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A HISTORICAL STUDY OF THE SEARCH FOR

OIL IN THE POVERTY BAY - EAST COAST

DISTRICT FROM 1874 TO 1912

A thesis presented in partial fulfilment
of the requirements for the degree
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PREFACE

This thesis deals with oil exploration in the Poverty Bay East Coast district between the years 1874 and 1912. The Geology of the district is outlined and a brief chronology of events is given. The achievements and problems of boring are related in Chapter I. Chapters III and IV unfold the story of exploration examining company promotion, share holding, public criticism and company expenditure. Chapter V gives brief biographies of most of the men of the district who promoted the companies. The occupations of the promoters are analysed. Public attitudes to the exploration are examined under three themes: the confidence that oil would be found, the question of local or foreign capital; and the benefits Poverty Bay would have received.

ABBREVIATIONS

AJHR	Appendices to the Journals of the House of Representatives
GT	Gisborne Times
PBH	Poverty Bay Herald
PBI	Poverty Bay Independent
PBS	Poverty Bay Standard
M.P.Company	Minerva Petroleum Company
N.Z.Oilfields Ltd.	New Zealand Oilfields Limited (Gisborne)
P.B.P. and K. Company	Poverty Bay Petroleum and Kerosene Company
S.C.P.Company	Southern Cross Petroleum Company
S.P.P.Company	South Pacific Petroleum Company

CHAPTER I

GEOLOGY AND STRUCTURE

Two maps on geology and structure are included. The first is a general map of the geology of Poverty Bay and the East Coast taken from the Descriptive Atlas of New Zealand. The rock types shown are classified according to the geological period in which they were laid down. As can be seen the eastern portion consists of Tertiary rocks. These are of great thickness throughout most of the area they cover, and consist of a coarse conglomerate or breccia sandstones and marly clay. The other large and important rock type is Cretaceous which covers the western portion including part of the axial range. These rocks were laid down 58 to 127 million years ago whereas the Tertiary were laid down 1 to 30 million years ago. The Cretaceous rocks are composed of sandstones and shales, including greensands, siliceous shales and chalky limestones.¹ Mackay thought that the source of the oil springs was in the Cretaceous Rocks. He thought it was not so much a question of whether the oil originated in the Cretaceous rocks as their capacity for retaining oil in the more permeable beds, the greensandstones and sandstone layers.

Williams, in 1951, concluded that the Cretaceous and Tertiary beds would be potential sources of oil. In the Tertiary beds there are sand layers capable of storing and yielding liquids. The Cretaceous were more doubtful as storage beds but must have some sands that are reservoirs as indicated by the Waitangi springs.²

The second map shows the area around the Waitangi bores. On this map the predominant rock types shale, claystone and sandstone laid down in the Upper Miocene. These are the same as rocks Mackay referred to in Middle Cretaceous, Upper Cretaceous and lower Tertiary divisions. The main oil

1. Mackay J.A. "Report on the Petroleum Bearing Rocks of Poverty Bay and East Cape Districts, Auckland, New Zealand"
AJHR 1901 C-10, pp 21-25

2. Williams G.J. Economic Geology of New Zealand, 8th Mining and Metallurgical Congress of Australia and New Zealand,
p 338

seepages occur, at Waitangi bore and the sites of the old bores nearby, in Cretaceous or Upper Miocene rocks. The structure of the Waitangi area can also be seen on the detailed map. The Waitangi bore was located at the junction of the Waitangi and an other anticline, as well as the dome of the Waitangi anticline.

Thus the East Coast area consists of sedimentary rocks of two main geologic periods. Oil is found in the Cretaceous layers. Structurally the East Coast consists of part of the North Island axial range with adjacent rugged hill country and river plains.

BRIEF CHRONOLOGY

Oil exploration began in 1866 when oil seepages were found in the Waipaoa Valley by a Forest Ranger Oscar Bayer, and on Omaika No.1 block, south of Te Araroa by James Peachey.¹

The first company, the Poverty Bay Petroleum and Kerosene Company, to bore for oil was set up in late 1873.² The P.B.P and K. Company drilled for oil on the Pakeke-o-Whirikoka block, which was leased. Boring began in 1874, continued through 1875, and had ceased by 1876 when the P.B.P and K. Company was wound up.

The second period of oil exploration, the 1880's, began with the formation of the South Pacific Petroleum Company in 1880.³ The S.P.P. Company resumed exploration of the Pakeke-o-Whirikoka block. The Southern Cross Petroleum Company⁴ was formed in late 1880 and early 1881. A third Company Minerva Petroleum⁵ was formed in 1884. The three Companies conducted boring operations during the 1880's. The S.C.P. Company drilled at Rotokautuku near Ruatoria, whilst the M.P. Company drilled on the Mangataikapau block near Whatatutu and near the S.P.P. Company bores. This second period ended in 1890 when all three Companies were wound up.

The third period was from 1906 to 1912. The Gisborne Oil Company was formed in 1906. Drilling took place on the Waitangi/^{Block} near Whatatutu.

1. Mackay J.A. Historic Poverty Bay and the East Coast., N.I., N.Z.
Poverty Bay - East Coast Centennial Council, 1949, p.337
2. Hereinafter P.B.P and K. Company.
3. Hereinafter S.P.P. Company
4. Hereinafter S.C.P. Company.
5. Hereinafter M.P. Company.

By 1912 the Gisborne Oil Company was still drilling. New Zealand Oilfields (Gisborne) Limited⁶ was formed in London in 1910 and had concessions over 230 square miles of land on the East Coast. Drilling was begun at Totangi and Waiherere in 1911, and continued into 1912.

These three periods are under discussion in this thesis. Each will be examined in more detail in subsequent chapters.

6. Hereinafter N.Z.Oilfields Ltd.

CHAPTER II

DRILLING AND TECHNICAL DATA

This chapter will examine the number of bores, the depths reached, difficulties encountered and achievements of drilling. The drilling process was carried out much the same as it is today; with a derrick and an engine driving machinery that operated a bit.

The P.B.P and K. Company put down two bores, one of which had boring rods to 196 feet and shaft to 103 feet. The other bore had rods to 140 feet and shaft to 75 feet. The S.P.P. Company drilled 9 bores, 8 of which ranged from depths of 100 feet to 400 feet, and a further bore to 1,321 feet. The S.C.P. Company had 7 bores drilled, which ranged in depth from 100 feet to 1,820 feet, but all except that to 1,820 were under 800 feet. The M.P. Company put down two bores, one to 850 feet and the other to 930 feet. In the twentieth century the Gisborne Oil Company placed 2 bores, which by 1912 were at the following depths: number 1 1,478 feet, and number 2 335 feet. N.Z. Oilfields Ltd. put down 2 bores. The one at Totangi was down to 200 feet by 1912, and the other at Waiherere was just over 100 feet deep by 1912.

There were three main types of difficulties experienced in the exploratory drilling. These were firstly the problems of the nature of the stratum, secondly the drilling machinery, and thirdly delays in obtaining replacement parts for drilling machinery.

Many of the bores were abandoned at less than 500 feet because of the nature of the stratum. This was the case in the bores of S.C.P. Company, S.P.P. Company and M.P. Company where swelling ground (a layer of blue sandstone or papa) was impassable. The collapse of rubble into bore holes was also a problem because pipes were not used for the bore hole. Tools were lost in the two deepest bores in the 19th century.

The drillers had no previous experience drilling in "swelling" strata so that machinery often required modifications. In addition to the breakages of parts of machinery the modification caused delays. Delays in

obtaining replacement parts as well as further pipes were prevalent during the three periods, being due often to slow communications between the boring sites and Gisborne, and also due to transportation delays bringing items to Gisborne.

Despite the fact that some 24 bores were drilled in the three periods, oil was not struck in a large quantity in any bore. The logs of the S.C.P. Company, S.P.P. Company and M.P. Company are given in Appendices I, II and III. There were only two instances reported of oil found. Firstly in 1886, the S.P.P. Company "struck" oil, which filled the pipes to about 70 feet from the bottom.¹ Oil remained in the pipes, while the bore was deepened. In 1887 it was 163 feet from the bottom.² Unfortunately with oil in the pipes and the depth at 1,321 feet, the derrick was burnt and tools were lost in the well. Oil remained high in the pipes after the fire.³ The bore was never tested to ascertain the amount of oil in the hole. Many unsuccessful attempts were made to fish up the tools. The pipes were twice lifted out because of obstructions.

The second occasion when oil was "struck" was in September 1909 by the Gisborne Oil Company at 665 feet. Oil rose to about 24 feet from the top of the pipes. Three gallons were drawn off.⁴ The oil sand layer was only about one foot thick, so that, on advice of D. Bell, Government Geologist, the bore was deepened.⁵

The explanation for the number of unsuccessful bores is that many were not deep enough to reach oil bearing strata, as can be seen from the Company logs. In some bores oil and gas veins were encountered but these were only very small. In the two instances above when oil was "struck" small pockets of oil must have been discovered. Hence the pipes were filled.

1. PBH, 13 July 1886, p.2, c.7.
2. PBH, 31 August 1887, p.2, c.3.
3. PBH, 12 December 1887, p.2, c.6 & 7.
4. PBH, 8 September 1909, p.5, c.1.
5. PBH, 1 December 1909, p.9, c.3.

CHAPTER III

THE NINETEENTH CENTURY

In this chapter two periods, the 1870's and 1880's, will be examined with the following aspects in mind, company promotion, share holding, public criticism and company expenditure.

The P.B.P. and K. Company was a Gisborne promotion.¹ The first balance sheet stated that of the 10,000 shares at f5 per share, 1,143 had been taken up, and of these 1,076 had all calls paid. Expenditure was f2,165 8s 6d, the main items being machinery, plant and buildings, which cost f1,145 18s 7d. Between March and August 1874 104 new shares were taken up so that nearly 1,000 shares must have been taken up by promoters.² By 1876 the P.B.P. and K. Company had spent f4,576 16s 5d, total indebtedness was f626 4s 9d, and assets owing and due f460.³ 1,250 shares had been allotted and f3 15s had been called up per share. The P.B.P. and K. Company ran out of finance so that it was wound up.⁴

The S.P.P. Company was promoted in 1880 by W. Clarke, representing a wealthy New South Wales Company, and Gisborne men, of whom R. Cooper, A.Y. Ross and J.H. Stubbs were prominent. The capital was made up of 60,000 shares of f1 each. The Board of Directors was located in Sydney. A.Y. Ross offered to go to Melbourne to gain capital in 1876, but did not do so. However, Gisborne men were able to induce foreign capital to Poverty Bay in 1880.

The S.C.P. Company originated from a dispute between W. Clarke and the Sydney Board of Directors of the S.P.P. Company. The S.C.P. Company capital was made up of 48,000 shares of f1 each. The Board of Directors was located in Gisborne.

