

Railroads, Oil and Dutchmen

Investing in the Oklahoma Frontier

*By Augustus J. Veenendaal, Jr.**

Located in south-central Oklahoma are the towns of Middleburg and Vanoss. Although separated by county lines and vast expanses of farm land, the two villages share a common heritage. Both were founded along the tracks of the Oklahoma Central Railway, and both were named for Dutch investors. Today, the railroad runs no longer, but the towns remain, physical reminders of an important chapter in Oklahoma's economic history—the role of European capital investment on the frontier.¹

Ever since the first Illinois Central bonds had been sold on the Amsterdam stock market in 1857, Dutch capitalists had been investing enormous sums in American railroads. Union Pacific bonds were much sought after, and Missouri, Kansas & Texas Railroad stock and bonds were for a large part in Dutch hands. Arthur Stilwell had found the much needed capital for his Kansas City, Pittsburgh & Gulf (later Kansas City Southern) in Amsterdam at the close of the nineteenth century, and at the beginning of the new century Dutch investments in American railroads reached a peak of at least \$300 million.² Small wonder, then, that the phenomenal railroad boom in Oklahoma in the early years of the present century attracted Dutch involvement. Santa Fe's subsidiary, the 275-mile Eastern Oklahoma Railroad, sold part of its bond issue in Holland in 1903, and one year later, the Texas & Oklahoma and the Missouri, Kansas & Oklahoma Railroad (both soon absorbed into the parent MKT) also sold well on the Amsterdam Stock Exchange.³

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Gulf #24, an operating oil well in the Glenn Pool that was inspected by Dutch capitalist, Martinus Middelberg in 1907 (Courtesy General State Archives, The Hague, Netherlands).

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The Oklahoma Central Railway was conceived to bridge the open terrain between Durant (above) and Chickasha (below right). Agricultural prosperity and urban growth along the proposed line impressed Dutch investors (Courtesy Oklahoma Historical Society).

The next railway in line to tap Dutch capital resources was the Oklahoma Central, or the OCR. This 132-mile line was the brainchild of Dorset Carter, a lawyer and businessman who resided in Purcell, Indian Territory.⁴ Carter was the driving power behind the rapid development of his hometown, and through his influence several cold storage companies, an electric power station, and the waterworks were established. Coal for these booming industries had to be transported over long distances in a roundabout circuit, even though the nearest coal mines at Lehigh were only some ninety miles away. Together with several fellow businessmen—W. H. Johnson, G. M. Rowntree, T. C. Woods, and W. G. Blanchard—he promoted the OCR to run from Lehigh through Ada, Byars, and Purcell, and from there westward to Chickasha and the Rock Island interchange. The new company was originally chartered on September 19, 1904, in Norman, Oklahoma Territory, as the Canadian Valley and Western

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Railway. On August 19, 1905, the name was changed to Oklahoma Central Railway, and the seat of the company was transferred to Purcell.⁵

Because local money was scarce, Carter sought additional capital from other sources. The Western Trust and Savings Bank of Chicago was willing to take part of the shares and to sell the bond issue. More money was found in the East, where the New York firm of Lisman & Co. and the Boston bankers José Parker & Co. decided to invest in the new venture. The United States Steel Corporation, always looking for new customers, also was willing to put up some money. The board of the young OCR was now constituted with Carter as president, and Johnson, Rowntree, Woods, J. Otis (president Western Bank), H. Wollenberger (vice-president Western Bank), Frederick J. Lisman, Chauncey D. Parker, and J. S. Keefe (vice-president of the American Steel & Wire Company) as directors. Even with such a formidable array of names, the capital available for the OCR was still insufficient, so Carter, prompted by Wollenberger, set sail for Europe to find additional money, just like Stilwell had done ten years before.⁶

When he reached Holland, Carter found what he was looking for in Salomon Frederik Van Oss, a Dutch banker and stockbroker who happened to be a business relation of Wollenberger.⁷ Van Oss was a newspaperman who had specialized in financial subjects and founded his own stockbroker's firm in the Hague soon after 1900. He had written several books on American railroads and was considered a



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Amsterdam Stock Exchange (left) was an active market for American railroad bonds in 1907 (Courtesy Historical Archives, Amsterdam Stock Exchange). Amsterdam (below) was a prosperous city with capitalists searching for investments around the world (Courtesy the author).



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knowledgeable man in this field. When he decided to take the risk of putting his money in an unknown venture, he promoted the sale of at least \$1,000,000 in bonds on the Dutch market. The shares of the OCR were placed in a voting trust, in order to limit the voting powers of the shareholders to a few chosen men. Inasmuch as Otis, Wollenberger, Keefe, and Van Oss were voting trustees, it is clear that control had passed from local men to outside bankers. The share capital was fixed at \$10,000,000 maximum, of which only \$2,640,000 was to be issued for the time being, and a 5% bond issue for the same amount was to be sold on both the American and Dutch markets simultaneously.

A well known consulting engineer, George W. Ristine, was asked to inspect the line and to estimate its traffic potential. His report, dated November 15, 1905, was favorable: the line was well built (as far as it was finished by that time); the coal traffic was promising; and, to balance the generally westbound coal, a good eastbound traffic in agricultural products was to be expected. The estimated cost of \$20,000 per mile was reasonable, and the company was considered to be fully able to pay the interest on its bonds. Ristine also managed to secure contracts with the connecting railroads for interchange traffic—specifically the MKT at Lehigh, the Santa Fe in Byars and Purcell, and the Rock Island in Chickasha.

To promote the sale of bonds on the Amsterdam Stock Exchange, Van Oss looked for a Dutch railroad man to report on the OCR—he found Gerrit A. A. Middelberg, who was willing to travel to the United States and inspect the line.⁸ Middelberg was a good choice. He had been locomotive superintendent of one of the larger Dutch railway companies, and from 1889 to 1899 had been director of the Netherlands South African Railway Company, operating an 800-mile network in president Paul Kruger's South African Republic (Transvaal). Middelberg had left Transvaal just before the annexation of this independent republic by the British after the close of the Boer War. Although officially retired, he was still an active man, so he decided to accept Van Oss' offer. He sailed for the states in November, 1905, and went by rail to Chicago, where he was briefed by Otis, Wollenberger, and Keefe.

Together with Ristine and W. G. Walling, secretary of Otis's Western Bank, Middelberg set out for Oklahoma and arrived in Chickasha on December 10. There he was received by Carter and the chief engineer, Mac Willey, and together they travelled by carriage along the future course of the railroad. At this time only a twenty-mile

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section from Lehigh westward was finished and in operation, but he was favorably impressed with everything he saw, and he reported to Van Oss that the line looked like a promising and sound investment. The contractor for building the railroad was the Canadian Valley Construction Company, a good, solid firm, fully able to meet its obligations. In Middelberg's honor, a new township east of Chickasha, only just platted, was named after him. The original Dutch spelling "Middelberg" was soon corrupted into "Middelburg" and still later "Middleburg," by which name the town is known today.

