dence. Perhaps, after all, the quickest way of bringing the affair right would be to repeal the Act of Union as far as regards Nova Scotia, and we venture to say that in less than twelve months there would be as large a majority in its favor as there is now against it. There are however, many objections to this course, and we trust that the men who have been returned will lay aside party passion and prejudice, and they, and thinking men generally, will set themselves to work to persuade their countrymen of the vast commercial and industrial advantages which the Union is calculated to bring them. Had this been done with a will in the first place, we are persuaded that the result would have been different, and that we should not now have to deplore the damaging and unwelcome fact that a member of the Dominion of Canada is such in opposition to her own free will and choice.

## REPORT OF THE SECRETARY OF THE PETROLEA PRODUCERS' ASSOCIATION.

GENTLEMEN,—At the last weekly meeting of the Producers of Petrolea, a strong desire was expressed that statistics of the present condition of the Petroleum trade should be prepared for the information of Producers. As Secretary to your meeting, I have complied with the request, and beg to offer the following Report:—

"A good deal of misapprehension and diversity of opinion exists as to the fall and winter prospects of the Crude Petroleum Trade, both as regards the quantity being produced, the demand for tankage and refining purposes, and the probable ruling price for the remainder of the year. With a view to assist in arriving at some intelligent idea on these points,—questions involving hundreds of thousands of dollars of capital,—I have gathered some statistics which I offer for the consideration of Producers, together with some remarks as to the market value of the important article of commerce you are engaged in producing.

"The leading ideas on the subject which naturally suggest themselves are three—first, production; second, the demand; and lastly, the market price of the article. With reference to the actual daily product of the oil wells, opinions widely differ, some calculations placing the yield at 50 and even 100 per cent. over that of others. Daily observation of all the leading wells confirms the opinion, well understood by all who have watched the development, that the yield is far below the estimate popularly believed to be the actual product. I need not advert at length to the fickleness of oil wells; the difference in the yield from day to day, and the many accidents which, from one cause and another, occur to hinder the steady run of a well. A well denominated "a hundred barrel well" may safely be placed at "fifty," when the casualties and drawbacks are taken into account. At one time the delay is caused by accidents to machinery, at another by want of tankage, at another from a lack of wood and water, and sometimes a lack of funds is the hindrance. All these causes, and very many more which will suggest themselves to the Oil Producer who has experienced the vexations and delays attendant on the business, contribute to check production and lessen the actual supply. In fact, it has become almost a proverb among the producers, that you can never tell what your well is yielding until the oil has been measured in the tank or actually barrelled and shipped. It might appear superfluous to many to recite these well-understood drawbacks, but it may not be amiss to recall them in order to check the ardour of some, and the reckless assertions of others. Without wishing, however, to run to the opposite extreme, and under-estimate the amount of oil now being pumped, I would venture the statement, grounded on the acute observation of some of our most correct judges that the average product of the wells is not more than 1500 barrels per day, and even from this estimate many will insist that a week's run should only be taken at five days instead of six. And when we consider the wear and tear of machinery, the liability of sucker-rods to part, of pump-valves to give out, and the hundreds of little difficulties which occur to check the steady yield of a well, we may not be far astray in taking the average run of a well at only five days a week. It is unquestionably true that, since the great fire of August 3rd, at Petrolea, when 35,000 barrels of oil were consumed, the wells which were pumping within the area of the burnt district have not given anything like the amount of oil they formerly did. A tendency to "run to water" is observed more or less in all, and when, from any cause, several of them are simultaneously shut down, the remainder are seriously affected. Some critics, indeed, freely prophesy the failure of most of the wells alluded to within ninety days, though of course the question of the fulfilment of their predictions must be left to Time.

In attempting to arrive at a proximate calculation of the probable yield for the next three months, from October 1st to January 1st—it is necessary to look around and see what is being attempted in the way of fresh developments. A good many wells are in progress, and it is but natural to suppose that some of them will be large wells, and take the place of those which will sooner or later "play out." As usual, we must also look for the due proportion of "dry-holes," to use a familiar oil term. Of late, this class of failure has been more than usually large in proportion to good strikes, and if the same ratio is maintained, the days of over-production and stimulated yield will have been numbered. Indeed, it may be boldly asserted that, so far as can be at present judged, the volume of production has reached its climax, and may be expected gradually to recede.

