MOBIL OIL CORPORATION: EVOLUTION
OF ITS CORPORATE IDENTITY

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MOBIL OIL CORPORATION: EVOLUTION
OF ITS CORPORATE IDENTITY

THESIS

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By

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There have been several studies written which deal with the Standard Oil Trust before 1911. Others have been published which concentrate on various elements of the trust such as Standard Oil (New Jersey) and Standard Oil (California) as independent companies in various periods since 1911. However, no major work has been published dealing exclusively with any aspect of the Standard Oil Company of New York, which originated in the trust and which has evolved into the Mobil Oil Corporation.

The purpose of this thesis is to explain this evolution of Mobil's corporate identity, and to determine the effect of the 1911 dissolution decree on it. Obviously, various aspects of the company's history have, of necessity, been omitted from this study. First, some topics such as the company's day-to-day business activities and its exploration-producing functions do not directly relate to the theme under consideration. In addition, source material on topics such as the negotiations involving various mergers, and the discussions of management with regard to decisions to change the corporate structure is in many cases either completely unavailable, or is too limited to support an extended discussion. Finally, a discussion of the social impact of changes in the company's
structure and their effect on competition in the oil industry would have required a tremendous expansion of the scope of this thesis. Thus, this study surveys the evolution of this major industrial corporation from its beginning to its current organization.
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CHAPTER I

THE EARLY COMPANY ANCESTRY OF
THE MOBIL OIL CORPORATION

In 1966 the Mobil Oil Corporation was the second largest oil company, and the ninth largest industrial concern of any kind in the United States in terms of net sales.\(^1\) The company has grown to this eminent position through a merger, through the acquisition of several independent oil companies, and through its origin in the Vacuum Oil and Standard Oil Companies of New York which became integral parts of John D. Rockefeller's Standard Oil Trust. It might be instructive to survey the ancestry of the Mobil Oil Corporation from the emergence of Vacuum Oil and Standard Oil of New York to the Supreme Court's dissolution of the Standard Oil Trust in 1911, and then to analyze the impact of that decree on the corporate organization of Mobil from 1911 through the completion of a major company reorganization in 1966.

The earliest company ancestor of the Mobil Oil Corporation was the Vacuum Oil Company of New York which

\(^1\text{Reader's Digest 1968 Almanac and Yearbook (Pleasantville, New York, 1967), p. 500.}\)
was first organized on August 28, 1866. The Vacuum Company was formed as the result of an experiment in the distillation of petroleum conducted in Rochester, New York by Hiram Bond Everest, who was then operating a grocery, and by Matthew P. Ewing, who worked as a carpenter. In the experiment these men were trying to prove their theory that the distillation of crude oil in a vacuum would produce greater amount of a higher quality kerosene than could any of the conventional methods. The experiment, however, was not completely successful in terms of the expected results. Distillation of petroleum in a vacuum did produce some kerosene, but ultimately of much greater significance was the unburned residue which the process produced.²

Hiram Everest had been a farmer for several years before entering the grocery business, and recognized that the residue might be a good substance for dressing leather. He had it tested by the leading curriers in Rochester, New York, and found that the residue was, indeed, superior to the animal and fish oils then being used. Of still greater significance, however, was Everest's discovery that his new product was an excellent lubricant for machinery. Thus in

August of 1866 Everest, in association with Ewing, formed the Vacuum Oil Company which was incorporated on October 4, 1866, with a capital of $10,000, represented by forty shares of $250 each. In addition to Hiram Everest and Matthew Ewing, the five original stockholders of the Vacuum Oil Company, Incorporated, included Joseph Everest, John D. Helmer, and John H. Jeffries. This was the first company ever organized specifically to manufacture petroleum lubricants. Sales of the new company grew so slowly at first that Ewing became discouraged and soon sold his interest in the firm. However, the fact that Vacuum grew slowly in the beginning did not truly indicate its future importance in the oil industry. Indeed, it soon controlled a number of valuable and important patents, and by the late 1870's was doing a business so prosperous that it attracted the interest of John D. Rockefeller.  

Rockefeller, who before 1870 had been in the wholesale food business saw the greatest potential for making money in the control of the supply of refined oil. Thus, in 1870 he invested the money he had accumulated in the food business in the infant oil industry, and formed the Standard Oil Company of Ohio, through which he would ultimately achieve virtually complete control of the supply of refined oil in

\[3\text{Ibid.}\]
the United States. To obtain this control Rockefeller began to buy out his competitors, and in 1879 made offers to the Vacuum Company, which by that time had acquired an excellent reputation in the field of lubrication. Hiram B. Everest, who by 1879 had been joined by his son, Charles M. Everest, in ownership and operation of the Vacuum, at first refused Rockefeller's offer to buy. However, agreement was ultimately reached, and on July 25, 1879, for $200,000, the Everests sold seventy-five per cent of their interest in the Vacuum Oil Company to H. H. Rogers, John D. Archbold, and Ambrose McGregor of the Standard Oil Company of Ohio. The elder Everest retired from active participation in the company and spent some time in California, but retained the presidency of the company until 1900 when Charles Everest who had been acting President took over the office officially, and served until his death in 1917. 4

The Standard Oil Company of Ohio was growing rapidly and the Vacuum Company was only one of the many companies that were acquired by the Rockefeller interests prior to 1880. Indeed, the Standard had assets in thirteen states before that year. Its properties included refineries in Ohio,

New York, New Jersey, and Pennsylvania as well as marketing stations in not only these states, but also in Connecticut, Rhode Island, Indiana, Illinois, Minnesota, and California. The magnitude of these holdings gave rise to significant legal and public relations problems in the operation of Standard Oil of Ohio. In Pennsylvania, for example, the auditor-general brought a case against the Standard under a reinterpretation of a tax law of 1868 in which the State of Pennsylvania sought to prove that taxes on an out of state company doing business in the state should and could be levied not only upon its physical properties within the state, and capital stock representing them, but also upon the entire capital stock and dividends of the 'foreign' corporation.

Moreover, the state was seeking approximately $3,200,000 in back taxes and penalties. To protect itself from claims of this kind the management of the Standard Oil Company of Ohio began to create special corporations to hold properties in each state with a central legal organization (Standard of Ohio) to hold the entire combination. In addition, the creation of these new corporations would help the Standard reach another of its goals, that of operating in relative secrecy. The new organization would help the company

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operate free of public observation and criticism, and would help to relieve "...the need to seek refuge in statements which the public ...considered legal subterfuge, if not outright falsehoods ...."\(^6\)

The agreement which established this new form of company organization, the Standard Oil Trust, was signed on January 2, 1882, and provided not only the solution to the problems outlined above, but created almost unlimited potential for the Standard.\(^7\)

In accordance with the trust agreement the Standard Oil Company of New Jersey and the Standard Oil Company of New York (cable address: SOCONY) were organized in 1882. These companies have been called the "Siamese twins" of the Standard Oil Trust, and were organized to manage Ohio Standard's manufacturing, storing, and transshipping facilities in New Jersey and New York. Since both companies had headquarters in New York, they also fulfilled a second objective of the trust to have a central organization located in that city. Moreover, both Standard Oil of New Jersey and SOCONY were "...distinctly children of the trust ... [and they] may best be understood in their early years as instruments for the more effective management of [the trust]."\(^8\)

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6\(^{Ibid.}, pp. 42-45.\)
7\(^{Ibid.}, pp. 45-46.\)
8\(^{Ibid.}, p. 49.\)
and were in reality operated as one unit. Actually, SOCONY which ultimately evolved into the Mobil Oil Corporation ranked higher than Jersey Standard, at least until 1899 when Jersey Standard became the parent company of the Standard Trust.  