Despite the tenor of his official reports, Middelberg had less praise for Oklahoma in private. In a letter to his family at home he complained bitterly:

At 2:30 a.m. we [Middelberg, Ristine and Walling] slept in a dirty little hotel in Shikasha [sic] in the middle of Indian Territory, where we were to roam for a couple of days and where I was to live through undreamt misery. Next morning [December 11] together with the president and the chief engineer, of the railroad, we drove in two light buggies into the prairie, equipped with four hunting rifles and with four dogs behind us. This prairie will soon be transformed into wheat, corn and cottonfields. Whenever we sighted some quails, three of us jumped from the carriage and came back in a few minutes with some birds. It was getting colder and colder and we lost our way. We should have arrived at 1 p.m. at some hunting camp, but it was only after 4 p.m. just before sunset that we arrived. Three tents were standing and a large fire roaring, with a couple of men around it, and some blacks. What a misery, being roasted in front and frozen at the back. It promised to be a hard night. An Indian landowner offered me his house for the night, one hour from there, but I was so foolish as not to accept. The night was clear and beautiful, but cold, so cold, and this spoiled the rest of the trip for me. My digestion was deranged, but I had to endure three more days in the buggy on roads so bad that even the worst road in Transvaal seemed an avenue compared to it. The next night in Purcell. Again much talking to bankers and businessmen and me having to express my admiration for the marvellous country and its auspicious future. And the Ada, bigger and even more promising, where we visited the usual banks and factories in a couple of hours; the cotton gin, the ice house, cotton oil mill and cotton press. Behind my back, I heard them ask: This man, who has come all the way, what does he think? At long last, Lehigh, where we arrived at the end of the fourth day, in the dark. The others continued to the pine forests 40 miles further on, but Ristine and I stayed in Lehigh and inspected the coal mines. Everywhere we were accosted by German Jews, who owned shops there. . . . About the Indians in this territory, the renowned Shikasha's, Choktaws and Cherokees: they are aristocrats,

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they send their children to high school, they speak English, but do they work? No. Each man, woman and child owns at least 160 acres. They want the restrictions on leasing their land to other people lifted, and they are petitioning Congress for that. In the long run they will succeed, and then this country will be predominantly white. The Indians will stay as aristocratic, wealthy landowners, living a life of leisure and ease, and the whites will work to make this country a prosperous cotton, wheat and corn producing area. Railroads are being built everywhere to transport all these products, and more Oklahoma Cities will be built and prosperity will reign everywhere.⁹

After leaving Oklahoma, Middelberg travelled on to Seattle and went from there by boat to Seward, Alaska, in order to inspect another company, the ailing Alaska Central Railway. Van Oss was curious to see if Dutch money could be gainfully employed there.

Meanwhile, construction of the Oklahoma Central proceeded slowly. Byars was reached in December, 1906, and Purcell in March, 1907, thus realizing Carter's dreams. The growth of traffic was encouraging and it had even proved necessary to add a second daily passenger train. Even so, Van Oss, far away in Holland, must nevertheless have had some doubt on the profitability of the undertaking, for he decided to send someone to Oklahoma to represent his interests there. Gerrit Middelberg was willing to go again but, only for a couple of weeks. He sailed for New York in January, 1907, and was back in Holland at the end of the next month.

Van Oss found a more permanent representative in Middelberg's eldest son, Martinus, who was willing to try his luck in the United States.¹⁰ Born in Liège (Belgium) in 1872, Martin Middelberg graduated from Delft Technical University in 1894 with a degree in mechanical engineering. Shortly thereafter, he joined the staff of his father's Netherlands South African Railway in Transvaal as assistant-engineer. At the outbreak of war between Great Britain and the Boer republics in 1899, he volunteered for service in the Boer army. He was issued a horse and the regulation Mauser rifle and sent off to Ladysmith in Natal. This strategic town was besieged by the Boers, and Martin Middelberg shared the camp life with his comrades in arms. However, it was soon recognized that his capabilities were being wasted in this way, and he was called upon to operate a short, isolated stretch of railroad south of Ladysmith. This line, originally part of the Durban-Johannesburg main line, had been cut off by blowing up some bridges, but the Boers had restored part of the line in order to supply their siege armies. Two small 0-4-2 tank engines had been

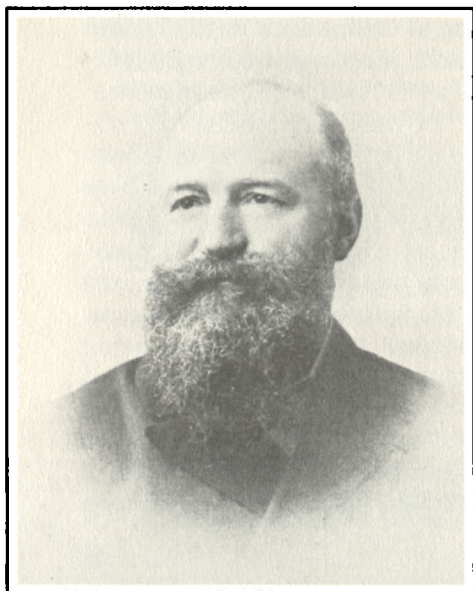
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partially dismantled and transported by road over the mountains. The younger Middelberg happily chugged to and fro with his supply trains, mostly at night because part of the line was in full view of the British batteries. Several times his train was shelled, but he escaped without harm. After the Boers had to retreat before the advancing British, Middelberg destroyed his engines and went north.

After his discharge from service, he went to Europe with his young wife, Dolly Jorissen, daughter of a former attorney-general of Transvaal, and became director of the Romanian Cernavoda Petroleum Company on the Black Sea. Despite this career change, railways remained his first love, and he was happy to accept a job as engineer of the Netherlands-Indies Railway Co. on the Dutch isle of Java, in what is now Indonesia. But there must have been some restlessness left in his spirit, for when he was on leave in Holland, he gladly accepted Van Oss' offer to visit the United States. Evidently, life in the well-ordered Dutch society in the East Indies seemed a bit dull and lacking in adventure. In June, 1907, he set sail for New York, accompanied by Van Oss himself.

After some introductory talks with Lisman and others, it dawned on Van Oss that the OCR faced grave problems. He distrusted his old

Gerrit A.A. Middelberg (left) and his son, Martinus, Dutch businessmen who left graphic descriptions of frontier Oklahoma—from the European perspective (Courtesy the author).



