

Robert E. Thomas

Mapco created 10,000 miles of pipeline in 15 states. It's ambitious founder chose Tulsa for its headquarters.

Chapter 1 - 1:20

Introduction

Announcer: Mid-America Pipeline Company, known as Mapco, was founded by Robert E.

Thomas, who graduated from the University of Pennsylvania's Wharton's School of Finance in the 1930's with a degree in Accounting and Corporate Finance. Thomas made a name for himself as manager of railroad investments for Keystone Custodian Fund, a Boston investment firm, and subsequently was hired by Pennroad Corporation to untangle a host of problems left behind by its former railroad holdings. When Pennroad bought the Missouri-Kansas-Texas Railroad, "Katy", in 1956, it named Thomas as Chairman of the railroad's executive committee. Katy was in poor financial condition, with Thomas looking for possible diversification, when he was told of a proposed plan to build a liquid propane gas pipeline along railroad rights of way from Texas to Albany, New York. Katy's lines covered a good part of the route and Thomas pursued the pipeline concept as a possible investment for the railroad. Ultimately, a company called Mapco built and operated the Mid-America Pipeline system. This remarkable story is told by the company's founder, Robert E. Thomas, and made possible by the generosity of foundations and individuals who believe in our mission statement—preserving Oklahoma's legacy one voice at a time on VoicesofOklahoma.com.

Chapter 2 - 9:25

Big Dollars

John Erling: My name is John Erling. Today's date is September 26, 2012. Bob, state your full name and your date of birth and your present age.

Robert E. Thomas: My name is Robert E. Thomas. I was born July 28, 1914, the day that Germany declared war on Serbia, starting the First World War, and I'm now 98.

JE: Your name, Robert E. Are you named after somebody in your family?

RT: My middle initial, E, stands for my mother's maiden name of Eggleston.

JE: Tell us where we're recording this interview?

RT: We're recording this interview in my office in the Williams Tower, Tulsa, Oklahoma.

JE: Where were you born?

RT: I was born in Cuyahoga Falls, Ohio. I was born in a house in the front bedroom.

JE: Your mother's name—her maiden name—and where she was from.

RT: My mother's maiden name was Jane Eggleston, E-G-G-L-E-S-T-O-N. She was from Sharon, Connecticut. She attended Overland College in Ohio, which was then the Connecticut Western Reserve, and there she met my father who was working his way through Overland College at the time.

JE: And what was your father's name?

RT: My father's name was Talbot E. Thomas.

JE: They met and were married.

RT: Yes.

JE: What did your father do for a living?

RT: He was employed all his life by Firestone Tire and Rubber. He was basically an accountant with various assignments over the years that he was employed there. John W. Thomas, a distant relative, was president of Firestone at the time, and Harvey Firestone, of course, was chairman.

JE: And then your mother was a homemaker?

RT: She was a homemaker.

JE: But they both graduated from college?

RT: Yes, they did.

JE: And that would have been about when?

RT: 1905 or '06.

JE: That's pretty remarkable when we think about—we're trying to get kids to go to college today and here they were graduating in '05 or '06.

RT: Yes.

JE: What was your mother like? What was her personality like?

RT: She was very intelligent—a good mother in every respect. She suffered from some physical problems late in life, but she lived to be ninety-four when she died.

JE: Your father's personality. Can you describe him?

RT: Well, he was a hard worker. He loved to putter around with his automobile. I can remember the first car was a 1917 Buick touring car, and my first recollection of a long trip was a trip to Philadelphia from Cuyahoga Falls in 1918, where we drive over the Allegheny Mountains on mainly dirt roads. We passed many army convoys loaded with soldiers on their way to France, and that was when I was four years old.

JE: Your family must have been earning a good income if they could afford a Buick touring car.

RT: Well, I think they were doing okay.

JE: Most people were driving Ford Model T's at the time so, yeah, that was a beautiful car. Did you have brothers or sisters?

RT: I had a brother who died when he was about seventy-five. He was a year younger than I. He died around 1990. I have a sister who is eighty-six and still alive, still playing golf, very active and in good health.

JE: Your mother lived to be...

RT: Ninety-four.

JE: How about your father?

RT: He lived to be about seventy-five, seventy-six.

JE: That's a pretty young age considering the rest of you. What did he die of at that age?

RT: Basically a stroke.

JE: Let's begin to talk about your education and the first school you attended.

RT: Well, I attended public schools in Cuyahoga Falls, Ohio, and graduated from high school there in 1931. I then worked at various jobs for a couple of years to accumulate some money and in September '33 I entered the Wharton School at the University of Pennsylvania. I went through the Wharton School in three years instead of four because first, I was borrowing money from the university for tuition and I was anxious to get out and start earning some real money, so I carried a very heavy load academically. I was able to talk the dean into exempting some foreign language requirement so I could take the business courses that I needed. I was exempt from final exams the last two years I was there because of my marks and I had unlimited club privileges because of my marks. I worked outside part of the time for my uncle and did accounting in his companies.

JE: So were you following his route? Because your father was an accountant and so it was kind of in your brain to do that kind of work.

RT: Yes.

JE: So, what was your degree in then at Wharton School?

RT: Bachelor of Science.

JE: So you graduated in 1936, but back in 1929 we have the stock market crash, you're about fifteen years old then—the Depression ends in '32. You would have been eighteen. Do you have any recollection or stories of that?

RT: Well, I always had a job when I wanted one. I didn't always make what I thought I was worth, but I had a job and I accepted the pay that was available.

JE: You're living in Ohio during those years. Effects of the Depression you didn't see in neighbors or people around you or in your father?

RT: No, not really.

JE: Yeah. So then you graduate from college. What is your first full-time real job?

RT: I became assistant general manager of an open-end investment fund, Keystone Custodian Funds, which was a relatively new company but growing quite rapidly. The general manager was also a Wharton School man ten years older than I, and I became his assistant.

