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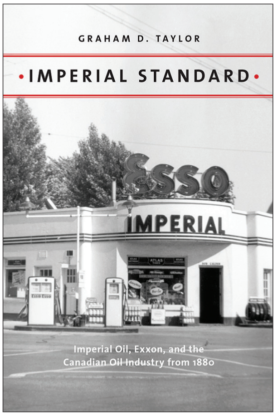

IMPERIAL STANDARD: Imperial Oil, Exxon, and the Canadian Oil Industry from 1880

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The sale of Imperial Oil to Standard Oil (via Anglo-American) proved to be propitious for the company's Canadian shareholders, who fared very well from the deal. Although the future looked ominous with the shifts in Canada's trade policy, in 1898 Imperial still had a strong competitive position. Its share of the Canadian market had actually increased as smaller refiners departed from the scene, and revenues had almost doubled—from $421 million to $766 million (CAD)—over the preceding five years; dividends increased at the same rate. The Petrolia fields were still productive, although the longer-term outlook was not good. Standard's offer therefore proved generous, netting the "old shareholders" a total of $324 per share (CAD) in three disbursements in 1898–99; this was on top of the final dividend payments made under the old company. Furthermore, they continued to own 25 per cent of the shares, which opened the door to further benefits. Both the American and Canadian economies had recovered from the depression of the mid-1890s, so the reorganized company continued to grow, both in revenues and dividends, which averaged 12 per cent per year. Despite fears of post-amalgamation reductions, managers and salaried employees also experienced increases under the new regime, although wage earners in the refineries were not so fortunate.

In other respects, however, the takeover brought about traumatic changes. At the first meeting of the new board of directors in January 1899, the existing bylaws were terminated, and a new issue of shares was authorized, to be distributed to shareholders in the other amalgamating companies (primarily Bushnell); and, more crucially, to representatives from Standard Oil including Frank Q. Barstow, Horace Chamberlain, Alfred Brainerd, William R. King, and Charles Stillman. Shortly thereafter the board was reorganized: Fitzgerald became chairman, while Barstow became president, with Chamberlain appointed general manager, King the treasurer, and Brainerd the secretary. The only remaining Canadians on the board were Fitzgerald, Jacob Englehart, and William Pratt. Pratt resigned shortly thereafter, to be replaced by James Archbold, the son of John D. Archbold, who had succeeded Rockefeller as president of Standard Oil of New Jersey.[1]

The key figures in this reorganization were Barstow and Chamberlain. Barstow had been involved with Standard Oil since 1871, was secretary of the company's manufacturing committee in the 1880s, and was a close associate of John Archbold. Considered one of Standard's experts on foreign markets, Barstow travelled to Asia and South America as well as negotiating a petroleum concession in Romania in the 1890s. Barstow had also played a role in the establishment of Queen City Oil Co. with Samuel Rogers in Toronto. In 1899 he was appointed to the board of Standard Oil of New Jersey, and functioned in effect as Standard's "proconsul" in Canada. Barstow, however, had many responsibilities and attended relatively few Imperial board meetings. Running the company was left principally to Chamberlain, who was general manager of the Atlas Refining Co. in Buffalo, New York. Chamberlain and Stillman had been involved in setting up the Sarnia refinery for Bushnell, an experience that may have influenced the next major change in the company's affairs.[2]

At its last board meeting the "old board" had reaffirmed that Petrolia was Imperial's "chief place of business"—possibly to stave off fears about the Standard takeover. Three months later, however, the new board announced that the company's headquarters would move to Sarnia. In business terms the move made sense: the Bushnell company had acquired a refinery at Sarnia with generous tax concessions from the municipality (thanks in part to the efforts of William J. Hanna, a lawyer with connections to Standard—and later to Imperial) and Bushnell had laid a pipeline to Petrolia. Furthermore, the Sarnia refinery was closer to potential connections with Standard's pipeline supplies in the United States. Nevertheless, the move presaged the closure of the Petrolia refinery several

