

The Tulsa Oil Drop

Issue 6
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JUNE 2018

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www.tulsadandd.net

Editor Kathy Staton



June 11th	June 20th - Lunch
July 9th	July 18th - Lunch
August 6th	August 15th (tentative) TBA
September 10th	September 19th - Lunch
October 8th	October 17th (Lunch, closed mtg)
November 5th	November 14th - Lunch IAL
December 10th	December 19th (tentative) TBA
SPECIAL MEETINGS	
67th Annual Addc Convention	September 18-22, 2018 in Evansville, IN
FIELD TRIP	
Elsing Museum	July 21st

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NOTE: Membership meetings are held the *third* Wednesday of the month, except for the months of *March* and *November*, when it will be the *second* Wednesday.



REMINDER:
Registration for the
2018 ADDC
Convention in
Evansville, Indiana
on Sept 17th – 22nd
is open!





The Desk and Derrick Club of Tulsa Monthly Meeting

Featured Speaker

Cody Bannister

*Vice President of Communications
Oklahoma Independent Petroleum
Association*

Presenting

“Oklahoma’s Oil and Gas Industry:
2018 and Beyond”

Cody Bannister joined the OIPA in 2005 and was named the association’s Vice President of Communications in 2013. At the OIPA he directs the association’s media outreach, communication to members and efforts to educate the public on the oil and natural gas industry. Prior to joining the OIPA, Mr. Bannister was newspaper reporter and editor, most recently serving as managing editor of the Duncan Banner. A native of Marlow, Oklahoma, Mr. Bannister is a graduate of Cameron University and currently serves on the Marlow Public Schools Board of Education.



June 20th, 2018

11:30 am ~ Luncheon Buffet

Cost: Members \$27

Guests \$32

Make your reservations no later than
5:00 p.m. on Friday June 15th:
reservations@tulsadandd.net

Or Reserve and Pay [ONLINE](#)

NOW ACCEPTING CREDIT CARDS!

Free Parking – BOA parking
garage (enter from Boulder) or
ONEOK garage at 112 W 6th St.
Bring your parking ticket to the
luncheon for validation.

If you have need for CE hours, please inquire at meeting
check-in, or email 2018president@tulsadandd.net

The Desk and Derrick Club of Tulsa promotes the education and professional
development of individuals employed in or affiliated with the petroleum, energy and
allied industries. Visit us at: www.tulsadandd.net





PRESIDENT'S LETTER

June 2018

Dear Members,

Memorial Day weekend was such a great start to summer and all that it offers. Whether you were gathering with friends and family, or taking that long-awaited vacation, or simply relaxing, I hope that we all took a moment to remember and celebrate the veterans who have served our country. I was so proud to celebrate my younger brother and thank him for his service in the Air Force.

This month, I wanted to share a member's recent experience of using their knowledge and experience in the industry to serve others. A local Boy Scout troop called the Webelos (which are 4th-5th graders) needed someone to assist them in earning the "Geology Activity" portion of their badges. This member was able to help the boys learn about various things like:

- The meaning of the word "geology"
- Why geology is an important part of our world
- Rocks that are fundamentally different (i.e. igneous, sedimentary, metamorphic and other types of rocks they found on a rock hunt)
- The mineral hardness of rocks by using a test kit and comparing that hardness to other objects
- Some of the geological formations found in Oklahoma, &
- Forms of rocks found in their homes (i.e. exterior rock walls, granite or quartz countertops, and concrete foundations and driveways).

Our motto is "Greater Knowledge, Greater Service".

We increase our knowledge, which helps us serve our industry better. But, it also allows us opportunities like this one to serve others in our communities, while teaching them about the benefits we all enjoy as a result of the petroleum, energy and allied industries.

Val Bode, you are a great example of how we can use any resource available (even ourselves) to promote education and the positive contributions of our industry. I love to hear stories like this one, and I am so proud to have you as a member of our club!

Sincerely,

Dorothy Lenhart, 2018 President





May Meeting Recap
By Dorothy Lenhart/Kay Williams

Burt Williams presented “Ideas and Money, A Start Up Story”, covering some of the strategies and process for creating a new company. He began with some of the statistics of his latest venture, Rimrock Resource Operating, where he serves as CEO and President. He shared some of their accomplishments over the course of it’s 3 years and a brief summary of how he started his career in the energy industry.

