

GETTYRAMA

Gettyrama

Little known facts about
J. Paul Getty and more

James McDonald

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J. Paul Getty and more

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This book is dedicated to
Anne Bernard Stadler
who convinced me to put my
writings in book form.

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Prologue

The reader should know something about the background of the author.

I am a chemical engineer from Yale, who was employed by the old Tidewater Associated Oil Company, and worked there for some 23 years. I started in the old refinery in Bayonne, New Jersey, and advanced in several roles in California. Those were Manager of Manufacturing, Assistant General Manager of the Western Division, and finally Vice President and General Manager of the Western Division.

The company had three divisions, the Eastern, Southern, and Western. Originally, it had been two companies, the Tidewater Oil in the East and South, and Associated Oil in the West.

J. Paul Getty took over the ownership of the company in the early 1950s by buying up a majority of the stock. While he was a neophyte with his father near Tulsa, Oklahoma, he used to marvel at the total ineptitude of Tidewater. The company would get a five acre lease and drill on it with a so-called “no-dope” well. When they hit oil, the drillers would brag about it in the bars, and the word was available. Immediately the land men of other companies would lease the surrounding land. The local managers of Tidewater would phone New York, and ask permission to lease in that area. They had to wait for a meeting of the executive committee for such action. By the time the approval arrived, none of the land was available. J. Paul reasoned that if he ever received control of the company he could do a lot better. He was always known as a proximity driller and knew how to perform in that area.

For a number of years, I was well aware of the operation of the company by absentee management. J. Paul first called the shots from the Ritz Hotel in London, and later from the mansion of Sutton Place in Surrey. I was in on much of the communication with J. Paul, and learned all about his various idiosyncrasies.

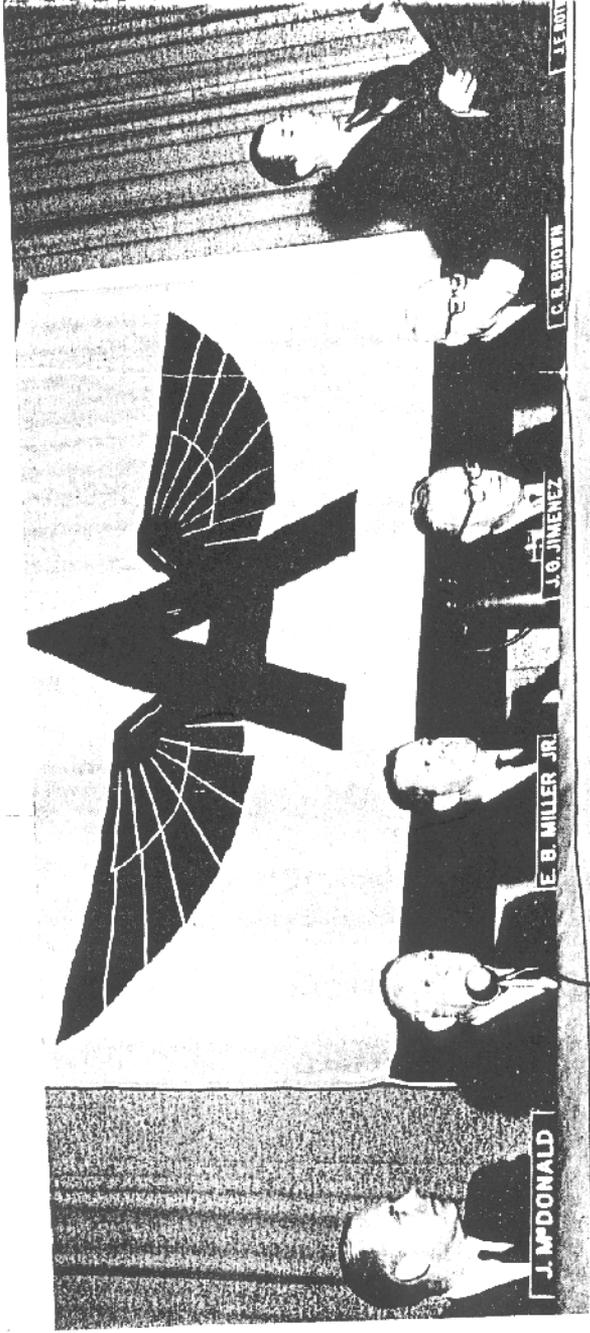
I worked directly for his son, George F. Getty II, who became president. He communicated daily with his father in England.

While I never got to England and J. Paul, I met with many people who did, and amassed quite a volume of stories about him. I learned all of these stories first-hand by those who experienced the events.