The M.P. Company was promoted in 1885 when 9,450 of the 50,000 shares were nearly all taken up by Gisborne and Auckland investors. This Company

1. The First Directors were: Captain G.E. Read, W.A. Graham, J.H. Stubbs, W. Steuart, A. McDonald, W.S. Greene, and J.W. Johnson.

2. PBS, 8 August 1874, p.2, c.7. 3. PBH, 10 March 1876, p.2, c.3.

4. PBH, 17 March 1876, p.2, c.1.

too, had its headquarters in Gisborne.

The prices obtained for shares in the 1880's depended a good deal on the boring reports. Most shares were not fully paid up so that calls were made to obtain finance for boring, machinery and wages. If calls were not paid by the date due the shares were forfeited and then sold by public auction.

The share market changed often during the 1880's and usually in response to such things as, the management of a company and reports from the drilling sites. In 1881 such a change arose from the businesslike manner in which the S.C.P. Company was being run. In December 1881 S.C.P. Company shares were sold for 4s all calls paid, and later in the month at 7s 6d in Melbourne and 6s 9d in Gisborne.⁵ By March 1882, despite progress with drilling, some S.C.P. Company shares were forfeited. In March 1,500 shares and in May 12,050 shares were auctioned and fetched prices from 10d to 1s 3d per share. 10,000 were auctioned in November. By 1883, when boring proceeded steadily and new machinery had been purchased, S.C.P. Company shares changed hands at 3s per share in Wellington and Christchurch.⁶ The market was almost clear.

Generally during the early years of the 1880's shares changed hands by auction quite often, but the state of the market varied greatly, even from month to month. Prices in the early 1880's were generally quite good and above the paid up amount of the shares, i.e. the amount paid on the shares to that date. In 1884 and 1885 many shares in the S.C.P. Company and S.P.P. Company were auctioned. Prices paid for shares at auctions were much lower too. The reasons for the waning of interest were firstly the lack of optimistic reports from boring sites and secondly the depression that was being felt in Wellington and Christchurch where shares were held. The latter meant calls could not be met, which meant in turn less money for boring. Until 1886 when the S.P.P. Company "struck oil" share prices were low. The 20th call of 6d was made by the S.P.P. Company in January 1886, and this made shares 8s fully paid up. 5,000 shares were sold by auction in March 1886 and fetched 5½d to 6½d. 40,000 had been offered, but 34,000 were redeemed. After the "discovery" of oil S.P.P. Company shares changed

5. PBH, 24 December 1881, p.2, c.3.

6. PBH, 24 February 1883, p.2, c.3.

hands at 6s 3d. Whilst the "successful bore" was not tested in 1887 S.P.P. Company shares varied from 15s to 17s and even to 20s in 1888 in New Zealand and Sydney with very few sales.⁷

Nevertheless 1888 was the peak year for share prices. S.P.P. Company stock was most expensive, but S.C.P. Company and M.P. Company stock became valuable even if not so expensive. By 1889 shares were auctioned in Sydney so that it can be assumed that the delays in testing the S.P.P. Company well were detrimental to the possession of and price of shares.

There were changes in the distribution of shareholders in the 1880's in both S.C.P. Company and S.P.P. Company. The first was not so much a shift in shares held as those holding most shares wanting control of the Company with the headquarters in their town. S.C.P. Company shareholders in 1882, in Napier and Christchurch held about 23,000 shares and those in Gisborne about 1,300. There was much to be said for a Board of Directors located in Gisborne, but outside shareholders were able to out vote Gisborne shareholders. When this occurred in 1882 Napier and Christchurch shareholders gave notice of intention to move the Directorate.⁸ The Directorate was taken in early 1883 to Christchurch.⁹

The Board of Directors of the S.P.P. Company was stationed at Sydney from 1880 until 1885. In 1885 when interest was falling off many shares were auctioned. By October 1885 out of 44,000 contributing shares nearly 27,000 were in the hands of the Company, and only 17,000 owned by shareholders, 10,000 in New Zealand and 7,000 in Australia. Some Gisborne men bought up the 26,000 forfeited shares auctioned in November 1885, the move being declared illegal by Sydney shareholders. Gisborne shareholders said they were willing to hand over some of the 26,000 shares and the next auction was to be in Sydney.¹⁰ Following on the above developments was the removal of the Directorate to Gisborne. By 1886 Sydney people again held most of the shares so that the Directorate was moved back. Weaver, the boring manager, held 12,300 shares.¹¹ By 1889 only one third of the S.P.P. Company stock was held in New Zealand, 12,400 contributory shares, of which 9,700 were paid up.¹²

7. PBH, 17 February 1888, p.2, c.4. 8. PBH, 28 December 1882, p.2, c.3.

9. PBH, 15 February 1883, p.2, c.4. 10. PBH, 17 November 1885, p.3, c.1.

11. PBH, 16 April 1886, p.2, c.7. 12. PBH, 8 March 1889, p.2, c.4.

The M.P. Company Board of Directors remained in Gisborne. By 1887 the promoters of the M.P. Company held 38,737 shares, which left 11,263 for the public. A Committee appointed by the Directors to ballot the shares to the public allotted them as follows :- Poverty Bay 1,770; Canterbury 2,020 and Melbourne 7,473.

There was public criticism of the Petroleum Companies in the early 1880's and late 1880's. Public attention during the mid 1880's was focussed on shifting the locality of Directorates. Friction began in 1880 over the way the S.P.P. Company was run. The main grievances of Gisborne shareholders were expressed at a meeting. They wanted two directors resident in Gisborne and a branch share registration office in Gisborne.¹³ The Board of Directors replied by offering 5,000 unallotted shares. Dissatisfaction continued in 1881, when a letter and editorial in the Standard complained of the system of share purchases, share transfers, and the Board of Directors in Sydney.¹⁴ The Standard also criticised a delay of boring, and called for an investigation. The writer thought that the Board was too far away, the manager's practical knowledge was suspect and that he had estranged himself from Gisborne interests.¹⁵ The matter had not been remedied when the topic of paraffin pushed the dissatisfaction aside. A substance referred to in 1881 as paraffin (supposed to be a derivative of petroleum) was found in quantity on the S.P.P. Company grounds. In spite of several varying chemical analyses estimates of quantity and quality, nothing came of the substance. There was mild criticism of the mismanagement of the paraffin issue.

The delay in testing the quantity of oil in the S.P.P. Company well from 1886 to 1890 was a topic for public criticism. Firstly the pipes were withdrawn, then the derrick burnt, a new derrick constructed and finally F. Weaver went to Australia and the United States of America. At a meeting of shareholders in Gisborne in 1888 some said Mr. Fleming, Chairman of Directors in Sydney, was to blame. Others blamed the Directors.¹⁶ By the end of 1889 most of the blame for delaying the test was laid on W. Weaver, who was dismissed from the S.P.P. Company. The S.P.P. Company's poor management was criticised at shareholders' meetings in Gisborne and Christchurch. There was also a new Directorate elected in Sydney in 1889,

13. PBH, 1 October 1880, p.2, c.6. 14. PBS, 5 February 1881, p.5, c.2.

15. PBS, 12 February 1881, p.3, c2 to 5.

16. PBH, 29 December 1888, p.2, c. 6 & 7.

but they resigned the same year, another Directorate being elected. The next year the company was wound up.

The figures of expenditure by the Companies are not complete nor continuous, but some idea can be gained from those figures collected. The S.C.P. Company spent in 1882 £3,003 17s 1d, and collected from calls £2,876 18s 9d;¹⁷ in 1883 spent £5,003 8s 5d, and collected from calls £4,729 3s 5d.¹⁸ The situation in 1884 was that liabilities amounted to £20,699, made up partly of £19,615 paid up capital. Assets were £15,339, of which £6,000 was "considered to the promoters", £9,206 spent and £33 in hand.¹⁹ Expenditure from July to December 1886 was £4,427 14s 2d, made up principally of Stubbs' contract of £3,133 15s, plant and machinery £275 17s 3d, office rent and salaries £264 5s 2d and working expenses £203 16s 10d. Expenses for the years 1881-1887 were £27,516 14s 7d, consisting of the loss on forfeited shares £1,286 1s 1d, bad debts £312 4s 8d and depreciation account £4,268 7s 6d. Cash in hand was £198 14s 11d.²⁰ By 1888 18s 4d per £1 share had been called up amounting to £39,552 1s 8d. Ordinary expenditure from 1881 was £29,931 13s 6d, depreciation account £4,260 17s, loss on forfeited shares and bad debts £1,656 9s 3d. Cash in hand was £136 2s 7d. A separate account showed that £1,155 1s 9d had been spent from June to December 1887.²¹ For the period June to December 1889 £206 11s 7d was spent. The balance sheet showed the S.C.P. Company had exhausted £40,030 9s 11d by December 1889. The total value of assets was £3,990 1s 4d.²² H.A. Gordon, Inspector of Mines, in 1888 claimed the S.C.P. Company had expended £46,000 on boring operations, plant and machinery.²³

The S.P.P. Company balance sheet of 1883 showed liabilities as £6,390 16s 2d. The amount received from calls was £5,901 9s 9d and that spent on boring operations £2,584 18s 4d. The plant and tools cost £1,598 1s 2d.²⁴ By 1886 Weaver was paid cash £2,678, purchased shares amounting to £211 and paid calls on his shares amounting to £517. The S.P.P. Company still owed him £692 17s 6d for contract amount. The directors had made calls that collected £4,520 9s 2d. The Company had a credit balance of £5,000 and no bank overdraft.²⁵ H.A. Gordon said in 1888 that the S.P.P.

17. PBH, 20 March 1882, p.2, c.5, 6 & 7.

18. PBH, 15 February 1883, p.2, c.4.

19. PBH, 9 February 1884, p.2, c.6 & 7.

20. PBH, 21 February 1887, p.2, c.6.

21. PBH, 20 February 1888, p.3, c.1.

22. PBH, 28 April 1890, p.4, c.1.

23. H.A. Gordon "The Gisborne Oil Springs" 1888, AJHR H -3

24. PBH, 22 May 1883, p.3, c.1.

25. PBH, 16 April 1886, p.2, c.7.

Company had spent f22,000. Another f2,000 to f3,000 would have been spent in 1889 and 1890 bringing total expenditure to about f25,000.

Weaver held an intriguing position in the S.P.P.Company. In 1886 W. Weaver, the boring manager, held 12,300 shares, was paid in cash f2,678 and paid f517 for calls on his shares, the S.P.P.Company still owing him f692 17s 6d. It is interesting to note, too, that in 1886 the S.P.P.Company "struck oil" but by 1889 most of the blame for not testing the well was laid on W.Weaver, who was dismissed from service.

The M.P.Company had in 1887 f900 paid up capital, with 10,550 shares allotted. The sale of 3,750 forfeited shares realized f63 15s 2d.²⁶ By 1888 the amount paid up in cash was f4,976 17s 8d, cash at the bank f2,306 15s 8d, cash in hand f15 4s, and contingent liabilities f336 5s 7d. H.A.Gordon said in 1888 that f5,000 capital was paid up, out of which f3,000 was spent. As boring continued during 1888 and 1889 the M.P. Company would have spent f5,000.

