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OIL SCANDALS DURING THE HARDING ADMINISTRATION

by

Mary M. Ridge

**A Thesis Submitted in Partial Fulfillment of the
Requirements for the Degree of
Master of Arts
in
Loyola University
1937**

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Chapter I

NATIONAL POLICY TOWARD NAVAL OIL RESERVES

Wise disposal of public land has long been a national problem. Regulation of the vast resources of the nation has necessitated Congressional action from time to time. Whether the federal policy has been adequate enough to care for future needs has remained a questionable point for many years. When our country was young, its main object was to develop the West, and many of our land laws were passed to aid prospective settlers. As the country expanded and developed, changes or modifications often became necessary.

Generally the West favored development of natural resources by private interests and were anxious to secure legislation which would further this principle. However, the theory that the government was the best conservator of its natural wealth was strongly upheld by various elements in the nation. Advocates of this policy point to the fact that as early as 1785, the government felt that some control of natural resources was expedient. The Land Ordinance of 1785 specified that from the territories given by the States, the government was to receive "...one-third of gold, silver, and copper¹ mines..." and Congress could dispose of this land as it saw fit.

1. John Ise, United States Oil Policy, Yale University Press, New Haven, Conn., 1926, 291.

As an inducement to further settlement of the West and also as an incentive for railroads to extend their facilities, many grants of land were given by the government during the latter half of the nineteenth century. At first ten miles on each side of the railroad were given. This was later increases to twenty and finally thirty miles were allotted on each side of the roadbed. In many cases the land was unsurveyed and later the railroads found themselves in possession of valuable mining and timber lands.

In accepting a government grant, the railroads were to divide the land into 160 acre parcels and sell them to responsible settlers for \$2.50 per acre. The Southern Railway System secured one of these grants containing 2,386,000 acres. Upon investigation the railroads found the land to be heavily timbered and worth more than \$2.50 per acre. They did not sell much of the land and the government sued. As a result over two million acres were returned, "...with the proviso that it should sell it and reimburse the railroad at the rate of \$2.50 per acre."²

The land was then classified as either timber, agricultural, or mining land. If the timber value of a quarter section was greater than the soil value it was considered timber land. If the soil value was greater, it was sold to the settlers and classified as homestead land. The Department of the Interior,

in its report for 1927 stated that "...railroads had received up to then, the great total of 130,944,916 acres or 214,679³ square miles of free land."

The raw materials of our country were being disposed of at an alarming rate, especially after the discovery of oil. However, it was not until 1865 that it was thought advisable to withdraw oil lands from public entry. The General Land Office advised its agent in Humboldt, California to withhold any land that might contain oil. Nevertheless, the sentiment of the West prevailed until the twentieth century, when again it was deemed necessary to withdraw certain portions of the national domain from public entry. These lands were withdrawn from agricultural entry and proved an aid to oil operators. By 1908 most of this land had been restored again.

One of the pioneer advocates of the conservation of natural resources was Senator Robert LaFollette. Repeatedly he sought to have enacted effective legislation governing our mineral wealth. He suggested to President Theodore Roosevelt that he withdraw "...from sale and entry of all coal, asphalt, and oil lands by executive order..."⁴ and shortly afterwards the senator introduced a resolution to this effect (June 20, 1906). His efforts at this time were fruitless.

3. Ibid., 31.

4. R. M. LaFollette, Autobiography (Personal Narrative of Political Experiences), R. M. LaFollette and Company, Madison, Wis., 1920.

Specific laws pertaining to the regulation of oil lands were conspicuous by their absence. Applications for oil lands were taken out under the Placer Mining Law in the beginning. This law was enacted (1870), when little was known of the vast amount of oil stored in the earth. Because its provisions were to take care of the development of mineral resources, principally gold, silver, copper, coal, etc., it proved inadequate for oil claims.

Oil prospectors opposed it, principally because the discovery had to be made before patent could be secured. This regulation was comparatively easy for gold or silver prospectors, but a discovery of oil necessitated more expensive equipment. As a consequence, oil claimants spent considerable time developing land to which they had no title. The recovery provision resulted in hasty construction, speed, and waste of oil. Every prospector was anxious to get as much oil as quickly as he could, lest the neighboring wells cause drainage on his property.

The wasteful manner in which the nation's oil was being used led President Roosevelt to appoint a Geological Survey to determine the oil content of public lands. They were to make suggestions for possible legislation which would secure an adequate supply for future needs of the navy. The survey was not finished until the Taft administration. The geologists recommended that Secretary of the Interior Ballinger withdraw about three million acres in California and Wyoming from public entry. He sponsored such a policy and on September 27,

1909, President Taft withdrew the lands. By June 30, 1910, thirteen more withdrawals had been made. Some of these withdrawals were classified and later restored.

Hardly had the Executive order been issued when its constitutionality was questioned. Many oil operators continued to develop lands upon advice of attorneys that the presidential action was not legal. This advice was strengthened by the decision of the two federal district courts, which held that the presidential order was invalid. Later the Supreme Court upheld the President's order in the Midwest case in 1915.

Before the withdrawal order in 1909, many persons had secured title under the Placer Mining Act. Others had developed the land, but had not made discovery before September 1909. These claimants maintained they had worked in good faith and wanted some recognition of their efforts. They were insistent that relief legislation be passed to determine the status of their claims. Many dummy locators had acquired land and turned it over to large corporations. These dummy locators enabled large companies to secure more land than was legal.⁶ Some prospectors even went to develop oil lands after the withdrawal order. They probably felt that when legislation would be passed, a compromise might be made in their behalf. During

5. B. H. Hibbard, History of Public Land Policies, Macmillan and Company, New York, 1924, 526.

6. W. Weehlke, "Grabbing the West's Liquid Fuel," Technical World, June 1912, 378; Congressional Record, September 3, 1919, 4788.

the years when the status of claimants was being determined in court or in the Land Office, oil was continually being drained from the public domain.⁷

Because of the uncertain situation, President Taft asked Congress to confirm his order of September 1909. Senator Pickett of Iowa introduced a bill to this effect. This was opposed by the oil operators. The Chamber of Commerce of Coalinga, California, forwarded a resolution to Congress and asked that "...the bill be not made retroactive, but that it should save the rights of those who located on the withdrawn land previous to the date of withdrawal, September 27, 1909."⁸

The bill as passed by the House upheld Taft's withdrawals, but contained little relief for the oil operators whose claims were uncertain. The Senate amended the bill and recognized the rights of the claimants who were "...in diligent prosecution of work leading to the discovery of oil or gas."⁹ The act also authorized the President to withdraw lands and to send his recommendations concerning them to Congress. When the Pickett Act became law (June 25, 1920), President Taft immediately confirmed the former withdrawals.

From 1910 to 1916, about thirty five withdrawals were made and classified. The change from coal burning vessels to

7. Congressional Record, January 28, 1924, 1523.

8. John Ise, Oil Policy of the United States, 319.

9. Max Ball, "Petroleum Withdrawals and Restorations Affecting the Public Domain," United States Geological Survey Bulletin 623, Government Printing Office, Washington, D. C., 1916, 24.

oil burning ones necessitated a large supply of oil. Oil lands owned by private interests were being developed almost to maximum capacity. In 1914, the United States produced 66% of the world's supply of crude oil. Each year consumption had increased, so that by 1918, the United States used 80% of the world's supply. Some experts contend that an increased demand of about 5% yearly would exhaust our supply in about sixteen years.¹⁰

Experts of the Geological Survey viewed with alarm the situation and expressed grave fears for the future oil supply. In order to secure adequate fuel supply for future needs of the Navy, they suggested the creation of naval oil reserves. Their suggestions were carried out. Reserve Number I containing 38,969 acres in Elk Hills, California, and Reserve Number II containing 29,341 acres in Buena Vista, California were created by President Taft on September 2, 1912, and December 12, 1912, respectively. The third reserve called the Teapot Dome (Wyoming) with 9,481 acres was created by President Wilson, April 30, 1915. The following year, two oil shale reserves were created in Utah and Colorado, and President Harding in 1923 set aside a reserve in Alaska.

Part of the naval reserves contained patented lands, especially Reserve Number I; the others had claims pending.

10. R. Arnold, "Conservation of Natural Resources," Proceedings of the Second Pan American Congress, Vol. III, Government Printing Office, Washington, D. C., 1917, 208.

These claimants were seeking Congressional action to satisfy their claims. For a long time their demands thwarted legislation. Secretary of the Interior Lane favored giving leases to oil operators, while Secretary of the Navy Daniels felt that only those on withdrawn lands, prior to September 1909, and who had not made discovery were entitled to any protection. Attorney General Gregory upheld this point of view.

After the withdrawal order, there was continued agitation for legislation which would authorize entry to the oil lands. Many proposals were made but were quickly rejected. Efforts to restore the oil reserves helped to block legislation for several years. Senator Smoot introduced a bill proposing the leasing of oil lands, in August 1919. Amendments were introduced by proponents of the conservation of natural resources and as usual were rejected by the Western vote. The oil operators sought to include provisions which would aid them.

Secretary of the Navy Daniels wrote to the Chairman of the Public Lands Committee of the House of Representatives, stating that naval oil reserves should not be included in a leasing act. He said that as a last resort he felt that Senator Swanson's resolution (introduced in 1917), which would authorize the Navy to drill or order to drill wells would be acceptable as a compromise.

On February 25, 1920, the Leasing Bill was passed.

11. Congressional Record, September 3, 1919, 4758-4759.

The act applied to the reserves, only in so far as it authorized the Secretary of the Interior "...to lease any producing wells within the reserves and further authorized the President to lease all or any part of any claim (i. e., a placer mining claim) with which there should be such producing wells."¹²

Therefore, the President had authority to lease withdrawn lands upon which there were private claims and the Secretary of the Navy could lease only producing wells. Claimants on naval reserves could get leases only on producing wells unless the President permitted them to develop the rest of the claim. The administration of the naval oil reserves was given to the¹³ Bureau of Mines.

Because land adjoining the reserves in California was owned by private interests, especially Reserve Number II, many geological experts feared that oil was being drained by the neighboring wells. Because of this situation Secretary Daniels suggested to Congress that offset wells be constructed to counteract drainage. His advice was approved and Congress authorized the Secretary of the Navy to advertise for drilling offset wells.

An amendment to the naval appropriation bill ending June 30, 1921, empowered the Secretary of the Navy "...to take possession of property within naval reserves on which there are no pending claims or applications for permits or leases,

12. Senate Report 794, 5.

13. John Ise, United States Oil Policy, 353.

under the oil leasing act, and to 'conserve, develop, use and operate the same in his discretion, directly or by contract, lease, or otherwise, and to use, store, exchange or sell the oil and gas' as well as the royalty oil from leased lands in naval reserves." ¹⁴ The Secretary of the Interior, however, was to determine the validity of pending claims, not the Secretary of the Navy. The act of June 4, 1920, also included an appropriation of \$500,000 to pay for the storage of the oil.

Shortly after President Harding assumed office, the drainage of oil from the reserves was again brought to the attention of the Cabinet. Bids had previously been received just before Secretary Daniels retired from office. The new Secretary of the Navy (Denby) in testifying before the Committee on Public Lands and Surveys (October 25, 1923) stated that he felt the Navy was not as well equipped to handle oil reserves as the Department of the Interior. He therefore recommended a transfer because the latter department could use the Bureau of Mines and Geological Survey in the administration of the naval oil supply.

In writing to the President (May 26, 1929) Secretary Denby felt that it would only be necessary to consult the Navy should a new policy be adopted. About two weeks before this,

14. "Leases Upon Naval Oil Reserves," Hearings before the Committee on Public Lands and Surveys, United States Senate on Senate Resolution 282 and Senate Resolution 294, Part II, 269. Hereafter this will be referred to as Hearings.

Secretary Fall had written to Denby referring to a talk both of them had, suggesting that the President transfer "...the administration of the laws relating to naval reserves..."¹⁵ to the Secretary of the Interior. Enclaoed in this letter of Fall's was memoranda relating to the Leasing Act and also to the Act of June, 1920.

However, Denby's position was not in accord with other officers in the Navy. Admiral Griffin, chief of the Bureau of Steam Engineering, opposed the transfer. This Bureau had handled the reserves since they were created. Lieutenant Commander Stuart and Lieutenant Shafroth of the Engineering Department opposed the new policy. Denby admitted he had not consulted his officers or a council consisting of the chiefs of the bureau, who were connected with the reserves.

