



The Sarawak Museum Journal

Vol. XLIII No. 64

December 1992



ISSN: 0375-3050

E-ISSN: 3036-0188

Citation: AVM Horton. (1992). Rajah Charles Brooke, The Central Borneo Company, and Oil Prospecting in Brunei. The Sarawak Museum Journal, XLIII (64): 231-264

RAJAH CHARLES BROOKE, THE CENTRAL BORNEO COMPANY, AND OIL PROSPECTING IN BRUNEI (1883-1929)

AVM Horton

ABSTRACT

This paper deals with one aspect of the contest between the British Government and the second Rajah of Sarawak for influence within Brunei. Sir Charles Brooke had long been anxious to incorporate the remnant of the venerable sultanate within his own territory, but the British Government eventually came to prefer the introduction of a Residential System Instead. After the 1905-1906 treaty between Sultan Hashim and the United Kingdom had given effect to the latter scheme, Brunei's main hope of escaping from stagnation and financial embarrassment lay in the discovery of a valuable resource, such as a paying oilfield. It was in this strategic area that the Rajah chose to intervene in 1914-1916 (sections 9-10). He asserted unexpectedly that exclusive rights to all minerals in the Abode of Peace were vested in his youngest son, Mr Harry Brooke, by virtue of two concessions, the one originally granted to a Mr AH Everett in 1883, the other to the Central Borneo Company in 1890 (sections 4-8). The Brunei Government successfully contested the Brooke claim, which turned out to have been based on defunct documents. All these developments are placed within the context of the International oil industry (section 2) and the broader history of Brunei (sections 1 and 3).

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1. Introduction

At the beginning of the present century, Brunei's political situation was far from ideal. During the previous sixty years, for example, most of its territory had been snapped up by two emerging nations, Sarawak and North Borneo. It has been suggested, in retrospect, that the establishment of a Residential System in the Abode of Peace under the 1905–1906 Brunei-United Kingdom treaty was decisive in securing the sultanate's survival as a separate entity (Abu Bakar Hamzah 1989: 91; Ali Hassan Mohd Salleh 1988: 12, 13 [but cf. *ibid.*: 17]; and Matassim bin Haji Jibah 1983: 4). Rajah Charles Brooke of Sarawak was reluctant to concede the finality of the decision; and for some time he persisted in hoping that the remnant of Brunei would fall into his lap.

The British Government dismissed the Rajah's representations. There followed a jockeying for position in the Abode of Peace between the two sides. A whole series of disputes flared up, of which the mineral claim was but one. The unpopularity or otherwise of the new regime in Brunei was another important issue. Additional flashpoints included the Muaras,¹ Kota Batu, Pulau Berembang, the Pandaruan, the question of an oil pipeline from Miri through Brunei's territory to Brooketon, and various minor irritants. The details of these matters need not detain us here (cf. Stubbs 1968: 110–116; Tarling 1970: 30–36). Suffice it to say that relations between Kuching and London at that time were not as cordial as they might have been.²

2. The International Oil Industry (1859–)

In the late nineteenth century petroleum was used principally for lighting. The First World War established the fuel as an essential strategic commodity and the growing popularity of the automobile in the 1920s provided a new peacetime outlet for petroleum products. Demand reached unprecedented levels during the 1939–1945 conflagration. Possession of adequate oil supplies increasingly became a matter of national interest.

At the dawn of the twentieth century the United States and Russia accounted for around 90% of global output of petroleum. Total world production in 1901 was just under 23 million tons, rising to 274 million by 1938 (when Brunei exported nearly 0.7 million tons). The principal companies worldwide were Standard Oil and Royal Dutch-Shell, the latter operating in Borneo.

The first 'strike' had taken place at Oil Creek, Pennsylvania in 1859. Within three years some 31 million barrels were being produced annually in the United States. By that time the industry was dominated by John Davison Rockefeller (1839–1937), who established and owned the Standard Oil Company (1870). He quickly converted himself into the first billionaire known to history (Carroll and Noble 1977: 260–261; Cooke 1973: 256–262; *Encyclopaedia Britannica* 1991, *passim*; Morgan 1971: 13, 18).

'The Royal Dutch Company for the Working of Petroleum Wells in the Dutch East Indies' was incorporated in the Hague in 1890. After a victorious regional struggle with Standard Oil, it organized all the oil companies of Netherlands India into one concern, the Royal Dutch Oil Company. It then combined with the British-owned Shell Transport and Trading Company (Palmier 1965: 74).

The creative genius behind Shell was Sir Marcus Samuel (1853–1927), created first Viscount Bearsted in 1925.³ In 1890 Samuel had visited Russia to investigate the possibility of marketing oil from there in bulk to the Orient. He succeeded in these negotiations as he also did in persuading the Suez Canal authorities to remove the ban against tankers passing through that waterway with kerosene from Batum (on the Black Sea in Georgia) to Singapore and Bangkok.⁴ In 1897 he formed a separate vehicle for his oil interests, the Shell Transport and Trading Company, so named because seashells had been one of his earlier items of trade. A merger between Royal Dutch and Shell in 1907 resulted in the creation of the Royal Dutch-Shell Group. One of its subsidiaries was the Anglo-Saxon Petroleum Company, whose interests were mainly in Borneo and Egypt (CO 604/8, *Sarawak Gazette*, 3 April 1923: 171–172 and SG. 1 August 1923: 229; see also, *Encyclopaedia Britannica*, *passim*).

3. Brunei Background

In 1906 Brunei's economy produced nothing of substantial value and during the next few years a comparatively large sum had to be borrowed from the Federated Malay States in order to help settle the sultanate's finances (Ranjit Singh 1984: 115–118). In fact, the total state revenue of Brunei (population 21,718 in 1911) did not reach an annual total even of six figures until 1911;