

OTTOMAN OIL CONCESSIONS DURING  
THE HAMIDIAN ERA (1876–1909)

A Master's Thesis

by

Enes Yavuz

Department of History  
İhsan Doğramacı Bilkent University  
Ankara

December 2018

ENES YAVUZ

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Bilkent University 2018

To My late father, Yaşar Yavuz and my mother, Derya Yavuz

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The Graduate School of Economics and Social Sciences  
of  
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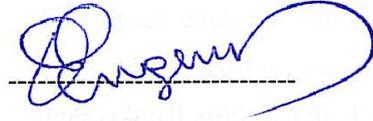
I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Arts in History.



Asst. Prof. Dr. Mehmet Akif Kireçci

Thesis Supervisor

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Arts in History.



Prof. Dr. Özer Ergenç

Examining Committee Member

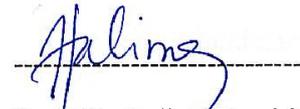
I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Arts in History.



Asst. Prof. Dr. Selda Güner

Examining Committee Member

Approved by the Graduate School of Economics and Social Sciences



Prof. Dr. Halime Demirkan

Director

## **ABSTRACT**

### **OTTOMAN OIL CONCESSIONS DURING THE HAMIDIAN ERA (1876–1909)**

Yavuz, Enes

M.A., Department of History

Supervisor: Asst. Prof. Mehmet Akif Kireççi

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This thesis evaluates the Ottoman oil concessions in the Hamidian Era (1876–1909), by focusing on Abdulhamid II’s famous “balanced policy” in the international affairs of the Empire. The study argues that there was an Ottoman oil policy which considered the Ottoman oil concessions within the scope of Abdulhamid II’s reasonable international politics versus the European interventions seen as the greatest danger by the Sultan. In that regard, Abdulhamid II did not directly contradict the foreign oil concession demands or accept these demands. Instead, He tried to pursue a balanced policy regarding the oil concessions between the Great powers. In the beginning of the Hamidian Era, the Ottoman Empire had been already dominated by financial control and restrictions of European powers especially France and Britain, which trying to locate Ottoman oil resources. Instead of working with France and Britain in oil related businesses, Abdulhamid II welcomed German involvement and their enterprises in order to take advantage of their expertise. Ottomans and Germans collaborated in projects, such as the Baghdad Railway convention, which enabled Germany to obtain oil concessions from the Ottoman Empire. As a result, Abdulhamid II attempted to use the Ottoman oil resources and concessions by manipulating the foreign intervention as an instrument of his foreign policy.

**Keywords:** Hamidian Era, Ottoman Oil, Ottoman Oil Concession, Ottoman Oil Policy

## ÖZET

II. ABDÜLHAMİD DÖNEMİ (1876–1909) OSMANLI

PETROL İMTİYAZLARI

Yavuz, Enes

Yüksel Lisans, Tarih Bölümü

Tez Yöneticisi: Dr. Öğr. Üyesi Mehmet Akif Kireççi

Kasım 2018

Bu tez, II. Abdülhamid Dönemi (1876–1909) Osmanlı petrol imtiyazlarını ve bu imtiyazların Sultan Abdülhamid'in ünlü “denge politikası” çerçevesinde analiz etmiştir. Bu çalışmada, II. Abdülhamid'in en büyük tehlike olarak gördüğü Avrupalıların müdahalelerine karşı, II. Abdülhamid'in dengeli ve makul uluslararası politikaları kapsamında Osmanlı petrol imtiyazlarını ele alan bir Osmanlı petrol politikası tartışılmaktadır. Bu kapsamda Sultan'ın yabancıların petrol imtiyaz talepleriyle doğrudan çeliştiği ya da bu talepleri doğrudan kabul ettiği söylenemez. Bunun yerine, Sultan Abdülhamid büyük güçlere karşı Osmanlı petrol imtiyazları üstünden bir denge politikası izlemeye çalıştı. O yıllarda, Osmanlı İmparatorluğu Avrupalı güçlerin özellikle Osmanlı petrol kaynaklarıyla ilgilenen Fransa ve İngiltere'nin finansal kontrolleri ve kısıtlamalarının tahakkümü altındaydı. Petrolle ilgili işlerde Fransa ve İngiltere ile çalışmak yerine, Sultan Abdülhamid Alman teşebbüslerinin kapasitelerinden ve uzmanlıklarından yararlanmak için Almanya ile çalıştı. Osmanlılar ve Almanlar, Almanların Osmanlı İmparatorluğu'ndan petrol imtiyazları elde etmelerini sağlayan Bağdat Demiryolu projesi gibi çalışmalarda işbirliği yaptılar. Sonuç olarak, II. Abdülhamid yapılan dış müdahaleleri manipüle etmek için Osmanlı'nın petrol kaynaklarını ve petrol imtiyazlarını kendi dış politikasının bir enstrümanı olarak kullanmaya çalıştı.

**Anahtar Kelimeler:** II. Abdülhamid Dönemi, Osmanlı Petrolü, Osmanlı Petrol İmtiyazları, Osmanlı Petrol Politikası

## ACKNOWLEDGEMENTS

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# CHAPTER I

## INTRODUCTION

### 1. 1 Subject

Oil is the most significant energy resource of the twentieth century, playing a considerable role as a strategic factor in world affairs.<sup>1</sup> Masses have always needed or benefited from energy resources to enable them to produce in more productive ways. Throughout the ages, oil as a black inflammable matter was utilized in various areas. Since the late nineteenth century, oil gained its strategic importance with developing technology and the industrialization of production. One of the richest oil lands were within the Ottoman Empire during that period. After the end of World War I, the countries that emerged from the collapse of the Ottoman Empire became oil rich states.

Throughout the history, Ottomans were well aware that there was oil as a black inflammable matter in their lands. In fact, they used oil in very different areas ranging from lighting to medicine for centuries. In the second half of the nineteenth century, foreign travelers, missionaries, and military specialists traveled around the Ottoman lands to examine oil rich of the Ottoman Empire. Accordingly, Abdulhamid II appointed some experts to examine in the lands the

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<sup>1</sup> Behice Tezçakar. "Erzurum- Pülk Oil Concessions: Discovery of Oil in the Minds and the Lands of the Ottoman Empire". MA Thesis, Istanbul/Boğaziçi University (2008), 1–2.

foreigners interested in. As a result of these examinations, Ottomans understood that their lands had great oil reserves, and foreigners were in pursuit of these reserves.

The international rivalry to control the large oil resources of the Ottomans began in the last quarter of the 19<sup>th</sup> century.<sup>2</sup> France and Britain had already been competing with each other to gain political, economic, financial, commercial advantage for obtaining concessions from the Ottoman Empire at the time.

Moreover, the Ottoman Empire was in a difficult situation due to financial control and restrictions especially from Britain and France via the Public Debt Administration. This caused the powers to have a strong position in the Empire.<sup>3</sup>

On the other hand, Germany as new dynamic power of Europe, approaching the Ottoman Empire with eager to establish good relations, emerged as a powerful rival to the other Great powers to obtain concessions from the Empire.

Abdulhamid II authorized German interest and support in the local and international affairs of the Empire,<sup>4</sup> collaborating on international projects such as the Baghdad Railway enabled Germany to obtain oil concessions and reach oil resources of the Empire to establish a modern financial infrastructure within the Empire. In that regard, the Sultan as a “sensible sovereign”<sup>5</sup> was eager to

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<sup>2</sup> The Ottoman Empire at the time had an extraordinary geopolitical position in terms of trade, underground resources and it was still an Empire owned lands in three continents. See, François Georgeon. *Sultan Abdülhamid*. Translated by Ali Berktaş. İletişim Yayınları, 2018. 13–14.

<sup>3</sup> See Donald C Blaisdell. Translated by Atif Kuyucak. *Osmanlı İmparatorluğunda Avrupa mali kontrolü*. İstanbul : T.C. Maarif Vekilliği, 1940.

<sup>4</sup> Edward Mead Earle, *Turkey, the Great Powers, and the Bagdad Railway: a study in imperialism*, The Macmillan Company, New York; 1923, chapters 2-3. See Marian Kent, *The Great Powers and the End of the Ottoman Empire*. London; Portland, Or. : Frank Cass, 1995, 11 and 112.

<sup>5</sup> Engin Deniz Akarlı. *Abdülhamid II and the East-West Dichotomy*. Bilkent University, 2018. Bilkent University Institutional Repository, 8.

manipulate the foreign intervention for Ottoman oil as a part of his “balanced policy”<sup>6</sup>, taking advantages of the rivalries among the major powers of Europe by following moderate, reasonable and tolerant policies in the international relations.<sup>7</sup>

This thesis is about the Ottoman oil concessions in the Hamidian Era (1876-1909)<sup>8</sup> and the Ottoman oil policy of the period. Ottoman statesmen who were closely related to the Ottoman state and European great powers (Düvel-i Muazzama) through their entrepreneurs asked the Ottoman authorities to obtain rights to operate oil deposits which existed in large quantities in Mesopotamia<sup>9</sup> and smaller quantities in Anatolia. However, oil as a new resource of energy became a strategic mineral for the international power struggle in the imperial territories of Abdulhamid II to supply the energy need for the rapid industrialization of the Western world. Therefore, the Sultan tried to develop an oil policy not to lose his oil reserves through vain concession rights to the foreign powers so he adopted his famous “balanced policy” regarding oil resources of the Empire as bargaining chips in international arena, while modernizing his Empire along with keeping the solidarity of oil reserves of the Empire during his reign.

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<sup>6</sup> Vahdettin Engin. *Pazarlık: İkinci Abdülhamid İle Siyonist Lider Dr. Theodore Herzl Arasında Geçen "Filistin'de Yahudi Vatanı" Görüşmelerinin Gizli Kalmış Belgeler*. İstanbul: Yeditepe Yayınevi, 2010, 4–5. And Ortaylı says “Maharetli bir dengeci” meaning dexterous balancer in politics, İlber Ortaylı. *Osmanlıya Bakmak: Osmanlı Çağdaşlaşması*. n.p.: İstanbul : İnkilap Kitapevi Yayın Sanayi ve Ticaret Aş, 2016, 132.

<sup>7</sup> Engin Deniz Akarlı, *Abdülhamid II*, 8 and 15. And see, François Georgeon. *Sultan Abdülhamid*, 475.

<sup>8</sup> Ortaylı described the period “Devr-i Hamidiye” as Hamidian Era. İlber Ortaylı, *Osmanlıya Bakmak*, 129.

<sup>9</sup> “Mesopotamia” or “Mesopotamian” terms were used refer the territory consisted of Mosul, Kirkuk, Baghdad and Basra regions of the Ottoman Empire in this research as international sources used.

First of all, I limit my research about the Ottoman oil concessions to the period of the reign of Abdulhamid II. This study also discusses the meaning of concession, the changing nature of Ottoman concessions with the increasing foreign intervention in the nineteenth century and I specifically indicate how Abdulhamid II used Ottoman oil to turn this changed nature in favor of Ottomans through oil concession. Most of the existing literatures about the Ottoman oil concessions do not focus on this aspect of the issue, showing the re-changing nature of the Ottoman concessions especially during the sultanate of Abdulhamid II is significant in order to demonstrate the structure of Ottoman oil concessions. Accordingly, some academicians argue that Ottoman concessions turned to a considerable source of both external and local interference by the Great Powers of Europe within Ottoman Empire at the time.<sup>10</sup>

Therefore, this thesis evaluates the Ottoman oil concessions as a part of Ottoman international relations. The oil concessions are crucial to discuss the relation between the concessions and the foreign intervention in the nineteenth century, showing how the Ottoman Sultan dealt with the interventions of European great powers to mitigate European demands by using concessions as a bargaining tool.<sup>11</sup>

In line with this, Abdulhamid II attempted not to lose the control of oil reserves all over the Empire as a part of his developing oil policy. The granted oil concessions were mainly utilized within the balanced foreign policy of Abdulhamid II.<sup>12</sup> The

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<sup>10</sup> Marian Kent, *The Great Powers*, 3.

<sup>11</sup> See M. Şükrü Hanioglu. *A Brief History of the Late Ottoman Empire*. (Princeton, N.J.: Princeton University Press, 2008. pp. Xii and 241.

oil concessions were implicitly used by the Sultanate to reduce the effects influence of the burden that came with foreign debt. In addition, there were considerable achievements to modernize the Empire such as railroad and telegraph lines all over the Empire during this international bargaining process for Ottoman oil reserves.<sup>13</sup>

On the other hand, the Ottoman oil policy is analysed by considering the purpose of granting oil concessions, the fortune oil seekers, the discovery of oil in the lands of the Empire, local and international concessionaries, the process of the realization of the importance of oil resources in the minds of Ottoman authorities.

Nevertheless, I discuss mineral regulations and the procedure for obtaining oil concessions in the Empire to demonstrate the process and how mineral regulations were changed to meet the changing needs for the Sultan's oil policy. In this research, I rely on the Ottoman archival sources, especially the ones about regarding the Ottoman oil concessions and policy.

I also write about the Ottoman oil concessions through railway concessions given to Germany in my study. It is efficient to evaluate Ottoman oil policy by considering the Ottoman railway concessions to show other important apparatus or scopes of Ottoman oil policy. Such a study may provide insight into the consequences of Abdulhamid II's oil policy regarding oil resources and concessions of the Empire as bargaining chips within his famous "balanced policy".

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<sup>12</sup> Engin Deniz Akarlı, *Abdülhamid II*, 12–13.

<sup>13</sup> Engin Deniz Akarlı, *Abdülhamid II*, 12–13.

## I. 2 Sources

Within the scope of this study, I used published or unpublished primary sources and documents from the Ottoman Imperial Archives. The material used in this study was obtained from the following collections of the Presidency Ottoman Archives, Cumhurbaşkanlığı Osmanlı Arşivleri (COA):

Bab-1 Ali Evrak Odası (BEO),

Cevdet Askeriye (C.AS),

Cevdet Belediye (C.BLD),

Cevdet Bahriye (C.BH),

Dahiliye Nezareti Muhaberat-ı Umumiye İdaresi (DH. MUI.),

Dâhiliye Nezareti Tesri-i Muamelat ve Islahat Komisyonu (DH. TMİK),

Dahiliye Nezareti Mektubi Kalem (DH.MKT),

Dahiliye Şifre Kalem (DH. ŞFR),

Diyarbakır Ahkam Defteri (DAD)

İrade Meclis-i Mahsus (İ. MMS.),

İrade Hususi (İ. HUS.),

İrade Orman ve Maadin (İ. OM.),

Hariciye Nezareti Tahrirat (HR.TH),

Hazine-i Hassa Tahrirat Kalem (HH. THR.),

Sadaret Divan Mukavelenameleri (A.)DVN. MKL),

Sadaret Nezaret Devair Evrakı (A.)MKT. NZD),

Şura-yı Devlet (ŞD.),

Yıldız Esas Evrakı Defterleri (YEE),

Yıldız Sadaret Hususî Maruzat Evrakı (Y. A.HUS.),  
Yıldız Sadaret Resmi Maruzat Evrakı (Y.A.RES),  
Yıldız Mütenevvi Maruzat, (Y. MTV),  
Yıldız Perakende Evrakı (Y. PRK),  
Yıldız Perakende Evrakı Umumi (Y.PRK. UM),  
Yıldız Perakende Orman Maadin Ziraat Nazareti Maruzatı (Y. PRK. OMZ),  
Yıldız Perakende Tahrirat-ı Ecnebiye Ve Mabeyn Mütercimliği (Y. PRK.TKM),  
Yıldız Perakende Evrakı Arzuhal ve Journaller (Y.PRK.AZJ).

Besides these, I used the documents related to mine regulations, which were related in the mine concessions, related taxes, concession procedures and concessionaries. These mining regulations were carried out in 1861<sup>14</sup>, 1869<sup>15</sup>, 1887<sup>16</sup> and 1906<sup>17</sup>. II. and V. Volumes of *Düstûr I. Tertip*, for 1869 and 1887 mine regulations were reached from the web collection of Grand National Assembly of Turkey.<sup>18</sup>

While telling the related chapter with the history of oil in the Ottoman lands, I especially benefited from the *Seyahatname* of Evliya Celebi.<sup>19</sup> Also, some reports

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<sup>14</sup> Cited in Özkan Keskin, “Osmanlı Devleti’nde Maden Hukukunun Tekâmülü (1861–1906)” *OTAM*, 29 (2011): 125–147, 127–130. COA. DÜİT. Nr.21/2–1.

<sup>15</sup> *Düstur I. Tertip II. Volume*, P. 317–337. For further information, look at; Volkan Ş. Ediger. *Osmanlı’da Neft ve Petrol: Enerji Ekonomi-Politiği Perspektifinden*. Ankara: ODTÜ Geliştirme Vakfı Yayıncılık, 2005, 88–93.

<sup>16</sup> Cited in Özkan Keskin, “Osmanlı Devleti’nde Maden, *Düstûr I. Tertip*, V. Volume, 886 – 904.

<sup>17</sup> Cited in Özkan Keskin, “Osmanlı Devleti’nde Maden, 135–136. COA. Y. A. HUS. Nr. 501–115.

<sup>18</sup> “*Düstur* [Tertib 1].” TBMM Kütüphanesi Açık Erişim Koleksiyonu. <https://acikerisim.tbmm.gov.tr/xmlui/handle/11543/67>.

on oil resources of today's Iraq regions from some travel books of Europeans were mentioned in the study.<sup>20</sup> Other reports of foreign experts, missionaries and geologist regarding to examine the oil reserves of the Ottomans were benefited in the related sections of the thesis.<sup>21</sup>

I should also mention Edward Mead Earle's book<sup>22</sup>, as my source for the information to tell the relation between Ottoman railway concessions and oil concessions, regarding German intervention to the Empire. The book relied on lots of primary sources of the time was published in 1923 so it can be considered as a primary source for my study. In addition to Earle, A. Fahimi Aydın's and A. Zeki İzgöer's "Osmanlı'da Petrol: Arşiv Belgeleri Işığında Bir Derleme"<sup>23</sup> (Petroleum in Ottomans: A Compilation In the Light of Archive Documents) is an important compilation of book of primary sources covering many archival documents and their transcriptions related to the history of Ottoman petroleum.

The secondary sources I used in this study about the subject can be classified topically. First, I used a large amount of sources while writing on the historical

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<sup>19</sup> Evliya Çelebi. *Seyahatname*. 6. Cilt, Zuhuri Danişman (translation), İstanbul: Zuhuri Danişman Yayınevi, 1969. See Hikmet Uluğbay. *İmparatorluktan Cumhuriyete Petropolitik*, Ankara: Ayraç Yayınevi, 2003, 5.

<sup>20</sup> Hikmet Uluğbay, *İmparatorluktan*, 28–30. Suat Parlar. 2003. *Barbarlığın kaynağı petrol*. n.p. İstanbul : Anka, 2003., 2003. 13 and 85.

<sup>20</sup> Hikmet Uluğbay, *İmparatorluktan*, 28–30. Suat Parlar. 2003. *Barbarlığın kaynağı petrol*, 13 and 85.

<sup>21</sup> Edwin, Black. *Banking on Baghdad: Inside Iraq's 7,000-year History of War, Profit, and Conflict*. Published by John Wiley & Sons, Inc., Hoboken, New Jersey (2004), p. 117.

<sup>22</sup> Edward Mead Earle, *Turkey, the Great Powers, and the Bagdad Railway: a study in imperialism*, The Macmillan Company, New York; 1923.

<sup>23</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol: Arşiv Belgeleri Işığında Bir Derleme*. Ankara: TPIC, 2014.

background of oil.<sup>24</sup> The secondary sources related to the subject are the literature on Ottoman concessions. In that group, I mainly benefited from Halil İnalçık's article<sup>25</sup>, which is named as *İmtiyazat* and Maurits H. Van Den Boogert's *The Capitulations and the Ottoman Legal System*.<sup>26</sup> I should also mention Özkan Keskin's *Osmanlı Devleti'nde Maden Hukukununun Tekâmülü (1861–1906)*<sup>27</sup> as my source for the information about Ottoman mine regulations in order to write legal infrastructure of oil concessions.