In 1890 the three companies were wound up. The reason for this was probably that the failure to find payable oil dulled the interest of investors who had carried the ventures for nearly a decade. The Companies had simply used all the finance they had and none was forthcoming. Those with sufficient finance outside Poverty Bay were not interested.

26. PBH, 4 July 1887, p.3, c.2.

CHAPTER IV

THE TWENTIETH CENTURY

Two trial bores were sunk on Dobbies Okahuatuu property in 1901-2. The first bore was to 300 feet, the second 500 feet, but only 3 inch and 1½ inch pipes were used. Gas was struck in both bores and traces of oil were found in the first.

The Gisborne Oil Company was formed in 1906 by Gisborne residents to obtain information concerning the prospects of oil boring around Poverty Bay.¹ The stimulus was provided by developments of Moturoa, near New Plymouth, where in 1906 oil gushed from a bore 2,331 feet deep.

British investors became interested in likely oil producing areas in the Empire following the British Admiralty decision to use oil as a fuel. L. Clayton, a Gisborne man, was responsible for inducing British capital to Poverty Bay. He had obtained concessions, contacted a group in London and negotiated terms with a Company.²

By September 1906 the Gisborne Oil Company had sold 3,239 fl preference shares to 231 persons, amounting to fl,379.³ However, in April 1907 a total of 3,246 shares had been allotted to 235 persons. 5,500 shares had been allotted. The directors would not allot any more at that time stating that the company was not run for speculation. Those who had carried the burden were to receive the benefits.⁴ Lysnar, the chairman, warned that the Directors had the power to refuse any application to transfer shares, and would do so to stop any trafficking of shares. At the end of 1909 5,692 shares had been allotted to 315 shareholders. There was a limit to the number of shares any one person could hold in any issue. Shares were only offered to raise more capital for operations. To January 1911 7,805 preference shares had been allotted to 352 shareholders. Finally by 1912 all 10,000 preference shares had been allotted and 1,880

1. The initial directors were; W.D.Lysnar, D.J.Barry, F.Hall, J.Clark, G.B.Oman, T.J.Adair, W.J.Anderson, G. St. E. McLean

2. GT, 6 April 1910, p.2, c.3.

3. PBH, 6 September 1906, p.2, c.7. 4. PBH, 9 September 1909, p.4, c.7.

ordinary shares had also been allotted. Preference shares were to have paid a fixed cumulative preferential dividend of 8 per cent; ordinary shares a 6 per cent dividend.

The N.Z.Oilfields Ltd. had a capital of £200,000, made up of 2,000,000 shares of 2s each. Of a public issue of 1,000,000 shares at 2s each in 1910ⁱⁿ/London, 736,660 had been allotted.

The Gisborne Oil Company took the very sensible step of having a Geological survey carried out. Fortunately the services of Dr. Bell, the Government Geologist, were gained, but the actual survey was done by J.H. Adams. There had been Geological reports done in 1874 by J.Hector,⁶ 1888 a report by H.A.Gordon and 1901 a survey by A. McKay.

The report done in 1888 by H.A.Gordon consisted of brief histories of the S.P.P.Company, S.C.P.Company and M.P.Company, and gave no detailed geological material. A. McKay, Government Geologist, in 1901 gave a report on the Petroleum Bearing Rocks of Poverty Bay and East Cape Districts.⁷ He, too, gave a brief history of boring for oil around Poverty Bay. He gave a geological account of areas around Poverty Bay including the areas of oil exudations. He concluded that lower and middle Cretaceous rocks were the source of petroleum, but did not discount the upper calcareous division of Cretaceous giving rise to oil. He warned that the selection of sites for boring had to be decided by those concerned, but went on to suggest several likely places, near the old M.P.Company boreholes in the Mangatu and Waikohu Valleys, and a place near the Gisborne - Opotiki road.

The survey done by J.H.Adams of the Government Geological Staff at the request of the Gisborne Oil Company was a detailed account of the Whatatutu subdivision. He, too, gave a brief history of oil exploration to 1908. The indications of petroleum were listed, based on the location of seepages, from which a probable oil zone could be outlined. Three favourable sites were pointed out for boring, firstly on the dome of the Toromiro anticline, secondly the Waitangi Dome (the Gisborne Oil Company site) and thirdly the dome of the Waitangi anticline on the western side of the Mangatu River.

The financial position of the Gisborne Oil Company remained good

5. PBH, 23 February 1912, p.2, c.2.

6. This report could not be found.

7. AJHR 1901, c-10, pp 21-25.

throughout the 1906-12 period. Cash from sales of shares in 1906 amounted to f1,379 with expenses of f38 13s 6d. Expenses for 1907 were f111 5s 1d and for 1908 f33 12s 4d. The directors were told that a bore of 2,500 feet would cost about f3,000 and four deep wells would have cost about f20,000. Total capital in 1909, with deductions taken into account, was f4,589 8s. Machinery and plant had cost f1,164 8s 10d, buildings f125 7s 11d, and the bore account was f98 10s. The balance sheet for 1911 showed a surplus of f4,193 of assets over liabilities.

There was only slight criticism at the 1911 annual meeting of N.Z.Oilfields. Two initial directors, Major-General Stewart, and MacDonald had resigned. A shareholder said that it was a pity they were not at the meeting for they had painted such a glowing picture and then got out.⁸

There was some trouble in 1911 in Gisborne over the shares that L.Clayton had obtained from N.Z.Oilfields. It would appear that Clayton broke an agreement which he had with East Coast Petroleum Company Limited which consisted of Clayton, W.Chambers, J.Hutchinson and Finn. This Company had been formed to obtain concessions. Clayton gathered some concessions but treated them as his own property. He then sold these concessions to N.Z. Oilfields Ltd. receiving f50,000 in paid up shares. The case ran in the Gisborne Supreme Court in March 1911, but a judgement was reserved.⁹

N.Z.Oilfields capital in 1910 stood at f63,549 from 736,660 allotted shares and by 1911 the issued capital brought in f172,000. This was how N.Z.Oilfields stood at 1912. Expenditure must have been quite large for two of the latest boring plants were in operation.

The twentieth century period had none of the criticism, shift in shares and large expenditure of the 1880's. The call for a geological survey showed a more balanced, businesslike attitude to prospecting.

8. PBH, 27 November 1911, p.2, c.2.

9. PBH, 18 March 1911, p.2, c.2.

CHAPTER V

PROMOTERS

This chapter will examine the men who promoted oil exploration. Some have been mentioned in previous chapters. This study has to be confined to Gisborne men, and even then information on some is slight. Brief biographies will be given about promoters and then this material will be analysed.

The first directors of the P.B.P. and K. Company were probably promoters. They were as follows:- Captain G.E. Read, merchant and landowner; J.W. Johnson, landowner; W.S. Greene, auctioneer; A. McDonald, landholder; W.A. Graham, surveyor; J.H. Stubbs, pharmacist and W. Steuart occupation unknown. R. Cooper, too, was a promoter, but he is discussed later.

Captain G.E. Read was born in Suffolk in 1815, came to New Zealand in 1835 and worked on trading ships from 1838 to 1845 and in East Coast waters from 1842 to 1845. He owned a store in Gisborne from 1852. His ships visited coastal ports, going as far as Auckland. He owned or held leasehold over a large number of blocks of land. In 1876 he was elected to the General Assembly, but was unseated due to illegal activities connected with his election campaign. Read firmly believed that a payable oilfield would be discovered in Poverty Bay. What could have assisted him to this conclusion was that he held considerable interests in the Mangatu district. Twelve months before the first oil company was formed he agitated strongly in favour of testing the oil bearing area. He stipulated, in connection with his offer of substantial financial aid, that an expert be obtained. He died in 1878, and saw only the first failure to find large quantities of oil.¹

J.W. Johnson was born in 1884 in England, gained a B.A. at Cambridge, spent two years in Queensland and went to Poverty Bay in 1867.

1. Mackay, p.193

He and his brother G.R.Johnson obtained the lease of Maraetaha block of about 20,000 acres in 1867. J.W.Johnson later obtained the freehold of the block. He took part in the actions against Te Kooti. He was patron of "everything"; all the clubs had him as patron or president. He was the first member elected by Poverty Bay to the Auckland Provincial Council, sitting from 1873 to 1875. In 1879 he stood unsuccessfully for Parliament. He was elected to the Cook County Council in 1877 and was the first chairman from 1877 to 1879.²

W.S.Greene was born at Kingston, Dublin, had a store at Waipiro Bay in 1852 and settled in 1855 in Poverty Bay, where some property had been left to children of his first wife, Erena Kawha. In 1868 he kept a store at Karariki. He was the first settler to run stock on Okahuatui in 1870 and he obtained the lease in 1873. In the role of auctioneer he became prominent in Gisborne business circles.³ He was also well known as a licensed interpreter.⁴

Allan McDonald settled in Poverty Bay in 1871. He gained the lease of Kaiti block in 1873 with a partner and they acquired interests in Whataupoko, 14,000 acres freehold and 2,000 acres leasehold. They held altogether 15,000 acres freehold and 32,000 acres leasehold, and ran 34,000 sheep. He then obtained Turihaua and Puatai blocks on his own. He was elected to the first Cook County Council in 1876 for Waimata Riding. In 1879 he won the East Coast Seat in Parliament.⁵

W.A.Graham was born in Auckland in 1841 and spent some years in Poverty Bay as a surveyor and native intermediary. His father, G.Graham, M.H.R., had come to New Zealand as a member of Hobson's staff in 1840. After W.A.Graham moved away he became Mayor of Hamilton.⁶

J.H.Stubbs was listed as a chemist, (probably a pharmacist). He had two sections in Gisborne, one for his shop and one for his house.⁷ He, too, was involved in local body politics although not elected to office.

The S.P.P.Company directors were initially, W.Fleming, a Canadian oil expert; W.Clarke, a Melbourne company promoter; G.Rossiter, G.E.Erving, and F.McNeil, all of Sydney. R. Cooper was a promoter of both the S.P.P. Company and earlier P.B.P. and K. Company.

2. PBH, 11 October 1899, p.3, c.1, obituary.

3. Mackay, p.137.

4. PBH, 25 September 1893, p.2, c.6, obituary.

5. Mackay, p.355.

6. Mackay, p.227.

7. Burgess Roll for the Borough of Gisborne, Special Roll 1885-6.

R. Cooper is credited with having assisted Captain Read to obtain a number of native properties. Before he settled in Gisborne in 1872, Cooper was in business in Wellington. In Gisborne he was a private land purchase agent. In 1875 he was connected with Read's election and in 1877 stood unsuccessfully for the Borough Council. Cooper and others had obtained the lease of Pakeke-o-Whirikoka block, where oil seepages were located, and this was the drilling site of both P.B.P. and K. and S.P.P. Companies.