When J. Paul decided to leave the refining and marketing business, I signed up with Union Oil of California for some years as Manager of Planning. From there, I owned part of, and operated three small refineries in Kern County, California. Then I became an international consultant in oil energy. I was abreast of all the goings on in the international oil business, and became known as a real expert in the field. This led to many appearances as a speaker on radio and television, and as an informant for the press.

I was a contributing editor for Pacific World magazine, and wrote about 200 articles for that outlet. I also provided reports in other oil trade magazines and papers, such as the Oil Daily.

Singled out are the articles of general interest from those written for Pacific Oil World. There are some 25 which are not too technical, and which were generally enjoyed by readers who were not in the oil business.



President George F. Getty II addresses stockholders of Tidewater's annual meeting. The company's vice presidents also spoke on operations in their jurisdictions. From the left are Vice Presidents James McDonald, Ernst B. Miller Jr., J. Gustave Jimenez, Charles R. Brown and John E. Roth.

The Making of an Oil Man

If you ever wondered just how J. Paul Getty got into the oil business, this is a synopsis of how it came about.

His father, George Getty, Sr., was in the insurance business in Minnesota. Somehow he was advised to go down to the Tulsa area and sell insurance to the newly rich Osage Indians, on whose lands oil was discovered.

George Getty, Sr. set up an insurance company called Minnehoma (after Minnesota and Oklahoma). He commuted for a time, but then moved to the Tulsa area. He then went into the business of producing oil. His only son, J. (Jean) Paul Getty, was born in 1893, and was growing up in the Tulsa area while his father produced oil.

George Getty, Sr. decided to move to the Los Angeles area, because he heard that prospects were better there than in Oklahoma. Accordingly, the family moved to Los Angeles, and George Sr. operated as the Getty Oil Co. By this time J. Paul was in his twenties.

He was known to be a playboy, and did all the things that playboys do. He had a convertible and went all over town, sometimes with his friend, Ed Pauley, who later had his own oil company. At one time, J. Paul dyed his hair green. He also took boxing lessons from Jack Dempsey in the barn at the Getty home on Wilshire Boulevard.

Those who knew something of the history of J. Paul's antics in Los Angeles tell of his visits to places where his father had men drilling for oil. It was reported that when they saw his convertible approaching, the drillers groaned as they realized the day was "shot." J. Paul would grill these men for hours regarding what they were doing, and would challenge them. They would heave a great sigh of relief when he left.

In the meantime, his father took a dim view of his son's behavior. This was demonstrated upon the father's death. In the early 1930's, his father left a "mere" \$100,000 to J. Paul, while leaving about \$12,000,000 to his wife.

Even though J. Paul later claimed that he was a self-made man, he received a lot of help from his mother. In the days of depression, it was hard to get money. Also, there were all kinds of bargains waiting for buyers. When he found a good deal, he would have his mother sign a guarantee, and that way he was able to pick up all kinds of good prospects, and actual producing properties. This got him off to a very good start.

One bright idea he was reported to have, concerned the Santa Fe oil field of Los Angeles. Oil had been found there, and the drillers were looking for the top of the anticline where the greatest amount of oil would be found. J. Paul claimed that he found it in an unusual way. He would hear the freight trains proceeding through the area, and noted that they seemed to reach a peak and start to go downhill. Thus he was able to determine the top of the anticline. He leased the property and found a lot of oil there.

So, with the help of his mother's guarantees and, admittedly, a good nose for deals, J. Paul was able to increase the value and production of his father's Getty Oil Co. It extended the production into Kern and Ventura counties.

At this point, WWII started and, with the aftermath of Pearl Harbor and the supposed threat to the West Coast by the Japanese, J. Paul fled to Tulsa. He was convinced that Los Angeles would be bombed and perhaps conquered by the Japanese.

Although he was 48 at the time, he was worried about being drafted. Consequently he set up an airplane company in Tulsa, called Spartan Aircraft. He produced training planes for the military during the war.

While he was in Tulsa, he noted the actions of the oil companies, and especially the actions of the Tidewater Oil Co. At that time, the company had a division out of Tulsa, and was actively drilling for oil in the area. They would lease up to five acres and drill a well on it. The results of the drilling were supposed to be secret and, if successful, the company would then lease up all the land surrounding the five acres.

The problem was that the drillers would repair to the nearest bar and brag about their results. In the meantime, the local bosses of Tidewater would ask permission from the main office in New York City to lease more land. This took sometimes up to a week, and had to await a meeting of some committee to make the decision. In the meantime, the opportunists in the Tulsa area would receive the leases, and Tidewater was out of luck. This happened frequently.