While discussing the chapter about the history of Ottoman oil concession, I used lots of secondary sources<sup>28</sup>. Especially related chapters of the master theses of Behice Tezçakar<sup>29</sup> and Ferah Çark's thesis<sup>30</sup> were used in the related chapter of my study.

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<sup>24</sup> Daniel Yergin, 2008. *The Prize: the Epic Quest for Oil, Money & Power*. New York: Free Press, 2008. ; Cevat E Taşman. *Petrolün Tarihi*, www.mta.gov.tr (20 February 2018); Kemal Lokman's and Cevat E. Taşman's studies contributed to the literature essentially. Some of the related articles in MTA magazine on the subject are as follows: Cevat E. Taşman, "Petrolün Türkiye'de Tarihçesi", *Maden Tetkik ve Arama Enstitüsü Dergisi*, (October 1949), number 39; etc.

<sup>25</sup> Halil İnalçık. "İmtiyazat" *Türkiye Diyanet Vakfı İslam Ansiklopedisi*. İstanbul, 2000. Web.

<sup>26</sup> Maurits H. Van Den Boogert. *The Capitulations And The Ottoman Legal System*, Edited by Ruud Peters and Bernard Weiss. *Studies In Islamic Law And Society*, Brill Leiden Boston, 2005. Volume 21.

<sup>27</sup> Özkan Keskin. "Osmanlı Devleti'nde Maden, 125–147.

<sup>28</sup> İdris Bostan. "Osmanlı Topraklarında Petrolün Bulunuşu ve İskenderunda İlk Petrol İşletme Çalışmaları" *Coğrafya Araştırmaları*, (1990); Volkan Ş. Ediger. *Osmanlı'da Neft ve Petrol...*; Arzu Terzi. *Bağdat-Musul'da Paylaşılmayan Miras: Petrol ve Arazi, 1876-1909*. İstanbul: Truva, 2007., 2007. Bilkent University Library Catalog (BULC); Tülay Duran. "Osmanlı İmparatorluğunda İmtiyazlar: Zımpara- Kükürt-Petrol (Neft) ve Molibden madenleri İmtiyazları." *Belgelerle Türk Tarihi Dergisi* 3 (57) (2001); Kemal Lokman, "Türkiye'de Petrol Arama Amacıyla Yapılan Jeolojik Etütler," *Maden Tetkik ve Arama Enstitüsü Dergisi* 72 (1969), pp.219–247; Kemal Lokman. "Memleketimizde Petrol Araştırmaları". Web.

<sup>29</sup> Behice Tezçakar. "Erzurum- Pülk".

<sup>30</sup> Ferah Çark, "19. Yüzyıl Osmanlı Devleti'nde Neft Ve Petrol Üretimi Ve İmtiyazları," MA Thesis, İstanbul/ Marmara University (2016).

Secondary sources regarding the international context and rivalry on Ottoman oil were utilized in the main chapter of my thesis.<sup>31</sup> In the same chapter, I mainly used İlber Ortaylı's study<sup>32</sup> while discussing oil and railway concessions to Germany. Besides, Engin Deniz Akarlı's *Abdülhamid II and the East-West dichotomy*<sup>33</sup> and Marian Kent's *Empire: British Policy and Mesopotamian Oil; 1900–1920*<sup>34</sup> were remarkable secondary sources while trying to explain Ottoman balanced policy regarding oil in the related chapter.

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<sup>31</sup> Marian Kent, *The Great Powers*, ;David Fromkin. *A Peace to End all Peace. : the Fall of the Ottoman Empire and the Creation of the Modern Middle East*. n.p.: New York : Avon Books , [c1989]., Edward Mead Earle, *Turkey*. Etc.

<sup>32</sup> İlber Ortaylı. "Abdülhamid döneminde"

<sup>33</sup> Engin Deniz Akarlı. *Abdülhamid II*.

<sup>34</sup> Marian Kent. *Oil and Empire*.

### 1. 3 Literature Review

One of the last studies on the Ottoman oil concession is a master thesis which means “Naphtha and Petroleum Production and Concessions in the 19th Century Ottoman State”<sup>35</sup> in English. This study mentions oil production, consumption, and concessions through oil business in the Ottoman Empire. This thesis focuses on oil as financial figure and diverse usage of oil in the empire, but does not examine Ottoman oil concessions and oil policy deeply. Moreover, the study is restricted with Turkish literature, heavily relying upon some secondary sources in particular besides main sources.

Another master thesis about the Ottoman oil concession is written by Behice Tezçakar.<sup>36</sup> She discusses the story of oil in the Ottoman Empire by focusing on a small oil field, Erzurum- Pülk oil and concessions. Tezçakar claims that she studied the overlooked aspect of the story of oil by examining unpublished primary sources of Yıldız collection. She defends that the granting of a concession for a small oil field like Pülk oil source shows the granting oil concession mechanism of the Empire. However, though it is possible to argue that small oil field can give essential clues to understand oil concession apparatus of the state, which possibly showed the relation network among these apparatus, an analysis of other oil fields especially bigger and more controversial ones can demonstrate a different picture. In this regard, Mesopotamian oil resources and concessions have

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<sup>35</sup> Ferah Çark, “19. Yüzyıl Osmanlı”.

<sup>36</sup> Behice Tezçakar, “Erzurum- Pülk”.

very different structural apparatus and actors than Erzurum-Pülk oil concessions according to my study thus; this argument can not be verified.

She also says the main concern of her study is to examine the State mechanisms from their different point of views to oil concessions and the relationship between the different structures like the Sublime Porte, the Council of State and the Fourth Army in the State's decision-making process. Whereas, the main actors were Sultan Abdulhamid himself and his Privy Purse while granting oil concessions according to the study. In addition, she tried to discuss these over Ottoman center-periphery paradigm within the scope of the era of Abdulhamid II.

Volkan Ş. Ediger's book *Osmanlı'da Neft ve Petrol: Enerji Ekonomi-Politiği Perspektifinden*<sup>37</sup> (Naphtha and Oil in the Ottoman Empire: From the Perspective of Energy Economy-Politics), discusses the history of oil in general and in the Ottoman Empire in particular. He also studies Ottoman oil concessions and actors who seek oil concession. Ediger's work is the most comprehensive study on this subject. However, his study did not focus on Ottoman oil policy.

Another comprehensive study related to the Ottoman oil is Arzu Terzi's book meaning "The Unshared Inheritance in Baghdad-Mosul: petrol and land, 1876-1909"<sup>38</sup> in English. Terzi studied the Mosul and Baghdad oil reserves and concessions. She argues that the Ottomans were aware of rich oil resources of the region and they aimed to operate them. Although her book is deals only the Mesopotamian oil, it can be considered a leading valuable source on the topic.

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<sup>37</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*.

<sup>38</sup> Arzu Terzi, *Bağdat-Musul'da*.

Some authors dealt with the topic in a populist manner aiming a large audience and to raise awareness about source related answers. Suat Parlar's book *Barbarlığın kaynağı petrol*<sup>39</sup> (Petrol as Source of Barbarism) and Raif Karadağ's book *Petrol Fırtınası*<sup>40</sup> (Petrol Storm) are examples of these studies. Hikmet Uluğbay's *İmparatorluktan Cumhuriyete Petropolitik*<sup>41</sup> (Pertopolitics from The Empire to the Republic) has more academic concerns than these two books. In this regard, Uluğbay's study also has a small part about Sultan Abdulhamid's oil policy. In a nutshell, He claims that Abdulhamid II had not a national oil policy but personal choices of the Sultan. Besides, Vahdettin Engin's book *Bir Devrin Son Sultanı II. Abdulhamid*<sup>42</sup> (Abdulhamid II The last Sultan of an Era) includes a part related to Abdulhamid's oil policy. However, this part of the book has the characteristics of a review telling the history of Ottoman oil during the sultanate of the Sultan.

I should also mention Marian Kent's *Oil and Empire: British Policy and Mesopotamian Oil, 1900–1920*<sup>43</sup> as a related study to my subject. Kent's study was important due to its approach on German-British oil rivalry in the Ottoman Empire. He mentions Abdulhamid's foreign policy about oil in the section, "Early Rivalries for the Mesopotamian Oil Concession". Tülay Duran's article *meaning* "Concessions in the Ottoman Empire: Emery-Sulphide-Petrol (Naphtha)

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<sup>39</sup> Suat Parlar, *Barbarlığın kaynağı petrol*.

<sup>40</sup> Raif Karadağ, *Petrol Fırtınası*, Divan Yayınları, İstanbul, 2004.

<sup>41</sup> Hikmet Uluğbay, *İmparatorluktan*.

<sup>42</sup> Vahdettin Engin, *2. Abdülhamid*.

<sup>43</sup> Marian Kent, *Oil and Empire*.

and Molybdenum Concessions”<sup>44</sup> in English is also related article seems related to Ottoman oil concessions by looking at its title. It discusses only the oil concessions granted between 1913 and 1917: Duran’s article still draws a good frame as an inception to understand the general context of Ottoman oil concession.

Lastly, the oil studies published in Maden Tetkik ve Arama Enstitüsü Dergisi (Mineral Research Exploration Institute) were efforts to the subject from a technical perspective. They are generally detailed works, which provides significant summaries of the information on oil works and operations especially in the Anatolia. Kemal Lokman’s and Cevat E. Taşman’s studies were important in regards with the Ottoman oil explorations and concessions.<sup>45</sup>

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<sup>44</sup> Tülay Duran, “İmtiyazlar”.

<sup>45</sup> In that journal, Kemal Lokman’s and Cevat E. Taşman’s studies contributed to the literature essentially. Some of the related articles in MTA magazine on the subject which were cited before.

## **1. 4 Thesis Structure**

This thesis has five chapters. First is the introduction chapter containing subject, sources, literature review and thesis structure sections of the study. In the second chapter, I discuss the historical background of oil and concession before the 20th century and, after that, the changing nature of Ottoman concessions. In the first part of this chapter, I write a short background on the history of oil before the Industrial Revolution. The second section of the chapter discusses the history of oil in early 1800s by focusing on how oil started to replace steam and coal in industrial production. In the following section, I explain that how petroleum emerged as a valuable resource in the world history. “Concession” is defined in the next section and structural content of Ottoman concessions were specified. The fifth section of the second chapter illustrates capitulation examples from the classical ages of Ottoman Empire then from the 19th century. In the last section of the chapter, I explained how the nature of concession changed in the Empire with some examples. This change in the Ottoman Empire especially during the 19th century will provide showing the changing perception of the concession regarding the Ottoman oil concessions, which is at the core of this study.

The third chapter explains the history of oil in the Ottoman lands. I discuss some examples of the usage of the oil in the Ottoman Empire to demonstrate the development of oil in the country including its history during the Hamidian Era. The following section draws on efforts to discover and operate oil in the Ottoman Empire. For this, the territory of Çengen in the vicinity of Iskenderun is very important to evaluate as the first location for oil drilling in Anatolia.

The fourth chapter of the thesis is my main chapter, where I evaluate and discuss the Ottoman oil concessions and Ottoman oil policy during the Hamidian era. This chapter has six important sections. The first one is on the Ottoman statesmen and early interests for oil concessions. The second section of the chapter analyses the mineral regulations and the procedure for obtaining concessions in the Ottoman Empire during the Hamidian era. After that, I start to discuss the international interests and rivalries over Ottoman oil resources. In the fourth section, I specifically focus on German influence and the Anatolian Railway Companies' concessions to extend my argument. The following section illustrates the 1904 Agreement and its importance for the history of Ottoman oil concessions. Finally, I try to evaluate Abdulhamid II's famous "balanced policy" regarding the oil resources of the Empire through the oil concessions as bargaining chips. After the main chapter, there is the conclusion part of my thesis as fifth chapter.

## CHAPTER II

### HISTORICAL BACKGROUND

Oil<sup>46</sup> was known as a black inflammable matter including intensive solid forms known as pitch and bitumen throughout the history.<sup>47</sup> This black substance is not a newly discovered wealth. Therefore, introducing the history of oil in a large extent is essential to establish a frame for upcoming chapters because many different civilizations, existed in those regions throughout the history, transferred their experiences on oil to the Ottoman Empire.

This chapter also analyzes the history of Ottoman concessions from the classical Age of the Empire to the 19<sup>th</sup> century with some certain examples for showing the changing nature of the Ottoman concessions. This is important to constitute the basis for explaining the perception of Ottoman oil concessions in the minds of Ottoman authorities.

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<sup>46</sup> Oil chemically consists of hydrocarbons, hydrogen and carbon. In addition, it can be in gas, liquid and solid types, according to its carbon and hydrogen ratios. It is known that crude oil is liquid phase, gaseous state is natural gas and solid state is asphalt or bitumen. See, Raif Karadağ. *Petrol Fırtınası*, 3.

<sup>47</sup> See Hikmet Uluğbay, *İmparatorluktan*, 1.

## 2.1 Oil: Before the Industrial Revolution

History of oil, as researchers indicate, goes as far back at the time of Noah the prophet. According to the religious text,<sup>48</sup> Noah caulked his ark with pitch or bitumen both inside and outside. He provided oil for this project from the Hit town, which was along the Euphrates River.<sup>49</sup> This demonstrates that using the oil is not new for human beings.

In the Middle East region, oil and its derivatives have a long history; there are archaeological data on the use of pitch and crude oil spills for various purposes in the region especially in today's Iraq. "Naptu" in the literatures of Assyria, Babylon and Elam, "İkurra" in the literature of the Sumerians, and "Neft" in the sources of Islam were used to define oil.<sup>50</sup> In addition, it is said that "nafta" or "neft" were used to describe oil and its derivatives in the Ottoman Empire.<sup>51</sup> Moreover, the word "neft" was introduced in the Ottoman language from Arabic but it is also claimed that it could be introduced from Persian.<sup>52</sup> According to R. J. Forbes, the word "nafta" was first used in Arabic language.<sup>53</sup> Therefore, it can be said that Ottomans took the word "neft" from Arabs.

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<sup>48</sup> The book of Genesis, chapter 6.

<sup>49</sup> F. R. Maunsell, "The Mesopotamian Petroleum Field", *Geographical Journal* 9: 5, May 1897. Cited in Hikmet Uluğbay, *İmparatorluktan*, 1.

<sup>50</sup> Mustafa Gökçe, "9–17. Yüzyıl," 160–172, and 160. See Ferah Çark, "19. Yüzyıl Osmanlı", 18.

<sup>51</sup> Tülay Duran. "İmtiyazlar," 64.

<sup>52</sup> Nafta; It refers to a kind of light oil spill on the ground naturally in Mesopotamia, Baku and Iran. It is a colorless, flammable and volatile liquid hydrocarbon mixture.

<sup>53</sup> R. J. Forbes, *Studies in Early Petroleum History*, Leiden, E. J. Brill, Netherlands, 1958, p.149. Cited in Ferah Çark, "19. Yüzyıl Osmanlı," 18.

On the other hand, the word “petrae-oleum” means “rock-oil” in Latin that consisted of Petra (stone) and oleum (oil) and the first use of this term was during the Renaissance era.<sup>54</sup> This material is also expressed as mineral oil, kerosene, petrol and fuel oil in today’s world, which the English call "petroleum", the French “petrole” and the word “petrae-oleum” generally comprises Western definitions of oil.

In terms of historiography, the first descriptions resembling oil appeared around 2000 B.C.E. in Babylon tablets with the word “naptu” meaning “suddenly inflammable” liquid.<sup>55</sup> Sumerian, Assyrian and Babylonian civilizations used oil, which leaked into the earth by infiltrating the cracks in the rock layers due to its own gas pressure, to make apparels, to glue mosaics, road construction, ship caulking, paint compounds preparation and medicine.<sup>56</sup> Of these three, especially Babylonia developed very effective techniques for using oil. In fact, Babylonians used oil in the shipbuilding industry by caulking ships as it was mentioned in the Hammurabi Law.<sup>57</sup>

In some sources, it is mentioned that oil in bitumen form was used in the construction of the Babylonian Gardens built by *Semiramis*, who was the Assyrian queen of the period of the founder of the Babylonian state, in B.C. 9<sup>th</sup> century. Even during the reign of Nebuchadnezzar (d. B.C.E. 562), the king of Babylon

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<sup>54</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 80.

<sup>55</sup> Cited in Hikmet Uluğbay, *İmparatorluktan*, 1. Lionel Casson, “Imagine a time when oil was only a nuisance,” *Smithsonian* December 1991, Vol. 22 No: 9 p. 109.

<sup>56</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 9.

<sup>57</sup> The Laws legislated that how oil was important and also specified charges for ship caulking, as well as the poor quality of the work. See Hikmet Uluğbay, *İmparatorluktan*, 1.

during B.C.E. 604–562, the information of “Eternal Fire” was constituted by the ignition of gas spills in the region and bitumen usage in the construction of bridges by Nebuchadnezzar, can be seen today.<sup>58</sup> Moreover, some historians argue that the reason to why the Babylonian King Marduk-Nadine-Ahhe fought a war against the Assyrians after his ascension of the throne was not only to keep the waters of the Euphrates under the control, but also to control oil resources around Hit.<sup>59</sup> This can support that argument oil was a strategic resource for these civilizations at that time.

Oil was mentioned in the writings Herodotus (d. B.C.E. 420–430). The Greek historian stated that oil was used in the construction of the walls of Babylon in his writings. In the 5th century B.C.E., he wrote that oil leaks were found around the Iranian-Kuwait border of today. Herodotus noted that local people extracted oil from wells (where the oil spills accumulated) by some sticks having some leather pieces at their tips, and they put the oil in pots as flammable products. Herodotus mentioned also that the richest oil deposits were around Hit territory among the regions he visited.<sup>60</sup> Just like Herodotus mentioned, the Mesopotamia region is still rich in oil.

In myths and traditions of Greek and Roman civilizations, petroleum coming from the leaks was assessed in various purposes. For example, *Medea*<sup>61</sup> burnt her rival

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<sup>58</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 4-5

<sup>59</sup> Cited in Hikmet Uluğbay, *İmparatorluktan*, 1. *The Cambridge Ancient History*, Volume II, Section II, Middle East and Aegean Region, p.465.

<sup>60</sup> Cited in Hikmet Uluğbay, *İmparatorluktan*, 1. (Translated Turkish to English) Lionel Casson, “Imagine,” 109.

with oil in Greek mythology. In addition, the Greek writer Plutarch (50–125) recorded that when Alexander the Great conquered in 331 B.C.E., local people of the region met him with demonstrations using oil.<sup>62</sup> Plutarch describes the show that was presented to Alexander as follows:

The road was poured in the naphtha until the headquarters of Alexander, and in the darkness of air the liquid was fired from the opposite side, and all the way was blinded to the fire.<sup>63</sup>

Oil was also used to produce weaponry in Greek history.<sup>64</sup> One of the most influential weapons of the history was “Greek Fire”, which was produced from petroleum. The easy ignition of this resource, which the Greeks obtained it by mixing oil and lime, made it possible to have great ability to cause substantial damage in wars.<sup>65</sup> The Greek fire was first produced by exploiting oil from the leaks around Al Hahr (Iraq). In the history for the first time, Greeks successfully used this weapon against Severus, the Roman Emperor from 193 to 211 to overthrow the famous siege strategy of Severus.<sup>66</sup> The Greek fire had widespread usage in later wars both on lands and at sea because some developments made it easier to use in wars. However, after the effective use of the gunpowder as a war material, oil had lost its importance as a strategic war material.<sup>67</sup> In that regard, the changing developments and tendencies in war traditions shaped the usage of oil in the history of weaponry.

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<sup>61</sup> The daughter of King of Colchis. She has some supernatural powers according to legends.