The early importance of SOCONY among the Standard Oil affiliates may be illustrated in several ways. Its importance is indicated first by the fact that four of the five original incorporators of SOCONY, William Rockefeller, J. A. Bostwick, Benjamin Brewster, and Charles Pratt, were also among the nine trustees of the Standard Oil Trust. Furthermore, "the capital of [SOCONY] was second in size only to that of the National Transit Company in the Standard Oil Family." The importance of New York Standard to the trust may also be illustrated by the functions that the company performed. From the beginning SOCONY served the trust as the primary agent for export sales, as the chief banking unit, and as the major source of personnel for the administration of the trust. Furthermore, Standard of New York was especially well suited to serve as banker for the entire trust for two main reasons. First its President, William Rockefeller, had been the chief intermediary of Standard Oil with the New York banks since 1865. Secondly, SOCONY was involved in

9Ibid.
10Ibid., p. 54.
foreign marketing activities, and was located in the leading
money market of the United States. SOCONY financed not only
its own operations, but also the foreign operations of the
entire trust. Finally, the significance of SOCONY in the
Standard Trust may be illustrated by the fact that the
company owned the central office building for the entire
combination. This building which was first occupied on
May 1, 1885 was located at 26 Broadway, and became a famous
landmark in New York. It was a nine story structure, built
at a cost of $952,906, and served as a base from which the
managers of the Standard Oil Trust could singlemindedly pur-
sue their goal of establishing monopolistic control over the
supply of refined oil.\(^{11}\)

The Standard Oil Company of Ohio appeared able to over-
come all opposition to the achievement of this goal. No
competition could stand against it for very long, and by con-
trolling the price and supply of refined oil it could in-
directly control the supply and price of crude oil. Indeed,
it was not until Standard Oil was taken into court for
violation of the Ohio anti-trust laws that it met formidable
opposition in its desire to completely dominate the petro-
leum industry.

\(^{11}\)Ibid., pp. 68-69.
On May 8, 1890, the Attorney-General of Ohio, David K. Watson, assisted by John W. Warrington, a Cincinnati lawyer, filed a petition in the Supreme Court of Ohio. In his petition Watson argued that in violation of Ohio law the Standard Oil Company of Ohio had transferred its stock to the trustees of the Standard Oil Trust, and that the Standard Oil Company was controlled by these trustees. Specifically, the petition charged that "... the Standard Oil Company had entered into an agreement by which it had transferred 34,993 shares out of 35,000 to the trustees of the Standard Oil Trust, most of whom were non-residents of the State." It further charged that these trustees chose the Board of Directors of the Standard Oil Company of Ohio and directed its policy (and asked) that the company ... be 'adjudged to have forfeited and surrendered its corporate rights, privileges, powers, and franchises, and that it be ousted and excluded therefrom, and that it be dissolved.'

The Standard, represented by S. C. T. Dodd, Virgil P. Kline, and Joseph H. Choate, argued that it was the individual stockholders and not the company that had transferred the stock to the trust, and that the company was controlled by its majority stockholders even though these stockholders

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12 Tarbell, pp. 143-144; Hidy and Hidy, p. 218.
13 Ibid.
were also trustees of the Standard Trust. The Standard further contended that in any case the trust agreement was more than five years old, and thus no action should be taken against it.\textsuperscript{14}

The court did not reach its decision until March 2, 1892. The court declared that the Standard Oil Company of Ohio was guilty and deserved punishment, but did not cancel the company's charter. It did, however, prohibit the company from continuing "the trust agreement, from recognizing the transfer of the stock, and from permitting the trustees to control its affairs."\textsuperscript{15} The Standard responded by asking for a period of "temporary recognition." The court agreed to this request noting that ". . . so long as those in control appear to be engaged . . . in an honest effort to dissemble the relations of the company with the trust, and liquidate and wind up the affairs to the trust, the court will not be disposed to interfere."\textsuperscript{16}

Thus, the Standard Oil Company of Ohio was forced to begin to dissolve the trust agreement. However, at the end of the first year following the court decision 477,881 of the shares were uncancelled, and at the end of the fourth

\textsuperscript{14}Hidy and Hidy, p. 218.

\textsuperscript{15}Tarbell, pp. 150-151.

\textsuperscript{16}Ibid.
year this same number, 477,881 shares, were still uncancelled. The dissolution of the trust had been at a standstill, and had not been resumed in 1898 when the company was again taken into court on charges of contempt. 17

Faced with this new threat, the Standard Trust immediately sought ways to escape further litigation, and frustrate the possibility that the charters of four of the important constituent companies would be cancelled by the State of Ohio. The trust found the solution to this problem in the corporation law of the State of New Jersey, which had just been amended. Moreover, still among the twenty companies which formed the trust was the Standard Oil Company of New Jersey, which had been created in 1882. Thus, the entire Standard aggregation was dumped into the organization of Jersey Standard in 1899, and the name of the company was changed to Standard Oil Company (New Jersey). The result was, of course, that Standard Oil (New Jersey) became the parent company for the Standard Trust. The Standard Oil Company of New York, on the other hand, which had been somewhat more important than Jersey Standard prior to 1899 continued as one of the component companies of the trust. With the immediate legal threat to its existence solved, the trust continued to

17 Ibid.
operate until 1911 when the Supreme Court of the United States found it to be in violation of the Sherman Antitrust Act of 1890, and ordered it dissolved. 18

18 Tarbell, p. 264; Hidy and Hidy, pp. 223-225.
CHAPTER II

THE SUPREME COURT DISSOLVES

THE STANDARD OIL TRUST

By 1907 the Standard Oil Trust had become a very large organization. The parent company, Standard Oil of New Jersey, controlled nineteen of the major corporations which were, in turn, responsible for the management of all the remaining companies. In addition, the trust had divided the United States into eleven marketing districts, each of which was the exclusive territory of a Standard Oil marketing company. This division of operations meant that no two companies with similar products competed directly with each other (see Table I for geographic marketing areas). By this arrangement the Standard was able to dominate the Petroleum industry in the United States.

