



Ross S. Sterling, founder of Humble Oil and Refining Company.

REMINISCENCES OF A WILDCATTER

Glenn H. McCarthy remains one of the most colorful figures in Houston's recent history. Through a combination of shrewd speculation, hard work, and Irish luck, McCarthy rose from humble beginnings to the status of millionaire by the age of twenty-six. His success story, occurring in the midst of the 1930s, caught the imagination of a people mired in the greatest economic depression this country had ever known.

McCarthy was born in the Spindletop oil field region near Beaumont, Texas on December 24, 1907. His family moved to Houston in 1917, and McCarthy went on to attend South End High School (now San Jacinto High School) and Rice University. While at Rice, McCarthy married Faustine Lee, daughter of a prominent Texas oil family. McCarthy held a variety of jobs in his early twenties, from day laborer in an oil field to service station operator. It was McCarthy's decision to focus his energies on the oil industry that became the turning point of his career. By the time he reached his early thirties, McCarthy had discovered more new oil producing fields and enlarged more already extant oil regions than any other oil man. His peers came to dub him "King of the Wildcatters."

In the 1940s, McCarthy invested some of his millions in other ventures, the most notable of which was the Shamrock Hotel. At this time he also came to be one of the leading forces behind Houston's development into a major city. His flamboyant style combined with his penchant for publicity created notoriety for himself and Houston. Indeed, McCarthy's image came to be identified in the public mind with the prototype of the Texas oil millionaire.

As of 1981, Glenn McCarthy is still hard at work as an independent oil operator through his office in downtown Houston. His image and manner continue to reflect the qualities that brought him success decades earlier—strength of character, intelligence, and generosity.

The following interview was conducted with McCarthy on March 31, 1976, and took place at McCarthy's office. The interviewer was HMARC staff member David Courtwright; editorial notes and emendations by Deborah A. Bauer and Steven R. Strom. Ellipses indicate words or sentences have been omitted.



Glenn McCarthy

- Q. Mr. McCarthy, when did your family first move to Houston?
- A. 1917. My father was a driller, and he came here to drill some wells out around Fairbanks, which is now a suburb of Houston.
- Q. You were born near Spindletop?
- A. I was born just out of Spindletop, yes, on Park Avenue.
- Q. Do you have any recollections of Houston when you came here as a child, any strong memories?
- A. Yes, Houston was a city of approximately one hundred fifty or sixty thousand people. Travis Street, which is right here in front of the building where I am now, was a shell road up to where the Lamar Hotel is. Main Street didn't go much past Webster as a paved road. There were a few small buildings like the Scanlan Building, Old Foley's, Rice Hotel—no big buildings at all.
- Q. What were some of the jobs you held before you tried your hand at wildcatting?
- A. Various jobs. Filling station operator, rivet driver, cleaning and pressing shop operator.
- Q. What first attracted you to wildcatting?
- A. I was born nearly in the midst of Spindletop oil field. And my father being a driller, I worked as a water boy at about eight years old, and I delivered water from derrick to derrick, at Spindletop. And, I have been interested in the oil business ever since I was a child.
- Q. How did you scrape together enough capital to get started in the business?
- A. Out of building a business and then selling it, such as, I owned and operated two filling stations in Houston. Those were Sinclair Oil Company filling stations. I sold them out. I had a cleaning and pressing shop prior to that. Sold it out, and accumulated enough money to get started.
- Q. Where did you set up your first rig?
- A. The first one was at Strang, between here and La Porte, Texas, just off of the Spencer Highway, not far from the big oil field there that was discovered by Humble Oil and Refinery Company, northwest of Hastings.
- Q. Did that prove to be a dry hole?
- A. Yes, mine was a dry hole.
- Q. When did you first strike oil?
- A. At Big Creek Dome in Fort Bend County.
- Q. And then you sold that well, went on and continued to explore?
- A. I went to Conroe, and drilled another well there.

Q. Would you explain how the wildcatters of your generation operated? What, for example, was the dry hole deal?

A. Well, I assume you're referring to, if you had a block of acreage, you were going to drill a well, that you would sell acreage on the basis of dry hole or bottom hole money. That's what I assume you are referring to.

Q. That's correct.

A. The major oil companies would give you a certain amount of money for either a portion of your acreage, or they would already own some acreage and they would give you some dry hole money to help defray the expenses of the cost of the well.