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crony Wollenberger because a promised (secret) commission of five percent for Van Oss on every bond sold in Holland remained unpaid. Moreover, the Canadian Valley Construction Co. claimed an additional sum of \$260,000 for extra work executed, of which Van Oss would have to pay his share. It seemed best for Middelberg therefore to proceed to Oklahoma as soon as possible, while Van Oss would wait in New York. On June 25, 1907, Martin Middelberg arrived in Oklahoma by the Santa Fe. At 2 p.m. that afternoon he wrote:¹¹

I stand, boiled and completely knocked out, luggage in hand, at the depot of Purcell. As seen from the station, the town is built on a hill. A horsebus was ordered by telephone to pick me up and take me through the dusty streets to the hotel. The hotel itself turns out to be a repulsive, tumble-down building without any bathroom and with dirty toilet facilities that defy any description. The town is the archetypical western town, scorched by the hot sun. Unpaved streets, at night lighted by a few lamps. Right in the center a disgustingly ugly water tower, a couple of banks, shops and two hotels, and of course the inevitable cotton gin, cotton press, grain elevator and railroad depots. In the evening I visit Captain Hand, the chief engineer, and the charming Miss Green. We decide to go by hand-car to the western end of the line next day, where the bridge gang is building trestles in the rolling hills.

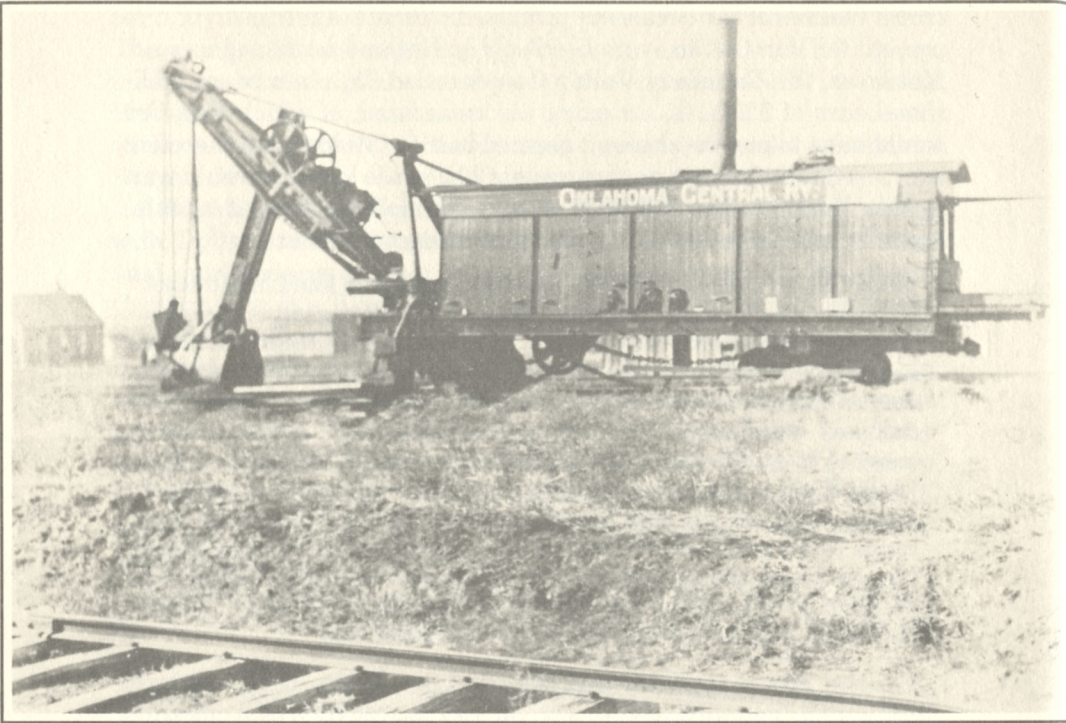
For the rest of that day and the next ten, Middelberg was busy checking the accounts of the railroad and the construction company to determine whether the extra sum claimed might be the result of some swindle. To inspect the work executed, he travelled by train to Lehigh on June 28 and 29. He continued in his diary:

The line is in a rather desolate shape because of lack of maintenance; the rails are sinking in the mud, and the drainage of the cuttings leaves much to be desired. Yet I think that the claim of \$260,000 is reasonable and will have to be paid. It is a result of the happy-go-lucky way the contract with the construction company was drawn up. Now it has become clear that the powers behind the construction company and the OCR are the same, and no one builds railroads for his health only.

Oklahoma reminds me strongly of Transvaal. Agriculture and mining are still underdeveloped, stock raising is in its infancy. The railroad runs through unbroken prairie; land is cheap. The heat of summer is oppressive, but in winter the dry, not too cold climate should be fine.

The trip to Lehigh was made on the rear platform of the only passenger coach in the train. At Vanoss we were fed in a boxcar. We passed two half-finished bridges over Sandy and Rogers Creeks and at milepost 13 a trestle half a mile long. Lehigh is a coal mining camp; we were housed in a filthy room and were glad to leave again next morning. Returning

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Bucyrus steam shovel preparing the road bed for the Oklahoma Central Railway (Courtesy General State Archives, The Hague).

home we passed the time with revolver shooting from the rear platform; the conductor proved to be a great hand at this.

I am staying in Purcell for ten days to check the books. Hard work in the burning heat, but I am able to find every dollar in a detailed account given to me. The differences between real and estimated cost are caused by: First, earthworks had been much heavier and more expensive than originally thought, because the contract was not very clear on this point, giving only the total amount to be moved for the whole line.

Second, the amount of hard rock, loose rock and earth to be excavated was only based on estimates. Later, it turned out that there was much more hard rock than expected, making a big difference in price. Excavating hard rock costs between 50 and 60 cents a cubic yard, earth only 10-12½ cents.

Third, the trestle at milepost 13 had to be constructed because not enough earth was available to build the earth fill stipulated in the contract. Besides, changes in the original course of the road necessitated more bridges and trestles.

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The original estimates and the contract between railroad and construction company are good examples of American carelessness. In boom times, when money is plentiful, and if no one is trying to play dirty tricks on the other, contracts like these will suffice. The OCR has to make do without all these good things however, and the end of all misery is still not in sight.

I reported conscientiously to Van Oss that the higher sums claimed were correct. Not very pleasing for him, as he coolly wrote in his prospectus that the line would be built for \$20,000 per mile, and now, even before the road is finished, cost has risen to \$24,000 per mile.

Most Americans are a bit reserved, but with some persuasion I manage to extract the necessary information, from Captain Hand in the first place, but also from the charming Miss Green, from Mr. O'Donnell, the traffic manager, Mr. Wissmann, the auditor, and from Mr. Buschmaier, the master mechanic.

