

THE AMERICAN PETROLEUM INDUSTRY

WHAT MIGHT BE DONE IN CANADA.

THE production of crude oil in the United States—principally in Pennsylvania—and the refining industry connected therewith forms one of the most important commercial and manufacturing pursuits of our enterprising neighbours. Not only do the petroleum wells afford oil for illuminating purposes for almost every State in the Union but vast quantities in a refined state are shipped to every part in the civilised globe. American petroleum has become the standard light for Germany and part of France, while large quantities are shipped to England, the Mediterranean ports, the Baltic, Turkey, India, Australia, the East and West Indies, South America, and various other places. Indeed there is hardly a nook or corner of civilisation where the article is unknown. The industry is greater than the tin and copper mines of Great Britain, and is annually extending. Canada has entered the field as a competitor, and so far the small quantity we have supplied is, to use an old-fashioned phrase, but as "a drop in the bucket." We are in possession of the statistics of the American petroleum trade down to the 30th of September, from an authentic source, the publication of which may be interesting as serving to illustrate the mercantile industry of our American neighbours, which is confidently a reproach to Canadians. We have petroleum wealth probably equal to that of the Americans, but we lack their capital, perseverance and commercial activity. So far, nine-tenths of the development in sinking wells, and obtaining the crude material in Canada, has been in the hands of Americans, and we are also indebted to their spirited merchants for the direction of extensive works, and the first shipment of first-class Canadian refined oil—we allude to the New York firm of Englehart & Co. It would be well for the commercial industry of Ontario, and especially of London, if Canadian capitalists would enter the field, and turn the inexhaustible stores of petroleum which underlie the oil lands in Enniskillen and Kent into hard dollars. But to resume.

The production of crude oil in the States employs over 11,000 wells, pumping on an average from 5 to 80 barrels per day. As a general rule the wells are worked day and night, and the Sabbath does not bring a cessation of labour. The average daily production during the month of September was 12,615 bbls, being an addition of about 600 bbls a day over the previous month, and an increase of 1.14 bbls per day over the same month of 1893, the total shipments of crude from the oil districts during the month to refineries was 410,481 bbls. The total production for the nine months of the present year has been 3,012,232 barrels, being an average daily yield of 11,033 bbls. The production during the first nine months of 1893 was 2,747,471 barrels, so that the yield this year has been 264,861 bbls in excess of last year.

Of course this enormous yield of nearly 13,000 bbls per day is only attained by the continued sinking of new wells, and as fast as the old tracts are exhausted, and the wells become "dry" the enterprising explorers push forth, and extend the area of oil territory in all directions. Sometimes bitter disappointment attends their search for oil, and 10 or 12 wells are sunk without any favorable results, in other cases, brilliant success attends the enterprise, and "big strikes" are the result. The business of producing, from its uncertain and speculative character, is not unlike the search for the precious metal in Australia and California. In September, 89 new wells were finished, fully 60 of which produced in paying quantities an unusual percentage, last month about 90 new wells were begun. There are always from 200 to 350 new wells in progress—we quote the numbers drilling at the undermentioned dates:—

Wells Drilling.

November, 1897.....	255
January, 1898.....	183
October, 1898.....	374
January 1899.....	378
March 1899.....	334
May, 1899.....	312
September, 1899.....	315
October, 1899.....	331

It is a matter for astonishment that, notwithstanding the enormous yield of Pennsylvania petroleum (last month 410,000 bbls) that the stocks do not accumulate. This fact speaks well for the regularity of the trade, and testifies to the vast foreign demand, which keeps up with the enormous supply. The stores of crude oil are mostly held in iron tankage, where it is safe from fire and loss by leakage, or the bursting which often attends wooden tankage. The amount of iron tankage in the producing districts available for the storage of crude petroleum is of the capacity of 1,220,329 bbls, while the stock held thereon has dwindled to 210,229 bbls, thus leaving 1,010,099 bbls of iron tankage empty! The stocks at the wells on the 30th September added to the reserves in iron tankage (not up 252,419 bbls—less amount than that held in Canada. We append the following table, exhibiting the stocks held in the oil districts, an examination of which will show the gradual but sure depletion of the crude article, notwithstanding the vast increase in production:—

Amount in iron tankage	Bbls	Total stocks
November 1897.....	439,000	655,000
January 1898.....	466,000	631,000
April, 1898.....	489,000	653,100
July 1898.....	475,000	633,400
July 1899.....	422,000	644,900
Sept. 1899.....	413,750	622,450
Oct. 1899.....	415,325	605,970
Nov. 1899.....	420,000	599,267
Dec. 1899.....	420,000	582,129
Jan. 1900.....	420,000	582,129

Considering the vast and increasing production of

should keep so high and so firm. Two years ago, the price of crude at the wells was about \$3.50 per barrel, of course in greenbacks, while this year it has averaged \$3.50 to \$5.00, at present it commands the latter figure. Taking the production of September at 410,000 bbls, the amount paid to the producers for this at \$5.00 per bbl would reach the large sum of \$2,050,000. When it is remembered that this crude oil has to be carried by railway to the various refineries at Pottsville, Cleveland, Boston, New York, Philadelphia, &c. then converted by distillation into refined then shipped in barrels and tin cases throughout the wide world—an idea can be formed of the magnitude of the trade, the capital involved, and the employment given to tens of thousands of men in the various departments of the business.

