December 22nd—County Judge W. R. Hughes, Commissioners Court.

Kilgore, December 23rd—J. A. Butts.

Kilgore, December 24th—M. V. Sharp.

Kilgore, December 22nd—Kelly Dickson.

Kilgore, December 23rd—Sam Billberg.

Kilgore, December 24th—N. B. Bean.

Kilgore, December 22nd—Annie D. Barker, Postmistress

Kilgore, December 22nd—Mrs. Della Crim.

Kilgore, December 23rd—A. A. King.

Kilgore, December 24th—G. F. Wackers Store, Ed Middlebrook.

Overton, December 22nd—R. A. Motley, M. C. Parrish, Maxie Wilson.

Overton, December 23rd—Sam Warren, W. P. Moore, H. F. Crews, A. J. Smith.

Overton, December 24th—H. P. Leverett, J. S. Powers, W. B. Kee, Jno. W. Turner.

Overton, December 23rd—J. E. Sexton, G. P. Birdwell, J. A. Birdwell.

Kilgore, December 22nd—J. A. Knowles.

Kilgore, December 23rd—John N. Peterson.

Kilgore, December 23rd—P. K. McIntosh, Chief of Police.

Kilgore, December 24th—Roy H. Laird.

Kilgore, December 22nd—Sam W. Ross.

Henderson, December 23rd—Mayfield Alford Co., E. B. Alford, R. T. Foxan, L. W. Turner.

Kilgore, December 24th—Mr. and Mrs. Sam B. Wills.

Kilgore, December 22nd—American Laundry.

Kilgore, December 23rd—Mrs. J. B. Watson.

Kilgore, December 24th—J. B. Watson Estate, by Douglas Godfrey.

Kilgore, December 23rd—Gregg Steam Laundry, Geo. D. Lee.

Kilgore, December 24th—J. S. Elder.

Kilgore, December 22nd—Dr. W. B. Center.

Kilgore, December 22nd—A. B. Spear.

Kilgore, December 23rd—Bennetts Cafe.

Kilgore, December 22nd—R. F. Osborn.

Kilgore, December 24th—O. Whittington.

Kilgore, December 22nd—Trip Elder.

Kilgore, December 24th—John Robt. Watson.

Kilgore, December 22nd—Mayor J. M. Crim.

Kilgore, December 22nd—Kilgore Journal, Harold Anthony.

Kilgore, December 23rd—L. A. Griffin.

Kilgore, December 22nd—W. C. Griffin.

Kilgore, December 23rd—J. E. Bagwell.

Kilgore, December 23rd—American Supply Company.

Kilgore, December 24th—Frank Elder.

Kilgore, December 22nd—John T. Crim.

Kilgore, December 22nd—Mrs. D. M. Peterson.

Kilgore, December 23rd—Ben Laird.

Kilgore, December 24th—Ben Peterson.

Kilgore, December 22nd—Kilgore National Bank, by Geo. Hayes, Vice-President.

Kilgore, December 22nd—A. P. Farrar.



FACTS

The recitation of facts by the Governor in Proclamation No. 8447, issued on August 16th, 1931, is supported by statements by citizens residing in the counties in which the East Texas oil field is located :



C. O. CHRISTIAN: “I reside on the Kilgore-Henderson road. I own property in the Robt. Winn, M. McCabe and Whiteman Surveys, and some other property in Rusk County. I have interest in 17 wells located on the property. . . . There was a general feeling of dissatisfaction among the landowners generally, both at the price received for the oil and delay in receiving payment of royalties, and I have heard some talk about citizens wanting to bring about a shut down

by force. I approve of the shut down of the field. I am a married man and have lived in Rusk County all my life.”—August 29th, 1931.



M. M. COTTON (Colored): “The well on my place came in on May 3rd, 1931, and got pipeline connections on May 27th. I have never received any money for royalty. I have 33 3/10 acres of land. . . . I was born and raised at Overton. Am glad to see the shut down as people were not getting anything for their oil and were rather dissatisfied.”—August 29th, 1931.



WASH DICKEY (Colored): “My children and I own 81 acres. My well came in sometime in May. The owner of the well told us that we would find out what they were running whenever we asked, but I do not know how much oil had been run from the well. I just got tired of looking, asking and waiting. I signed a division order a few days before the soldiers came. They did not tell me when they were going to pay, nor have they ever given me any paper of any kind to show how much oil they have run.”—August 29th, 1931.



H. P. EVERETT: “The landowners I am acquainted with express great satisfaction at the Governor’s action in shutting down the field. Before the shut down there was a great deal of dissatisfaction expressed by many people, some of whom were in an ugly frame of mind and rather in favor of closing wells down by force other than be deprived of the oil at such low prices.”—August 29th, 1931.



J. M. PLOWMAN: . . . Have heard dissatisfaction among all royalty owners nearly I know. Many think they are being robbed of their oil. Have heard a little talk that if things didn't change they might be some violence.”—August 24th, 1931.



J. W. WALTER SHAW:”. . . nearly everybody I know have failed to get their money and most have felt that they were being cheated out of their oil. During last month there has been talk all over the district by responsible people even that if Governor did not close wells that people would have to take affairs in charge and stop wells. It is my opinion that if Martial Law had not been declared there would have been destruction of property and violence. In view of this situation, all land-owners I know were for Martial Law.”—August 26th, 1931.



