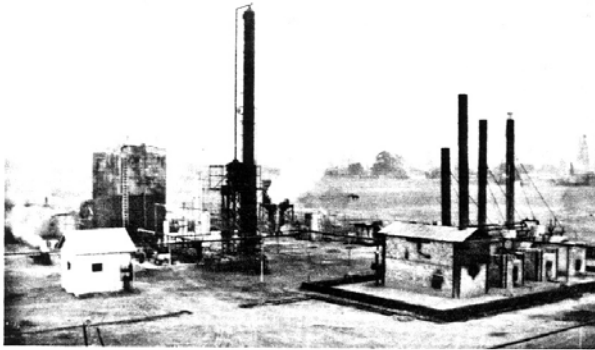


The history of Powerine Oil Company, researched and written by Peggi Ridgway, was published in 1991 in the book *Santa Fe Springs: A Pictorial History*, by the Santa Fe Springs Chamber of Commerce/Industrial League.

POWERINE OIL COMPANY



Rothschild Oil Company's first crude still, 1935.



Powerine Oil Company's modern high conversion refinery in Santa Fe Springs.

One of Southern California's most versatile oil refineries is a success because of the determination and far-reaching vision of its founder, the dynamic leaders who followed him, and the employees who have worked for Powerine over more than half a century.

At the age of nineteen, in order to support his parents, two brothers, and a sister, Harry S. Rothschild began driving a gasoline truck and brokering gasoline in the Santa Fe Springs Oil Field. There was no city in Santa Fe Springs then. Oil derricks dotted the landscape; orange groves, pastures, and potato fields sprawled across the horizon. The area's oil interests were owned by cartels of grocery clerks, doctors, and others who hired drilling contractors to develop the production fields.

In the early 1930s, after driving trucks for a couple of years, young Harry Rothschild made a major investment. While the country was trapped mercilessly in the grip of the Great Depression, he plunked down a hard-earned \$4000 to buy two acres of land from Santa Fe Springs area ranchers, to build a place where the area's many independent producers could process their crude oil. In less than one year, he had constructed a 3000 barrel per day crude topping plant in the middle of the Santa Fe Springs Oil Field. Later, a small office building for himself and two other employees sprang up just west of the present refinery's engineering building. The company paid three dollars for each barrel of oil then, and produced gasoline, diesel, fuel oil for industry, and kerosene distillate (shipped to the Orient for kerosene lamps). Rothschild Oil Company was a partnership between Harry S. Rothschild and his wife, Josephine; and the name of

Powerine Oil Company was the name by which its products were marketed.

In the years that followed, Rothschild bought more parcels of land and gradually increased the size of the plant and the operation. The company's growth and success was steady in California, which was third in the nation in production of crude oil. The addition of modern, state-of-the-art equipment put Rothschild in an enviable position as a flexible refinery that was always ahead of its time. In 1940, by which time employees numbered around twenty, a small two-coiled Dubbs thermal cracking unit was added to the plant, providing the foundation for future expansions.

During the Second World War, Rothschild Oil manufactured aviation gasoline for the U.S. Navy and, after the war, made fuel oil for the Navy. Production was up to five thousand barrels per day in the yet unsophisticated refinery. There were no paved roads or process areas, and workers trudged through mud in foul weather. Some employees ate at the little cafe on the east side of the plant, along Bloomfield, which was operated by a former professional baseball player. Industrial injuries were treated at a nearby oil field hospital. Harry S. Rothschild managed the company's sales and marketing, engineering, operations, maintenance, purchasing, personnel, legal matters, and corporate affairs. His two young sons, Peter and Harry, in fact, grew up playing and working in the refinery. After their formal education, each joined the company's management team.

Rothschild Oil Company made two discoveries of crude oil fields in the 1940s which were important to production in California and the West Coast. In 1944, Rothschild discov-

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ered the West Edison Oil Field near Bakersfield and, in 1949, the Newhall Placerita Field was developed. The Placerita discovery was of such significance that Rothschild Oil Company leased every available storage facility it could find, and leased and operated two other refineries—in Long Beach and Santa Fe Springs. Refinery production increased to 12,000 barrels per day.