<sup>62</sup> See Hikmet Uluğbay, *İmparatorlukta*, 2.

<sup>63</sup> Cited in Hikmet Uluğbay, *İmparatorlukta*, 2. Lionel Casson, “Imagine,” 110.

<sup>64</sup> It would be used in both the Ottoman and the Byzantine Empire.

<sup>65</sup> Suat Parlar, *Petrol*, 12.

<sup>66</sup> F. R. Maunsell, “The Mesopotamian,” 2.

<sup>67</sup> Cited in Hikmet Uluğbay, *İmparatorlukta*, 2. Lionel Casson, “Imagine,” 112.

Some historians made a relation between Zoroastrianism<sup>68</sup> and the existence of oil in the Middle East. Sources claim that in the 5<sup>th</sup> or 6<sup>th</sup> century B.C.E during worshipping rituals to the “Eternal Fire” Iranians raised oil ignition.<sup>69</sup> For instance, one of the first known oil fields in the history is the *Apşeron* Peninsula in the Caspian Sea. It is likely that the continuous burning of the fire led Zoroastrianism to be established, which was regarded as the basis for good by Zarathustra.<sup>70</sup> That can prove that the “Eternal Fire” created remarkable religious meaning/effect on people who lived in the region.

Besides, Noah the prophet claimed to caulk his ark with pitch or crude oil, Moses the Prophet was correlated with history of oil. According to Niyazi Acun’s study, the mother of Moses left him in the Nile by putting him to a paved basket in clay and pitch at the time of the birth of Moses. Jews also traded the oil by selling pitch that had obtained from the Dead Sea.<sup>71</sup> Therefore, some sources indicated that oil was used a commercial commodity during the time of Moses the Prophet.

There are other civilizations, which dealt with oil for other purposes. For example, it is a well-known fact that the oil obtained from the fields in the Libyan deserts was used in the mummification of pharaohs in the classical Egyptian civilization.<sup>72</sup> In addition, Arabs melted the asphalt and obtained kerosene for lighting purposes in the Middle East.<sup>73</sup>

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<sup>68</sup> Religion of the worshipers of the fire.

<sup>69</sup> Volkan Ş. Ediger, *Osmanlı’da Neft*, 9.

<sup>70</sup> Cited in Ferah Çark, “19. Yüzyıl Osmanlı,” 19. Daniel Durand, *Milletlerarası*, 10.

<sup>71</sup> Niyazi Acun, *Dünya Petrol Tarihi ve Türk Petrolü*, 28.

For the centuries after Islam, there were many Muslim travelers and observers who wrote about their travels books mentioning the existence of oil in the Middle East. For example, *Ebu İshak İbrahim bin Muhammed El-Farisi* (d. 990s) an Arab geographer mentioned the oil deposits around Baku in his travel book, *Countries and Occupations* in 951.<sup>74</sup> *Şemseddin Ebu Abdullah Mukaddesi* (d. unknown) another Arab geographer noted the existence of oil resources in Darap city of Iran, in his book *The Most Beautiful Partition in the Science of Climate* in 985. He denoted that these oil resources were found in a particular cave and collected for the needs of Shiraz Palace.<sup>75</sup> These sources are important to indicate that oil was known in the Muslim world. Besides these geographers, “neft” or “nafta” had been discussed in the studies of the Muslim scholars and historians especially after 9th century; such as *Belazûrî* in 9<sup>th</sup> century, *Ebu Dülef* in 10<sup>th</sup> century *Cüveynî* in 13<sup>th</sup> century, *Kazvinî* in 14<sup>th</sup> century, *Evliya Çelebi* 17<sup>th</sup> century and *Kâtip Çelebi* in 17<sup>th</sup> century.<sup>76</sup>

On the other hand, European travelers like Marco Polo in 13<sup>th</sup> century discussed *neft* production in the Middle East especially around the Caspian Sea.<sup>77</sup> For example, Marco Polo described that some oil cargos around Baku were shipped

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<sup>72</sup> See Hikmet Uluğbay, *İmparatorluktan*, 2.

<sup>73</sup> Cited in Ferah Çark, “19. Yüzyıl Osmanlı,” 19. Bumin Gürses, “Petrol Konusunda Genel Bilgiler,” *Madencilik Dergisi*, Ağustos 1968, volume 7, number 3, 175–180.

<sup>74</sup> In 1225, Yakut el-Musta’simi in his book which was titled the *Mujam al-Buldan*, gave more detailed information on oil sources in the region by specifying that daily production of the naphtha is a thousand dirham worth. Moreover, it expresses that the naphtha is in the fire by the reason of continuous flow. Cited in Hikmet Uluğbay, *İmparatorluktan*, 2.G. Le Strange. *The Lands of Eastern Caliphate*, Frank Cass and Co. Ltd. 3Ed. 1966, p:180–181.

<sup>75</sup> Cited in Hikmet Uluğbay, *İmparatorluktan*, 2. G. Le Strange, *The Lands*, 289.

<sup>76</sup> Mustafa Gökçe, “9–17. Yüzyıl,” 160.

<sup>77</sup> Mustafa Gökçe, “9–17. Yüzyıl,” 160.

and analyzed these resources as “not good to use with food” but well to burn.<sup>78</sup> It can be concluded that oil was known resource used in many different civilizations for different purposes throughout the history before the Industrial Revolution.

## **2.2 Oil: Early 1800s**

From the 18<sup>th</sup> century to the beginning of the 19<sup>th</sup> century was a significant period of time for human being with the emergence of industrialized types of productions. Mining coal-powered furnaces had been used instead of wood-burning quarries. Stronger steel tools had been used in place of wood or iron tools in the agriculture; and steam output as a new source of power was discovered in the production industry,<sup>79</sup> thus technological and complex machines had been started to be used for the industrial production.

This period was named as a period of Industrial Revolution, which had increased production volume and correspondingly, growing demand for energy resources.<sup>80</sup> Therefore, various raw materials and energy resources were needed to ensure the continuity in the Industrial production.

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<sup>78</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 23. David White, “Outstanding Features of Petroleum Development in America,” *AAPG Bulletin* 19, no. 4, (1935), 469–502.

<sup>79</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 11.

<sup>80</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 6.

After the Industrial Revolution, industrializing countries started to seek alternative energy resources to coal as a response to the growing demand for energy. Oil, which was used only in premature forms of utilizations, emerged an alternative energy resource in the late nineteenth century. Afterwards, oil would replace coal and steam power as an essential energy resource. Especially after the mid 19<sup>th</sup> century, oil usage would become widespread and more efficient. Complicated machines working with oil would be used instead of simple machines which worked with steam power and coal.<sup>81</sup> In that way, oil would become a valuable asset in the industrial production.

### **2.3 Emergence of Petroleum as a Valuable Asset**

An American George Bissell, who was a lawyer in New York, first raised the idea of oil search, operation and gaining a commercial profit from this resource.<sup>82</sup> Bissell thought that oil was an important and promising commodity for the investment. In an effort to investigate its potential for trade, Bissell and his partners<sup>83</sup> wished to know whether oil could be used for the function of coal oil or whale oil, which was widely used in various fields at the time.<sup>84</sup>

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<sup>81</sup> Raif Karadağ, *Petrol Fırtınası*, 5–12.

<sup>82</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 80.

<sup>83</sup> This group of investors would establish “Pennsylvania Rock Oil Company”.

<sup>84</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 80.

Bissell asked his friend Professor Benjamin Silliman Jr. at Yale University to analyze the oil, his team discovered in the Oil Creek region of Pennsylvania. Professor Silliman Jr. was known as one of the most respected scholars at the time in physics and chemistry.<sup>85</sup> His report, dated on April 16 1855, claimed that oil is a promising energy resource and was released to the partners.

In the report, Silliman highlighted the significant potential with new uses for rock oil. Silliman wrote to the partners “a very high-quality illuminating oil.” Silliman added “...they may manufacture very valuable products”<sup>86</sup> for energy from oil. Therefore, this report was the most persuasive proof for the enterprise, which contributed to the establishment of the company named Pennsylvania Rock Oil Company. This report also showed that it was suitable to produce kerosene with very good quality of rock oil and that this resource should be used in other areas to generate energy.<sup>87</sup> Silliman’s study was very comprehensive for further projects for oil resources.

This report was a turning point as Daniel Yergin<sup>88</sup> also noted, “a turning in the establishment of the petroleum business” in commercialization of the use of oil.<sup>89</sup> Thus, Silliman’s analyses established the necessary ground for the commencement of commercial search for petroleum.

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<sup>85</sup> Daniel Yergin, *The prize*, 4.

<sup>86</sup> This report cited in Daniel Yergin, *The prize*, 6.

<sup>87</sup> See Volkan Ş. Ediger, *Osmanlı'da Neft*, 81.

<sup>88</sup> He is a leading writer on energy and geopolitics, and evaluated this report.

<sup>89</sup> Daniel Yergin, *The prize*, 6.

On the other hand, Bissell was considering using “the salt drilling technique”<sup>90</sup> to search oil resources, which was applied in China. Edwin L. Drake<sup>91</sup>, a retired conductor from a railway company, was preferred for the application of this technique. In 1859, the first commercial oil drilling in the world history was carried out by Drake at Oil Creek in Titusville, in the state of Pennsylvania USA.<sup>92</sup>

In terms of the oil production, which was 282 tons per year in those years, it would exceed 20 million tons in the early 20th century.<sup>93</sup> In that regard, 1860s can be called kerosene production period for illumination purposes.<sup>94</sup> The oil production rapidly increased after the realization of its potential as an energy resource.

**Table 1:** World Oil Production between 1857 and 1940.

<b>YEARS</b>	<b>BARRELS</b>	<b>TON</b>
1857	1.977	282
1860	508.578	72.652
1865	2.715.524	387.932
1870	5.799.214	828.459
1875	9.977.348	1.425.335

<sup>90</sup> This technique was first used in China for drilling and after some modifications, this technique could be used to drill oil.

<sup>91</sup> He was known as Colonel Drake.

<sup>92</sup> Daniel Yergin, 2008. *The prize*, 11.

<sup>93</sup> Daniel Yergin, 2008. *The prize*, 11.

<sup>94</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 27.

**Table 1 (Continued).**

1880	30.017.606	4.288.229
1890	76.632.838	10.947.548
1900	149.132.116	21.304.588
1910	327.937.629	46.848.023
1920	694.824.000	99.264.837
1930	1.411.904.000	201.700.000
1940	2.147.915.000	306.845.000

**Source:** Cevat E. Taşman, 11, 12 and 13.<sup>95</sup>

In early 1900s, oil gained more importance due to the increase in usage of oil engine for industrialization, mechanization and automotive industry. There have been many developments in the different fields along with the industrial revolution. For example, oil had been refined and used for illumination.<sup>96</sup> The extracting oil by drilling under human control had encouraged the idea that it could also be used in new areas like its use as a fuel for engine, which burns the fuel to create energy.

The main increase in oil production occurred with the development of the motor vehicle industry such as cars, trucks and planes.<sup>97</sup> In the late 19th century, major developments such as the discovery of gasoline-powered vehicle made it possible to enhance the use of oil with enormous numbers. For example, in 1910, sales of

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<sup>95</sup> Adopted from Cevat E Taşman. *Petrolün Tarihi*, www.mta.gov.tr (Accessed: 20 February 2018), 11 12 and 13.

<sup>96</sup> See Ferah Çark, “19. Yüzyıl Osmanlı,” 28.

<sup>97</sup> Tülay Duran, “İmtiyazlar,” 64.

gasoline passed kerosene sales with developing automotive industry and spread of electricity use in the US. In the 1940s, oil production reached 300 to 500 million tones per year, and the production at this gigantic scale continued to increase.<sup>98</sup> Consequently, the struggle for acquiring territories with oil resources has begun with these emerging developments. Oil gained more value with the developments of mechanization.

The oil business was based on capital by its nature. Also, it was known that affiliates in oil exploration have significant risks to lose great amount of capital to reach the oil resource in a well, but also the quality of the oil. In that regard, the history proved that big companies like Standard Oil of USA or British Petroleum of Britain, which have hegemony in the process from the oil exploration to the production, dominated this sector.<sup>99</sup>

Accordingly, the rising importance of the oil industry has not escaped from the attention of major investors. The Standard Oil Company, which was established by John D. Rockefeller<sup>100</sup> in 1870, had controlled 80% of the refinery market and 90% of the oil pipelines in the USA.<sup>101</sup> This company, which was the strongest of the Seven Sisters<sup>102</sup>, hired spies all over the world to seek oil resources.<sup>103</sup> These

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<sup>98</sup> Necmettin Acar, "Petrolün Stratejik," 5. See Ferah Çark, "19. Yüzyıl Osmanlı," 29.

<sup>99</sup> See Ferah Çark, "19. Yüzyıl Osmanlı," 27–28.

<sup>100</sup> Daniel Yergin, *The prize*, 20–21.

<sup>101</sup> Daniel Durand. *Milletlerarası*, 26–27.

<sup>102</sup> Anglo Persian Oil Company (British Petroleum), Gulf Oil, Standard Oil of California (Chevron), Texaco, Royal Dutch Shell, Standard Oil Company of New Jersey (Exxon), and Standard Oil Company of New York or Socony (after merging with Exxon become ExxonMobil). For further information, see Daniel Yergin, *The prize*, chapter I.

“sisters” consisted of seven big companies, which controlled the world oil market from the last quarter of the nineteenth century to the first quarter of the twentieth century. Five of these companies were the cooperations of the Americans and one of them was established under the control an English cooperation. Last one was known Royal Dutch Shell, multinational oil company established in the cooperation of the English and the Dutch.<sup>104</sup>

There were a rivalry between these companies like countries, and each used every means to prevent others from discovering new resources of oil.<sup>105</sup> This proves that oil turned to a valuable asset causing international conflicts before even 20<sup>th</sup> century. When the history of industrialized countries is examined, they generally struggle with other countries to acquire natural resources especially oil, because oil has become the most precious and unrivaled raw material of the world. Because of these rivalries, revolutions and instabilities have been seen in the countries, which have rich oil reserves. These countries could not have stable structures especially in the Ottoman Middle East.

Consequently, oil has gained the character of a material that can be turned into money and power politically, militarily and economically since the late 19th century.<sup>106</sup> Its future was precisely diagnosed as “Oil is the power to control the

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<sup>103</sup> It can be said that they must have sent its spies to the Ottoman territories to try to be the first to identify oil sources in the Middle East.

<sup>104</sup> Behice Tezçakar, “Erzurum- Pülk,” 27.

<sup>105</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 63. Antony Sampson, *The Seven Sisters: the Great Oil Companies and the World They Shaped*. (New York: Bantam Books, 1976), p. 31.

<sup>106</sup> Tülay Duran, “İmtiyazlar,” 63.

world.”<sup>107</sup> Today; almost all working machines, vehicles or industrial instruments are related with oil and even wars are being fought for it and by using it. Along with these developments, efforts have been started to explore oil and obtain oil concessions in many parts of the world,<sup>108</sup> especially in the Ottoman territories.

## 2.4 The Concept of Concession

Concessions<sup>109</sup> are usually based on slow but steady colonization policies of the Great States of Europe. These policies generally are composed of obtaining operation rights of natural underground or overland resources, transportation and finance sectors, as well as free trade privileges from underdeveloped or developing countries.<sup>110</sup> In this context, these powerful states politically and economically established pressures on the governments to increase or stabilize their investments.<sup>111</sup> In that regard, the concessions had served the interests of the state that obtained concessions rather than the state that granted it.<sup>112</sup> Therefore, it is hard to find equally mutual benefits in the concession agreements.

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<sup>107</sup> Raif Karadağ, *Petrol Fırtınası*, 15.

<sup>108</sup> Hikmet Uluğbay, *İmparatorluktan*, 1 and 31–33.

<sup>109</sup> Literally, concession is a treaty or legal right whereby one state permitted rights to another state in order to exercise extraterritorial authorization over its own lands within the scope of international law.

<sup>110</sup> Halil İnalcık, “İmtiyazat,” 245–246.

<sup>111</sup> Halil İnalcık, “İmtiyazat,” 245.

<sup>112</sup> Maurits H. Van Den Boogert, *The Capitulations*, Volume 21.

Concessions have generally created an unfair competition environment in the concession granter country because granted concessions make “foreign” concessionaires<sup>113</sup> more privileged than local actors have. For this, the local merchants preferred to operate their business under the patronage of concessionaires in order to benefit from the status of privileged merchants.<sup>114</sup> Therefore, this weakens the dominances of the granter state in economy, business and trade within the state. Concession agreements also guarantee untouchableness of concessionaires for their lives, properties, homes and work in a particular frame.<sup>115</sup> In that way, the provided commercial and legal privileges to concessionaires were regulated widely.

## **2. 5 Concessions in the Ottoman Context**

The term concession is known as capitulation from French in the scope of Ottoman history but Ottomans named the term as *imtiyaz*, which was related to commercial concessions and rights to Western merchants and countries. The most important condition of giving a concession was that concession requesters should apply with the promise of friendship and loyalty to the Ottoman Empire. Indeed, this had always been pointed out in the first line of the agreement related to the

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<sup>113</sup> A person, an establishment or a country that has been given the right to have a privileged business in a particular place. See Edwin Black, *Banking on Baghdad*, 108.

<sup>114</sup> Halil İnalçık, “İmtiyazat,” 245.

<sup>115</sup> Halil İnalçık, “İmtiyazat,” 245.

subject.<sup>116</sup> Moreover, Ottoman capitulations were granted as signs of “favour” on the part of the Sultan as response to loyalty and sincerity of concession requesters.

Substantial types of legal documents regarding concessions can be found in the Ottoman Empire. If the concessionaires guaranteed that they would keep peaceful relations with the Ottoman Empire on the condition that they kept their word as it was written, the Sultan in his turn granted the implementation of the capitulations.<sup>117</sup> This was known as *ahidname*,<sup>118</sup> “letter of promise”. These concession agreements were regulated in the form of *berat*.<sup>119</sup> The conditions of the *ahidname* were clearly written and sent to the Ottoman local authorities such as *kadi* and *beylerbeyi* in the regions mentioned in the concession assigned in the granted concession region.<sup>120</sup> The conditions were clearly ordered to be obeyed in a firman. As was the case with *berats* and *ahidnames*, all agreements of the concessions were limited with the lifetime of the Sultan who granted it. If the following Sultan approved these capitulations, they would be renewed.

The Sultan gave these concession rights unilaterally. However, Ottomans expected political benefits, friendship and alliance from the foreign state requesting concessions, regarding economic and financial interests of the Empire.

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<sup>116</sup> In the Ottoman Empire, the principles of Islamic law especially Hanafi sect of Islam were always respected and considered while giving capitulations to the Westerns. the Ottoman concessions were not issued out of the principles of Islamic law. For example, if there was an issue between *müste'men* (A foreign merchant who has concession rights) and a Muslim, a related fatwa had to be taken to solve the issue. Halil İnalçık, “İmtiyazat,” 246.

<sup>117</sup> Maurits H. Van Den Boogert, *The Capitulations*, 19.

<sup>118</sup> In the Arabic *ahd* means promise, with the Persian name means letter. See Maurits H. Van Den Boogert, *The Capitulations*, 19.

<sup>119</sup> A kind of document of licence in Ottoman Empire.

<sup>120</sup> Halil İnalçık, “İmtiyazat,” 246.

For instance, these expectations included an alliance in the Christian world and the provision of raw materials or produced goods that were needed by the Empire.<sup>121</sup> If the Sultan did not see any mutual benefit, he could cancel *ahidname* of concession by indicating that the friendship and the sincerity of the concessionaires that existed before were broken and violated.<sup>122</sup> The mutual benefit was the basic expectation of the Ottomans while granting concessions.