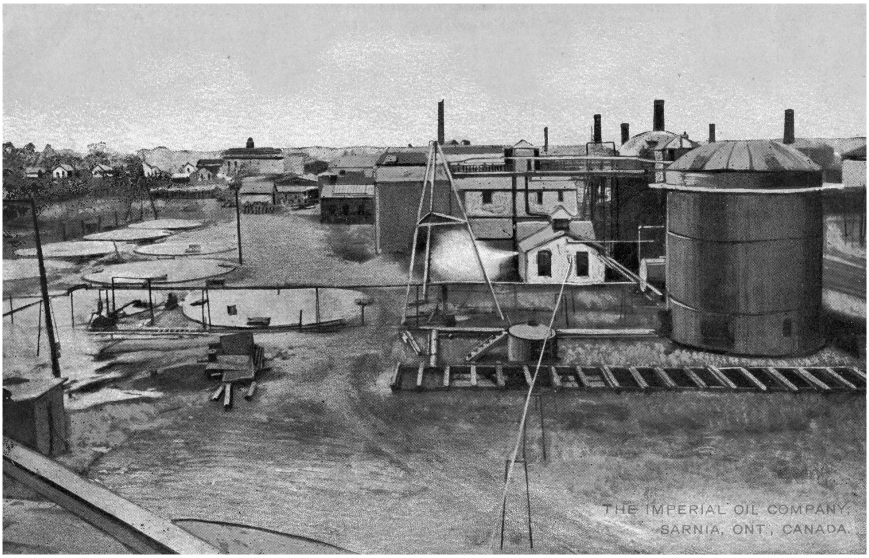

FIGURE 3.1. Sarnia refinery, 1906. Glenbow Archive IP-10a-1-4e, Imperial Oil Collection.

years later, which fulfilled fears about the impact of the amalgamation and led to the formation of a new independent refiner in Petrolia, Canadian Oil Companies Ltd., in 1901.[3]

Queen City Oil Co. in Toronto received special treatment, possibly reflecting the previous connections between Samuel Rogers and Barstow. Queen City remained outside Imperial for a time until Anglo-American (Standard) provided financing for its acquisition ($201,000 CAD). Imperial was already carrying a debt of $420,000 (CAD) to Anglo-American, another lever for Standard's control over the Canadian enterprise. Two of the Rogers brothers joined the Imperial board a few years after the merger.

Output from the Petrolia fields began to decline precipitously after 1900—demonstrating the wisdom of moving refining operations to Sarnia: between 1899 and 1904 production fell from 800,000 bbl. to 500,000 bbl./year. Imperial (and Standard) began to lobby for a reduction in duties on imported oil; this effort was successful in 1904, with duties on crude eliminated and those on refined oil cut in half. At the same time, Standard finally provided Imperial with access to the Frasch process, but charged a royalty of 3 cents (later 5 cents) per barrel for the benefit. The Petrolia output continued its downward spiral, producing less than 300,000 bbl./year by 1911. To offset this decline Imperial began bringing in oil by lake tanker from Ohio Standard's Cygnet pipeline, but of course this tied Imperial closer to US suppliers.

Chamberlain, as head of the Sarnia operations, pressed for expansion of supplies and manufacturing capacity to enable Imperial to develop a Canada-wide market for refined products. But he encountered resistance from the established marketing operations in Standard: Henry Folger, who headed up the parent company's manufacturing committee, maintained that the Maritimes (and western Canada) would be better served by other elements of Standard's supply system, and the local affiliates shared this perspective despite their formal connection to Imperial Oil. Similarly, Chamberlain faced restrictions on Imperial's marketing operations. Sales operations in Canada after 1899 were coordinated from 26 Broadway in New York. H.J. Guthrie, an American who set up a sales agency in Winnipeg for Imperial, lobbied for years (with little success) to reorient the company to provide lubricating oil for farm equipment for the growing market in the Prairies. At the same time, Imperial was constrained to allow Queen City to continue to market its own products in Toronto. Imperial seemed to face an excess of centralization and decentralization at the same time.

