Holes in the ground bring boom to state

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JEENNINGS — Petroleum pioneers drilled the first oil well in Louisiana 98 years ago between Jennings and Crowley in Acadia Parish. The well was drilled on property owned by Jules Clement, a rice and cattle farmer in the Evangeline community of Acadia Parish. Clement’s grandson, Terry James, said his grandfather got the idea that oil and gas might be on his property when he saw bubbling in the water of a rice field about 4.5 miles east of the Jefferson Davis-Acadia Parish line. The elder Clement placed a pipe over the bubbles, struck a match and the gas ignited.

Clement said his grandfather knew about the wells drilled at Spindletop near Beaumont a few months earlier, and he contacted Texas oilman Scott Heywood. Clement said his grandfather signed a lease agreement with Heywood to drill on the property, but not until after a stiff bargaining session. An interpreter was needed for the bargaining because Clement’s grandfather spoke only French at the time.

Clement said his grandfather was reluctant to sign a lease for fear that holes drilled in the ground might be a danger to grazing cattle. After Heywood dispelled that fear, he said, his grandfather became excited by the possibility that taxes might be assessed. The land was taxable, and Heywood agreed to pay the taxes.

"Grandpa thought about it, then he said, 'Tell Mr. Heywood all the taxes.'" "'That’s the first well came in on Sept. 21, 1901, at 1,000 feet below the ground, but the pressure blew the well out of control, spewing oil.

"They didn’t know how to control it," Clement said. "If it blew out, they were just helpless with it."

Finally, sand plugged the well, and it was abandoned. According to one estimate, the well had the potential to produce 7,000 barrels of oil a day. However, it proved that oil could be recovered from the Jennings Oil Field, and more drilling on the property resulted in hundreds of wells, Clement said.

He recalls that derricks and pumping rigs were scattered across the countryside. Surface pits were needed to store the oil in those days before pipelines were built, he said.

The Clement well is commemorated at the Jennings Oil and Gas Park at Jennings north of Interstate 10. Punching a hole in the ground 98 years ago proved to be a transformation for all of Louisiana.

The petroleum industry brought jobs and education to a state mired in poverty and ignorance, according to Glenn Conrad, director of the Center for Louisiana Studies at the University of Louisiana at Lafayette.

"It was tremendous," Conrad said. "We were, until the coming of the oil industry, primarily an agricultural state. As such there was never a great deal of money."

He said the economy was tied to commodity prices, and people were tied to the farms. "The rate of illiteracy was deplorable," Conrad said.

He said he has no fondness for the "good old days" of Louisiana. Life was difficult, he said, and he knew it.

"People lived in ramshackle houses, whites and blacks," he said. "People were so grateful to have anything discarded like clothing or anything like that."

He remembers field hands picking weeds out of rice fields by hand, back-breaking chore that could only be done until mid-morning heat became too unbearable.

"And then what did they go home to? A blazing hot house," Conrad said.

He said that, without the petroleum industry, Louisiana would continue to be in dire straits.

"You would have hundreds of thousands of people living in poverty," he said. "The industry we have along the Mississippi River is primarily related to the oil industry."

"The University of Louisiana at Lafayette conducted a study of economies throughout the state. Where there was no oil, parishes were in terrible condition financially," he said. "But with the advantages of the oil industry, we have been able to transform ourselves."

"State government became too dependent on it for revenue," he said.

Environmentalists complain that the petroleum industry has left permanent scars on the state’s landscape, claiming that canals have contributed to coastal erosion, drilling chemicals have polluted the land and water, and naturally occurring radioactive materials pose an unseen danger.

"Drilling chemicals have polluted the land and water, and naturally occurring radioactive materials pose an unseen danger," Conrad said.

Harold Schoeffler, an environmentalist from Lafayette, said the petroleum industry has, for the most part, changed its ways for the better.

"The oil industry has been cooperative in realizing their major problems," he said. "I would like to see many other industries follow their lead."

A concentrated search for oil offshore started after World War II, when demand for oil and gas skyrocketed, said Larry Wall of the Mid-Continent Oil and Gas Association. The first offshore rig, out of sight of land, was deployed by Kerr-McGee in 18 feet of water approximately 11 miles offshore in Ship Shoal Block 32 near Eugene Island. The rig struck oil on Nov. 13, 1947, producing 1.1 million barrels of oil and 307 million cubic feet of natural gas from 1947 until 1981.

Instead of looking for bubbles in the water, petroleum explorers use sophisticated 3-D and 4-D seismic systems to get a picture of underground structures, Wall said.

