

Big Oil and LBJ

The "Seven Sisters" was a term coined in the 1950s by Italian businessman Enrico Mattei to describe the seven oil companies which formed the "Consortium for Iran" and dominated the global petroleum industry from the mid-1940s to the 1970s. The group comprised Standard Oil of New Jersey and Standard Oil Company of New York (now ExxonMobil); Standard Oil of California, Gulf Oil and Texaco (now Chevron); Royal Dutch Shell; and Anglo-Persian Oil Company (now BP).

In 1973 the members of the Seven Sisters controlled 85% of the world's petroleum reserves but in recent decades the dominance of them and their successor companies has been challenged by the increasing influence of the OPEC cartel and of state-owned oil companies in emerging-market economies.

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Oil and Texas: A Cultural History

For Texans, the 20th century did not begin on January 1, 1901, as it did for everyone else. It began nine days later, on Jan. 10, when, spurting drilling pipe, mud, gas and oil, the Lucas No. 1 well blew in at Spindletop near Beaumont.

The gusher spewed oil more than 100 feet into the air until it was capped nine days later. With that dramatic fanfare, Texas' economy was wrenched from its rural, agricultural roots and flung headlong into the petroleum and industrial age.

When Franklin D. Roosevelt gained power he attempted to push a bill through Congress that would give his Secretary of the Interior, Harold Ickes, the authority to regulate domestic oil production. However, Sam Rayburn, a politician from Texas, as chairman of the House Committee on Interstate and Foreign Commerce, was able to kill the bill. It was left to another powerful Texan, Tom Connally, to sponsor the Connally Hot Oil Act. This gave the Texas Railroad Commission the authority to proration oil.

Texas oil millionaires also fought hard to maintain its tax concessions. The most important of these was the oil depletion allowance. It was first introduced in 1913 and allowed producers to use the depletion allowed to deduct just 5 per cent of their income and the deduction was limited to the original cost of their property. However, in 1926 the depletion allowance was increased to 27.5 per cent.

As Robert Bryce pointed out in his book, *Cronies: Oil, the Bushes, and the Rise of Texas, America's Superstate* (2004): "Numerous studies showed that the oilmen