

To the People of Texas and their Legislators Elect:

This is a paid advertisement intended to give reasons why the present law of Texas relating to the incorporation of oil companies should be amended so as to allow Texas corporations like those of other states to pursue all of the several branches of this single business.

The Texas Company is engaged in purchasing, refining and marketing petroleum, and as a part of its business owns and operates a system of pipe lines. It is incorporated under the laws of Texas and is handicapped seriously by the inadequacy of its charter powers. It has no direct power to prospect for and produce crude oil. And as the law now stands it can obtain this power only by reorganizing and taking out a charter in some other state, thus becoming a corporation of that state and ceasing to be a corporation of Texas.

Hitherto the stockholders, by a separate producing organization, have borne the burden of obtaining the necessary crude supplies; and but for this arrangement the company could not have succeeded. This was workable when the organization was small and operations were on a narrow scale. But with the growth of the business and with varying and shifting stock ownership it has become subject to too many complications. The company is now manufacturing in Texas and marketing in nearly every country in the world the various finished products of Texas crude oil. It now has more than 10,000 employees, and its stockholders number about 4,000, including approximately 2,000 employees.

The competitors of this company are engaged in all branches of the business. Two of its principal competitors in Texas operate as limited partnerships or joint stock associations and therefore may pursue any business that an individual might pursue, the only restriction being such stipulations as the shareholders see fit to make among themselves. Another principal competitor is organized as a holding company, incorporated under the laws of another state, and owns the stock of three Texas corporations, one engaged in producing oil, another in refining and marketing, and a third in operating pipe lines, so that on the whole the stockholders have the benefit of an organization which covers all branches of the business.

The statement just made is not in criticism. The plan of including all branches of a single business is logical. Moreover, as applied to the oil business it is universal in all of the oil producing states and in foreign countries. In practically every state of the Union, except Texas, a corporation of this kind has the charter power to produce oil.

And it may not be inappropriate to say further in this connection that the limitations which the laws of Texas place on the charter powers of The Texas Company do not stop at the boundaries of the state; they follow the company wherever it goes; they follow it into other states and foreign countries where its competitors carry on all branches of the business and where the state of Texas can not prevent them from doing so. If anywhere on the Globe this company should do an act in excess of its powers as defined by the laws of Texas its charter would be subject to forfeiture.

No one would think of precluding a company engaged in the lumber business from going directly to the natural source of supply, taking timber leases or buying standing timber, and in that way acquiring its raw material. There as in the oil business the manufacturing merchant takes the raw or crude material and turns it into finished products. In each case the supply is limited as regards both locality and extent and the matter of obtaining supplies of the particular kinds needed and obtaining them at the times when needed and in the places where needed is of supreme importance. The same thought may be applied to mining or any industry where the operator must lay out large sums in plant and marketing facilities and is not warranted in doing so unless he is to have a free hand in obtaining the raw material. He must be allowed to protect his investment, otherwise he is at the mercy of hostile forces and can be destroyed at their will or upon an event of chance. To exclude an oil company from taking leases and producing oil, and thereby require it to buy from those who may happen to have wells and produce some oil, would mean to any concern operating on a large scale precisely the same that it would mean to the owner of a sawmill if he should be prohibited from acquiring standing timber and required to buy his logs at retail. And furthermore, as previously indicated, it is not a question of what might be ideal if we were at the inception of this industry; the business has pitched itself along certain lines; and these lines are universal and world-wide.

The position of The Texas Company was fully explained to the last legislature, but there was opposition to the bill introduced for its relief, and the matter was delayed and finally crowded out near adjournment. The company did not then, and it does not now, ask any special favors, or for the enactment of a law which would not apply to all similarly situated, or for any change in the settled policies of the state; but it did desire and it still desires some fair and suitable relief; such legislation as will remove the handicap and accord it those lawful corporate rights that are enjoyed by companies organized in such states as California, Oklahoma or Louisiana. It will present the matter to the Thirty-fifth Legislature.

THE TEXAS COMPANY