Middelberg returned to Chicago and New York, where he found Van Oss restive and longing to go home. Middelberg remained in New York while Keefe and Carter attempted to oust the Western Bank crowd from the management of the OCR; Middelberg doubted the success of this move. The situation took a new turn when the Santa Fe showed some interest in the line. On July 26, 1907, a conference was held at Chicago to formulate an offer: the Santa Fe would buy the OCR after completion for \$310,000 cash; and the bonded debt of \$3,100,000 would be taken over by the Santa Fe, but without any guarantee for the payment of interest. Of course this last clause gave some cause for doubt, but Lisman did not consider it a great drawback, and Middelberg agreed. In a letter to his father he explained:

The SF needs the OCR.¹² The SF brings down cotton and grain to Galveston. The cars have to be returned and lumber from east Texas would make a suitable return freight. The SF is already building a line from Paris to Longview (Tex.)¹³ and the OCR is the natural continuation of this line, which is necessary (according to Lisman) for the lumber traffic. Lisman has bought bonds in the Santa Fe extensions and other brokers are doing the same. Even Van Oss is willing to buy if the sale of the OCR comes off. . . . I forgot to say clearly that I agree with your and Ristine's opinion that the OCR is essentially sound. I would have reported just like you. The only ones who spoil the thing are those damned money-grubbers and sheenies.

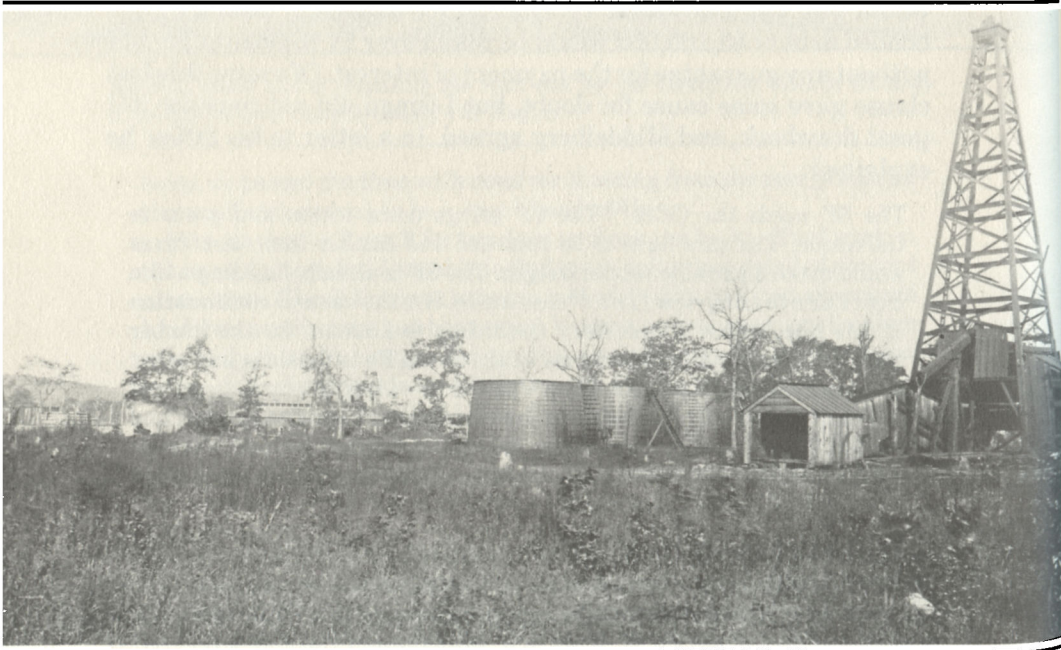
Besides his work for Van Oss regarding the Oklahoma Central, Martin Middelberg also acted as his representative in the oil business. Van Oss was considering the purchase of the Oklahoma State Oil Company, in which W. Kobusch, president of the Saint Louis Car

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Company, had a large interest. After a meeting with Kobusch in Saint Louis, Middelberg departed for Tulsa, together with H. W. Anders of the Oklahoma State Oil Co. On August 14, 1907, he records:

We arrive in Tulsa, a small western town, with a sloping main street, beginning right at the depot, a couple of side-streets, electric lights and streetcars. The Robinson-Hotel, where we are to stay for the next few days, is overcrowded with oil men, and here we come under the spell of that famed oil field, the Glenn Pool. Next morning we start out, by way of Sapulpa, to Kiefer, where we get off the train to begin the real journey. A wide, rolling plain with some distant hills. A lead-grey sky with a blazing sun, scorching the soil. A forest of derricks as far as the eye can see, hundreds and hundreds of them. A fine, penetrating dust, blown by the wind and filling the air; a dry, crunching prairie floor, covered with burned cotton, that has seen no rain for the last two months. In the middle of this plain, a spider drawn by two horses, jolting over stones and tree stumps, with two men hanging on for dear life, swallowing a cloud of dust with very word spoken, looking like niggers, with sweat gushing

Middelberg inspected the "West 40 acres" of the Oklahoma State Oil Company and noted the pumping house operated by the Prairie Oil and Gas Company (Standard Oil) in the background (Courtesy General State Archives, The Hague).



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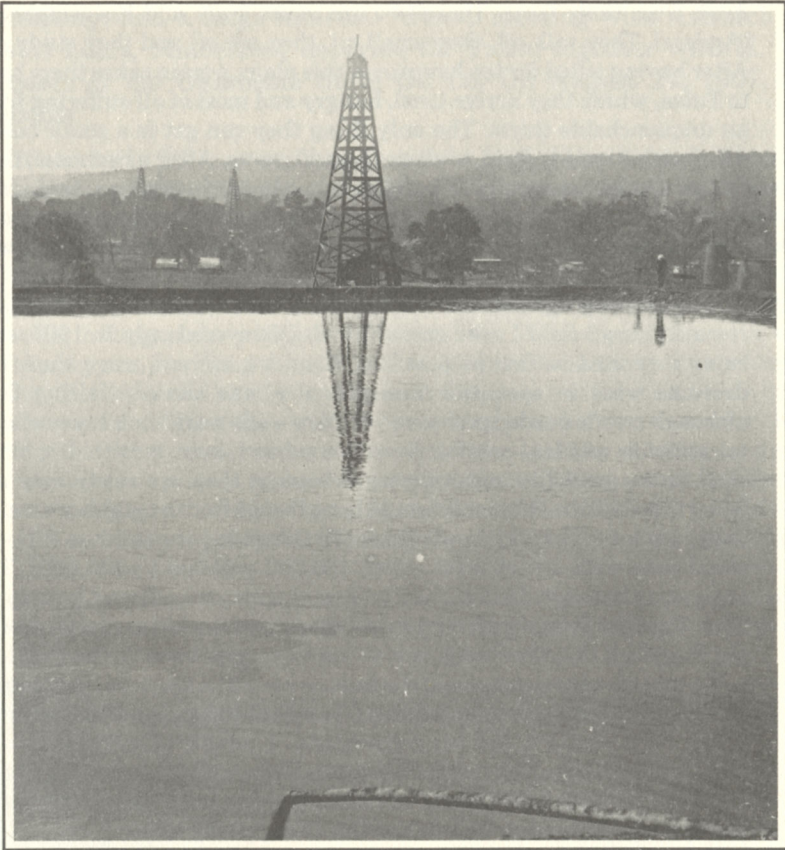
down from their faces. Those two are yours truly and his companion [Anders]. They talk oil, they smell oil, they see oil and they study oil. After having jolted for ten hours over this plain, a train takes them back to Tulsa, where they arrive tired, hungry and most of all suffering from an unquenchable thirst. The only thing they can get is a small basin, filled with a muddy fluid, to clean themselves up. After a bad meal, they lie down in an oven (called a hotel room) on beds of questionable cleanliness. Sleep won't come, they turn and toss, unable to sleep because of over-fatigue, heat and mosquitoes. Yes, mosquitoes, dammit, that was the only lack.

