



D'ARCY, WILLIAM KNOX

D'ARCY, WILLIAM KNOX (b. Newton Abbot, Devonshire, England, 11 October 1849, d. Stanmore, Middlesex, England, 1 May 1917), petroleum entrepreneur and founder of the oil industry in Persia and the Middle East. The only son of an Irish solicitor, D'Arcy received his early education at Westminster School, London. The family moved to Rockhampton, Queensland, Australia, in 1866, where, after qualifying as a solicitor in 1872, D'Arcy joined his father's practice and later established his own. In 1882 he became involved with mining, forming a syndicate to restore a nearby abandoned gold mine; by 1886 he had become a millionaire. In that year he sold his legal practice and left for England, intending to use his wealth to establish himself in society. He bought a country mansion and a London town house, entertained extravagantly, and emulated the future Edward VI in his fondness for shooting and frequenting continental spas. In the late 1890s his lavish life style, coupled with banking and stock-market problems in Australia, where he still maintained interests, forced him to undertake new mining investments (Carment, pp. 207-09; Ferrier, 1984).

Antoine Kitabgi (Ketābčī Khan), the Persian commissioner-general at the Paris Exposition of 1900 and close friend of the Persian grand vizier, [Atābak-e A'zam Mīrzā 'Alī-Aṣḡar Khan Amīn-al-Solṭān](#), was a firm believer in the future of a Persian oil industry and had been associated with the negotiations for the [concessions](#) granted by the Persian government to Baron Julius de Reuter and others. In October he requested the help of Sir Henry Drumond Wolff, former British minister in Tehran, in locating an English investor for an oil concession



(Ferrier, 1982, pp. 28-30; Wolff, II, pp. 328-30). The archeologist [Jacques de Morgan](#) (1892, pp. 1-16; idem, 1894-1905, II, p. 87) had documented the presence of oil deposits in western and southwestern Persia. Most London financiers were, however, wary of further investment in the country after cancellation of the tobacco concession, the failure of de Reuter's Persian Bank Mining Rights Corporation, and the scandal over the national lottery swindle (Wright, 1985, pp. 157-60). Nevertheless, Wolff persuaded D'Arcy to apply for the oil concession, describing him in a letter to Ketābčī Khan in November as “a capitalist of the highest order who declares himself disposed to examine the affair” (Wright, 1977, p. 108; Ferrier, 1982, p. 29).

A meeting between Ketābčī Khan and D'Arcy took place in Paris on 8 January 1901. D'Arcy agreed in principle to apply for a concession, and after further negotiations in Paris and London a basic application was drafted; it excluded the northern provinces, in order to avoid antagonizing the Russians (Ferrier, 1982, pp. 32-33). In April Ketābčī Khan and D'Arcy's representative Alfred Marriot called on the British minister in Tehran, Sir Arthur Hardinge. In discussions with Amīn-al-Solṭān and Hardinge on 26 April Marriot assured the vizier that the proposed concession would eventually dwarf the Baku oil industry. Hardinge informed D'Arcy in a letter of 12 May that Ketābčī Khan “had secured in a very thorough manner the support of all the principal ministers and courtiers, not even forgetting the personal servant who brings His Majesty's pipe and morning coffee” (Ferrier, 1982, p. 36). Amīn-al-Solṭān triumphed over court intrigues and Russian opposition, and Moẓaffar-al-Dīn Shah (1313-24/1896-1907) signed the concession on 28 May (Hardinge, pp. 278-79; Ferrier, 1982, pp. 35-40; Kazemzadeh, pp. 356-58, 379-81; Fāteḥ, pp. 250-54). In a letter to the British Foreign Office dated 30 May Hardinge expressed strong support for D'Arcy and the concession. On the other hand, [George Curzon](#), then viceroy of India, predicted that D'Arcy's venture would fail, as had the Persian Bank Mining Rights Corporation, with which Curzon himself had been associated, and advised London “not to think the industrial regeneration of Persia is going to make a new start in Mr D'Arcy's hands” (Wright, 1977, p. 108).

In the concession D'Arcy was granted the privilege to “search for and obtain, exploit, develop, render suitable for trade, carry away and sell natural gas, petroleum, asphalt and ozokerite . . . for a term of sixty years”; it was applicable to the entire country except the five northern provinces (for the text, see Hurewitz, pp. 482-84; cf. Ferrier, 1982, pp. 42, 640-43; Lesānī, pp.



65-69). D'Arcy also received the exclusive right to lay pipeline from oil wells to the Persian Gulf and to establish distribution depots, construct and maintain factories, and undertake all other works and services necessary for operation of the concession. These provisions aroused particular opposition from the Russians, who hoped to gain oil concessions in the northern provinces, the value of which would be severely curtailed without access to the Persian Gulf coast.

The concession was to become void if D'Arcy had not established within two years a company or several companies. Within one month from the date at which the first company was established he was to pay the Persian government £20,000 in cash and £20,000 in stocks; he was also to pay an annual sum equal to 16 percent of the net profits of all companies formed. The government was entitled to appoint an imperial commissioner to safeguard Persian interests and to be available for consultation with the concessionaire. Exports and imports would be free from taxes and duties. On the expiration of the concession all assets would become the property of the Persian government, and the concessionaire would have no right of indemnity.

D'Arcy founded the First Exploitation Company in 1903 and made the required initial payments. Drilling had already begun near Qaṣr-e Šīrīn, though no oil had been discovered. D'Arcy had agreed to finance the search himself, and by 1905 he had spent more than £225,000, mortgaged his remaining Australian stock holdings, and exhausted his ability to raise further capital. He began discussions with the French branch of the Rothschild family to sell the concession (Wright, 1977, p. 108; Carment, p. 208).

The intervention of the British government had become crucial. The royal navy, convinced that oil would replace coal as the main source of fuel, wanted a secure source of petroleum supplies, and naval officials thus put D'Arcy in touch with the British Burmah Oil Company with the object of promoting a joint venture. The result was the Concessions Syndicate Ltd., established in 1905 with control of the First Exploitation Company shares and the concession under the trusteeship of D'Arcy. The syndicate provided the necessary capital for Persian operations. Drilling began at a new site, which also proved unsuccessful; two wells were abandoned. In January 1908 a third well was sunk, at Masjed-e Soleymān, 80 miles northeast of Ahvāz, in Kūzestān. The syndicate was on the verge of withdrawing from oil exploration entirely, abandoning this well too, when, on 24 Rabī' II 1326/26 May 1908, a reservoir of considerable size was struck. A year later the [Anglo-Persian Oil Company](#) was



founded; it acquired the rights and shares of Concessions Syndicate, Ltd. In 1914 the British government became part owner of the firm, acquiring more than 50 percent of the voting rights, reimbursing D'Arcy for all his previous expenditures, and granting him £900,000 worth of shares. He remained a director until his death.

D'Arcy never visited Persia. His formal relations with the Persian government and the actual drilling operations were entrusted entirely to his representatives.

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