Secretary Denby claimed he wrote a letter to the President stating his reasons for the transfer. This letter also stated that his position was opposed by Admiral Griffin, and contained a copy of Griffin's protest. The Committee on Public Lands and Surveys investigating oil leases searched diligently but could find no trace of either Denby's letter or Griffin's protest. They came to the conclusion that neither ever reached Harding. Assistant Secretary of the Navy Roosevelt brought to Harding a copy of the Executive order, and also the letter sent by Fall to Denby for his signature; this latter

remained unsigned. It seems from the evidence that Harding signed the executive order without any signed statement by a Cabinet officer, giving reasons for the change. 16

The New York Times quoted Assistant Secretary of the Navy Roosevelt as another opponent of Denby's change of policy. Roosevelt maintained that after a conference with Griffin, he came to the conclusion that the best procedure would be to continue to let the Navy handle the reserves. 17 Roosevelt's protests to Denby were in vain. A policy letter sent by the Navy to the Interior Department was the result of a conference between the two, in which they agreed that all leases would be arranged by the Department of the Interior and later would be sent to the Navy merely as a matter of information. This procedure seems corroborated by Denby's testimony before an investigating committee, where he stated that he did not know what was in the leases. He testified that he felt Secretary Fall would secure the contract which would be for the best interests of the Navy. 18

On May 31, 1921, President Harding issued an executive order (No. 3472) transferring "...the administration and conservation of all oil and gas bearing lands in naval petroleum reserves Numbers I and II, California, and naval reserve

16. Congressional Record, January 28, 1924; Hearings, Part II, 286.

17. New York Times, April 1, 1924, 2.

18. Hearings, Part II, 307.

Number III in Wyoming and naval shale reserves in Colorado and Utah are hereby committed to the Secretary of the Interior subject to supervision of the President, but no general policy as to drilling or reserving lands located in naval reserves shall be changed or adopted except upon consultation and in cooperation with the Secretary or Acting Secretary of the Navy." 19

Bids received for offset wells were transferred to the Department of the Interior. Senator Walsh of Montana questioned the power of a president to transfer the duties of a cabinet officer. He maintained that Congress delegated these powers and was therefore the only body which could take them away. Secretary Fall gave as his basis of authority the Act of June 1920. Many Congressmen when informed of the broad powers that were apparently delegated to the Secretary of the Navy later made it known that such was not the intention when the bill was before Congress. They maintained that if the bill gave such broad powers they were not aware of it at the time of passage. The Act was passed to protect the naval reserves and an appropriation of \$500,000 was deemed sufficient to pay for the storage of oil. No provision in the Act gave the Secretary of the Interior any power over the reserves.

It was the sentiment of some Congressmen that should they have given such broad powers to a Cabinet officer, to

dispose of public lands as he saw fit, such powers would be declared unconstitutional. The thought was expressed that a Cabinet officer in an emergency or great loss might have the power to act for the best interests of the country. This power did not mean that his duties were transferable. It was stated in Congress that the Navy Department adequately took care of the reserves since they were created and if the chief officer was unable to do so he should resign. 20

Many attempts then were made to solve the question of the oil resources of our country. That legislation was needed was acknowledged, but the type of legislation to enact was the stumbling block. Conservation of natural resources was the goal of many. Others opposing this sought development of the public domain by private interests. Advocates of the latter seemed victorious when leases were given for the development of the naval oil reserves. The secrecy with which the leases were adopted resulted in an investigation by a Congressional Committee. Some Congressmen maintained that the public were entitled to know how public lands and especially oil reserves were being disposed of. Many legal battles were fought to determine this contention. The Supreme Court upheld public opinion and severely criticised those who advocated secrecy in securing oil leases.

Chapter II

CONFLICTING POLICIES OF CONSERVATION OF NAVAL OIL RESERVES

The Leasing Act of 1920 was a victory for the conservative forces. Lands of the public domain would provide a source of revenue, yet remain under federal control. Naval resources were felt to be secure from speculation, because only the producing wells could be leased, or if the President deemed necessary, he could authorize leasing of the rest of the claim.

Because the leasing bill did not come up to the expectations of many oil operators, they continued to seek legislation which would extend development of public land by private interests. However, the bill helped to clear up a muddled situation and some interests felt it might be an initial step in the direction of later favorable legislation.

The Oil and Gas Journal at the time expressed gratitude toward Congressman Mondell and the senators from Wyoming and California for their efforts in behalf of the oil operators. The bill "...is a measure that will eventually help the oil operators to obtain a clear title to land upon which they are operating,"¹ was the opinion of the magazine. Legislation of

1. F. B. Taylor, "Wyoming Field Operations," Oil and Gas Journal, March 5, 1920, 44.

this type attempted to clarify title to oil land, a great deal of which had been bandied back and forth without apparent thought of the future. Quick profit seemed to be the sole purpose of many claiming oil lands, and brought about needless waste of the nation's valuable resources.

During the early part of the Harding administration, the naval reserves were transferred from the Naval Department to that of the Interior (May 31, 1921).⁴ A little over two months after his inauguration, the President stated that as long as public lands were administered by the Department of the Interior, the naval reserves would also be more efficiently taken care of by this department. Conservation forces were considerably alarmed at this turn of events, because Secretary Fall's attitude toward the public domain was well known. His hostility toward conservation of natural resources was shown while he was in the Senate, and there was little reason to suppose that his position had changed.

His opponent's fears seemed to be verified when rumors too strong to be silenced were being spread in connection with the leasing of the naval reserves. The policy toward disposal of the national domain seemed to have changed radically in less than two years after the passage of the Leasing Act. Stories concerning the secret leases were neither affirmed nor denied by official Washington. As the rumor spread Congressmen received many inquiries, but many of the legislators, too, were in the dark.

Anxious to know the truth of the situation, Senator Kendrick (Wyoming) sent to the Departments of the Interior and the Navy for information regarding the leasing of the naval reserves (February 1922).² His inquiry remained unanswered for some time. Despite the rumors nothing appeared in the newspapers, until the Wall Street Journal, on April 14, 1922, published an account of the lease for Teapot Dome. No account appeared concerning the oil leases in other papers until the 29th of April. Then the New York Times, Chicago Daily Tribune, Chicago Daily News, Boston Transcript, Springfield Republican, and the Christian Science Monitor had articles of varying lengths concerning the lease to Mr. Sinclair.

On April 16, 1922, Senator Kendrick introduced a resolution in the Senate asking whether the Secretary of the Interior had signed a lease for naval reserves. Because Secretary Fall was in New Mexico at the time, Assistant Secretary Finney sent a reply to Senator Kendrick, April 21, 1922, stating that the lease for Teapot Dome had been signed. This was the first official statement regarding the leases which had been signed April 7, and delivered April 12, 1922.

Such secrecy regarding an important phase of the nation's wealth was bound to stir up opposition. It looked more than suspicious when it seemed that members of the official

family flaunted the federal statute which specified that any contract except for personal service must be advertised.³

Before Senator Kendrick's resolution was adopted, Senator LaFollette had written Secretary Fall asking for the order creating the naval reserves and also the order which transferred the reserves to the Interior Department.

However, when Assistant Secretary Finney replied to Senator Kendrick, LaFollette introduced a resolution (April 21, 1922) asking the Secretary of the Interior to send to the Senate copies of the oil leases issued by the department, for the Naval Reserves Numbers I, II, and III. This resolution also asked for the Executive order authorizing them and any other papers referring to the leases. The resolution provided that the Committee on Public Lands and Surveys investigate the oil leases and report back to the Senate. Senator LaFollette's resolution was adopted April 29, 1922, and was known as Senate Resolution 282.

The Committee on Public Lands and Surveys was composed of Senators Norriss (Neb.), Lenroot (Wis.), Ladd (N. D.), Stanfield (Ore.), Norbeck (S. D.), Bursum (N. Mex.), Pittman (Nev.), Jones (N. Mex.), Kendrick (Wyo.), Walsh (Mont.), and Smoot (Utah-chairman).

Although LaFollette's resolution (S. Res. 282) was

3. Congressional Record, February 7, 1924, 1976.

passed in the spring of 1922, hearings were not begun until October 1923, because Senator Smoot was busy working on tariff revisions. Shortly after, he became chairman of another committee and Senator Lenroot succeeded him. Lenroot, as chairman of the Committee on Public Lands and Surveys, was prevented from attending many hearings because of illness. March 11, 1924, Senator Ladd became the chairman.⁴

In response to senatorial action, Secretary Fall sent a letter, not to the Senate, but to President Harding defending his position concerning the leases. The President in turn sent the letter to the Senate accompanied by a note saying he approved of Fall's action in the matter.⁵ Neither the President nor Senator Smoot were in favor of the investigation. However, the committee proceeded to fulfill its obligations. Probably the most noteworthy work of the committee was done by Senator Walsh, who was persistent enough to secure damaging evidence against some of those who were connected with the leasing of the reserves. Two geologists, Frederick Clapp and J. O. Lewis, were appointed to examine the Teapot Dome Reserve.

During Wilson's administration, there was much friction between officials as to the disposal of oil lands.⁶ Secretary of the Interior Lane's policy favored leasing to the

4. Congressional Record, May 29, 1928, 10539.

5. Hearings, Part I, 23.

6. Congressional Record, February 7, 1924, 1976.

oil interests, while Secretary of the Navy Daniels disapproved of this and consistently refused to allow leasing of reserves. However, when the matter seemed to be serious Daniels allowed leasing of wells to offset the drainage that was taking place. According to an estimate of the Bureau of Mines, 6,800,000 barrels of oil, worth more than 8 million, were lost to the government before March 1921.⁷ However, others question this and maintain the loss was very small. Many reports from the Bureau of Mines favor taking oil from the ground and storing it so other fields could not drain it. The Geological Survey on the other hand, usually favors leaving the oil in the ground.

It was conceded by many that drainage was taking place on Reserves Numbers I and II, because of the extensive production of private interests on adjoining land.⁸ Section 36 of Reserve Number I was valuable oil land. Many years were spent in legal battles to determine who had clear title to it. It had originally been given by the government to California for educational purposes. Reports of land agents as early as 1900 showed the land to contain oil. When this became known, California knowing she had no right to known mineral lands, asked for other lands, but no definite action was taken. In 1902, a survey again showed it to be mineral land. Two years later, an agent from

7. Hearings, Part I, 56.

8. Senate Report 794, 4.

the Interior Department reported the land as non-mineral and the withdrawal order was void. By 1908, this land was sold by the state to the Standard Oil Company.

Later, (1912) the government brought suit against the Southern Pacific Railroad to determine if they had a clear title to oil lands in Elk Hills (Reserve Number I). After 6 years of litigation the lands were returned to the government. However, another suit regarding more land owned by the Southern Pacific was lost by the government. Federal attorneys as a result of this investigation brought to light somewhat similiar conditions in section 36 of Naval Reserve Number I. Hearings were ordered held to ascertain whether section 36 was known mineral land at the time the "survey was approved."⁹ Apparent carelessness either at the local office in Visalia, California, or at the General Land Office, seems apparent when it became known that reports on these hearings were not acted upon until 1921. Negligence on the part of the San Francisco office seems probable when notice was sent to Washington stating that the papers concerning the case had been found recently in the wrong files.¹⁰

During all this time, the Standard Oil Company had

9. John Ise, United States Oil Policy, Yale University Press, New Haven, Conn., 1926, 375.

10. Congressional Record, January 28, 1924, 1535.

been taking oil from the section without a clear title. Hearings were again started before local agents. An assistant attorney general suggested an injunction to prevent the company from taking oil until they had a clear title. However, Attorney General Daugherty sent Mr. Loomis, vice-president of the Standard Oil Company, with a note to his assistant asking him to delay action until he (Daugherty) had a conference with him. Then Standard Oil attorneys filed a motion before Secretary Fall to have the proceedings dismissed (June 8, 1921). The government was represented by officials from the Navy and Justice Departments. After Mr. Sutro, attorney for the Standard Oil Company, pleaded his case the proceedings were dismissed. With this victory the Standard Oil Company continued to produce oil adjoining Naval Reserve Number I, operating about 20 wells.

This was the situation when Secretary Daniels advertised for bids to drill 22 wells to offset drainage due to the adjoining Standard Oil interests. This was done shortly before he retired, and with the new administration new bids were accepted. The Pan American Oil Company, a Deheny organization, was the highest bidder, and received the contract, July 12, 1921. Drilling of the wells was to begin six months after the lease was signed.¹¹ It was thought that wells 600 feet from

11. Hearings, Part II, 255.

the Standard Oil property were sufficient. However, when these were drilled, they yielded little oil, but it was noted that wells farther back contained more oil. Many were surprised at the drainage that was taking place and felt that offset wells should have been drilled sooner.

This lease seemed then to have solved the problem of drainage on Reserve Number I. Then too, those owning land on this reserve promised to give six months notice if they intended to begin drilling again.¹² Criticism could not be leveled at this lease, because it was given to the highest bidder after being advertised.

Such was not the case of later leases. The second and third ones awarded to Doheny are subject to scrutiny. He seemed particularly anxious to secure this contract, because he submitted two bids. One followed the terms of the advertised bid, and the other offered to do the work for less, provided Doheny was given a preferential lease to the eastern half of the reserve. The latter bid was accepted April 25, 1922. It was unfair because Doheny did not comply with the advertised requirements, but submitted his own.

Another irregularity of the contract was the phase in which the government agreed to use royalty oil for payment of construction of storage tanks in Pearl Harbor, Hawaii. Many

were of the opinion that this was not legal, and contended that if Congress wished to build storage tanks, it would have appropriated the money for them. ¹³ Upon advice of attorney the Standard Oil Company refused to bid upon this contract because they claimed there was not authorization for payment in oil. The part of the lease which dealt with construction of tanks without competitive bidding was resented by the construction companies. They stated that such work as dredging channels, building wharves, making tanks, etc., was outside the field of oil companies. They were not equipped for such work and had to sublet it; therefore they eliminated competition. The Chicago Bridge and Iron Works wrote a protest to Medill McCormick (United States Senator, Illinois). When Secretary Fall failed to answer the protest, they hired lawyers. The Graves Corporation did the same, and much unfavorable publicity ensued.