Fitzgerald retired in 1905, and Barstow stepped down three years later as president, leaving Chamberlain more or less in control of the management of Imperial. But Chamberlain regarded Imperial as a sideline from his real job as head of Atlas Refining. An "imposing presence of autocratic appearance and manner," Chamberlain ran Imperial as a one-man show. He maintained the Imperial refinery records (and related material) at the Atlas refinery in Buffalo. Chamberlain also feuded with the Canadian board members, particularly Englehart and Rogers. By this time the company had been reduced to a virtual nullity. Its domestic production was declining, sales and marketing policies were determined in New York, refinery operations were set in Buffalo, and board members were reduced to recipients of "fat" dividends. After 1909 even the board meetings were scheduled in New York City. But circumstances were to change soon, and very dramatically.[4]

The Trust on Trial

In 1899, while new owners were overhauling Imperial, the board of Standard Oil of New Jersey was contemplating its own reorganization. Seven years earlier, in response to an Ohio state court order, Standard Oil had been transformed from a closely held trust to a "community of interest" among various Standard Oil affiliates, with Jersey Standard as the largest component. But these changes had not deterred state-based prosecutors from continuing to pursue the oil giant. Lawsuits were filed against Standard-associated companies in Texas and Pennsylvania, while the US Interstate Commerce Commission conducted an investigation of rebates by railroads to Standard Oil. Once again the most serious challenge came from Ohio: attorney general Frank Monnett charged in 1899 that the 1892 reorganization had not been in compliance with the court order against Standard Oil, and that the companies in Ohio were violating the state's antitrust law (which had been enacted the year before).

Although Monnett's charges were ultimately dismissed, Standard's lawyers and senior executives contemplated replacing the federation with a single holding company that would exercise majority control over all the others. Standard of New Jersey was the obvious choice; not only was it the largest of the Standard companies, but also New Jersey corporation laws were extremely liberal—particularly insofar as they allowed companies to own businesses in other states. Not everyone in the Standard community shared this enthusiasm for a single holding company: Samuel Dodd, the architect of the original trust, was skeptical of the argument that the proposed organization could withstand antitrust prosecution, particularly from the federal government. Dodd's fears proved prescient, but in 1899 both President William McKinley and the US Supreme Court seemed business-friendly, and the reorganization would presumably undermine state prosecutions.[5]

Unfortunately, the new century brought no respite to Standard Oil. Rockefeller had stepped down from his position as chief executive, but he continued to personify the monopolist in the public mind. Prosecutors in a number of states brought suits against Standard, but even more serious—at least in some respects—were the attacks in the media. In a rare show of unity, both Joseph Pulitzer and William Randolph Hearst, the leading newspaper magnates of the day, denounced Standard Oil on a regular basis in their publications. In 1902 Ida M. Tarbell began publishing a series of articles in *McClure's Magazine* that were eventually published as *The History of Standard Oil*. Although not completely negative—one of her chapters was entitled "The Legitimate Contributions of Standard Oil"—the account revisited all of the familiar charges against the company: the South Improvement Company episode; the railroad rebates; the allegations of "predatory pricing" and other sharp dealings with competitors. Tarbell had several advantages over other critics—her father and brother had experience in dealing with Standard Oil in the Pennsylvania oil field battles of the 1880s, and she had the opportunity to interview Henry H. Rogers, a member of the Standard Oil board who believed that he could persuade her to adopt a more sympathetic view of the company. More significantly, her account provided the first coherent narrative of the history of the company—even John D. Rockefeller acknowledged that his son probably learned more about the company from reading Tarbell than from any other source. For the first time in its history Standard Oil had to scramble to develop a public relations policy to offset the impact of Tarbell's story.[5]

Events at the national level posed even greater challenges than did exposés in the media. In 1901 President McKinley was assassinated, and his successor Theodore Roosevelt exhibited a more bellicose attitude on antitrust issues. A railroad amalgamation scheme was blocked in 1903 and shortly thereafter Roosevelt established a Bureau of Corporations in the US Department of Justice with the explicit aim of reinvigorating the Sherman Antitrust Act. In 1906 the US attorney general Charles Bonaparte brought a suit against Standard Oil in the US federal court in St. Louis, Missouri. The case was complex and generated thousands of pages of documents, years of litigation, and hundreds of witnesses (including John D. Rockefeller himself, who adopted a folksy persona—albeit with a short memory). In 1909 the court concluded that Standard Oil was in violation of the Sherman Act, but not because of its predatory practices. Instead the court determined that the establishment of Jersey Standard as a holding company in 1899 was the major issue, because this measure made it impossible for other companies in the Standard group to compete with one another in the future.