Burt went over the different ways to raise money (or capital) in order to start a company. Debt involves borrowing money to be repaid with interest from family, friends, banks, private debt providers, and/or public sponsors. Equity involves raising money by selling interests (stock) in the company to family, friends, private equity companies, and/or public sponsors. Most companies use a combination of debt and equity financing, but using the right ratio is key. The average debt-to-equity ratio in the oil and gas industry is between 0.3 and 0.5, meaning that most oil and gas companies carry relatively small amounts of debt.

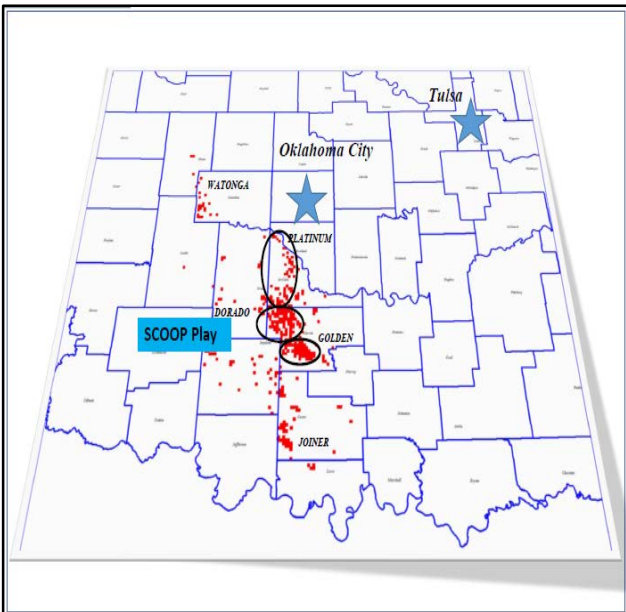
Energy Company Capitalization

- Sources of Capital
 - Equity and/or Debt
- Who provides Equity
 - Family and Friends
 - Private Equity Companies
 - Public Sponsors, usually Investment Banks (Wall Street)
- Who provides Debt
 - Family and Friends
 - Banks
 - Private Debt Providers (typically Secondary Debt)
 - Public Sponsors, usually Investment Bank (Wall Street Bonds)

Burt also stated that while debt is easier to obtain, is less risky, allows a company to maintain ownership, and is known to be a cheaper source of financing, equity does not have to be repaid. So there are advantages associated with each option. The cost of capital from family, friends, and private equity can be very expensive if the company fails, because those investors will end up having a lower return.

The higher the risk of your company, the higher the interest rate those investors will charge to lend you money. The cost of capital from bank debt requires a company to have an asset that produces future cash flows to ensure that the bank will get paid.

In closing, Burt reminded the members to always ...





May Meeting Pics



Thank you, Betty Hodge
for the pictures!





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Christinaf4th@gmail.com

I am not sure where the time has gone, but I am happy that summer is finally here with the beautiful flowers, great golf weather, bar-b-que and back yard camp fire and NO snow..... Wahoo.

This has been another busy month with attending the Region VII meeting and what a great job! I learned a lot and again, ADDC has given me gained knowledge. I had the opportunity to have great conversations with members and learn what is happening within their clubs – a wonderful time to visit with many old friends and make new ones! One of my highlights was when I had the pleasure to sit with

Nadia Korpus, who is has been a member of Desk and Derrick for 65 years. I presented her with a copy of the ADDC strategic plan and her comment was “This should have been done 20 years ago.” The look on my face, I am sure had been priceless. I said “no, maybe 10 and she replied - nope 20 years ago!” Who am I to argue with her, a 65 year member of our Association? I have asked for assistance or members to help. To come forward and help with jobs or things that we need help with. I have had 2 members truly put their money where their mouth is. If you have not read the Strategic Plan, please do so. If you are a great grant writer, have any marketing, social media or communication back ground and would like to help, we need you. Whether you have a few hours to give, or want to take on a huge project – please contact me or any of the Board Members. We feel that this proposed Strategic Plan will benefit all members.

The realignment has begun; we have election results in for new directors. We have the new bylaws still being worked on. Club dates to host regional meetings, voted on or to be voted on. I am looking forward to convention, and cannot wait to see you there. Region II has been working so hard to make a wonderful conference happen. Thank you to all for your hard work!

Sincerely,
Christina Forth



Leaders' Letters cont.