Not counting this human misery, the Glenn Pool really is the most remarkable oil field I ever encountered. Discovered only in 1905, it is being exploited as fast as possible. When we arrived, more than 700 derricks were in operation and pressure was already falling fast, although no one needed pumping yet. New wells were sunk everywhere, to extract as much as possible from this subterranean wealth. Big black steel tanks grow like mushrooms; as soon as they are ready they are being filled with oil that only would have flowed from a neighbor's well if one is too late. The Oklahoma State Oil Co. even goes as far as filling a small lake with oil, at least worth 100,000 guilders [= \$30,000]. The separation between drilling, and transportation and refining is remarkable. The first is being done by small operators, the latter mostly by the big Standard Oil, that owns two of the three pipelines in the field.

We met strange examples of the human race: Mr. Gaylord, nicknamed Shorty, the rough and daring oilman. The sleek judge, son of an imported Kraut, who wants to sell his concessions. A jumble of speculators and technicians fill the lobby of the Robinson-Hotel with their chitchat; they sit on the porch or take the air on the roofgarden, where a string band is performing and where we can see the clear, starry skies.

Kobusch also has interests in the "Nowata Shallow Fields," and we decide to inspect these too. August 16 we depart; we spend the night in Clarmore, where it is difficult to find a room. Next morning we have time to take a sulphur bath because the Saint Louis, Iron Mountain & Southern's train is running three hours late. Shorty is waiting for us in Nowata. Accompanied by Mr. Sawyer, we ride into the country in two spiders. Only a few derricks are visible, with drillings not deeper than 800 feet, about half as deep as in the Glenn Pool. No spouters here and pumping is the rule, in the Canadian manner, with large horizontal wheels and long cables. Drilling here is much simpler than in the Glenn Pool. It is a pleasant day, not too hot, and we ride through the hilly country with its deep river valleys; we go over hill and dale, from operation to operation, and now and then we spot those strange pumping arms waving through the air, activated by the long cables. This field seems more suitable for small operators who are willing to risk a moderate sum, than for large scale companies. At dusk we are back in

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A 100,000-barrel "oil lake" (above) and a 55,000-barrel tank under construction (below right) encouraged Middelberg to recommend investing in Oklahoma oil production (Courtesy General State Archives, The Hague).

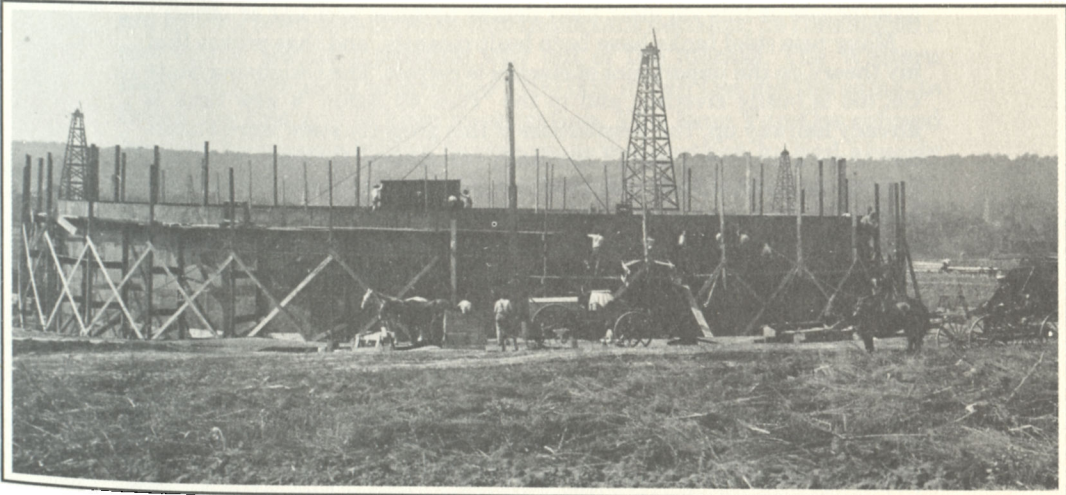
Nowata, where we are the guests of Mr. Sawyer and his wife. We meet the little Sawyers and Mrs. Sawyer's father, a sympathetic Methodist preacher from Bartlesville, who even knows the name of our Queen Wilhelmina! Very remarkable knowledge for an American, for most of whom German and Dutch is one and the same thing.

Middelberg spent August 18 in Independence, Kansas, with discussions about the profitability of the oil companies that Kobusch was willing to sell to Van Oss and his Dutch interests. He let the others do the talking and listened intently, the better to formulate his point of view. In general he was inclined to believe that this could be a profitable business for Van Oss:

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In the afternoon [August 18, 1907] we return to Tulsa via Bartlesville. The chaircar is crowded with farmers, oilmen and speculators, hocking up phlegm and expectorating despite the presence of ladies. At Romance [?] the line cuts through the Standard Oil tank farm. More than 200 black monsters, covering the prairie, each tank surrounded by ditch and wall, some of them blackened by fire and lightning. To the left and the right, for more than two hours, the oil derricks seem to grow out of the prairie: the Bartlesville oil field.

I have explored the great Glenn Pool systematically now. I have inspected the Oklahoma State, the St. Louis, the Gulf and the Julia Oil companies; I saw the hundreds of derricks; I noticed the feverish haste of those sweating yankees, busily hauling along pipes and plates, machinery and wires, to be first before the neighbor has his well ready in this vast subterranean oil pool. I have been to the far end of this field, where the far-sighted Gulf Oil Co. has built a tank farm that is being filled now. An excellent investment for the proprietors. Much profound talking on the location of the "oil-line," that undefined geologist's concept, that has been introduced to give some clarity to something undefinable. In the long run only trial and error will give complete certainty. But it has not been unpleasant to ride over the prairies and to find the best opportunity for a new venture. After having collected a mass of data at the Oklahoma State Oil Co. office, I decide to travel to Oklahoma City on the 22nd by Frisco RR., so as to finish my report there. The Frisco is out of luck; a couple of accidents and a big black locomotive lying half buried in the grass give food for thought: 7000 killed and 50,000 injured in 1906 on a total of 220,000 miles of railroad—an impressive achievement!



