

CAPITAL \$200,000.00
SURPLUS AND PROFITS \$250,000.00

THE CITIZENS NATIONAL BANK

EMPORIA, KANSAS

July 19, 1924

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Mr. William Allen White,
Emporia, Kansas

Dear Mr. White:

Replying to your favor of the 17th, enclosing letter of the 1st from Miss Tarbell, which I am herewith returning, will say:

As you know, and Miss Tarbell states, the State Refinery Bill was declared unconstitutional, and I am inclined to think that was correct, ~~but~~ Judge Benson, whom you know very well, and who was in the legislature at that time, contended that the bill was unconstitutional and ~~should~~ be so held. He opposed it very strongly in the legislature, as also did Stubbs. I was for the bill myself, and it was finally passed.

A bill was also passed, making pipe lines common carriers, but I do not think that has been of any particular benefit to the oil business as it has not been used by the independent so far as I know.

I do not know anything about the proposed pipe line to the Gulf, nor what became of that scheme, if there was one. I remember West very well, but do not know what has become of him. I did not know Parker, or if I did, I have forgotten him.

The only piece of legislation that was enacted by the legislature that was of any benefit to the oil men or the consumers was the maximum freight rate law on oil, which established by legislation the rate to be charged on all shipments of oil. This rate was unfair in a way; that is, that it made the freight rate per hundred pounds on five or ten gallons, or on a barrel of oil the same as it did on a carload shipment. I was afraid that the railroads would attack this legislation on the ground that it was un-

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fair and confiscatory on L. C. L. shipments, and when I was in the legislature I introduced a bill changing this, making a little lower rate on crude and fuel oil, leaving the rate on refined oil as it was on car load lots, and increasing the rate on less than car load shipments; but the refiners were opposed to my bill, and were successful in defeating it in the committee. However, this rate stood on the statute books, and was used by the railroads for a good many years. The Public Utilities Commission, or the Railroad Commission allowed them to change it by making a minimum charge of 25¢, that is, no shipment should be handled for less than 25¢. As it was passed by the legislature, in some instances a shipment of five or ten gallons of lubricating oil could be shipped for four or five cents, not enough to cover the expense of making out the bill of lading, etc.

This rate, however, was set aside or changed during the war period and very materially advanced, and the rate, under the legislative maximum freight rate, was 6½¢ per hundred on oil from Chanute to Emporia, or \$25.60 for an 8000 gallon car of gasoline. This rate seemed to me reasonable, and it seems so yet, inasmuch as oil people had to furnish practically all their own tank cars. However, the rate now from Chanute to Emporia on a car load of gasoline is 15¢ per hundred, or \$76.80. I merely mention Chanute, as being illustrative of the advance in the rate which was made. The Railroad Companies paid the owner of the tank car 1½¢ per mile for the use of the car, traveling from loading point to destination and return. This payment, however, was not sufficient to pay the repairs on the cars, so it would be very much to the advantage of the refiners or shippers if the railroads would furnish the cars in which to move the oil.

If there is any further information that I can give you, if you will indicate it, I shall be very glad to give it to you. I could probably find out where Mr. West and Mr. Parker are, if I had a little time to do so, or if Mr. Webster were still living, we could locate him, and

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he could give a good deal of history concerning the
legislation and the development of the oil business
in the western country.

Cordially yours,

C. A. Starnes