JE: Where was that firm based?

RT: My first base was in Philadelphia, and in 1938 we moved everything to Boston, Massachusetts.

JE: So you were in Boston for some time, then?

RT: Some time.

JE: What happens to you in your position there?

RT: I was working on investments primarily. One of the reasons I accepted the position, they met my salary requirement which was a minimum of \$200 a month when the going wage for a college graduate was \$125. General Motors wanted me, but they couldn't get around the \$125 mark and Keystone met my terms. In fact, the first year with a bonus, I made over \$300 a month. Within three or four years, I was making \$15,000 to \$20,000 a year.

JE: And in today's dollars, obviously thousands and thousands of dollars in today's dollars.

RT: Yeah, it would.

JE: Yeah. Did you have a family by this time, or were you married?

RT: My son was born in 1941 and he lived only to the age of 64 when he died of prostate cancer.

JE: Hmm.

RT: I was quite proud of him. He was considered to be the number two Hobie Cat sailor in the world. He raced in the U.S. and the Mediterranean and in Australia, and the number one sailor was the son of the designer of the Hobie Cat.

JE: (Chuckles) how many years were you with Keystone Custodian?

RT: I was there until 1953.

Chapter 3 - 8:00

December 7, 1941

John Erling: You mention 1941. December 7, 1941. You would have been about 27 years old, I believe.

Robert E. Thomas: That's right.

JE: What are your recollections of that day?

RT: I was driving from Philadelphia to Boston and got the news on the radio about Pearl Harbor. It was quite a surprise.

JE: Did that affect your family? You were 27. Did that mean the draft would come after you?

RT: They never did. In the period of the war, I applied for a commission in the Navy in Boston and I was a very competent navigator. I had learned navigation from my Uncle Ray on his yacht. I would have loved to have had a commission in the Navy, but they turned me down on the grounds that I was worth more as a taxpayer.

JE: (Chuckles) Really?

RT: Yes.

JE: Because of your salary?

RT: Yes, and what I was making at the time.

JE: (Chuckles)

RT: And my cousin's wife's father was turned down for the same reason.

JE: My—I had never heard of that.

(Both chuckle)

JE: You remember what the war meant to the country? A lot of rationing going on? You remember those days?

RT: Oh, I sure do. I had an auxiliary 20-gallon gas tank built in the trunk of my car which fed by gravity to the regular tank. I had a good friend in southern New Hampshire that supplied me with any gas requirement I had regardless of the ration.

JE: Southern New Hampshire. So how did he get the fuel to you?

RT: Well, I'd drive to New Hampshire and get the auxiliary tank filled up.

JE: What kind of car were you driving at that time?

RT: I was driving a Buick.

JE: But didn't, you know, there was shortage of other things—some food items. Ladies were having a hard time finding nylons—all those kinds of issues.

RT: The one thing I remember is butter, which was rationed, and I had a favorite restaurant in Boston who supplied me with butter anytime I needed it and, unfortunately, one night on the commuter train, I left the extra pound of butter in the luggage rack.

JE: (Chuckles) Somebody was happy, weren't they? We bring you to 1953 and that's when you left Boston and went on to what?

RT: I went on to New York as Vice President of the Pennroad Corporation, a former holding company of the Pennsylvania Railroad. Pennroad had become a diversified investment company with still three or four sizeable investments in railroads. They came after me because following the war, I was put in charge of the railroad portfolio at Keystone, which at a cost of about 120 million and a market value of less than 90—and it was considered to be a major problem and I was given the job of dealing with it, and in the process I became known as the outstanding railroad analyst and investment guy in Wall Street and that's why Pennroad came for me.

JE: You had those challenges—some of the problems there with those railroad holdings. That led them to actually making a railroad purchase, right?

RT: When a banker in Florida died in 1955, it was discovered by his lawyers that he owned 75 percent of the common stock of the Missouri-Kansas-Texas Railroad and it was in hock in over 100 brokerage accounts across the country. He had never reported it to the SEC. He didn't believe in that. Anyway, Cy Lewis, the senior partner of Bear Stearns, was given the job of finding a buyer. The first buyer he came to was me along with the State Street Investment Corp. in Boston, Pennroad and State Street together bought the block of stock and, therefore, control of The Katy Railroad. One of the conditions of State Street's participation was that Pennroad free up my time to run the show, so a few days later, Katy had a special board meeting and I was elected Chairman of the Executive Committee with full power to run the corporation and to dictate to all of the officers of the railroad, including the President, as to what we should do.

JE: It was known famously in the country as The Katy Railroad.

RT: That's right.

JE: Represented the Missouri-Kansas-Texas Railroad. So, obviously, then, Katy was in poor financial condition when you became chairman.

RT: They were. They had a seven percent preferred stock with dividend arrearages of \$110 million. My first task, really, was to solve the problem of what to do with these preferred stockholders. We had two preferred stockholders who were on the board. One was a member of the New York Stock Exchange. The other was a young Jewish lawyer from New York. I had some problems dealing with him in board meetings. He would begin to raise his voice and shout and so forth. I didn't know exactly how to handle him until one day I was having a meeting with the board in Chicago at The Chicago Club. He began to raise his voice and rave and holler and so forth, and I said, "Now, I think you better lower your voice and talk respectfully because, otherwise, I have a policeman outside the door who will remove you from the meeting." Now, I had no policeman, but it worked. From that point on whenever Abe started to raise his voice, all I had to say was, "Abe".

(Chuckles)

JE: To correct this financial condition, what did you begin to do?

RT: Well, we began to recapitalize and get rid of the dividend arrearages and generally overhaul the capital structure. That we succeeded in doing in a rather complicated transaction. Along the way, the president died and I hired a young railroader who was president of the Chicago Great Western.