J. Paul figured that if this company was somewhat successful and this badly managed, think how it would be under his own decisions. He started buying up Tidewater stock. He kept accumulating stock, and held about 40%. Then he tried to take over by getting proxies. It took him several years of buying more stock, and pressing the proxy fights. Finally, he made it in the early 1950's.

Tidewater Associated became his number one company, and Getty Oil became stagnant. Along the way he had decided that Skelly Oil (also out of Tulsa) was a prime candidate for his plans. He finally bought 80% of the Skelly stock, and eventually there was a merger of the three companies (i.e. Tidewater, Skelly, and Getty) into one company -- Getty Oil. Following the death of J. Paul, Getty Oil was acquired by Texaco. Prior to this, and in J. Paul's time, the refining, marketing, and transportation facilities on the West Coast had been sold -- first to Exxon, then to Phillips, and last to Tosco. Texaco picked up the rest of the company, and made some adjustments to suit the powers that be in Washington.

Getty Phobias

Billionaire J. Paul Getty had at least two phobias which influenced his lifestyle to some degree. The two phobias in question were acrophobia (fear of heights), and claustrophobia (fear of confined spaces). The combination of these two made it impossible for him to fly in an airplane. He got around by car (usually open), train and boat.

Remarkably, or perhaps not, these phobias were “inherited” by his second son, Ronald. He also had other phobias not demonstrated openly by J. Paul. To my knowledge, the other three sons did not have this problem.

To demonstrate how these phobias sometimes influenced his decision making, let me describe one such incident.

J. Paul had managed to get the control of Tidewater Oil Co. after several years of intense proxy fights. He felt he was about to find a lot of oil in the Middle East, and wanted to have access to Tidewater’s refinery at Bayonne, N.J., in New York harbor. At the time, the refinery was running at about 100,000 B/D. Problem was that when considering any expansion, it was land limited, having only 70 acres of land for that big refinery.

The management of the Eastern Division was most anxious to get J. Paul to buy an adjoining 70 acres which was up for sale. Now, J. Paul was on his way to England (to stay, it turned out). He got to New York and was persuaded to take a trip out to the refinery to look over the potential land purchase.

The best way to see the land was to go up in the elevator at the Thermofor cracking plant (200 feet up) to get an overall view. Ignorant of his two phobias, they planned this for J. Paul. Further, they got an inexperienced man to operate the elevator.

J. Paul got out of the car and entered the elevator with several officials, together with the operator. There was an express button in the elevator so that one could rise rapidly to the top. This was not pressed, and the elevator

stopped abruptly at the third landing, some 75 feet up. The door opened and a mechanic with a pail of insulation tried to get in. They shoos him away, the door closed and the elevator went down! The operator pressed the up button and the elevator stopped again at the third level, and the scene with the man with the insulation was repeated. Again the elevator went down!

Claustrophobia had caught up with J. Paul, and he refused to give it another try. He stalked out and drove away, much disgusted. They never got to show him the land, and in the long run it was a rather momentous event. J. Paul went off to Europe, not to return, and did find his oil in the Middle East. He needed a bigger refinery, and it was decided to abandon Bayonne and move to Delaware. It is likely that if he had made the trip to the top that day, he would have approved the purchase of the land, and the refinery would have stayed in Bayonne.

But who knows how he would have reacted when the door of the elevator opened some 200 feet up. As one walked out, it was on subway grating, and one could see straight down some 200 feet. That might have been too much for him to take, unless those with him knew what to do, and would have surrounded him closely so he couldn't see down.

His second son, Ronald, had the same problem, as mentioned above. I used to drive Ronald around in Los Angeles. He would immediately open the car windows regardless of the outside weather, as he couldn't stand being in a car with the windows closed. I learned to open the windows before I picked him up.

He had an amazing experience at the new Delaware refinery. Ronald was a director, and there was to be a meeting of the Board on a Monday morning in the refinery. Unable to fly, Ronald sent a telex on Friday night that he was on his way by train. He had to go to Philadelphia and then get a train to Wilmington, Delaware, near the refinery. He ordered the manager to have a car at the station to meet him on Monday morning.

The telex was not noted until after the time of Ronald's arrival at the station. He arrived by cab, and was

not at all pleased at his reception. He was late for the Board meeting, as well.

The group of directors then headed for the giant cat cracker. We all went up in the elevator, 225 feet up, where there was a large platform. All wanted to view the refinery and the surrounding area from this vantage point.

Suddenly, someone said, "Where's Ronald?" Now Ronald was not at all popular with this group, and the Senior VP said, "Maybe he fell off!" Another director said, "No such luck!"