Standard's lawyers objected on the grounds that the companies had effectively acted in concert since 1881 when the original trust was established. The case then proceeded to the US Supreme Court, which mulled over the mountains of documents for two more years. In 1911 the Supreme Court finally announced its decision, which reaffirmed the lower court. Although Chief Justice Edward D. White, in handing down the judgment, enunciated what became known as the "rule of reason" in determining antitrust suits, the decision did not hold Standard Oil accountable for bad behaviour. Instead White upheld the lower court's view that the creation of Jersey Standard as a holding company in effect established a monopoly.[6]

The lower court had ordered the breakup of Standard Oil into its constituent units, and even while the appeal wended its way to the Supreme Court, the company, characteristically, began planning for the worst. The final dissolution decree identified thirty-four components to be resurrected as competing companies. The largest of these were Jersey Standard, New York Standard, Indiana Standard, Ohio Standard, California Standard, Vacuum Oil, and Atlantic Refining. One of the peculiar features of the decree was that it did not establish integrated companies (except for Standard of California): some had production facilities but limited access to markets; Jersey Standard had huge refining capacity but no sources of crude oil. Later critics of antitrust policies pointed out that the failure to create independent integrated companies led to collaboration among the sundered elements of the trust, undercutting the presumed intent of the dissolution.

Since the decree did not require the major investors in Standard Oil to divest themselves of their shares, Rockefeller and others ended up with proportionate ownership in all thirty-three companies, and continued to reap the financial benefits of growth of the formerly united oil companies. Eventually the largest of the "successor" companies (particularly New York Standard and California Standard) developed into integrated businesses with multinational operations; but by the end of the twentieth century, with the merger of Jersey Standard (Exxon) and Standard of New York (Mobil), the process of re-amalgamation had resumed. Perhaps the most significant effect of the dissolution was that it opened up opportunities for ambitious younger managers to rise quickly in their respective companies, which accelerated generational changes.[7]

In the normal course of events, Imperial Oil might have ended up as an affiliate of Standard of New York. Its operations had been closely tied to that company through Bushnell Company even before 1899; Chamberlain, who became president of Imperial in 1908, was tied to the New York company through Atlas Refining. But Imperial was a "foreign" entity, aligned with Anglo-American, which was in turn a subsidiary of Jersey Standard. Jersey Standard was the largest of the "survivors" of the dissolution, with 43 per cent of the assets of the former trust; and, more crucially, it had inherited most of the overseas responsibilities of Standard Oil, which were to become more important for the long-term future of the US oil industry. In the immediate situation in 1911, the "international" connection of Jersey Standard brought Walter Teagle to the helm of Imperial Oil.

Teagle at Imperial Oil

Ironically, the antitrust prosecution of Standard Oil took place in an era when changes in markets and the rise of new competition were undermining the once-dominant position of the company in the oil industry. The advent of the electric light cast an ominous shadow over the future of the kerosene market, Standard Oil's major revenue source. By the end of the first decade of the twentieth century the growth of the automobile industry, particularly the development of Henry Ford's mass-produced Model T, stimulated growing demand for gasoline and lubricating oil. In this same period the navies of the Great Powers were hastening to convert their ships from coal to petroleum fuel. But these new markets were only beginning to take effect when Standard Oil faced the dissolution decree.

Standard also faced new competitors both at home and abroad. New oil fields were coming on stream in California and Texas, where the Spindletop oil strike of 1901 triggered the first boom of the new century. For many years Standard Oil was stymied in its efforts to get a foothold in the Texas fields, in part because of vigorous antitrust opposition in the state, which barred the establishment of integrated production and refining companies until 1917. In the meantime other players had entered the field: entrepreneurs like J. Howard Pew (creator of Sun Oil) and Joseph Cullinan, a former Standard Oil employee who abandoned his sponsors to set up the Texas Fuel Co. (later Texaco). The Mellons of

Pittsburgh, a formidable banking family, also got into the market, establishing Gulf Refining Company in Texas in 1901. Eventually Standard established a beachhead in Texas by acquiring Humble Oil in 1919, but during the first decade of the twentieth century Standard was an outsider and a pariah there.[8]