As to how and to whom concessions were granted, first concession in Ottoman history was granted Genovese.<sup>123</sup> Although this text is lost, there is an *ahidname* dated 7 June 1387 as *İnalçık* noted. The Ottomans had good relations with the Genovese who were fighting with Venice at the time when Ottomans captured Rumelia in 1352.

In 1400s, Ottoman Sultans granted many capitulations to Venice. For instance, there was a concession agreement between Venice and Murad I of the Ottoman Empire in the peace treaty of 1419.<sup>124</sup> Bayezid II renewed these concessions to Venice in 1481 and 1503.<sup>125</sup> These capitulations were granted by Selim I in 1513

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<sup>121</sup> They would also pay attention to issues such as increasing customs revenues and providing robust cash to the Ottoman treasury. For Further Information, see Halil İnalçık, “İmtiyazat,” 246. See Maurits H. Van Den Boogert, *The Capitulations*, 19 to 21.

<sup>122</sup> Halil İnalçık, “İmtiyazat,” 246.

<sup>123</sup> Halil İnalçık, “İmtiyazat,” 247.

<sup>124</sup> After his father, Bayezid I used these trade concessions in diplomacy by prohibiting or permitting the export of cereals to Venice. Halil İnalçık, “İmtiyazat,” 248.

<sup>125</sup> Venice had the privileges of trading in the Black Sea in addition to the previous concessions. After 1503 the Ottoman peace treaty with Venice, the concessions were further expanded

and renewed again by Suleiman the Magnificent in 1521.<sup>126</sup> These concessions were granted to Venice as signs of peace.

The concessions granted to Venice would be used as models for upcoming concession rights to the European states. However, this claim was a bit exaggerated according to *Halil İnalçık*. In this respect, *İnalçık* stated that the Ottomans adopted applications of the Anatolian principalities, which were established in the region after the collapse of Anatolian Seljuk Sultanate, more extensively while giving concessions to Europeans.<sup>127</sup> In addition, he noted that the value of the concessions increased remarkably after conquering of Mamluk lands. For example, Selim I correspondingly renewed the granted concessions of the Mamluk Sultans to Venice in 1517.<sup>128</sup>

Until the 18th century, the Ottoman Sultans unilaterally granted all concessions of the Ottoman Empire. As an exception, the capitulation of 1569 to France, which laid the foundations of *ahidname* by Suleiman I in 1536, was in the form of a treaty between the two sides. Therefore, *İnalçık* argues that this concession was the first actual Ottoman concession according to *İnalçık*.<sup>129</sup>

Shortly, the main expectation of the Ottoman Sultans was to find allies in Europe, while giving these concessions.<sup>130</sup> Until the end of the 18<sup>th</sup> century, Ottomans

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<sup>126</sup> Halil İnalçık “İmtiyazat,” 248.

<sup>127</sup> Halil İnalçık “İmtiyazat,” 248.

<sup>128</sup> Halil İnalçık “İmtiyazat,” 248.

<sup>129</sup> Halil İnalçık “İmtiyazat,” 248.

continued to keep its traditional attitude in the commercial relations with states of Europe. Concessions to the foreign states were not big threats to the economy of the Empire because the Ottoman authorities were mainly in a strong position to prevent attempts of economic abuses and harms.<sup>131</sup> However, European states would begin to exert pressure on the Ottoman Empire in the 19<sup>th</sup> century, which they would name as “sick man of Europe”, to gain more concessions.

## 2.6 The Changing Nature of Concessions

After the Industrial Revolution, Western states especially Britain were trying to benefit from the Ottoman lands through establishing beneficial, safe and stable market in order to meet their needs including raw materials and new markets. Britain succeeded in this matter by taking advantage of the internal upheavals in the Empire with the *Balta Limanı* Agreement of 1838. This commercial agreement was a milestone concession that indefinitely confirmed the substantial concession rights to Britain and decreased taxes in the imported goods while imposing 9% custom tax on exports. This 9% tax caused substantial damage to the Ottoman production sector. In addition, Ottomans abolished the old trade restrictions of Britain in the Empire through this treaty.<sup>132</sup> This concession agreement triggered other treaties with similar conditions between Ottomans and

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<sup>130</sup> Halil İnalçık, “İmtiyazat,” 249.

<sup>131</sup> Halil İnalçık, “İmtiyazat,” 250.

<sup>132</sup> Halil İnalçık, “İmtiyazat,” 251.

other European countries like France and Holland in the following years,<sup>133</sup> which caused the increase of the export of raw materials to Europe and these raw materials were sold back to the Empire as manufactured goods with high prizes.

After these commercial agreements, the capitulations increasingly started to be detrimental to the Ottomans. In addition, the commercial agreements and the concessions between the Ottomans and Europeans were prepared bilaterally as negotiated agreements.<sup>134</sup> It can be concluded therefore that the commercial agreement of *Balta Limanı* specified the end of the traditional Ottoman concession system.<sup>135</sup>

On the other hand, *Halil İnalçık* claimed that the Ottoman statesmen of the *Tanzimat era*<sup>136</sup> strongly believed in that the fundamental step of the recovery of the Ottoman Empire could be abolishing the foreign concessions. For this purpose, they investigated solutions to prevent harms of these concessions while taking precautions in the administration and the judicial system through Westernization policies. For instance, Ottoman political leaders like Ali Pasha (d.1871) hoped that becoming a member of the community of European nations

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<sup>133</sup> Charles Issawi, *The Economic History of the Middle East, 1800–1914*, 65–90.

<sup>134</sup> See "Capitulations, Middle East." *Encyclopedia of Western Colonialism since 1450*. *Encyclopedia.com*. (Accessed, June 21, 2018).

<sup>135</sup> In this way, the Ottoman concessions started to be granted at the request of the foreign powers and Ottomans were obligated to respond these demands as a financially vulnerable state.

<sup>136</sup> The era refers to the attempted administrative reorganization of the Ottoman Empire between 1839 and 1876.

would ensure the abolition of concessions. However, concession treaties would be renewed in 1861-1862, only some changes were made over customs rates.<sup>137</sup>

Unlike İnalcık's claim, some of the Ottoman statesmen like Mustafa Reşid Pasha (d.1858) and Keçecizade Mehmet Fuat Pasha (d.1869) believed that there was not a significant danger in allowing Europeans greater access to the market of the Empire and was borrowing money from them as long as they respected the sovereignty of the Ottoman Empire.<sup>138</sup>

Accordingly, in an edict of 1867, it was stated that foreigners were allowed to buy/acquire properties in the Empire and they could act under same economic and legal conditions that Ottoman subjects had. According to the interpretation of the French ambassador of the time, this was a very crucial concession that provided unlimited rights to operate mines, agricultural and forestry assets of the Empire for Europeans.<sup>139</sup>

The Western involvement and aspiration to the Ottoman Empire remarkably increased during the period of the late 19<sup>th</sup> century. European embassies and representatives were established all over the Ottoman regions to support the interests of their merchants and missionaries.<sup>140</sup> Therefore, there were political, financial and military pressures of the colonial Empires of Europe over the

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<sup>137</sup> Halil İnalcık, "İmtiyazat," 251.

<sup>138</sup> See "Capitulations, Middle East."

<sup>139</sup> Cited in Halil İnalcık, "İmtiyazat," 251. *Düstur*; I, 230.

<sup>140</sup> See "Capitulations, Middle East."

Ottoman Empire,<sup>141</sup> behind the exploitation trials through the concessions and missionary activities.

After all the aforementioned changes in the nature of the Ottoman concessions, the sultanate of Abdulhamid II was also a significant period in terms of Ottoman attitudes towards the Ottoman concessions. Abdulhamid II would not reject the concession demands by foreigners, nor would he embrace these demands. He tried to manipulate substantial concessions or new granted concessions regarding oil concessions of the Empire to establish his “balanced policy” between Great powers.<sup>142</sup> He had his own agenda for these foreign interventions through concession demands. Thus, the Ottoman concessions in the Hamidian Era, especially the oil concessions, would become an instrument for developing policies in the international arena.

Consequently, the Ottoman concessions were not only related with international politics and diplomacy or commercial relations of the Empire, they also regulated contacts of the Ottoman Empire with foreigners during the classical age of the Empire.<sup>143</sup> Nevertheless, the concessions turned to a significant source of European intervention in the affairs of the Empire in the 19<sup>th</sup> century.<sup>144</sup> In that regard, Abdulhamid II adopted a different approach towards concessions in response to these interventions. The oil concessions were considered and employed by the Sultan to gain leverage in the international arena. The functions

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<sup>141</sup> Halil İnalçık, “İmtiyazat,” 251.

<sup>142</sup> For this policy look at chapter four. See Marian Kent, *Oil and Empire*, 9.

<sup>143</sup> See Maurits H. Van Den Boogert, *The Capitulations*, 6.

<sup>144</sup> Marian Kent, *The Great Powers*, 3.

of the Ottoman concessions therefore was redefined by Abdulhamid II's oil policy and oil concessions as tools of foreign policy.

## **CHAPTER III**

### **HISTORY OF OIL IN THE OTTOMAN LANDS**

This chapter discusses the history of oil in the Ottoman Empire, the rising awareness of its importance during the Hamidian Era and lastly, the early efforts to discover and operate oil/neft in the Empire in order to illustrate the story behind the Ottoman neft and its concessions from the perspective of Ottomans. Therefore, I firstly explain the history of oil in the Ottoman lands and the development of oil use and the increasing awareness of its strategic importance in the Ottoman Empire during the Hamidian Era. After that, I focus on the Iskenderun oil operation in 1887 to indicate how and why Ottoman oil operations started in the Empire.

My aim is to show that European interest considerably increased in potential oil resources of the Ottoman regions towards the end of the 19<sup>th</sup> century. In response to this, Abdulhamid II tried to develop an oil concession policy by increasing his personal control over the oil reserves. To ensure this, the Sultan granted concessions to people who would act under his control.

### 3.1 Oil in the Ottoman Empire (Before the Hamidian Era-1876)

Throughout history, *neft*<sup>145</sup> has a wide range of use from illumination to weaponry.<sup>146</sup> It was also used in medicine besides shipping and lighting. For example; *aktars* (herb and spice sellers) provided *neft* and its kinds for the medical treatments such as tuberculosis.<sup>147</sup> They were part of daily life of the Ottoman Empire for centuries.

There are several documents that mention the use of *neft* oil during the conquest of Istanbul. It was alleged that the blue flame balls, which were made from *neft* oil or bitumen, were fired by *levents* (Ottoman marines) during the siege of Constantinople, from nearby “Kızkulesi” (The maiden's tower).<sup>148</sup> This document proves that *neft* was used by Ottomans as a weapon in 15<sup>th</sup> century.

*Neft* was mentioned in the *kanunnames*<sup>149</sup> issued before the 17th century, in the documents related to tax, which was collected from its trade. In that regard, there were some articles in the aforementioned laws, referring how much tax will be taken from its trade in the period of Selim I.<sup>150</sup> The decrees related to various

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<sup>145</sup> Neft is a common name given to most of the flammable liquids formed by the decomposition of organic compounds. Neft oil, as a term, meets the meaning of Naptha in Ottoman understanding, also, existing literature generally uses Neft Oil to explain Naptha- Petroleum (Oil). Many different civilizations existed in Ottoman lands transferred their experiences on oil usage to the Ottoman Empire.

<sup>146</sup> Suat Parlar, *Petrol*, 11.

<sup>147</sup> Artin Asaduryan and Mehmed Fuad “Veremin Petrol ile Tedavisi” *ISAM Osmanlıca Makaleler*.1310. İstanbul Ma'lumat Vol: I: 18, p, 142. Also, see Volkan Ş. Ediger, *Osmanlı'da Neft*, p. 29

<sup>148</sup> Niyazi Acun, *Dünya Petrol*, p. 32.

<sup>149</sup> Kanunname means Law or code of laws in the Ottoman Empire .

sanjaks of Diyarbakır province demonstrate that the value of *neft* was determined in terms of the *Ottoman akçe*<sup>151</sup> based on its weight.<sup>152</sup> For example; in a law related to *neft*, in *Amid sanjak*,<sup>153</sup> it is stated that:

... While five black akçes were taken from glass and copper loads ...  
One hundred fifty akçes were taxed from zinc, steel and naphtha  
weights.<sup>154</sup>

A load of *neft*<sup>155</sup> was valued at 150 black *akçes*, while 5 kilos of pitch and tar were being valued at 1 black *akçe* in the same *kanunname*.<sup>156</sup> This may reveal that *neft* was more valuable than pitch and bitumen at that time.

*Evliya Çelebi* (1611–1682), who was a famous Ottoman traveler, also mentioned the Ottoman oil resources and its areas of usage, in his famous book *Seyahatnâme*.<sup>157</sup> His accounts inform us that *neft* was used for several purposes throughout the Empire. *Evliya Çelebi* described *neft* mineral as musk-smelling mud or black mud. He gave detailed information about some regions having oil resources and how oil was used in these regions in the 17<sup>th</sup> century Ottoman Empire. For example, he noted the existence of oil in the fortress of Van by saying

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<sup>150</sup> Selim I ruled 1512 to 1520.

<sup>151</sup> The currency of the period.

<sup>152</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 28.

<sup>153</sup> Central Sanjak of Diyarbakır province.

<sup>154</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 28.

<sup>155</sup> The weight or a load of *neft* o means almost 100 kilograms or a camel load.

<sup>156</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 28.

<sup>157</sup> An Itinerary.

that there were linseed oil, bitumen, pitch and other various oils on different cisterns of the cave.<sup>158</sup>

*Evliya Çelebi* also indicated that *neft* oil was overflowing from rocks and flowing into a sort of big pool near the fortress of Van during his travels to Eastern Anatolia.<sup>159</sup> He explains that *neft* was being carried from oil reserves of Baku to other regions, while visiting the Azerbaijani region in 1641.

Oil was used for various purposes in the castles and countries on the eastern borders of the Ottoman Empire.<sup>160</sup> *Evliya Çelebi* specified the usage of oil in these borders:

...They take this black naphtha and burn kindling around it. When enemies attack on the soldiers, they throw quilts with *neft* and fusty things to their feet to make fire games. It is necessary for castle and city munitions.<sup>161</sup>

He also sheds light on the role of oil while defending the fortresses of Eastern Anatolia.<sup>162</sup> In addition, oil, tar and bitumen were significant raw materials for the Ottoman navy.<sup>163</sup> They have an adhesive feature for attaching planks while

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<sup>158</sup> Cited in Hikmet Uluğbay, *İmparatorlukta*, 5. *Evliya Çelebi. Seyahatname. 6. Cilt...*, 253.

<sup>159</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 35–36.

<sup>160</sup> *Evliya Çelebi* wrote that merchants from Moscow come to buy *neft*, salt and saffron in exchange for sable, squirrel etc. Hikmet Uluğbay, *İmparatorlukta*, 5.

<sup>161</sup> *Evliya Çelebi, Seyahatname. 3. Cilt, Zuhuri Danışman (translation), 298.*

<sup>162</sup> *Evliya Çelebi, Seyahatname. 3. Cilt, Zuhuri Danışman (translation), 298.*

<sup>163</sup> COA. C.BH.89/4277; COA. C.BH.95/4577; COA. C.BH.131/6370; COA. C.BLD. 3/130; COA. C. BH.115/5564.

building a ship,<sup>164</sup> thus these substances were used to increase the water resistance of ships.

*Evliya Çelebi* also explained that the Ottoman Empire benefited from oil and its derivatives in the shipbuilding industry. *Çelebi* notes the existence of an *Esnaf*<sup>165</sup> community for this industry and the shops for caulking.<sup>166</sup> While introducing various occupational groups in the Empire, he refers to the *Kalafatçı Esnafı*<sup>167</sup> as employees of sailors and he explains their work:

... They work on the sleds and caulk ships with the tombs in their hands, the scraps, and pitch mobs; there is the tar and the bitumen on their clothes...<sup>168</sup>

*Evliya Çelebi*'s accounts inform us that oil and its derivatives, such as the bitumen or pitch had a significant role in the shipbuilding industry of the Empire.<sup>169</sup> According to his notes, *neft* oil was a necessary and significant tool for the defense of the Ottoman regions in the borders.<sup>170</sup>

On the other hand, *Çelebi*'s observations reveal that there was awareness and interest of Ottoman administration regarding the oil reserves of the Empire. One of the reasons behind this effort was that oil constituted an important portion of

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<sup>164</sup> Suat Parlar, *Petrol*, 13.

<sup>165</sup> Artisan or craftsman.

<sup>166</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 29.

<sup>167</sup> A group of Caulker craftsmen

<sup>168</sup> Evliya Çelebi, *Seyahatname*. 2. Cilt, Zuhuri Danışman (translation), 241.

<sup>169</sup> Hikmet Uluğbay, *İmparatorluktan*, 5–6.

<sup>170</sup> Mustafa Gökçe “9–17. Yüzyıl,” 160–172.

the trade at the time.<sup>171</sup> *Çelebi*'s travel from *Bahçesaray*, the capital city of the Crimea, to *Kuyular* village,<sup>172</sup> proves oil was utilized in the region. During this journey in 1666, he noted:

The stop of *Kuyular* village: There are lots of natural resources in their clean soils of these villages. They take naphtha with ladles over the water and burn them in the lamps. In the Ottoman Empire, they would transfer it to *miri mal*<sup>173</sup> for the usage.<sup>174</sup>

As *Evliya Çelebi* stated they would transfer oil to *miri mal* in the Ottoman Empire. This shows that there were similar known oil resources operating in the Ottoman territories. Mine operations were conducted by *maden eminleri*<sup>175</sup> (mine trustees) who worked under the administration of the treasury.<sup>176</sup> This proves that *neft* resources provided direct income to the Ottoman treasury.

There are many documents containing information about the investigation, preservation and the use of it. For example, several archival documents<sup>177</sup> mention that oil was utilized as a raw material for *Tersane-i Amire*.<sup>178</sup> In the *Tersane-i Amire*, resin, pitch and *neft* were used for manufacturing. Most of these minerals were needed to protect the outer sides of the ships and to prolong their duration on

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<sup>171</sup> Hikmet Uluğbay, *İmparatorluktan*, 5–6.

<sup>172</sup> The village is known as region of seven wells in Crimea probably.

<sup>173</sup> State or Imperial treasury.

<sup>174</sup> Evliya Çelebi, *Seyahatname*. 2. Cilt, Zuhuri Danışman (translation).

<sup>175</sup> He was the manager of mining operations in a particular mine and appointed directly from centre.

<sup>176</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 38.

<sup>177</sup> COA. BH. 137/6619; COA. BH. 6/269; COA. BH. 131/6370; COA. BH. 143/6888; COA. BH. 164/7732; COA. BH. 115/5564.

<sup>178</sup> The naval shipyard command of Otoman Empire.

the water. As *Ferah Çark* also discussed in these aforementioned documents, *neft* oil had been sent to *Tersane-i Amire* to be used in shipbuilding.<sup>179</sup>

Another famous Ottoman author, *Katip Çelebi*<sup>180</sup> described how boats and ships were dried with shrubs and how they were caulked with the bitumen when talking about the Ottoman Navy.<sup>181</sup> He also described that it was a tradition to caulk ships three times by using oil and tar in this process.<sup>182</sup> Therefore, oil was a significant resource in ship building industry of the Ottoman Empire.

In addition to these, archival documents of 1700s demonstrate that *neft* was sent from the *Cebahane-i Âmire*<sup>183</sup> to Ur, Varna, Ibrail, Sogucak, Ozi, Trabzon, Sohum and Akkirman castles of the Empire. During the shipment, it was considered that the utmost attention should be paid on the preservation of *neft* not to waste it.<sup>184</sup> These documents also prove that *neft* was a valued resource to preserve in the Empire in the 18<sup>th</sup> century.

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<sup>179</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 58 and 61.

<sup>180</sup> An Ottoman scholar, a historian and geographer in the 17th-century Ottoman Empire.