Secretary Fall was aware of this diversity of public sentiment. He cited the opinion of the Judge Advocate General to substantiate his action. The naval appropriation bill for the year ending June 1921 was quoted as authority for such a step (see Chapter I, page 9).

Doheny's preferential rights were recognized in the April lease, when it was discovered that in December 1922, he had been secretly given a lease for practically all of Reserve

13. Hearings, Part II, 200; Congressional Record, January 30, 1924, 1670.

Number I. Almost all the land of Reserve Number I was leased now and could be drilled whenever "...the Pan American desires to work it, or is directed to do so by the government."

14

Much of the land on Reserve Number II was acquired by the Southern Pacific Railroad before it was generally known to contain oil. Because so much of it was in private hands, some thought it best to have the government drill all it could before it was drained by the Southern Pacific wells. The reserve looked like a checkerboard with the Southern Pacific holding all the odd numbered squares. It contained about 30,080 acres, about 5/6 of which was patented to others, principally the Southern Pacific. There were about 330 to 350 producing wells on the reserve.

Because of the many private interests on this reserve, it was the policy to give out leases to secure all the oil they could. There was not trouble concerning this reserve title, until the Honolulu Oil Case was brought to light.

During Wilson's administration this company applied for patent to 17 claims in Reserve Number II. Clay Tallman, Commissioner of the Land Office, approved 13 of these claims. Secretary Lane also approved, but President Wilson ordered a rehearing. Local land agents opposed the issuance of patents to these lands and Tallman also opposed. Assistant Secretary

Payne in reviewing the case upheld the local land agents. Because of the adverse decision, the Honolulu Oil Company asked for a rehearing and this was pending when Fall came into office.

Their petition was denied by Fall, but he ordered leases be given them under the Leasing Act of February 25, 1920. There were about 3,000 acres involved in these leases. Secretary Fall exceeded his authority because the Leasing Act gave only the President the power to lease additional oil wells. Furthermore only producing wells could be leased and the Honolulu Oil Company had no producing wells. These leases were never signed by President Harding.

The law states that the Secretary of the Interior can lease producing wells and gives the President power to authorize leasing of additional wells. In spite of this Assistant Secretary Finney stated that Fall and he himself signed the leases. The statute implies that the Secretary investigate the case, make his recommendation to the President, who thereupon determines whether a lease is advisable or not.

At the same time that Doheny's lease was made public the leasing of the Teapot Dome became known. The leases given to Sinclair and Doheny were practically the same. The contract for Teapot Dome provided for construction of tanks to be paid for in oil certificates. They were to be built by Sinclair, whenever Denby requested them. There was no competition on this contract. It stated that "...he (Sinclair) is to construct

the tanks and charge in oil the exact cost of construction; and if during the process of construction the cost is decreased he is to give the government the benefit of the decrease; if increased he is to assume the loss." ¹⁵ The Teapot Dome contract (Naval Reserve Number III) was signed first by the Secretary of the Interior and then by the Secretary of the Navy (April 7, 1922).

The contract in the form of a lease was for 20 years or as long as oil was found in sufficient quantities on Reserve Number III. Productivity of the wells determined the royalty to be paid, "...ranging from 12½% in the case of wells producing less than 50 barrels per day to 50% in the case of wells producing more than 1,000 barrels per day." ¹⁶ Instead of receiving oil, the government according to provisions of the lease, was to receive oil certificates which stated the amount of oil sold and the selling price based on the market value in the mid-continent field (Pennsylvania) or Salt Creek oil prices.

The Standard Oil Company controlled the output in the Salt Creek field, while Sinclair controlled the midcontinent field. On the other hand, Sinclair's concern was jointly controlled by the Standard Oil Company. The lease specified that 20 wells were to be dug within a certain period of time.

15. Hearings, Part II, 304.

16. Senate Report 794, 13.

It also provided for construction of about 1,000 miles of pipe line to about Carrollton, Mo., where it would connect with another pipe line.

After the first eighteen months, the Navy could if it wished get cash instead of oil, based upon the prices in the midcontinent and Salt Creek fields. Any cash the Navy received would go into the Treasury of the United States and it would have neither money nor oil, so it seems probable that the Navy would not sell for cash.

The average royalty from Reserve Number III as late as January 1924 averaged 16 or 17%. That is, of the oil produced the government received 16 to 17% of it. This in turn was sold to Sinclair who paid the government in oil certificates. These certificates were redeemable in three ways:- 1. the government could purchase fuel oil from Sinclair with them, in which a barrel of crude oil equalled a barrel of fuel oil delivered at seaboard, 2. the government could buy gasoline or kerosene at prevailing prices, 3. certificates would pay for construction of tanks.

If a tank cost \$100,000 this value in certificates paid for it. Experience showed that to construct the equivalent of one storage barrel, it took two barrels of oil to pay for it; that is, a hundred thousand barrel tank required two hundred thousand barrels of oil to construct it. Mathematically the government did not get much because "...two thirds is

utilized in the construction of these tanks and one third of it goes into the tank. So that 16 or 17% which the government is entitled to get, a royalty of one third of that is about 6% it actually gets in oil in the tanks. Therefore, out of these vast reserves which we have, the government of the United States get just 6% of oil in its tanks suitable for consumption by the Navy as fuel."

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Some geologists in giving an estimate say that about 26 million barrels of oil could be secured from Reserve Number III, 250 million barrels from Reserve Number I, and about the same from Reserve Number II. If the government after storage costs etc., gets about 6% of the oil it would receive 1,666,000 barrels from Reserve Number III and 15 million barrels each from Reserve Numbers I and II, or about 31½ million barrels. This is short of the 47 million barrels estimated by the Navy as necessary in time of attack.

Generally speaking, the government needed to solve the problem of drainage of Reserve Numbers I and II. The solution for this was in the leasing of the land for offset wells. An estimate of the terms of the leases given Sinclair and Doheny shows that officials concerned with them did not secure the best possible contracts. Had they advertised the bids in all cases, it seems reasonable to suppose they could have secured much better terms than they did.

Chapter III

THE WORK OF THE COMMITTEE ON PUBLIC LANDS AND SURVEYS

The Committee on Public Lands and Surveys had the difficult task of compiling the various reports and documents connected with the naval oil reserves. Hearings were begun in October 1923, but attracted little notice until discrepancies in Secretary Fall's testimony were made public. The legality of the president's order transferring the reserves to Fall's department was questioned by Senator Walsh. He wished to know upon what authority such a change was made, considering the fact that Congress specified the duties of Cabinet officers.¹

Fall stated that the legality of this order was discussed at Cabinet meetings, and that "...both the Secretaries of the Navy and the Interior had the advice of their authorized legal counsel and advisers, agreeing upon such legal questions!"² Secretary Hughes denied that the leases came before the Cabinet for a decision.³ When Secretary Fall was asked to name his legal Counselors he replied that it was "...largely himself."

It is true, he had a board of about sixteen or seventeen members, one of whom was Mr. Finney, Assistant

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1. Congressional Record, January 28, 1924, 1540.
 2. Hearings, Part II, 209.
 3. New York Times, February 1, 1924, 1-3.

Secretary of the Interior, but he did not seek their advice. Furthermore, the Secretary of the Interior could secure the legal advice of a solicitor appointed by the Attorney General. Secretary Fall stated that he talked with a number of lawyers concerning the oil leases, but did not get any written opinion on the matter.

A letter from the Secretary of the Navy to Secretary Fall was introduced into the proceedings.⁴ This letter quoted the opinion of Rear Admiral Latimer, Judge Advocate General of the Navy, affirming the legality of the transfer. Secretary Denby quoted Latimer as stating that the act which gave the Secretary of the Navy authority "to store" the oil, gave the implied power of determining the means of storage. He further continued that the word "exchange" in the statute did not restrict what might be exchanged for oil. Later when Rear Admiral Latimer was called before the committee, he stated that he never studied law, but the opinion was written by a lawyer in his office.⁵

Senator Walsh disagreed with the prepared opinion and stated that the legislators originally intended that restriction should be placed upon officials concerned with this phase of government business. Senator King upheld this

4. Congressional Record, January 28, 1924, 1518; Hearings, Part I, 35 and 51.

5. Hearings, Part II, 210; Congressional Record, January 28, 1924, 1524.

point of view and said such broad powers could not be inferred because "Congress did not intend to give nor did it give to the President or the Secretary of the Interior authority to dispose of oil or gas or coal lands."⁶ After diligent questioning on the part of Senator Walsh, Secretary Fall was finally forced to admit that the Overman Act and the acts of February 25, and June 4, 1920, did not authorize transfer of the reserves.

It was assumed that oil would be kept in the ground after the creation of reserves. Senatorial debate since their creation gives ample proof of this. The intention was that it would be taken from the ground only "...when America, cut off from every other source of oil had been reduced to utter dependence on her own resources..."⁷

As was generally known Secretary of the Interior Lane favored leasing oil lands, while Secretary of the Navy Daniels vigorously opposed such a policy. Before the Leasing Act was passed, Secretary Daniels stated emphatically that oil reserves be solely under naval jurisdiction. In the meantime, it was brought to the attention of Secretary Daniels that drilling by private concerns on land adjoining the reserves would result in great loss of oil. Quoting from section 18 of the leasing law, which gave the Navy the reserves, he suggested to the

6. Congressional Record, June 11, 1928, 2641.

7. Congressional Record, March 10, 1924, 3876, article from Tampa Morning Tribune, March 5, 1924, "The Real Oil Issue."

legislators that additional offset wells be drilled and that "...such sums as have been or may be turned into the Treasury of the United States from royalties on lands within naval petroleum reserves prior to July 1, 1921 not to exceed \$500,000 are hereby made available for this purpose until July 1, 1922." He also asked for permission to conserve, develop, or exchange the oil from the reserves.

Congress changed Daniels' suggestions somewhat and authorized him to use, to store, to exchange, or to sell the oil. His authority was limited; he was not allowed to dispose of it in any manner he saw fit. This restriction was upheld when the Standard Oil Company, upon advice of attorney, refused to bid on the contract calling for construction of storage tanks to be paid for in oil. It was their contention that Congress did not give the Secretary of the Interior such broad powers.

Shortly after his inauguration, Harding transferred disposal of naval oil reserves to the Department of the Interior. A draft of the Executive order, and a letter showing the necessity for the change were sent by Secretary Fall to Denby for his signature. During the testimony, the statement was made that Fall conferred with various oil companies. He

8. Hearings, Part II, 213.

9. Congressional Record, February 11, 1924, 2240.

refused to name them, saying that he did not want to embarrass the companies. Later this was contradicted by oil operators testifying before the Supreme Court in the Teapot Dome Case. Mr. Mondell, Mr. Beatty, Mr. Schaffer, etc., said that Fall refused to consider other bids.¹⁰ Fall further stated that they were consulted regarding the construction of a pipe line from Teapot Dome. The Secretary held that if such construction could be accomplished better oil prices would be secured by the government.

This could not have been very beneficial to the government, because it had little if any crude oil to sell. In the contract awarded to Sinclair, he secured the royalty crude oil and gave the government in return fuel oil.

Secretary Fall told the committee that he had secured the best contract that he could get. There were three conditions to be complied with before he could award the lease for Teapot Dome. The three conditions were: "(1) cession of all these outstanding claims that were filed in the Interior Department to the United States Government so as to clear the titles for the Navy; (2) the largest royalty which I (Fall) could get, that they figure on, and that of the Mammoth Oil on the whole was the largest; (3) the best exchange provision which I could get of fuel on the Atlantic coast for crude oils."¹¹

10. New York Times, October 27, 1927, 1.

11. Hearings, Part II, 232.

Another company sent in somewhat similiar bids, but was not awarded the contract, because it had not included the construction of a pipe line. Sinclair was the only one to fulfill Fall's requirements and therefore was awarded the lease.

Large concerns like the Standard Oil Company were both producing and distributing companies. Sinclair's holdings were principally refining and distributing centers. He was in a position where the problem of securing oil was becoming more difficult. He could not afford to let his vast holdings deteriorate because of lack of raw material. Therefore, Fall contended that Sinclair was willing to pay a better price for the crude oil than other companies who were not confronted with this problem.

From time to time various prospectors had located on oil lands. Many of these complied with the local land laws in filing notices, but could not claim equity under the leasing law. A great many of these claimants abandoned their locations and others relocated them, so that while they were not entitled to recognition, yet Fall felt their presence was a cloud on the Navy's title. He was therefore anxious to dispose of them.

The mineral surveyor of the General Land Office, (Mr. G. Morgan) made a report upon the validity of many claims on Teapot Dome. Not until 1911, when the Franco Wyoming Oil Company began drilling, were there any roads leading to the oil fields. Therefore Mr. Morgan concluded claimants could

not have developed oil lands before this period. The sheep paths were not adequate to haul supplies and drilling equipment. Some discoveries were made late in 1914, but he asserted that they were invalid.¹²

A French concern, the Bilje Company, bought up some claims in Wyoming and later sold them to the Pioneer Oil Company, a subsidiary of the Midwest Oil Company. The Pioneer Oil Company selected what they thought were the best of the claims and filed applications for adjustment of title. This was later withdrawn. Fall said there was much pressure brought to bear by parties who sought consideration for these old claims knowing "...the law had not been complied with."¹³ Because of this unsettled situation the Secretary of the Interior was anxious to get rid of these claims, and asserted he could not give full publicity to the matter.