Chapter 4 - 9:45**Katy Railroad Moves HQ**

Robert E. Thomas: Bill DeRamus, who was a year younger than I, was a very competent railroader whose father was chairman of the Kansas City Southern. His father and I had become very close friends over the years. Before I approached young Bill, I talked with his father and he agreed that I could go after his son and hopefully hire him, which I did. Together, we began to do a complete overhaul of the railroad's operations, the management team. We had accounting offices in four places, including the headquarters in St. Louis. Our first move was outside of Houston in the small town whose name I forget. We moved out to Dallas, then we moved Dallas to Dennison, Texas, which was our selected location for the headquarters. The next move was Parsons, Kansas, to Dallas, and we had half of the equipment on the train and half on the station platform when we were stopped with an injunction. When that happened, we realized that labor was really out to be a killjoy on everything we wanted to do, and St. Louis was scheduled to be moved two weeks later to the day. Well, in those days Bill and I, when we weren't together, talked on the phone at least once a day—always around midnight. We decided that we would move St. Louis in one week instead of two. We did by sending our chief engineer in on a Saturday afternoon to package up certain ledgers from the safe. He drove across the Mississippi River into Illinois and headed for Dennison, Texas, not going through Missouri. At midnight Saturday night, 20 moving vans pulled up and we began to load van after van with no real order. As quick as a van could be loaded, it went across the river to Illinois. By 5:00 a.m., we had all 20 vans loaded and safely outside of Missouri on their way to Texas. Well, Monday morning, employees arrived to find a notice that the office had been moved to Dennison, Texas, that a special train would depart Tuesday afternoon to take employees who wanted to go to Texas, Pullman accommodations would be provided in Dennison. Orders had been given that the special train would depart at 5:00 p.m. and from Monday morning until after that train had departed, there wasn't a single top Katy Railroad officer who could be found anywhere to serve a document. All hell broke loose in the papers. The St. Louis Globe Democrat in an editorial called Bill DeRamus a bad apple and called Bob Thomas, the chairman, the master criminal mind from New York.

John Erling: (Chuckles) So tell us why you wanted to move the headquarters of The Katy Railroad to Dennison, Texas.

RT: We wanted to consolidate all of the accounting in one place.

JE: All right.

RT: And we wanted a location that was more friendly to corporations in their workings.

JE: Did most of the employees there in St. Louis get on that train and come to Dennison?

RT: I wouldn't say most of them, no. Probably half. We were criticized publicly in the papers and, well, it began to be rumored to me that Senator Magnusson from Oregon was going to initiate a congressional investigation. At that point I called a fellow by the name of Ed Congley in Abilene, Texas, who was drilling for oil for my personal account. I knew that Ed was Chairman of the Democratic Party for the State of Texas, and I told him that I needed to get to know Sam Rayburn, the Speaker of the House and Lyndon Johnson, the majority leader in the Senate—quick. Three days later I was in Washington. My first meeting was with Sam Rayburn in the Speaker's office and that lasted half or three quarters of an hour. Then I was taken into the bowels of the capitol where Lyndon had one of his two or three offices. I was ushered into this long, narrow office where his desk was at the end in the corner. His feet were up on the desk when I walked in. He got up, shook hands, sat down and seated me in the opposite corner, and I began to tell him my story. Fifteen minutes later, he hadn't asked any questions, he hadn't smiled, he looked grim, and I thought to myself, "Thomas, you've got to keep talking." Two or three minutes later, he smiled, and he asked me several questions, which I answered, and it was over. Then he walked me out of the office into the reception room. On my right side with his left arm over my shoulder—he was taller than I—on the way out he said, "Bob, don't worry about all of this," said, "Sam and I will take care of it." Well, for the next week I saw one or the other or both every business day. The final day, Sam Rayburn and Lyndon Johnson in the Speaker's office, I was given the terms under which we had to perform in order to escape an investigation. I accepted them and agreed that we would do it, and we did. Later on, after two or three months, Ed Congley talked to me and suggested that it would be very appropriate for us to give a birthday party for Sam Rayburn every January when Congress convened. We did that at the Mayflower Hotel. We had all the Texas congressmen and their wives, the two senators and their wives, and another 15 or 20 good Democrats for cocktails at the Mayflower Hotel in the ballroom, orchestra, dancing, dinner—the works. We gave that party every year for Sam Rayburn for the rest of his life in Washington. By that time, I had gotten to know, particularly, Sam Rayburn very well. I called him Mr. Sam. I saw Lyndon quite frequently also. But when I went to the funeral, I had sent my private car, which I traveled in on the railroad, to bring Harry and Bess Truman to Dennison for the funeral of Sam Rayburn. After the funeral, I went aboard to be sure that they were being taken care of by the staff and they were. They were enjoying our bourbon and I had a bourbon with them. That was the only time I ever met the Trumans.

JE: What kind of people were they?

RT: Oh, they were very nice to me.

JE: Your relationship, then, with Lyndon Johnson. Did that continue on or did you have more contact with him?

RT: I did, but not so often. I attended some of the affairs in Texas two or three times. I got to know Lady Bird.

JE: At the time were you a Republican or a Democrat?

RT: I was a Republican.

JE: So when Lyndon ran for President, did you vote for him?

RT: No.

(Chuckles)

RT: When he became President, I never heard from him.

JE: But there was no investigation.

RT: There was no investigation.

Chapter 5 - 10:00

Mid-America Pipeline

John Erling: How do you come out of this poor financial condition of The Katy Railroad? What kind of a plan did you have?

Robert E. Thomas: Well, we had a general recapitalization plan that worked. It was in 1957 that I had lunch with the then chairman of The Missouri Pacific. We had lunch in New York and he told me about this pipeline project that they'd been talking to the Williams Companies about. He said, "Missouri Pacific isn't doing anything with it. They don't want to lose the tank car traffic. If you're interested, you're welcome to the idea."

JE: And what was that idea?