Indeed,

From 1899 to 1907 . . . the trust produced more than one-tenth of the crude oil obtained in this country, transported more than four-fifths of the petroleum derived from the Pennsylvania and Indiana oil fields, manufactured more than three-fourths of all the crude oil refined in the United States, owned and operated more than one-half of all the tank cars used to distribute its products, marketed more than four-fifths
<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Area of Operation</th>
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<tbody>
<tr>
<td>Atlantic Refining Company</td>
<td>Pennsylvania, Delaware</td>
</tr>
<tr>
<td>Continental Oil Company</td>
<td>Idaho, Montana, Wyoming, Utah, Colorado, New Mexico</td>
</tr>
<tr>
<td>Standard Oil Company (California)</td>
<td>Washington, Oregon, Nevada, California, Arizona</td>
</tr>
<tr>
<td>Standard Oil Company (Indiana)</td>
<td>North Dakota, South Dakota, Minnesota, Iowa, Wisconsin, Illinois, northern Missouri, Michigan, Indiana</td>
</tr>
<tr>
<td>Standard Oil Company (Kentucky)</td>
<td>Kentucky, Florida, Georgia, Alabama, Mississippi</td>
</tr>
<tr>
<td>Standard Oil Company of Louisiana</td>
<td>Eastern Louisiana, Tennessee</td>
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<tr>
<td>Standard Oil Company (Nebraska)</td>
<td>Nebraska</td>
</tr>
<tr>
<td>Standard Oil Company (New Jersey)</td>
<td>New Jersey, Maryland, West Virginia, Virginia, North Carolina, South Carolina</td>
</tr>
<tr>
<td>Standard Oil Company of New York</td>
<td>New York, New Hampshire, Vermont, Massachusetts, Connecticut, Maine</td>
</tr>
<tr>
<td>Standard Oil Company (Ohio)</td>
<td>Ohio</td>
</tr>
<tr>
<td>Waters-Pierce Oil Company</td>
<td>Texas, Oklahoma, Arkansas, southern Missouri, western Louisiana</td>
</tr>
</tbody>
</table>

of all the illuminating oil sent forth from the United States, sold more than four-fifths of all the naphtha sold in the United States, and sold more than nine-tenths of all the lubricating oil sold to railroad companies in the United States.

Thus, the Standard had achieved a near monopoly and in keeping with the antitrust sentiment of the Progressive Era was under the careful scrutiny of the United States Justice Department which ultimately charged the trust with violation of the Sherman Antitrust Act of 1890. The first section of this law provided that "every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations is hereby declared to be illegal." Section two of the act applies to individuals and indicates the type of offence by noting that "every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a misdemeanor."

2 Ibid., p. 179.
3 Ibid.
Under the provisions of this law a suit against the
Standard Oil Trust was introduced before the Circuit Court
of the United States for the Eastern District of Missouri
in November of 1906. The government was represented in this
action by the United States Attorney-General, Charles J.
Bonaparte, by Charles B. Morrison, a federal District
Attorney in the Northern District of Illinois, and by Frank
B. Kellogg, an attorney in St. Paul, Minnesota, who would ul-
timately become Secretary of State in the Administration of
Calvin Coolidge. These three attorneys were assisted by
several other lawyers including Milton D. Purdy and
C. A. Severance. The United States charged that

The Standard Oil Company of New Jersey, a corpor-
ation, 7 individual defendants (John D. Rockefeller,
William Rockefeller, Henry H. Rogers, Henry M. Flagler,
John D. Archbold, Oliver H. Payne, and Charles M.
Pratt), and about 70 other defendants, called "sub-
sidiary corporations," have formed and are engaged in
executing a conspiracy to restrain and monopolize
commerce in petroleum and its products among the
states and territories and with foreign nations. Purs-
suant to, and in the execution of, the plan of this
conspiracy, the subsidiary corporations and the owner-
ship of a majority of the stock of many of them to be
vested in the Standard Oil Company of New Jersey, a
holding corporation, while the subsidiary corporations
are the producers, refiners, traders, and operators,
by means of which the restraint and monopoly are in-
tended to be and are effected, and the profits of the
scheme are gathered. 4

4United States v. Standard Oil Company of New Jersey
et. al., 152 Federal Reporter, 291 (1907).
The first issue before the court, however, was the question of whether it had jurisdiction in the case. The Standard, which was represented by John G. Johnson, John G. Milburn, W. I. Lewis, W. J. McKie, H. S. Priest, and George G. Greer, argued that since the holding company, Standard Oil of New Jersey, and all but one of the component companies, the Waters-Pierce Oil Company, were nonresidents of the Circuit Court's district, the court did not have jurisdiction over the entire trust. The defense attorneys cited section one of the Judiciary Acts of March 3, 1887, and August 13, 1888, in support of their position. This section of these acts provides that "no civil suit shall be brought before either the Circuit or District Courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant . . . ."^5

The court rejected the defense argument in its decision of March 7, 1907, by noting first that the United States Constitution places the judicial power of the nation in the Supreme Court, "... and in such inferior courts as the Congress may from time to time ordain and establish."^6 Moreover, this judicial power extends to all cases in which the United States is a party. Secondly, the court said that the

^5Ibid., p. 293.  
^6Ibid.
restrictions of the Judiciary Acts noted above did not apply to "... instances in which exclusive jurisdiction over particular cases, or classes of cases is created and conferred upon the courts of the United States by special acts of Congress." The Sherman Act had fulfilled this condition by specifically giving jurisdiction of its application to the circuit courts. The Missouri Circuit Court thus justified its jurisdiction in the case.

The court then established its authority to bring the entire trust, rather than just the resident defendant, to trial. The judges again cited the Sherman Act which they said "... conferred ample power upon (the) Court to bring in ... (the) nonresident co-conspirators whenever ... the ends of justice required their presence." In addition, the court noted that for any decision against the trust to be effective it would have to apply to all elements of it. Indeed, the court specifically pointed out that

... an injunction against the continuance of the acts of the Waters-Pierce Oil Company [the resident defendant] and of a few subsidiary corporations would be futile, because the remaining conspirators could consign the parts in the scheme of the conspirators enjoined to others, and continue the restraint.

The court then entered an order for the non-resident defendants to be subpoenaed.
Finally, in 1909 the United States was able to continue the suit to prevent the entire Standard Oil Trust from maintaining its allegedly illegal operations. The government was again represented by Kellogg, Morrison, and Severance, who were joined by G. W. Wickersham, the new Attorney-General in the Taft Administration, J. Harwood Graves, and Guy Chase. The attorneys for the trust included Johnson, Milburn, David T. Watson, Moritz Rosenthal, and nine others.

The Standard responded to the government's charges by denying that the trust organization was illegal for at least four reasons. First, the defense argued that the corporations which made up the trust were not, and had not been competitors since 1879. In the second place they argued that the stockholders had the right to transfer their stock in the subsidiary companies to the holding company, and the Congress had no authority to restrict the holding, transfer or use of this stock by the stockholders because it was private property. The third point in the defense argument was that the corporations of the trust were private corporations and should not be subjected to the restrictions place on "public" corporations such as the railroads. Finally, the Standard attorneys argued that any restraint of trade that had resulted was "...neither direct, immediate, nor substantial."

In reaching its decision against the Standard Oil Trust the court evaluated each of these arguments. The Circuit Court found that the first two points in the defense argument had been rejected by the Supreme Court in the Northern Securities Case of 1904, which was in many ways similar to the case against the Standard. In light of the Northern Securities Decision the Missouri Circuit Court held that any natural competition between the companies of the trust had been restricted by the joint ownership organization. In addition, the court reaffirmed the power of Congress to regulate all aspects of interstate commerce, and to prevent the restraint of such commerce. The third point in the defense argument was rejected on the basis of the provisions of the Sherman Antitrust Act and the Northern Securities Decision as well as other antitrust decisions of the Supreme Court. Likewise, the fourth element of the defense was rejected by the court. The judges noted that since the Standard Oil Company of New Jersey could more easily restrict trade after the transfer of stock in 1899, that since this restrictive power "...was greater, more easily exercised, more effective, and more durable than that which the 3,000 stockholders of these corporations previously had...", and that since many of the

14 Ibid., pp. 189-190.
corporations "...were potentially competitive and were engaged in interstate commerce... the transfer of the stock [had resulted] in a direct and substantial restriction of that commerce." Thus, the trust agreement was, indeed, a violation of the Sherman Antitrust Act.

