



## Student Handout 2

### History of Arkansas's Oil and Natural Gas Industry

#### Oil Discovery in Arkansas

Geologic patterns in southern Arkansas led entrepreneurs at the beginning of the twentieth century to believe that the region held a potential wealth of petroleum and natural gas, as there are certain markers within rocks that indicate the possible presence of oil.

#### El Dorado Oil Strike

The historic south Arkansas oil boom began on January 10, 1921, with the completion of the Busey No. 1 well. Dr. Busey, a globetrotting physician and oil speculator, heard about a large natural gas flow around El Dorado, Arkansas. Busey, who was in Homer, La., about 40 miles away, rode a horse to El Dorado to confirm the well information the next day. Unable to find a room, Busey bought the Arcade Hotel for \$2,500.

He completed the drilling, one mile southwest of El Dorado, that produced a gusher well that sprayed between 3,000 and 10,000 barrels of oil up to a mile away. The “discovery well” touched off a wave of speculators into the area seeking fame and fortune from oil.

Oil production increased tremendously in a matter of months. In March 1921, Arkansas produced 38,000 barrels of oil to sell on the open market, which increased to 325,000 barrels by April, to 578,000 barrels by May, and to 908,000 barrels by June. By 1922, 900 wells were in operation in the state.

Although Arkansas production ranked far behind such oil-producing states as Texas, Oklahoma, California, and Louisiana, El Dorado immediately became the center of the oil boom. It changed from an isolated agricultural city of approximately 4,000 residents to the oil capital of Arkansas. Twenty-two trains each day ran in and out of El Dorado to Little Rock and Shreveport, Louisiana, and regular air service from Shreveport transported workers and investors.

By 1923, El Dorado boasted fifty-nine oil companies, thirteen oil operators, and twenty-two oil production companies. The city was flooded with so many people that no bed space was available for them, leading to the building of neighborhoods of tents and hastily constructed shacks throughout the city. The city's population reached a high of 30,000 in 1925 before dropping as the boom played out in the late 1920s.

#### **Assignment #2**

- A. Create a bar graph that shows the increase of oil produced in El Dorado from March 1921 to June 1922.**