Attention has been made to the foreign commerce in American refined oil. In addition to the quantity used in the States. The shipments are contained in the following statement:—

Exports from New York January 1st to October 10th, and from all other ports to October 2nd during the years indicated:—

From	1893	1894
New York.....	52,851,841	43,902,565
Boston.....	1,827,764	1,945,455
Philadelphia.....	22,255,518	20,019,352
Baltimore.....	1,657,444	2,157,624
Portland.....	—	663,970
Total exports from U.S.....	77,533,563	77,627,966
Same time 1897.....	—	47,453,800
Same time 1893.....	—	47,753,916

Converted into barrels of 42 galls this would give an export for the first nine months of this year of 1,813,225 bbls. The value of this export (in American currency) taking the market price at 32c. per gal, is \$584,232,000, while the remaining three months exports will tend to swell this amount 20 per cent.

These statistics, compiled from the *Houston Herald*, the most reliable authority on the American petroleum business—demonstrate the commercial value of the industry to our neighbours. They also read a valuable lesson to ourselves. In the West, we have oil fields which yield crude of a far better quality than American, from which refined oil can be made of superior first test, while the residuum contains valuable lubricating oil and paraffine, which is at present burned as fuel—an utter waste. It has been demonstrated that an oil can be made from Canadian petroleum equal to the American "standard white," equal in odour, superior in brightness, and rivaling it in the important quality of a high fire test. About 20,000 bbls of this Canadian refined oil have been exported this year (principally to Germany) in defiance of the prejudices of the inspectors of petroleum, and the hostility of New York brokers, shippers, and others who are interested in Pennsylvania oil, have done their utmost to strangle our infant export business. The oil interests of Canada are indebted to the firm of Englehart & Co., of London, for pushing the export business, at considerable pecuniary risk, into the ports of Germany, thus forming an outlet for that which must otherwise have been retained as a drug at home.

To apply the lesson to our country, it is evident that we require more firms of intelligence, enterprise and capital to "take hold" of this industry here. It is seldom that a single man or even a commercial firm, possesses the necessary capital to cope with the business, but we see no reason why a Canadian company with a capital of half a million should not be successfully formed for the purpose of carrying on an export trade in our oil. The foreign market is established, and the demand is increasing every month; the possibility of the introduction of Canada petroleum has been demonstrated with success, that which remains is but to apply the necessary capital to the development of the business and thus add to the importance of our already prosperous Dominion.—*London Free Press.*

LATEST ENGLISH COMMERCIAL NEWS.

(Cor. of the N. Y. Financial Chronicle.)

LONDON, Oct. 23, 1899.

FROM nearly all parts of the country business is reported as being very quiet. The state of commercial affairs has, in fact, scarcely altered, and there is no real activity apparent, notwithstanding that a good trade might have been anticipated at the present time in connection with the requirements of the community during the approaching winter. There is, however, no disposition on the part of buyers to speculate or to make purchases beyond legitimate requirements, but, on the whole, prices are rather firm. No branch of business remains active, the demand for railway iron being still as great as ever. In the cotton trade rather a quiet feeling has prevailed, but prices are steady and Middling Orleans produce commands 12½d per lb. Advice from India mentions 1½ to 2½ tons of the accumulated seed had been distributed throughout the Sindh district, and a large increase in the yield of cotton was looked forward to. The breadth of land sown is said to have been increased as much as 25 per cent.

The iron trade continues, as stated above, very firm. The pig and railway descriptions being in active request. The last shippers of the season have left Cardiff for Russia, and not only has the trade been exceedingly good throughout the season, but it is stated that the uncompleted orders on the books, combined with the fresh orders which are expected, are so great that next year's demand, on the part of Russia, will be equally great, if not greater, than in the season just concluded. Continental requirements remain about the same, excepting that there are more inquiries for railway iron from the Austrian and Italian markets. An occasional cargo of bars leaves for the continent. Foreign competition seems to

have materially decreased of late, probably because the makers in that country are well placed for orders. A considerable East India contract for rails is in the market, which is expected to come to this district, or to be divided between South Wales and Cleveland. American transactions are tolerably numerous, with a fair prospect that they will continue so.