When the rumors began to circulate regarding the leasing of Teapot Dome, many companies were anxious to secure the lease. During Sinclair's trial for conspiracy, Mr. Helm, an oil company executive, testified that he spoke to Secretary Fall concerning the leases six months before they were signed, but was told that the rumors he heard were untrue. Later when the leases were signed Fall told Helm that he had a chance in

12. Hearings, Part III, 460.

13. Hearings, Part II, 243.

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the Salt Creek field. The Midwest Company and the Pioneer Company were told by the Secretary of the Interior that their efforts were futile. Thereupon they sold their claims to Sinclair. Fall's authority was to determine the validity of leases, further than that he should not go. He could not decide how claims should be settled. Many questioned whether it was legal for Sinclair to pay the Pioneer Oil Company a million dollars for their claims.

Mr. Leo Stack, a lobbyist, had a contract with the Pioneer Oil Company, whereby he was to get a certain commission provided the company secured the government lease. When the claims were sold to Sinclair, Mr. Stack felt he was not offered enough and interested F. G. Bonfils, publisher of the Denver Post in his case. Both agreed to share whatever they could secure from the Pioneer Oil Company.

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Accordingly a series of articles appeared in the Denver Post criticizing the Teapot Dome lease. The rapid rise of Fall's financial condition was prominently played up. A suit was started against the Pioneer Oil Company. Sinclair settled for "...\$250,000 cash and by agreeing to pay \$750,000 more."

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The newspaper articles were discontinued after

14. New York Times, April 4, 1928, 1.

15. Senate Report 794, 11.

16. Thomas Walsh, "True History of the Teapot Dome," Forum, July 1924, 7-8.

17. Hearings, Part II, 369; Congressional Record, May 29, 1928, 10537.

settlement of the suit.

Before awarding the lease to Sinclair, Secretary Fall testified that he held conferences with representatives of the Navy, principally Admirals Gregory and Robison and also the Secretary of the Navy, and created the impression that the contract was agreeable to all concerned.

Senator Walsh called attention to the fact that the Sinclair contract did not require advertising for bids to build the storage tanks or any phase of the construction, although Fall on the stand testified that the Navy Department would pass on all phases of construction from "...bids secured by public advertisement."¹⁸ They were then submitted to experts. However, Admiral Gregory in writing to the Chief of the Bureau of Engineering pointed out the disadvantages of cost plus contracts in the construction of storage tanks.

Since the creation of the naval reserves, the policy¹⁹ had been to leave the oil in the ground for future needs. It was commonly supposed that this was to be continued, because Congress had made no appropriations to build storage tanks. The terms of the lease for Teapot Dome wrought a change in this policy; in future the oil was to be stored at strategic points along the coast. Denby told the committee "...that the change

18. Hearings, Part II, 252.

19. United States Daily, December 31, 1927, 3.

in policy was necessitated because it was found it (oil) was
not being held in the ground." ²⁰

In case the legality of the lease should be questioned
both Fall and Denby signed it. ²¹ It was not publicly affirmed
until Assistant Secretary Finney sent a reply to Senator
Kendrick regarding it. Fall had left for New Mexico immediately
after the leases were signed. He said he left a memorandum for
the press, but ordered details withheld because he considered
it a military affair. Senator Walsh told the committee he could
not see how the execution of a lease could be considered a
military affair.

Increased public inquiry caused Fall to direct the
matter to be turned over to the Secretary of the Navy, who could
if he wished authorize publication. A Cabinet meeting was
called during Fall's absence and it was decided to allow the
leases to be made public. Before he started West, Secretary
Fall replied to LaFollette's inquiry concerning the reserves.
No mention was made in the letter of the lease, although the
ink was hardly dry on the contract.

After Fall's testimony was completed, Secretary of
the Navy Denby was asked to tell what he knew concerning the
oil leases. He assumed complete responsibility for the transfer ²²

20. Hearings, Part II, 301.

21. Congressional Record, January 28, 1924, 1541.

22. New York Times, February 7, 1924, 1.

He said it was done on his own initiative because he felt that the personnel of the Interior Department was better equipped to handle the oil reserves. His visit to Secretary Fall suggesting such a change would account for the letter that Senator Walsh introduced to the committee. The consensus of opinion seems to be that the idea originated with Fall, although Denby assumed responsibility.

The officers in charge of the naval reserve were Admiral Griffin, Commander Stuart, and Commander Richardson. Some of the officers who opposed Denby were transferred, but Denby denied that this was the reason for their detachment.

Concerning the contents of the leases, Denby said he²³ knew nothing of the circumstances connected with them. He was concerned primarily with the best interests of the Navy, not how it was done. He explained that after he became secretary, he was informed of drainage of reserves. His administration conformed with the established policy by advertising bids for offset wells for Naval Reserve Number I. Denby was awarded this contract.

The leases deviated from the regular custom, in that royalty oil was stored in tanks. Denby said the reason that they did not seek an appropriation from Congress was because of the loss from drainage was increasing daily. The fact

remains that Congress was in session during this period and yet despite the need for hasty action, the contract was not drawn up until more than a year after Denby came into office.

Denby refused to assume responsibility for the secrecy regarding the leases, because he said negotiations for them were done by the Interior Department. When completed they were sent to his office to be signed. Because he thought they were for the best interests of the Navy he signed them, after consulting with the Chief of the Bureau of Steam Engineering, Admiral Robison, and also the "...legal department of the Navy as to the legality of the transactions and upon the Secretary of the Interior as to the desirability of them..."²⁴

Admiral Griffin, former Chief of the Bureau of Engineering for eight years, was called to testify. He informed the committee that he was in charge of the naval reserves from their creation until 1920, when the Secretary of the Navy took charge. Admiral Griffin was consulted by Denby before the transfer and he vigorously opposed such a step. He took the position "...that the Navy had for ten years, or more, been fighting to retain the oil that we have in the naval reserves; that the Number II Reserve had been pretty well drilled up, but we had reason to believe that there was considerable oil left in Number I and also in Number III reserve in Wyoming; that in

all the controversies that had taken place regarding the naval reserves we had always met with opposition from the Interior Department, we might just as well say good-bye to our oil." ²⁵

In further opposition, Griffin objected to the statement that all public land should be administered under one department as was suggested. Such land, he said was set aside for the Navy and was as much their property as were ships, navy yards, etc. Griffin made a final effort to have inserted in the transfer order a clause which would require the Secretary of the Interior to refer any proposed leases to the Secretary of the Navy. Assistant Secretary Roosevelt brought the document over to Fall, but was not successful in keeping the clause in it. ²⁶ The Geological Survey, stated Griffin, supported the theory that offset wells would solve any problem of drainage.

Lieutenant Commander Landis, in charge of naval reserves in California, never knew of the transfer order until he read of it in the San Francisco paper. Later he received official notice from Commander Stuart. Because of the Standard Oil wells adjoining Reserve Number I, Landis favored offset wells for the reason that "...it was the prevailing opinion among oil interests in California that the two lines of wells would constitute a defense against ordinary operations in the

25. Ibid., 348.

26. John Ise, United States Oil Policy, 360.

adjoining section." ²⁷ Landis said that Reserve Number I could not be maintained unless the Pan American lease was nullified.

By 1921 there was not much drilling done by the Standard Oil Company because of the low market prices. There was more drilling done by the Pacific Oil Company in Reserve Number II, and the government thought it best to keep drilling for oil. The Southern Pacific Railroad had large holdings in this reserve, because at the time it was surveyed it was not known to contain oil.

Before the Sinclair lease was given out, the Midwest Oil Company had a contract with the Navy, whereby they became owners of the crude oil and gave the government in return fuel oil at the seaboard. At the expiration of this contract, the Mammoth Oil Company was given the award. One of the so-called advantages of this lease, which Fall took credit for, was the construction of the pipe line. Although the oil fields in Wyoming were without sufficient equipment, oil operators were of the opinion that if a future business was to be built up construction of pipe lines would become a necessity. There was a different situation in California. On Reserve Number II there were four "...with one pipe line owned by the Standard Oil Company on Reserve Number I, other pipe lines adjacent to such reserves, and still another pipe line building into naval Reserve Number I...." ²⁸

27. Hearings, Part II, 348.

28. Hearings, Part I, 37.

Mr. Washburne, geologist for the Geological Survey, said there was not sufficient drainage on Reserve Number III to warrant storage. He stated it would be more advantageous to keep oil in the ground because crude oil could be processed in many ways, whereas only fuel oil could be stored. Mr. Carroll Wegeman, former geologist for the United States Geological Survey, made a report on Teapot Dome while in the employ of an oil company. He said that the only place on Reserve Number III where there was drainage was the northern piece of land dividing Teapot Dome and Salt Creek field.

Experts from the Bureau of Mines and other departments connected with the reserves were brought before the committee. Much of their testimony was too detailed, besides being very technical. Further difficulties were encountered because their opinions were supplemented by charts and maps which are not available in the published hearings. The Geological Survey shows that drainage which existed could be remedied by offset wells.

While there are some slight differences of opinion among the experts, it is probably safe to conclude the drainage was not as alarming as Secretaries Fall and Denby wished to convey. Offset wells would take care of the loss on a much

29. Ibid., 40.

30. T. Walsh, "True History of the Teapot Dome," Forum, July 1924, 4-5.

31. Ibid., 7.

cheaper and safer basis. The hearings showed clearly "...that there has been no adequate policy for the conservation and supply of oil and gasoline sufficient for any emergency."³²

32. Chicago Daily Tribune, editorial, April 12, 1924, 8.

Chapter IV

ATTITUDE OF THE PRESS TOWARD THE LEASING OF THE OIL RESERVES

In response to Senate demands, the Department of the Interior sent to the committee, a great many documents concerning the naval reserves. Senator Walsh was asked by Senators Kendrick and LaFollette to "...assume charge of the investigation, the chairman of the committee and other majority members being believed to be unsympathic...."¹

Official testimony, senatorial debate and finally authorized publication of leases led to the conclusion that many in Washington were well aware of what was going on, long before the rest of the country was informed of such disposal of public lands. Little credence was given to the rumor in any newspapers until the Wall Street Journal published an account of the lease a week after it was signed. It seems strange that so vital a topic could go unnoticed among the newspapers of the day.

Not until Congress asked for information concerning the leases was the public provided with the facts and in some cases it was a small article shunted to the middle section of

1. T. Walsh, "True History of Teapot Dome," Forum, July 1924, 4.

the paper. The first recognition given to the oil leases by the New York Times was on April 29, 1922, when considerable first page space was devoted to LaFollette's attack on the business ethics of Fall and Denby. Senator Poindexter, the acting chairman of the Naval Affairs Committee, suggested to the press that there might be a full investigation. The struggle during Wilson's administration by private interests seeking a larger share of oil profits was emphasized. The newspapers compared the attitude of the former administration with that of the present one.

LaFollette belittled the theory of drainage as an excuse for such proceedings. He quoted the state geologist of Wyoming and also Governor Carrey both of whom denied that there was drainage due to private wells from Salt Creek fields. The Literary Digest (May 20, 1922) had an illustration of Teapot Dome showing the fault. From the diagram one could note that the general topography of the land itself would seem to make drainage into the Salt Creek field impossible.

Admiral Dewey, when President of the General Board of the Navy, and Thomas Edison, chairman of the Naval Consulting Board in 1916, favored the traditional policy. The future of the Navy depended upon oil and it was LaFollette's fear that if such exploitation continued "...the supply which should have lasted us for a century to come will be exhausted within a

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brief span of years."