On November 20, 1909, the Circuit Court issued the decree which was designed to dissolve the Standard Oil Trust and restore competition to the petroleum industry. The decree ordered the charges against thirty-three of the defendants to be dismissed because it had not been proven that they were engaged in the operation of the trust. For the remaining thirty-eight corporations, however, the decree was most explicit. The Standard Oil Company of New Jersey or anyone connected with it was prohibited from exercising any control over any of the subsidiary companies through the holding of stock. Likewise, the subsidiary companies were prohibited from paying any dividends to the parent Standard company. The decree further prohibited the defendants from continuing the illegal combination through the use of either liquidating certificates or agreements designed to continue the restraint of commerce. In addition the decree prohibited the defendants from doing any further business in the United States or its territories until the

\[16\text{Ibid.}\]
operation of the illegal combination was ended. Finally, the decree was to take effect in thirty days if there was no appeal.17

The Standard immediately began preparations to appeal the decision to the Supreme Court. The Standard was again represented by Milburn, Watson, and Johnson as well as by Frank L. Crawford, M. F. Elliott, Martin Carey, John M. Freeman, and Ernest C. Irwin. Attorney-General Wickersham, Kellogg, Morrison, and Severance continued as attorneys for the United States. The appeal was argued on March 14, 15, and 16, 1910, and was re-argued on January 12, 13, and 16, 1911. The Supreme Court then rendered its decision on May 15, 1911 in which it upheld the decree of the circuit court with minor modifications.18

These modifications concerned the protection of the public interest. Section seven of the lower court's decree had prohibited the Standard from doing any further business until the trust agreement was ended. However, the Supreme Court felt that a complete cessation of business by the Standard would be detrimental to the nation's economy, and to the public interest in general. As a result, the court

17Ibid., pp. 199-200.
18United States v. Standard Oil Company of New Jersey et. al., 31 Supreme Court Reporter, 504; 523 (1911).
declared that this restriction should not have been part of the decree. The court also modified that part of the decree which had prohibited the

... making (of) any express or implied agreement or arrangement together, or one with another, like that adjudged illegal hereby relative to the control or management of any of said corporations, or the price or terms of purchase, or of sale, or the rates of transportation, of petroleum or its products in interstate or international commerce, or relative to the quantities thereof purchased, sold, transported, or manufactured by any of said corporations. . . .

This restriction, the court said, was too broad and would result in the companies "... conduct [ing] their business under the jeopardy of punishment for contempt for violating a general injunction." The court again cited a threat to the public interest, and noted that this provision of the decree would tend to result in further restraint of trade which the decision was designed to prevent. In modifying this section of the decree the majority opinion of the court, summarized by Chief Justice White, established the concept that the Sherman Act of 1890 had prohibited only unreasonable restraint of trade. The court thus interpreted the dissolution decree as well as the Sherman Antitrust Act as placing no restriction on the right of the stockholders or of the corporation to enter into future legal contracts and

19 Ibid., pp. 525-526.
20 Ibid.
agreements. The court held that the defendants were only prevented from recreating the trust. Finally, the Supreme Court said that the thirty-day time limit for ending the trust agreement was much too short, and should be extended to a period of at least six months, again for the protection of the public interest. 21

Wickersham and Kellogg considered the decision to be a victory for the administration. The attorneys for the trust, on the other hand, did not readily offer opinions about the decision, but other lawyers not connected with the case who heard the decision considered it to be favorable to big business. Other representative of big business expressed the belief that the decision was all that the corporations could ask, especially in light of the new concept that a combination had to be unreasonable in the restraint of trade to be illegal. Thus, the decision was considered a victory by both sides. The fact remained, however, that the court had found the trust to be illegal, and ordered that the agreement be dissolved. 22

During the years of litigation the Standard had made certain changes within the trust organization apparently in anticipation of the court's decision. It had, for example,

21 Ibid.
raised the capitalization of its subsidiaries in order to bring capital in line with the actual value of facilities. This action meant that the stocks of the subsidiaries could be more easily divided in the event the trust organization was ordered dissolved. Moreover, it was expected that the Standard would simply "...divide the shares of the subsidiary companies among the present holders of the parent company's stock." Such a division would leave control of the subsidiaries exactly as it had been under the trust organization. Specifically,

The dissolution in its essence was merely a change in the form of ownership. Prior to the dissolution, the several components of the Standard Oil group were owned directly by the Standard Oil Company of New Jersey, and hence were indirectly under the ownership and control of the stockholders of this organization. By the terms of the decree the stock of the component companies was transferred to the stockholders of the parent organization who now assumed direct control of the constituents. Ownership and control ultimately remained in the hands of the same group which formerly had exercised it.

Thus, the decision of the court did not immediately achieve the goal of restoring competition to the petroleum industry. In addition the separate Standard companies, although in reality separate and independent, tended to remain within the marketing divisions that had been assigned to them under

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24 Ibid.
the trust. However, even if the Standard companies had wanted to compete directly with each other, it would have been virtually impossible. None of the companies with "Standard Oil" in its name could legally operate in states where another "Standard Oil" company was doing business. Moreover, none of the companies could use brand names involving the words "Standard Oil" in any locality outside its home territory because this would also infringe the rights of other Standard companies already doing business in the area. Indeed, it would be the middle of the century before brand and corporate names would evolve to a point where the Standard companies could compete with each other on a nationwide basis. 25

Like most of the Standard Companies, the decree left the Standard Oil Company of New York incomplete, and immediately able to carry out only those functions that it had been assigned under the trust. The greatest needs of SOCONY following the decree in 1911 were a source of crude oil, and a pipeline system and tank cars for transportation. To solve these two immediate problems as well as other long range problems and to improve its competitive position, SOCONY began to acquire several independent oil companies.

Standard Oil of New York first expanded its direct operations into the Southwest with the acquisition of the Magnolia Petroleum Company in 1925. Although the Standard Oil Trust had interests in Texas as early as 1897, its involvement in the early development of the petroleum resources had been indirect and limited. Standard activity in Texas began with the pioneer work of J. S. Cullinan and the development of the oil field at Corsicana, Texas. Oil had first been discovered there in 1895 when the American Well and Prospecting Company drilled a well in an attempt
to get water. With the evidence of the existence of an oil field, however, the mayor of Corsicana, James E. Whitesell, wrote to Cullinan, who had already built an excellent reputation in the oil fields of Pennsylvania. Cullinan agreed to evaluate the Texas field, and arrived in Dallas, Texas on October 13, 1897. On the following day Cullinan, along with Whitesell and Governor Charles A. Culberson, inspected the Corsicana area, and was convinced that the oil supply would support a refinery.¹

Cullinan arranged to buy 150,000 barrels of oil at fifty cents per barrel from a group that included Senator Roger Q. Mills, Fred Flemming, John Gibson, and others. Cullinan also agreed to build a pipeline system, storage tanks, and a refinery as well as to develop a market for the refined oil. He then returned to the East coast to obtain financial support for the proposed company. One group of interested individuals from Pittsburgh, Oil City, and Washington, Pennsylvania at first agreed to invest in the venture, but ultimately withdrew their support when they had examined the geological reports which indicated "... that oil and gas in paying quantities would never be found in Texas..."²

¹Magnolia Oil News, XVI (Dallas, April, 1931), p. 14; C. A. Warner, Texas Oil and Gas Since 1513 (Houston, 1939), p. 26; Hidy and Hidy, p. 393.