Region VI Director's Newsletter



Casi Nichols

Region VI Director

region6rd@yahoo.com

Wendy Simon

Butler County

Tammy Watkins

Enid

Pam Hitz

Great Bend

Jamie Sabata

Liberal

Michelle Burgard

OKC

Susan Bullard

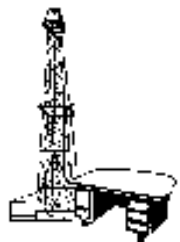
Red Earth

Dorothy Lenhart

Tulsa

Abby Bock

Wichita



ASSOCIATION OF
DESK AND DERRICK
CLUBS

June 2018

Happy Summer!! I think it is officially here!

I will be making my way around the Region over the next few months. So I look forward to seeing all of you very soon!

Right now, I am focused on 2 things for our Region. The first is getting all of the voting information out to you so we can secure our Central Region Director for 2019 and move forward with the new format. The second is working on the 2019 Convention. We have sent the hotel contract out to all of the Presidents to review and provide feedback. We will be finalizing this and sending it out for everyone's information ASAP. We are also beginning to put all of the details into the budget and get things solidified. A huge help right now would be to start collecting sponsors in your areas that would be willing to donate or sponsor an event. We plan to make this the very best yet!



Name: Val Bode

Current City: Tulsa, OK

Home Club: Tulsa, OK

Office(s) Served: 2013 President, Director, Parliamentarian,

Club Website Designer and Administrator

Year Joined ADDC: 2008

Current Job: Retired Geological Technician



A little bit about you: I was born in New York, in a small coastal town on Long Island. My father worked for Cities Service Oil and Gas and was transferred to Tulsa when the company moved their headquarters from Manhattan to the "Oil Capital of the World". I came along - at age sixteen - kicking and screaming the whole way! At the time, I didn't even know where Oklahoma WAS, but Tulsa has since become home. I worked in the oil and gas industry for more than forty years, with some time off when my daughter was young. My experiences with Desk and Derrick have greatly broadened my views and understanding of this complex and ever-changing industry. I've often wished that I had been exposed to all that knowledge much earlier in my career!

Since my retirement in 2015, I've been able to devote more time to my hobbies of pottery, jewelry making, crocheting, and reading. I've always told my grandchildren (I have five) that my hobbies 'keep me out of the pool hall'. When one of my grandsons was a teenager, he said, "Gran, I don't think you've ever *been* to a pool hall". My reply: "See? It WORKS!" I love to travel, and last year made my very first trip to Europe. I've been on five cruises; on the first two I traveled alone! This summer I will be traveling by RV to South Dakota, Wyoming and Colorado, with a second RV trip to New Orleans and along the Gulf Coast to Florida; fun trips with my long-time friend John and a great-granddaughter on each adventure.

My greatest joy is my four great-grandchildren, with another one on the way, due to arrive in September! What a blessing to have *great*-grandchildren to love, play with, teach, and from whom I learn much about life.

Fun Fact: "Val" is short for Valentine, which was my birth surname

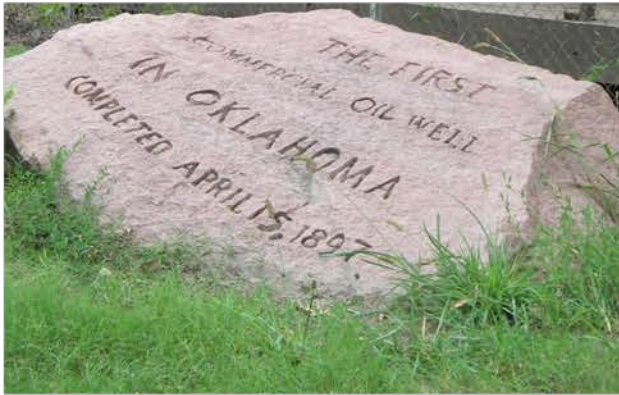
Goals for 2018: Eat, Pray, Love (and Travel)

Leave us with a quote or a bit of advice: "Happiness isn't something you experience; it's something you remember" - Oscar Levant



First Oklahoma Oil Well

A pink granite rock marks the spot where a large crowd gathered at Nellie Johnstone No. 1 well to witness history being made in 1897.



Prior to the Civil War, America's search for oil prompted entrepreneurs, speculators, and wildcatters to seek their fortunes on the great plains of the Indian Territory.

This was land reserved for Native Americans by Congress and home to its indigenous people as well as the "Five Civilized Tribes" – Choctaw, Cherokee, Seminole, Creek, and Chickasaw, which had been relocated from the Southeast.