Three major periods of refinery expansion occurred — in the 1950s, 1960s, and early 1980s. the company operated production fields as well as its Santa Fe Springs refinery, and supplied a network of Powerine retail service stations in the Los Angeles area. It was a pioneer in the self-service retail gasoline market and it experimented with coin-operated pumps.

In the 1950s, Rothschild Oil Company built the first Platformer on the West Coast, giving Rothschild Oil company the ability to make high octane gasoline. In 1959, the refining, marketing, and transportation operations were transferred from Rothschild Oil Company to Powerine Oil Company—the recognized retail name. Rothschild Oil Company continued as a production company.

Early in the 1960s, Powerine brought on line the world's first hydrocracking process in commercial use. With the addition of the LOMAX unit (later transformed into a heavy oil desulfurizer), the refinery could turn abundant diesel oils into high quality gasoline.

In the mid-1960s, Powerine added distributing and terminaling operations to its facilities in Santa Fe Springs. It also expanded its distribution system through deep-water tanker terminal and storage facilities at the Port of Long Beach. (The 572,000 barrel marine terminal is connected to the Santa Fe Springs refinery by two company-owned, twenty-mile-long pipelines.)

By the end of the 1960s, the Powerine refinery had completed its second major expansion. The addition of the Fluid Catalytic Cracking (FCC), Alkylation, Vacuum Distillation, Gas Con, Merox Treating, and Naptha Unifining units doubled the size of the refinery's hardware, and reduced the company's crude costs and its dependence upon foreign oil.

Several upgrades and revamp projects occurred in the 1970s. The employee population soared to a record six hundred people, and Powerine retail stations could be seen all over metropolitan Los Angeles. By 1979, daily refinery production was almost 40,000 barrels per day.

From 1979 to 1982, with more than eight hundred employees, Powerine undertook the most ambitious expansion in its history. The major upgrade cost more than \$184 million and transformed the refinery into a highly sophisticated facility capable of converting low-quality crude oil into high value transportation fuels, totally eliminating the need for residual fuel oil and asphalt production. It was based on proven delayed coking and hydrocracking technology. Asphalt and

fuel oil production capability were maintained to enhance the refinery's flexibility at high crude rates.

With 90 percent of the refinery's input converted to light transportation fuel (compared with other refiners' 65 percent), Powerine had, by 1982, become one of the area's most versatile refineries. Able to produce various combinations of diesel, gasoline or jet fuel, the refinery capacity increased to 46,000 barrels per day. It could refine various crude oils efficiently and respond quickly to changing market conditions.

And then, in the early 1980s, the boom fell. Soaring crude cost and declining product prices led to the demise of many small independent refineries. Powerine was unable to repay the debt created by its recent refinery expansion. In a futile attempt to raise cash, Powerine was forced to sell its retail service station chain, its production arm, and its truck fleet. Despite these measures, the company was unable to maintain its operating status and, in March 1984, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Powerine shut down its refinery shortly thereafter, while its creditors mounted an effort to sell the business.

In September 1986, the corporation was acquired by Oskar Schmidt, a European businessman who bought the company out of bankruptcy. The organization had shrunk to approximately twenty employees and the refinery had been inoperative except for some terminaling operations, for more than two years.

A new management team arrived and immediately began to bring together an organization of people who would carry out the start-up, operation, and maintenance of the refinery and the management of the business. It was an exciting time in Powerine's history. The challenge went out to prospective employees to be part of the unique opportunity to restart an inoperative refinery. Most other U.S. refineries which had shut down during the early 1980s had eventually been dismantled and sold to other countries or scrap dealers. But Powerine was beginning an exciting new era.

The new Powerine was very successful in bringing together an organization of people who effectively prepared the refinery for start-up and then started the operation up in a safe and environmentally acceptable manner.

Powerine reestablished itself as a small independent refining company which today supplies its products to the Southern California, Nevada, and Arizona markets. The corporation's continuing commitment is to operate the refinery in a safe and environmentally acceptable manner, producing high quality transportation fuels for Southern California.

Powerine's history truly is a story about people — their vision and determination and their spirit and dedication to making Powerine a successful business.