²Magnolia Oil News, p. 15; Warner, p. 27.
Cullinan next turned to his friends in the Standard for financial backing. He contacted Calvin N. Payne of Titusville, Pennsylvania, who was then serving as president or vice-president and general manager of several of the component companies in the trust. Cullinan and Payne met in St. Louis, Missouri with Henry Clay Folger, a member of the Standard's Manufacturing Committee. As a result of this meeting, Folger agreed to arrange for the National Transit Company of the Standard Trust to provide $150,000 for the plant at Corsicana. In addition the three men formed a partnership under the name of the J. S. Cullinan Company, which began operations in Corsicana on Christmas Day 1898. Since the company was concerned only with the production of refined oil, it arranged for the Waters-Pierce Oil Company to be responsible for the distribution and marketing operations. In 1901 the name of the Cullinan Company was changed to the Corsicana Refining Company when Cullinan left the partnership.³

The new petroleum industry in Texas began to expand when the George A. Burt Refining Company was organized to build a refinery at Chaison, Texas near Beaumont for the new

³Hidy and Hidy, p. 393; Magnolia Oil News, p. 15; Socony Mobil, Brief History, p. 22; Warner, p. 27.
Spindeltop Oil Field. The Burt Company which soon became
The Security Oil Company was financed by a London corporation
with money on loan from the Standard Oil Company of New York.
SOCONY thus had a financial interest in two of the earliest
refining companies in Texas. Finally, in 1907 the Corsicana
Refining Company changed its name to The Navarro Refining
Company, although it continued to be controlled by the
partnership of Payne and Folger. The Security Oil and
Navarro Refining Companies continued in operation until 1909
when they were convicted of violation of the Texas antitrust
laws. 

In January, 1909, the Supreme Court of the United States
had upheld a decision of the Texas Courts that the Waters-
Pierce Oil Company was in violation of the state's antitrust
laws because the Standard Oil Trust owned a majority of its
stock. As a result of this conviction Waters-Pierce lost
the right to do business in the state. Moreover, on the
basis of this case the State of Texas brought a suit against
the Navarro and Security Oil Companies, and on October 26, 1909,
the District Court of Travis County ruled that the two companies
were in violation of the state antitrust laws because much of
their stock was owned by the Standard Oil Company of New York.
The immediate result of the Navarro-Security conviction was

4Hidy and Hidy, p. 393; Magnolia Oil News, p. 24; Socony
Mobil, Brief History, pp. 23-24.
the liquidation of the companies, and the transfer of much of Standard Oil Company interests in Texas into the hands of the individual directors of Standard Oil of New Jersey. 5

On December 7, 1909, John Sealy of the Galveston, Texas banking firm of Ball, Sealy, Hutchings, and Company purchased the assets of the Navarro and Security companies at a receiver's sale in Austin, Texas. These assets were reorganized into the John Sealy Company. The new company operated under this name until April 24, 1911, when Sealy in association with R. Waverley Smith, E. R. Brown, George C. Greer, and E. E. Plumly organized an unincorporated joint stock association called the Magnolia Petroleum Company. 6 However, Standard Oil influence continued to dominate the company because by 1912 about ninety per cent of the company's stock was owned in virtually equal amounts by Henry C. Folger, president of SOCONY, and John D. Archbold, president of Standard Oil of New Jersey. The State of Texas immediately attacked this situation in the courts because it appeared to violate the decisions of 1909. The result of the case was a compromise

5Waters-Pierce Oil Company v. State, 106 Southwestern Reporter, 918-930 (1912); Waters-Pierce Oil Company v. State of Texas, 212 United States Reports, 86-112 (1912); Hidy and Hidy, p. 696; Gibb and Knowlton, p. 20.

6Magnolia News, V (Dallas, April-May, 1911), p. 13; Magnolia Oil News, pp. 21, 24. The name of the new company is said to have originated from the large number of Magnolia trees in the Beaumont, Texas area where the company did much of its business.
settlement in 1913 by which the Magnolia stock held by Archbold and Folger would "... be placed in a trust, in order to insure that in the future Magnolia would operate independently of Standard Oil Control." 7

In 1918, however, SOCONY purchased all of the Magnolia shares that had been held by Archbold, and enough of the Folger holdings to give the company forty-five per cent of the outstanding stock. Nevertheless, this stock continued to be controlled by a trustee named by the State of Texas. As a result SOCONY could not exercise its authority or have a voice in the management of Magnolia. 8

In March of 1925 the laws of Texas were amended to permit "... foreign corporations owning a majority of the stock

7 Gibb and Knowlton, p. 20.

8 Stocking, p. 58 citing Federal Trade Commission, Report on the Price of Gasoline in 1915 (Washington, 1917), p. 23, and General Service Corporation, Standard Oil Stocks, 1922, p. 28. There is some doubt as to whether this purchase was made in 1917 or 1918, and whether or not it consisted of forty-five, seventy, eighty-eight, or ninety per cent of the Magnolia stock. See New York Times, November 10, 1925, p. 33, and Harold F. Williamson, et. al., The Age of Energy, 1892-1959, Vol. II of The American Petroleum Industry, 2 vols. (Evanston, Illinois, 1963), p. 103, citing "High Cost of Gasoline and other Petroleum Products," Hearings before the Committee on Manufacturers, Senate, 67th Congress (Washington, 1923) I, 592. Moreover, the New York Times states that SOCONY's Magnolia stock was "voted by a trustee" while Williamson states that the stock "was placed in the hands of a non-voting trustee." The Times and Williamson agree, however, that the trustee was appointed by the state.
of a Texas corporation to exercise the rights carried by the ownership of such stock. This enabled SOCONY which had previously been prohibited from operating in Texas at all to secure complete ownership and control of the Magnolia Petroleum Company. This acquisition was completed on December 15, 1925, when SOCONY issued to all Magnolia stockholders other than itself "Standard shares of the same aggregate per value as Magnolia stock surrendered for cancellation." The average price of the Standard stock between October 24 and November 24, 1925, was used to establish Standard values. On November 9 when the proposed merger was announced SOCONY stock closed at $44.87 and Magnolia stock at $176 per share.

The Magnolia Petroleum Company thus became SOCONY's marketing and producing division in the Southwest, but operated as a separate organization with its own president, officers, and board of directors from 1925 to October 1, 1959, when the company identity was absorbed in SOCONY's major corporate reorganization.

A second geographic area into which Standard Oil of New York expanded was the Pacific Coast with the acquisition

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10 Ibid.
11 Ibid.
of the General Petroleum Corporation in 1926. This company originated from the consolidation of several small oil companies in which Captain John Barneson was the principal owner. These companies included the Esperanza Oil and Gas, Globe Exploration, Oakburn Oil, and the Los Alamos Oil Development companies. In 1910 Barneson organized these elements into a new company, The Esperanza Consolidated Oil Company which became the General Petroleum Company in 1912, and the General Petroleum Corporation in 1916.\(^\text{13}\)

The company was primarily engaged in producing operations, and did not enter the retail marketing field until 1923, when its production exceeded the wholesale demand. It began marketing in Washington, and continually and rapidly expanded its marketing operations in the western United States, selling its products through 1500 independent dealers in 400 communities by 1925. General's rapid and extensive expansion made it particularly important as a new affiliate for Standard Oil of New York, which completed the acquisition on May 18, 1926. Under the merger agreement the stockholders received two shares of Standard stock for each share of General Petroleum stock.\(^\text{14}\)

\(^{13}\text{Magnolia Oil News, p. 30.}\)

\(^{14}\text{Magnolia Oil News, p. 32; Socony Mobil, Brief History, p. 27; New York Times, March 20, 1926, p. 21.}\)
The company, however, continued to operate as a separate organization with its own president, officers, and board of directors until its identity was absorbed by the parent company on December, 1959. During this period as a SOCONY affiliate General Petroleum underwent further expansion and innovation. In 1936, for example, it created the Mobilgas Economy Run (now called the Mobil Economy Run) which continues to be used by the automotive industry to illustrate the miles-per-gallon efficiency of its products. In 1945 the company expanded its operations through its acquisition of the Gilmore Oil Company and the marketing facilities of the Continental Oil Company in areas of the northwest and in Arizona. SOCONY thus had marketing facilities in three sections of the United States including New England, the southwest, and the west.  