About the same time other newspapers inserted short articles concerning the leases. The Boston Transcript and the Chicago Daily Tribune recognized their news value, the latter paper quoting LaFollette's charge that Sinclair made thirty million dollars on the stock exchange during three days in April of 1922.³ A study of the financial pages during April shows that there was a great deal of trading of Sinclair's stock. On April 18, 1922, 228,100 shares were disposed of at \$32 $\frac{1}{2}$ per share. His stock rose to its highest point the day before, when shares were quoted at \$33 $\frac{1}{2}$ each.⁴

Shortly after the Senate had decided to begin an investigation, the New York Globe (May 20, 1922) predicted that if "...all that is hinted at is true, Mr. Harding has a scandal of the first magnitude on his hands,"⁵ Generally the Republican papers made very little comment on the leases. They maintained that "the foregoing charges are too grave to permit a hasty editorial judgment in the opinion of the Independent Syracuse Herald, and the Chicago Daily News felt that the royalties exacted from the lessee ranging from 12 $\frac{1}{2}$ to 50 per cent seem fair."⁶ Directly opposed to the Chicago Daily News was the

2. New York Times, April 29, 1922, 1.

3. Chicago Daily Tribune, April 29, 1922, 6.

4. Springfield Republican, April 6 to 28, 1922.

5. Literary Digest, May 20, 1922, 14.

6. Ibid., 14.

New York World, an independent Democratic paper. They affirmed the statement that the government secured a royalty but "'...who wouldn't pay 50¢ a barrel for crude oil that sells for several dollars?'"⁷

After passage of the Senate resolution the committee began its work. Senator Walsh said he studied carefully the Department of Interior reports, the leases themselves, and Fall's letter to President Harding giving reasons for the transfer. Besides this, he was compelled to familiarize himself with the acts of February 25, 1920, and of June 4, 1920, together with "...the statutes touching contracts by the executive department generally and the Navy Department specifically."⁸

Senator Walsh was discouraged by the lack of public interest at the beginning of the investigation. Later some curiosity was exhibited when newspapers quoted Sinclair as saying he could make a hundred million dollars from the lease. Public trust in government officials was somewhat shaken when the secrecy of the negotiation was revealed. Fall's inept reason for the transfer stirred up further sentiment against this type of business ethics, especially when he had to admit on the stand that the very act he gave for his authority was not applicable. He then fell back upon "...some vague authority

7. Ibid., 14.

8. Forum, July 1924, 4.

arising from the general scheme of the government."⁹

Committee hearings were suspended on November 2 and were resumed again on November 30. In the interim, many unusual facts connected with the leases were brought to light. One of the most important revelations was the discovery of the rapid rise in Fall's financial condition just previous to the disposal of these leases. A newspaperman gave Senator Walsh the information he wanted. He made known Fall's unpaid taxes for ten years. Witnesses from New Mexico testified of his inability to pay them until 1920 and 1921. The sudden payment of taxes and purchase of additional land in such a short time seem suspicious. Where did he get the money? Walsh determined to find out. The suspicions of other committee members were temporarily lulled when Fall assured them his son-in-law could explain everything to their satisfaction. Doheny appearing before the committee "...denounced as an "outrage" the bringing of witnesses from New Mexico to besmirch the character of so upright a public official as Albert B. Fall."¹⁰

When his son-in-law did not appear before the committee Fall begged to be excused from testifying because of illness. Finally he came to Washington and had a conference in his hotel with two members of the committee (Smoot and Lenroot). He told

9. Ibid., 7.

10. T. Walsh, "True History of the Teapot Dome," Forum, July 1924, 9.

them he borrowed \$100,000 from Mr. McLean, a Washington publisher.¹¹

When this became known many wondered how McLean could loan that much cash, when at the same time there were judgments against him, which he asserted he could not pay.

The Washington Herald (February 27, 1924) capitalized the fact that the conference was secret and that the committee knew nothing of it. Senator Smoot was asked if he told the committee and he said he didn't see why they should be told.¹²

McLean wrote and substantiated Fall's story. Thereupon Senator Walsh asked that McLean be subpoenaed, but he was not successful. Finally the Senator went to Florida to get McLean's story. Much to Senator Walsh's amazement, McLean contradicted his written statement. He said he did not loan the money to Fall.

Surprising information was coming from entirely unsuspected sources. Doheny volunteered the news that because of his friendship for Fall, he loaned him \$100,000. The money was "...transported in a satchel from New York to Washington, which Fall afterwards carried in a tin box to El Paso, Texas..."¹³ In June 1921, Doheny had received the lease for 22 offset wells. Before he sent the money to Fall, he wrote him saying he was interested in bidding on construction of oil tanks. The money

11. Nation, June 20, 1928.

12. Congressional Record, February 28, 1924, 3229.

13. T. Walsh, "What the Oil Inquiry Developed," Outlook, May 21, 1924, 96.

was loaned in November and the following spring he received the lease.

Newspapers and magazines held up to public scrutiny the apparent neglect of ethical conduct in some of its officials. Sinclair was criticised for coming to New Mexico to conduct business instead of going to Washington, where it could be carried on legally and officially. Criticism was intensified when Archie Roosevelt testified to having \$68,000 in cancelled checks from Sinclair to Fall's foreman.¹⁴

Under the caption, "The Nation's Weekly Washington Letter," Mr. William Hard wrote concerning important topics of the day. Many of the articles were concerned with the development of the oil investigations. The administration was often severely criticised; prominent characters, who were identified with the oil leases were singled out and their actions were questioned. Some papers suggested that the President determine the means of handling the matter. They felt he would in time reorganize his Cabinet, because sooner or later public opinion would force those concerned to resign. The San Francisco Chronicle said Walsh was playing "dirty politics."¹⁵

Denby's testimony came in for many scathing remarks. The futile efforts to locate a letter he had sent to President Harding justifying the transfer was a target for comment. Did

14. Outlook, editorial, January 30, 1924, 166.

15. Congressional Record, February 8, 1924, 2056.

such a letter exist, when it could not be found in the files of the Interior, Naval, or State Departments, or in the White House? Questioning seemed to be further justified when Assistant Secretary Roosevelt, who took the Executive order to Harding, could not remember bringing such a letter with him. Denby said the letter was written May 26, 1921, while Roosevelt did not get the order signed until May 31. Oswald Villiard wonders whether "...the whole letter was not a fake drawn up to make a record where a record did not exist."¹⁶

Because of the revelations concerning oil lands, the Nation strongly advocated preserving "...our material resources for all the people and exploit them for service and not for private profit."¹⁷

The Tampa Morning Tribune condemned officials who allowed such proceedings when it was clearly shown from Senate action at various times that exploitation of natural resources was contrary to public policy. It considered officials very lax in their duty who allowed removal of "...reserve oil from the safest depository on earth which is the ground itself...."¹⁸

As soon as the testimony of Denby and Fall was taken the Senate debate echoed to the cry of resignation. Every day some legislator spoke in favor of such a procedure. Outwardly

16. Nation, February 27, 1924, 224.

17. Ibid., March 26, 1924, 332.

18. Congressional Record, March 10, 1924, 3876.

the serenity of the official family remained the same. Senator Robinson (Ark.) upheld the same Senatorial sentiment by introducing a resolution asking Denby's resignation. The senator was playing cheap politics, asserted the New York Herald (January 31, 1924) and it paid tribute to Senator Smoot for attacking such tactics. However, there was little support of the administration since the beginning of the investigation by its representatives.

Little heed seemed to be paid Senator Robinson, when the President opposed such a plan. According to the Washington Evening Times (January 31, 1924) "...President Coolidge will not permit Secretary Edwin Denby to resign from the Cabinet under fire, it was stated today by those who talked with him in the last 24 hours."¹⁹

This attitude was disapproved by many because they said as Vice President, under Harding, Coolidge attended Cabinet meetings and was present in the Senate and could not but know what was being planned. If he did not know what things were, then as some stated, he was the only official in Washington who didn't. Knowing this and well aware of the national attitude toward the conservation of public resources, he still seemed hesitant when he was asked to demand the resignation of

19. Ibid.

Daugherty and Doheny. The leasing of the reserves could not be accomplished without the assistance of Daugherty and Denby.

Although some felt the President was slow to act during the investigations, others advocated a policy of watchful waiting. Shortly after Senator Walsh's visit to Florida several telegrams were published. These telegrams sent from Washington to McLean aroused public interest. Newspaper comment was forthcoming and some former suspicions seemed to be verified. The Philadelphia Public Ledger berated the legislators in Washington for their criticism of the President.

Many wondered what excuse would be given concerning the telegram Mr. Bennett sent to his employer Mr. McLean. It contained a rather curious message:- "Saw principal. Delivered message. He says greatly appreciates...There will be no rocking of boat and no resignations. He expects reactions from unwarranted political attacks. (Signed) Bennett." ²⁰ The general conclusion was that Coolidge was the principal referred to in the telegram. To almost everyone's amazement, Bennett went before the committee and said that Senator Curtis was the principal referred to. This statement did not clear things up because the rest of the telegram was not consistent with the information. A news item in the Washington Post (McLean's

paper) upheld the first solution to the telegram when it stated that : "At the outset Senator Curtis of Kansas, assistant Republican leader in the Senate, appeared voluntarily and denied under oath three separate stories told by Ira E. Bennett, an editorial writer for the Washington Post." ²¹

While the hearings were being conducted, many magazines and newspapers issued articles from time to time concerning the oil leases. The Nation had its representative in Washington (William Hard) who prepared an article in each issue concerning the highlights of the investigation. Many of the stories were severe criticisms of the principal figures. Their testimony on the stand was reported and discussed. Archie Roosevelt and Secretary Denby were the subjects of good character delineations. The public was confronted with sketches of guileless men in positions of trust, who were unable to cope with the situations confronting them. ²²

A story in the Independent frankly stated that "...the gang who were out to do the looting, lost no time in fastening on their prey." ²³ This article by Henry Beston (former soldier and sailor) stated that the nation owed some members of the Navy a debt of gratitude for vigorously opposing the new policy. Other organs of opinion opposed such an attitude and felt that

21. Ibid.

22. Nation, Jan., Feb., 1924.

23. H. Beston, "The Navy's Oil Story," Independent, May 10, 1924
248.

the leases were entered into in good faith.

At the conclusion of the investigation, a report was submitted to the Senate. The report is "...a verdict, not an indictment...." in the opinion of the Newark News (Ind.).²⁴

Many newspapers felt that Walsh did the nation a great service in revealing what was done. His work should "...jog the memory of a shockingly forgetful nation."²⁵ Generally Republican papers gave little space to Walsh's work; some of them regarded the work as a waste of time, while others thought that it would be used as a political document. Probably the most constructive comment was contained in the Baltimore Sun, which expressed the hope that the establishment of a definite conservation policy by the United States would be the result of this investigation.

On the whole newspaper and magazine articles were scarce at the outset of the committee hearings. The committee progressed without much help from the Department of Justice, or either major political party. From time to time some sensational evidence was published. At times, only those items which made good copy were used; then again parts of testimony were used to interpret the political feelings of the writer. From the many comments on various phases of the investigation it is hard to get a true consistent picture of events. The published hearings

24. Literary Digest, June 21, 1924, 20.

25. Ibid., 14.

present the only reliable account, but the very length of them makes them difficult reading. The Senate report gives a very comprehensive account of the investigation.

As a result of their findings, court action was initiated by the government. Numerous hearings were heard in the various courts which were delayed from time to time. As judicial opinions were rendered, spurts of public interest were revived by accounts in the newspapers.²⁶ Extracts of the decisions were usually given in the Congressional Digest.

The Literary Digest gave praise to the Supreme Court for cancelling the Doheny and Sinclair leases (see Chapter V).²⁷ Only a "...faithless public officer..." would be involved in such shady business. Sinclair's various legal battles were before the public eye for many years. Some newspapers expressed the thought that Sinclair felt that his money should keep him outside the clutches of the law. This feeling grew stronger especially after he was sentenced for being in contempt of the Senate and contempt of court; even then he was able to secure many delays. Although found guilty and sentenced in March 1927, he did not go to jail until the Supreme Court upheld the verdicts²⁸ of the lower courts in June 1929.

Secretary Fall was another character who received more

26. Congressional Digest, November 1927, 319-320.

27. Literary Digest, October 22, 1927, 11.

28. New York Times, June 23, 1929, 1.

than his share of publicity during this period. His appearance before the committee, his false testimony before them concerning the \$100,000 loan, and finally his appearance in court in a wheelchair were paraded before the nation. The verdict of guilty brought to an ignoble end, the man who so hastily usurped undue authority. Public opinion had been incensed by such poor management of its resources, and court decisions were of the calibre that it had "...become imperative for us to at once begin the wise and scientific conservation of these resources."

29

Chapter V

RESULTS OF THE SENATE INVESTIGATING COMMITTEE

In the beginning, the testimony before the committee was quite technical. The principal point of dissension was whether drainage was taking place on the reserves. The committee endeavored to prove that it was not as alarming as to require the leasing of the entire reserve. The Senators wanted to know why the whole reserve was given to one party, when the leasing act authorized "...only the drilling of offset wells on the edge of the naval reserves, where considered necessary to prevent wells drilled on adjoining private lands from depleting reserves"

Not until the arrival of Archie Roosevelt before the committee and his mention of a loan to Fall did the public take more than a casual interest in the investigation. His testimony seemed to be the first link in a chain of evidence which finally led to cancellation of the leases. At the suggestion of G. D. Wahlberg, confidential secretary to Mr. Sinclair, Roosevelt resigned as Vice-President of the Sinclair Crude Oil Company. Later Mr. Wahlberg denied this before the committee and said

1. Congressional Record, May 29, 1928, 10535.

that Archie Roosevelt misunderstood him. He recalled the conservation saying he referred to six or eight cows that were given to Fall instead of the \$68,000 loan as mentioned by Roosevelt.²

Suspicious activities which were unthought of at the beginning of the investigation were pushed to the foreground. Day by day unethical conduct was proved by testimony. In spite of the work of the committee to bring such actions to light, neither the President nor the Department of Justice concerned themselves with the preparations toward protecting the public interest.