Q. Was that the most common way wildcatters operated?

A. Yes, I would say the most common way for the independent operators to get any help at all was through dry hole or bottom hole money from a major oil company if it was interested in the area.

Q. Now you were among the very few people wealthy enough to own their own equipment, is that correct? Most independents did not own their own rigs.

A. I wouldn't say that I was the only one or even the first that could afford to own their own equipment. I couldn't afford to own it either. I had to buy it and pay it out on a time-payment plan.

Q. When did you first begin buying your own equipment? After the Conroe strike?

A. After Conroe, yes.

Q. You never had any formal geological training, did you?

A. Not formal, no.

Q. Well, I was wondering how you went about deciding where to drill?

A. Well, if you go back far enough, you'll find there were other ways of finding structures than through geophysics alone. Through a certain amount of geology, first formations, and various other rules. For instance, the Goose Creek field. I guess you know where that is, at Baytown, in that area. Goose Creek was what it was called then. It was discovered because it's on lowland, swampland, and some of the first people to discover Goose Creek used funnels. They'd stick a funnel in the ground over a bubbling condition in the marsh. And they'd light it with a match, and if it would burn, it was making some gas from the surface. Surface indication was the first method. I think that was used for this discovery of oil. So, of course, if you look at all the old salt domes, they all stick up like a thumb from the surrounding area. That's the reason for the name Spindletop. Because when you go to Spindletop, you go up and over it and on the other side. Well, that is indicative of a dome. . . . And many of them don't stick up that way, but many of them do. Damon's Mound* is one that's very obvious. That's the way most of those were discovered. Until World War I was over, there wasn't very much of any kind

*Damon's Mound is located in northern Brazoria County near the Fort Bend County line.

of geophysics. . . . During World War I, they discovered a submarine-finder device, and they used that on the surface to try to get those big dome structural conditions. And by improving it from that time until today, you come up with the best seismograph possibilities in the different kinds of shooting that's being done today. Some of it [is called] stack shooting which is the newest. The old conventional shooting which was just regular seismograph and the old torsion balance is gone. It was never too dependable. It would give a general area—nothing that you could really depend on. The magnetometer is fairly good in various areas for general reconnaissance. All of those things came in after World War I.

Q. Did you make use of them in your wildcatting days in the thirties and forties?

A. In the early thirties, I didn't have the money to [do] my own seismograph work. But in the middle thirties, I did.

Q. It has been said that some of your biggest wells were found on land that the oil companies had abandoned. Was anything learned from their attempts?

A. What you're referring to now is a different type of geology. We had a certain type of geology we called sub-surface geology that's used in finding areas where dry holes have been. I'm not the only person to have done that because even the major oil companies use it. But the way you can find an oil field from that is to take the sub-surface work and correlate it with the other dry holes in the general area, and more specifically, line up your faulty conditions and your structural conditions which is probably the best geology we have today, or one of the best. I wouldn't say it's better, but I'd say it's equal to stack shooting if you can get that information. In other words, a major oil company could drill in the general area, drilling on, let's say torsion balance. Well, I said before torsion balance wasn't too dependable because it gives you a general area. They might drill more than one well there, thinking they just haven't gotten on top of it. And by them taking that information they had, combining it with other information of similar types, [they could] create the sub-surface correction work that would give you a structure possibility, particularly with faults. Many years ago, most companies didn't believe there were any faults in the Texas Gulf Coast. But we find that it's full of faults. There are hundreds of faults in the Texas Gulf Coast.

Q. So even though a dry hole might not produce any oil, it produces . . .

A. Valuable information.

Q. Good information.

A. Yes, sir.

Q. Of all the wells you've started or brought in, which were the most memorable?

A. Well, that's a little difficult. I have memories of every one of them for that matter because they are not, none of them, easy. . . . I can remember the discovery well I brought in, in the West Beaumont field. We had a bad blowout. The first well I drilled in the Winnie area, we had an accident which pulled the derrick in and ruined sixty-five hundred feet of pipe and derrick, and killed a man. Each one of those wells has a very big story behind it. Of course, the extension to the Anahuac oil field was on the White lease. It came in just after the ten cent oil in East Texas, and it was a very big well. It was capable of producing sixty-five thousand barrels a day, but we had just gotten proration, and proration was twenty barrels a day for thirty days. And, the price of oil was down to eight cents a barrel.