SOCONY also expanded into the midwest when it purchased the White Eagle Oil and Refining Company on February 1, 1930. This affiliate had been organized in June of 1919 by L. L. Marcell and his associates. Unlike the Magnolia and General Petroleum companies, White Eagle was developed from the beginning as fully integrated company which would produce,

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15 Socony Mobil, Brief History, p. 27; Letter from Edward Fulham, Senior Advisor, Public Relations, Mobil Oil Corporation, Los Angeles, California, September 25, 1969.
refine, and market petroleum products. To accomplish this goal the founders of the company organized into one consolidated company, White Eagle Petroleum, a refining company, Texhoma Petroleum, a producing company, as well as White Eagle Oil and Gasoline, B and M Petroleum, Winters Petroleum, and American Oil and Gasoline companies. All the latter firms were involved only in marketing. 16

The White Eagle Company, which attained its name from Chief White Eagle of the Ponca Tribe of Indians, marketed its products under the "Banner" trademark in the states of Kansas, Nebraska, Oklahoma, Missouri, Iowa, North and South Dakota, Minnesota, and Wisconsin. 17

When White Eagle became a part of Standard Oil of New York its name was changed to the White Eagle Oil Corporation, and its producing properties and its refinery in Fort Worth, Texas were transferred to the Magnolia Petroleum Company. Like the other SOCONY affiliate White Eagle maintained its own company organization and board of directors. In 1935, however, it was dissolved and its facilities were reorganized as the White Eagle Division of SOCONY. The division operated under this organization until May 1, 1958, when it was again modified by SOCONY's corporate reorganization. 18

16 Magnolia Oil News, p. 38.  
17 Ibid.  
18 Ibid., p. 39; Statement by Charles F. Morrison, Chief of Public Relations, Mobil Oil Corporation, Dallas, Texas, March 18, 1970.
Finally, on February 21, 1930, the Standard Oil Company of New York announced plans to again merge with the Vacuum Oil Company. The government, on the other hand, opposed this merger as a violation of the dissolution decree of 1911, and filed a suit in March of 1930 in the District Court for the Eastern District of Missouri to prevent it.

In considering the case the circuit judges who sat as a special three judge District Court noted that their decision would be based on whether or not section six of the 1911 decree "... enjoined the doing of the enumerated acts absolutely and irrespective of their effect, or whether it enjoined such acts only if they had the effect of entering into or performing a like conspiracy to restrain or monopolize interstate commerce." The court further noted that the interpretation of this section had been established by the Supreme Court in 1911, and that the District Court would only state that interpretation, rather than develop any independent construction of the section. The Missouri court concluded that

...the Supreme Court... construed section 6 as enjoin[ing] a merger or a transfer of property between the subsidiary corporations which are

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20 Ibid., pp. 290-291.
potentially competitive only if and when such merger or transfer, at the time it may occur, constitutes an 'entering or performing any like combination or conspiracy, the effect of which is, or will be, to restrain commerce in petroleum or its products among the States, or in the Territories, or with foreign nations'— 'like' not referring to form but to effect. . . .

Having stated the interpretation of section six the court was then forced to decide if the proposed merger violated the interpretation. The judges thus engaged in a lengthy examination of the apparent reasons for the merger as well as the nature of each company's business, the extent of competition between them, and the probable effect of their merger on the petroleum industry.

The decision which was rendered on February 6, 1931, was that the proposed merger did not violate the 1911 decree because there was no evidence of an intent "... to monopolize commerce in petroleum products, as an entirety or in any locality." Moreover, the court believed that a union of Vacuum and SOCONY would serve to increase competition rather than restrict it. The Justice Department did not appeal the decision, and negotiations between Vacuum and SOCONY continued.

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21 Ibid., p. 294.  
22 Ibid., pp. 295-317.  
24 Ibid.
At the time the two companies announced the proposed merger, SOCONY was to issue three shares of stock for each share of Vacuum. However, by the time the litigation had been concluded, conditions in the industry and the value of the stocks had changed to the extent that the original proposal was being opposed, especially by the General Petroleum interests. Consequently, a new merger plan was developed whereby SOCONY would issue two and one-half shares of its stock for each share of Vacuum stock. This plan was more satisfactory, and the merger of the two companies was completed on July 31, 1931.  

Under the original agreement the name of the new corporation was to be the General Petroleum Corporation. This name, however, would easily be confused with the name of the company's west coast affiliate, General Petroleum Corporation of California. To avoid this confusion the new company was named the Socony-Vacuum Corporation with two subsidiaries, the Standard Oil Company of New York, Incorporated and the Vacuum Oil Company, Incorporated formed to conduct the business formerly done by the two independent organizations.

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26 New York Times, June 27, 1931, p. 27.
This merger meant that SOCONY obtained all of the companies which the Vacuum company had purchased in the years prior to the merger agreement. Included in these companies were Lubrite Refining of St. Louis, Missouri, acquired on September 30, 1929, the Wadhams Oil Corporation of Wisconsin, acquired on October 31, 1930, and the White Star Refining Company of Detroit, Michigan, which the Vacuum Company purchased in 1930. The Socony-Vacuum merger also meant that SOCONY obtained the rights to many important brand names and trademarks which had been developed by Vacuum, including the name "Mobil" and the emblem of the flying red horse, which continue to identify the company's products. The name "Mobiloil" was first coined in England in 1899, and was registered as a Vacuum trademark in the United States in May of 1918. The flying red horse originated in 1911, when the Vacuum Oil Company of South Africa registered the trade name "Pegasus" and used a simple line drawing of a flying horse. The red color was added several years later after a contest in which it was suggested by a Japanese sales manager. 27

The merger of SOCONY and Vacuum created the second largest oil company in the United States. It marketed its

27 Socony Mobil, Brief History, pp. 32-36; Hidy and Hidy, p. 486.
products in forty-three states through its domestic affiliates (Kentucky, Georgia, Florida, Mississippi, and Alabama were the exceptions). In addition the company was engaged in a world-wide business which involved all aspects of the petroleum industry. The company, however, was not fully integrated world-wide. For example, it had marketing outlets in the Far East, but no supply of oil closer than California. At the same time the Standard Oil Company of New Jersey had a crude oil supply in the area, but few marketing outlets. Thus, in 1933 the holdings of both companies in this area were merged to form the Standard-Vacuum Oil Company which became a jointly owned subsidiary.  

In May 1934 the Socony-Vacuum Corporation changed its name to the Socony-Vacuum Oil Company, Incorporated, and operated under this name until the mid-1950's when it began a major corporate reorganization.