Coolidge as President seemed to advocate a policy of watchful waiting. Many of the Representatives upheld this attitude, maintaining that the President would be guided by the course of events. The Philadelphia North American (February 1, 1924) felt that Coolidge's course of action in this issue would provide a turning point in his political career. It bluntly stated that only with the resignation of Cabinet members connected with the oil leases could he retain his popularity.³

Resolutions were passed in Congress requesting the resignation of Cabinet members connected with the leases. Because of the stinging criticism leveled at him in the Senate,

2. New York Times, February 19, 1928, Section IX, 1.
3. Congressional Record, February 7, 1924, 1957-1958.

Secretary Denby resigned (February 18, 1924) not through any consciousness of wrong-doing in connection with the oil leases, but solely to relieve the President of embarrassment.⁴ Two weeks later, a committee of 5 Senators was appointed (S. Res. 157-March 1, 1924) to find out why Attorney General Daugherty did not arrest and prosecute Fall, Sinclair, Doheny, and Forbes. Because of mounting unfavorable opinion, Coolidge requested Daugherty to resign (March 27, 1924). * Attorney General Daugherty's apparent lack of ability in his department was also the basis of an investigation at this period. The Senate was well aware of his friendship for Fall and took cognizance of his prejudices when they directed the President to engage special prosecutors to begin suit to cancel the oil leases (Sen. Res. 54).

Not until he was ordered to do so by the Senate did President Coolidge secure special counsel. As soon as this action became known Harry Sinclair fled to France, and Mr. Fall refused to testify before the committee on the ground that he might incriminate himself. He further questioned the power of the committee because he maintained that its authority expired with that session of Congress which instituted the investigation. Thereupon the Senate confirmed the authority of the committee

4. Literary Digest, March 1, 1924, 10.

(February 7, 1924) and ordered it to continue the investigation. ⁵

The names of Silas Strawn and ex-Attorney General Gregory were submitted to the Senate for approval. Both men were hastily rejected because of their associations with the oil interests; Strawn had been director of a bank which floated Standard Oil bonds, and Gregory had previously been attorney for an oil company. Owen J. Roberts and Atlee Pomerene were then submitted by Coolidge. After much discussion these men were finally accepted, although it was the consensus of opinion in the Senate that in selecting counsel, Coolidge did not pick the best known lawyers, who had established reputations when prosecuting federal cases.

The legislators also regreted the fact that Coolidge did not consult Senator Walsh, without whose tireless efforts such glaring irregularities would never have become known. ⁶

Senator Lenroot was the only one who had been called in conference with the Chief Executive. Because such important functions of government were to be decided, Senator Dill (Wash.) objected to the President's selection, insisting that the best legal talent of the country should have been secured. Pomerene with practically no experience in public land cases, and Roberts with no national reputation as a lawyer were handicapped in

5. Congressional Record, April 2, 1928, 5375.

6. John Ise, United States Oil Policy, 385.

coping with the experienced lawyers of the defense. Senators Norris and Reed criticized Coolidge for failing to consult Walsh. However, they made it known that if Walsh objected to the President's choice they would help him block this selection. 7

Pomerene and Roberts were duly appointed as counsel (February 2, 1924) and the arduous task of securing evidence was begun. While government counsel was busy securing data and instituting suit in the courts, the investigating committee continued to bring before the public eye many irregularities in regard to the leases.

The publicity given Sinclair's government leases kept him busy in court for years attempting to convince the judiciary that their legality was unquestionable. When recalled by the committee to discuss again his transactions with Fall, Sinclair refused. He had previously appeared five times before the committee, but failed to comply with the sixth summons. He adopted this course because his attorney advised him "...that the case had already passed into the hands of the courts, the Government having filed a bill of complaint on the leases validity in the District Court of Wyoming." 8 This action caused the Senate to refer the procedure to the district attorney. An indictment was filed against him for contempt of the Senate.

7. Congressional Record, February 16, 1924, 2549.

8. New York Times, March 7, 1927, 12.

This contempt indictment was shortly relegated to the background, when less than two months later (June 15, 1924) criminal indictments against him together with Fall and Doheny were issued. Using the evidence of the investigation as a basis the special Grand jury (District of Columbia) charged Fall, Sinclair, and Doheny with conspiracy, and Fall, Doheny, and his son for bribery on July 1, 1924.

Within a year Chief Justice ^{McCoy} of the Supreme Court of the District of Columbia quashed the indictments "...on the ground that special counsel for the Government unlawfully permitted Oliver E. Pagan, an Assistant Attorney General, to appear before the Special Grand jury investigating the oil leases..."⁹ The government's appeal concerning the bribery indictment was upheld and new ones charging conspiracy were again returned against Fall and Doheny. Government attorneys warned the Navy not to use the storage tanks, in case it might affect the outcome of the suit.

Initiation of court action to restore the naval reserves to the government brought a temporary halt to the work of the investigating committee. A majority report was submitted to the Senate (June 6, 1924) which severely criticized the oil policy of the Harding administration. This scathing report

9. New York Times, April 4, 1925, 1; John Ise, United States Oil Policy, 385.

played an important part in the presidential campaign. Democrats and Progressives blamed the Republicans for such scandalous activities. They berated fellow Republicans in the halls of Congress for their lack of patriotism and the incapacities of its Cabinet members. Resignations were demanded for the best interests of the people.

The Republicans in reply to such criticisms stated in their platform that "...the recent congressional investigations have exposed instances in both parties of men in public offices who are willing to sell official favors and men out of office who are willing to buy them, in some cases for money, and in others of influence,..."¹⁰ Senator Walsh was condemned because he was trying to make a political issue out of it. President Coolidge told the press that wrongdoers would be prosecuted to the fullest extent of the law. The Republican point of view was expressed in a minority report (January 15, 1925) which upheld the leasing and stated that the majority members of the committee placed too much credence upon mere rumors.

In the spring of 1925, Judge McCormick upheld Senator Walsh's contention that the leases were invalid. He considered the methods of doing business carried on between Fall and Doheny as unethical, especially the \$100,000 loan. Such unbecoming

10. Congressional Record, May 29, 1928, 10539.

conduct breeds "...distrust of public officers..."¹¹ Doheny was given credit by the judge for the work he had done on the reserve. The decision voiding the lease granting construction in Pearl Harbor, Hawaii, (granted April 25, 1922), the leasing of Elk Hills (June 5, 1922), and the lease granting further construction and authority to drill the whole reserve (December 11, 1922) was appealed by Doheny.

The Supreme Court agreed with the decision of the lower court that such a lease was fraudulent and corrupt. Justice Butler refused to allow Doheny reimbursement for money spent. It was up to Congress to determine whether Doheny should be recompensed because the improvements were done without Congressional approval. Justice Butler's opinion reprimanded Secretary Denby because of his seemingly utter lack of knowledge of what he signed, although the Senate report stated that he had no part in the deal. Newspapers estimated Doheny's loss at 24 million. According to a survey there were about 700 million barrels in the reserve, which was three times greater than the estimate made before the lease was given to Doheny. From this it was easy for Doheny to state as he did that he expected to¹² make 100 million dollars.

The decision was in accord with public opinion and

11. New York Times, May 29, 1925, 2.

12. New York Times, October 11, 1927, 1.

newspaper articles stressed the fact that justice had been done. The Baltimore Sun, Springfield Republican, New York World and other papers, which a few short years before seemed unaware of the destruction of oil lands, were now severe in their criticism of Fall and Doheny and warm in their praise of judiciary. The Pittsburgh Post Gazette, attributed governmental success to the splendid work of Pomerene and Roberts. The Philadelphia Record frankly stated that Doheny had received the lease because he loaned \$100,000 to Fall. The Newark News made special mention of the splendid efforts of Walsh and LaFollette for making known such unethical methods of business.

13

Justice Kennedy of the United States District Court of Wyoming was not of the same opinion concerning oil land policies as his colleague Judge McCormick of California. Sinclair's lease on Teapot Dome was upheld by Judge Kennedy, June 19, 1925. He felt that it was necessary for national security to maintain secrecy in such a deal. He severely criticized however the operations of the Continental Trading Company. The government appealed this decision and was successful in the district court at St. Paul. The court was of the opinion that "...the secrecy with which the negotiations were carried on and completed was itself conclusive evidence of the criminality of the whole business..."

14

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13. Literary Digest, March 12, 1927, 8-9; October 22, 1927, 12.
14. New York Times, March 1, 1927, 1.

The activities of the Continental Trading Company served as a basis for investigation in 1928 by the Committee on Public Lands and Surveys. Its financial transactions were traced and later proved to be a source of irritation to prominent figures. Little was known of this concern until government counsel investigating Fall's bank transactions found reference to Liberty Bonds. Their numbers were noted and traced to the Continental Trading Company. This concern had the New York branch of the Dominion Bank of Canada buy over three million dollars worth of Liberty Bonds; Sinclair gave \$230,000 of these to Fall.

The Sinclair Crude Oil Company (50% of which was owned by the Standard Oil Company) and the Prairie Oil and Gas Company had a conference with Mr. Humphries, an oil dealer, whereby they agreed to purchase oil from him. For this purpose the Continental Trading Company was organized and the two aforementioned companies assumed financial responsibility. Over thirty three million barrels of oil were bought at \$1.50 a barrel and were sold the same day to the respective companies (Prairie Oil and Gas Company and Sinclair Crude Oil Company) at \$1.75 a barrel. It was brought out in court that the Continental Trading Company "...was created overnight for the purpose of a single transaction; that it realized a profit of three million in one day's existence, then quietly passed out." The profits in

Liberty Bonds were divided evenly in four parts after the Canadian president of the company received his commission (Mr. Osler was appointed president of the Continental Trading Company).

Harry Sinclair (Sinclair Crude Oil Company), James O'Neill (Prairie Oil and Gas Company), Robert Stewart (Standard Oil Company), and Harry Blackmer (Midwest Refining Company) received their share of the profits. As soon as the transactions of this company became known, these men became quite inaccessible to the investigating committee. All records of the company were destroyed, before Blackmer fled to Europe and Stewart left for South America. Sinclair was under indictment at the time so his testimony could not be secured. Part of Sinclair's share of the Liberty Bonds helped to pay off some of the deficit of the Republican party, according to the testimony of Will Hays, who was chairman at the time.

Previously Mr. Hays had stated that Sinclair had given \$75,000 and created the impression that it was a cash gift. Four years later (1928), he voluntarily told the committee that in addition to the \$75,000 in bonds, Sinclair had loaned an added \$185,000. However \$100,000 was returned to Sinclair because some prominent Republicans accepted the bonds and returned cash for them.

Although successful in the lower court, Sinclair was defeated when the Supreme Court reviewed the Teapot Dome case and declared it fraudulent and corrupt (October 10, 1927). Justice Butler said that from the evidence there was conclusive proof that the lease was invalid and that the contracting parties knew that the act of June 4, 1920 did not authorize such action. Furthermore, the opinion stated that drainage was not great and that Fall knew it.

From the time Sinclair received the lease for Teapot Dome, April 7, 1922, until the receivers were appointed, March 13, 1924, two 150,000 gallon tanks were built which were never used for oil storage together with several small unused tanks. Besides this Sinclair spent about three million dollars in developing the land for drilling. Two offshoot wells were later built by the receivers. A decision returned this improved land to the government. Newspapers quoted Sinclair's losses at approximately ten million dollars. The Court decree provided for "...an accounting to the Government by the Mammoth Oil Company for the value of all oil and other petroleum products taken under the lease and contract which had been voided."

While the status of the leases was being determined, Sinclair was attempting to justify his refusal to answer the

17. New York Times, October 11, 1927, 22.

18. United States Daily, December 31, 1927, 3.

questions of the investigating committee on March 22, 1924. The court questioned the defendant concerning his transactions with Fall and also his contributions to the Republican party. After hearing the testimony of the witnesses, the jury found Sinclair guilty of contempt of the Senate. The decision was appealed and Sinclair was let out on \$5,000 bond. Hardly had his lawyers finished one case when they were appearing in another court pleading for Mr. Sinclair. This time the charge was conspiring to defraud the government in the leasing of Teapot Dome.¹⁹

Shortly after the government began its case against Sinclair and Fall on charges of conspiracy (October 5, 1927) the trial was brought to a sudden close. On November 2, 1927, Mr. Pomerene produced affidavits of agents of the Burns Detective Agency, who stated they tampered with the jury. These agents were commissioned to shadow the jurors morning and night and report to Mr. Day, Sinclair's representative. E. K. Kidwell, one of the accused jurors was alleged to have spoken too much, on the gratuities he was to receive from Sinclair.²⁰

Judge Siddons immediately ordered a mistrial. The Grand jury in Washington, D. C. began an investigation and the conspiracy trial was set for January 16, 1928. The Grand jury

19. New York Times, April 25, 1927, 1.

20. Congressional Record, May 29, 1928, 10540.

summoned Mr. Burns and he testified that Mr. Day hired his concern to shadow the jury.

On December 16, 1927, the contempt case opened and the defense attempted to convince the judge that shadowing a jury was not a violation of the law. This further revelation concerning Sinclair's attitude toward the courts increased public opinion against him. Sinclair's attempts to influence the jury were subject to severe castigations in the press. The New York Times recalled to readers that it was a newspaper reporter who brought "...the first exposure of the nefarious work" to Senator Walsh's attention.