Q. I was meaning to ask you about that. In the 1930s, the price of oil was very low. Why didn't that discourage you from going into wildcatting?

A. Well, when proration first started, oil went to ten cents a barrel before the proration. And that was because of the East Texas oil field. When the East Texas oil field was discovered, it flooded the market and the price of oil went to ten cents a barrel. On the Gulf Coast in Old Dome, the price of oil was eighty cents a barrel. There were several reasons for that. Most of the refineries had been built with the accessories to refine a certain kind of oil which was at that moment coming from Old Dome. The refining process of East Texas oil needed more of the oil that we had to make the certain product that they were making. And we got eighty cents a barrel for ours which is seventy cents more a barrel. It did discourage us, all of us. Discouraged everybody. But it wasn't very long until demand began to pick up to such a degree that it made the oil a stable price of about a dollar a barrel.

Q. Could you pinpoint that time? When did it happen? Approximately?

A. I have to think a minute on that. About 1936. Don't hold me to the exact date. But it was around 1936 that we started using enough oil that the price had a pretty stable balance.

Q. Did you pay much attention to natural gas at that time?

A. Yes, I paid a lot of attention to the natural gas. However, the price of natural gas at the time we're referring to in the early thirties was maybe a cent a thousand cubic feet. And you were glad to get a cent a thousand in order to be able to produce the distillate that comes along with the production of natural gas in most instances. It's not all the same. There, not all gas wells are of the same richness in fluid.

Q. I want to go back to something that you mentioned earlier. You said that you'd had various blowouts. How were those put out, or were they put out? Did they just burn out?

A. Well, the first one that I had was in West Beaumont. It was not put out. It just blew out. Blew itself down, and then capped. Now in most cases, you

don't expect excessive pressures at certain levels. Each thousand feet of depth you expect more and more pressure. And sometimes you will drill a well no expecting more than a normal pressure, and it will have an abnormal pressure. That happens quite often. You will take every precaution that you possibly can. And more so today than we did years ago. Because we are going to greater depths. With greater depth you have more pressure. . . . Today, you make blowout preventers that'll hold fifteen thousand pounds or more. Of course nobody wants a blowout well. . . . Jim Abercrombie, for instance, had a blowout well in the middle of Conroe. I had one at Beaumont. I had another one. I've had several try to blow out. I have a well producing now that blew out, but we were able to handle it and it didn't burn up the drilling rig. I've had several in my life that blew out. Two of them burned completely.

Q. You mentioned Jim Abercrombie. Were independent oilmen a very close-knit group at this time?

A. In what manner?

Q. Well, just in terms of socializing, in terms of business interests, or were you truly independent? Did you just go out and ignore everybody else?

A. Well, you didn't ignore anybody for that matter. And, yes they do socialize. But business was their own business, unless they were together unless they were partners. . . . But. . . . you're never really independent. You're dependent on a whole lot, in one way of speaking. In another way, you are independent. Independence doesn't go so far as that one wouldn't help another. That sort of independence, no. . . . There was a close-knit group of people that kept their business to themselves except under certain circumstances. They were all somewhat friendly but still independent. You didn't just say, "The hell with you and all for me" in other words.

Q. Right. Have wildcatters been able to survive or has most of the exploration been exclusively by big companies?

A. Well, they're not going to survive. That's been coming about a long time. In about 1944 and '45, the government, or I might say the Congressmen went out to, I guess, get votes from the many people or as many states that didn't have production, or to the unknowing public, to get their votes by saying that the oil men were getting, in today's lingo, a rip-off on the public on tax purposes under the depletion charge-off. They first went into New Orleans to a district federal judge there, and the judge turned it down. But they finally kept after it until they got it from twenty-seven and a half percent down to twenty-five percent to be completely phased out after a period of time. They've been at it ever since until today they've cut off depletion completely. That phaseout of depletion caused many of the oil operators to retire because they felt they could not survive without depletion.