RT: To build a pipeline from west Texas and New Mexico to Albany, New York, using the right of way of the Missouri Pacific and the New York Central. Well, I knew this about pipelines—if it was successful, they were real moneymakers with profit margins on the order of 50 to 60 percent. I went back to the office in New York and called Bill Warren of Warren Petroleum in Tulsa, who was active in the propane business and who was on The Katy Railroad board. I asked him basically if he thought I would be wasting my time if I spent some time trying to push this idea. He was favorable. My next call was to Al Perlman, the president of the New York Central who I'd known for years, first as executive vice president of the Denver Rio Grande Railroad, which is one of the railroads that I overhauled when I was with Pennroad Corporation. I knew Al so well that when Robert Young approached him to go to the New York Central, I had dinner with Al and

his wife in Denver to talk about whether he ought to even consider it. Anyway, he did and went there, so I had a meeting with him the next morning at 8:00 and told him about this pipeline project—also that the Missouri Pacific wasn't going to do anything with it. I asked him basically if he would play ball if we went ahead on The Katy Railroad. He was very interested. I then contacted John Williams, head of the Williams Companies, and found that they would be delighted if The Katy picked up the ball and tried to push this pipeline. John was very agreeable. I had never known him, but I got acquainted with him quick. In the various studies involving the creation of this pipeline, it became apparent that a pipeline to Albany, New York, was impractical, and instead, a pipeline to the upper Middle West was desirable and economic. So I finally had to unload the New York Central. Al wasn't terribly happy about that, but I told him that my board would never tolerate the New York Central having an interest in this project if it was entirely west of the Mississippi and I assured him that if we ever went East, I would be talking to him. We went ahead and became successful in promoting the pipeline to the upper Middle West, and in 1960 it was built and went into operation in December. The first year was 1961. We lost money after depreciation which was a book item, but we threw off cash and beginning in '62 we were profitable after depreciation and went on being profitable every year thereafter.

JE: But The Katy didn't have the cash or borrowing power to finance this proposed plan.

RT: No, they did not.

JE: So what did you do?

RT: We assigned Louis, the senior partner of Bear Stearns and Whitewell, another firm that had financed a number of pipelines. We first borrowed \$42 million from the Prudential Insurance Company and with the two investment firms, we offered stock to the public, a package of stock and convertible debentures and raised \$30 million from that source, so that gave us \$72 million. We went ahead with the construction. We were completed on time, December 1, 1960, having begun construction in April.

JE: Right in here you formed a company.

RT: We formed the company, Mid-America Pipeline Company.

JE: And we know it today as Mapco.

RT: That's correct.

JE: So, Mapco went into operation in 1960 and operated under that name. You raised all this capital. You're working, then, with Mapco, but what about your position at Katy Railroad?

RT: Oh, I still remained chairman. I continued in that capacity until 1965.

JE: Did The Katy Railroad, then, have any interest in the pipeline?

RT: They had about 19 percent of the common stock. We actually came out of construction with over \$6 million in cash in the bank and all bill paid. That came about because, originally, I had a \$3 million contingency fund in the budget. Because Whitewell couldn't

believe that we would actually build the pipeline without additional money, I finally one day said, "We'll raise another \$3 million just to shut you people up," and we did.

JE: (Chuckles)

RT: And we came out of construction with both \$3 million contingency funds in cash. Therefore, we could begin to expand in year one. We expanded every single year in one way or another.

JE: The pipeline was built specifically to carry what material?

RT: Propane and butane.

JE: That was being sold, then, in the upper Midwest?

RT: Yes.

JE: They use that for heating, I supposed.

RT: They used it for heating, they used it for drying corn and many other purposes around farms.

JE: And they received it, I guess, by railroad before you came along.

RT: That's correct. A propane dealer would do business with tank cars arriving on a siting. I think one of my favorite stories at that time was that this dealer that had six tank cars on order—two to be delivered every month—and the first one was a month late, the third one was a month early, and all six arrived at the time.

JE: (Chuckles)

RT: We provided instant delivery. Propane could be put in the pipeline in Texas and taken out in Minnesota or Wisconsin that same moment because the pipeline was full of propane. The dealers really loved it.

JE: Was that enough business for the pipeline to be running at full capacity?

RT: We ran at full capacity all winter. One of the problems was people would operate tank cars in the summertime against us because they had mileage agreements with the railroads, therefore they used them in the summertime and one of the reasons we began to acquire propane production was to eliminate that summer lull.

JE: As you set up the pipeline, did you secure a group of producers to commit to using the pipeline?

RT: We had 13 letters of commitment from users, which one friend of mine described as 13 scraps of paper. In other words, they committed the signor to ship propane in the pipeline if they were still doing business, if our rates were satisfactory, if our service was okay and various other conditions.

JE: (Chuckles) So, it was just a piece of paper, right?

RT: But the Prudential insisted that they be pledged as collateral under the mortgage.

JE: So you open up for business running at full capacity, then, apparently.

RT: Well, substantially.

Chapter 6 - 4:55**Diversification**

John Erling: The business was seasonal. First and fourth quarters showed strong sales and the other months were not. To diversify, what did you do then?

Robert E. Thomas: We began to acquire our own production. We eventually acquired not only production, but also retail marketing so that we had control from the beginning to the end.

JE: That's when you entered the oil and gas field. You actually purchased existing wells then, did you, in Texas?

RT: We did.

JE: And then you added more sites in Oklahoma?

RT: We added business wherever we could find it.

JE: About how many oil and gas wells you think you would have acquired?

RT: Well, the first major purchase was about 200 wells in the panhandle of Texas in the Hubaton field. We didn't want the natural gas. We wanted the liquids in the gas. These liquids are stripped out of the gas before it goes to the buyer of the natural gas. There are two kinds of natural gas. There's gas that's rich in liquids and there's perfectly dry gas with no liquids.

JE: How are those two products used, then?