Mr. Stackelberg, a reporter on the Denver Post procured the information concerning the lease on Teapot Dome, which his employer began to publish. Mr. Sinclair paid a million dollars to the Pioneer Oil Company for its useless claims on Teapot Dome. After this settlement was made, newspaper articles in the Denver Post were discontinued because the owner, Mr. Bonfils, shared in the settlement.

The Washington News, and the Charleston Daily Mail felt that Sinclair thought his money protected him from punishment. Justice Siddons (Supreme Court, D. C.) declared Sinclair, Burns, and Day in contempt of court for shadowing the jury.

Sinclair was sentenced to serve six months, Burns fifteen days,
and Day four months (February 22, 1928).²²

Meanwhile Congress had been busy enacting laws which would help the government to build up a stronger case. They made a poor showing at the first conspiracy trial because they could not produce witnesses to uphold their accusation. The government held that Fall received \$230,500 in Liberty Bonds which were traced to Sinclair. They attempted to get Mr. Everhart, Fall's son-in-law to testify that he brought them from Sinclair to Fall. He refused to testify on the grounds that he might incriminate himself. Other members of the Continental Trading Company had fled from the country.

The vigorous efforts of Senator Walsh succeeded in helping to pass a law which gave "...the Federal court the authority to subpoena throughconsuls American citizens resident in foreign countries."²³ Repeatedly attempts were made to secure the missing witnesses, but the efforts were unsuccessful. Blackmer refused to return to the United States and \$200,000 was forfeited by him; France did not recognize the subpoena issued claiming Blackmer was a resident of that country. Because of his refusal to return to the United States, Blackmer was fined \$60,000 for contempt of the Supreme Court of the

22. Chicago Daily Tribune, February 22, 1928, 1-2.

23. New York Times, March 4, 1928, 4.

District of Columbia. O'Neill refused to return to America. Finally in 1928, Stewart returned from Cuba to appear before the committee. He refused to tell how the profits of the Continental Trading Company were distributed and was charged with contempt of the Senate.

The second trial charging Sinclair with conspiracy, originally scheduled for January 1928, was postponed until April 9, 1928, in order to give the lawyers time to study the depositions taken from Fall in El Paso, Texas. Because of Fall's illness, the court decided to try Sinclair alone on the conspiracy charges.

The defense insisted that the Liberty Bonds given to Fall paid for Sinclair's interest in the ranch. Much to the surprise of many, Fall stated that the Doheny loan was kept secret at the suggestion of Will Hays, Senator Smoot and Lenroot because "...public knowledge of the transactions would result in charges that the Republican administration had favored the oil man in its Mexican policy. Doheny, with the consent of the administration, had just loaned the Mexican government \$10,000,000." ²⁵ Lenroot and Smoot denied Fall's accusations, stating where he got the money and advising him to tell of it.

Assistant Secretary of the Interior Finney told the

24. New York Times, May 4, 1931, 2.

25. Chicago Daily Tribune, April 3, 1928, 1.

court that he had made out the Doheny lease, while Fall wrote the one given to Sinclair. Finney was ordered to withhold publication of the leases.

In conspiracy cases, considerable evidence is ruled out and so it becomes quite difficult to prove conclusively to a jury the guilt of a defendant. Sinclair's acquittal on conspiracy charges was the "...greatest surprise Washington has had in years," declared the New York Times (April 22, 1928). The verdict was not as surprising as it seems at first glance. The jury was unaware of the Liberty Bonds given to Fall by the defendant. They did not know he was judged in contempt of the Senate and the Supreme Court, nor were they told of the part played by the Continental Trading Company during this period. After the trial, some jurors stated that they learned more about the case from friends and newspapers than in the courtroom. In each case they made it plain that had they known of Sinclair's previous tilts with the law concerning the leases,²⁶ they would have decided differently.

Although Fall pleaded illness, his conspiracy case was set for October 1929. He refused to appear for trial and would not permit court doctors to examine him. After a few days continuance he was wheeled into court. Deprived of his

26. Congressional Record, May 28, 1928, 10529.

self incrimination plea by Senatorial legislation, Everhart testified regarding the Sinclair and Doheny loans. Doctor Bain, Director of the Bureau of Mines, testified that Fall distated the policy concerning leases and that Robinson, Denby's representative, upheld his views. Doheny stated on the stand that the \$100,000 given to Fall was a loan and not a gift.

On October 26, 1929, Fall was found guilty, but because of poor health was not given a maximum sentence. This public official was the "...first member of an American cabinet to be adjudged a felon by a jury of his fellow citizens."²⁷ Shortly after he was sentenced to a year in prison and fined \$100,000. A motion for a new trial was denied by Justice Hitz.

Step by step the judiciary was ascertaining the legality of the disposal of the naval reserves. The conduct of those connected with the leases was being judged. Doheny was the next defendant brought before the tribunal of justice to answer an indictment as giver of a bribe. The judge instructed the jury in passing sentence to consider only Doheny's intention. The defendant was acquitted and numerous magazines and newspapers questioned such a decision, considering the fact that shortly before this Fall on the same charges had been declared²⁸ guilty.

27. New York Times, October 26, 1929, 1.

28. Outlook, April 2, 1930, 13; Literary Digest, April 5, 1930, 530.

After many years of sensational headlines, the last chapter of this episode in history came to a close. In sharp contrast to a former period of national interest, Atlee Pomerene's appearance in the Supreme Court of the District of Columbia seeking to quash any indictments still on the docket against Fall, Sinclair, and the Dohenys attracted very little attention. Either new indictments had been secured and decided upon, or the defendants had been acquitted, so the judge granted the government's petition. In accordance with the naval policy, most of the producing wells were to be shut down as soon as possible.

The Supreme Court upheld the stand of Senator Walsh and his colleagues, who signed a majority report of their investigation, which declared null and void the leases given out by Secretary Fall. Public officials were censured for performing in office an act which might be construed as to their own advantage. Public opinion expressed disgust at the methods of transacting business used by Sinclair and Doheny, who considered profits first and last, regardless of how or where they were made. This episode in American history casts a shameful light on some of our fellow citizens, but it is hoped that their actions are considered the unusual in American life rather than the average.

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There is a considerable amount of material concerning the naval oil reserves, which did not seem apparent during the first stages of developing the topic. Hearings of the Investigating Committee, although quite lengthy, and Senate Reports provide an official source of information. In many cases the Congressional Record is one of the best sources, but it takes time to assimilate any material of value. Additional information concerning court action is accessible only in short unconnected articles written on many aspects of the different judicial opinions. The New York Times Index provided the only daily account of the courts' interpretation of Fall's oil policy. In many books the leases are treated only as a small phase of the general land policy.

Government Publications

- Public Lands and Surveys Committee, Senate, Leases upon naval oil reserves, 3 parts, Senate Report 794, 68th Congress, 1st session, Government Printing Office, Washington D. C., 1923.*
- Part 1-----Report pursuant to Senate Resolution 147; submitted by Mr. Walsh of Montana, June 6, 1924, 36 pages.
- Part 2-----Minority views pursuant to Senate Resolution 147 submitted by Mr. Spencer, June 6, 1924, 2 pages.
- Part 3-----Supplemental minority views pursuant to Senate Resolution 147 submitted by Mr. Spencer, January 15, 1925, 24 pages. (The publication reads 68th Congress, 2nd session, although Senate Report 794 is a report of the 1st session of the 68th Congress.)
- The hearings of the committee in 14 parts provide a comprehensive development of why the oil reserves were created, the general policy, the transfer of reserves, and finally the leases. The testimony of prominent men connected with the oil contracts is interesting as well as enlightening. However, the mathematical technicalities that are touched upon, especially when Sinclair testified about the stock values and holdings he had, become too detailed for the average person. Then too, the testimony of geological experts, although valuable to the committee, were too scientific and technical. Secretary Fall and Denbys' testimony gives a splendid picture of what went on behind the scenes while the leases were being negotiated. The published hearings give the reader a good idea of the

work of Senator Walsh. Most of the questioning was done solely by him, and it was due to his efforts in uncovering such illegalities that court action was initiated.

Senate Report 794, Leases upon Naval Oil Reserves, 68th Congress, 1st session, June 6, 1924, Government Printing Office, Washington, D. C. This is the Majority report of the Committee on Public Lands and Surveys. It is probably the best summary of events leading up to the investigation of the leases. It is a resume of conclusions reached after hearing the testimony of those concerned and the opinions of geological experts.

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Ball, Max, "Petroleum Withdrawals and Restorations Affecting the Public Domain," United States Geological Survey Bulletin 623, Government Printing Office, Washington, D. C. 1916.

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Report of Federal Trade Commission on Pacific Coast Petroleum Industry, Government Printing Office, Washington, D. C., April 7, 1921.
This is an excellent but fairly technical resume of some trade aspects of the oil industry on the Pacific coast.

Report of Federal Trade Commission on Foreign Ownership in the Petroleum Industry, Government Printing Office, Washington, D. C., February 12, 1933.
This report is the result of Senate Resolution 311, which asked for information concerning ownership in the oil industry. It gives a detailed account of various holdings owned by non-Americans.

Senate Document 191; 68th Congress, 2nd session.
Letters from the Secretary of the Interior and the Secretary of the Navy in response to Senate Resolution, April 15, 1922, transmitting information relative to negotiations with private parties for operation of land in Naval Petroleum Reserve Number III in Wyoming (April 21, 1922).

Senate Document 196; 67th Congress, 2nd session.
Letter from Acting Secretary of the Interior transmitting in response to Senate Resolution, April 15, 1922, a copy of the contract between the Secretary of the Interior and the Secretary of the Navy and the Mammoth Oil Company, executed April 7, 1922.

Senate Document 210; 67th Congress, 2nd session.
Message from the President (Harding) transmitting in response to Senate

Resolution, April 29, 1922, a communication from the Secretary of the Interior submitting information concerning the leases. Harding stated in the letter that he approved of the action of the Secretary of the Interior in this matter.

House Document 174; 68th Congress, 1st session, January 29, 1924. Oil leases made on naval reserves, estimate of appropriations, for the fiscal year 1924, to enable the Chief Executive to take such action as may be required for the purpose of insuring enforcement of either civil or criminal liability pertaining to oil leases made on naval reserves and the protection of interests of the United States in such reserves.

House Document 675; 69th Congress, 2nd session, February 1, 1927. Proposed legislation cancelling oil leases, draft of proposed legislation to extend availability of unextended balance of appropriation carried in the Second Efficiency Act, approved July 3, 1926, to enable the Chief Executive to continue litigation to cancel certain leases of oil lands and incidental contracts.

Congressional Record, Government Printing Office, Washington, D. C.

The Congressional Record contains valuable information for this phase of American history, because of the two definitely opposing policies concerning conservation of natural resources. Many points of view are expressed, although at times, politics seems to be the dominant idea in some of the speeches. While it takes time to glean the facts from the political oratory, it is time well spent, because the Congressmen had access to reliable information on the subject which would be denied an ordinary citizen. Many other issues of the

Congressional Record were used but the following were considered the best.

- Jan. 17, 1917, 1547, Placer law claims; naval oil supply.
- Jan. 4, 1918, 648, Pinchot's views on conservation.
- Sept. 17, 1918, 10382, " " " "
- Feb. 18, 1919, 3705, " " " "
- Aug. 21, 1919, 4112, " " " "
- Aug. 6, 1919, 4270, Leasing Bill discussion.
- Sept. 3, 1919, 4758-4771, LaFollette's views on leasing.
- Sept. 3, 1919, 4788, Placer Mining Claims.
- Apr. 28, 1922, 6103, Discussion of LaFollette's resolution to investigate the leases.
- Apr. 29, 1922, Passage of above resolution.
- Jan. 28, 1924, 1518, Article on leasing from the Washington Star.
- Jan. 28, 1924, 1521, Doheny agrees to turn over contract to the government; summary of Mammoth Oil leases and action to annul them.
- Jan. 28, 1924, 1524-1528, Debate on Executive Order of May 31, 1921, transferring reserves to the Department of the Interior.
- Jan. 28, 1924, 1597, Speech of Senator Walsh concerning Congress' right to regulate public lands.
- Jan. 28, 1924, 1604-1607, Resolution introduced to annul leases.
- Jan. 31, 1924, 1718, Debate on cancellation of leases; Denby's resignation.
- Jan. 31, 1924, 1736, Newspaper clippings about leases.
- Feb. 7, 1924, 1973, Discussion of Fall's testimony.
- Feb. 7, 1924, 1974, Passage of Senate Joint Resolution 71 to cancel leases and start suit to regain the reserves; Sinclair flees to Paris.
- Feb. 15, 1924, 2477, Speech condemning oil scandal because of lack of regulation on the stock exchange in New York.
- Feb. 16, 1924, 2549, Debate on the merits of Pomerene and Roberts as government counsel.
- Feb. 19, 1924, 2770, Committee named to investigate the Department of Justice.
- Feb. 28, 1924, 3229, Newspaper articles concerning Fall's \$100,000 loan.
- Mar. 10, 1924, 3867, Newspaper clippings concerning "Coolidge-McLean" telegrams.