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Oklahoma City is a wonder; in 18 years it has grown from 15,000 to 50,000 inhabitants. It has its "downtown" and "residential" quarters, extensive suburbs, factories and it even has its first skyscraper. The hotel is tolerable, with a bathroom.

In September, 1907, Middelberg travelled again to the Oklahoma oil fields, where his report continued:

Muskogee, where we arrive at 11 a.m. [September 22, 1907], is a western town like most of the others, with a boring drabness. After lunch in the hotel, where people gape at Governor Haskell's daughter,¹⁴ we ride out in a buggy, and Ch. Weil shows us some promising drillings, but I am not impressed. Certainly, oil has been found, but probably not enough for large scale operations. I decline Weil's invitation for the next day, and I travel by Midland Valley RR. to Tulsa to start work there. The weather is tolerable now in the oil fields; the heat is diminishing and some rain falls now and then to bind the dust.

The first day, we [Anders and Middelberg] decide to get a general survey of the whole field. We lunch at the Gulf Oil property, where a good restaurant has just opened. Our meal is interrupted by a thundering explosion: a nitroglycerin cartridge exploded prematurely while being lowered into the drill-hole. Only the top of the derrick with the guide-rollers was destroyed. The art of blasting is a very specialised one, demanding a high degree of recklessness and sang froid. The nitroglycerin is produced in small works on the fields, packed into long tin cans, and transported to the drillings on jolting wagons. As soon as the pipes have been drawn, the glycerin is carefully lowered into the hole and explodes by dropping a small sharp piece of iron on it. I heard that most people at this job meet their deaths by some accident or other.

Many new steel tanks have been built recently, and that proves that my theory on the importance of storage is correct. The Oklahoma State Co. too is busily riveting, and in the "East 40 Acres" a new tank is already halfway up. The possibilities of this property seem more attractive to me than ever. I think I can safely recommend for Van Oss to buy, barring the unavoidable risk in all oil business, of course. I roam the prairies these days, together with my photographer, and I drive my team over rocks and through gullies, I eat my meals among the oilmen in some eating house, I observe the drillings, and every time I notice how easy drilling is here, compared to Romania.

After Van Oss received Middelberg's reports on the oil business, a consortium was formed in the Hague, Holland, on February 19, 1908, under the name of Oklahoma Petroleum Compagnie, with Van Oss as one of the directors. This consortium bought the properties of the Oklahoma State Oil Co. and the Best Oil & Gas Co. both operating in the Glenn Pool. The Gracie Berryhill and Selby leases, just north of

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Kiefer, proved to be very profitable. As Martin Middelberg had predicted, natural pressure in the Glenn Pool fell off very soon, but with pumping, a stable production was achieved. After making large profits for some years, the Dutch consortium sold its Oklahoma interests to a French company, and the Oklahoma Petroleum Compagnie went into liquidation.¹⁵ It proved to be a good investment for Van Oss.

As for the Oklahoma Central Railway, Martin Middelberg visited the line once again after his first oil field excursion. He left Oklahoma City on August 23, 1907. Arriving in Purcell at the OCR headquarters he wrote that he visited the:

“worried and undependable” Carter. Miss Green smiles heavenly and Mr. Brown, the hotel manager, is affable.¹⁶ For the next three days I lock myself in my ovenlike room and work hard at my report. So hard that I forget completely about the visit of Bill Taft in Oklahoma, who gives an important political speech and decries the proposed constitution, infuriating all Democrats. The whole town is seething with enthusiasm; brass bands blare everywhere, even audible in my room, but they fail to cheer me up. After sending off my report and a day of much needed rest, I leave Oklahoma by Katy RR.

Back in Chicago he soon found out that the Santa Fe was in no hurry to conclude the deal with the Oklahoma Central. Of course its management was well aware of the desperate situation of the OCR through Otis, who was also vice-president of the Santa Fe. The next move was a proposal to convert the 5% OCR bonds into 4% bonds of the Santa Fe. Keefe flatly refused this, but Van Oss was furious for not having been consulted in this important decision; he considered a conversion the only possible way out of the morass. The Western Bank then proposed to advance \$300,000 if Van Oss did the same, to finish the line and to keep in operation. This time Van Oss refused because he was unwilling to risk more money than he had already done. To remove this deadlock, Carter contacted Santa Fe president, E. G. Ripley. Together they worked out a new proposal: the Santa Fe would pay \$300,000 cash for the OCR shares, and the 5% OCR bonds were to be converted into 4% guaranteed Santa Fe bonds. This time all parties involved, including Keefe, agreed, but now the Santa Fe shareholders refused. Their advocate, V. Morawetz, foresaw problems with the new constitution of the State of Oklahoma, which forbade the sale of railroad properties in the state to out-of-state companies. Another and even more pressing argument to reject the proposals was the financial panic on Wall Street. Stocks had fallen dramatically, and money, even no small amount, was nowhere to be

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had. Left to its own resources, the Oklahoma Central was doomed from that moment on.

Slowly Middelberg began to see who pulled the strings behind the scenes of the OCR. During a visit to Ristine in his Chicago office in September, 1907, his eyes were opened:

Ristine is bitter against the OCR because even the fee for his report has not been paid. Only Carter is a much defamed but lilywhite soul. The result of our talk is depressing, and it only confirms that they have made a terrible mess of it. The financial crisis of March, 1907, is the chief cause of disaster, ending the flow of money and awakening all the slumbering passions and animosities. All errors committed in planning the OCR are now coming to light. Only now I see the true relationship between the OCR and the Canadian Valley Construction Company. Both are the same because no one builds railroads just for his health. Carter, Keefe, Wollenberger, and Walling are the powers behind the construction co., and Van Oss has been kept out on purpose. That's why Wollenberger feels guilty towards his old mate Van Oss.