G. E. EATON: “. . . I have heard quite a lot of dissatisfaction all over the country before Martial Law and I have feared some violence and destruction of property. I even now fear dynamiting of tanks and fires and I have a shotgun loaded to defend my property. I have made this statement voluntarily . . .”—August 25th, 1931.



M. C. PARRISH: “My name is M. C. Parrish and my home is Austin, Texas. I have been in Overton directing the First State Bank of Overton since April 1st. In this work, I have come in contact with hundreds of people from all sections of the oil field. Of course they have frequently discussed the oil situation with me and other officers of the bank..

“They all charge the oil companies, both majors and independents, with unnecessarily holding up payments for oil royalties. Many have never received a dollar although several wells

have been flowing on their properties since May and early June. In fact, they feel like they are poorer now than before the oil boom.

“Also they resent the oil companies disregarding the proration orders and running oil day and night while prices are the lowest in history. They feel they are seeing the only wealth they will ever have go and receiving not enough money to buy new cars or paint their homes or send their children to college.

“Furthermore, many feel that companies are not honestly measuring the oil they take and that they will not receive all the royalty they are entitled to. Some talk of pipes being connected which do not have measuring gauges and of other methods by which oil is being taken from them without payments.

“In all, the situation was grave before the National Guard came, and landowners threatened that if the Governor did not shut the wells down, they (the landowners) would take matters in their own hands and shut them down.

“Of course, I do not know about the correctness of any of these charges against the oil companies and in many instances I feel they are not true. However, these landowners, who are good responsible citizens, believe them to be true and were determined to protect their rights even by physical violence.

“We have a peculiar situation here in East Texas. The land is owned to great extent in small farms by rather poor people with little education or business experience. The prices of oil has been so low that even at best the land owner has been disappointed at the amount of the royalty. He has heard the field called the greatest in the world and has expected to become rich. Consequently where he has gone for months with little or no payments, he has not been able to understand the reason. Also, land titles are in bad shape and the companies in many instances have had legitimate excuse for

withholding payments. However, the farmer has not been able to see this as he reasons that if his title was not good the company would not have spent money drilling wells on his land.

“Regardless of who is right concerning this situation, there has been serious bitterness and a real danger of physical violence. I feel the declaring of Martial Law was a necessity under these circumstances.”—August 26th, 1931.

G. P. BIRDWELL: “I have lived in Overton twenty-one years, having been in the drug and garage business. I have been school trustee and I am now, and have been for the past six years, justice of the peace here. During this time, through the above activities, I have become well acquainted with most of the people in the territory of the oil field. For the past thirty days I have noticed marked unrest among the land owners and affairs were fast approaching a crisis at the time Martial Law was declared.

“Many people, whether rightly or wrongly, felt that they were being robbed of the oil value of their property. Wells were being run wide open at many times the capacity allowed by proration and while prices were as low at times as seven- to eight-cents per barrel. *They felt they were losing their oil forever for a mere pittance.*

“Further, they were uncertain as to whether they were going to be paid royalty on a basis of oil actually run or on a basis allowed by proration order. This was furthered by fact that oil companies were slow in giving out division orders showing the amount of oil they were to pay royalty on. Also slowness of companies in paying royalty added to this feeling of dissatisfaction.

“Of course many of these land owners were uneducated and were of limited business experience and of no oil experience. Some did not even understand the interest they owned in the oil being produced. All of this made military law and the shutting down of the unlimited production of oil necessary.”—August 25th, 1931.



J. E. WHEELIS: “ * * * * There has been lots of discontent among royalty owners around here who feel they are not being paid for their oil. I have heard talk that there might be violence or fires started. Of course I do not advocate anything like that. It is believed some of the other fires have been set this way.”—August 24th, 1931.



F. A. FLORENCE: “I am a married man and have resided in Rusk County and was born there. Our family has owned the property known as the A. J. Florence home place since 1870. . . . There is a general sentiment among the land owners *that unless there is something done to stop the waste and getting a fair price for their oil that they will take the law in their own hands and do something to stop it.*”—August 24th, 1931.



CHARLIE LLOYD (Colored) : “There are four wells running on my property and one well drilling. All these belong to the same company. . . . The first one came in several months ago, before June, and the others have been brought in at different times since then. I haven’t received a cent of royalty yet. I think that the shut down of the oil field has been a good thing. I have lived on this same place thirty years. I am eighty years old, born in Gregg County in slavery time and have lived here ever since.”—August 25th, 1931.



F. O. WRIGHT: “. . . All the property owners in this section look with favor on the shut down and were very much dissatisfied with existing conditions.” —August 25th, 1931.



ELLA SMITH HAGLER: “. . . . I have not received any royalty money for either one of these wells. . . . I am a widow, forty-nine years old, and was born and raised in this county.”—August 26th, 1931.



SUSAN SCOTT: “I have 43-1/3 acres There are two wells on my property. The first well came in about May 12th and the price of oil at that time was 67 cents per barrel. They started running oil right away and I do not know how much has been run. The second well came in twelve or fifteen days later. Since then I have received one check for \$209.64. They based the price on 25 cents per barrel down to 10 cents per barrel. I am a widow and have lived in this place for fifteen years and in this county nearly all my life. I am fifty-nine-years old and have six grown children. My taxes are all paid and my title is clear.”—August 25th, 1931.



