

## DEVELOPMENT OF PETROLEUM RESOURCES IN CUBA

Much has been said and written as to the probable petroleum resources of Cuba. A number of companies have been organized for the purpose of developing supposed oil fields on the island. Various questions are arising as to the securing of concessions and as to what has been actually accomplished in the search for petroleum in Cuba.

### HOW CONCESSIONS ARE OBTAINED

Under Cuban law, oil and mineral products lying below the immediate surface do not belong to the owner of the land itself but remain the property of the State. Concessions to develop possible oil fields in Cuba are granted freely to foreigners and to Cubans on the same terms. The charges made for concessions are fixed by law and are set forth in certain tables forming a part of the law, the charges depending upon the area included in the concession.

The owner of the surface has no share in the profits of the enterprise, though he is entitled to damages when injury is done to the surface or to buildings or other structures thereon. The time required in securing a concession depends somewhat upon the location of the land in question, its size, the work of survey, etc.

### CONCESSIONS IN FORCE

The number of petroleum concessions granted in Cuba up to the close of 1917 was 88, including a total of 17,595 hectares (one hectare is equal to 2.47 acres). Of these concessions, 35 were in the Province of Havana, the smallest of the six Provinces of Cuba and about a third larger than the State of Delaware. This Province has thus far led in prospecting for oil.

It is said that approximately 20 oil wells have up to this time been completed in Cuba, of which only four or five are producing in what can be called paying quantities, and in these cases the actual yield is not large.

The concessions following the regular statutory form differ but little except in the area of the concession. Some have been practically abandoned because of the apparent absence of oil.

### VALUE OF CUBAN OIL DEPOSITS

It is impossible at present to state whether the petroleum resources of Cuba are important. Although exploitation has been going on for several years without proof as yet of oil deposits of commercial importance, there are those who profess to believe that wells drilled to considerably greater depth will show valuable deposits. The organizing of companies and selling of stocks seems to have largely subsided. One of the English printed newspapers of Havana recently published a brief review of the oil situation. It said: "There is little change in the Cuban oil situation, most of the drilling being held up at present, due to the failure to receive machinery from the United States." As to the Cuban oil stocks it said: "The oil stock market may be described as being in the depths. So many wells have been stopped temporarily and the producing wells in the Bacuranao have slumped so much in their production that it has had a most depressing effect on prices."

The same publication, under date of June 22, refers to a statement of Thomas Draper, described as "a well-known English geologist," to the effect that he is stronger than ever of the "belief Cuba is destined to occupy an important place in the world's oil production." It is said that Mr. Draper "is now preparing a report on the Cuban oil situation for publication in England, where capitalists are becoming interested in the possibilities of Cuba as an oil field."

Whether this latter announcement may have for its chief purpose the bolstering up of outstanding Cuban oil stocks or the securing of more American and other capital in the enterprise would seem uncertain. The fact remains that as yet no oil field

of commercial importance has been discovered in Cuba and that oil production on the island is at present a negligible item.

#### ATTITUDE TOWARD FOREIGN CAPITAL

There is no evidence of opposition to foreign capital employed in searching for oil in Cuba. On the contrary, in this as in sugar production and other industries foreign capital is understood to be welcome. Should investigation later show that there are valuable petroleum resources on the island, it is not improbable that the State as owner of these sources might so change legislation as to secure to it a valuable share of the profits.

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### MARKET FOR SADDLES IN EASTERN CUBA

The Provinces of Oriente and Camagüey, comprising about three-fifths of the total area of Cuba, form a large field for the manufacturer of saddles. These Provinces, although large producers of sugar, are famed for their cattle ranches; Camagüey especially has been noted as a stock-raising Province since the early days of its history, having always been the main source of the meat supply of Cuba. Oriente Province, devoted to sugar, mining and timber products, has some excellent grazing land, and ranks second to Camagüey as a stock-producing Province. Both the cattle and sugar industries have use for many saddles. There are now some 4,000,000 head of cattle registered in Cuba, and as the number is being constantly increased it gives some idea of the importance of this industry, and of the extent of the equipment needed in carrying it on, of which a large item is for saddles. The many sugar centrals also have use for a large number of saddles, and as in the country districts, which have practically no roads, most of the travel is necessarily by horseback, and it would seem that the possibilities of the Cuban market for saddles is well worth the careful attention of the American manufacturer.

The type of saddle commonly preferred by the trade throughout this district is the Texan (tejana) horned saddle, which sells at from \$20 to \$40, although there are sections where quite expensive saddles sell more readily than the cheaper grades, but this depends to a great extent on the local dealer's ability for pushing his lines and also whether he is selling in a locality where the people are earning plenty of money.

In selling this trade it will pay saddle dealers and manufacturers to adhere to a certain fixed policy in their selling plan, and to standardize their various brands. Some firms in an attempt to gain a foothold for their products have made concessions that were not practicable and were difficult to maintain. Other firms by selling inferior copies of good models—reducing the size of certain parts and using poor materials, enabling them to cut prices—are primarily working an injury to their own business and to the whole trade in general.

Liberal terms are desirable, such as 2 per cent. off 45 days, or at 90 days net, date of invoice. The matter of terms is a much-discussed subject by the local buyers. Such rigid selling terms as cash or sight drafts before shipment of goods are not favored. Concerns have lost business thereby, and others have found it extremely difficult to sell this market on such terms.

In granting liberal terms the manufacturer could have recourse to interest charges if he so desired. This plan would help in establishing mutual confidence.

To succeed in selling goods here, the manufacturer should adapt his methods as far as is consistent to the conditions and requirements of the market. It would be unreasonable to expect that the Cuban dealer will at once adopt usual American business methods after having been accustomed to long and easy terms. Eventually he may do so, and come to appreciate the practicability of doing business our way, but in the meantime foreign concerns who anticipate business in this country must meet him more than halfway.—*Vice-Consul John L. Griffith, Santiago.*