Shortly after this visit to Ristine, Middelberg decided to go to Oklahoma again and see for himself how things stood. On October 5, 1907, he thought it good to travel to Purcell again, this time by Katy Railroad:

I had hoped to reach Lehigh the same day and spend the night in the hotel there, and go on by OCR to Purcell the next day. I reach Muskogee without trouble, and I foolishly decide to stay there for an hour or so and take the next train. Unfortunately I forget to remember the usual lateness of American trains. The one I am waiting for is running 3½ hours late, and we arrive in Atoka after dark. Of course the last train to Lehigh is gone. I am obliged to stay in the miserable hotel, fall asleep after a beastly meal, and I am roused by the negro too late to catch my train to Lehigh. A long wait in Atoka, a wretched hole of a place; a couple of streets and a railroad yard under construction. In the afternoon I reach Lehigh, but the hotel is fully booked up with a troop of travelling comedians. I find lodging at the house of the local butcher, a Bavarian, married to a Frenchwoman from Belfort; her family opted for France after the war, and they had to leave the country.¹⁷ The woman makes me a bed in the parlour, and I talk a lot with her in German. After a bad meal in the hotel and an even worse night, I am violently sick next morning. I clean up the mess and go for the train in black misery. The conductor takes pity on me and makes me a sort of bed in the caboose. I am feeling a bit better when we reach Purcell in the evening where Mr. Brown welcomes me with a forbidden whiskey.¹⁸ I take up my old room nr. 26 again.

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Offices of the Oklahoma Central Railway were located in this Purcell bank in 1907 when young Middelberg investigated the financial failings of the company (Courtesy General State Archivees, The Hague).

Carter is away on business and no one seems to know when he will be back. The OCR staff has melted away: Mr. Wissmann left some months ago, and Mr. Waring, superintendent of the line, went even before him. Mr. Frank, the chief draughtsman, has also gone. Only Captain Hand, Mr. O'Donnell and Mr. Buschmaier stayed on, and of course Miss Green, who has turned pale through all her worries. She locks herself in her office every day to avoid being troubled by creditors. To be able to report to Van Oss, I inspect the line to Lehigh again. A lot of work has been done, and the road is in better shape than three months ago. Two trestles have been replaced by iron bridges, but the rest of them are still in the same bad shape, the trestle at milepost 13 included. I also inspect the western part of the line. At Washington the new cotton-gin is in full operation. In Blanchard I rent a team and follow the track as far as possible towards Chickasha. It is a beautiful, sunny autumn day and we ride through the prairie, reminding me strongly of the "High Veldt."¹⁹ We visit Middelberg, where the steel gang lives in dormitory cars; they have nothing to do because there are no rails. We are fed at the bridge gang farther down the line. The last trestles are being erected; only the Washita bridge remains to be done, and then the rails will be extended into Chickasha, that typical western town where the Rock Island has its shops. We board the R.I. train to Oklahoma City, but beyond El Reno the track appears to be blocked by some accident, and the connecting train

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will only arrive in five hours. We are in the West and this seems to be normal. At 9 p.m. the electric headlight of the engine comes into view, and at 10.30 we are unloaded at Oklahoma City from the crowded train. A circus has just come to town and the depot is overcrowded with well dressed farmers, patiently waiting for the Santa Fe train, that is running only 1½ hours late. We leave at 2 a.m. and arrive at Purcell at 3 a.m., after having witnessed a beautiful fistfight between a farmer and a negro on the train. Back in the hotel, the clerk handed me a packet of letters from Holland. It had been a well spent day: it took me nine hours to reach Chickasha, mostly by horse, and it took me twelve hours to return by train. These are the backward western American railroads.

In a letter to his father from this same period, dated Purcell, Indian Territory, October 17, 1907, Martin still seems to have some faith in the future of the railroad:²⁰

I trust that the road will be finished after all; the earthworks are complete all the way to Chickasha, with all trestles, and only 12 miles of rails are lacking. The steel gang lives in "Middleberg," where they have erected a depot; the town itself has really been laid out after all. The track has been extended some distance beyond Middleberg. If the line can be finished, a receivership may not be as bad as we fear, although I still hope we can avoid it.

His hopes turned out to be illusive. The financial panic that had begun in March, 1907, reached a peak in October of that same year. In America no one was willing to advance money to an ailing concern like the Oklahoma Central, and the losses on American shares at the Amsterdam Stock Exchange were so high that Van Oss was unwilling or even unable to take up more bonds. The Western Bank and Van Oss paid the interest on the bonds as of December 1, 1907, out of their own pockets, but on June 1, 1908, they refused to do so a second time. The OCR defaulted and had to ask for the appointment of a receiver. A committee for the protection of the bondholders, headed by Lisman, was organized in New York. Bonds were to be surrendered to the Columbia Trust Company of New York or to the Central Trust Company of Amsterdam, in exchange for certificates. These certificates were admitted to a quotation in the official lists of the Amsterdam Stock Exchange from February, 1910. At last \$856,000 in Dutch bonds were surrendered in Amsterdam, not counting the unsold bonds still on Van Oss' hands, and thence it is almost certain that at least one third of the total bond issue of the OCR had been in Dutch hands. Since their introduction on the Amsterdam Exchange in 1907, the price of the bonds had fallen from 93¾ to 70 in 1908, and to less than 5 in 1914.

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Martin Middelberg had left the United States by that time. He had had hopes of obtaining the position of vice-president of the OCR, but the obstruction of Carter, who saw him only as a tool of Van Oss, had prevented that.²¹ Keefe had made him some offers in connection with his Missouri, Oklahoma & Gulf Railroad, but the crisis had put an end to that too. Nothing remained for him but to return to his railway in Java. In December, 1907, he sailed for Rotterdam. He tried to find a culprit for the ruin of the OCR, but it was difficult to make out who was most to blame. Van Oss was of the opinion that Carter and the Western Bank crowd had been trying to milk the Dutch participants. Whereas the Dutch had already furnished more than \$650,000 by August, 1906, the Western Bank had only paid \$65,000, and he was sure that Carter and Wollenberger intended to build the line solely with Dutch money, and then pocket the share owed by the Western Bank. Although this may be too black a view of the matter, there was certainly some truth in the inference, and both of the Middelbergs were inclined to believe him to some extent.²² On the other hand, they were also sure that Van Oss also had been trying to make as much money out of the OCR as possible.

In Oklahoma the receiver of the OCR, Asa E. Ramsay, took possession of the property on August 10, 1908. He simplified operations as much as possible to cut expenses, dropping the separate passenger trains and returning to the cheaper method of running mixed trains.²³ The line was finally finished at the western end, and slowly Ramsay managed to increase the net results from a deficit of \$30,000 in 1910 to a surplus of \$40,000 in 1913. Yet his path had not been without thorns: in 1909, a wooden trestle burned and had to be replaced; a miners strike in 1910 robbed the road of its most valuable traffic that year; and the Santa Fe and other railroads, always important customers for coal, equipped more and more engines for oil firing.²⁴

A receivership was meant to be temporary, and some form of reorganization was required. Lisman, as chairman of the bondholders' committee, worked out a scheme. A new company, the Oklahoma Central Railroad, bought the assets of the old O.C. Railway on July 31, 1914, for \$1,000,000. The new company had a share capital of \$1,500,000 and was allowed to issue 5% bonds to the value of \$1,200,000 and income bonds to a maximum of \$1,500,000. Interest on these income bonds, to a maximum of 6%, was only to be paid if the operating results of the company reached a certain level. Holders of certificates of the old OCR were entitled to \$400 in the new 5% bonds,