ROSEA SNODDY (Colored): “I am a son of Thad Snoddy. My father owns 62 ½ acres of land on the Taltrip pool. There are five wells on the property One was brought in in March, one in April, one in May and one in July. The only money my father has received from any of these wells was for some fuel oil sold. So far as I know all of these wells were flowing at the time wells were shut down. I think that the colored people in this section are glad to see the shutdown. My father has lived all his life here and I have lived with him.”—August 25th, 1931.



C. B. JOHNSON: “My mother owns about sixty acres I am a farmer, manage my mother’s property, am forty-one years old and born and raised in Gregg County. . . . I think the sentiment of the people in this neighborhood has been one of disappointment and anger and most of the landowners, the best of my knowledge and belief, were in favor of a shut down and are

*pleased with both the shut down and the present conduct of troops enforcing it. * * * **”—August 25th, 1931.



MRS. DELLAH E. JOHNSON: “I have heard the above statement of my son, Mr. C. B. Johnson read to me, and the facts stated therein are true and correct to the best of my knowledge and belief.”—August 25th, 1931.



GILLIE PATTERSON: “I manage the affairs of my mother, Mrs. Abbie Patterson, and my brother, Garrell Patterson. I reside with my mother on the Vargas Survey in Smith County. We have one well on our property, having leased 153 acres They drilled this well on May 28th, this year. I received first division order August 7th and have not received any for our royalty or the balance of our lease money, a part only having been paid in cash. I think that the *property owners of this vicinity have generally approved of the shut down of the field. . . .* I have lived here fifty-one years, having been born on this place.”—August 26th, 1931.



Many persons have made oral statements to the effect that the property owners would have taken charge of the field by force of arms if the Governor had not intervened. If and when the condition in the oil fields in August, 1931, is brought into question, literally hundreds of responsible people will testify substantially as those who voluntarily made writ-ten statements.



WHAT OF THE DANGER OF VIOLENCE NOW?

The field was opened up under an allowable of 225 barrels per well per day, in accordance with the findings of fact of the Railroad Commission that more than 400,000 barrels

per day would bring about physical injury and waste to the oil and gas producing sand in the East Texas oil field. Here are quotations from telegrams, letters, and resolutions forwarded to the Governor and to the Commanding General of the Military District. These communications are dated from October 19th to 30th, and in interest of saving space, dates and details are omitted:



J. W. ROWE of Rowe and Bristow, a telegram: “In my opinion if the wells in the East Texas field are opened up it will cause bloodshed and destruction of property.”



TYLER CHAMBER OF COMMERCE adopted the following resolution: “Directors of Tyler Chamber of Commerce in session this afternoon unanimously went on record in approving your action in establishing Martial Law in the four counties in East Texas believing that that extremity was a necessity in order to preserve order, prevent disturbance and conserve our natural resources. Confidence and support in your administration was reaffirmed.”



W. C. WINDSOR of Tyler, Texas, a letter: “It is my firm belief that should the State troops be recalled permanently, federal troops would be required to replace them within ten days’ time.”



B. F. PHILLIPS, Mayor of Gladewater, telegram to Governor: “Our people are satisfied with Martial Law control.—stop—The field is running smooth—stop—Labor is largely employed.”



Following is communication from MAYOR AND COMMISSIONERS OF CITY OF GLADEWATER: “We, the undersigned Mayor and City Commissioners of the City of Gladewater, Texas, wish to commend you on your recent action when certain East Texas oil operators secured an injunction against the Railroad Commission prohibiting them from exercising supervision over the oil wells owned by these operators. If these operators had been allowed to flow their wells wide open it would, in our opinion, cause a breakdown of our conservation laws and would have led to untold strife and violence and probably cost the lives of a number of our citizens, as well as many thousands of dollars in property value.

While we are law abiding citizens and believe in upholding the rulings of all courts, we feel that in this instance the seriousness justified your actions and sincerely hope that the injunction will be set aside at the hearing to be held in Beaumont within the next few days.

To the best of our information and knowledge the present plan of handling oil operation in East Texas is very satisfactory. We have heard very few complaints and believe that the present rules and regulations should be kept in force.”



Following telegram from CITIZENS OF HENDERSON: “Have just learned of you having been cited for contempt. Wish to assure you that the land and royalty owners of Rusk County oil fields are grateful to Governor Sterling and the Legislature and especially to you General Wolters for having saved our oil field from wanton waste and destruction. Should present orderly production of oil be annulled we believe that anarchy and chaos will prevail throughout this oil field instead of the present peaceable and highly satisfactory state of affairs.”

This telegram signed by Garland Farmer, Rade Kangerga, W. H. Bodie, J. T. Brown, J. J.

Rayford, John R. Alford, E. B. Alford, J. E. Arnold, M. L. Marwil, A. S. Redwine, L. W. Turner, J. B. Alford, R. T. Forman, D. B. Reedy, A. J. Deason, D. R. Harris, S. P. Ross.



A. B. CAPERS, under date of October 20th, when he was Deputy Supervisor of the Railroad Commission, in charge of proration in the East Texas oil field, sent the following letter:

“I have heard rumors the last few days that as a result of the federal injunction against the Railroad Commission and proration in East Texas as, there is a likelihood of the federal courts enjoining you from enforcing proration in East Texas. If this should be done, which I certainly hope it will not, it will result in a number of things.

“First: Ruination of the East Texas field and all the independent operators in the East Texas field.