<sup>181</sup> Cited in Ferah Çark, “19. Yüzyıl Osmanlı,” 60. Orhan Şaik Gökyay, *Katip Çelebi Hayatı Kişiliği ve Eserlerinden Seçmeler*, Ankara: Türkiye İş Bankası Kültür Yayınları, 1982, p. 163.

<sup>182</sup> Orhan Şaik Gökyay, *Katip Çelebi*, 163.

<sup>183</sup> One of the capitol quarries that constituted one of the central forces of the Ottoman Empire.

<sup>184</sup> COA, C. AS., 546/22882. Also cited in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 10 and 11. COA, C. AS, 281/11700.

Another primary source as shown by Çark indicates that *neft* was subjected to the examination at the customs.<sup>185</sup> This proved that oil was not only used in the Ottoman Empire but also traded with other neighboring countries.<sup>186</sup>

Nevertheless, *neft* was not processed in order to obtain energy as wood and wood coal were used until the nineteenth century.<sup>187</sup> Similarly, no state privileges had been granted for drilling of the state-owned oil reserves in those years yet. However, as oil was a commercial commodity used in various fields, the legal regulations of it were taken in the fields of trade and taxation according to *şer'i* (Islamic) provisions.

In that regard, the mine operation was carried out by accumulating oil in an “oil pool”, coming to the surface by itself. These operations with highly primitive methods were sometimes given to taxpayers or sometimes operated by government officials and sold to the public.<sup>188</sup> For instance, one of the first operated oil areas were in Kirkuk in this context. In 1640 during the reign of Murad IV, the rights of the operation were given to the *Neftcizade* family through a firman. The territorial borders of the field, where oil was discovered, were also introduced on the firman.<sup>189</sup> There is another archival document from 1772 revealing that *Neftcizade* family was still dominant in oil related operations in the

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<sup>185</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 64.

<sup>186</sup> This shows that the Ottoman Empire regarded *neft* as a financial resource in trade. Ferah Çark, “19. Yüzyıl Osmanlı,” 57.

<sup>187</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 30.

<sup>188</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 35–36.

<sup>189</sup> Arzu Terzi, *Bağdat-Musul'da*, 160–161.

region.<sup>190</sup> These documents indicate that Ottoman administration supported the family and gave them privileges to operate *neft* reserves of the region until the end of the 18<sup>th</sup> century. It is safe to deduce that Ottomans preferred to charge trustful local actors for the operation at the time and *Neftcizades* were one such family (their family name, Neftcizade, meant sons of oil sellers).

Besides all these, there are some other studies or reports on the Ottoman oil resources from the beginning of the 19<sup>th</sup> century to the Hamidian Era. In 1854, there was an article published in *the British Geology Journal* by William Kenneth Loftus, an advisor for the commission to establish for determining the Turkish – Iranian border. He stated that there were oil reserves near the fortress of Van<sup>191</sup> as it was mentioned by *Evliya Çelebi*. Before Loftus, Colonel Francis Rawdon Chesney has received an order from the British Parliament to research Euphrates River valley. Between 1835, 1836 and 1837, Colonel Chesney had examined the territory,<sup>192</sup> and gave detailed information on minerals and oil reserves of the region in his report.<sup>193</sup>

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<sup>190</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 8 and 9.

<sup>191</sup> Cited in Suat Parlar, *Petrol*, 14. Ekrem Göksu. *Türkiye'de Petrol*, (İstanbul: Kağıt ve Basım İşleri A.Ş.), 1967, p. 93.

<sup>192</sup> Britain Parliament asked Colonel Chesney to examine the area, through Ottoman lands, in order to look for a way to reach India in a short way. Hikmet Uluğbay, *İmparatorluktan*, 28–30.

<sup>193</sup> Lieut. Colonel Chesney. 1850 “The Expedition for the survey of the rivers Euphrates and Tigris carried on...in the years 1835, 1836 and 1837” *Royal Collection of Britain*, (London) : Longman, Brown, Green & Longmans (publisher) 4to : ill. Vol. 1 of 4. <https://www.royalcollection.org.uk/collection/1124374>.

Suat Parlar briefly listed researches related to the oil resources in Ottoman territories before 1876. According to Parlar; with an increasing interest since the 1830's, researches had been conducted in Mosul and Baghdad provinces of the Ottoman Empire. Between 1763 and 1767, Karsten Niebuhr traveled around the region. In 1809, Morier discovered the resources of the Euphrates; Rich in 1811, Ker Porter in 1818, examined the region between Baghdad and Mosul. Existence of oil in Kirkuk was mentioned in their books. Henry Blosse Lynch (1838—39) Aiswarth (1840), Rawlinson and Layard (1841), William Kenneth Loftus (1849—52) and the Cemetery Commission (1872—73) had also reported the existence of oil in the Ottoman Empire as a secondary issue within the details of their reports.<sup>194</sup> These reports were also important to indicate how oil was known in Ottoman lands by foreigners before the Hamidian Era.

Ali Suavi was one of the earliest key figures to introduce awareness to the importance of *neft* to the Ottomans by observing its uses in Europe. He was an Ottoman intellectual who lived in Paris from 1867 to 1871. When he lived in Paris, he published a newspaper, which was named as *Ulûm Gazetesi (Science Newspaper)* to introduce mainly scientific developments in Europe to Ottomans. In one Issue, he wrote some developments related with oil usage in the Europe under the title of “Discovery of the Last Year: Moving Steamboats with Neft Oil” in 1869. He stated that “In the boilers of sea and land steamboats, petrol was used instead of coal and it is more economical and efficient...” and he also explained

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<sup>194</sup> Suat Parlar, *Petrol*, 85.

of the applications in his following paragraphs.<sup>195</sup> It is clear that this “land steamboat” was used to describe locomotives in Europe and oil was started to be used as an energy resource to move vehicles in land or sea. This article proves that Ottomans learned all these significant developments and the increasing importance of neft oil in the world at the time before the Hanmidian Era.

### 3.1. 1 Mine affairs in the Ottoman Empire

Whenever a mineral had been found in Anatolia or Rumelia, a sample from the mineral was brought to Istanbul to identify its kind and quality. The samples were examined in *Darphane*. If the results of the samples were promising, the mining process was ordered. Inhabitants and villagers near the mines were assigned as workers from the neighborhoods. They were known as *küreci*<sup>196</sup>. Experienced miners from other mines were sent to start the operations.

In addition, local governors or judges could not step into the business place. When miners had court cases, judges ordered the mine trustees<sup>197</sup> to act according to the provisions of the Shari’a and not to interrupt mine operations. Mine trustees were also not allowed to go to Istanbul to conclude or follow their operations.<sup>198</sup>

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<sup>195</sup> Ali Suavi. “Keşfiyyât der-Sâl-i Sâbık. Neft ile Rapor Yürütmek”. *ISAM Osmanlıca Makaleler*. 1869. *Ulûm Gazetesi*, 16, pp: 952-953.

<sup>196</sup> Miners.

<sup>197</sup> He was the manager of mining operations in a particular mine and appointed directly from centre.

Some materials were needed for mining and exploitation, and the needs of the miners were provided from villages around. Each village had a specific amount of materials they were required to provide.<sup>199</sup> In an effort to protect the mine sites from attacks by the muggers around the mine, local *Beys*<sup>200</sup> or tribes situated around the mine regions were officially appointed to ensure the safety and continuity of the work.<sup>201</sup> In this regard, they were entrusted the safety of mines and miners.

### 3.2 Oil in the Hamidian Era

During the last quarter of the nineteenth century, the increasing popularity of oil around the world started to be felt in the Empire as well. During the Hamidian Era, oil had become a required material as part of the Ottoman daily life. For example, oil in the use of light was very common in the Empire. As Ferah Çark mentions, oil gas was used to lighten *Manastır*<sup>202</sup> streets according to the archival document dated 1906.<sup>203</sup> Some streets in Istanbul were lightened with lamps burnt

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<sup>198</sup> Vicdan Özdingiş, “Osmanlı Devrinde Madenler Ve Madenlerin İşletilmesi” *Celal Bayar Üniv. Fen ve Edebiyat Fac.* Jan, 2004, p. 4.

<sup>199</sup> Vicdan Özdingiş, “Osmanlı Devrinde,” 4.

<sup>200</sup> Strong Lord.

<sup>201</sup> Cited in Vicdan Özdingiş, “Osmanlı Devrinde,” 4. Ahmed Refik Altınay, *Osmanlı Devrinde Türkiye Madenleri, 967–1200* (İstanbul: Devlet Matbaası, 1931), 5–8.

<sup>202</sup> One of Ottoman cities in Macedonia province.

<sup>203</sup> Ferah Çark, “19. Yüzyıl Osmanlı,” 56.

with *neft* gas in 1884.<sup>204</sup> These documents prove that lighting was one of the important areas for the usage of *neft* in this period.

It was also stated that oil was considered as a burnable resource while preserving or storing it. As it would be dangerous to keep oil in shops and stores in an excess amount, storehouses and warehouses were built to preserve *neft* gas in Istanbul and 2.5% of the profits of the merchants would be charged for the *neft* gas preserved in these storehouses, according to a document dated May 7, 1883.<sup>205</sup> This document proves that, Ottomans were preparing an infrastructure even at that time to preserve *neft* in Istanbul by building large storehouses and warehouses around the city.

Another example of the operation related to the *neft* in this era was that oil was imported from the outside into the Ottoman lands.<sup>206</sup> In the beginning of 1890s, as it was demanded by *Nakkaş*<sup>207</sup> craftsmen, this imported oil in uncultivated form was supposed to be allowed to pass from Ottoman customs after the treatment of sanitary inspectors for the general benefit of the people.<sup>208</sup> These indicate that, the Ottoman Empire was importing *Neft* in those years.

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<sup>204</sup> Behice Tezçakar, “Erzurum- Pülk,” 28.

<sup>205</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı'da Petrol*,” 12 and 13.

<sup>206</sup> COA, DH. MKT. 27/33. COA, HR. TH. 129/6.

<sup>207</sup> A kind of Painter or Muralist.

<sup>208</sup> Cited in Ferah Çark, “19. Yüzyıl Osmanlı,” 64.

On the other hand, the oil resources of Mosul and Baghdad provinces started to gain importance due to activities of Mithat Pasha,<sup>209</sup> the governor of Baghdad, in the beginning of 1870s. He made a great contribution to oil operations that were held in Mendeli<sup>210</sup> city of Iraq by increasing the efficiency of the operations. He established a larger oil drilling operation in the north of the city. However, Ediger claimed that the oil production facilities in the region turned into ruins due to lack of attention after Mithat Pasha left the area.<sup>211</sup> It can be safe to assume that oil reserves of the region had not been considered as valuable as Mithat Pasha thought by the following governor of Baghdad.

Oil in the Ottoman lands began to be seriously examined by Western states in official secret missions after 1870s. For instance, the efforts of German experts in Mosul and Baghdad gave positive reports about the oil potential of the region for the first time in 1871. There was detailed information about oil operations held in Mendeli and other places in the region within these reports. Also, this report was sent by the Mosul Consul General of France to Paris.<sup>212</sup> These efforts clearly show that Germany and France were interested in the oil reserves of the region even in 1870s.

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<sup>209</sup> See Nabil Al Tikriti. "Ottoman Iraq" *The Journal of the Historical Society* 7:2 (June 2007), pp. 201-211, p. 206.

<sup>210</sup> For Mendeli oil resources, see: Orman Ma'âdin Mecmuası, 1. Sene, 1 Kanun-ı Evvel 1300, S.6, p. 221–222, Cited in Özkan Keskin, "Osmanlı Devleti'nde Yabancı Maden Mühendislerinin İstihdamı ve Osmanlı Madenciliğine Hizmetleri" *Yakın Dönem Türkiye Araştırmaları*. 11, (2017), 79–92, Web: <http://dergipark.gov.tr>. P. 85.

<sup>211</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 132.

<sup>212</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 132.

Towards the end of the nineteenth century, the interest of Europeans considerably increased in the Ottoman regions for potential oil resources.<sup>213</sup> Since, some technologies providing new facilities in order to utilize more petroleum were discovered with two developments in the late 19th century. The first development was Thomas Edison's invention of electric and incandescent bulbs in the beginning of 1880's. The second was the discovery of gasoline-powered engines.<sup>214</sup> With the rapid development and use of electricity, the value of petroleum had increased.

Accordingly, a number of secret investigations by Germans were initiated and conducted in Ottoman lands especially in the Mesopotamia region of the Ottoman Empire from the 1880s onwards. Some of these reports were written by Von Tiehlman (1875), De Morgan (1892), A. F. Stahl (1893), E. Jacguert, F. R. Maunsell and Baron Von Oppenheim. The foreign interest towards oil in the Ottoman lands increased especially after these studies.<sup>215</sup> It would be safe to assume that the Ottoman authorities were informed about some of these reports.

In the earlier years of his reign, Abdulhamid II (r. 1876-1909) had knowledge about the fact that an American, Colonel Drake, had introduced some kind of *neft*, which he called petroleum by drilling the ground with some tools. He also knew that *neft* surfaced to the ground in the various parts of Anatolia, the Caucasus, and

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<sup>213</sup> Suat Parlar, *Petrol*, 85.

<sup>214</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 117.

<sup>215</sup> Necmettin Acar, "Petrolün Stratejik Önemi," 8. And see: Suat Parlar, *Petrol*, 85.

today's Iraq,<sup>216</sup> but it was hard to predict that this black liquid would so much in demand as a source of energy within decades.

Foreign travelers, missionaries, and military specialists traveled to the Ottoman Empire to examine oil rich of the Empire while covering their identities in various costumes. These foreigners generally disguised themselves with some archaeological excavations. Abdulhamid II appointed his agents to follow these foreigners secretly,<sup>217</sup> he learned that archaeologists were geologists and they were searching and digging for oil wells.

Abdulhamid II had realized the importance of petroleum especially in Iraq as early as 1880s. For example, Necib Melhame Pasha encouraged Abdulhamid II to operate oil sites in Baghdad and Mosul by specifying that these operations can be very profitable for the Ottoman treasury in 1884.<sup>218</sup> Agop Pasha the Minister of the *Hazine-i Hassa*<sup>219</sup> (this organization was more functionalized during the Hamidian Era) conducted detailed research over the rich oil resources in Mosul and Baghdad provinces of the Empire through some Ottoman inspectors like Mehmed Bin Ahmed Arif Bey.<sup>220</sup> Abdulhamid issued three decrees, placing the oil properties of the Empire under possession of his *Hazine-i Hassa*.<sup>221</sup> The

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<sup>216</sup> Suat Parlar, *Petrol*, 84–92.

<sup>217</sup> İsmet Bozdağ, *Sultan*, 80–81; Necmettin Acar, “Petrolün Stratejik,” 8.

<sup>218</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 17 and 18.

<sup>219</sup> It was a type of Privy Purse like *Civile Liste*. For further information: Arzu Terzi. “*Hazine-İ Hassa Nezareti*”, Ankara: Türk Tarih Kurumu, 2000, p. 36. It also means estates belonging to Sultanate position.

<sup>220</sup> Cited in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 24 to 35.

operation rights of the promising oil fields of the Empire were transferred from the State Treasury to the *Hazine-i Hassa* so the potential oil reserves were taken under the control of the Sultan.

**Table 2:** Lands Transferred to the *Hazine-i Hassa* in the Hamidian Era.

<b>PROVİNCE/SANJAK</b>	<b>ACREAGE</b>
Baghdad	6.235.160
Basra	2.849.070
Mosul	17.770.368
Aleppo	5.586.060
Beirut	11.417.330
Syria	11.835.307
Salonika	197.149
Jerusalem	211.621
<b>TOTAL</b>	<b>56.102.065</b>

**Source:** Adopted from Arzu Terzi, 21<sup>222</sup>

From late 1880s<sup>223</sup> to 1898<sup>224</sup>, the lands that were suspected of having oil reserves were taken under control by the Ottoman authorities. Afterwards, oil and natural gas reserves in Bagdad, Basra, Mosul, Aleppo, Beirut and Syria were discovered

<sup>221</sup> COA, İ. HUS., 68/7. Cited in Edward Mead Earle, *Turkey*, 58. See also; Hikmet Uluğbay, *İmparatorluktan*, 47.

<sup>222</sup> Arzu Terzi, *Bağdat-Musul'da*, 21.

<sup>223</sup> COA. İ. D. Nr. 87807. 6 Feb 1889. This archival document is a firman that allows oil concessions in Mosul to be granted to the Sultan's Privy Purse. In the document, it was said that this concession was granted as oil gas emerged in the region. For transcription look at, Demir, İsmet, et al. *Musul-Kerkük ile ilgili arşiv belgeleri,(1526–1919. Haz. İ.Demir... [v.b.];Tran. N.İlemin, N.Büyükkırcalı*. Ankara: T.C.Başbakanlık Devlet Arşivleri Gn. Mdl., 1993, 1993, p. 191.

<sup>224</sup> COA. BEO. Nr. 89875.

in the following years. It can be noted that these lands were particularly chosen by the Sultan and Agop Pasha because of the experience of the Empire in *Neft* usage in aforementioned various fields for centuries.

After Abdulhamid II had the rights of the *neft* operations as a monopolistic occupation, he appointed engineers in charge of researching underground riches of the region.<sup>225</sup> For example, in the beginning of 1901, Paul Graskopf (Ghrostopnine), one of the engineers working for *Hazine-i Hassa* conducted a research in the vicinity of Mosul, Kirkuk and Baghdad.<sup>226</sup> After he made examinations throughout these provinces, he prepared a report.

Graskopf's report indicated that the region has serious oil reserves: "I have visited several oil wells all over the world, both before and after exploitation,"<sup>227</sup> also noted "but none of these have proved to be so rich. . . . I have never seen the like as yet."<sup>228</sup> The existing operations were not professional according to him but he said, "The neft rich between the Eupharates and the tigris would be the most excessive (*ziyade* in Ottoman Turkish) in terms of petroleum reserves in the world."<sup>229</sup> After his examinations, Graskopf traveled to Germany for submitting a detailed report to the German government about the oil resources of the region.<sup>230</sup>

This situation disturbed especially Ohannes Kazasyan the Minister of *Hazine-i*

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<sup>225</sup> Hikmet Uluğbay, *İmparatorluktan*, 40. And, Arzu Terzi, *Bağdat-Musul'da*, 87–89.

<sup>226</sup> Edwin Black, *Banking on Baghdad*, 117.

<sup>227</sup> Arzu Terzi, *Bağdat-Musul'da*, 21. Also, see Volkan Ş. Ediger, *Osmanlı'da Neft*, 205–207.

<sup>228</sup> Cited in Arzu Terzi, *Bağdat-Musul'da*, 21. And see; Volkan Ş. Ediger, *Osmanlı'da Neft*, 205–207.

<sup>229</sup> Cited in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 148 to 153. COA, HH. THR, 239/60.

<sup>230</sup> İlber Ortaylı, "Abdülhamid," 133.

*Hassa* at the time. Ohannes Pasha wrote a report addressing to the Sultan. He stated that Paul Graskopf did not work properly; the Empire could not provide enough benefit from him due to his incongruous acts to his task. Pasha also underlined that Graskopf was not a good engineer to be employed in *Hazine-i Hassa* and demanded that his contract should have not been renewed by saying that Graskopf started to act for his interests.<sup>231</sup> This document proves that Graskopf's correspondence with Germans apparently displeased the Ottoman authorities.