Q. Were some of them absorbed by the major oil companies?

A. Well, it didn't end at that time. It was the beginning. And those men saw it. And they quit. I doubt if there's over ten or twelve thousand operators

in the United States today, as independent operators. For some reason or another, the news media called the supply salesman an operator or they call a pipe man an oil operator or a truck man an oil operator or a mud man an oil operator. These are not oil operators. Those are not independent oil people. I am talking about a strictly independent oil man who was a discoverer of oil. Let's say George Strake, or Abercrombie, or the men that discovered oil in East Texas, or many of them in Louisiana that made the discoveries over there. Most of all the well-known fields were discovered by independent oil operators. The independent operator would drill in places that the major oil company would not drill. In the early days, an oil discovery was one in about a hundred wells that they drilled in skeptical areas which you might call class three prospects or class four prospects, instead of class A prospects. And a major oil company has a different situation involved there. They have stockholders who are critical of their operations. Therefore, they cannot afford to take skeptical or class four prospects. They have to show that they drilled so many wells in wildcats and got such a fine percentage of production out of those wildcats in order to keep their stockholders. And it turns out that it certainly is the best way to operate for that matter because many of the independent oil operators go broke drilling in skeptical areas and not getting oil wells.

Q. What kind of man became a wildcatter? Was he basically a gambler?

A. Well, I think everything is basically a gamble, not just in the oil business.

Q. But it's a lot riskier than some other things I can think of.

A. Such as?

Q. Oh, operating a corner laundry.

A. No it isn't. It isn't really. He's got to have some ideas, and he must have some knowledge of the earth's formation. He must have some idea of what he's doing. A beginner would have a pretty hard time trying to figure out just where to go. But nevertheless, that's the thing that did find lots of oil. That method, that promiscuous drilling did find a lot of oil. They used such things as wiggle sticks. I never used a wiggle stick or a divining rod or something that's put out over a bubble and say it was gas or anything like that. I never used that. I did use earth formation, structural and topography sometimes had something to do with it.

Q. That's why I asked you earlier if you had any formal geological training. Did you just learn as you went . . .

A. Learned it as I went. You're right there. And I listened. I listened to some people who had a better knowledge of it than myself. I didn't have any advisors. I listened to conversations. I listened to various people talk in seminars and talks of geologists and along that line. And another thing is that I had a little bit of natural conception of how the world was formed through that little education I did have.

Q. Later in your career, you decided to diversify apparently. Besides your oil and gas properties, you acquired a radio station in Houston, the Shel Building, some other companies, the Detroit Steel Company, a ranch, some stock in the Second National Bank, and of course, the Shamrock. Why did you decide to diversify like that?

A. I thought diversification was the best thing to do when I could see that they were getting ready to hammer on the oil business as hard as they could. And when I say they I'm talking about Congress. I'm talking about the Congress that was represented by states not producing oil.

Q. This is right after World War II, now?

A. Yes.

Q. When did you first get the idea to build the Shamrock?

A. About 1943.

Q. This was to be part of the program of diversification that you just mentioned?

A. Yes. I didn't start the Shamrock . . . I bought the property back in about 1946. I didn't start it until shortly after that. It was completed in 1949.

Q. Right. The location of that piece of property puzzled a number of people. Why did you decide to locate it out to the south?

A. Because of foresight.

Q. Because of the Medical Center and because of Rice?

A. No, the Medical Center wasn't there. Not because of Rice either. The Shoreham Hotel in Washington, at the time it was built, was built away from downtown Washington. The Beverly Hills Hotel in Los Angeles was built away from the downtown city of Los Angeles. And because Houston was growing to the south and the southwest, the matter of a big hotel being built away from the downtown city was, I thought, the thing to do. However, I wasn't alone. The Warwick Hotel was built long prior to that, and always was a very successful operation. Instead of being right in the center of downtown and the hubbub of all that, it gave [people] a little better situation as far as a place to live and come to conventions. We didn't have any convention hotel in Houston then. And I made it possible for it to be a big convention hotel where it could house, oh, fifty percent of the conventions that came in, because I thought, in those days, a convention wouldn't have more than four or five hundred people in it. They were not as big as they are today. . . . The hotel was a profitable operation from the time it opened until this day.

Q. Was Jesse Jones upset about the competition of the Shamrock?

A. Not at all. . . . Oh he asked me what I did, that's all. . . .

Q. How much of a hand did you have in the design of the Shamrock?

A. . . . I guess I had a hand in everything that happened in the Shamrock to the best of my knowledge.

Q. So from 1946 until 1949 that occupied a great deal of your time?

A. It did occupy a lot of my time. In part, nearly ninety percent of my time [was spent] on it, until the day it opened . . . Of course, you have to think that they . . . didn't start building until 1947. It was completed in 1949. We did have a hundred-day strike in there that slowed us down. But at that time, you could get building materials and [there were] better labor conditions. You could get more help than you can today. You couldn't build a hotel like that in the time that we did, even with a hundred-day strike.