“Second: Demoralization of the oil industry, resulting in tremendous loss to working men who will be thrown out of employment. And, indirectly, it will also result in numerous bank failures with tremendous losses to the people in Texas and the United States.

“Third: It will result, in my opinion, not only in loss of property but in rioting and bloodshed, and will aid the I. W. W's. or Reds to get in their pernicious work. I am basing my opinion upon talks I have had with practically all the operators and landowners in East Texas. These gentlemen are all agreed that the above things are not only possible but will inevitably happen if Martial Law should be lifted in East Texas and the field thrown wide open.

“Numerous royalty owners have come into my office and have stated that if the Courts do not protect them from those operators who desire to steal their oil that they propose to take the law in their own hands and deal with it themselves, even though they have to use shotguns. In addition, any number of independent operators have told me that if their oil is drained from under them by

operators who are able to build pipelines and refineries that they will not only throw their wells wide open on the ground but will, if necessary, resort to dynamite.

“I don’t want to be pessimistic but am simply telling you these facts in order that you may use them where they may do the most good. If necessary, I will be glad to go on the witness stand and swear to this. And if the men who made these statements are agreeable, will give their names.”

Mr. Capers was connected with the Proration Department of the Railroad Commission in East Texas field prior to Martial Law, and probably there is no man in Texas more familiar with the field and its situation, for he has followed it from the time that it became a field of major importance. He has probably talked to more individual land and royalty owners and operators, both large and small, than any other person, and is qualified to say what their feelings are in the matter.



LUTHER SWIFT, Deputy Supervisor, Oil and Gas Division, Railroad Commission, in letter states: “I feel that if prompt action had not been taken, serious damage no doubt would have been caused to the life of the East Texas oil field.”



COUNTY JUDGE OF GREGG COUNTY, HONORABLE W. R. HUGHES, endorsed by Commissioners and other prominent citizens, writes as follows:

“I have been very concerned of late as to the resulting effects of the injunction recently granted by Federal Judge Bryant of Tyler, nullifying the Railroad Commission’s order as to the Brock Lee wells, opening up the same to full capacity.

“As a land owner, royalty owner, citizen and public servant, I cannot help but feel, and I believe that this action of the Federal Judge can have but one result, and that is if permitted to stand or if extended to other producing wells, that immediately it becomes effective we will have in this entire field the same conditions which obtained here prior to the declaration of Martial Law and the shutting in of the wells. At the time Martial Law was declared and the wells shut in, it was generally known that there was deep-seated feeling on the part of our people generally that their property was being taken from them in a manner that was little less than confiscation of their resources. Many of our citizens expressed themselves to me that they not only deplored the condition then existing and felt that they were being robbed of their inheritance, but that they were willing to act with others if necessary to putting a stop to it. On several occasions when our citizens talked with me along this line they expressed themselves as willing to resort to the shotgun if necessary to stop this waste of their resources. I advised them, of course, not to do that, that the only way out of the difficulties was by the action of the Governor in shutting in the wells and by reducing production in these fields. The state of popular mind among a considerable number of our people was such that with the least agitation they would readily have attempted a shut down by force. The fact is that the action of the Governor in declaring *Martial Law came barely in time to save a revolution among our people*. If that condition had continued for a week longer, I think we would have had open violence and perhaps loss of life on the part of the people to protect their property from useless, needless waste.

“In the event the wells are opened and the same condition returns, as it undoubtedly will if the wells are opened, I feel we will have such a state of public mind

in resistance to the operation of these wells at full capacity that violence may be expected and that great damage to property and to life may result.

“As a royalty owner and land owner and public official, I believe the only thing that can give the people assurance of reasonable protection and preservation of their property and a fair price for their oil is to maintain in effect our present system of control. I trust that in your efforts to serve and maintain peace and order you will do whatever is possible to continue in effect proration as we have it at present.”

(signed) W. R. HUGHES, County Judge, Gregg County, Texas.

“P. S. We, the undersigned, heartily endorse the above statements of Judge Hughes.”

—Signed W. E. Jones, County Surveyor; E. C. McCarty, J. L. Scogin, Bert Eyrr, J. F. Stuckey; Leo Bradshaw, County Commissioner; B. C. Todd, County Commissioner; J. S. King, County Commissioner; W. R. Nicholson; J. C. Barton; Bell Smith; C. A. Loftis.



HONORABLE R. B. WALTHAL, former Private Secretary to Governor Pat M. Neff, and former member of State Board of Control, now in the employ of the Railroad Commission, stationed at Longview, writes:

“The injunction issued by the Federal Court in Tyler against the Railroad Commission, the Attorney General and yourself, caused almost a sensation among those interested in the oil business in Longview, I mingled among the oil field workers, royalty owners, and etc., immediately following the injunction order, and was alarmed at their hostile attitude with reference to this matter. I heard many say that they would be glad to

assist in dynamiting the wells affected, and most all of them I heard talking about the matter also wished to burn the little independent refinery at Overton.

“Your prompt action in shutting these wells following their opening, in my opinion, saved a most serious situation.

“I want to congratulate you on your judgment and courage.”



W. P. LAUGHTER, a Deputy Supervisor, stationed at Longview, writes:

“We were notified in this office by people here in Longview, and also in Tyler, that they were not going to permit those wells to run wide open, regardless of any Federal Court injunction. If the soldiers could not shut them in, they would take the law in their own hands, and dynamite the wells, and burn the refinery near Overton.