The Gisborne men who made up the Board of Directors when the S.P.P. Company was shifted from Sydney in 1885 were: C. Smith, auctioneer; F. Shelton, merchant; F. Dufaur, commission agent; T. Chrisp, harbourmaster; E. Joyce, hotelkeeper; E. Ward, solicitor; Dr. Innes, Surgeon.⁸ The occupations were listed in the Burgess Roll 1885.

The S.C.P. Company was promoted by W. Clarke, R. Cooper and J. H. Stubbs. The newspaper accounts gave Clarke the credit whereas Mackay says it was formed by the three men. Stubbs and Cooper would have been promoters too for they were associated with promoting the earlier companies. The shareholders when application was made to register the S.C.P. Company were:⁹

	<u>Address</u>	<u>Shares</u>
W. Clarke	Gisborne	21,500
(in trust for subscribers for preliminary shares in S.C.P. Company)		
Ropata Wahawaha	Wai-o-matatini	1,000
G. J. Winter	Gisborne	200
W. H. Tucker	Gisborne	200
S. P. Craig	Gisborne	100
H. Haase	Gisborne	100
H. Haase	Gisborne	24,800
(in trust for W. Clarke & S.C.P. Company)		
		<hr/> 48,000

8. P B H, 4 February 1885, p.2, c.6.

9. P B H, 14 February 1881, p.2, c.7.

S.P.Craig had purchas'd the Herald in January 1881 and held it till 1883. Ropata Wahawaha, a Ngati Porou leader who fought against Te Kooti, was a landowner and a sheepfarmer. His participation will be mentioned later. W.H.Tucker was born in Auckland, educated there, settled in Poverty Bay as a sheepfarmer in 1866 and fought against the Hau Hau and Te Kooti. He was also Cook County Clerk from 1877 to 1880 and in 1881 an interpreter.¹⁰ G.J.Winter was born in Tasmania, educated in England, returned to Tasmania and trained as a surveyor. In 1865 he moved to Invercargill and a few months later to Poverty Bay. He saw active service at Waerenga-a-hika and against Te Kooti. He gained a Commission in 1872, and became Captain in 1877 of the Gisborne Rifles and in 1878 of J Battery. He was a prominent sportsman.

The Herald said that the M.P.Company was formed in Auckland, with men of position in Auckland taking up shares.¹¹ Mackay adds that the M.P. Company was promoted by J.H.Stubbs and R.Cooper.¹² The Telephone reported that Stubbs went to Auckland to float the Company.¹³ The Directors elected in December 1884 were: G.J.Winter, A.Graham, W.Teate, D.Johnston, W.Cooper and J.H.Stubbs.

G.J.Winter has been discussed. A.Graham was born in Lanarkshire, Scotland, in 1843, and arrived in Napier in 1864. He was on active service in Hawkes Bay and Poverty Bay. In 1873 he opened a branch of the Napier firm of Kinross & Graham in Gisborne. The firm lost heavily when the City of Glasgow Bank failed in 1879. In 1885 he was a merchant.¹⁴ He served as Chairman of the Cook County Council from 1879 to 1881. He was to become Member of Parliament for the East Coast seat in 1887. W.Teate was a merchant with the firm of Teate and Friar in 1885, but may have been with Robjohns, Teate and Company, drapers and grocers in 1873 in Gisborne. He was elected to the first Borough Council in 1877, and owned 24 acres in Gisborne in 1877.

W.Cooper, who was born in Yorkshire in 1845, came to Wellington with his parents in 1856. His father died when he was 13 years old. Cooper junior set out on his own, farming at the Hutt, Wairarapa, and in 1874 he came to Poverty Bay. He took up two runs but the City of Glasgow bank failure hit him hard. After this he took a lease of 1150 acres at Wainui,

10. Mackay, p.359.

11. PBH, 2 December 1884, p.2, c.4.

12. Mackay, p.338.

13. Telephone, 10 December 1884, p.2, c.4.

14. Mackay, p.355.

Gisborne and subsequently gained the freehold.¹⁵ In 1896 he claimed^{that} he had sunk £10,000 into the search for oil in Poverty Bay.¹⁶ D. Johnston was collector of customs, and had two small sections of property in Gisborne.

The shareholders when the M.P. Company applied for registration were as follows:¹⁷

	<u>Address</u>	<u>Shares</u>
E.L. Jones	Melbourne	1,000
C.J. Hughes	Christchurch	1,000
W.G. Motley	Napier	500
J.W. Henton	Auckland	250
A. Saunders	Auckland	500
A. Porter	Auckland	500
J.A. Skinner	Auckland	100
W. Cooper	Gisborne	1,000
A. Graham	Gisborne	250
C.P. Davies	Gisborne	100
W. Teat	Gisborne	250
J.H. Stubbs	Gisborne	2,000
F.J. Piesse	Gisborne	250
G.J. Winter	Gisborne	1,000
D. Johnston	Gisborne	250
J. Brown	Gisborne	100
E. Bache	Gisborne	100
H.J.C. Andrew	Gisborne	100
J.O. Barnard	Gisborne	100
H.E. Johnston	Gisborne	100
		<u>9,450</u>

The occupations of the following were obtained from the Burgess Roll for the Borough of Gisborne 1885-6; H.E. Johnson, commission agent; J. Brown, engineer; C.P. Davies, accountant; J.O. Barnard, surveyor; E. Bache music teacher; H.J.C. Andrew was to be harbourmaster 1886-88.

15. The Cyclopaedia of New Zealand, v.2 Auckland Provincial District, Cyclopaedia Coy., 1902, pp. 100-1001.

16. Mackay, p.325

17. P.B.H., 22 January 1885, p.2, c.3.

The initial directors of the Gisborne Oil Company were:

W.D.Lysnar, barrister, landowner, local body and later national politician;
D.J.Barry, brewery owner; F. Hall, painter, plumber and electrician;
J.Clark, landowner; G.B.Oman, hotelkeeper; T.J.Adair, merchant, draper;
G.St.E. McLean, station manager. F. Harris, hotelkeeper, later became a director.

W. Douglas Lysnar was born in Auckland in 1876, the son of W. Dean Lysnar, the first master of the Gisborne's first public school. W. Douglas Lysnar was educated by his father and acquired two years experience of station life. He then trained as a lawyer, and began his own practice in 1892. In 1901 the Gisborne Freezing Company, established in 1896 at Kaiti, was taken over by a new company, the Gisborne Sheepfarmers Frozen Meat Company Limited, capital £30,000 and its directors included the following men also in oil exploration, W.K.Chambers, F. Hall, W.D.Lysnar and W.Cooper. W.D.Lysnar also pioneered the dairy industry opening the first dairy factory in Gisborne. He practised as a solicitor in Gisborne for a number of years and then took up sheep farming on Arowhana, a large hill country farm, near the Gisborne Oil Company's boring grounds. In 1905 he stood for the Mayoralty but was narrowly defeated. He was successful in 1908 and remained in office until 1911. He was also elected to the first Cook Hospital Board in 1910.¹⁸ He was Member of Parliament for Gisborne from 1919 to 1931.

David J. Barry was born in Liverpool in 1861, was taken with his parents to Western Australia when 2 years old and then to Napier where he was educated. In 1878 he moved to Gisborne, and for eight years worked for the Gisborne Brewery. In 1890 he left the Brewery and began a cordial manufacturing business, which he conducted successfully until 1897, when he became managing director of the Gisborne Brewing and Malting Company.¹⁹ He purchased the freehold of this Company. He was patron of numerous amateur and professional sporting clubs, and was very interested in horse racing.²⁰

Frederik Hall was born in Wiltshire, England, in 1857, where he was

18. Mackay, p.p.326, 328, 420.

19. Mackay, p.343.

educated and trained as a house painter. He came to Auckland in 1873, worked there and in Hokianga until 1877, when he moved to Gisborne. He joined G.Houghton in Houghton's business, the Gisborne Plumbing and Painting works, established in 1870. In 1885 Hall became sole owner and about 1900 had 15 to 20 men working for him. He had property in both town and country areas, and hotel interests, too. He was connected with the Turf and on a number of directorates of limited companies.²¹

John Clark, who was born in Scotland 1854, came to New Zealand in 1876 and with a partner took a lease over Okahuatiu run in 1876. This was dissolved in 1882 when Clark secured the rights over Opou and adjacent land. He was the leasee of Te Arai Station (10,691 acres) when the Crown took it over from G.R.Johnson in 1907 at £106,502. Clark received £7,447 as compensation. He told the Compensation Court that he had paid £135,000 for Waipaoa Station (34,000 acres) together with 30,000 sheep and 1,400 cattle, that he also held Papatu (5,000 acres) partly leasehold and Opou (4,000 acres) mostly leasehold and he had interests in Mangapoike. The properties in all carried 47,000 sheep and 2,400 cattle. He served as chairman of the Cook County Council 1886-92 and also on the Gisborne Harbour Board. He was also on directorates of some commercial concerns.²²

George B.Oman was born at Swansea in 1864, and came to Poverty Bay in 1874. He was apprenticed to the carpentry trade which he followed for some years, but entered the hotel business in 1898 when he took over Muriwai Hotel.²³ He then held, in the following order, licences over hotels at Waipiro Bay, Whatatutu, the Coronation, Wairoa, British Empire, Gisborne and Masonic (Gisborne). He served short periods on the Borough Council and Hospital Board. He, too, was very interested in the Turf.²⁴ Frank Harris became a director in the Gisborne Oil Company. He was born at Napier in 1858, and in 1873 went to work on Opou Station, where he spent 12 years. Then he became landlord of the Albion Hotel for 17 years and the British Empire for some years. He, too, was on the Borough Council and Gisborne Harbour Board.²⁵

T.J.Adair in 1897 with C.Adair bought William Adair's merchandise

21. PBH, 22 April 1935, p.6, c.7, obituary.

22. Mackay, p.319.

23. PBH, 14 July 1936, p.13, c.2, obituary.

24. Mackay, p.343.

25. Mackay, p.342.

business. The business was taken over by Adair Brothers Limited (a public company) in 1908.

The men in East Coast Petroleum Limited, were W.L.Clayton, W.Chambers and H.J.Finn. Lissant Clayton, a Gisborne Land Agent, was organising secretary of the Poverty Bay Branch of the Farmers Union when it began in Gisborne in 1901. Clayton stood for Parliament in 1905 as an Opposition candidate for ^{the} Waiapu seat but was defeated by Carroll. He stood unsuccessfully again in 1908²⁶ and in 1928 as a United Party candidate.