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28 Socony Mobil, Brief History, p. 40; Herrick, p. 251.
By the 1950's Socony-Vacuum was experiencing certain economic pressures, both external and internal, which indicated a need for changes in the management and operation of the company. Specifically, the corporate structure under which the company had operated since the 1930's was inefficient, and it was becoming increasingly difficult to meet higher costs through higher prices. The concept of several SOCONY companies in the United States, each with its own management, had resulted in a lack of co-ordination as well as a tremendous overlapping of operations within the organization, with a consequent increase in costs of operating. Furthermore, the affiliate companies began to expand into areas outside their original boundaries which resulted in internal competition. One example of this type of competition was in areas of the Northwest where both General Petroleum of California and Magnolia Petroleum were attempting to obtain oil leases for exploration. Thus, in 1954 Socony-Vacuum organized another affiliate company,
Mobil Producing Company, with headquarters in Billings, Montana, which consolidated Socony-Vacuum operations in the area and ended the competition between affiliates. The creation of Mobil Producing, however, only solved an immediate problem. Socony-Vacuum could not create a new company every time existing affiliates came into competition. An effective solution to this problem as well as reduction in the duplication of operations would require substantial reorganization of the company.

There was, in addition, another reason for Socony-Vacuum to reorganize its corporate structure. This was the fact that operating through several affiliate companies Socony-Vacuum had no national identity. Although the symbol of the flying red horse and the word "Mobil" appeared on its products in every area, they were sold by different companies, and customers from the Southwest, for example, being familiar with the Magnolia name would not recognize General Petroleum when they travelled in the area served by General. Moreover, the average consumer would not make connection between the parent company and the operating affiliates.

On February 15, 1955, in an attempt to link the corporate name to the brand names of its products the board of directors

of Socony-Vacuum voted to change the name of the company to the Socony-Mobil Oil Company, Incorporated. When this proposal was approved by the stockholders the company also began changing the design of the sign that identified its stations. The shield bearing the flying red horse on a white background with the word "Mobilgas" under it was replaced nationwide by a rectangular, slightly V-shaped sign bearing the word "Mobil" in bold blue letters on a white background with a red and blue border, and with a small flying red horse in the center at the bottom. The various affiliate companies, however, continued to maintain their own organization and separate operations.²

In addition, in October of 1955 Socony-Mobil organized an overseas affiliate, Mobil Overseas Oil Company, Incorporated. This new affiliate was responsible for all of the parent company's operations in the Eastern Hemisphere and in Latin America except for certain areas in the Middle East, the producing operations in Venezuela, Colombia, and Peru, and those foreign operations already managed by the Standard-Vacuum Oil Company in which Socony-Mobil still owned one-half interest.³

Late in 1956 the directors of the company decided to study ways to improve the organization of the company.

McKinsey and Company, consultants, were employed in order for the study to be completed as quickly as possible. The first part of the study involved Socony-Mobil's domestic marketing operations, and was completed early in 1958. This analysis as well as a broader study began in December of 1958 resulted in the board of directors adopting a plan for reorganizing the entire company. The first step in this reorganization was the creation of two operating divisions for the parent organization, Mobil Oil Company and Mobil International Oil Company.4

Mobil International took over the operations formerly under the management of Mobil Overseas Oil Company, and continued to be responsible for all foreign operations except the areas controlled by Standard-Vacuum. Specifically, Mobil International was responsible for coordinating more than one-hundred affiliate companies in more than eighty countries.5

On the other hand, the Mobil Oil division was responsible for operations in the United States and Canada. When this division was first organized, however, "... only a skeleton plan for interim organization ... was adopted ..."6 but

6 "Why Socony Mobil Reorganized," p. 63.
by December 31, 1959, all of the domestic affiliates had been merged into the Mobil Oil division to form one fully integrated oil company which was responsible for all marketing operations in the United States and Canada. The company also contained four exploration-producing divisions for the United States while a separate company, Mobil Oil Company of Canada, Limited was responsible for these operations in Canada.

The four exploration-producing divisions in the United States were identified by the city in which their headquarters was located. The Los Angeles division was responsible for the areas of Washington, Oregon, Idaho, California, Nevada, Utah, Arizona, the western half of Colorado, and the northwest quarter of New Mexico. The Midland (Texas) division was responsible for the western two-thirds of Texas, and that part of New Mexico not in the Los Angeles territory. The Houston Exploration-Producing Division operated in the eastern third of Texas, and in Arkansas, Louisiana, Tennessee, Mississippi, Alabama, Georgia, North and South Carolina, and Florida. Finally, the Denver division was responsible for all other areas of the nation.  

At the same time the Mobil Oil Company divided the United States into ten marketing divisions. The map (see Figure 1, page 47) shows the location and borders of each

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MARKETING DIVISIONS
1. West Coast
2. Twin Cities
3. Kansas City
4. Southwest
5. Chicago
6. Detroit
7. Philadelphia
8. Albany
9. New York City
10. New England

EXPLORATION-PRODUCING DIVISIONS
- Los Angeles
- Denver
- Midland
- Houston

Fig. 1--Marketing and exploration-producing divisions of Mobil Oil Company as of January 1, 1960 from The Flying Red Horse (Winter, 1959), 12-13.
of these marketing divisions as well as the exploration-producing divisions which are discussed previously. However, even by 1960 the company had not begun to market in the states of Kentucky, Georgia, Alabama, Mississippi, or Florida. Mobil Oil did sell lubricants to industrial and commercial customers in these states, but the distribution of the products was through the facilities of the Standard Oil Company (Kentucky).

By the fall of 1960 the parent company had created two additional operating divisions. One of these was the Mobil Petroleum Company which took over management of the foreign operations which the Standard-Vacuum subsidiary had managed. This became possible when Socony-Mobil and the Standard Oil Company (New Jersey) ended the operation of Standard-Vacuum by dividing the assets of the company between them in all areas except Japan, Borneo, Western New Guinea, the Celebes, Indonesia, Java, and Sumatra where operations continued to be managed by corporations owned jointly by Socony-Mobil and Jersey Standard. The Mobil Petroleum division was organized along the same lines as Mobil International Oil Company, and was responsible for coordinating the Mobil affiliates operating in the former Standard-Vacuum area.

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8Ibid., Statement from Public Relations Office, Mobil Oil Corporation, Dallas, Texas, June 12, 1970.

The other new division of the parent company was the Mobil Chemical Company which concentrated exclusively on the production and marketing of chemicals. The division was responsible for chemical operations would wide and thus overlapped the geographic areas of Mobil International and Mobil Petroleum. 10

Thus, by 1960 the broad corporate structure of Socony-Mobil consisted of the parent company which was responsible for policy-making, research, engineering, economics, and public relations, and the four operating divisions each of which was headed by a president who was also an executive vice-president and a director of Socony-Mobil, and who reported directly to the president of the parent company.