“In my opinion, your prompt and timely action averted a most serious situation, and I wish to heartily congratulate you in the manner in which you handled this situation.”



M. N. SHELTON, an employee of the Railroad Commission, at Longview, writes:

“I wish to congratulate you on the manner in which you handled the situation pertaining to the injunction granted against the Railroad Commission, and others, on the 13th of this month.

“Being closely associated with the oil fraternity, both as producers, and royalty holders, I can say that speculation was very high as to how you would overcome the obstacle that the injunction would have caused. I am sure that numbers of people requested that you nip this in the bud. Feeling was very high among most all of the

operators in Gregg County, and they had decided to take this matter in their own hands. I believe that you averted a small 'reign of terror' in handling the situation as you did, in preference to waiting for a decision in the courts.

"The people are very grateful to you for the stand that you have taken, and they are of a high-class and high-type, and many of them have already expressed their desire to stay with you in this matter to the last ditch."

Let the fact be remembered that these gentlemen, who are connected with the Railroad Commission, mingle with the oil operators generally throughout the field, and know their sentiments.



W. M. PHILLIPS, a letter: ". . . Also want to say to you that should those wells have been allowed to run wide open that it would have broken the Conservation Laws of this State, and led to depletion of the fields, and would have stopped all drilling operations which would have made the employment situation a very delicate thing to handle in this field."



J. W. FREE: ". . . If these wells had been permitted to be produced as it was wished, that the price of oil would have decreased, the employment situation would have become acute, and it would have led to strife and violence. * * * * * come in contact with a great deal of the public, as well as I can ascertain, the laborers, royalty holders, and land holders are all pleased with the action you took to prevent what they think would have been v e r y disastrous."



Following communication from citizens of Longview:

“We, the undersigned lease and royalty owners in the East Texas field, want you to know we very deeply and sincerely appreciate the stand you have taken to protect our interest. We feel sure without aid the price of oil would today be below ten cents per barrel, and there is no telling what would happen in such an event. (signed) W. L. Denson, G. A. Castleberry, Claud Clemace, W. L. Hestand, R. K. Johnson, J. D. Davis, R. L. Holt, A. F. Johnson, Finish Clemens, R. C. Magrill, Geo. Ward, J. C. Person, L. N. Skipper, C. J. Dollahite, R. P. Doby, R. L. Magrill.



Excerpt from letter of W. R. Hughes, County Judge, Gregg County, Nov. 6th, 1931
“Under present conditions we have harmony and team work, and I believe, a fairly complete proration, and I believe from observation here, that to change the existing condition would surely invite grave danger, and strife. I believe, in making your decision to let the present condition remain, you have rendered our section, its great industry and the peace and order of the State, a great service.”



CRONY, Camp Wood, Texas: “Well, you’ve got to hand it to Governor Sterling. When he gets ready to do anything, he does it without a lot of fuss and feathers. And of course, like all former governors, he gets cussed for some of the things he does. Just now he is the recipient of a tirade “ * * * ‘ all because the Governor clamped the lid on the oil wells in the piney woods region. Time will yet show the wisdom of his order.”



International News Service, Austin, Texas, October 16th—Statement of GENERAL JACOB F. WOLTERS: “I do not hesitate to say that if the wells are again opened wide, the landowners, royalty owners and a large majority of the independent operators probably joined by many other citizens, would likely undertake by force of arms to shut down the wells. The talk is more or less openly made that if the wells cannot be held down by the State of Texas, they will be shut in by citizens, and if this cannot be done by reason of guards around them, the pipe line and storage tanks will be blown up so that there will be no place to put the oil, and therefore by that means force a shutdown.

“The military forces did not arrive one day too soon to prevent outraged land and royalty owners from taking possession of the field and by force of arms shutting down wells that were running wide open.

“The operation of the oil field in an orderly manner and under proration since that time had convinced not only royalty and landowners, but ninety-five per cent of the independent operators, that to again permit the wells to run wide open would result in the destruction of their oil resources and irreparably injure and damage them, as well as impose a very great loss to the State of Texas and its revenues.

“On August 17th, when the military forces took charge of the field, oil was selling at 10 cents a barrel less the gathering charge of 5 cents. Today oil is selling for not less than 68 cents in the East Texas field. The imposition of Martial Law has saved not only the landowners and the operators, but is bringing into the State treasury approximately \$3,500 per day from the production tax on oil alone, and the royalty owners are now being paid their royalties.”



Excerpt from editorial in *Fort Worth Star-Telegram*, October 15th, 1931:

A few days running wild of East Texas flush production would destroy all the gains that have been built up by the damming of waste in that field. Civil actions, necessarily deliberate, could not possibly carry through in time to prevent this damage. The oil production situation is still so shaky that prudence demands that it be protected from strains, even though it might be but a matter of a few days or a few hours.

“These are the reasons why the extraordinary agency of Martial Law was called into operation. They are no less imperative now than at that time. The Governor, having set his hand to the plow, cannot turn back. He is to be commended for the prompt action taken.”



Telegram from J. P. SHANNON of Snowden and McSweeney Company, December 10th, 1931: “We approve your order of today for one hundred barrels per well and favor an acreage basis; also favor holding the daily average production of East Texas under three hundred fifty thousand barrels.”