RT: Well, the natural gas would go to gas distributors and the liquids would be transported in our pipeline.

JE: Okay. This was a good investment for you, then, because the crude oil from that was pretty well uniform throughout the year.

RT: Oh, yes.

JE: So that offset the summer slowdown for Mapco.

RT: That's right. And, of course, as the years went by, we acquired more and more production of not only liquids, but of oil and gas. We went into the coal industry.

JE: Well, let me bring you back here—before you get into the coal industry—you acquired a retail and wholesale distributor or propane.

RT: We did.

JE: And what was the name of that company?

RT: Thermogas Company.

JE: That happened in about 1966 or somewhere in there?

RT: That's about right.

JE: Yeah.

RT: We had originally acquired a block of stock when they were offering stock publicly. The offering was not going well and I stepped in and bought a block of stock which made their

offer successful. Then a young Englishman came to see me. He'd been having problems with Charlie Russell, the head of Thermogas. Charlie didn't like him because he had long hair and he was generally unacceptable to Charlie. Well, he came to see me and I had no such feelings. He represented a lot of Thermogas stocks held in England. Finally, one day while I was cruising on my yacht in Long Island Sound, I went ashore to this rickety dock where I could find a pay telephone rather than my radio telephone aboard. I found a pay station. I talked to this young fellow in London and I made the deal to buy all of the English stock. Well, that gave us control of the Thermogas Company.

JE: In a phone booth there in that rickety dock.

RT: That's right.

(Chuckles)

JE: You never know where a deal's going to be made. You had hundreds, I supposed, of sales outlets, then, as a result of that.

RT: We did. In Iowa, primarily—Arkansas and some in Minnesota and Wisconsin. It was one of the larger propane marketers in the country.

JE: What did that do to the revenue, then, of Mapco?

RT: Increased our revenue and the next step was to bring about the merger of Thermogas into Mapco. Charlie was not very happy with that.

JE: Charlie?

RT: Charlie Russell, the head of Thermogas. But there wasn't anything he could do. We had control. We brought about the merger and I made him a senior vice president of Mapco at the time.

JE: You know, all of this as we've been going along sounds pretty smooth. Really, was it that smooth or did you have a lot of naysayers on your board and you had to convince...

RT: I had no naysayers on the board. I had a good board. I had really worked on that.

JE: Thermogas comes under Mapco.

Chapter 7 - 10:30

Mapco in Tulsa

John Erling: And by the way, where is the Mapco headquarters in the '60's that we're talking about?

Robert E. Thomas: Tulsa.

JE: Okay. And we didn't address that—that you actually set up Mapco headquarters in Tulsa.

RT: From the beginning.

JE: Why? Because you're sitting out in New York. Why Tulsa?

RT: Well, Tulsa, because many of the shippers were in Tulsa or in Bartlesville. I thought it was the best place to be. It was also from my purely strange point of view, the last place going south and west before you got to Houston that it had trees.

JE: (Chuckles)

RT: I also by that time had become close friends with John Williams and a fellow director on the railroad, Bill Kessler, an oilman. I just decided to move to Tulsa, and on July 1, 1960, I actually arrived in Tulsa. Had a house that we had purchased. That day I became a member of Southern Hills Country Club and The Tulsa Club.

JE: What was the location, then, for the offices of Mapco in Tulsa?

RT: For the first few weeks we had two or three offices in the Williams office quarters. Then we rented space in the Skelly building at 15th and Denver. We had initially half of the eighth floor, I believe, and then we gradually expanded and eventually had a fourth floor. I don't recall the year I which we bought the building down at Boulder Park, but that had been originally a Shell Oil Company building. The owners were in default on the mortgage and the holder of the mortgage was delighted when we showed up and took over the million-and-a-half dollar mortgage and rescued it from default. We had some work to do on the building to make it completely livable. So, that became our headquarters for a long time.

JE: You came here in 1960 as the chairman of Mapco?

RT: Yes.

JE: What about your duties with The Katy Railroad at that time?

RT: Well, I was still chairman.

JE: And you performed for both companies as you were here in Tulsa.

RT: Until 1965 when I retired from the railroad.

JE: So then you move on with Mapco to increase its profits. What did you do to do that?

RT: Well, we began by acquiring oil and gas properties or propane marketing. We moved into the coal business by buying a non-union mine in Kentucky. The move into coal was very simple to me. I was interested in acquiring BTUs of energy in the ground and coal was one way to acquired BTUs. This opportunity came about because the 75% owner had had a heart attack and suddenly realized that in the event of his death, his partners could buy him out at book value. He had written off everything but the kitchen sink and he didn't want his partners to be able to buy at book value which was way, way down due to the charge-offs. We paid him \$12 million in Mapco stock at the time for 100% control. To start with, they had a profit-sharing plan in the coal mine, and I went up to the scheduled profit-sharing dinner where all the miners and their wives were entertained for dinner and I had a bunch of slides to tell them a lot about Mapco and what kind of a company we were. I got around to service pins. We had five- and ten-year service pins and various other awards.

I said to my treasurer, "Dean, stand up and show them your service pin." He stood up and he said, "I'm sorry, Bob, I must have left it on my pajamas."

(Chuckles)

RT: Well, needless to say, that brought the house down.

JE: You also were in the fertilizer business.

RT: Oh, yes. We began experimenting with liquid fertilizers. The supplier was two guys from central Illinois—farmers. I had a session with them and told them that we planned to expand our fertilizer into all of our local outlets and I wanted to acquire their company. Well, they weren't terribly excited about selling their company until I said, "If you don't sell, we'll start our own company and manufacture our own fertilizer." Well, they made a deal and they were very good and very faithful workers from then on.

JE: And that was a wise purchase because, then, fertilizer, of course, was sold in the spring and summer when you were offsetting the revenue from heating fuel.

RT: That's right.

JE: You were also in oil and gas exploration. You weren't just buying wells. You were buying acres.