Even more formidable were the new challengers from overseas. During the 1890s oil tankers of the Shell Transport Company carried Russian petroleum to European markets, diminishing Standard's domination there. During that same decade a new player entered the global market as oil fields in the Dutch East Indies came into production. Both Rockefeller and Shell's Marcus Samuel angled for control of the East Indies oil, but they were outmanoeuvred by the head of the Royal Dutch company, Henri Deterding, who orchestrated the merger of Royal Dutch and Shell in 1907, effectively creating a worldwide competitor for Standard Oil.[9]

The rise of Royal Dutch Shell gave Imperial Oil a greater saliency in the minds of Standard Oil's leaders at 26 Broadway. In 1911 a Canadian subsidiary, Shell Company of Canada Ltd., was established and began setting up storage facilities in Montreal and Vancouver. The prospect of Standard's global rival entering North America through the back door was alarming, in part because, as an at least partially British company, Shell had some potential legal advantages over the American-owned firm. This would become apparent later. In such circumstances Jersey Standard moved quickly to counter the Shell threat, sending one of its rising stars to revive the moribund Imperial Oil and reinstate it as a barrier to the Anglo-Dutch threat.

Of Walter Clark Teagle, it could be said that oil flowed through his veins. His mother Amelia Belle Clark was the daughter of Maurice Clark, Rockefeller's partner in his first oil venture. Walter's father John Teagle was an independent refiner in Cleveland from the 1870s, who had resisted Standard's embrace for more than thirty years. Family relations thus played no part in Walter's rise to prominence within Imperial Oil. Born in 1878, Walter Teagle studied chemical engineering at Cornell University, and during the summer breaks worked for his father's company in the refinery. After graduating he became a salesman for his father's company, Scofield, Schurmer & Teagle, which proved so successful that in 1901 Standard Oil decided to buy it—to eliminate a troublesome competitor,

FIGURE 3.2. Walter Teagle, 1917. Glenbow Archive IP26-8b-Teagle-1, Imperial Oil Collection.

but also to acquire the services of his precocious son. Walter soon found himself in the Export Trade Department of Jersey Standard, which enabled him to interact with the major players in international oil, including Henri Deterding, and brought him to the notice of John Archbold, Rockefeller's successor as president of Jersey Standard. Before long, Teagle was a key figure in virtually all of Standard's international negotiations. A formidable figure, with jut-jawed looks, Teagle dominated meetings even though he rarely spoke. He spent time befriending potentially hostile figures, like Deterding, and impressed the Standard Oil chieftains as their best hope for the future—the "boy who could fill John D.'s Shoes."[10]

In 1911 Teagle, at age thirty-three, was appointed to the Jersey Standard board with responsibility for the company's international relations, and also (incidentally) for Imperial Oil Company. Teagle grasped both opportunities with enthusiasm. He initially planned to divide his time between these responsibilities, but pressures on the European scene delayed his plans to formally take up the presidency of Imperial until 1914. Chamberlain retired at the end of 1911. During the hiatus the task of running the company fell to Charles Stillman, the head of the Sarnia refinery, aided by the Rogers brothers and H.J. Guthrie. Guthrie had successfully overhauled Imperial's sales operations, and might have become Chamberlain's successor had the Standard Oil leaders not decided to send in their most promising manager instead. Guthrie left the board shortly after Teagle became president.

Even before his arrival in Canada, however, Teagle's influence was being felt at Imperial Oil and his connections with 26 Broadway were yielding benefits. Chamberlain had persistently pressed (albeit in vain) for an expansion of the Sarnia refinery and improved linkages with US oil suppliers. During 1911–12 Chamberlain and Stillman, with help from W.J. Hanna—Imperial Oil's legal counsel since 1897—took the matter up with Teagle; Teagle, who ultimately supported them, also advocated increasing the company's lake steamer fleet. Jersey Standard's board agreed in principle, but Imperial needed working capital to finance this kind of expansion. Imperial still had $2 million (CAD) in unsubscribed authorized capitalization (which had been increased to $6 million in 1907) but Jersey Standard was reluctant to take up the shares necessary to maintain its proportion.

