

First oil

Bahrain was the first country in the Gulf to find oil. The discovery set in motion the modern development of the kingdom, rescuing the economy from the demise of the pearling industry. Today, the region's oldest field is still producing and ensuring continued prosperity.

On the morning of June 1, 1932, an eruption of oil burst unexpectedly from Bahrain's well number one, covering workers and equipment in a thick coat of black crude. The event marked the first extraction of commercially viable oil in an Arab state. The island of Bahrain's search for oil stretches back to the post-World War I era, a time when the Gulf States, though liberated from Ottoman control, were poor and politically unstable. In 1911 Iran became the first nation in the Middle East to discover oil. In 1927 a well was sunk in Kirkuk, Iraq, but with no significant oil flows.

As the 20th century went on, Western demands for petroleum grew exponentially and the British, fearing a Persian monopoly on crude stocks, began seeking alternative sources. Under the assumption that oil would exist in similar geological conditions to those found in Iran, the British reasoned that there must also be oil deposits on the Arabian Peninsula. Using its strong diplomatic connections in the Gulf, the UK began seeking oil exploration rights from smaller Arab states.

Meanwhile, in 1922 Major Frank Holmes, a British New Zealander and career mining engineer, came to Arabia convinced of vast underground oil deposits. Two years earlier, Holmes had created the Eastern and General Syndicate in London to fund his venture. He met with Sultan Abdul Aziz bin Saud, seeking a concession to drill on the peninsula. However, Holmes's proposal met with stiff opposition from the British High Commissioner, Sir Percy Cox, who was also in Arabia seeking to settle the boundary with Kuwait. Cox, seeking to accommodate his country's desire for alternate oil reserves, hoped to gain concessions for the Anglo-Persian Oil Company and strove to dissuade both parties from an agreement. In the end, Saud granted a concession to Holmes in 1923, but after four years of fruitless exploration, he gave up and left Arabia for Bahrain.

From his new base of operations, Holmes was aware of geological reports that pointed out the presence of significant deposits of oil on the islands. Holmes was also aware of Deputy Governor Sheikh Hamad bin Isa Al Khalifa's desire to increase Bahrain's freshwater resources. In a bid to win the Sultan and the

Bahraini people's good will, Holmes drilled artesian wells on the archipelago. His gambit worked and in 1925 the government of Bahrain granted its first oil concessions to the Eastern and General Syndicate.

In 1927 Holmes partnered up with Gulf Oil and was poised to make a historic discovery. But his luck ran out. That same year Gulf Oil had joined the Iraq Petroleum consortium fresh on the heels of the Kirkuk discovery. The consortium was no longer interested in Bahrain exploration and prevented Gulf Oil from exploiting the concessions. In December 1928 Gulf Oil sold its stake in Bahrain to an US company, Standard Oil Company of California (SOCAL). A month later, Bapco was established in Canada and in August 1930, was also granted a formal concession allowing oil exploration in Bahrain. SOCAL began drilling its first wells in October 1930, and was joined one year later by Bapco.

For the next 10 months SOCAL and Bapco drilled wells throughout Bahrain to no avail. They grew frustrated when a nearby 610-metre well struck a deposit of petrified hardwood. In June 1932 the companies finally made their first major discovery, producing an initial 1,890 litres per day. In December of the same year, a second well hit another major reservoir. A new era in Bahrain had begun.

SOCAL recognised the need for downstream facilities to refine the crude oil coming out of the ground in ever increasing quantities. In 1936, SOCAL teamed up with another US company, Texaco, to create Caltex, a downstream business dedicated to the refining and marketing of petroleum products from the region. Caltex, which became Chevron, also managed Bapco's oil refinery, increasing capacity to 250,000 barrels per day by the 1960s.

Today, well number one has been restored to its 1930s appearance and the Bahraini government has opened a museum dedicated to the kingdom's place in oil and gas history. The Bahrain Field in Awali, the region's oldest producing oil reservoir, has undergone extensive makeovers to maintain productivity. The ongoing enhanced oil recovery work by the Tatweer joint operating company could extend the field's life by multiple decades. ■

FIGURES

WELL NUMBER
ONE INITIAL
PRODUCTION

1,890 litres
per day

June 1932