In the wheat trade rather more steadiness has been apparent, but there has been no recovery in prices. In the early part of the week, indeed, the tone of the market was rather dull, but, since then, millers are more disposed to accumulate stock than they have been accustomed to for some time past. There is also, at this period of the year, a demand for wheat for sowing purposes, and as farmers have now arranged the payment of their rents, most of the influential ones have threshed out into a smaller quantity of produce. Our imports of wheat owing to the distress which has characterized the trade of late are declining. Last week, for instance, we imported 709,900 cwt of wheat, against 933,230 cwt. of barley, 71,932 cwt. against 225,813 cwt. of beans, 43,776 cwt. against 110,951 cwt. and of oats 179,727 cwt. against 183,070 cwt. last year. Our imports of flour, however, are considerable, and in so far as supplies of Indian corn continue to be received. The following is the statement of imports and exports for last week, and since the commencement of the season:—

FOR THE WEEK ENDING OCTOBER 10.

	1893-70.	1898-93.	1898-93.
Imports			
Wheat.....cwt.	709,900	1,974	833,330
Barley.....cwt.	71,932	1,062	225,813
Oats.....cwt.	179,727	79	183,070
Peas.....cwt.	21,618	391	14,341
Beans.....cwt.	43,776	—	110,951
Indian corn.....cwt.	643,772	129	491,275
Flour.....cwt.	145,272	323	73,143
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SINCE THE COMMENCEMENT OF THE SEASON (SEPT. 1.)

	1893-70.	1898-93.	1898-93.
Imports			
Wheat.....cwt.	4,776,610	47,901	3,491,608
Barley.....cwt.	391,733	1,146	1,194,806
Oats.....cwt.	940,463	1,717	1,659,906
Peas.....cwt.	61,139	7	85,923
Beans.....cwt.	152,680	—	403,847
Indian corn.....cwt.	2,081,510	1,011	1,633,344
Flour.....cwt.	774,324	2,039	870,310
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The season for malting barley has not yet commenced, the weather, until within the last few days, having been too warm to admit of active operations being carried on. Our crop of barley, as a large one, is greatly in excess of that of last year. As regards colour and quality, however, this year's crop will not bear a comparison with the remarkably fine produce of 1893; but, at the same time, a large quantity of very useful barley has been produced. Last year, about this time, fine malting barley sold as high as 54s and 6s, and even 68s per quarter, but this year the top price is only 43s per quarter. In the course of a few days, when the malters will commence to buy freely, a better knowledge will be gained respecting the probable tone of the market during the season. A few samples of new malt have recently been shown at market, and the quality is good.

The following figures show the average prices of English wheat, barley and oats in England and Wales for last week, compared with the four previous years.

	1893.	1893.	1897.	1898.	1899.
Wheat.....	49s 1d	54s 3d	64s 10d	62s 7d	41s 11d
Barley.....	8 0	45 2	40 5	42 1	30 9
Oats.....	24 8	27 9	25 3	23 0	23 11

Money, during the last few days, has been in better demand, but the inquiry is very restricted, considering the period of the year. The autumnal demand has so far been disappointing, but this is accounted for by the general quietness of trade. Commencing, however, with next month, there is the prospect of a better demand until the close of the year. In the course of a few weeks, the plan for the purchase of the telegraph companies is expected to be announced, and some other loans, viz: for Indian railways and for metropolitan improvements are considered probable. An effort is also being made to bring forward the Turkish loan, and no doubt the attempt will be made in the course of the current year. The Portuguese loan has not been alluded to for some time, but it is understood to be still under consideration. By some it is thought that there will be no advance in the rate of interest this year. Present circumstances certainly indicate that, should a rise take place, it will not be until the closing weeks.

FACTORIES IN ENGLAND.

OUR English exchanges of recent date contain a synopsis of the semi-annual report of the inspectors of factories in England, which contain many facts of interest. Both the inspectors, Messrs. Baker and Redgrave, give in their respective reports an analysis of the valuable statistical returns lately presented to the House of Commons. Mr. Redgrave says:—In dealing with the returns of 1898, a considerable assistance must be made for the state of trade, so in the cotton and woollen districts, a great deal of machinery has been standing and a great many factories have been unoccupied, so that the returns do not represent the condition of the textile manufactures in a state of activity, but of comparative quiescence, and the full number of persons usually employed, and indeed the entire details of many factories, are necessarily wanting in the return.

The increase in the number of men, women and girls employed in the manufacture of textile fabrics is made the subject of extended comment by both Mr. Redgrave and Mr. Baker. The latter gentleman says this may be accounted for, as far as the cotton trade is concerned, by the long-continued depression to which that trade has been subjected, and by the efforts made to reduce the cost of labor by decreasing