Since that first well in 1901 was drilled in a rice field, oil and gas companies have turned to offshore with technology that probably would astound Scott Heywood and Jules Clement.

"Today we’re going hundreds of miles out into the Gulf of Mexico, down thousands of feet. Actually there’s no limit now," Wall said. "It’s like literally going from the horse-drawn cart to the space shuttle."
Bank

CONTINUED FROM PAGE 22X

defaulted on bank loans.

By late 1988, the nearly 20 separate banks that were part of the holding company moved to cut costs by consolidating operations and forming a single bank with a unified executive structure that became Premier Bancorp.

The banks saved millions that way, but it wasn't enough.

In 1990, Bank One loaned Premier $65 million, receiving in exchange an option to buy Premier five years later. Bank One completed its $818 million acquisition Jan. 1, 1996, giving it a major position in Louisiana.

Bank One — City National

Bank One solidified that position last year when it acquired First Commerce Corp., the New Orleans-based parent of City National Bank in Baton Rouge and other banks across the state, for $3.5 billion.

City National, which joined First Commerce in 1985, had been formed in 1933, when the federal regulators stitched together the remains of the two failed local banks — the Bank of Baton Rouge Bank and the Union Bank and Trust Co.

Hibernia — Fidelity

Hibernia Corp. of New Orleans jumped into Baton Rouge in 1986 with the acquisition of struggling Fidelity National Bank — the second-largest bank in the local market.

In 1994, Whitney bought Baton Rouge Bank and Trust Co., which operated six branches. It was acquired from Anglo-American Bancshares Corp. Anglo-American obtained the bank in 1988 in a federally assisted transaction to save the troubled institution from failure.

Union Planters — Sunburst — Capital

Memphis, Tenn.-based Union Planters' local presence is the result of a succession of bank acquisitions that began with the old Capital Bank & Trust — an institution that earned a footnote in banking history with its 1987 failure.

The Federal Deposit Insurance Corp., which had gained congressional authority to run troubled banks until they could be sold, ran Capital as the agency's first "bridge bank."

The FDIC sold Capital to Mississippi-based Grenada Sunburst System Corp. in 1988. Sunburst added to that foundation in 1989 by acquiring by-year-old Commercial National Bank, also known as C-Bank.

Union Planters gobbled up Sunburst in 1994.

Hancock — Ambank

Yet another casualty of the oil bust and weighty real estate loans was American Bank and Trust Co., founded in Baton Rouge in 1946.

Ambank, as it was known, unsuccessfully attempted in 1988 to merge with Memphian-based Union Planters.

The FDIC took over insolvent Ambank in 1990 and sold certain assets to Hancock Bank of Louisiana, including its 16 locations.

Regions — Guaranty

Birmingham-based Regions Bank carried the name First Alabama Bancshares in 1994 when it bought the six local branches of then-22-year-old Guaranty Bank. The bank sought an out-of-state merger partner entering the market rather than one already here, saying such a move was best for shareholders and would prevent branch closures and layoffs.

Liberty — Life Savings — 1st Federal

New Orleans-based Liberty Bank & Trust, one of the top minority-owned banks in the nation since its founding in 1972, kept alive the remains of Baton Rouge's only minority-owned bank in 1994.

Liberty acquired the failed Life Federal Savings Bank's assets from federal regulators, who had operated the institution after its 1993 failure.

Similarly, Life Savings got its start with the 1989 failure of a minority-think known as First Federal Savings and Loan of South Carolina. It had operated since 1986, the result of a movement spearheaded by Felton G. Clark, then-president of Southern University.

He helped raise $291 million in capital, $41 million more than was required to charter the financial institution. Clark had told a group of businessmen in 1953 that the black community was not getting its fair share of home ownership.

First American — Citizens

First American Corp. of Nashville, Tenn., last year acquired Jackson, Miss.-based Deposit Guaranty Corp., with its six branches in Baton Rouge.

Deposit Guaranty entered the local market just a year earlier with the acquisition of Citizens Financial Corp., the parent of Citizens Savings Association, one of the only savings and loans to survive the 1980s crisis.

It also bought the two-branch Bank of Commerce in 1997.

River City Federal

Many savings and loan associations, which underwent a wave of deregulation by the U.S. Congress, did land in trouble.

One thrift based here, River City Federal Savings Bank, collapsed in 1989. The government later estimated its failure cost taxpayers $96.4 million. Two of the institution's executives went to prison after being convicted on bank fraud charges.