RT: We had an operative oil and gas department by that time and we were engaged in drilling, and I don't remember the year, but one of the things I did constantly was keep analyzers in Wall Street informed as to what was going on at Mapco. I also kept the Prudential informed. Whenever I had anything negative, I made sure that the Prudential knew about it and what I was doing about it. So, eventually, we did additional financing with the Prudential of \$250 million. We got rid of the mortgage because it was cumbersome and they were very happy with the results. We needed money, I could go to New York tell them what we wanted to do and it was \$50 million or \$100 million and get the money.

JE: You were about in your mid-fifties here about this time that this is all happening, I believe. In '68 and '70? Fifty-five, 56 years old?

RT: Yeah.

JE: And what was Tulsa like then in the sixties, in the mid-sixties—this is all happening—Mapco is growing. Did you feel embraced by the community?

RT: Oh, yes. I had a number of activities. I went through the ropes at the Chamber of Commerce serving as president, finally, for a year. I was recruited to raise funds for the new Red Cross building out by the airport. They worked on me for three years before in a weak moment I agreed to walk through the building on Harvard. When I walked through it, I told them that if this were a Mapco facility, I'd have it torn down. I laid down the conditions under which I would run a campaign, including complete veto power over the cost, the construction details, the location, everything connected with it. The Red Cross board agreed to it and I put together a committee that went to work to raise the dough.

JE: What was the amount of money in the capital campaign?

RT: It was about \$6.5 million. We went public with a black tie dinner and we had pledges of about \$3.25 million. We approached some of the foundations to raise that, but I had a good committee also. We achieved the goal and built the building.

JE: What was the location?

RT: Up there by the airport where it is now.

JE: Okay. By 169, we drive by it.

RT: One sixty-nine.

JE: Right.

RT: I have been active in the Red Cross ever since. I was elected chairman after this for a year or two. Today I'm chairman emeritus and so listed on the letterhead. I give quite a bit of money to them every year.

JE: As long as we're talking about your community service, United Way you worked with as well.

RT: I ran the first \$5 million campaign and raised \$5.4 million.

JE: Along about when? In the '80's?

RT: I think that was '82 or '83.

JE: Nobody had raised that much money before—\$5 million dollars.

RT: No. That was a new record. Today we're raising \$22-23 million. One of the things that we accomplished—Chuck Wade Lake of Cities Services was also active in the United Way. Along with others, we had a group of men who sought the names of younger fellows in the community who had made a lot of money and who weren't really participating. This group concentrated on approaching those guys.

JE: Obviously, then, you felt it was important—community service, contributing—because you could have stayed in your tower at Mapco and not done anything, but you got involved in our town.

RT: Yes.

Chapter 8 - 10:33

Life at 98

John Erling: Continuing on, you talked about the two coal companies. That helped the revenue of Mapco.

Robert E. Thomas: Well, we had a very profitable, non-union mine that we were paying our workers \$30 to \$33 a man day. When union mines were paying their miners \$20 to \$22 when they worked. The reason we could do that and make more money was that we

expected and got a day's work for a day's pay. Our productivity was far superior to any union-operated mine. We went on to acquire additional mines in West Virginia, Illinois and Maryland, and we had a very substantial coal operation which was making real money.

JE: Then we're coming up into the '70's. You've moved the company into some great energy resources and timing is everything, because then you took advantage of the oil crisis and inflation for the 70's and along about here sometime in the '70's the OPEC embargo comes about. So, all you did and you didn't know it, was timing to take advantage of those oil prices. Your oil prices must have quadrupled overnight.

RT: Well, they went up, but I can't put a number on how much they went up. We continued to grow. My one standard for growth was an improvement of twenty percent in net earnings for the stock per year. We accomplished that. I put together a very good management team and I let the heads of these various divisions run their show pretty much. They had to justify their budgets once a year and the critical line was to produce overall, company-wide, a budget that increased earnings twenty percent a year. We had excellent relationships with analysts in Wall Street. We went to Europe every year or two to visit our European stockholders in Switzerland, Germany, Paris, Scotland and England. In Scotland, we always met with investors on either a Friday or a Monday. Obviously, we had to be somewhere for the weekend, so we'd play golf in Scotland.

JE: In the 70's here, and as you go into the '80's, you were involved in the community here, but were you politically active at all?

RT: We had a Washington office. It was staffed with a vice president and the purpose was to establish a good relationship with important people in the Congress and senators. I spent quite a bit of time in Washington. I got to know Newt Gingrich the day he arrived in Washington in 1979. I had excellent relations with our senators.

JE: Back then, who would they have been?

RT: Bellmon and Bartlett.

JE: So that would be Henry Bellmon and then Dewey Bartlett.

RT: Dewey Bartlett. And I had a good relationship with Jim Jones as a Democrat. Once when a coal strike was going on, there was talk that the unions wanted to close down the non-union mines. Well, we had no wage dispute, no reason to have a strike and certainly no reason for the government to shut us down. I went to Washington and in two days, with Dewey's help, I interviewed about 60 of the 100 senators to get my story across.

JE: Wow.

RT: Both Democrats and Republicans. And the non-union mines were never closed down.

JE: Sometimes dealing with unions can get kind of rough?

RT: Oh, I had my bellyful of unions when I was in the railroad business. At any time we acquired a business along the way that had a union operation, we set out to eliminate

the union within the first year. One time I was threatened with my United Way activity by unions threatening to stop their participation in the United Way and so forth.

JE: But that didn't deter your...

RT: No.

JE: And did they withhold their...

RT: No.

JE: We're coming up to 1980. The issue of oil and gas energy prices probably not as attractive as they had been. What was happening then with Mapco?

RT: Well, see, I was approaching 70 and I finally retired in '84 when I was 70 and I became a lifetime consultant by contract. When the merger occurred, Mapco entered The Williams Companies 14 years ago in '98. I was delighted with the merger and at that time, Williams acquired me as a lifetime consultant, which I am today.