Confined as most of the large wells are to the area of fifty acres, it is simply a question of time when this new and hitherto productive territory will be exhausted. We recall the gradual but certain failure of Oil Springs, where the largest flowing wells Canada has seen have occurred; we have seen the precarious oil fields of Bothwell become almost valueless, and even in Petrolea proper over one hundred and fifty wells struck since January, 1866 have been abandoned as unprofitable investments, the sinking of which has involved a loss of capital of at least $1 000,000. How long, then, with the experience of Oil Springs, Bothwell and the old district of Petrolea to warn us can we rely upon the present territory for a lasting source of supply? The experience in Pennsylvania is the same as in Canada: the most productive oil regions there have been abandoned one after another, and new fields have had to be sought to supply the world's demand for light.

Turning from the consideration of production and supply to that of demand, we meet with facts calculated to inspire producers with every confidence. True, the production just now is largely in excess of the present consumptive demand, but the difference is more than made up by the application of capital to the business. Tempted by the almost unparalleled price to which the article of Crude has receded, capitalists are busily engaged in purchasing and tanking, for future use or exportation, the surplus product over the present requirements of refiners. Since June last, oil has dragged along at from 50 cents to 55 cents per barrel at the wells, in contrast with $10 in the winter of 1865-'66, and $4, the price which ruled all the summer and fall of last year. For this valuable product to be sold at the panic price of fifty cents appears almost beyond belief, and yet the necessities of producers have gradually reduced the value of the article to that depressed quotation. But several capitalists, mostly from the United States, have taken advantage of the occasion to put down a large amount of underground tankage for the safe storage of the oil. The large amount of this description of tankage now under construction would hardly be credited by those who are not cognizant of the actual facts. In addition to the tankage under construction for the "Speculators," so called, a large number of these storages are being put down by the producers. Recognising the fact, that oil at 50 cents to 55 cents can only be parted with at a ruinous sacrifice almost every producer is saving all the oil he can possibly secure in the manner described, looking with certainty to the day when an upward turn in the market shall reimburse him for his expenditure of capital, labour and skill. It is on the new tanking developments, and the coming demand by Refiners for their fall and winter stocks, that the reasonable expectations for a better state of things rest: and it surely is no very sanguine anticipation that those who apply their capital to the business will reap a profit at no distant day, of from four to eight hundred per cent, when oil shall again attain the paying point of $3 to $4 per barrel. The following is a carefully prepared, and, I believe correct estimate of the amount of ground tankage actually under construction to meet the expected product of the next few months. The figures below do not include those tanks already completed and filled:—

*Amount in Barrels of Unde ground Tankage now in progress at Petrolea, to be completed by December 31st, 1867.*

| | Capacity in Bbls. |
|---|---|
| Mr. Higgins, of Chicago | 45,000 |
| Lindsay Company | 2,000 |
| Mr Case | 2,500 |
| Mr. Vantyle | 2,500 |
| Mr. Childs | 5,000 |
| Mr. Hill | 15,000 |
| Atlantic Company | 5 000 |
| Marshall & Goodrich | 3.500 |
| North Eastern Company | 5,000 |
| Mr Baxter | 10,000 |
| Mr. Correll | 2,000 |
| Messrs Ralph | 1,000 |
| Col Luce | 2,500 |
| Mr. Noble | 7,000 |
| Mr. Fairbanks | 5,000 |
| Messrs Elwood & Parsons | 3,000 |
| Mr. Williams | 4,000 |
| Messrs. Thomas & Mason | 2,500 |
| Mr. Lancey | 2,500 |
| Total bbls of ground tankage under construction at Petrolea | 125,000 |

Of this amount 59,000 barrels of tankage is on account of speculators who are in the market to purchase for storage, while the balance, 66 000, is under construction by the producers themselves for present and future use, and in order to provide themselves with storage, and save an undue pressure upon the market. This united action on the part of nearly all the producers, added to the spirited investment of capital by the purchasing speculators, (of whom Mr. Higgins is the leading spirit and the boldest and most far-seeing of our oil men), must ere long stimulate the trade so as to raise it from the prostration into which it has sunk from lack of capital, coupled with over production. The money invested in this tankage is considerable; for, taking the average cost of its construction at 34 cents per barrel capacity, it will foot up the large sum of $42,800.