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\$500 in income bonds, and \$500 in shares for every original \$1,000 certificate, but only if they paid an additional \$400 cash. The Santa Fe leased the line for a fixed sum, with an option for purchase. In September, 1917, the Santa Fe decided to use this option and bought the new OCR outright. Thereby bondholders of the old OCR recovered an estimated 30% of their original investment; the other 70% could be written off. Few Dutch bondholders participated in the 1914 reorganization, and the new OCR bonds were never admitted to the lists of the Amsterdam Stock Exchange. For the non-participating bondholders, the Central Trust Co. of Amsterdam finally obtained a payment of 2½%, \$25 for every \$1,000 certificate!²⁵

The relative weakness of the Oklahoma Central's route was clearly demonstrated when the Santa Fe closed the Lehigh to Ada section of the line in 1934. That was followed the same year when they closed the Byars to Purcell line. The line from Purcell to Chickasha was abandoned in 1941, leaving only Ada-Byars in operation for a few more years.²⁶ Today, most traces of the railroad have gone, survived only by a few depots like those at Ada and Stratford. And of course, the towns of Middleburg (population ca. 35). and Vanoss (pop. 75) remind us of the short period of Dutch influence in frontier Oklahoma.²⁷

ENDNOTES

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¹ The text of this article is largely based on a Dutch article by the same author, to be published in *Jaarboek voor de Geschiedenis van Bedrijven Techniek*, 2 (1985. *Yearbook for Business- and Technical History*). I want to thank Professor Paul R. Sellin, University of California at Los Angeles/Free University, Amsterdam, for his help in correcting my English.

² K. D. Bosch, *De Nederlandsche Beleggingen in de Verenigde Staten* (Amsterdam-Brussel, 1948).

³ More details of Dutch investments in American railroads may be found in the series of *Van Oss' Effectenboek* 1904–1917.

⁴ For a short biography of Dorset Carter see: J. B. Thoburn, *A Standard History of Oklahoma* (Chicago–New York, 1916), Vol. IV, pp. 1346–47.

⁵ A copy of the original articles of incorporation of the C.V. & W.Rly. may be found in the Archives of the Amsterdam Stock Exchange, file 836.

⁶ For more information on Stilwell see: Keith L. Bryant, Jr., *Arthur E. Stilwell Promotor with a Hunch* (Nashville, 1971).

⁷ Salomon F. Van Oss (1868–1949) wrote *American Railroads as Investments* (New York, 1893), and *Amerikaansche Spoorwegwaarden* (Groningen, 1903); in 1904 he started the series of *Van Oss' Effectenboek* as a guide for Dutch investors. After 1914 he withdrew from the business and founded a weekly paper *De Haagsche Post*, which still exists. *Biorafisch Woordenboek van Nederland*, vol. 2 (Amsterdam, 1985), pp. 413–14.

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⁸ Gerrit Adriaan Arnold Middelberg (1846–1916) had been locomotive superintendent of the Holland Railway Co. 1876 to 1889, and from 1889 to 1899 was director of the Netherlands South African Railway Co. He was well known to Cecil Rhodes, the famous prime minister of the Cape Colony. He had acquired the nickname “the terror of South Africa” because of his dealings with competing railways. *Biografisch Woordenboek van Nederland*, vol. 1 ('s-Gravenhage, 1980), pp. 389–90; A. J. Veenendaal, Jr., “Gerrit Middelberg, een veelzijdig spoorwegingenieur uit de negentiende eeuw.” *Jaarboek voor de geschiedenis van Bedrijf en Techniek*, vol. 1 (Utrecht, 1984) pp. 231–55.

⁹ G. A. A. Middelberg to his family, Seattle, December 23, 1905 (General State Archives, the Hague, Collection Middelberg nr.13 L).

¹⁰ Martinus Middeler (1872–1925) played an important part in the codification of the railway laws in the Dutch East Indies after his return from the United States. *De Ingenieur* 41 (1926) p. 119.

¹¹ After his return to Holland, Martin Middelberg wrote an account or report, for his own use, of his travels in the United States (General State Archives, the Hague, Collection Middelberg, nr.22). Except where noted, all quotations given are from this report.

¹² M. Middelberg to G. A. A. Middelberg, Oklahoma City, August 22, 1907 (General State Archives, the Hague, Coll. Middelberg, nr.12 G).

¹³ Although the Santa Fe may have contemplated a line from Paris to Longview, it was never actually built.

¹⁴ Middelberg must have known Governor-elect Haskell, who was active as a railroad promotor and builder. Thoburn, *Standard History*, vol. III, pp. 1067–1069.

¹⁵ Details of these oil companies may be found in *Van Oss' Effectenboek* over these years.

¹⁶ Middelberg always stayed at the Hotel Love, Brown Bro's, proprietors, rates \$2.00 per day, electric lights, steam heat.

¹⁷ Middelberg means the Franco-Prussian War of 1870–1871. After this war Alsace was ceded by France to Germany, but Belfort itself remained French.

¹⁸ Prohibition had been introduced in Oklahoma shortly before.

¹⁹ The Hoge Veldt or High Veldt, the plateau in Transvaal, South Africa, east of Pretoria.

²⁰ M. Middelberg to G. A. A. Middelberg, Purcell, October 17, 1907 (General State Arch. the Hague, Coll. Middelberg, nr. 12 g).

²¹ Somewhat later in his report M. Middelberg calls Carter “a pushing, rancorous Indian, obstinate and untrustworthy.”

²² M. Middelberg to G. A. A. Middelberg, New York, November 29, 1907, and G. A. A. Middelberg to M. Middelberg, Loenersloot, November 14, 1907 (General State Archives, the Hague, Coll. Middelberg, nrs.12 g and 21 A).

²³ Maurice H. Merrill “The Oklahoma Central Railroad.” *The Chronicles of Oklahoma*, Vol. LIX, no. 4 (1981–1982) p. 470.

²⁴ I. G. Clark, *Then Came the Railroads. The Century from Steam to Diesel in the Southwest* (Norman, 1958) p. 276.

²⁵ Details on the reorganization in: *Van Oss' Effectenboek* 1915/1916, and in the Archives of the Amsterdam Stock Exchange, file nr.836. The clauses in the Oklahoma constitution prohibiting the sale of railroad properties to out-of-state companies had been deleted by this time, thanks to the work of Carter.

²⁶ J. Marshall *Santa Fe, the Railroad that Built an Empire* (New York, 1945), pp. 434–35.

²⁷ I thank my friend Leverett L. Bogle, of Baton Rouge, La. for this information.