Excerpt from letter of J. J. PERKINS, oil operator, Wichita Falls, Texas, December 7th, 1931: “Your efforts in connection with controlling the East Texas situation has been a life saver to the oil industry of the whole country. I want to commend you most heartily for your courageous action in handling this most difficult situation.”



Letter from OTTO MASSEY, Attorney, Fort Worth, Texas, December 1st, 1931: “I am one of those interested in oil properties in East Texas. I represent a number of oil companies doing business in Texas, some of which are especially interested in East Texas. This letter is written to thank you personally for your efforts in behalf of those who live out of the oil industry.

I know that you have saved many thousands of people from hunger and suffering in other forms during this present winter. Naturally, anyone regrets a condition which makes such extreme remedies as proration or Martial Law necessary, but the evils, if any, which may flow there from, are far less in effect than those which would descend upon oil people otherwise.”



Excerpt from letter of H. L. HUNT, Tyler Texas, November 21st, 1931:

“I know that the solution of this entire problem offers no reward for you except that you can feel that you have fearlessly performed your duty. I hope that you will ward off the feeling that your task is a thankless one. I am certain that ninety-nine per cent of the people here approved of your having taken charge of the field because they knew that it was absolutely necessary that you do so on account that the wild and disorderly conditions prevailing in August would have soon led to bloodshed and you can be certain of the support of practically that same per cent of the people at this time.”



Excerpt from letter of CAPTAIN CHARLES P. SMITH, Henderson, Texas, August 24th, 1931:

“I want to again assure you that over ninety per cent of the people of East Texas and especially those of the four counties under Martial Law are for Law and Order and are behind you and General Wolters in your Martial Law.”



Excerpt from letter of H. G. PARR, Fort Worth, Texas, August 15th, 1931:

Every citizen of Texas, in fact, every citizen of the Nation should be thankful to you for your work in this connection.

“The rumor is out this afternoon that you have ordered the National Guards into East Texas, and whether or not you have, if you need them, we would certainly recommend that you put them on the job.

“That thing has gone on long enough and the sooner it is stopped, the better.”

The Texas Rangers, who have from time to time been on duty in this district, and the officers and soldiers, who have now been here since August 17th, in constant contact with landowners, royalty owners, operators and other citizens, know and understand the situation. In this district, the situation is generally accepted to be the following: If the oil wells are permitted to be opened without control, many would be likely to shut them down by force. That is the common talk. It is an actual condition and not a theory. It has been suggested that if the wells are opened as the result of judicial proceedings, then it will be the duty of the Governor through the National Guard to prevent the people concerned from attempting to shut down the wells and committing other acts of violence.

Here is an area forty-nine miles long, three to nine miles wide, in which there is located on the day this is written over three thousand producing wells. As the weeks pass they will increase. Any experienced Military Authority who will make a survey of the situation will decide that it will require five soldiers to guard a well, separator and battery of storage tanks. This is a minimum. That would mean twelve to fifteen thousand soldiers. It would be folly to have men on such duty for more than eight hours. Therefore, it would require thirty-six to forty-five thousand men alone to guard the wells. An adequate force in the subsistence department, transportation department, the medical department, the

communication section, etc., to take care of such a force. But that would not be all. The pipelines and tank farms would have to be considered, and let it be remembered that a pipeline dynamited outside of the Military District is as effective in stopping the flow of oil as if it was dynamited within the District. In addition, there would have to be guards for the small refineries dotting the area and those wells now drilling. Also it would be necessary, once violence got under way, to guard all property in the area, even though not connected with the producing of oil. The results would be horrible to contemplate. It must, of course, be remembered that if and when so called responsible citizens start a row of this kind, the entire elements, the Reds and the reckless and irresponsible elements that live in ordinary communities, under ordinary conditions, welcome the opportunity to take a hand in it, and there are always quite a number of them in an oil field area such as this.

It has been said in some quarters that the reason the Governor declared Martial Law and keeps the troops in East Texas is to boost the price of oil. The Governor declared Martial Law because he was convinced that a state of insurrection did exist in that many oil operators were flagrantly violating the constitutional and statutory provisions against the waste of oil and gas, and as a result of which, other people who were interested in these natural resources were so enraged and wrought up that there was much danger of tumult and riot.

These same people, including now many operators, saw as a result of the excessive production salt water appear in portions of this field away from the western edge where salt water already exists. They saw after the wells were shut down for a period of time, and then were reopened and required to produce under a ratable allowance; this water disappeared and in truth and in fact recede to a line further west than where it had been before the shut

down. Even landowners, not at all versed in geology or in oil sands and structures, now readily see that the orderly ratable taking will properly protect their oil sands for many years while the reckless and excessive taking will quickly destroy it. Therefore, they insist upon the protection of their property rights. If the law does not give it to them, many propose to execute the law themselves and protect themselves. Inevitably this would lead to violence, to bloodshed, to fires. It is all right to scoff and say citizens should not take that attitude. Let any man place himself in the shoes, if he can, of these people. What would any responsible citizen do to protect himself, his family and his property, when he saw the civil authorities could not protect him? If necessary, in all probability, he would use violent and quick methods. That is exactly what many of these good people were preparing to do, to defend their property—their natural resources—from the invasion of those who would recklessly destroy it. It was in order to prevent bloodshed, violence, riot and disturbance of the peace that the Governor sent the troops into East Texas to prevent violations of the conservation laws of this State, and causing or about to cause the uprising of the people of this section against them.