Each of the Five Civilized Tribes established national territorial boundaries, constitutional governments, and advanced judicial and public school systems. The Indian Territory included present-day Oklahoma north and east of the Red River, as well as Kansas and Nebraska.

Discovering Indian Territory Oil

Home to many prolific oil and natural gas fields since 1897, Oklahoma continues to be among the top producing states.

Fifty-one years before Oklahoma statehood, in 1856 the Indian Territory had become home to the Five Civilized Tribes – as well as the Osage, Pawnee, Seneca, Shawnee, Delaware, and others.

A non-tribal member coming into the Indian Territory to work was required to take out a license or permit; one who married into a tribe was adopted and able to share in tribal property.

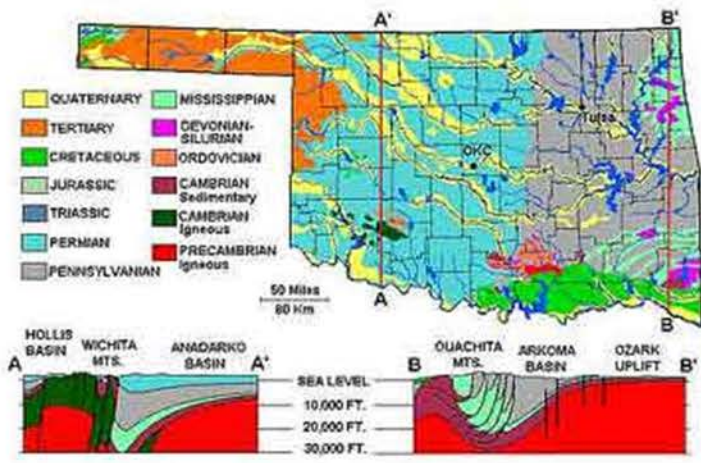
In 1859, Lewis Ross, a brother of Chief John Ross of the Cherokees, found a pocket of oil that produced about ten barrels a day for nearly a year. He was drilling for saltwater – brine being much-desired for making salt, a food preservative. Ross drilled his well on the Grand River near Salina in what is now Mayes County, Oklahoma. After deciding to sink a deeper well for greater production, he found oil instead. News spread of this potential source of tribal revenue.

Spectators watched as a percussion device (called a go devil) set off a canister of nitroglycerin – producing the Indian Territory's first gusher.

According to the constitutions of the Choctaw and Chickasaw nations at that time, the land was held in common by the Indian citizens of the nations – but the individual citizens could lease out a limited amount of land.

The Ross well was quickly depleted, but it proved that there was oil to be found in the Indian Territory.

By 1875, Jacob H. Bartles, another pioneer and adopted Delaware Indian, was operating a trading post the Caney River in the Cherokee Nation.





Bartles employed two ambitious young men, George B. Keeler and William Johnstone. They too were adopted members of the Osage and Delaware tribes, respectively.

Within a few years, Keeler and Johnstone started their own competing general store on the other side of the Caney River, in what became Bartlesville. It was a successful enterprise and while the partners knew of oil seeps in the area at this time, they lacked the financial support and tribal permissions necessary to pursue the opportunity.

More than 20 years later, Keeler and Johnstone would make oil history just around the river bend from their general store.

The Search for Rock Oil like Pennsylvania's oilfields

In 1884, the Cherokee Nation passed a law authorizing the "Organization of a company for the purpose of finding petroleum, or rock oil, and thus increasing the revenue of the Cherokee Nation."

Five years later, a wildcatter named Edward Byrd secured mineral leases from the Cherokee Nation. He drilled his first well near present-day Chelsea (Rogers County) in 1890, and found oil at a depth of only 36 feet. His well produced about a half a barrel a day but lacked a readily accessible market.

Byrd organized the U.S. Oil and Gas Company, and sold half of his acreage to the Cherokee Oil and Gas Company. His Chelsea venture justly could be called [Oklahoma's other first oil well](#), but in the Choctaw Nation, a well completed by Dr. H.W. Faucett and Choctaw Oil and Refining Company in 1888 found oil earlier, but it also did not produce commercial quantities. This well became known as the "Old Faucett Well."



A re-enactment of the dramatic moment that changed Oklahoma history highlighted the 2008 dedication of a 84-foot replica derrick at Discovery 1 Park in Bartlesville. The derrick replaced one dedicated in 1948.

Following these early wells, Pennsylvania oilmen James Guffey and John H. Galey approached several prominent Indian citizens, including general store partners Keeler and Johnstone, and offered to purchase mineral sub-leases and pay a royalty of three and one-half percent to the Cherokee Nation on any petroleum production.