In addition to the demand for Crude to fill these tanks, we now have to take into consideration the necessities of the Refiners. The impression that an unusually large stock of refined is in the market is certainly erroneous, and the best calculations point to the conclusion that the stocks in hand, owing to the disastrous conflagration in August, at Montreal, when over 15,000 barrels of refined Petroleum were destroyed, are far below the coming demand for the fall and winter trade. The large and growing demand for Refined Petroleum as an illuminator, points to great activity in refining, and it is not at all improbable that considerable lots will be shipped to Europe. The advance in Liverpool of American oil to 1s. 6d. sterling per gallon, or 37½c, (equal to 31c. allowing for the difference in measurement of the Imperial and Winchester gallon) will admit of a large marginal profit for shipment, seeing that the best refined can be laid down in Montreal for 18c. to 19c. per gallon, packages included. This would leave a margin of about 11c. or 12c per gallon for freight and profit on shipment abroad, equal to $4 40 to $4 80 per bbl. Taking the ocean freight and other charges at $2 40 per barrel, there is a splendid opening for a large and lucrative venture in exportation. But, throwing aside all ideas of an export trade in Refined this fall, the fact is beyond doubt that the demands of the Dominion of Canada alone will test the capacity of all the refineries to keep up the necessary supply of the popular illuminator. The refineries in Canada number some 18 or 20, and when in full work require from 3,750 to 4,000 barrels of Crude per week to keep them in operation. If we place the consumption at the rate of 3,500 per week till January 1st, a period of about 13 weeks, we arrive at the conclusion that 45,500 bbls of Crude will be required to supply the Trade.

It now remains, in order to bring these facts and figures to bear upon the argument advanced, to summarise and see how the estimated production will compare with the estimated demand:—

THE DEMAND.

| | Barrels. |
|---|---|
| Ground Tankage now under construction at Petrolea for the reception of Crude oil | 125,000 |
| Estimated Consumption by Refiners from October 1, 1867, to January 1, 1868 | 45,500 |
| Total demand for Crude | 170,500 |

THE SUPPLY.

| | |
|---|---|
| 1,500 barrels per day from October 1, 1867, to January 1, 1868, equals 79 days | 118.500 |
| Estimated deficiency | 52,000 |

If these approximate calculations are correct, we have an anticipated deficiency in prospect of 52,000 bbls. Unless some undreamt of developments occur one of two things is certain, that if Refiners are to be supplied with the amount of Crude they require, then many of the tanks being constructed for the reception of the oil yet to be pumped must remain empty. In placing the daily yield at 1,500 barrels, I have taken the production at a period when the wells are most easily and successfully worked. When the icy hand of winter sets its seal upon the face of nature, the difficulties in the way of the producer are much greater. Not only does the yield decrease from natural yet unexplained causes, but the delays and breakages are largely increased by reason of the frost.

The only reasonable conclusion to be drawn from the statistics presented is apparent—namely, that the present price of Crude oil, sixty cents (60 cents) per barrel at the wells, must yield to the stimulating effects of the competition by capitalists, and the determination of producers to tank their oil for an advanced quotation. How far the anticipated advance in Crude will extend it is quite impossible to foresee: that will altogether depend upon the firmness of the producers and the law of supply and demand. The recent remarkable advance in the United States may be accepted, in some sort as a comparison. In May last oil at the wells in Pennsylvania and Ohio was quoted at $1.75 to $2.00; the price is now $4.25 to $4.50 per bbl, and refined has risen from 17c to 35c per gallon at Philadelphia and New York. Of course it cannot be anticipated that, this season, the Canadian product will take such a bound, but there is no reason to doubt that, in view of the great advance of oil in Europe and in the States, large shipments of both our Crude and Refined will be made to Europe next Spring.

It remains with the producers to take action to advance their own interests. It is not either for Refiners or Speculators to suggest or offer an advance: the Producers have the matter in their own hands, and at their weekly meetings it rests with them to fix the standard market rate, and establish a basis on which business may be transacted without the fear of those mischievous fluctuations so disastrous alike to the interests of Refiners and Producers.

I am, Gentlemen,

Yours respectfully,

STEPHEN BLACKBURN,

Secretary Petrolea Producers' Association.

Petrolea, 30th Sept., 1867.

BUCHANAN & Co.—The *Free Press* of this morning states that the losses of this firm have further ramifications viz., the stoppage of the New York and Glasgow houses. The *Free Press* is under a mistake, as the New York and Glasgow houses referred to were merely offices kept open in those cities for the accommodation of the Hamilton house; facilitating exchange operations and the exportation of purchases. The partners were identical, but had no independent capital and no distinct business, hence the stoppage of the Glasgow and New York houses were contemporaneous with that in Hamilton, being simply distinct portions of the same Hamilton firm. I Buchanan & Co., Montreal, Adam Hope & Co., and Buchanan, Hope & Co., of Hamilton, formed three distinct firms, based upon distinct capital, and the present temporary difficulty arises only with the last named, the two former being untouched. It is generally understood that the liabilities are confined to certain banking institutions at home and in Canada, and the probabilities are that a complete arrangement will be carried out within a few days, leaving the business itself unimpaired, but causing a considerable loss to the individual partners of the firm.—*London Advertiser.*