This reorganization effort had been undertaken to reduce costs, and increase efficiency and profits. A study of the company's financial and operating data reveals the extent of success in attaining this goal. The year that Socony-Mobil began its study of its organizational structure, 1956, saw the highest profits of any year in the company's history. In that year the company had gross revenues of $3,096,570,000 and a net income of $249,504,000 which amounted to $5.70 per

10 Ibid.
11 Ibid., "Why Socony Mobil Reorganized," p. 64.
share. In addition there were 76,200 workers employed by the company in 1956. In 1959, the year before the reorganization was effective, the gross revenues had grown to $3,516,642,000, but the net income had declined to $163,952,000 which amounted to only $3.38 per share. At the same time the number of employees had declined to 72,100. In 1960, the year in which a substantial part of the reorganization was completed, revenue rose to $3,645,666,000, and net income to $182,610,000 or $3.96 per share. The number of employees, however, had been cut to 65,600. The next year this number had been reduced further to 63,700. By 1962 the gross revenue of the company had grown to $4,445,987,000, but the net income had not reached the 1956 level, totaling only $242,339,000. On the other hand, the number of employees had increased to 74,900. There are two possible explanations for this one year increase of over 10,000 employees. First, the decrease in the number of employees in 1960 and 1961 was a result of the reorganization effort to combine the domestic affiliates into one company, and many employees were dismissed or given early retirement when management saw no immediate need for their services. However, by the time the reorganization was complete, the company may have discovered that it needed workers in jobs that had been abolished only one or two years before. At the same time the growth of the corporation's gross revenues may have necessitated a rapid increase in the number of employees. From 1954 through 1961 the gross revenues had increased an average
of $216,000,000 (range $100,000,000 to $300,000,000) while the increase between 1961 and 1962 was over $643,000,000. A more detailed summary of this and additional data is presented in Table II on page fifty-two.

In 1962 Socony-Mobil began a study to determine the degree to which the public was aware of the company's corporate identity. It found that forty-one per cent of the people questioned said that they had never heard of Socony-Mobil. On the other hand, eighty-four per cent of those questioned said that they had heard of Mobil or Mobil Oil. As a result of this study Socony-Mobil began to make further changes in its corporate identity and structure.

Thus, on December 7, 1965, the directors proposed to change the company name to the Mobil Oil Corporation. This proposal was approved by the stockholders at their annual meeting on May 17, 1966, when they also authorized the doubling of the company stock from seventy-five to 150 million shares. After this change in its corporate identity the company made further modifications in its emblems. The sign which identified the company's stations became a rectangle with the word "Mobil" on a white background. All letters


14V-shape of older sign was retained where necessitated by existing frames and supports.
TABLE II
SELECTED FINANCIAL DATA ON MOBIL OIL CORPORATION, 1954-1968*

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<tr>
<td>Revenues</td>
<td>2,497,901,000</td>
<td>2,763,533,000</td>
<td>3,096,570,000</td>
<td>3,313,415,000</td>
<td>3,259,786,000</td>
<td>3,516,642,000</td>
<td>3,615,666,000</td>
<td>3,802,124,000</td>
<td>4,445,987,000</td>
<td>4,914,566,000</td>
<td>5,078,641,000</td>
<td>5,517,126,000</td>
<td>5,886,515,000</td>
<td>6,473,064,000</td>
<td>7,092,705,000</td>
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<tr>
<td>Net Income</td>
<td>187,451,000</td>
<td>208,347,000</td>
<td>249,504,000</td>
<td>220,433,000</td>
<td>156,786,000</td>
<td>163,952,000</td>
<td>182,610,000</td>
<td>211,319,000</td>
<td>242,339,000</td>
<td>271,952,000</td>
<td>294,160,000</td>
<td>320,116,000</td>
<td>356,112,000</td>
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<tr>
<td>Per share</td>
<td>4.28</td>
<td>4.76</td>
<td>5.70</td>
<td>4.63</td>
<td>3.24</td>
<td>3.38</td>
<td>3.76</td>
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<td>3.15</td>
<td>5.31</td>
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<tr>
<td>Number of shares outstanding</td>
<td>34,982,000</td>
<td>34,982,000</td>
<td>43,798,000</td>
<td>48,310,000</td>
<td>48,433,000</td>
<td>48,582,000</td>
<td>48,601,000</td>
<td>48,627,000</td>
<td>48,729,000</td>
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<td>101,548,000</td>
<td>101,358,000</td>
<td>101,157,000</td>
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<td>74,300</td>
<td>76,200</td>
<td>77,500</td>
<td>75,200</td>
<td>72,100</td>
<td>65,600</td>
<td>63,700</td>
<td>74,900</td>
<td>79,700</td>
<td>80,000</td>
<td>80,600</td>
<td>80,900</td>
<td>79,800</td>
<td>78,300</td>
</tr>
</tbody>
</table>

were blue except for the "o" which is red, and the flying red horse was eliminated.

Moreover, there were further changes in the managerial structure of the company with operations being consolidated into three operating divisions. The operations of the Mobil Oil Company were merged into the North American Division of the Mobil Oil Corporation. At the same time the ten marketing divisions into which the United States had been divided were reorganized to total only seven, including the Great Lakes, Mid-Atlantic, Midwest, New England, New York State, Southwest, and West Coast marketing districts. Finally, in March of 1970 the company announced the creation of the South Atlantic marketing district to begin operations in Georgia, one of the five states in which Mobil and its predecessors had never marketed products. Marketing operations in Canada which had been controlled by the Mobil Oil Company were now placed under the supervision of Mobil Oil of Canada, Limited.

Foreign operations were organized into the International Division which continued to coordinate the operations of Mobil affiliates outside the United States and Canada. Finally, Mobil Chemical Company, which had been organized in

1960, continued as the third operating division and coordinated the chemical operations of Mobil affiliates worldwide. The charts of Mobil's management and company structure (Figure 2 and Figure 3) more clearly illustrate the organization of the parent company and its divisions.

This reorganization in 1966 seemed to have further positive effects on the financial position of the company. That year revenues totaled $5,886,615,000 of which $356,112,000 was net income. The company continued working toward a more efficient organization, and by 1969 the net income totaled $434,500,000, while at the same time the number of employees had been reduced to 76,000, almost 2,000 fewer than in 1968. On the other hand, the 1969 payroll and benefit costs totaled $657,000,000, the highest in the company's history.

Thus, by 1966, one-hundred years after its earliest predecessor company was founded, the Mobil Oil Corporation had evolved into a fully integrated oil company. The concern has undergone numerous changes in its organizational structure, but the extensive reorganization program which was completed in 1966 gave the company a more efficient form by concentrating managerial authority in one central location. The result is that company policies are uniform, there is no unnecessary


Fig. 2—Corporate structure of Mobil Oil Corporation as of January 1, 1970 by Don Bennett, Marketing Department, Mobil Oil Corporation, Dallas, Texas, June 12, 1970.
Fig. 3 -- Corporate structure of North American Division, Mobil Oil Corporation as of January 1, 1970 by Don Bennett, Marketing Department, Mobil Oil Corporation, Dallas, Texas, June 12, 1970.
duplication of operations, and both the employee and the consumer have a nationwide company with which to identify.

Finally, the Supreme Court decision in 1911 which made the company an independent concern does not seem to have hindered its growth or expansion. The court's decree had the immediate effect of dissolving the trust, but by prohibiting only unreasonable restraint of trade it did not restrict future expansion and mergers of the "Standard" companies. Indeed, conditions in the petroleum industry, the economy in general, and perhaps public opinion have changed to the extent that any possible violation of the antitrust laws must be considered in light of current conditions. The decision of 1911 may have helped make possible a competitive petroleum industry, but as the later decision permitting the merger of Vacuum and SOCONY explicitly noted, the 1911 decree did not and could not restrict the legitimate business activities of a single company.
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