William K.Chambers, who was born in South Australia in 1850, was taken to Hawkes Bay by his parents in 1854 where he was brought up to sheepfarming. In 1873 he bought Repongaere, which by 1877 was 5,067 acres. He served on the Ormond, Waikohu and Ngatapa Road Boards, was chairman of the Cook County Council 1882-4 and was also on the Gisborne Harbour Board when it began in 1884.²⁷

H.J.Finn was a lawyer in Gisborne. He had had a military career, including membership in the Papal Zouaves and in the Irish Brigade. He had been both a lawyer and Member of Parliament in Otago.²⁸

The men considered above number 37 in all, of which there are twenty two brief biographies, and fifteen with only the occupation given. Of those 37 men, 10 were of the landed group; 11 had mercantile interests and 19 were professional men. Some men such as Captain G.E.Read, and W.D.Lysnar had interests in two groups.

The landed group, made up of only landowners or landholders, consisted of : Read, Johnson, McDonald, R.Cooper, Ropata, W.Cooper, Lysnar, Clark, McLean, and Chambers. This group was represented in each of the three periods but were most prevalent in the 1870's and 1900's.

The mercantile group consisted of the following : Read, Greene, Smith, Shelton, Dufaur, H.Graham, Teat, Barry, Hall, Adair, Anderson and Clayton. This group predominated in the 1880's and 1900's.

The largest group were those grouped as professional men, which included lawyers, accountants, hotelkeepers and other urban based

26. Mackay, p.p. 355-6.

27. Mackay, p.399.

28. Oliver, W.H. and Thomson, J.M. Challenge and Response A Study of the Development of the East Coast Region, East Coast Development Research Association, 1971, p.146

occupations. This group comprised the following: W.A.Graham, Stubbs, Chrisp, Joyce, Ward, Innes, Craig, Tucker, Winter, Johnston, Barnard, Andrew, Davies, Brown, Lysnar, Oman, Harris, and Finn.

Some changes can be seen in the distribution of interests through the three periods. In the 1870's landed men and those in professional jobs associated with dividing up the land predominated. Here were Read, Johnson, McDonald as landed men and W.A.Graham, surveyor. These would have been the men with sufficient money to invest, and a successful oil field would have greatly raised the value of property. Three of these men, except W.A.Graham, stood for Parliament, suggesting that they had the time, money and status, so necessary in the 1870's for candidates. It also points to a certain homogeneity of leadership, including land or other wealth, and political success.

However, in the 1870's, too, there was a trading group in Read, Greene and Stubbs. This commercial urban group contrasts with the other land rural group.

In the 1880's the first two companies were organised by outsiders in connection with R.Cooper and Stubbs. The Gisborne Board of Directors of the S.P.P.Company in 1885 was interesting for here was a mercantile and professional group: Smith, Shelton, Dufaur, T.Chrisp, Joyce, Ward and Dr. Innes. There was no landed man at all, in contrast to the 1870's. In the list of initial S.C.P.Company shareholders, only Ropata was a landowner, while the other Gisborne men Winter, Tucker, Craig and H.Haase who was secretary, were professional men.

This pattern of mercantile professional investors was strengthened by looking at the M.P.Company. Here of the six initial directors, only W.Cooper was a landowner, while the others were in the mercantile or professional groups, e.g. Winter, A.Graham, Teat, Johnston, and Stubbs. Other Gisborne shareholders were in these groups too, e.g. Johnston, Brown, Davies, Barnard, Bache and Andrew.

There was a link between E.Ward who was S.P.P.Company director in 1885 and Lysnar who worked in Ward's law office in the 1880's.

In the 1900's there were again landed rural men investing. They were Lysnar, Clark, McLean and Chambers. But again the mercantile and professional groups dominated, as in the Gisborne Oil Company: Barry, Hall, Adair, Anderson, Oman and Harris and in the East Coast Petroleum Company: Clayton and Finn. In no period did the rural landed group comprise more than about half the important Gisborne Investors. The first period had the most landholders but in the 1880's and 1900's the mercantile professional groups were dominant investors.

One may suspect that, although landed rural based investors were fewer in number, they may have held more shares. But this does not follow, where it can be checked in the 1880's. In all companies mercantile and professional men were more numerous and held more shares. In the 1880's this would suggest that the rural sector of the economy was either hit hardest or hit first by the City of Glasgow Bank failure in 1879 and/or the depression of the 1880's. On the other hand it could be that the rural sector had other things to do with its money on its land. By the 1900's all the directors were prominent local figures, and all seemed to be fairly well off economically when they invested. It would appear that the rural sector was hit hard in the 1880's or found other outlets for its money and only a few successful landowners invested in the 1900's.

The economic situation in the 1880's both in New Zealand and of the region may help to explain this situation. In the 1880's New Zealand experienced a depression. The farming sector of the economy was hit first and hardest. This was the case in Poverty Bay where, although prices for wool dropped, large quantities were still shipped out. Poor wool prices and a scab epidemic caused a grave situation in Poverty Bay which seems to have been relieved about 1886 when wool prices rose. About this time, too, more land was available for settlement.²⁹

Sinclair and Mandle felt that the depressed conditions seemed confined to the South Island until 1884, when^{the} North Island was 'prosperous'. Hawkes Bay and Poverty Bay in 1885 were described "as among the most

29. Murton, B.J. "Settlement in Poverty Bay 1868-1889," Canterbury M.A. Thesis, 1962.

flourishing parts of New Zealand". They felt that the depression covered the whole country in 1887 and a price rise in 1889 brought recovery to almost all areas.³⁰ The lack of landed rural investors in the 1880's may have been due to the depression but one would have expected the mercantile and professional groups to have been dependent on the rural sector and been affected also by the depression. The mercantile and professional groups probably had fewer or no high interest payments on mortgages and would have been more able to divert income into investment.

As an important Maori leader in the 19th Century Ropata Wahawaha's participation in oil exploration is interesting. He and his tribe fought with the Europeans against Te Kooti. It seems strange that Ropata, as leader of a tribe intent on preserving Maori identity, would participate in oil exploration. No doubt, he, like the other investors, sought financial gain. The S.C.P. Company in which he held shares operated in the Waiapu area and the ground was leased from the Maoris, and thus he would have been interested in the exploration.

The presence of a group associated with brewery, hotel and horse racing interests in the 1900's would appear to be cohesive. Barry, Oman and Hall had the above interests in common. By virtue of their interests they were prominent men in the community. Oman served in local bodies, as did Harris and Clark and this brought them into contact with Lysnar.

The promoters of oil exploration appear to have been prominent citizens. Yet there was a change in the type and character of investors. In the 1870's local landowners or landholders, and a small mercantile group were the promoters. By the 1880's investors were from mercantile and professional groups. Foreign and outside capital also moved in during this period, combining with Gisborne capital. In the 1900's local and overseas promoters operated but did not combine. The mercantile professional groups predominated but one or two successful landholders again invested. Most of the local promoters were prominent citizens, and were well known in local bodies, in financial matters and sometimes in sport. Some were willing to gamble for rapid and large returns, while others saw long term benefits for the district and themselves from a successful oil industry.

30. Sinclair and Mandle, Open Account. A History of the Bank of New South Wales in New Zealand, 1861-1961, p.p.100-102

CHAPTER VI

PUBLIC ATTITUDES.

This chapter will examine public attitudes to oil exploration in the Poverty Bay district under three themes: the confidence that payable quantities of oil would be found; the question of local or foreign capital; and the benefits Poverty Bay would have received.

In many ways these themes were part of a booster ideology. Boorstin developed this idea for the United States of America,¹ and in a diluted form it is applicable to Poverty Bay. Those settlers who went to a new area were anxious that it should grow as rapidly as possible. Land could only be broken in at a certain speed. Settlers could not come in large numbers to an area like Poverty Bay for land purchase was often a lengthy process and clearing nearly always difficult. However, the discovery of oil in payable quantities and subsequent exploitation of that resource would have drawn wealth, industry and people. Gisborne people had high hopes for successful oil exploration for it would have made the district more attractive to settlers than other districts.

In each of the three periods, the 1870's, 1880's and early 1900's there was confidence that oil would be found in commercial quantities. Indications of the presence of oil, such as surface seepages, and gas being given off, were present around Poverty Bay. When boring began, the presence of three layers of sand with oil and salt water were also "sure" signs, based like the surface indications on American experiences.

The tone of articles in the 1870's was almost one of over-confidence. Parsons, the borer from America, after a cursory inspection of the grounds said that there was every indication of payable oil. The sample which he was shown, he said, was equal to Pennsylvanian oil.² When oil seeped into the well in 1874 the Standard said "the presence of payable oil may be

1. Boorstin, D.J. The Americans II: The National Experience, Penguin, 1965, p.p.149-208

2. PBH, 17 September 1874, p.2, c.7.

said to be practically solved, as oil exuding normally would yield twenty timestimes more when the vein was reached".³ The Herald said "that the yield would be extraordinarily abundant. The whole surface was teeming with oil".⁴ Earlier in 1874 the Herald had commented that oil would be found and Poverty Bay would be able to out vote Auckland. There was dissatisfaction in Gisborne with the Auckland Provincial Government. Even when the P.B.P. and K. Company was wound up the Herald maintained it was not because oil did not exist in large quantities underground but because the ground had not been tested properly. The reason for failure was thought to be financial rather than geological.⁵

The over-confidence carried over to 1880, when such things as the possibility of needing pumping gear, an oil pipeline and refinery were contemplated.⁶ The site for a refinery was even selected near Makaraka and the depth of the Taruheru River sounded.⁷ As exploration carried on to the mid 1880's confidence fluctuated until the oil "find" in the S.P.P. Company bore in 1885. The Herald accepted this as confirmation of long held beliefs. The Independent commented "that 'struck oil' was the cry in Gisborne and large numbers of businessmen were running to and fro in a very excited state, whilst knots of others were to be seen at street corners vehemently discussing oil prospects".⁸

After oil had risen in the S.P.P. Company bore in 1886 the Herald quoted articles in outside newspapers. The Napier Telegraph said that oil had been found, dismissing doubts, after several years work and expenditure of thousands of pounds. The writer wondered whether the end would justify the cost.⁹ The Evening Post said that faith in the oil springs was to be rewarded. Although many had lost hope, a few had not and they were to be rewarded. It hoped a new industry would develop.¹⁰ The Canterbury Times also said that hope had been realized. It, too, looked forward to a new resource to be exploited.¹¹ These outside comments differed in that they were rather benevolent.

In the latter 1880's interest increased and decreased according to the state of boring operations. Even though confidence was maintained at

3. PBS, 16 December 1874, p.2, c.4. 4. PBH, 17 December 1874, p.2, c.3.

5. PBH, 3 March 1876, p.2, c.2.

6. PBH, 23 February 1880, p.2, c.4.

7. PBH, 15 September 1880, p.2, c.1.

8. PBI, 23 July 1885, p.2, c.3.

9. Quoted in PBH, 16 July 1886, p.2, c.4.

10. Quoted in PBH, 20 July 1886, p.2, c.3.

11. Quoted in PBH, 20 July 1886, p.2, c.3.

times by the Herald and Weaver brothers, the public ceased to pay any attention to the venture. Criticisms of the way S.P.P. Company affairs were managed have been mentioned in Chapters IV and V.