JE: Who replaced you in '84 when you stepped down?

RT: Jim Barnes.

JE: He replaced you as chairman and president and CEO at that time?

RT: Yes.

JE: What did you do, then, as you stepped down from Mapco?

RT: Well, I hadn't personally done any drilling for years. I did drilling back in the late '40s and early '50s because of my tax bracket, and I stopped when Mapco started to explore and so forth, because my only excuse for not taking a deal to Mapco would be that it was too small and, therefore, I did it personally. But then something that appears to be small turns out to be a ten strike and then I'd be subject to criticism for why had I done this personally. So, when I retired, I began to drill actively personally. That has kept me increasingly busy. I have royalty and working interests in well over 250 wells today in Oklahoma, Kansas, Colorado, and my bride has wells in North Dakota, so I've been lucky in the oil business.

JE: And you're managing all of that and remind people again listening to this—you're sitting here at 98 and you're still working. That's pretty remarkable. And you drive to work every day.

RT: I do. I drive an Alpina B7 BMW. That is a regular BMW modified by a company called Alpina Burkhardt in Germany. They step up the engine to 500 horsepower. The foot prongs are torqued with 516, larger brakes, larger wheels and then limited electronically to 170 core.

JE: Okay. You're 98. Why do you need such modifications to your BMW?

RT: (Chuckles) I really need it like a hole in the head.

JE: I suppose, just because you can, right?

RT: Just because I can afford it.

(Chuckles)

JE: Right.

RT: I've been driving BMWs since 1978. When Bill Thompson, who was president of Mapco at that time when I was chairman, on a business trip to Europe rented this BMW and came back with such glowing praise, I went out and I bought two BMWs—one for him and one for me.

JE: Huh.

RT: And I retired my big Mercedes just to have someone drive the car around town to all our directors and any other important visitors. I think the BMW is superior engineering to Mercedes in every respect.

JE: Did you always have this interest in cars?

RT: I wanted to be a racecar driver.

JE: Why didn't you become one?

RT: Oh, I guess I got sidetracked.

JE: (Chuckles) You did?

RT: I've always been a relatively fast, but at the same time, a very, very careful driver. I know what's going on around me on the highway and I've never had any accidents that were the result of excessive speed.

JE: I know I'm taken with your age of 98. It is remarkable. Do you take a driver's test once a year or every four years?

RT: No, I'm exempt.

JE: (Chuckles) At what age do they exempt you?

RT: Well, I don't know.

JE: (Chuckles) So, you don't have to ever take a driver's test?

RT: I don't.

JE: (Laughs) Obviously, you have a driver's license.

RT: Oh, yeah.

JE: In your long life, did you ever have any major health problems along the way?

RT: I've had a problem with a tendency to high blood pressure. I take medication for it and my blood pressure is completely under control. In fact, my doctor at my last yearly exam said, "Your blood pressure is under mine."

Chapter 9 - 10:45

Married at 94

John Erling: As you look back on your life and this wonderful success story you had with Mapco and the way you grew it, it certainly wouldn't have been of Williams' interest if

you hadn't grown it to where it was. How can you recap this? What do you say? Were you lucky? You were obviously smart. The timing? Luck? And as young people listen to this, how would you recap all of that?

Robert E. Thomas: Well, luck had something to do with it. Being in the right spot at the right time. For example, when I became an outstanding railroad expert in Wall Street, I never anticipated that I would become chairman of a railroad.

JE: Right.

RT: But events turned out otherwise. And the pipeline projects were never anticipated. The only thing I knew about pipelines is that a successful pipeline was very profitable. The one that I fell into became a huge success. You take in personal drilling. In Barbara County, Kansas, I have a working interest in over 80 wells. Now, we never expected to have 80 wells when we started to drill in this area, but happenstance we drilled one well to the north, one well to the south, one to the west and one to the east, and when the experts examined the logs, all four wells looked identical. But we began to drill in the middle and we filled in the middle completely. Now, that is luck to a degree.

JE: Right. Today, we're looking at North Dakota into the Bakken shale.

RT: Well, my wife has that interest. We were married four and a half years ago. Her father was the owner of the Vinson companies, V-i-n-s-o-n, an oil well supply company in Texas, Oklahoma, New Mexico, Kansas—a very successful operation. Jeannie is one of three sisters, two of whom are gone, and Jeannie is the sole owner of what remains of the Vinson Companies, which is a shadow of its former size, but she has a little Bakken production, a royalty and working interest.

JE: So, you're 94 when you get married?

RT: I was 93.

JE: Okay, 93. Can I ask you the age of your wife?

RT: She's 83.

JE: Wow. That's just wonderful. That's remarkable.

RT: Yeah, well, I've known her for over 50 years, casually. I first met she and her then husband at a party at Kesslers along about 1958. We had seen each other socially, you know, in a casual way over the years. She had been married twice before. I've been married three times before. One of her husbands is still alive and a member of Southern Hills. Her second husband was a surgeon—very prominent, very upstanding. She never expected to get married again, but we were thrown together at a dinner Armistice Day in 2007. She almost didn't go until the hostess called her and said, "You get your butt over here." I wasn't invited, but I had dinner with a lawyer friend of mine at Southern Hills and when he was invited, he explained he couldn't come and the hostess said, "Bring him along," which is me. So, I'm seated next to Jeannie at this dinner. It was a long dinner, and Monday

morning I called her to have dinner with me Monday, Tuesday or Wednesday because I was driving to my house in California Thursday. She turned me down.

JE: (Chuckles)

RT: And I began to pester her nightly on the telephone. By the time we'd been talking ten days or so, we were talking not only every night but sometimes as long as an hour. December 4th, Williams sent a jet to pick me up because I was testifying in an important trial where I was the only person alive that knew the characters.