State's Natural Resources Conserved by Governor Sterling

Extract—*McKinney Courier-Gazette*, September 5th, 1931

Governor Ross Sterling gave the various oil interests every opportunity to reach an agreement that would best serve their interests and the interests of the public. But the oil men found it impossible to agree among themselves. Hence, the Legislature had to enact laws to regulate the oil interests and the Governor had to declare Martial Law in four of the leading oil counties of East Texas. It looks like the cotton farmers of the South are as utterly unable to agree

on a plan of procedure to protect themselves and get better prices for their cotton as were the oil interest to get together without the strong arm of the law. Martial Law is now doing for the oil industry what it should have done for itself.



Oil—10c to 83c Per Barrel

Extract—*Greenville (Texas) Herald*, November 4th, 1931.

Oil men got good news Monday and Tuesday. In three states the prices posted for crude oil was boosted fifteen cents per barrel. That makes the price of East Texas oil eighty-three cents per barrel, which is a far call from five- and ten-cent prices that prevailed several months ago.

There is only one unpleasant note to the affair. The steadily increasing number of wells in the big East Texas area has resulted in production being cut to one hundred and fifty barrels per well, which doesn't provide for a very large income for the man with an expensive oil well. Even the cheap price and the limit-per-well production, however, doesn't seem to have deterred drilling, and wells are being completed in every section of the field at breakneck speed. There are now something like three thousand wells in an area which this time last year was unknown.



Geologists Place East Texas Oil Yield At 2,100,000,000 Barrels

News Dispatch from Dallas—*Houston Chronicle*, December 18th, 1931

One hundred geologists, members of the Dallas Petroleum Geologists Organization and the East Texas Geological Society, meeting here Thursday night, estimated the ultimate yield of the East Texas oil field at 2,100,000,000 barrels.

The per acre yield of the 50,000 acres in the heart of the area was set at 30,322 barrels, the average thickness of the saturated sand in the field at forty **qqq** feet, the average porosity of the sand at twenty-five per cent and the percentage of recovery of oil at 40 per cent.

Conclusions arrived at and discussions pertaining to the giant field will be published in book form after being edited by members of the two groups. It will be the first concrete geological publication on the field.

Among geologists contributing to the discussion were R. B. Whitehead, chief geologist of the Atlantic Oil Company; E. A. Wentland, president of the East Texas Geological Society; Dr. H. B. Hill of the bureau of mines, and R. F. H. Lahee, president of the American Association of Petroleum Geologists.



East Texas Satisfied

Extract—*Abilene News*, August 20th.

The first of the expected reactions against Martial Law in the oil fields was frowned down by the House at Austin, which ruled out of order, amid a chorus of “noes” a resolution by Representative Hardy to compel Governor Sterling to come before the Bar of the House and explain why he proclaimed Martial Law.

In Houston, Governor Sterling smilingly invited Representative Hardy and all other inquirers to read the formal proclamation. That document, the Governor insists, not only tells why he set up Martial Law but gives his authority for doing so, too.

Meantime, businessmen, leaseholders and oil operators meet in Longview and pass resolutions thanking the Governor and asserting “you have given us what we asked for.”

It looks like Martial Law will get a fair trial, at least.



Martial Law

Extract—*Abilene Reporter*, August 8th.

Anyone who feels inclined to criticize Governor Sterling's declaration of Martial Law in the East Texas oil fields should reflect that this extraordinary action was evoked by an extraordinary occasion.

Never in the history of this State, possibly in any state, has a great natural resource been squandered as East Texas is squandering oil.

Regardless of who is to blame, the fact remains that one of the finest oil pools in the world is being ruined by ruthless exploitation. The people of Texas have a vital vested interest in the vast reservoirs of petroleum which lie under the surface of Texas. Not this generation alone, but future generations are directly and vitally concerned with what goes on in East Texas. Thousands of people are dependent upon an industry that is being drowned in a sea of oil. The welfare of all Texans is affected.

East Texas asked for Martial Law. It was warned many months ago that its ill-advised course would lead to disaster. The attitude of a few ill-informed leaders in East Texas had much to do with the intolerable situation which led to the Sterling declaration of military rule. In effect, the plea of East Texas was "Save us from our own folly."

Possibly Governor Sterling has not much faith in the plans of the Railroad Commission for enforcement of the new law on conservation. The Commission appears to be taking an unduly long time about getting its plans under way to administer the law. In the past its wishy-washy, indefinite leadership contributed to the general chaos.

Let us hope that Martial Law is justified by its fruits. We can, at any rate, commend Governor Sterling's courageous action.



**Governor's Action in East Texas Oil Crisis Receives
Unqualified Endorsement from Gus F. Taylor of Tyler**

THE CITIZENS NATIONAL BANK

TYLER, TEXAS

December 23rd, 1931

Hon. R. S. Sterling,
Governor of Texas, Austin, Texas.

My dear Governor:

As Christmas approaches, with its years reminiscences, I am writing this to let you know how much I appreciate your action in dealing with, and solving the many difficult conditions growing out of the development in the "East Texas Oil Field."

Had you not intervened when you did, the landowners would have been deprived of their oil, without consideration, and the other interested parties, too, would have suffered the loss of their all.