Confidence that oil would be found was present in the early 1900's. This confidence was expressed in letters to the Herald from J.Cuff,¹² a former lessee of Pakeke-o-Whirikoha, J.H.Stubbs,¹³ and W.E.Akroyd.¹⁴ When oil was struck in 1909 the Herald was less enthusiastic than in the 1880's.¹⁵ The Times, too, was cautious not to exaggerate the importance of the find.¹⁶

The directors of the Gisborne Oil Company, who decided to drill deeper hoping to find a larger oil bearing strata, showed their confidence in the venture; previously confidence had been chiefly manifested in the attitudes of the press.

The 1870's was the period that appeared to be most confident of success. In the 1880's there was disillusionment when oil was supposedly struck, but not tested. By the 1900's there was still confidence that payable oil would be found in commercial quantities. However, by then it was the private person rather than the press who was giving such opinions. This would suggest that some maturity in press attitudes had developed and allied to this that the function of the press had changed from 1880's to the 1900's. The changes in pastoralism, the increase in population, the growth of meat freezing that occurred in the district during the 1890's and early 1900's would have been allied with changes in press attitudes. The newspaper editors still thought highly of their district but they no longer wrote highly optimistically on oil exploration.

Even the Herald in 1909 compared the 1880's with the 1900's. An editorial in 1884 was cited as having painted a picture of oil running to waste at Waitangi hill, "but this was when 'the boring' of the S.P.P. Company and S.C.P. Company had been watched by a small excited community". The writer claimed operations in 1909 proceeded on the basis of a geological survey rather than on surface indications with "dry" holes as the result.¹⁷ This emphasised that the district had "grown up". It is

12. PBH, 28 May 1906, p.4, c.4.
13. PBH, 25 August 1906, p.2, c.8.
14. PBH, 4 May 1908, p.2, c.1.
15. PBH, 8 September 1909, p.5, c.1.
16. GT, 9 September 1909, p.2, c.3.
17. PBH, 9 September 1909, p.4, c.7.

interesting, too, for the Herald appeared to be strongly in favour of oil exploration in the 1880's. Certainly it would appear that the writer in 1909 felt cautiously confident of success because of sound business methods, and also expressed scant regard for the 1880's. It seems that newspaper editors became less confident from the first period to the last. The reason for this was that until the 1900's the district was very isolated, necessitating optimistic talk about its resources. But in the 1900's the region came more into the main stream of New Zealand life and the necessity to boost the district decreased. The lessening of confidence may have been the cumulative effect of failure in the 1870's and 1880's to find payable oil. Newspaper editors at least had become sceptical.

The question, of whether Gisborne, or New Zealand or overseas capital should have financed exploration, was discussed in newspapers. Interested Gisborne people soon concluded in the 1870's and 1880's that local finance was limited. Hence, the exploration, that companies financed by Gisborne investors could undertake, was not so extensive or intensive. The P.B.P. and K. Company it will be remembered had only a small amount of capital and this limited the amount of exploration which the Company carried out. The Herald commented on the report of the New Zealand Times which said that the P.B.P. and K. Company was a venture by Gisborne folk. Auckland merchants were criticised by the New Zealand Times for wanting the trade of the Gisborne district but not wanting to invest in "a lucrative speculation".¹⁸

The only alternative to local capital financing exploration was outside capital. The possibilities of attracting outside capital were discussed at the 1875 and 1876 annual meetings. In 1876 Ross offered to go to Melbourne for capital but this was ignored. The Herald editor commented that Cooper and Ross would have been able to induce foreign capitalists to finance further exploration.¹⁹

Exploration in the 1880's was financed by Australian, New Zealand and Gisborne capital. The Herald regretted that so much probable wealth would have gone to foreign capitalists. This was the sentiment expressed when foreign capital led the financing of exploration, as in 1883, when

17. PBH, 9 September 1909, p.4, c.7.

18. PBH, 29 January 1874, p.2, c.2.

19. PBH, 17 March 1876, p.2, c.1.

the S.C.P. Company directorate was moved to Christchurch.²⁰ If local capital financed the exploration any rewards would have been shared locally. But foreign capitalists could spend more to thoroughly test the area. There seemed to be little thought given to the fact, until the late 1880's, that oil would not have been found. The expenditure of enough money seemed to be the only thing necessary to uphold the confidence of some that oil was there in commercial quantities.

In the 1900's the question again arose of local or foreign capital. When the Gisborne Oil Company was formed in 1906 the Herald editor felt "that Gisborne people should preserve for the district any possible benefits to be derived". The example of Taranaki was cited where local capital was used.²¹ The Times on the same day took a different and quite interesting view. It felt that every precaution had to be taken to prevent American trusts getting a foothold. During earlier exploration the Times alleged American oil interests made sure that nothing was found.²² Oil had been found in commercial quantities at Moturoa in Taranaki in 1905. There were rumours that Standard Oil Limited of America was interested in the Taranaki oil. The transfer of the head office of the company boring in Taranaki to Wellington, where Standard Oil had an office, lent weight to the rumours. The question was again raised in 1910 when an editorial in the Herald said that it had been suggested in the House of Representatives that the Government should nationalize the oil industry to prevent the wealth going to monopolies.²³ Even though American monopolies did not aid oil exploration Gisborne people feared that the Americans would allow local capital to test the area and then, if the test was successful, purchase the rights.

During the years from 1898 to 1904 in the United States of America almost three quarters of the trusts and six sevenths of the capital in the trusts came into existence. Standard Oil was one of the huge organisations incorporated between 1898 and 1904. A series of "muckraking" articles were written by Ida Tarbell during the late 1890's on Standard Oil, the greatest of the trusts, exposing the methods it had used to take over or control the independent oil producers. The fears people held of trusts were economic

20. PBH, 15 February 1883, p.2, c.2.

21. PBH, 15 May 1906, p.2, c.5.

22. GT, 15 May 1906, p.2, c.5.

23. PBH, 6 September 1910, p.4, c.4.

and political. The political fear was that the great business combinations would lord it over the State and put an end to traditional American democracy. Legislation was passed against the trusts in both the nineteenth and early twentieth centuries but this was either not enforced or difficult to enforce. A case was brought against Standard Oil which was decided in 1911 when the trust was broken by the Government. It was not an actual victory for parts of the trust regrouped.²⁴

When N.Z.Oilfields Ltd. was formed in 1910, the problem of lack of capital seemed likely to be overcome. The Times said "it was scarcely possible to overestimate the importance of N.Z.Oilfields Ltd".²⁵ The Herald, too, expressed the same sentiments.²⁶ This was the first time that any foreign capital other than Australian had invested in oil exploration around Poverty Bay. The magnitude of the Company was unprecedented.

Benefits were expected to accrue from the discovery of commercial quantities of oil to both Poverty Bay and New Zealand. Poverty Bay would have benefited from more people, more wealth and industry. New Zealand would have benefited from reduced imports. Claims that the above benefits would eventuate were expressed in the 1879's and 1880's, but not in the 1900's. In 1875 the Herald said that "wealth, a large population, an increase in settlement and business would ensue with a rapidity that would speedily render the East Coast one of the most important districts in the Colony".²⁷ When oil was "struck" in 1887 the Herald thought that "the population of Poverty Bay would be doubled in three years. It will mean prosperity to all, the harbour will be improved, the town will grow, native land difficulties will end, a meat freezing industry will be started, the settled area and production of the land double, business will grow and flourish. In a word almost total change".²⁸ This kind of talk is almost identical to that cited by Boorstin when he discussed the promotion of towns in the American West.²⁹ The aim there was to draw people to a town for without people there was no town. The Gisborne editors in the 1870's and 1880's did much the same by trying to catch the interest of settlers and then induce them to move to Poverty Bay. Oil was to be the great attraction for settlers in Poverty Bay. The benefit to New Zealand was to

24. Hofstadter, R. The Age of Reform A.A.Knopf , 1956 pp.. 164-191.

25. GT, 4 April 1910, p.4, c.4.

26. PBH, 5 April 1910, p.4, c.4.

27. PBH, 14 May 1875, p.2, c.1 and 2.

28. PBH, 3 September 1887, p.2, c.3.

29. Boorstin, pp.. 151-161.

be the replacement of importing oil. This was claimed in 1874. By 1880 it was hoped that a find of oil would reduce the value of imports which for 1878 were f80,000.

No such claims of benefits were made in the 1900's, even when oil was struck in 1909. In the 1900's the Government took some interest in the exploration. The initiative came from Gisborne people rather than Government. At an official ceremony in 1909 to mark the commencement of boring both Carroll, the Gisborne Member, and R.McKenzie, Minister of mines, were present. This was the first time that this had happened in Poverty Bay oil exploration. Later in 1909 Carroll telegraphed news to the Gisborne Oil Company of a Government bonus at the rate of 3d per gallon for the first 500,000, i.e. f6,250. After the "strike" of oil in 1909 Lysnar telegraphed Carroll, who hoped it would give a large industry. In 1910 McKenzie was sceptical of success in Poverty Bay. Although nothing of significance came out of this closer link with the Government interest was shown.

Public attitudes were connected with the confidence that oil would be found in large quantities. This confidence was very strong in the 1870's but less strongly held in the 1900's. The benefits of wealth, population and industry were expected to follow an oil strike in Poverty Bay. However, the wealth was likely to have gone to either Gisborne, New Zealand or Australian investors.

CHAPTER VII

CONCLUSION

The search for oil in the Poverty Bay - East Coast district between the years 1874 and 1912 was confined to three main periods: 1874 to 1876; 1880 to 1890; 1906 to 1912. The search began in 1874 when the P.B.P. and K. Company placed two bores at Pakeke-o-Whirikoka. This Company allotted 1,250 shares of £5 each share, £3 15s of which had been called up. The Company spent £4,576 16s 5d and ceased in 1876 when it exhausted its Capital.

This first Company was followed in the second period, the 1880's, by three companies. The S.P.P. Company began in 1880, the S.C.P. Company began in 1881 and the M.P. Company began in 1885. The S.P.P. Company bored at Pakeke-o-Whirikoka, the S.C.P. Company at Rotokautuku, near Ruatoria, and the M.P. Company near Whatatutu.¹

In the 1880's the share market changed often. The most important factor influencing changes in share prices was the finding of some oil by the S.P.P. Company in 1886. Following this discovery share prices rose to peak prices in 1888, but then began to decline again. The shares in the other two Companies rose, too, during this period, but did not reach the prices of S.P.P. Company stock.

The distribution of shares in New Zealand and Australia changed during the 1880's. The S.P.P. Company began with most shares held in Sydney, but by 1885 most of the shares were held by Gisborne investors so that the Board of Directors was shifted to Gisborne. In 1889 control moved back to Sydney. The S.C.P. Company began with most of its shares held outside Gisborne, but the Board of Directors in Gisborne. In 1883 the Board was moved to Christchurch, where it remained until the Company was wound up in 1890. The majority of M.P. Company shares were held in

1. The locations of oil bores are shown on the location map.

Gisborne, where the Board of Directors was located. The S.P.P. Company drew investment from Sydney and Gisborne, the S.C.P. Company from Christchurch, Napier, Wellington and Gisborne, and the M.P. Company from Auckland and Gisborne. There was criticism of the shifting of Directorates, of the way Companies were run and of the failure to test the S.P.P. Company bore from 1886 to 1890. The three Companies of the 1880's spent about £70,000 on boring 18 holes.