Q. Even so, it did cost twenty-one million dollars?

A. Twenty-one, five.

Q. Do you think that perhaps you became a bit overextended financially at the time the Shamrock was completed?

A. No . . . I didn't become overextended on account of the Shamrock Hotel. The Shamrock was a very profitable operation. For a fact, it cleared quite a lot of money the first twelve months it operated. . . . There's six months it didn't clear like all hotels. But the next six months, it made it up at a profit.

Q. Well . . . what venture did overextend you?

A. A couple of things besides the Shamrock. The Shamrock didn't do it. . . . First place, I had seventeen newspapers and that was a drag, a complete drag. And it was a total loss from its beginning. And they were not salable newspapers. They were what you'd call throwaways. But they were digging into the bigger newspapers, particularly the *Houston Post*.

Q. These were mostly suburban newspapers?

A. Yes, they were like an individual paper, and you still [have] something very similar to that in your newspapers. They picked it up off me. The Southwest section, or the Northwest section, or, well, I was taking them by sections.

Q. When did you first acquire those newspapers?

A. Oh, I just started off with one. Then I started building it. My, I didn't expect to lose as much on the newspapers as I was losing. That wasn't the big thing. I could have survived that fairly well. It was just a part. The next thing was the chemical plant. I had a process of stripping gas. I was already stripping gas and making gasoline. . . . That wouldn't have caused the what you call, overextension. There were other things involved also.

Q. What were those other things, may I ask?

A. Combination of things. Along about that time, proration had been . . . about twenty barrels a day of oil. The Railroad Commission came up with an idea to cut the days. They cut the days to eight productive days. Now you can see what I'm talking about. Made from thirty to eighteen which is nearly fifty percent of my income was cut off on account of proration. Still not getting but about a dollar and fifteen cents a barrel for oil, you have to bear that in mind . . . I could have kept on going. . . . Without the proration my wells would have

made the oil. They were going to give out some day, of course, but they would have carried me through that period. There was eleven and a half million dollars [lost] in a chemical plant. That was the biggest single loss. I had other plants that [were] making money. But that was one big bite that would hurt anybody. . . . Then now on top of that the television came in and dropped radio stations from a profitable operation to a loss. Well, you combine that whole with the eleven and a half million-dollar loss and then the fifty-million owed to two insurance companies. . . . [the insurance companies] were scared, and they called my loans.

Q. Sounds like a run of bad luck.

A. . . . so I went out and I sold property to pay up the loan, which I paid in lock, stock, and barrel. I sold all of Sharpstown. I used to own Sharpstown before it became a town. It was just acreage. I owned the property that the Domed Stadium is on. That was my land. I owned, of course, the radio stations. I owned these newspapers. So I sold everything that I could sell, knowing that in every case you had to take less actually than the value in order to get it. But I finished selling. I sold the Shamrock Hotel, in a manner of speaking, I suppose.* So I paid up the fifty-two million dollars. I sold oil properties. . . . I had to pay them sooner or later, and the best thing to do, in my way of looking at it, was to sell everything that would bring in enough dollars to pay them and clear me, which was done.

Q. Just out of curiosity, were you holding the Sharpstown properties for oil exploration or for speculation in land?

A. No, I was holding it. I offered the Sharpstown property to the City of Houston when Holcombe was mayor for \$254 an acre for an airport. That's what I bought it for to begin with was to be an airport. . . . Four thousand acres in it, and they wouldn't have had to buy another acre. And Sharpstown would have been the best area.

Q. But Cutrer decided to put the airport up north?

A. Not Cutrer.

Q. Well, then, who made that decision?

A. Well, that came under Cutrer at a later day. But at the time I offered it to the City of Houston, Holcombe was mayor of Houston.