Teagle was not only able to persuade New York to provide the financing, but also endorsed an expansion of authorized capital to $15 million (CAD); Imperial's directors were empowered to issue new stock as required. With Teagle on the scene as president in 1915, authorized capital was increased to $50 million, and two years later the company was financially reorganized: Imperial Oil Ltd. was established as a $50 million (CAD) operating company, with responsibility for refining and marketing, wholly owned by Imperial Oil Co. Ltd. (which by this time also had subsidiaries in South America).[11]

Once ensconced in office, Teagle initiated even more dramatic changes. With new capital in hand, the capacity of the Sarnia refinery was expanded from 5,000 bbl./day to 13,000 bbl./day; a pipeline was built to link Sarnia to the Cygnet pipeline, enabling Imperial to supply all of Canada outside the Maritimes. Refining capacity was increased again with the construction of refineries in Vancouver in 1914, Montreal in 1916, and Halifax in 1918. In that same year Imperial's headquarters moved to a new building in Toronto; and of course the records and company books were deposited there.

The marketing system was also completely overhauled. In place of the New York office and its three regional agencies, a central sales division was set up in Toronto with branch offices in every major city and town across Canada. Although the old commission agents were retained, they were absorbed into the new organization, under the charge of the sales vice president, G.W. Mayer, who had been brought by Teagle from New York. Mayer moved sales managers frequently to break down the traditional system in which commission agents had established long-term relationships with customers—sometimes inducing them to set up their own independent operations. Mayer's office also tightened up on credit collections, another departure from the more easygoing past. Teagle and Mayer emphasized advertising and public relations: in 1914 Imperial was the first Standard company to make a promotional film, and the company issued specialized publications for its salesmen. In 1917 the company brought out the *Imperial Oil Review* as part of an overhaul of relations with its employees and shareholders.[12]

Teagle's biographers characterize him as "conservative" on issues of labour relations, although in this era even the most "enlightened" business leaders opposed trade unions and challenges to management prerogatives. But Teagle proved reluctant even to follow the lead of Jersey Standard in this area; when Jersey adopted the forty-hour work week in 1915, Teagle resisted introducing a similar change at Imperial, arguing that this would take the company out of step with other Canadian manufacturers. The forty-hour week was only initiated at Imperial in 1918 when Teagle was moving on to 26 Broadway; similarly the Joint Industrial Committees that Jersey set up in the United States during the First World War (based in part on the advice of the future Canadian prime minister Mackenzie King) were extended to Imperial in 1918. Teagle's attitude toward the minority shareholders in Imperial, and the Canadian public, could also be seen as "reactionary:" he ensured that information about the company's sales and profits were kept "secret," and even sought—unsuccessfully—to suppress public knowledge about the extent of Jersey Standard's control of Imperial Oil.[13]

On the other hand, Teagle was prepared to be a pioneer in one area of employee relations: the promotion of employee stock ownership plans that he initiated in 1915. It was not only the first Canadian company to do so, but the first in the Jersey Standard group as well. The opportunity arose as Jersey Standard declined to increase its own investment in Imperial when the authorized capital was raised to $50 million (CAD). In order to encourage employee participation, instalment purchasing was allowed and Imperial drew on its own retained earnings as a reserve to cover the costs involved. When Jersey officials (contradicting their earlier position) objected to the plan on the grounds that the parent company's equity would be diluted, Hanna resorted to a special provision in Imperial's charter that enabled it to issue a "stock dividend" to the shareholders.[14]

Although the stock ownership plan allowed employees to sell their shares, Teagle regarded such actions as disloyal to the company. In an angry letter to an Imperial Pipeline manager, Teagle complained that "when this offer was made to employees it was not with the thought that they would speculate in the company's stock but rather that they would retain it as a permanent investment and thus secure for the company their increased interest and cooperation." Although Teagle emphasized loyalty over speculation, he was also clearly concerned about the possible acquisition of Imperial stock by "outsiders."[15]

Teagle was sensitive to the impact of Canada's involvement in the First World War on Imperial's employees—and sensitive as well to the public relations value of demonstrating that the company was a patriotic supporter of the Canadian war effort, particularly in the years before the United States entered the war. Rumours that Jersey Standard was still trading with Germany abounded. When the government of Canada issued its first War Bond in 1915, Imperial quickly made a $1 million (CAD) subscription and another $1.25 million (CAD) to the Canadian Victory Loan Bond. Employees were encouraged to subscribe for $50 bonds up to 20 per cent of their annual salary (this was particularly intended to demonstrate the support by Imperial's managers for the war effort). A special wartime employee bonus was authorized in August 1917, and extended to Imperial employees who were in military service. Imperial's tanker