In the third period of exploration for oil, the early 1900's there were two main Companies, the Gisborne Oil Company and N.Z. Oilfields Ltd. The Gisborne Oil Company, supported by investors of Gisborne, where the Board of Directors was located, spent about £4,000 on two bores by 1912. At the request of this Company the Government carried out a Geological Survey of the Waitangi area. The Company struck a small vein of oil in 1909.

N.Z. Oilfields Ltd. consisted of British investment and put down two bores, one at Waiherere and another at Totangi. This Company had the largest capital, £200,000, of any that operated around Poverty Bay to 1912.

From the analysis of the promoters of the Companies it was found that the landed group were present in every period but more were present in the 1870's and 1900's. The mercantile and professional group dominated in the 1880's. The depression in the 1880's would have reduced the opportunity of the landed group to invest. The P.B.P. and K. Company and the Gisborne oil Company were promoted by Gisborne men, whereas the others S.P.P. Company, the S.C.P. Company and the M.P. Company were promoted by Gisborne men and men from other centres. N.Z. Oilfields Ltd. was promoted in Britain but W.L. Clayton was responsible for attracting the Company to Poverty Bay.

Public attitudes to oil exploration was dealt with under three themes. The first was the confidence of finding oil which was prevalent throughout the period studied. This confidence was most strongly held in the 1870's, waning somewhat in the 1880's and by the 1900's not nearly so strong. In the 1870's press attitudes and investors expressed the confidence, but by the 1900's it was only investors who held confidence in the venture. The large changes which the Poverty Bay East Coast district experienced from pastoralism, refrigeration and population increase

during the 1870 to 1912 period help to account for the changes in press attitudes.

Gisborne, New Zealand and overseas capital financed the exploratory work. Gisborne capital was limited in amount but success for Companies financed by Gisborne money would have meant all the benefits would have been retained in the district. However, New Zealand and overseas capital was greater and meant tests could be more thorough. Benefits in the form of an increase in population and an increase in wealth and industry in the district were expected to follow the discovery of oil in Commercial quantities. This was also expected to benefit New Zealand by reducing imports of oil. These benefits were claimed most strongly in the nineteenth century. By the twentieth century the area was on a sounder economic footing.

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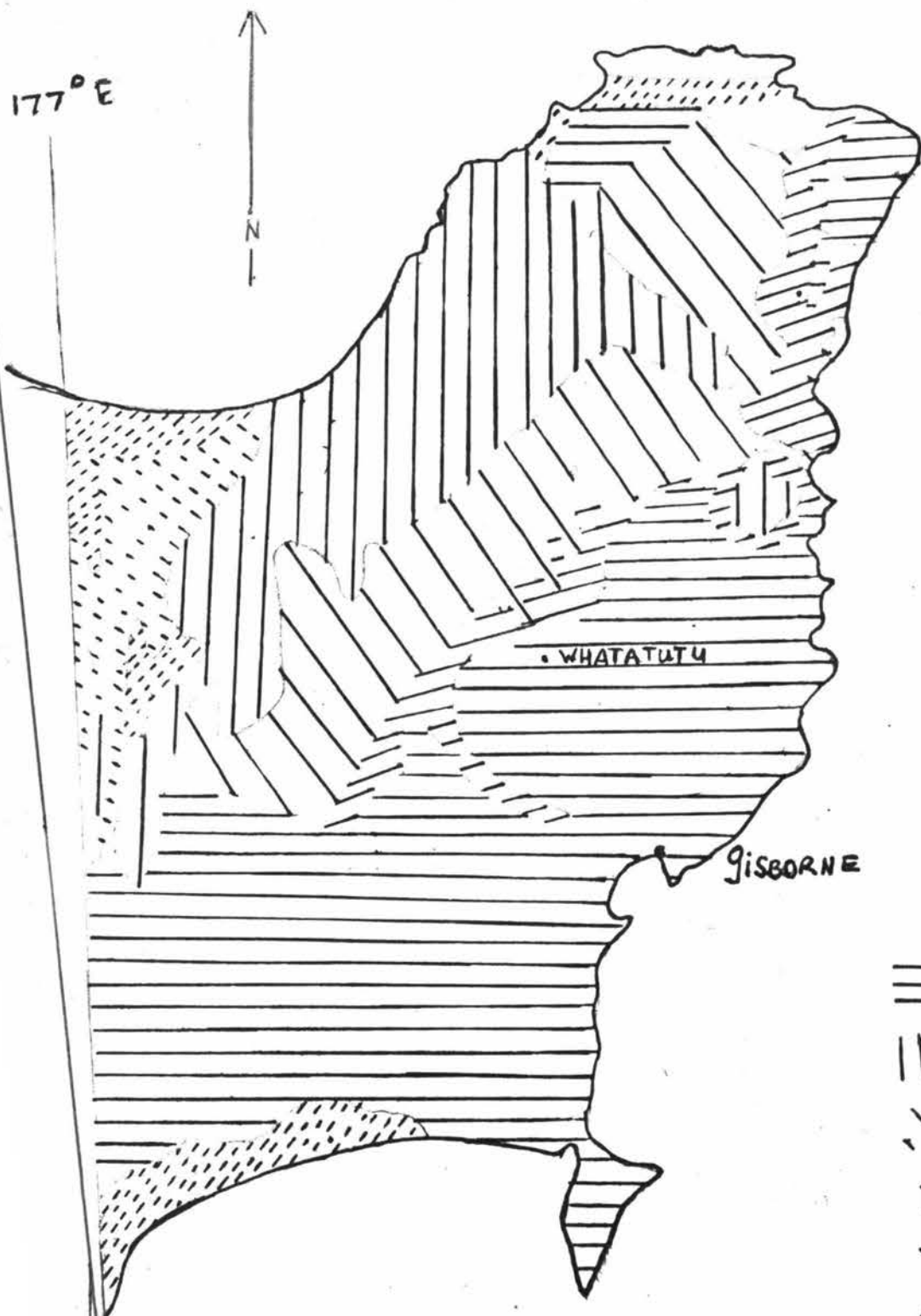
Appendices

- I Southern Cross Petroleum Company Bore Log
- II South Pacific Petroleum Company Bore Log
- III Minerva Petroleum Company Bore Log

Maps

- I Location Map
- II Geology of Poverty Bay and East Coast
- III Geology and Structure

GEOLOGY OF POVERTY BAY AND THE EAST COAST



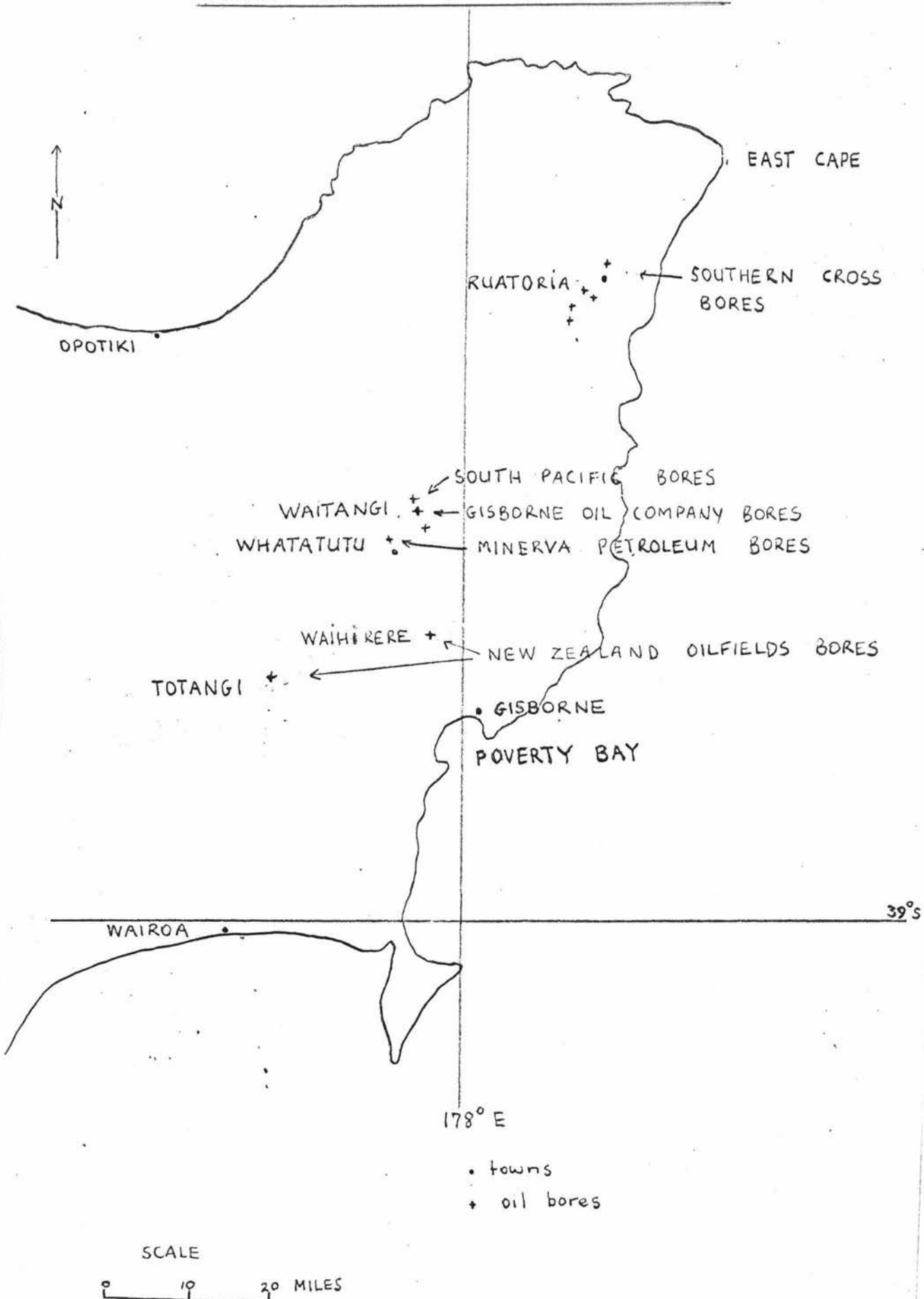
ROCK TYPES:

- ≡≡≡ UPPER TERTIARY
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- QUATERNARY
- VOLCANIC JURASSIC

SCALE

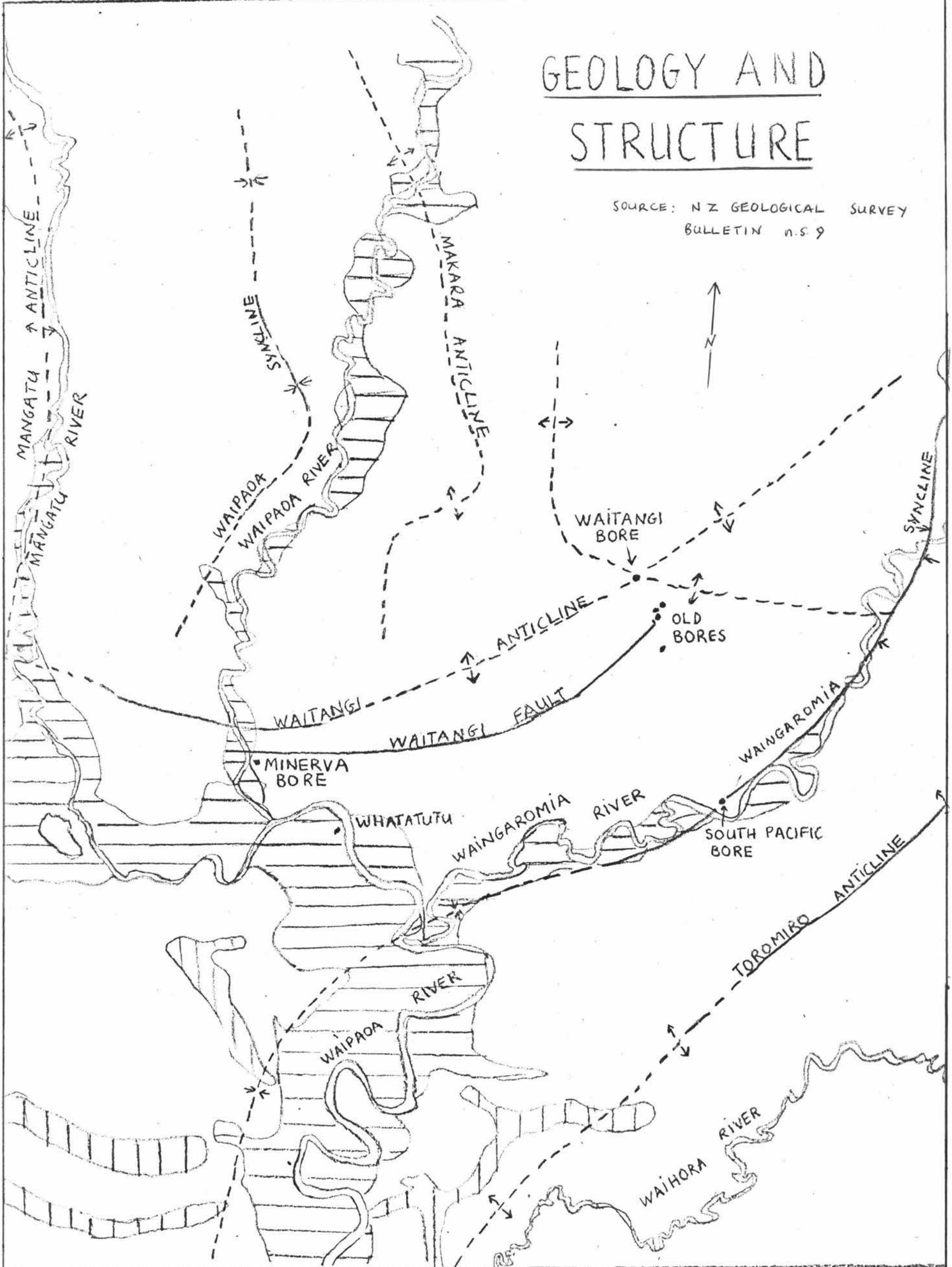
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POVERTY BAY AND THE EAST COAST



GEOLOGY AND STRUCTURE

SOURCE: NZ GEOLOGICAL SURVEY
BULLETIN n.s. 9



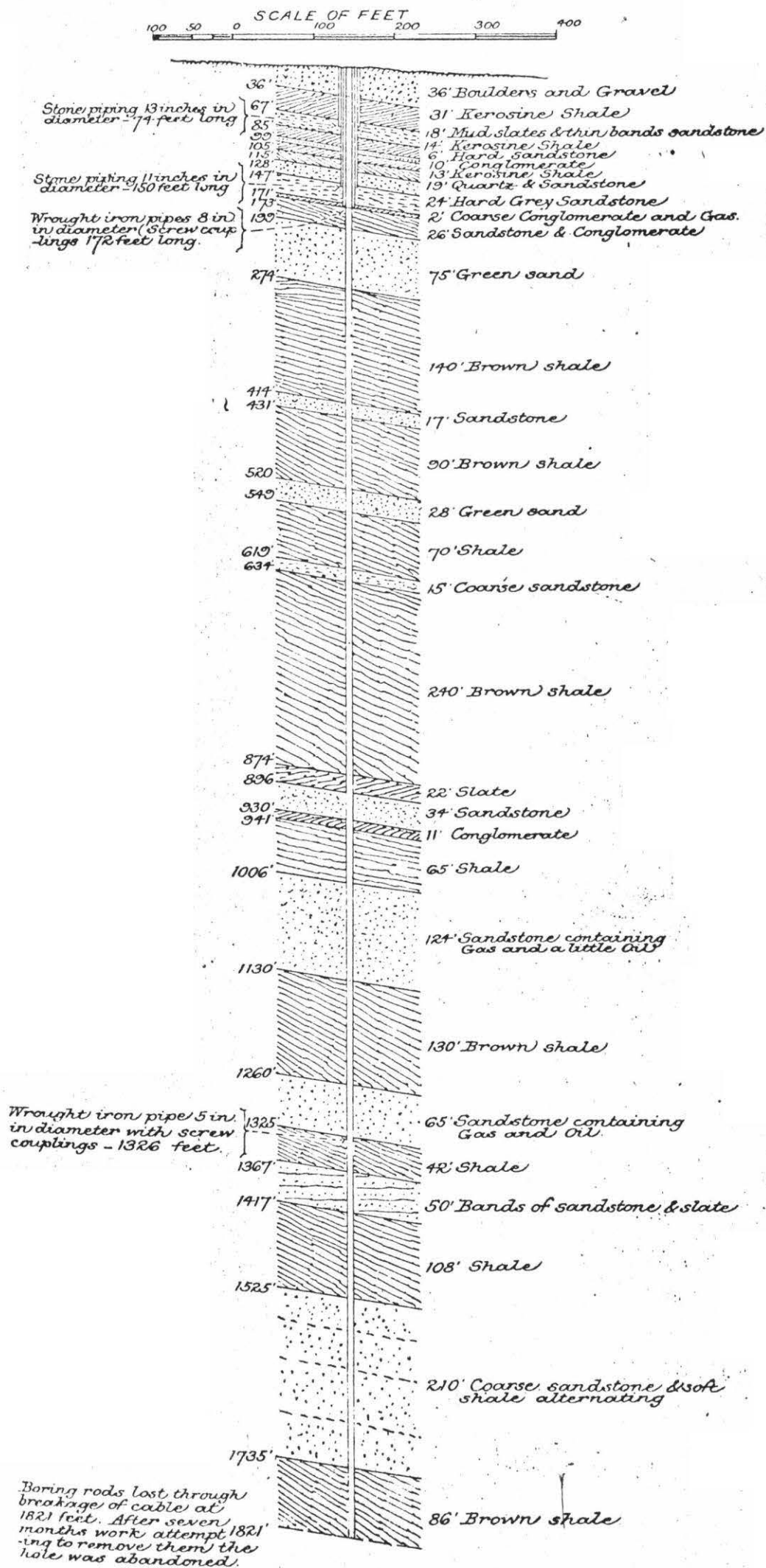
- KEY**
- BOREHOLES
 - ↑ ANTICLINE
 - ↓ SYNCLINE

UPPER MIOCENE	(Blank area)	Shale, claystone, sandstone
PLIOCENE	(Diagonal lines)	(Waipāoa Beds)
PLEISTOCENE	(Horizontal lines)	(recent, gravel, mud)

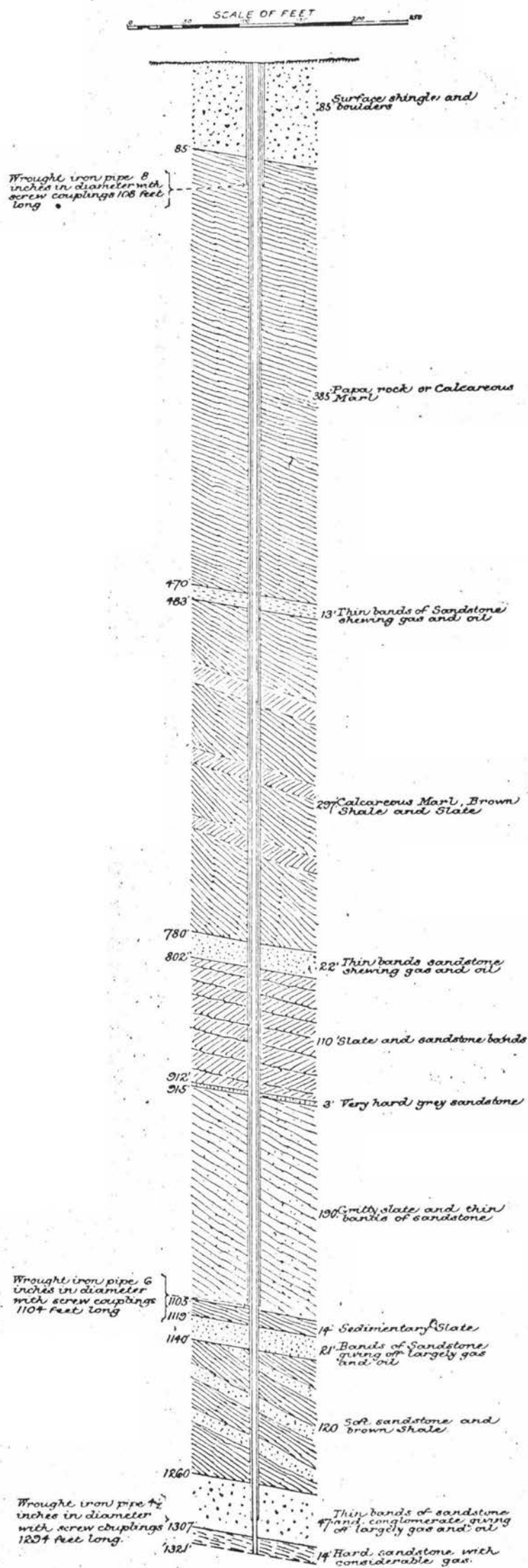
SCALE

80 40 0 80 160 CHAINS

SOUTHERN CROSS COMPANY'S BORE



SOUTH PACIFIC COMPANY'S BORE



SCALE 4 IN FEET