Q. Well, why did Holcombe turn you down?

A. . . . He didn't want the airport built there. I wasn't going to build an airport. All I was going to do was build houses in the general area for the port personnel and for other purposes which could have been done very easily and still [have] been a big airport. There would have been fourteen hundred acres that would have been for housing . . . [Jesse Jones] didn't want the airport there for the reason that it made it eleven minutes from the downtown Houston. . . . The Southwest Freeway is direct from Sharpstown into Houston. And it was just off the highway to the right where Sharpstown is, that would have been the airport. So you'd had a highway going right by

*Nicky Hilton, in exchange for the Shamrock Hotel, agreed to assume almost half of McCarty's debt along with paying McCarty several million in cash.

airport and coming right into Houston that was only eleven minutes. It was only eight minutes from there to the Shamrock Hotel. He didn't like that. That was the difference right there. And he was a smart enough politician and me being no politician at all didn't understand that . . . But I took Jesse Jones out there myself and showed him the acreage. Then he wanted to come back to the Shamrock Hotel. Well, it only took eight minutes to get there. But it wouldn't [have] taken you but about eleven minutes to go from there to the Southwest Freeway. So, it killed the proposal. And the City had the money and the airport they built cost twenty-five times as much money. And cost you about twenty-five times as much money to get from that airport into the city as it would have from Sharpstown today. And I told him at the time, I said, "Mr. Jones, your problem is you're not going to keep Houston from decentralizing. It's going to decentralize." And he said, "It won't be as quick as if we let you go" . . . he came right out with it. . . .

Q. You made a remark a moment ago that's very interesting. You said, "I'm no politician" in describing your relationship with Holcombe and Jones. Is that true of all the big independent oil men, the West brothers, Abercrombie?

A. I imagine they deal in, they dealt in politics . . . only because politicians were interested in them. I guess. But as far as their being interested in the politician, I don't think they were. Of course, I find now that I could have been a lot better off had I played politics, the kind of politics that I have seen and heard since then. I didn't know anything about politics then, and I didn't care anything about politics. I see now where you got to work politics along with your business and everything else. You must work it. You must understand it. You must be as up on that as you are on your own business. I don't know how you can do it except that I do know that some of them have paid some awful prices. . . .

Q. How about Roy Hofheinz?

A. . . . I know Roy well. But I've known him ever since he was a boy, president of the booster club at South End High School. But he and I, he's probably a year or two younger than I am, we went to the same school. I played football there and he was booster club president. He's always been good at talking, speech-making, and politics. He got to be booster club president because of politics in the school. The Domed Stadium was not Roy's idea. He did not originate that idea. See, I owned that land. And I had a replica of the Domed Stadium made and submitted it to both Rice Institute and Houston University and to the stock show. . . .

Q. What year was that? Approximately?

A. About 1950. Between '50 and '51, I displayed the replica. It took up a space about half the size of this room in the Rice Hotel. . . . Roy Cullen said, "I'll go along with you. And I'll let my part of it go to the Houston University. They can have all their football games there." I put it at the Rice Institute. I was at one time a student of Rice Institute. I put it to Rice Institute before they

built their present stadium. . . . Roy and I saw eye to eye on it. The president of the Houston Fat Stock Show was Albert Lee. He owned the Milby Hotel. But he wanted the stock show in the stadium and he was ready to go on it while he was president of the stock show. Now all we needed was Rice Institute to take their part of it. I would handle the building of it. I would get the money to build it. All I wanted them to do was to agree to go along on the deal and pay their pro-rata part of it out of their games, their football games and other athletic events. And the stock show would have theirs there. Then the other things that we were referring to at that time were more conventions. Big conventions like, for instance, the Shrine convention which would bring a hundred and ten, fifteen thousand people here. And I already had a commitment for the money to build. It was fourteen million, five hundred thousand dollars to build the Domed Stadium. Of course, you know it cost a lot more than that.

Q. Mr. McCarthy, since the time that you sold the property, including the Shamrock, how have you focused your energies?

A. Well, for about ten years, I was in Bolivia . . . doing work in the oil business. . . . First [time] I drilled there I made a well. And had the opportunities of course to build lines out of Bolivia to both the east coast and the west coast which would have required . . . more money than I had. I had production along with me in Bolivia but not enough necessary to get it to the market. Gulf Oil Company had quite a bit more production in Bolivia. Today, I think Amoco is in the Chaco region of Bolivia with production. Operating in a foreign country is a lot more difficult than it is operating in the United States because of the service companies. In the time that I'm talking about we didn't have any cementing companies there. And we had no electrical log companies there. And, we had no coring companies. So everything that we did in Bolivia required, like they say, making biscuits from scratch . . . so we had to make our own core barrels. We had to do our own electrical logs. We had to do our own work on cementing the wells. We had to use our own pumps, for cementing which they are not adaptable for. It made it very expensive. Where it cost ten dollars a foot here, it would cost you two hundred dollars a foot there. . . . You have fuel problems. You have insect problems. You have snake problems . . . makes it more difficult. But the matter of building my lines out of there was a problem that would have cost something like fifty million in one case, and thirty-eight, forty million in another case. And I did not have enough production down there to justify doing it. So the best thing for me to do in that period was to sell out and get out of there.