FIGURE 3.3. Workers at Dartmouth, NS refinery, 1919. Glenbow Archive IP-10e-1-1, Imperial Oil Collection.

fleet was also seconded to the Royal Canadian Navy during 1916–18. In 1916 the Canadian government introduced a Business Profits War Tax; subsequently Imperial was assessed $1.4 million (CAD) on reported net profits of 13.8 million (CAD) during 1917–20; the tax was paid out over two years.[16]

With the increase in refining capacity, Imperial's sales volume rose from $17 million in 1912 to $27 million (CAD) in 1917. Mayer's tough policies on marketing overhead costs and credit sales, together with improvements in the scale and efficiency of the Sarnia refinery, boosted net earnings from $2.6 million (CAD) in 1912 to $7.4 million (CAD) in 1917. It was a highly creditable record.

For Teagle, however, after restoring Imperial's refining and marketing capabilities the most important tasks were to find new sources of crude oil to offset the declining output of the Petrolia fields—bearing in mind that Jersey Standard also faced the same problem—and to deploy Imperial effectively in Jersey Standard's global search for oil. In particular it was crucial to stymie the efforts of the Royal Dutch Shell. These objectives were to converge and present Teagle with opportunities to help Imperial Oil and Jersey Standard at the same time, although his fundamental loyalties were with the parent company.

Teagle's search for new oil sources for Imperial began even before he appeared in Canada. In 1911, after failing to persuade Jersey Standard to invest in oil wells in Salt Creek, Wyoming, Teagle persuaded Hanna and some other Imperial shareholders to join him in a personal venture. That venture worked out well for the investors, although it never became a big player. After he came to Imperial, Teagle pursued an investment in Midwest Refining Co. (which was tied to the Salt Creek venture) to supply the Canadian company's operations in Regina, Saskatchewan. But at Jersey Standard Archbold vetoed the acquisition of Midwest Refining, and that seems to have ended the initiative, although the investors were not unhappy.[17]

But the search for oil continued. In 1913–14 Teagle orchestrated the acquisition of oil resources in Peru from the British company, London & Pacific. He then created the International Petroleum Company, which would provide Imperial with a source of oil for its west coast markets. Imperial undertook a much larger investment in Colombia four years later. In 1917–18, Teagle learned that Royal Dutch Shell had big plans for exploring and exploiting the oil resources of western Canada. Although little came of this foray by Shell, Imperial began a quest for oil in Alberta that would ultimately lead to the Leduc strike (after thirty years).[18]

In early 1918 Teagle departed from Toronto to become the president of Standard Oil (New Jersey). His resignation from the Imperial board came a few months later, and was the occasion for an unusual outpouring of gratitude from the board: "Upon his acceptance of the office of President in January of 1914, Mr. Teagle initiated a forward policy of development which his infinite capacity for administration and his broad and deeply grounded knowledge of the petroleum industry, his unique executive abilities and his genius for enlisting the co-operation of those of all ranks with whom he was associated, enabled him to implement with singular expedition and success."[19] The sentiments appear to have been heartfelt, particularly in light of the usually terse board minutes.

Teagle left an indelible imprint on the history of Imperial Oil. He had taken a company that was virtually moribund and resuscitated it. Refining capacity was increased, marketing capabilities were substantially improved, and the search for new crude oil resources was well underway. The company's public image was also less negative. Imperial Oil actually functioned as an integrated entity—which was an important feature. Imperial Oil would become a player in its own right, not just a local representative of the Standard Oil octopus. Teagle was of course a "company man" first and foremost—and the company he served was Jersey Standard. Nevertheless, Teagle gave Imperial a new lease on life.

Teagle also left behind a number of managers who would carry forward his ideas, including G.W. Mayer and G. Harrison Smith. Smith became the president of International Petroleum and later Imperial Oil. Like Smith, Mayer was American, but there were Canadians who commanded his support—including R.V. LeSueur, who was a major figure in International Petroleum Co. and became president of Imperial Oil, and Alex McQueen, an "old Petrolia hand" who would be involved in both the South American and Alberta exploration operations in the 1920s–30s. These figures would play a major role in the development of the company through the Second World War.