Apr. 15, 1924, 6423, Sinclair's contract; quotations from Theodore Roosevelt's testimony.
 June 7, 1924, 11361, Drainage of reserves; Senator Spencer opposes Walsh on attitude toward oil leases.
 Feb. 15, 1926, Bill passed compelling witnesses to return to the United States.
 June 30, 1926, 12306, Newspaper clippings on court cases.
 July 3, 1926, 12989, Summary of proceedings in oil lease cases given to Senator Walsh.
 Mar. 29, 1928, 5543, Chronology of Leasing of Naval Petroleum Reserves.
 Mar. 29, 1928, 5549, Policy toward oil reserves.
 Apr. 2, 1928, 5375, Criticism of Hays' testimony before the committee.
 May 29, 1928, 10519, Walsh's report on the Continental Trading Company.
 May 29, 1928, 10522, Chronology of oil land legislation and disposition.
 May 29, 1928, 10528, Discussion of leases.
 Apr. 19, 1929, 183, Conservation of natural resources.
 June 11, 1929, 2641, Senator King's attitude on the transfer of reserves.
 Jan. 23, 1930, 2330, Speech on oil reserves.
 Jan. 24, 1930, 2411, Speech on oil reserves.
 Jan. 30, 1930, 2840, Senate discussion on disposition of oil reserves.

SECONDARY SOURCES

Books

Bassett, J. S., Expansion and Reform, 1889-1926, (Epochs of American History, IV), Longmans Green and Company, New York, 1926.
 A general account of the oil scandal during the Harding administration is given as one of the highlights of this period.

Commanger, Henry Steel, editor, Documents of American History, New York University, F. S. Crofts and Company, New York, 1934.
 As the title implies, the book is a compilation of important data which has contributed to American history. Each document is usually preceded by a short introduction containing a few important facts about it.

Hacker, Louis, and Kendrick, Benjamin, United States Since 1865, F. S. Crofts and Company, New York, 1930.

The authors devote a page to the naval oil leases, their investigation by the Senate, and the initiation of court action.

Harlow, R. V., Growth of the United States, H. Holt and Company, New York, 1925.

The development of the oil leases up to the election of Coolidge is given.

Hart, A. B., editor, Twentieth Century United States, 1900-1929, (American History Told by Contemporaries, V), Macmillan, New York, 1929.

Important personages before the public eye have contributed articles on many phases of American life. It is a very interesting book, because of the many points of view expressed within its pages. Excellent articles concerning the general land policy are "A Liberal's Protest" by Senator LaFollette, (p. 360), "President Harding," by Judson G. Wellins (p. 831) and "Reclamation and Conservation, 1908" by Harold Howland (p. 307).

Ise, John, United States Oil Policy, Yale University Press, New Haven, Conn., 1926.

The author's treatment of the oil scandal is exceptionally well developed. Many references are quoted. The solution of the problem had not been determined at the time of publication, and therefore the results of court action are not included. Mr. Ise is well familiar with this question of disposal of natural resources, having formerly written the United States Forest Policy. In his book on the oil policy, he suggests several proposals for further conservation of the nation's mineral wealth.

Paxson, Frederick, History of the United States, 1865-1927, Houghton, Mifflin and Company, Boston, 1928.

This book contains a short but

general account of some incidents in this period of American history.

Puter, S. A., and Stevens, H., Looters of the Public Domain, Portland Printing House Publishing Company, Portland, Oregon, 1908. The authors give a splendid account of the experiences of some land prospectors in the early part of the twentieth century. Details are given showing how so much of the public land of the Northwest was usurped by well known men of that period. Such scandalous activities seem incredible and yet the authors have proof to show that many of these transactions were illegal.

Slosson, Preston, The Great Crusade and After, 1914-1928, Macmillan and Company, New York, 1930. This is a well documented book and gives a fairly good interpretation of certain highlights of American life since 1914. It contains an editorial forward by Arthur Schlessinger and Dixon Ryan Fox.

Van Hise, C. R., Conservation of Natural Resources in the United States, Macmillan and Company, New York, 1910. The author hopes that this work may increase interest in the problem of conservation; laws regarding this subject are included in the book. Mineral resources of our nation are authoritatively treated.

Yard, R. S., Our Federal Lands, Scribners' Sons, New York, 1928. This is a well developed discussion of all land owned by the government. At one time the author was Executive Secretary of the National Park Association.

Magazines

"Conviction of Fall," Commonweal, November 13, 1929, 31, New York.

"Teapot Dome Leases Declared Void," Congressional Digest, November 1927, 319-320, Washington, D. C.

"Conviction of Fall," Current History, December 1929, 513-514, New York.

"A Teapot Gusher of Scandal," Current Opinion, March 1924, 268, New York.

Brokaw, A. D., "Oil," Foreign Affairs, October 1927, 12, New York.

Walsh, T., "True History of Teapot Dome," Forum, July 1924, 1-8, New York.

This is a fine review of the part played by the author in investigating oil leases.

Beach, Stewart, "United States versus Mr. Sinclair," Independent, April 14, 1928, Boston, Mass.

The author wrote many articles concerning the oil scandal for this magazine. This one is a criticism of Sinclair's donations to Fall.

Beach, Stewart, "More Oil in the Senate Grindstone," Independent, February 18, 1928, Boston, Mass.

Mr. Beach comments on the activities of the Continental Trading Company.

"Greasing the Oil Investigation," Independent, March 17, 1928, 262, Boston, Mass.

This is a further criticism of the business deals of the Continental Trading Company.

Beston, H., "The Navy's Oil Story," Independent, May 10, 1924, 248, Boston, Mass.

The author attempts to uphold Denby's attitude toward the oil leases.

"Placing the Guilt for Teapot Dome," Literary Digest, June 21, 1924, 14-15, New York.

- "Tempest of Teapot Dome," Literary Digest, May 20, 1922, 14, New York.
- "Scalding Teapot Dome Decisions," Literary Digest, October 22, 1928, 11, New York.
- "Doheny Fall Paradox," Literary Digest, April 5, 1930, New York.
The author questions the verdict of Fall's guilt and Doheny's acquittal based on the same conspiracy charges.
- "Doheny Leases Knocked Out," Literary Digest, March 12, 1927, 8-9, New York.
- "Indictments that Failed," Literary Digest, April 18, 1925, 9-10, New York.
- "A Rockefeller Condemns Business Trickery," Literary Digest, February 25, 1928, 11, New York.
This article praises Rockefeller for his attitude toward the oil scandals.
- "Jury Shadows in Shadow of Jail," Literary Digest, March 10, 1928, 13-14, New York.
The many unbiased articles in the Literary Digest are especially valuable because of the numerous quotations from newspapers which represented all shades of opinion.
- "Lessons of the Scandals," Nation, March 26, 1924, 332, New York.
- "Case of Andrew Mellon," Nation, June 6, 1928, 682, New York.
- "Fall, Denby, Daugherty, Roosevelt, and Coolidge," Nation, 130, February 6, 1930, New York.
- "A Multimillionaire Goes Free," Nation, May 2, 1928, 502, New York.
- "Chronology of the Oil Scandal," Nation, June 20, 1928, New York.
- "America Waking Up," Nation, March 28, 1928, 337, New York.
- "Continental Trading Company," Nation, June 20, 1928, 682, New York.

"Thomas Walsh, Presidential Possibilities," Nation, May 9, 1928, New York.

"Sinclair and Fall on Trial," Nation, October 26, 1927, 445-447, New York.

"Our Trustworthy Newspapers," Nation, April 4, 1928, New York. This is a criticism of the change in attitude of the newspapers toward the oil scandals. This magazine published under the caption "Covering Washington" by the Unofficial Observer, numerous articles concerning the oil leases. Many of the comments were very critical of the Republican administration.

Dodd, William, "Political Corruption and the Public Fifty Years Ago and Today," New Republic, June 11, 1924, New York. Mr. Dodd compares the former scandals with the present ones.

"Plutocracy and Corruption," New Republic, February 22, 1928, 3-5, New York.

"Doheny Case Verdict," New Republic, April 2, 1930, 124-125, New York.

"Great American Scandal," New Statesman, May 24, 1924, London, England.

"Teapot Dome Scandal," New Statesman, April 28, 1928, London, England.

The two articles in the New Statesman give a general account of events leading up to the leasing of the oil reserves. They criticize Fall and show how easily Sinclair and Doheny got what they wanted.

Oil and Gas Journal, March 8, 1917, 33, Tulsa, Oklahoma. This was a short untitled article expressing Senatorial sentiment concerning drilling on oil reserves.

Taylor, F. B., "Wyoming Field Operations," Oil and Gas Journal, March 5, 1920, 44, Tulsa, Oklahoma. This trade magazine gives oil men up to date information on all phases of

the petroleum industry. It contains accounts of legislation being considered concerning oil and quotes opinions of leaders in industry.

Walsh, T., "What the Oil Inquiry Developed," Outlook, May 21, 1924, 96-98, New York.

"Two Years of the Harding Administration," Outlook, March 14, 1923, 472-475, New York.

"Oil Leases in Court," Outlook, June 10, 1925, 210-211, New York.

"Senator Walsh on the Oil Inquiry," Outlook, May 21, 1924, 92-93, New York.

"The Oil Cases," Outlook, April 2, 1930, 530, New York.
Most of the articles in Outlook were well presented and showed both sides of the question.

Arnold, R., "Conservation of Natural Resources," Proceedings of the Second Pan-American Congress, III, Government Printing Office, Washington, D. C., 1917.
Mr. Arnold presents a general review of the conservation problem in this excellent report; some references to the mineral wealth of our country are included.

Shaw, E. W., "Petroleum and Asphalt in the United States," Proceedings of the Pan-American Congress, Government Printing Office, Washington, D. C., 1917.
This article gives a good description of the petroleum wealth of our country.

Bonsal, S., "Lessons from Leases," Review of Reviews, April 1924, 9, New York.

Woehlke, W., "Grabbing the West's Liquid Fuel," Technical World, June 1912, 378, New York.
This is a very critical article showing the development of the California oil fields, and how many claimants unlawfully usurped them.

"Oil and Mr. Coolidge," World Today, March 1924, 305-306, London, England.

The author tells the effect the scandal might have on Coolidge's coming election.

Desmond, Shaw, "Oil, War, and World Power," World Today, March 1924, 307, London, England.

This article considers the importance of oil in future wars.

Newspapers

Chicago Daily Tribune had syndicated articles which were written from time to time, especially when some outstanding decisions concerning the case were made. Although the articles were well presented in the above paper, the New York Times was referred to more often because of its index.

April 29, 1922, 6, Commentary on LaFollette's charges that Sinclair made 30 million in three days on the stock exchange.

April 12, 1924, 8, An editorial concerning the future oil supply of the nation.

February 22, 1928, 1-2, Sinclair sentenced six months for "shadowing" the jury.

April 13, 1928, 1, Article quoting Fall's testimony concerning Doheny and the \$100,000 loan.

New York Times is the best newspaper for daily accounts of the leasing of oil reserves. Its index is especially valuable, because it gives the only continuous story of what developments were taking place from the initial investigation until the final court decisions.

April 29, 1922, 1, LaFollette discusses the future oil supply of the Navy; criticizes national policy.

February 1, 1924, 1-3, Cabinet members deny discussing oil leases at meetings.

February 7, 1924, 1, Testifying before committee Secretary Denby assumes responsibility for transfer of reserves.

April 4, 1925, 1, First conspiracy indictments concerning Fall, Sinclair, and Doheny quashed on a technicality.
May 29, 1925, 2, Doheny lease voided.
March 1, 1927, 1, Court reverses opinion of lower court which upheld Sinclair's leases.
March 7, 1927, 2, Sinclair refuses to testify before investigating committee.
April 25, 1927, 1, Sinclair called to answer conspiracy charges.
October 11, 1927, 1, Supreme Court censures Denby concerning leases.
October 27, 1927, 2, Testimony of oil operators concerning leases.
February 19, 1928, Sec. IX, 1, Article on oil leases.
April 4, 1928, 1, Oil operators rebuffed by Fall, when they questioned him concerning oil leases.
March 4, 1928, 4, Law compelling witnesses seeking refuge in foreign countries to return passed by Congress.
June 23, 1929, 1, Supreme Court upholds contempt sentence against Sinclair.
October 26, 1929, 1, Fall found guilty of conspiracy charges.
May 4, 1931, 2, Blackmer fined \$60,000 for contempt of the Supreme Court of the District of Columbia.

Springfield Republican was used for a study of the financial changes in Sinclair's stock during April 1922. No mention of the leases was made at this early date.

April 6-28, 1922, Daily quotations on the stock market value of Sinclair's holdings.

United States Daily was established in March 1926 in Washington, D. C., with David Lawrence as president and Owen D. Young, Charles Evans Hughes, Clarence Mackay, Samuel Insull, James Gerard, Walter Teagle, Otto Kahn, C. Bascom Slemm, and other prominent personages as owners. The paper stated that only authorized statements were published in its issues.

December 31, 1927, 3, Sinclair asked by the court to give an accounting of the reserve while he held the lease.

The thesis "Oil Scandals During the Harding Administration," written by Mary M. Ridge, has been accepted by the Graduate School with reference to form, and by the readers whose names appear below with reference to content. It is therefore accepted in partial fulfillment of the requirements for the degree of Master of Arts.

Paul Kiniery, Ph.D.

November 11, 1936

Rev. Joseph Roubik, S.J.

November 14, 1936