Paul Graskopf's report caused the German government to develop an interest in the Mesopotamian oil reserves. He compared the quality and abundance of oil reserves in Kirkuk with oil reserves of Baku:

There are rich oil resources around 15 kilometers in north of Kirkuk. The quantity and quality of petroleum, which are extracted and cleaned in primitive forms, is not lower than Baku oil resources. It is possible to make effective use of these resources with the railways, which will be built.<sup>232</sup>

Graskopf's report caused Germany to start getting serious about Ottoman oil. Accordingly, Deutsche Bank as a German Enterprise would try to obtain the privilege for exploring and exploiting oil in the region. Nevertheless, it was also mentioned in the report that the oil reserves in Iskenderun, Aleppo, Birecik, Urfa, Siverek and Diyarbakir were not as good as Mesopotamian reserves.<sup>233</sup>

Abdulhamid II continued to hire experts to investigate the Ottoman oil resources. As a result of these efforts, a French mining engineer, Emile Jakraz, was

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<sup>231</sup> Arzu Terzi, *Bağdat-Musul'da*, 159.

<sup>232</sup> İlber Ortaylı, "Abdülhamid," 93. (Translated).

<sup>233</sup> İlber Ortaylı, "Abdülhamid," 93.

appointed as chief engineer of the Ministry of *Hazine-i Hassa*.<sup>234</sup> He started to make his examinations in Baghdad region.<sup>235</sup> After his studies in Baghdad, he went to Mosul and Kirkuk provinces; he visited all oil reserves one by one through the region. He kept statistics and made regulatory precautions in order to operate *neft* resources effectively.<sup>236</sup> As a result of these studies, Jakraz made many determinations, advices and kept lots of statistics for the *Hazine-i Hassa*. He emphasized that oil resources in Ottoman Iraq seemed to be very rich and of good quality and that they should be operated carefully.<sup>237</sup> Emile Jakraz's reports were encouraging for further oil operations in the Empire.

On the other hand, Calouste Sarkis Gulbenkian<sup>238</sup> was assigned by the *Hazine-i Hassa* to make a comprehensive report on the oil prospects of Mosul and Baghdad Provinces around 1893–4.<sup>239</sup> He was a new graduated petroleum engineer and his father had developed an import trade for *neft* from Baku. He prepared an examination paper on the Mosul oil fields. The contact between Calouste Gulbenkian and the Sultan was Agop Pasha, the minister of the *Hazine-i Hassa*. Agop Pasha was close friend of Gulbenkian's father, and Selim Efendi who was the Turkish state minister of mines at the time. According to Edwin Black's study, they jointly wanted Gulbenkian to make a comprehensive search of the oil

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<sup>234</sup> Hikmet Uluğbay, *İmparatorluktan*, 18. And see Arzu Terzi, *Bağdat-Musul'da*, 143.

<sup>235</sup> Arzu Terzi, *Bağdat-Musul'da*, 143.

<sup>236</sup> Arzu Terzi, *Bağdat-Musul'da*, 144–145.

<sup>237</sup> The report of Jakraz on Mosul oil sources cited in Arzu Terzi, *Bağdat-Musul'da*, 143–153.

<sup>238</sup> Edwin Black, *Banking on Baghdad*, 101-103.

<sup>239</sup> Gökhan Çetinsaya, *Otoman Administration*, 39.

prospects for today's Iraq. In 1894–5, Gulbenkian rapidly prepared a report for the region.<sup>240</sup>

While utilizing previous reports about the potential oil resources of the area, Sarkis Gulbenkian presented the examination paper without himself traveling to the region (He would gain an enormous wealth from oil concessions of the region). Although Gulbenkian himself never went to the region, he stated that:

I elaborated a comprehensive report, which was nothing else than a compilation of various travelers' books . . . and particularly what I heard from different engineers of the Anatolia Railway who had been in Mesopotamia.<sup>241</sup>

Gulbenkian prepared a report advising that Mesopotamia might offer great oil deposits.<sup>242</sup> Abdulhamid II welcomed the news. In an effort to prevent foreign pressure for concession demands, he had already begun quietly transferring many Mesopotamian lands into his *Hazine-i Hassa*. The first transfer attempt of these lands was on April 8, 1889, in preparation for a railway proposal. It covered “the whole province of Mosul.” After Gulbenkian's promising report, the Sultan transferred additional parts of Mesopotamian lands to the *Hazine-i Hassa*. Palace officials sent telegrams to the provincial governors of the lands the Sultan was securing through his Privy Purse.<sup>243</sup> Prospecting activities for oil in the Empire as an important article was issued in the new budget program of the Empire in

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<sup>240</sup> Edwin Black, *Banking on Baghdad*..., 103.

<sup>241</sup> Edwin Black, *Banking on Baghdad*, 103.

<sup>242</sup> The original copy of Gulbenkian's report could not be reached in this research. However, there is a copy of his another report on Ottoman oil laws and applications in Ottoman Empiral Archives. For further information, see: COA. HR. SFR.3 654/102.

<sup>243</sup> Edwin Black, *Banking on Baghdad*, 103–104.

1902.<sup>244</sup> This indicates that potential oil revenues became a current subject of budget programs of the Ottoman Empire

Besides these, the efforts for improving/reforming *neft* resources of the Empire were seen after the potential reserves were included in the Sultan's personal estate. In that regard, the investigations and the examinations had been increasingly made for the detection of deposits to utilize them efficiently. The Ottomans aimed to find or reach experts and new methods providing the best efficiency in oil work for the welfare of the state.<sup>245</sup>

### **3.3 First Efforts to Discover and Operate Petroleum**

Petroleum explorations in the Ottoman Empire started at the end of the 19th century. These efforts were confirmed to taking concessions and obtaining or transferring licenses in the Empire.<sup>246</sup> These activities were not usually finalized due to the insufficient monetary returns of these trials.<sup>247</sup> The early oil related operations in the Empire were costly.

The territory of *Çengen* in the vicinity of Iskenderun was the first place where drillings for oil exploration were made in the Ottoman Empire. A foreign firm

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<sup>244</sup> This document was also cited in Behice Tezçakar, “Erzurum- Pülk,” 28. COA, ZB. 45/33.

<sup>245</sup> Arzu Terzi, *Bağdat-Musul'da*, 75–76.

<sup>246</sup> Kemal Lokman “Memleketimizde”.

<sup>247</sup> Ferah Çark, “19. Yüzyıl,” 65.

conducted about ten drillings but only natural gas was found in the region in 1887.<sup>248</sup> This initial attempt was disappointing for the firm. Further explorations led to the discovery of oil in the *Çengen* village (today known as Kepirce) in the *Kabaev* district of Iskenderun which was a district of the province of Aleppo at the time. Then, some oil samples from these drillings sent to Istanbul and the precise results were obtained on July 17, 1887 by the chemist Moreau. The result of the tests was positive.<sup>249</sup> As a result of that, a new question emerged who would operate this field?

According to the Ottoman Archives, the first right to drill the oil which discovered in *Çengen* village was given to Ahmed Necati Efendi in 1889.<sup>250</sup> According to an archival document dated 12 June 1889, these oil reserves were discovered by Ahmed Necati Efendi,<sup>251</sup> one of the military contractors in Iskenderun.<sup>252</sup> He asked to build the necessary plants for the liquidation of the oil resources and for permission to lay the pipelines to transport the oil.<sup>253</sup> Ahmed Necati was claiming that he was the explorer of the resource, so he applied for the rights to operate these reserves.

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<sup>248</sup> Cited in, Behice Tezçakar, “Erzurum- Pülk,” 31. Filiz Tutar, *Petrolün Bir*.

<sup>249</sup> Cevat E. Taşman, “Petrolün Türkiye’de Tarihçesi,” 14. See: İdris Bostan “Osmanlı Topraklarında,” 129.

<sup>250</sup> Kemal Lokman. “Memleketimizde”. For further information, see: İdris Bostan “Osmanlı Topraklarında,” 129–130.

<sup>251</sup> Volkan Ş. Ediger, *Osmanlı’da Neft*, 134.

<sup>252</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı’da Petrol*, 44 and 45.

<sup>253</sup> Volkan Ş. Ediger, *Osmanlı’da Neft*, 134.

Since the mining laws in terms of granting oil concessions was not previously regulated in the Ottoman Empire, this was thoroughly discussed by the competent authorities in accordance with the regulations of the present *Maâdin Nizâmnâmesi* (The mine regulation in Otoman Empire) of 1968.<sup>254</sup> The Administration of Forest and Mine decided to prepare the conditions and conventions of the oil operation and administration for *Çengen* oil reserves and the same authority also suggested that the issue should be discussed in the institutions such as *Şûrâ-yı Devlet* (The Council of State) and *Meclis-i Ali-i Vukela*.<sup>255</sup> While Ahmed Necati Efendi was continuing the work for the operation of the oil resources, the contract<sup>256</sup> was prepared in accordance with the new mine regulation of 1887. This indicates that the explored oil resource in Iskenderun directly led to Ottoman administration to prepare a new mine regulation to fulfill the need.

The contract was published on March 23 of 1889 and covered the limits of the fields where oil would be drilled, the amount of taxes to be paid, the amount and technique of production to be used. In addition, this publication specified that the activity areas should be at least 150 meters away from some structures and areas such as waterways, railways, and fountains. There were also eleven articles within the contract.<sup>257</sup> Eventually, the oil operation rights for the vicinity of *Çengen* were granted to Ahmed Necati Efendi for 75 years with the contract also including

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<sup>254</sup> Düstur Tertip 1, Vol 2, p. 318–337. See, Volkan Ş. Ediger, *Osmanlı'da Neft*, 400.

<sup>255</sup> Meclis-i Vukela is the parliament of deputies, discussing on important issues concerning the government's internal and external politics.

<sup>256</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı'da Petrol*, 44 and 45.

<sup>257</sup> This contract was examined in the Council of state on 3 May 1889. İdris Bostan “Osmanlı Topraklarında,” 130.

articles, 61, 62, 63 and 65 of the Mines Regulation of 1869.<sup>258</sup> It was also decided on November 10 1893 that; no custom duties would be taken for the construction equipment to be used in this region, which would be brought from European countries.<sup>259</sup>

While the permits for the oil operation in *Çengen* were finalized, Kostaki Yorgiyadis who was an Ottoman mine searcher, applied to the *Sadâret* office on behalf of a mining explorer group. He asked for the rights of the oil operation to be given to him. He stated that he was the first person to discover the asbestos and petroleum mines around Iskenderun when he presented his request paper to the Grand Vizier Kamil Pasha on May 19 and June 6 1889; he had no results due to some difficulties in his application.<sup>260</sup> His trials gave no fruits.

In the following years, the rights for oil operation in Iskenderun were passed on to other individuals and companies. It was known that seven and a half months after the oil concession was given to Ahmed Necati Efendi, he handed his right to a merchant Hasan Tahsin Efendi.<sup>261</sup> The Ministry of the Finance had completed the transfer on 26 January 1890.<sup>262</sup> About a year later, Hasan Tahsin Efendi wanted to transfer the right of the oil operation to the newly established Iskenderun Oil

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<sup>258</sup> This contract was examined in the Council of state on 3 May 1889. The operator will pay a total of 72,932.5 kurus every year to the Treasury for the land allocated at the beginning of March. If another mineral is discovered in this area, the operator should have applied again to the state. İdris Bostan “Osmanlı Topraklarında,” 130–131.

<sup>259</sup> COA, İ. RSM, 2/20. This document was published in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı'da Petrol*, 17 and 18..

<sup>260</sup> İdris Bostan “Osmanlı Topraklarında,” 132.

<sup>261</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 136.

<sup>262</sup> İdris Bostan “Osmanlı Topraklarında,” 131.

Company as German-British firm. In fact, Nazif Pasha the Minister of Finance of the Empire sent a paper to the Grand Vizier on 3 June 1891 about this transfer. This paper was about the transfer of the oil concession rights of the region from Hasan Tahsin Efendi to the representative of this company, Monsieur Frans.<sup>263</sup> Thus, the Ottoman authorities led Hasan Tahsin Efendi to transfer Oil concession rights to a foreign-organized enterprise. The reason behind the permission can be that the oil resources of the region did not have abundant potential as an oil field for Ottoman administration.

Although it is not known for sure, some unsuccessful results were obtained from 10 to 15 drillings made by the German-British firm in the region. However, the operation stopped because the expected results could not be achieved through the drilled wells.<sup>264</sup> This oil privilege explored and operated in the Iskenderun region was permanently abolished on January 15 1916, twenty-six years later.<sup>265</sup> In this way, the story of Iskenderun oil concessions and operations ended for the Ottoman Empire.

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<sup>263</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 136. See: İdris Bostan "Osmanlı Topraklarında,"132.

<sup>264</sup> Cevat E. Taşman, "Petrolün", 15.

<sup>265</sup> Behice Tezçakar, "Erzurum- Pülk Oil," 32.

## CHAPTER IV

### OIL CONCESSIONS IN THE HAMIDIAN ERA

In this chapter, I firstly discuss the Ottoman oil concessions, concessionaries, concession places to show the Ottoman trials to operate oil in the Empire and Ottoman mineral regulations during the Hamidian Era. After these, I discuss the increasing foreign interest over Ottoman oil resources by specifically focusing on the Anatolian Railway Companies' oil concessions and 1904 Agreement between Germany and the Ottoman Empire. These subjects were essential to build my argument. As a key section of my study, I show the perception and strategies of Abdulhamid II for Ottoman oil resources by evaluating the Sultan's famous "balanced policy" regarding the Ottoman oil concessions as bargaining chips or instruments in international relations of the Ottoman Empire.

My argument is that Abdulhamid II knew the oil reserves of the Empire were important for Europeans and he developed an oil policy within the scope of his "balanced policy" against the possible great power interventions to not lose his control over these valuable reserves. Therefore, he manipulated Europeans' aspirations through this policy especially by using German involvement to the Empire. The Sultan tried to utilise the Ottoman oil reserves through concessions as leverage for Ottoman interests.

#### 4.1 The Ottoman Statesmen and Early Interests for Oil Concessions

The enormous potential of oil within the regions of the Ottoman Empire was discovered in the late nineteenth century. Abdulhamid II added the potential oil resources, all over the *Memalik-i Mahruse*,<sup>266</sup> into his own property, Ottoman *Hazine-i Hassa*.<sup>267</sup> Many of these regions were in relatively large and fertile settlements in the Mesopotamian dominions such as Kirkuk. When the Sultan got aware of the importance of these resources, he naturally tried to benefit from the oil resources. In that regard, the Ottoman oil concessions were given to the Ottoman subjects for the first time.<sup>268</sup> These concessions were usually granted to Ottoman statesmen or entrepreneurs who were closely related to the Ottoman state.

*Çengen* village, in the vicinity of Iskenderun, was the first location to be assumed as a promising area for oil drilling in the Empire as mentioned in the previous chapter. A foreign firm conducted some drillings in 1887 and oil was discovered there.<sup>269</sup> The first right to drill for oil which discovered in *Çengen* village was given to Ahmed Necati Efendi in 1889.<sup>270</sup> He was granted to build necessary plants for the liquidation of the oil resources and; for permission to lay pipelines

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<sup>266</sup> All lands under the governance of the Sultan.

<sup>267</sup> Arzu Terzi, *Bağdat-Musul'da*, 21.

<sup>268</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 103.

<sup>269</sup> Also, it is claimed that Ahmet Necati Efendi himself discovered oil sources in the region. Cited in Behice Tezçakar, "Erzurum- Pülk," 31. Filiz Tutar, *Petrolün Bir*, 28.

<sup>270</sup> There are two maps were prepared for this oil concession granted to Ahmed Necati Efendi. COA. ŞD. 321/36. See also Kemal Lokman, "Memleketimizde".

to transport the oil from the area.<sup>271</sup> Ahmed Necati's operation right in order to drill for oil resources in this village was the first known official Ottoman oil concession.

In addition to Iskenderun, the archeological data showed that *neft* was emerging from the underground in the Van region. Oil in the region was used for various purposes and it was known by Ottoman authorities.<sup>272</sup> Accordingly, some reports indicating that there were oil reserves in Van, which were submitted to Istanbul towards the end of the 19th century.<sup>273</sup> It was also known that oil was found in the *Kürzot* area of Van's *Bargirl* region. In addition, Ishakpaşazade Tayfur Pasha in this region operated the crude oil during the Russian warfare of 1877-78.<sup>274</sup>

The first oil concession of the region was given to Armenian Nikoghos Tokmakyan, but he could not operate the oil resources. Despite the intense efforts of Tokmakyan, he had to leave the region as he could not afford the expenses.<sup>275</sup> Any professional drillings for production of oil was not carried out in the region until Tokmakyan's efforts.

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<sup>271</sup> Kemal Lokman, "Memleketimizde," 134.

<sup>272</sup> Evliya Çelebi. *Seyahatname*, 253. See Hikmet Uluğbay, *İmparatorluktan.*, 5.

<sup>273</sup> Ferah Çark, "19. Yüzyıl Osmanlı," 69.

<sup>274</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 142.

<sup>275</sup> COA, Y.PRK. UM, 32/75; COA, YEE. 150/33. These documents were cited in Volkan Ş. Ediger, *Osmanlı'da Neft*, 142.

After Tokmakyan's failed attempt, Galip Pasha<sup>276</sup> the mayor of Van at the time tried to obtain for Van oil concessions. Galip Pasha actually had experience in obtaining some other mine concessions in the region<sup>277</sup> and he got in contact with Ahmet Cevat Pasha<sup>278</sup> in 1895 for this purpose. He sent letters to Istanbul; he described the oil mines of *Kürzot* by praising the resources and applied to obtain concessions.<sup>279</sup> However, Galip Pasha could not achieve his purpose due to the replacement of the Grand Vizier.<sup>280</sup> Therefore, these trials to obtain oil concession in Van by these Ottoman statesmen could not be finalized and oil operation rights of the area transferred to the *Hazine-i Hassa* in those years. Afterwards, oil concessions of the region would be granted to Müşir Fuad Pasha in 1914.<sup>281</sup>

In the meantime, some drillings were carried out in *Şarköy* located in the Gallipoli Sanjak of Edirne province. As a result of these practices, coal and petroleum mines had been discovered in the empty seaside area near Palatonoz, Kocaali, Gölcek and Eksamil villages of Şarköy.<sup>282</sup> Since the day Grand Vizier Halil Rifat Pasha<sup>283</sup> had started his assignment in the imperial court, he was closely interested in the oil concessions of the region with the encouragement of his son Cavit

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<sup>276</sup> The son of Tayfur Pasha.

<sup>277</sup> A mineral that called as Zırnıh or zırnık; COA, Y.PRK. AZJ. 46/138.

<sup>278</sup> The grand vizier of the Empire at the time.

<sup>279</sup> These documents were discussed in detail by Ediger, Volkan Ş. Ediger, *Osmanlı'da Neft*, 148–152. COA, Y.PRK. OMZ., 1/81. And; COA, YEE., 132/3.

<sup>280</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 150–153.

<sup>281</sup> COA. DVN. MKL. 54/29.

<sup>282</sup> COA, BEO. 911/68280. This document was cited in Ferah Çark, "19. Yüzyıl Osmanlı," 68.

<sup>283</sup> Halil Rifat Pasha served between November 7, 1895 and November 9, 1901.

Bey.<sup>284</sup> This interest resulted in success and the license for the petroleum operation of the region was granted to Halil Rifat Pasha for 99 years by Abdulhamid II in May 1897.<sup>285</sup> Halil Rifat Pasha conducted a work to open a well in the vicinity of Ganos in August 1898 and made significant drilling work. However, the efficient resources had not been achieved as a result of these trials, which continued more than five months.<sup>286</sup> In addition to that, an oil concession was granted to the *Hazine-i Hassa* for oil, lignite and tar reserves of Ferecik town of Edirne in 1905.<sup>287</sup>

Oil was explored in the Pülk village of Tercan province of Erzurum in 1880s. Ahmed Celaleddin Pasha, who was Circassian origin, was appointed to select the Pülk concessionaires by Abdulhamid II.<sup>288</sup> Firstly, Sarıca Osman Bey applied for the oil concession license of the region. Volkan Ediger claimed that Sarıca Osman Bey operated these oil resources by a license from 1887 to 1888.<sup>289</sup> However, it is known that, he sold or transferred his concession license to another person named as Garvişof<sup>290</sup> for drilling wells and exploring oil in the region.<sup>291</sup> Rıza Pasha, the commander-in chief of the General Staff, at the time sent an evaluation letter to

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<sup>284</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 154.