Years later George B. Keeler recalled:

Guffey and Galey of Pittsburgh, Pennsylvania, were drilling at Neodesha, Kansas, in 1893. Mr. Galey got in his buggy and followed the mounds from Kansas to the mound at Bartlesville.

He came to my store on the present site of Bartlesville and told me that there was oil here and that if I would get a lease from the Cherokees, he would drill a well.

Mr. Galey said that he knew there was oil here because of the mounds which, in his opinion, had been thrown up by gas pressure; and he called attention to the broken edges of all the rocks which, he said, would be round if caused by water and erosion.

However, before the deal could be completed, Guffey and Galey withdrew their backing and moved on to a new project near Beaumont, Texas. There, on January 10, 1901, the two men helped bring in the first well on Spindletop Hill.

Nellie Johnstone No.1 gushes

Meanwhile, George Keeler, William Johnstone, Frank Overlees, their Indian wives, and other locals had acquired mineral leases on over 200,000 acres of Cherokee land. They ultimately secured new financial backing from the millionaire Chicago meat-packer Michael Cudahy's "Cudahy Oil Company."



The Nellie Johnstone No. 1 well got its name from the young Delaware Indian woman who owned the land. Photo courtesy the Bartlesville Area History Museum.

The new venture's search for oil began in earnest when they hired the well-known firm of "McBride and Bloom" from Independence, Kansas. Albert P. McBride and Camden Bloom had drilled the state's first successful well, Norman No.1, in what would come to be known as the Mid-Continent Field.

In December 1896, McBride and Bloom abandoned a 1,750 foot dry hole near Red Fork (today part of Tulsa) to drill a new well for Cudahy Oil Co. It took three-weeks of hauling equipment, tools, pipe and other materials 70-miles northward across the freezing Arkansas River to the new Keeler and Johnstone site on Spencer Creek of the Caney River.

Drilling began in January 1897, the same month that Bartlesville was incorporated with a population of about 200 people. Four months later, at 1,320 feet, the Nellie Johnstone No.1 well (named for partner William

Johnstone's six year-old daughter), showed for oil.

"Shooting" had been used since the 1859 Drake well in Pennsylvania to stimulate production. G.M. Perry, an expert shooter, was brought to the Indian Territory well from Kansas. Perry had been McBride and Bloom's shooter for the successful Norman No.1 well there – completed in 1892 and claimed to be the first oil well west of the Mississippi river.

Liquid nitroglycerin was poured into a metal canister – or "torpedo" – and lowered into the well on April 15, 1897, as a crowd of about 50 curious onlookers gathered.

At 3 p.m., George Keeler's stepdaughter, Miss Jenni Cass, dropped the "go devil" detonating device down the well bore to set off the waiting nitroglycerin. The explosion caused Nellie Johnstone No.1 to blow in as a gusher, producing from 50 to 75 barrels of oil a day. Despite the production, the Cudahy Oil was confronted with the same problem Edward Byrd had faced seven years earlier: more crude oil than the local market could consume. With no storage tanks, pipelines, or railroads available, the Nellie Johnstone No. 1 was capped for two years.

Another chapter in Bartlesville's rich petroleum history is exhibited at the Phillips Petroleum Company Museum, which opened May 12, 2007.

The railroad finally came to Bartlesville with the opening of the Atchison, Topeka and Santa Fe in 1899. Oil could then be shipped from Bartlesville to Caney, Kansas, and from there by pipeline to a small Standard Oil refinery in Neodesha for processing into kerosene and other products.

Many Kansas historians consider an 1892 [oil discovery at Neodasha](#) the first oil well west of the Mississippi River. Caney made national headlines in 1906 as oilfield workers struggled for weeks to cap roaring flames from a [Kansas gas well fire](#).

With the railroad and pipeline, the Nellie Johnstone No.1, became commercially profitable in May 1900 with the initial shipment of oil at a price of \$1.25 per barrel. As the discovery well for the giant Bartlesville-Dewey field, the historic well ushered in the oil era for Oklahoma Territory. It produced more than 100,000 barrels of oil in its lifetime.

In the ten years following the Nellie Johnstone discovery, Bartlesville's population grew from 200 to over 4,000 while Oklahoma's oil production grew from 1,000 barrels to over 43 million barrels annually. Although there would be serious leasing issues and even tragic, illegal dealings with the Osage, the state's petroleum riches established many industry leaders.