What had happened to Ronald was quite obvious, if one knew of his problems. When the elevator door opened, one would step out onto a large expanse of subway grating, and look down some 225 feet to the ground below. This happened to Ronald, and he shot back into the elevator in a hurry, and went back down.

Two Vignettes

The following “stories” were told to me by eye witnesses of the events to be unfolded here.

Both stories concern the actions of one J. Paul Getty at the time he was the lord and master of Sutton Place at Guildford, England. He had moved his offices from the Ritz Hotel in London in favor of the squire’s life at the former home of Anne Boleyn. One may recall that King Henry VIII rendered her headless.

The estate was in poor repair, and J. Paul spent a bundle making it into a combination of a home, offices, and guest suites for his many guests (mostly female). At the time of the revisions, he put in a fairly elaborate telephone system. There was no switch--board, but all the phones in the various offices and bedrooms could get an outside line by dialing 9.

For some reason, the telephone company in England at that time sent out bills every six months. When J. Paul got the first phone bill, he hit the ceiling! It was simply loaded with costs for calls everywhere, but principally calls to the London area. This was the equivalent of 16 cents per minute.

He soon learned what was happening. His staff would slip into a bedroom and make all kinds of calls to all kinds of people.

This did it with J. Paul. He immediately had all the phones removed, and a typical RED PAY PHONE was placed in the area under the circular staircase. He told the staff that if they had to make a call, there was the place to do it.

His action made headlines all over the world. He was labelled as the stingiest, richest man in the world by one and all.

What would you have done under the same circumstances?

The second story concerns the budget for operating Sutton Place. J. Paul always maintained that it was strictly a business proposition. His real budget was the equivalent of the money he had spent for the big suite at the Ritz Hotel. He actually had a budget of so many pounds per month, and did keep records of the expenses.

On several occasions he lined up all the staff and guests about the 20th of the month, and announced that they had spent the month's allowance by that time. Therefore, it was to be chicken and equivalent for the rest of the month.

To help with income for Sutton Place, he demanded that all visitors working for his companies were to stay at Sutton Place when in England -- even if on vacation! He had a system of checking with hotels in London to see just what was going on with those who were to see him or on vacation. When forced to stay at Sutton Place, he charged them exactly the price they would pay at the Ritz -- one of the most expensive hotels in London.

It was quite an inconvenience for those staying at Sutton Place. It was way out of town, and the real problem was one of arriving late in the evening. At that time, four vicious Alsatians roamed the manor, running ahead of the keeper. Some felt that it was almost worth one's life to return at a late hour.

Another problem was that the plumbing usually was down the hall. Anyone venturing forth in the night had to be sure to make it before the dogs got him. This will be the topic in another story.

One story that got just a little publicity at the time, happened at the grand opening of Sutton Place following the renovation. J. Paul threw a large and lavish party to which he had invited many guests. What startled most was the appearance of a cow grazing on the lawn. It was there and paid for by a dairy company who had made a deal with J. Paul for publicity. There were proper signs advertising the dairy company!

A reporter managed to corner J. Paul and commented that in his mind the party was costing

something like \$25,000 per hour! J. Paul's response with a smile was, "I'M STILL AHEAD!"

J. Paul Trivia

Somehow Billionaire J. Paul Getty managed to avoid the press. Therefore, most of the stories about his adventures were held to those who were either people in his employ, including owned companies, and guests at Sutton Place in England. Usually, these people did not like to talk to the press, as J. Paul would hear of it, and would not like to have his privacy violated.

One of the stories about him involves a scene at Sutton Place, the former home of Anne Boleyn (at Guildford outside of London). J. Paul had renovated the ancient manor, and used it as his headquarters. As has been reported, he always had a great fear of being kidnapped for ransom. Accordingly, he kept four vicious Alsatian dogs chained to corners of the manor by day, and loose in the manor house at night (accompanied by a keeper, but usually somewhat behind the dogs).

Needless to say, the latter situation was a real problem for his many house guests. The plumbing was down the hall, so to speak (obviously not there in Anne's day). So at night, when the call of nature came, guests had to watch for the dogs and dart out in between trips by the dogs.

With this as a background, we had an interesting story about how one guest fared under these circumstances. His name was Jack Forrester, a long time friend of J. Paul's. He had the very best little black book in Europe, and was a frequent visitor at Sutton Place. In fact, he had his own room, as he called to see how his procurements were working out.

One time when Jack was visiting, he and J. Paul ventured forth during the day to take a walk around the manor house. At one point, J. Paul stopped, and pointed out to Jack a clump of rhododendrons flowering at the side of the manor. Now J. Paul was an expert in everything including horticulture. He opined to Jack that the rhododendron was a most remarkable plant, and for the