<sup>285</sup> These document was cited in in Volkan Ş. Ediger, *Osmanlı'da Neft*, 155. COA, Y.A.HUS., 517/114.

<sup>286</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 156.

<sup>287</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 236 and 37. COA.

<sup>288</sup> Behice Tezçakar, "Erzurum- Pülk," 67.

<sup>289</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 164.

<sup>290</sup> He is an Armenian who was a Russian subject from Tiflis. See: Deniz Akpınar and M. Samet Altınbilek. "Pülk-Balıkli," 38.

<sup>291</sup> This document was also cited in Behice Tezçakar, "Erzurum- Pülk," as COA, YPRK. OMZ 2/22-3, 15/ S /1316, 5 July 1898.

the Council of the State about this transfer because he was not comfortable with the oil operation by a foreigner in the region. Rıza Pasha reported that Sarıca Murad Osman Bey, who applied to have a new concession license for the area, did not extract oil.<sup>292</sup> At the end, the request for the concession submitted by Sarıca Murad Osman Bey was rejected and the transfer was cancelled on 27 November 1889.<sup>293</sup> This demonstrates that Ottoman administration was careful about the foreign activities in oil related issues of the region.

In addition to Sarıca Murad Osman Bey's application, *Çulhazade* brothers from Trabzon asked a search license for the same mine with the encouragement of fourth army.<sup>294</sup> As underground resources and routes in this region were significant for the fourth army, the concession license was tried to be granted while paying attention to the identities of people (whether Ottoman subjects or not). Therefore, Sarıca Murad Osman Bey was preferred instead of Garvishof who was a Russian. However, this permission did not remain long and the oil concessions of the region had been canceled in a short time.<sup>295</sup> This reveals that the fourth army as a territorial power in the Pülk oil concessions of the Empire

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<sup>292</sup> These documents cited in Behice Tezçakar, "Erzurum- Pülk," 67. COA, YPRK. OMZ 2/22-3, 15/ S /1316, 5 July 1898; COA, YPRK. OMZ 2/22-3, 15/ S /1316, 5 July 1898. : COA, YPRK. OMZ 2/22-3, 15/ S /1316, 5 July 1898.

<sup>293</sup> Behice Tezçakar, "Erzurum- Pülk," 64.

<sup>294</sup> The Army commanders like Sakir Pasha thought that Garvişof was a kind of spy who was carrying out regional mapping activities. In the ongoing process, there was an Armenian issue in the region and it can be emphasized that of the identity of the people to be granted concession rights was sensitive situation for the Army officers. In a mean, they concerned about foreigners that can be spy and subjects that can use this concession rights against Ottoman benefits. For detailed information, see Behice Tezçakar, "Erzurum- Pülk," COA, YPRK. O MZ 2/22-1.

<sup>295</sup> Ferah Çark, "19. Yüzyıl Osmanlı," 69.

was one of the factors for a while not to grant oil concession of the region to a foreigner.

There was increasing interaction between Germany and the Ottoman Empire in those years. Accordingly, a German subject named Carl Reiser, who was another applicant for the Pülk concession, contacted with Ahmed Celaleddin Pasha to obtain the concession.<sup>296</sup> The Pasha through the authorization of the Sultan had decided to grant the oil concession to Carl Raiser.<sup>297</sup> Therefore, a foreigner obtained a *neft* concession in the region due to the changing current political climate. In addition, an oil concession from the region was granted to Ahmed Celaleddin Pasha.<sup>298</sup>

Besides Anatolian oil resources, the right of operation and utilization of oil reserves in Kirkuk, Baghdad and Mosul were given to the landowners and *Timar* owners before *Tanzimat* Era.<sup>299</sup> For example, Kirkuk oil concession in a classical concession structure was given to the *Neftcizade* family during the reign of Sultan Murad IV through an imperial edict of 1640.<sup>300</sup> Also, it was said that the “Babagurgur” *Neft* mines in Kirkuk was privileged only for the preservation of Neftcizade family in some archival documents of the late 18th century.<sup>301</sup>

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<sup>296</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 43. COA, Y.PRK. OMZ, 2/22–3.

<sup>297</sup> Cited in Deniz Akpınar, and M. Samet Altınbilek. “Pülk-Balıkli,” 38. COA, ŞD, 3068–63.

<sup>298</sup> COA. Y. RES. 94/75.

<sup>299</sup> The era was a reform period from 1839 to 1876 under the purpose of modernization, consolidation of the social and political institutions of the Empire. See also Arzu Terzi, *Bağdat-Musul'da*, 87, 137 and 141.

<sup>300</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 10.

However, Mithad Pasha, governor of Baghdad in 1870s, started oil drillings in the province.<sup>302</sup> It can be safe to assume that there was a historical progress in the operations of Mesopotamian oil resources of the Empire in particular.

Abdulhamid II had realized the importance of petroleum especially in Iraq as early as 1880s. The sultan issued three decrees placing the oil lands in the possession of the *Hazine-i Hassa*; especially several lands in the the Mesopotamia region of the Empire.<sup>303</sup> In the following years of this transaction, Amasyan Efendi and Hristidi Efendi applied for oil concessions in Mosul. Their application had been found inconclusive and they had not received any privileges.<sup>304</sup> Another application was made by Nemlizade Hasan Tahsin<sup>305</sup> for the concession of the same resource. However, Tahsin Efendi and *Hazine-i Hassa* could not reach an agreement for the borders of the requested lands. Therefore, *Hazine-i Hassa* did not give the concession right to him.<sup>306</sup> These rejections by *Hazine-i Hassa* may show that the Ottoman administration intentionally did not finalize the oil concession contracts of the region because Abdulhamid II's and Privy Purse's researches on the oil resources of the Mosul and Baghdad Provinces were continuing in the same years. For example, lots of ground around Baghdad was taken to be examined in 1890s.

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<sup>301</sup> Ferah Çark, "19. Yüzyıl Osmanlı," 64.

<sup>302</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 132.

<sup>303</sup> Edward Mead Earle, *Turkey*, 58.

<sup>304</sup> COA, HH.THR., nr. 233/52, lef 3. This document was cited in Arzu Terzi, *Bağdat-Musul'da*.

<sup>305</sup> COA. Y. RES. 115/21. And; COA. İ. OM. 8/22. Nemlizade Hasan Tahsin Efendi was interested in mine concessions. For example, He obtained chrome concessions of Makri region of Aydın.

<sup>306</sup> COA, BEO., nr. 66270. ; COA, BEO., nr. 73808. These documents were cited in Arzu Terzi, *Bağdat-Musul'da...*,180–183.

As a result of these researches, rich oil reserves were encountered and identified in the province of Baghdad. On September 19, 1898, with another imperial edict, the privilege of the oil reserves in the region was included in the property of the Sultan.<sup>307</sup> After these developments, Nemlizade Hasan Tahsin Efendi applied for the oil concession of Bagdad oil resources in 1898.<sup>308</sup> Although it is not certain, it was claimed that he received concession of the oil reserves of Bagdad and Basra in the same year.<sup>309</sup> This claim can be verified according to some archival documents.<sup>310</sup>

There were other foreign entrepreneurs seeking oil concessions in Ottoman lands besides Nikoghos Tokmakyan. The most known of these entrepreneurs was M. G. Borssevains.<sup>311</sup> He wanted to obtain oil concessions of Mosul, Diyarbakir, Basra, Bagdad and Van though a petition in 1894 by paying a few million Ottoman *kurus* to the treasury. For this, Borssevains wanted the help of Grand vizier Ahmed Cevat Pasha.<sup>312</sup> Another entrepreneur was Lopez Sabuncu who requested the privilege for searching oil in Ottoman lands by sending an application to the Grand vizier. Sabuncu submitted his concession request for possible Black Sea oil resources and; stated some complaints on his previously rejected proposals for an

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<sup>307</sup> Arzu Terzi, *Bağdat-Musul'da*, 101.

<sup>308</sup> See Arzu Terzi, *Bağdat-Musul'da*, 104.

<sup>309</sup> Ferah Çark, “19. Yüzyıl Osmanlı”, 75.

<sup>310</sup> COA. BEO. 1159/86899 and COA. ŞD. 1447/30.

<sup>311</sup> The Dutch Banker from Amsterdam.

<sup>312</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı'da Petrol*, 98 and 99.

earlier concession request.<sup>313</sup> However, these attempts by foreign entrepreneurs generally remained inconclusive during the Hamidian era.

**Table 3:** Important Oil Concessionaires in the Hamidian Era

Place	Concessionaire	Year of Application	Year of Granting
Iskenderun	Ahmet Necati Efendi	1889	1889
Iskenderun	Hasan Tahsin Efendi	1890	1890
Iskenderun	Monsieur Frans on behalf of the Iskenderun Oil Company	1891	1891
Edirne (Adrianople)- Şarköy	<i>Kaymakam</i> (the Governor of district) at that time	Not found	1893
Edirne (Adrianople) - Şarköy	Grand Vizier Halil Rifat Pasha	1897	1897
Van (Kurzon)	Nikoghos Tokmakyan	Not found	In beginning of 1890s
Van (Kurzon)	Mayor Galip Pasha	1895	1895, not finalized
Erzurum (Pulk)	Sarıca Osman Bey	1887	Between 1887–1889
Erzurum (Pulk)	Çulhazade family from Trabizond	1898	1898
Erzurum (Pulk)	German Carl Raiser	1898	1898
Erzurum	Ahmed Celaleddin Pasha	1898	1898
Erzurum (Pulk)	The Fourth Army's attempt	1905	Probably could not be finalized
Tekfurdag	VakımPashazade Tahir Bey and its cancellation	1905	Unknown
Tekfurdag	Tayfur Bey	Not found	1909

<sup>313</sup> COA, Y.PRK. TKM 29/26, 10/M/1311, 24 July 1893. Also, cited in Behice Tezçakar, "Erzurum- Pülk," 41.

**Table 3 (Continued).**

Fersan Island (in the province of Hudayda, in Yemen):	Turhan Pahsa	Not found	1902 or 1903
Karamürsel	Mihran Şirinyan Efendi	Not found	1893
Adana	Atnas Taripani	Not found	1906
Baghdad	Nemlizade Hasan Tahsin Efendi	1898	1899

Ottoman oil regions are also indicated in the table in order to show oil concessionaires and applicants for Ottoman oil concessions; or the privileged places for the oil concessions in the Hamidian era (1876 to 1909).<sup>314</sup> When we examine the table, it can be seen that the oil concessionaires were selected or appointed from among the Ottoman subjects especially for oil lands that had rich reserves on purpose. If we consider the rejected applications like Borssevains by the Sultanate, it is possible to conclude that the foreign concessionaires were not preferred for a grant because Abdulhamid II wanted to keep these reserves from foreign aspirations while trying to operate the oil sites through people who were close to him.

Besides these concession attempts, some establishments like the Anatolian Railway Company and foreign states, Germany, Britain and France desired to obtain oil concessions. Naturally, these caused an international struggle and

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<sup>314</sup> These list of concessions adopted from researches of Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer, *Osmanlı'da Petrol*. Volkan Ş. Ediger, *Osmanlı'da Neft*. and Behice Tezçakar, "Erzurum- Pülk Oil," 41–44. And; COA. BEO. 1159/86899; COA, BEO, 1169/87648; COA. Y. RES. 94/75.

rivalries towards the Ottoman resources.<sup>315</sup> The following sections will discuss these rivalries further.

Consequently, the Ottoman Empire got around ten applications each year for permission to oil search between 1870 and 1898. After 1898, applications for such permissions reached to an average of 139 per year.<sup>316</sup> In the Hamidian era, Europeans as individual entrepreneurs or states obtained mining and oil concessions. Some foreigners applied for these concessions alone, and some others entered into partnership with Ottoman subjects.<sup>317</sup>

#### **4.2. Mine Regulations and the Procedures for Obtaining Oil Concessions**

During the classical age, the Ottoman mines were operated based on *emaneten*<sup>318</sup>, *iltizamen*<sup>319</sup> and *ihale*<sup>320</sup> methods as required in self-sufficient financial structure of the Empire. These methods changed from time to time and region to region.<sup>321</sup>

During the second half of the nineteenth century, Ottoman mines became center of

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<sup>315</sup> See Marian Kent. *Oil and Empire*.

<sup>316</sup> Behice Tezçakar, “Erzurum- Pülk Oil,” 38.

<sup>317</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 38. Donald Quataert “19. Yüzyılda,” 914.

<sup>318</sup> An officer in the name of Mine Emin appointed by the state ruled the mine for a certain fee.

<sup>319</sup> The state gave taxation rights of mine to the highest bidders (*mültezim*) who collect taxes from mine operators. He keeps a part of the tax revenue for himself.

<sup>320</sup> It is a kind of auction. The state gives the right of mine operation to whom provides the most suitable conditions among the many tenderers.

<sup>321</sup> Rhoads, Murphey. “Ma’din: Mineral Exploitation in the Ottoman Empire”, *The Encyclopedia of Islam, New Edition, Vol. V, Leiden 1986, 973–985 and 974.*

attraction for local and foreign investors. The state needed to prepare new regulations in order to meet demands. Accordingly, Ottoman authorities prepared the first mine regulation in 1861 and renewed it with new laws in 1869, 1887 and 1906 in order to make improvements and necessary new legal adjustments.<sup>322</sup> These regulations were generally related in the mine concessions, relevant taxes, concession procedures and concessionaries.

A special commission was set up in 1856 to meet two days in a week at the Ministry of *Hazine-i Hassa* in order to prepare a comprehensive regulation describing all the stages of mine production.<sup>323</sup> The work took longer time than expected because upgrades and reformatations were changed in the process of the regulation. The study of the Commission was completed with a draft that contains six sections and sixty articles.<sup>324</sup> However, its final version was consisted of five sections and fifty-four articles. Thus, the first mining regulation (*Nizamnâme*) of the Ottoman Empire took its final form and entered into force on May 28, 1861.<sup>325</sup>

The 1861 *Nizamnâme* divides the mines into two categories. The first group was named as *Mevadd-ı Madeniye* and the second group was named as *Mevadd-ı Gayr-ı Madeniye*. The first group included mines such as gold, silver, lead, copper, tin, nickel, mercury, zinc, manganese, chromium, sulfur, cobalt, sandpaper, alum and coal. The second group contained stone varieties used in the construction of

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<sup>322</sup> Özkan Keskin, “Osmanlı Devleti’nde Maden,” 125.

<sup>323</sup> Fahrettin Tızlak, “Osmanlı Maden,” 79–80.

<sup>324</sup> COA. DUIT. Nr.21/2–1. This document cited in Özkan Keskin, “Osmanlı Devleti’nde Maden,” 128..

<sup>325</sup> For further Information: Cited in Özkan Keskin, “Osmanlı Devleti’nde Maden,” 127–130. Fahrettin Tızlak. “Osmanlı Maden,” 75–81. COA. İ. MVL. Nr.20152.

marble, lighter and gypsum, lime, porcelain soil, sand, clay, meerschaum.<sup>326</sup> *Oil-Neft* was not mentioned in the mine regulation of 1861.

The first eleven articles of the regulation described mine exploration and exploration work. According to this, a person would be able to make a mining search without permission and license in his own property. On the other hand, it was ruled that those who are interested in the land of the state properties had to obtain a license from the state. The duration of the search permits was limited to two years.<sup>327</sup> Another notable article was thirteenth article of the regulation. In the article, it was stated that the Ottoman subjects had the opportunity to apply for concessions alone or in partnership. Therefore, it implicitly meant that foreigners could obtain a mine concession as shareholders in partnership with the Ottoman subjects.<sup>328</sup> This was one of the most significant points of the 1861 Mining regulation,<sup>329</sup> because for the first time foreigners could get involved in mining tenders even though they could be just shareholders. However, the right to buy a property in the Ottoman Empire by foreigners would be recognized in 1867. In this way, the principle that the citizens of foreign countries could operate mines in the Empire was approved.<sup>330</sup> This principle was crucial in terms of foreign mine

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<sup>326</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 85–95.

<sup>327</sup> It was also explained that those who would search for mines required to specify provinces and sanjacs in their application petition. They had to note that they would compensate damages that might occur during the exploration excavations. COA. DÜİT. Nr.21/2–1. Articles 1 to 11.

<sup>328</sup> Those who demanded concessions needed to prove that they have enough financial power to pay taxes and to compensate possible indemnification and to provide surety. Thus, when the estate wanted to guarantee their receivables, it was also wanted to take the initiative of some enthusiasts who were not interested in mining and were seeking benefits from the state by taking advantage of legal gaps. Cited in, for further information look at, Özkan Keskin, “Osmanlı Devleti’nde,” 128–129. COA. DÜİT. Nr.21/2–1 Lef 3. Article 13

<sup>329</sup> Prior to this date, the general tendency of the state was not to grant mine concessions to foreigners.

investors, and foreigners were implicitly allowed to buy lands in the Ottoman Empire.

As for taxing regulation in the 1861 *Nizamnâme*, one *kuruş* for one acreage in return for allocated mine areas was required. There was a payment called as *Ferman Harcı* (The edict fee) between 1000–1500 *kuruş* as a one-time payment when the concession had been formalized by the Palace.<sup>331</sup> Another thing drawn attention in the regulation was that the duration of the granted privileges was not determined precisely.<sup>332</sup> In this regard, the time limit was not specified by denoting that “bir müddet-i münâsibe-i imtiyaziyeyle”.<sup>333</sup> This shows that Ottoman authorities at that time did not consider putting the time limit necessary. The mine regulation of 1861 had been used for almost eight years. However, the experiences obtained in mining operations with this regulation led the Ottomans to prepare a new regulation. These documents also determined the conditions under which concessions were to be granted, while specifying that foreigners could participate in mining operations only as shareholders.

The Ottoman *Ma’âdin Nizamnâmesi* was renewed in 1869.<sup>334</sup> This regulation was clearly more comprehensive than previous one and it was prepared according to

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<sup>330</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 38 .İrşat İldeniz. “Vilayet Salnamalarına Göre Trabzonun İktisadi ve Ticari Hayatı” (M.A. diss, Ankara University), 59.

<sup>331</sup> COA. DUİT. Nr.21/2–1. Articles 32 to 34.

<sup>332</sup> Özkan Keskin, “Osmanlı Devleti’nde,” 130.

<sup>333</sup> With a suitable period of time in the concession process.

<sup>334</sup> Cited in Özkan Keskin, “Osmanlı Devleti’nde,” 131. A.Gündüz Ökçün, “XX. Yüzyıl,” 807–808.

the French Mining Law in 1810.<sup>335</sup> It was consisted of four sections and ninety-eight articles.<sup>336</sup> As different from the 1861 *Nizamnâme*, the new *Nizamnâme* divided mines into three categories: the first group; *Ma'âdin-i Asliye*, the second group; *Ma'âdin-i Sathiyeye* and third group was; *Ocak* because the French Mining Law divided all mines into three categories.<sup>337</sup> The first group includes mines in the form of vessels or layers such as gold, silver, iron, tin, zinc etc. The second group contains stone varieties such as the alloy sand, the soil with screed, etc. Third group included marble, gypsum, limestone, clay, porcelain soil, pots, and shrubs but this group interestingly had not been included in the text of the new regulation.<sup>338</sup> *Neft* was considered in this new regulation as a mineral for the first time. In those years, first oil drillings had started in the world thus; it can be safe to assume that this consideration cannot be a coincidence.

The time limit for giving concessions was not specified in the regulation of 1861. In spite of the previous regulation, the regulation of 1869 set a time limit for mine concessions as ninety-nine years.<sup>339</sup> In the tax part of the regulation, there were some significant changes. The tax related issues were tried to be solved in order to prevent controversies that could arise from the new regulation. Accordingly, the tax rate for a mine was designated five Ottoman *kurus* for one acreage; it was called as “Resm-i Mukarrer.” 1-5% tax would be levied on the ore income to be

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<sup>335</sup> Stanford J Shaw and Ezel Kural Shaw, *History of the*, 101–102.