Q. Why in Bolivia?

A. Because of the geological structures there. It had structures that had never been touched. Bolivia needed oil badly, oil and gas. Knowing its structures, Bolivia is going to be one of the big producing countries in that area.

Q. When did you first acquire an interest in foreign oil? You're most famous for your wildcatting here in Texas that I'm curious to know when you first started thinking about foreign oil.

A. About 1950. Prior to that, I wouldn't have ever given it a thought.

Q. Was it in part due to the government regulation of the oil industry in his country.?

A. And production regulation. And, I guess that was most of it.

Q. Do you still have an interest in Bolivian oil?

A. No.

Q. You sold out and came back here?

A. Well, the company sold out. I didn't sell out. I didn't own it. I was a part of the company, but I didn't own it entirely. It didn't sell for enough to do more than clear its debt. . . .

Q. I was going to ask you if you were worried about the political situation?

A. Yes, I was worried about that when I was down there. I came awful near being in Arabia also, just about that time. And, I wouldn't go to Arabia because it was already getting bad about that time. For that matter, they wouldn't let you operate in Arabia unless they owned fifty-one percent of the company. In Bolivia, I didn't have to do that.

Q. . . . Well, since you've moved out of Bolivia and come back here, what have your activities been?

A. Well, of course, my main business has always been oil. Some little bit of real estate business but not much. That doesn't interest me. . . .

Q. So you're still persevering in the oil industry in spite of government regulations?

A. I was more interested in gas at first, because the country needs gas and needs it bad. People need gas. They need it for their lights and every other power that they're going to have. And, with the price of gas going up, it made possible to do some good. But since then, they've taken the depletion completely [off], and now they're talking about various other phases, so I'm not particularly interested in the oil business . . . when I say oil, I mean both oil and gas.

Q. Well, I have gone through my prepared questions. But at the end of every interview we conduct, we just ask the person if he has anything else he'd like to add. Any other thoughts you'd like to put down concerning the oil business.

A. I'm very pessimistic about the oil and gas business. . . . I'm very pessimistic about most businesses in the United States. . . . Unless there's some change, there's not going to be much enthusiasm by a man who aspires to become an efficient operator in his business. I'd like for somebody to tell me when it was embedded in the average, useful American that it's a crime to make money. I don't know when that started exactly. But it has become a crime to aspire to make money and become a wealthy man. That's what made it this country. That's what made it what it is today. Man aspiring to do something, to become something by himself; for his own self, he wants to be

something. He wants to have enough money to take care of his children, to send them to school, to give them something maybe he didn't have himself. To educate them, proper educating. I don't mean the education I see they're getting now. I mean proper education. Education that teaches you that supply and demand govern economy. . . . One of the greatest economic professors I ever knew in my life was at Rice Institute. I couldn't possibly have found a teacher I thought was as smart a man as he was. . . . At that time, [he] told me that the United States was heading for a decadent era. I couldn't understand. I wanted to know what he was talking about. If I had paid more attention to him, I probably wouldn't have made some of the mistakes that I made since then. . . . I set out to be the greatest wildcatter in the country. I set out to be a man of means, a man of caliber that stood for something in the progress of this country. But boy, they punctured that balloon pretty fast. Every direction they could puncture it . . . sticking it in there every way. Bound to hit it pretty soon. See, when I was in my prime, one of the big problems talked about all over the country was communism. Now, it's worse than communism. I thought that man was really too smart for me. I couldn't understand what he was talking about. That we were heading for a decadent era, and we hit it. We're in it.

You might go back and read the books written by Ayn Rand. *Atlas Shrugged*, for instance. She wrote it in 1956, and it's calling turns today. It actually says about all the bombing that's going on, about the railroad wrecks that [are] being caused, about the refinery blowups, and about everything else. . . . I was in Europe when I bought it. I bought it from an American-European store in Paris. I just wanted something to read. I didn't know I was getting into something like that. And all it did was just come right up through my history right on into the present date. Right up through today. We're heading for it again. . . . People having to have armies around them to keep them from being assassinated. . . . The whole thing's in *Atlas Shrugged*. . . .