Your action into declaring "Martial Law," and taking charge of the field has resulted in the price of oil advancing from five and ten cents a barrel to

eighty-five cents a barrel; the establishment of law and order where chaos prevailed; thus stabilizing prices and conditions, which have, in my opinion, brought more prosperity to our people, perhaps, than exist in any other section. Much of this success I believe is attributed to your sound judgment in the selection of General Jacob F. Wolters, as Chief Commander. General Wolters, too, has been most fortunate in surrounding himself with an efficient staff, consisting of Major Parker and others of equal worth; all of whom have been most just and righteous in the performance of their duties. The men called into the service are, I believe, the flower of the National Guard; among them is our local cavalry troop commanded by Captain Phillips, a most excellent soldier, as well as an exemplary citizen. Many of the boys, going to make up the troop, are personally known to me, having been born and reared in this county, and we are proud of them all because they are gentlemen, as well as soldiers.

I see from the press that the probabilities are that you contemplate, at no distant date, revoking your order placing the field under Military Rule, and returning its administration to the Railroad Commission. I would very much dislike to see the troops withdrawn until the Commission has adopted rules and regulations, similar to those under which the field is now operated and has prepared itself to see that these rules and regulations are enforced as they are now.

In closing, I wish to say that while your political enemies and other designing fellows, have criticized your action in dealing with the field as you have, the great majority of the people, with whom I come in contact, heartily

approve of your conduct, because they know and feel that the service you have performed has not only redounded to the good of this immediate section, but has stabilized the oil industry in this State, the Southwest, and the whole country, which stabilized condition has furnished employment to thousands of men and women, and redounded to the prosperity of the whole Nation.

In my opinion, when you have passed and gone, you will be remembered as one of the State's greatest Governors, and classed with Jim Hogg, who, too, as Governor, brought happiness and prosperity to the people, by the measures advocated and enforced by him over the violent protest of those who sought by devious means to "grow fat" off the people.

I fear that this letter is of undue length, but at this Season when we should be filled with the spirit of the Christ and proclaim "Peace on Earth, Good Will to Men," I thought it not amiss to let you know exactly how I, and I believe the great majority of thinking people of Texas, prize your worth and appreciate your services.

Very sincerely your friend,

(signed) GUS F. TAYLOR.



Panhandle Citizens in Hearty Accord with Inauguration of Martial Law In East Texas and Plead for Its Continuance

* * *

TELEGRAM

AMARILLO,

JAN. 13, 1932.

HON. ROSS S. STERLING,
GOVERNOR OF TEXAS,
AUSTIN, TEXAS.

THE CHAMBER OF COMMERCE OF AMARILLO IS IN HEARTY
ACCORD WITH YOUR INAUGURATION OF MARTIAL LAW TO
PROPERLY CONSERVE EAST TEXAS OIL FIELDS AND WE TRUST
THAT MARTIAL LAW FOR THAT PORTION OF THE STATE WILL BE
KEPT IN FORCE UNTIL CONDITIONS JUSTIFY ITS REMOVAL.

AMARILLO CHAMBER OF COMMERCE, O. V. VERNON, GENERAL
MANAGER.



TELEGRAM

AMARILLO. JAN. 13, 1932,
GOVERNOR ROSS STERLING,
AUSTIN, TEXAS.

I BELIEVE FOR THE PRESENT WE SHOULD KEEP MARTIAL LAW
IN EAST TEXAS. I FEEL THAT ALL OF THE PEOPLE HERE IN THE
PANHANDLE OF TEXAS ARE WITH YOU ON THIS PROPOSITION.

WILBUR C. HAWK, GENERAL MANAGER,
THE GLOBE-NEWS PUBLISHING COMPANY.



OIL INDUSTRY OF NATION HAS EYE ON SITUATION IN EAST TEXAS

Captain Lucey Thinks Withdrawal of Troops Would Be Mistake

From *Dallas News*

Characterizing the reported possible withdrawal of troops from East Texas as a national calamity, Captain J. F. Lucey, president of the Lucey Petroleum Company and active in a number of oil organizations, declared . . . that the stability of the oil industry depends on Governor Sterling's policy in East Texas. The oil official will confer . . .'' with Governor Sterling in Austin regarding both the oil situation and unemployment.

Captain Lucey was back after six weeks spent on a mission for President Hoover investigating unemployment conditions and particularly the matter of transients and possibility of Communistic agitation. He is a member of the President's national committee on unemployment relief and director of the work for this region. Although Captain Lucey's trip was taken ostensibly as a vacation from his unemployment activities, he spent most of the time at work making a confidential investigation of several phases of this situation.

"Everywhere I went the first question was, 'Can Texas Still Control East Texas?'" Captain Lucey said. "In California, particularly, every important oil official to whom I talked wanted to know whether this major pool could be kept in leash. The California oil

men pointed out that they had succeeded in holding Kettleman Hills, as great a menace as East Texas, well in hand and wanted to be assured that East Texas, too, would be kept in line.

“The withdrawal of troops from the area would be unthinkable at this time, and despite reports I hear on my return that the Governor is contemplating removing them, I cannot think he will desert us in the present emergency. To take the militia out now would be a national calamity. I hope to discuss the matter with him when I talk over the unemployment situation, and feel sure he will consider very carefully before taking this drastic step with such tremendous consequences.”

Captain Lucey's investigations of unemployment showed a rather distressing situation as regards transients, many of those traveling from place to place “looking for a job” going merely for adventure. The average age of the transients is about nineteen, he learned. The official is expected to report to the President on the possibility of opening concentration camps over the Southwest for the large number of floaters now complicating the employment problem.