A 2007 Oklahoma City parade celebrating the centennial statehood included a float acknowledging Oklahoma's oil heritage, seen here in an artist's conception.

At the age of 12, future oil baron J. Paul Getty started selling the *Saturday Evening Post* in Bartlesville. By the age of 23, he had earned his first million from oil. He would establish California's world-famous [J. Paul Getty Museum](#) in 1974. Frank Phillips, perhaps most beloved of all the Bartlesville oil legends, established the international Phillips Petroleum Company, which remained in Bartlesville until merging with Conoco in 2003. The combined

company opened [two oil museums](#) a few years later to celebrate Oklahoma's statehood centennial.

After the Nellie Johnstone success, production in the Indian Territory rose rapidly, adding much impetus towards the granting of statehood in 1907. In the 10 years between the Nellie Johnstone and statehood, Oklahoma became the largest oil-producing entity in the world. By the 1920s, many soon famous independent producers bid for leases at auctions in the shade beneath the "[Million Dollar Elm](#)" in Pawhuska.

George B. Keeler and William Johnstone are remembered as the Indian Territory entrepreneurs who opened an Oklahoma oil boom that continues to this day. Oklahoma's first commercial oil well is commemorated north of downtown Bartlesville on Cherokee Avenue, where a rebuilt replica of the Nellie Johnstone No.1, stands at the original site.

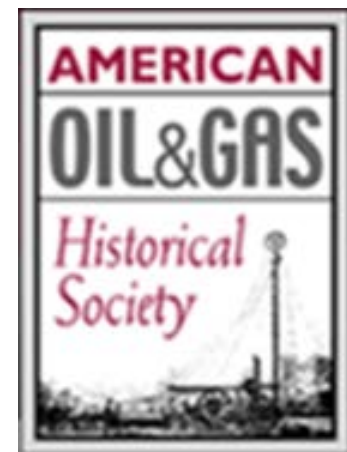


The 1948 presentation of the well to the city of Bartlesville appropriately noted: *Like the rush for Oklahoma land, the discovery of oil attracted both men and capital from far and near, these pioneers in petroleum development were as rugged and self-sufficient as those who settled the land ...*

Oklahoma's two greatest industries, agriculture and petroleum, have developed largely hand in hand, and back of both developments are the pioneers, men of restless energy and unbounded faith.

Oklahoma continues to be a leading natural gas producing state with more than a dozen of the 100 largest natural gas fields in the country; Oklahoma has five petroleum refineries with a combined capacity of roughly three percent of the total U.S. distillation capacity. There is a lot more to explore about [Oklahoma Oil History](#).

This article was taken from the American Oil & Gas Historical Society website.





TULSA CLUB NEWS

Job Opportunity:
FINANCIAL REPORTING
ACCOUNT
Sheridan Energy
Contact: **Cynthia Pope**
Office Manager
CITIZEN ENERGY
918-949-4680



"Desk and Derrick, Thanks for your help in getting us volunteers for Mayfest. We were always in good shape!"
Norm Hyne (TGS)



Beth Hesling and Gay Wheeler presented the 1st place Aimee award to the Osage Wind Farm! "A beautiful day on the Osage Wind Farm, Osage County, Region VI Field Trip, April 2017."





Welcome to our newest member, Roxanne Little.

Sadly, a beloved member, Tara Woods, of the OKC Club passed away on Monday, May 28, 2018. She was battling cancer and it progressed into her lungs and they couldn't help her. **Tara (Cheek) Woods**, age 43, of Edmond, passed away Monday, May 28, 2018, at the Integris Hospice House in Okla. City. Tara touched many lives and lived every day for the happiness of others. She will be dearly missed!



2018

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	31	1	2  <i>Gay Wheeler</i>
3	4	5	6	7	8	9
10	11 Board Meeting	12	13	14	15	16
17 	18	19	20 Monthly Luncheon	21	22	23  <i>Kay Meyerhoff</i>
24	25	26	27	28  <i>Mary Penterman</i>	29	30

Check out these interesting and informative websites:

www.tulsadandd.net

www.addc.org

Note: All submissions to The Tulsa Oil Drop can and shall be edited as necessary. Viewpoints expressed by submitter are those of the writer and not necessarily of The Desk and Derrick Club of Tulsa or the Association of Desk and Derrick Clubs (ADDC). Editor's Email: kstaton@impxp.com.