Q. . . . Earlier, you remarked, looking back over your career, you thought you should have been more involved in politics. Is that the great lesson you've learned, you should have been more active there?

A. Why . . . actually I'm talking about only for my own present-day good, that I should have been. But why does a man have to be in politics when he's out to do the right thing all the way? He's not interested in politics. It would have been a shrewder thing to do, if I might say. I don't mean to be a politician. I mean to be interested in politics. That's what I was referring to. I'm not saying that I wanted to be in politics. I had every opportunity to be in politics. I had been asked to run for governor, for senator, and many other things in my day. I wouldn't have even thought about it . . . that was out of my line. I'm not a diplomat. I don't know that kind of diplomacy.

Q. I meant only in terms of preserving this freedom that you've spoken of, that you think we have now lost.

A. I don't think I could have done any good. No, I meant that I should have played my hand behind all of this, instead of being open like I was. I

didn't mind telling anybody I wanted to build an airport for the city of Houston. I never should have said that. Yea, I should have played the politics. . . . I had the ideas, but I didn't play those right. . . . I just said, "Here it is. Here is what I have in mind, and here's how much good it will do for the people. . . ." I'd have had the biggest, greatest newspaper in the city of Houston. But again I was wide open with it. I let them know what I was doing. I was giving each section of the city a place in the newspaper. I knew the city of Houston was going to decentralize. They couldn't help but do that. And it has done it. And I guess I began it. The second thing that happened was a fellow from Philadelphia, I think, came down here and built Gulfgate. That was the next thing. And then Sharp went out there and put in Sharpstown. Well, you can see them all over now in any direction you want to go. That's where Foley's has put all of their stores, in outlying districts. They're doing a land office business. I tried to get Sak's Fifth Avenue stores here. Bernard Gimbel was a good friend of mine in New York City. I was going to put them in out there at the Shamrock, in front of the Shamrock in a mammoth store. . . . He argued for it and the Board of Directors argued against it. They said, "We don't feel like we ought to ever go into Houston." But you see Sak's Fifth Avenue stores here. They all came in afterwards. And I could name you others. . . .

Q. Mr. McCarthy, have been very generous with your time. And on behalf of the Houston Metropolitan Archives, I'd like to thank you very much for this interview.

A. You're welcome.

NEWS AND NOTES OF THE HOUSTON METROPOLITAN RESEARCH CENTER

BY DEBORAH A. BAUER

Dr. James Poteet has resigned as Editor of *The Houston Review* concluding the journal's formative first year. He is succeeded by V. Haynes. Dr. Haynes received his B.A. in history from Millsaps College, Jackson, Mississippi; his M.A. in history from George Peabody College, Nashville, Tennessee; and his Ph.D. in history from Rice University. He has held numerous positions at the University of Houston including Professor, Acting Director of Afro-American Studies, Professor recently, Associate Provost for the University. He has published works in the fields of Southern and Afro-American history; his works include *The District and the American Revolution* and *A Night of Violence, The Riot of 1917*.

On August 8, 1980, Dr. Louis J. Marchiafava was appointed to the Houston Metropolitan Research Center. Dr. Marchiafava received his B.A. and M.A. degrees in history from Louisiana State University at Orleans, and his Ph.D. in history from Rice University. Dr. Marchiafava has published articles on Houston history and has held editorial positions on several historical and Houston-related publications. His dissertation, *Houston Police, 1878-1948*, was published in *Rice University Studies* in 1977. Dr. Marchiafava will continue to serve as Managing Editor of *The Houston Review*. Dr. Thomas Kreneck has been appointed Assistant Director of the Metropolitan Research Center. Dr. Kreneck will remain in charge of the Mexican-American archival component and Assistant Editor of *The Houston Review*. Howard Beeth, who was previously part-time Assistant Archivist, will now become a full-time member of HMRC's staff.

From October 16 to November 20, 1980, the Houston Public Library again sponsored along with Houston National Bank and Rice University a popular "High Noon" series. Introduced by HMRC staff member, the series consisted of six programs covering a variety of topics on Texas history and culture. An exhibit entitled "The Houston Homefront During World War II" on display from November 15 until December 7, 1980, at North Harris College. The exhibit, a collection of local wartime memorabilia from the HMRC archives, complemented a national display from the Smithsonian Institution titled, "Posters for Victory—W.W. II."