JE: (Chuckles)

RT: When I flew back, I had dinner dates with Jeannie four nights in a row. Well, I won the trial for Williams. After my testimony, the jury came in with an award of \$10,000 where they were seeking about \$4 million

JE: Wow.

RT: I told Williams if they didn't mind flying me back a few days later, I'd stay another few days, and they didn't care. They were delighted. Then the ice storm came and Jeannie's house was cold. Her daughter's house was cold. Hotel rooms were impossible nearby, and I kidnapped her and took her to my house, which was nice and warm.

JE: (Chuckles)

RT: Then they were having elevator problems in this building, so I didn't dare get caught on the 45th floor, and Jeannie and I had all day and all evening to talk. I finally convinced her that the smartest thing to do was fly back to California with me and enjoy the nice weather. We went to California and Bob Langholtz, the fellow that I was having dinner with that night in November was there and other friends. We stayed over Christmas and New Year's. Flew back here right after New Year's and had dinner with her daughter and husband. When the grandkids had disappeared, I told them that we had had loads of time to talk. We had, after all, known each other casually for over 50 years and we had decided to get married. Then in March, we were married in a private ceremony at Trinity by the rector and we had a dinner at Southern Hills for about 95 friends, then flew to California had a dinner for 65 friends at my country club there. She loved my house and before this November dinner, I had spent four days in bed in October '07 with a terrible cold. My doctor, when it was over, said, "I think it's time for you to go to Montereau."

JE: The retirement that's owned by St. Francis and the Warrens.

RT: Yes. So I called that morning and I found that this penthouse, which I knew was the biggest thing they had, was going to become available. I said, "Put my name on it. I'll send you a \$50,000 deposit this morning," which I did. So, I'd been paying for this apartment. I hadn't even seen it yet. And we were married and we began to talk about what we should do and finally decided in late April that we should go to Montereau because of my age, primarily, so we began to upgrade it and improve it a great deal and finally moved in of August of '08.

JE: And that's interesting because it was Bill Warren, the father, W. K. Warren, who said, "Yes, that pipeline is a good idea."

RT: Yes.

JE: And here you're living on Warren's property. Everything it seems has fallen into place for you. But there is a song that Frank Sinatra sings, "Regrets I've had a few." Are there any regrets that you would have?

RT: Mm. I don't have many regrets. The Montereau idea was wonderful when I broke a leg, because unless you can walk in, they won't take you. I spent three months in therapy. I sold my yacht in '87 when I began to have trouble in an emergency navigating things like seven feet down to the engine room, seven feet up to the boat deck from the bridge. I could do it, but at a very slow rate. I was skipper of my yacht and navigator. As skipper, I had to be able to handle those things quick. I had done a lot of cruising. I cruised the entire West coast, Canada to the Panama Canal, all through the Caribbean, up and down the East coast, on the Atlantic to Bermuda. I think my yachting experience really is one of the factors that has kept me going for so long, because whenever I began to feel the roll of the sea under my feet, all my cares and worries disappeared.

Chapter 10 - 4:40

Mr. Mapco

John Erling: When you were putting all these deals together and growing Mapco, what do you think was your particular talent? Was it that you were able to get people to agree or put people together? What do you think your strong suit was?

Robert E. Thomas: I could always raise the dough. If we didn't have it in the bank, I knew where to get it and I could get it. I told the various heads of our divisions that whenever we found a deal that looked attractive, I could get the money for it and did. I let people pretty much run their own show as long as they were doing a good job and producing the earnings that I expected, why should I attempt to change anything? And I think I've always had tremendous respect from the people that worked for me. In fact, I'd given a Christmas lunch every Christmas to the top guys that worked for me, and in December, I'll be giving, I believe, the 27th lunch.

JE: Wow. That's a great way to honor them and say thank you, isn't it?

RT: Well, they appreciate it. You know, I have to have good genes. My mother died at 94 and she had various physical problems that probably brought about her early death. I can remember my grandfather—her father—who died at 94 in 1933. That was almost unheard of.

JE: Yeah. Young people listening, college crowd, they're heading out in the workplace. What kind of advice would you offer them?

RT: Well, to begin with, be willing to work hard at what they chose to do. I think basically that would be it.

JE: You say, "Work hard." I would imagine a 10-hour day was nothing for you.

RT: Oh, yes.

JE: So, as successful as you were, you were putting in those long, long days.

RT: My business experience really started when I was in the Wharton School. I handled accounting for two of my uncles' businesses in Philadelphia. I negotiated the sale of one of them to Armstrong Cork, and Armstrong Cork wanted me—apparently met my terms as to compensation. I never received the letter. The day I would have told them I could report—I lived with my uncle at that time. I got home and I had a call from George Harrison, the vice president—what happened, why hadn't I showed up that morning? Well, I explained that I had never received a letter and because I was exempt from all final exams, I had gone to work for Keystone in Philadelphia 12 days before. That was actually before graduation, which I never did attend to get my diploma. They sent it to me.

JE: And so that was, should we call it, lucky. The fact that you didn't get that letter. You went to work for Keystone...

RT: That's right.

JE: And, thus, the story is told to this day.

RT: That's right.

JE: How would you like to be remembered?

RT: Oh, as Mr. Mapco. (Chuckles)

JE: I'm sure that everybody would remember you that way. What you did for that company was absolutely amazing—and for the community. All the employees you had at Mapco—how many did you have at one time?

RT: Eventually, we had a total of 7,500 employees. They all had profit sharings. They were well-compensated because we expected a day's work for a day's pay and, I don't know, it just worked.

JE: Yeah. Well, I want to thank you for sharing your remarkable story and the fact that you're 98 and still working and still driving to work is even more remarkable. It's my honor to meet you, of course, and visit with you, and so I thank you very much.

RT: Well, John, it's really an experience for me and I'm glad to have done it.

Chapter 11 – 0:29**Conclusion**

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