<sup>336</sup> Also, cited in Volkan Ş. Ediger, *Osmanlı'da Neft*, 88–93. *Düstur I. Tertip Vol II*, P.317–337.

<sup>337</sup> Stanford J. Shaw and Ezel Kural Shaw, *History of the*, 102.

<sup>338</sup> Also cited in Özkan Keskin, “Osmanlı Devleti'nde,”132. *Düstur I. Tertip Vol II*, P.317–337, Articles 2 to 4.

<sup>339</sup> For the full text of the nizamname, see: *Düstur I. Tertip Vol II*, P.317–337.

excluded in one year; it was named as “Resm-i Nisbî” in return for allocated mine areas. In addition, the edict fee was determined 50–200 Ottoman liras.<sup>340</sup> The tax related part of this mine regulation was prepared in detail. This shows that the Ottoman statesmen started to give more importance to the tax income resulting from mine operations. This changing attitude can be related with the worsening fiscal situation of the Empire or increasing foreign demands on Ottoman mine concessions at the time.

Within a few years, the changing production techniques, the developments in mining, the improved experiences and the increasing concession demands had paved the way for a new mining regulation. For new regulations, a commission was established in 1873.<sup>341</sup> Perhaps, one of the most important reasons of this establishment was German Ernest Weiss, the chief mine engineer of the time in the Empire. He reported some issues related with the 1869 mine regulation and lack of mine engineers in the Empire. Weiss also showed efforts to open a mining school in the Empire.<sup>342</sup> However, this commission would not completely reach its purpose until 1887.

The new commission gathered to remove the existing problems of the current mine regulation and meet the needs of the current circumstances at the time. The

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<sup>340</sup> *Düstur* I. Tertip Vol II, P. 317–337; Articles 38, 40 and 41.

<sup>341</sup> Keskin stated members of the commission: Yusuf Efendi was chair, Miralay Ahmed Bey, Mikail Efendi from Rusûmât Meclisi, Ali Şefik Efendi from Şûrâ-yı Devlet and İbrahim Efendi from Divan-ı Ahkâm-ı Adiliye were appointed as members. Cited in Özkan Keskin, “Osmanlı Devleti’nde Maden,” 132.

<sup>342</sup> Özkan Keskin, “Osmanlı Devleti’nde Yabancı Maden Mühendislerinin İstihdamı ve Osmanlı Madencilğine Hizmetleri” *Yakın Dönem Türkiye Araştırmaları*. 11, (2017), 79–92, Web: <http://dergipark.gov.tr>. p, 85.

Ottoman Empire declared the new mine regulation in 1887.<sup>343</sup> The new mine regulation consisted of nine sections and ninety-two articles. Although there were some similarities with the previous regulations, it was more comprehensive than previous ones. Different from previous ones, a person would not be able to make a mining search without permission and license even in his own property. They had to obtain a license from the state by specifying the sort of the mine and the boundaries of the land.<sup>344</sup> This article demonstrates that the increasing demand in those years by local or foreign entrepreneurs over Ottoman mine resources, especially oil, had influence on the preparation of the new regulation.

There were other significant changes in the new mine regulation of 1887 especially in the tax part. The Empire increased taxes for mine operators and concessionaries and; the regulation changed tax rates specified according to mineral diversities. “Resm-i Mukarrer” for allocated mine areas was increased to ten *kurus* in 1887. “Resm-i Nisbî” for the mine operation in one year, specified as 1–5% for the drilled mines such as copper and coal. 10–20% was determined for mines like sand, chrome, neft, bitumen, etc. Nevertheless, the fines and penalties were increased to 50–100 gold.<sup>345</sup> This increasing taxes and arrangements can show that Ottoman Empire needed to do these changes to earn more income from increasing concession demands for the Ottoman oil resources. The high and remarkable tax rates of the oil diversities like bitumen and neft can prove that argument.

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<sup>343</sup> COA. T. Nr.1498–46; *Düstur* I. Tertip, Vol.5, 886–904. This document was cited in Özkan Keskin, “Osmanlı Devleti’nde Maden,”.

<sup>344</sup> Özkan Keskin, “Osmanlı Devleti’nde Maden,” 133. In that regard, the Ottoman Empire tried to preserve the mine resources of the Empire by law enforcement.

<sup>345</sup> *Düstûr* I. Tertip, Vol. 5, p.886–904. Articles; 1–3, 5, 6, 25, 42, 43 ve 71.

The last mine regulation related with the mine legislations introduced some radical changes in the Ottoman Empire, was carried out in 1906. There were increasing numbers of the foreign mine concessionaires in those years. As a result of the increasing demands of the foreigners, a new mining code was needed to be prepared for the Empire.

The preparatory phase of this regulation had a compelling process<sup>346</sup> because there were many international actors, like major countries of Europe who were interested in Ottoman mines especially *neft*. These actors wanted to keep custom taxes low, as was the case before to keep their earlier concessions but the Ottoman Empire was insistent on the increasing tax rates in the customs.<sup>347</sup> After long discussions, the new mine regulation was issued on April 9, 1906.<sup>348</sup> In addition, the increase in the customs was approved a year after the decree was promulgated.<sup>349</sup> Foreigners were more interested in Ottoman mine regulations than locals and they tried to intervene to keep the tax rates low for the Ottoman mine concessions especially oil. Nevertheless, Ottomans managed to increase the taxes despite the foreign pressures.

Beside this increase in the taxes, there were some other changes in the new mine regulation of 1906. For instance, one of the noteworthy articles was that

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<sup>346</sup> Charles Issawi. *The Economic History of Turkey 1800–1914*, Chicago; 1980, 273.

<sup>347</sup> Since import taxes were limited to concessions, the Empire had to be agreed with European States; especially French and England resisted keeping their concessions. Blaisdell, Donald C. Translated by Atif Kuyucak, *Osmanlı İmparatorluğunda*, 147. For further information, look at Özkan Keskin, “Osmanlı Devleti’nde Maden,” 134.

<sup>348</sup> For the full text of the 1906 Nizamname, see: COA. Y. A. HUS. Nr. 501-115.

<sup>349</sup> Donald C Blaisdell, Translated by Atif Kuyucak, *Osmanlı İmparatorluğunda*, 157.

concessionaires had no other rights over the minefields apart from mine activities.<sup>350</sup> This article was most probably regulated to prevent the Ottoman resources from the investors working for European states. Also, the regulation allowed the search for mines in fields where property owners were not eager for the exploration.<sup>351</sup>

On the other hand, the last mining regulation carried similar articles of the previous texts, while including new provisions. For example, the provisions such as classification of mines, the period of concessions, the entrance of foreigners into the mining tender, the right of inventorship (*mucitlik hakkı*) given to the mineral explorers, the designation of the map of the mine by concessionaires and the declaration of the tender in the newspapers etc. were preserved in the new regulation.<sup>352</sup>

The Ottoman mine regulations especially 1887 and 1906 reflect necessary legal adjustments or improvements to meet the needs of the Empire. There were opportunists who tried to easily acquire mining concessions with low prices by benefiting from the gaps in the Ottoman mining laws. Furthermore, these opportunities could hand their rights over to others without any responsibilities and could use their rights even if these were disadvantageous for the Empire.

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<sup>350</sup> Accordingly, the concessionaire would not be able to carry out any other activities besides mining within the land. Most probably, this was against illegal oil searchers. Özkan Keskin, “Osmanlı Devleti’nde Maden,” 135-136.

<sup>351</sup> Özkan Keskin, “Osmanlı Devleti’nde Maden,”136.

<sup>352</sup> COA. Y. A. HUS. Nr.501–115. Articles; 1–8, 30–39. This document was cited in Özkan Keskin, “Osmanlı Devleti’nde Maden,” 135–136.

Consequently, the Ottoman oil concessions could only be granted through official correspondences between the Ottoman Empire and concession seekers.

Concessionaires had to have an authorization for a search permit via an imperial concession edict. The search permit was given for a one year period for drillings on the purpose of exploration or examination. In accordance with the regulations, search work had to be started within six months after the date of the permit. This process was carried out or controlled by the provincial mining engineers and other local officers and reported to the Mining Administration.<sup>353</sup> Ministry of Forestry, Mines and Agriculture of the Empire approved the completed preliminary work and explorations, if these actors were satisfied with the activities of the concessionaires and the efficiency of their work.<sup>354</sup> The concession licenses could not be transferred or sold without the approval of the provincial administration councils and the governor's permit. Partnerships, which the state did not officially approve, were not also recognized.<sup>355</sup>

#### **4.3 International Interests and Rivalries for Ottoman Oil Resources**

During the nineteenth century, European states especially France and Britain already had significant gains in the Ottoman Empire. In terms of modernization, the Empire tried to adapt into the world economic system by giving substantial

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<sup>353</sup> Özkan Keskin, "Osmanlı Devleti'nde Maden," 138.

<sup>354</sup> Marian Kent, *Oil and Empire*, 216.

<sup>355</sup> Özkan Keskin, "Osmanlı Devleti'nde Maden," 138.

concessions to Britain through the Treaty of *Balta Limanı* in 1838. This treaty gave Britain a free access to the Ottoman markets.<sup>356</sup> This encouraged other European powers to model with similar agreements. These agreements increased the export of raw materials to Europe and these raw materials were sold back to the Ottoman Empire as manufactured goods with high prices. In order to prevent budget deficit, Ottomans had to borrow several loans from European countries especially from Britain and France, shortly after the Crimean War (1853–1856).<sup>357</sup> A considerable proportion of the revenues in the Empire were pledged to the foreign-organized *Düyük-ı Umûmiye* (The Ottoman Public Debt Administration) in 1881.<sup>358</sup> Great powers like France, Germany and Britain were eager to take the advantage of this vulnerable financial condition of the Empire for their own benefit by demanding new economic concessions. The Ottoman Empire had to deal with these demands in order to pay its debts and guarantee new sources of income.<sup>359</sup>

In those years, the world was preparing for the oil era in terms of energy resources. At the same time, the enormous oil wealth of the Ottoman Empire was realized by European powers. The Ottoman oil reserves turned to a subject of the Ottoman concessions for the Europeans.

The quality of the oil reserves in the Mesopotamian region was quite promising for commercial purposes. The aforementioned great powers tried to expand their

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<sup>356</sup> Charles Issawi, *The Economic History*, 38–40.

<sup>357</sup> Charles Issawi, *The Economic History*, 65–90.

<sup>358</sup> İlber Ortaylı, “Abdülhamid,” 76–77.

<sup>359</sup> See Blaisdell, Donald C. Translated by Atıf Kuyucak. *Avrupa malî kontrolü*.

influence on Abdulhamid II's internal or external policies regarding the Ottoman oil. While France, Germany and Britain had been competing with each other to gain political, economic, financial, commercial and important strategic advantages for obtaining concessions from the Ottoman Empire, Abdulhamid II tried to follow a foreign policy based on international balance.<sup>360</sup> The Ottoman oil resources would be taken into consideration within the heat of this rivalry.

From 1890s to early 1900s, France made an aggressive attempt for their objective. French investors had more than half of the Ottoman foreign debts in 1898. Therefore, the attempt was mainly expanded to respond to German ambitions on the Near East. French governments acted against Germany's increasing influence over the Empire, and this was stimulated by "a Franco-German rivalry" over obtaining concessions from the Ottoman Empire.<sup>361</sup> Accordingly, the French investors tried to invest in the establishments of Ottoman railway projects.

French railway companies had interest in Ottoman market and they sought for railway concessions by 1898. The Salonika-Constantinople Junction and Smyrna-Cassaba companies were of French origin and they successfully operated these important lines. Another French operated line was between Mersin and Adana. Besides, French companies also owned harbor operations in the Ottoman Empire, which were located in Constantinople, Beirut, Smyrna and Salonika. Kent also stated that an important line in Syria started to be built in 1892 by the Beyrouth-

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<sup>360</sup> Ebubekir Ceylan. 2004, pp. 592 and 593. "Engin Deniz Akarlı, The Problems of External Pressures, Power Struggles, and Budgetary Deficits in Ottoman Politics Under Abdulhamid II (1876-1909): Origins and Solution." *Türkiye Araştırmalar Literatür Journal*, Vol 2, 1, 2004, 591-596.

<sup>361</sup> Marian Kent, *The Great Powers*, 141-145 and 154. For further information, see: Edward Mead Earle, *Turkey*, 58 to 81 and 153- 171.

Damas-Hauran Company, which was another French enterprise.<sup>362</sup> İlber Ortaylı argues that these concessions given to French companies were “preemptive maneuvers” against German railway endeavours in the Ottoman Empire.<sup>363</sup> Therefore, these railway concessions, which French companies obtained, were a response to the increasing interests of Germans on the Ottoman territories in terms of international rivalry.

Nevertheless, French investors were confident in terms of getting benefit from the Ottoman oil resources and the related operations. In that regard, Monsieur Rozo, one of the chief mine engineers in France, made an application to the Ottoman Empire for the Mesopotamian oil concession.<sup>364</sup> In 1900, Monsieur Rozo signed a contract prepared by the *Hazine-i Hassa*, containing similar articles to the application conditions demanded from Nemlizade Hasan Tahsin Efendi,<sup>365</sup> which was discussed in previous chapter. Although detailed examinations had already been made about the region, Monsieur Rozo hesitated to pay two and a half million francs specified by the *Hazine-i Hassa* as fee. Since there was no payment, Abdulhamid II did not approve the agreement after a few months delay.<sup>366</sup>

In the last years of the 19<sup>th</sup> century, Britain and Germany also developed vigorous interest in the oil resources of Mosul and Baghdad. The practice of sending out “scientific” or “archaeological” missions, quietly conducting researches to find oil

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<sup>362</sup> Marian Kent, *The Great Powers*, 141–142.

<sup>363</sup> İlber Ortaylı, “Abdülhamid,” 74.

<sup>364</sup> Arzu Terzi, *Bağdat-Musul'da*, 189.

<sup>365</sup> Arzu Terzi, *Bağdat-Musul'da*, 191.

<sup>366</sup> Arzu Terzi, *Bağdat-Musul'da*, 189–192.

continued,<sup>367</sup> and diplomatic interventions to obtain concessions started in the Ottoman Empire through concessionaires.<sup>368</sup>

Britain's interest in the Ottoman oil was naturally concentrated primarily on the today's Iraq and the Persian Gulf.<sup>369</sup> For Britain, it was not only about oil but also maintaining British supremacy over the Indian trade route.<sup>370</sup> Britain wanted to keep its commercial and political dominance over the region.<sup>371</sup> Britain wanted to have access to Ottoman oil resources albeit did not push the issue hard enough because it had already obtained many oil concessions in Persian regions in those years.

For this reason, Britain attempted to have more knowledge about Ottoman oil resources in particular. For instance, a British geological research in 1899 confirmed that Mosul, Baghdad and Basra Provinces of the Empire were rich in terms of petroleum reserves. According to this research, "crude oil from the cliffs was polluting the Tigris River for nearly 3 miles"<sup>372</sup> Another report indicates, "The oil could be at once shipped into light steamers and barges... offers a natural outlet towards the Persian Gulf."<sup>373</sup> Furthermore, Sir Nicholas Roderick O'Connor,

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<sup>367</sup> Hikmet Uluğbay, *İmparatorluktan*, p. 21.

<sup>368</sup> Marian Kent. *Oil and Empire*, 17.

<sup>369</sup> COA. BEO. 2001/150029. This document shows that an English investor with Iranians from Iranian Oil Company made researches on oil reserves in Mendeli region.

<sup>370</sup> In particular, the Mesopotamian region has firstly entered the British agenda due to Indian policy, and the region had begun to gain more strategic importance due to its rich oil sources. Arzu Terzi, *Bağdat-Musul'da*, 41.

<sup>371</sup> Marian Kent, *The Great Powers*, 172.

<sup>372</sup> Timothy Mitchell, *Carbon*, 48.

the British Ambassador of Istanbul, wrote in 1900 “discoveries of bitumen and naphtha would greatly increase the productiveness of the line”<sup>374</sup> by implying possible new rail-lines to be built in the region.

During the last years of the reign of Abdulhamid II, Britain showed some diplomatic efforts so as to obtain an oil concession from the Ottoman Empire through its Foreign Office. These efforts were justified on strategic “reasons and not necessarily commercial grounds” and Britain tried to respond or end “...German interests.”<sup>375</sup> Briefly, the strategic and commercial considerations were main components of Britain’s main attitude towards the Mesopotamian region of the Ottoman Empire in terms of concession. Britain’s attempt to obtain Ottoman oil concessions in the Hamidian Era aimed to restrict German activities in the Ottoman Empire as an international rival. For example, there is an archival document indicating that today’s well-known tribe of the region, the Talabani tribe, sabotaged oil operations held by the *Hazine-i Hassa* in 1900 and 1901.<sup>376</sup> German Groskopf was in the region and researching these reserves at the time. It is interesting that this tribe was acting against Ottoman interest at the time. In addition to that, some Persian tribes attacked some oil lands of Ottomans in Baghdad in December 1903 and Ottomans had to secure the land by establishing a

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<sup>373</sup> F. R. Maunsell, “The Mesopotamian,” 530 and 532.

<sup>374</sup> Cited in Marian Kent. *Oil and Empire*, 16. O’Conor to the Marquis of Salisbury (Foreign Secretary, until November), despatch 231 (confidential), 3 July 1900, FO 78/5102.

<sup>375</sup> Marian Kent, *The Great Powers*, 175.

<sup>376</sup> COA. DH. ŞFR. 257 94. Another document related to these sabotages cited in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı’da Petrol*, 98 and 99. COA, Y.PRK. AZJ 25/8. On the other hand, Arzu Terzi stated that this tribe operated some oil resources in Kil region of Mosul Province of the Empire by using their local power to have privileges for the operation. See Arzu Terzi, *Bağdat-Musul’da*, 169 to 174.

patrol control.<sup>377</sup> In the meantime, Germany obtained oil concessions from Ottomans for these regions. When the British oil activities in Iran and their effects on Persian tribes in the region were considered,<sup>378</sup> it can be safe to assume that Anglo-German rivalry over the oil resources of the region started as early as 1900s.

On the other hand, Britain tried to be influential in Kuwait and Basra regions of the Ottoman Empire. Britain had established good relations with the sheikh of Kuwait. It can be said that British political leaders wanted to control Persian Gulf region to secure Indian trade and to be a significant actor in operating the oil resources of the today's Iraq regions.<sup>379</sup> For example, Britain showed a big reaction to the railway concession which Abdulhamid II granted to the German Anatolian Railway Company at the end of 1899. That caused a rivalry over Kuwait and Basra regions after 1900s.<sup>380</sup> Besides these, British trade with the Ottoman Empire started to lose its major significance, and issues related to economics were added to the controversy. The Ottoman Empire had new powerful ally, Germany that threatened the financial and political influence of France and Britain by its rapid expansion in the Ottoman Market.

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<sup>377</sup> Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 193, 194 and 195. COA, İ.AS, 47/70.

<sup>378</sup> There are several archival documents showing British oil activities in these regions on the border of Iran and Ottoman Empire. For example see: COA. DH-MKT, 588/39 and DH. ŞFR. 318/85.

<sup>379</sup> Hikmet Uluğbay, *İmparatorluktan*, 13–16, 24, 25.

<sup>380</sup> Gökhan Çetinsaya. "II. Abdülhamid'in İç Politikası: Bir Dönemlendirme Denemesi". *Osmanlı Araştırmaları / The Journal of Ottoman Studies*, XLVII (2016), 353-409, 294.

The significant financial investments of France and Britain were followed by the financial and political involvement of Germany in the Ottoman Empire. In 1880s, after its unification, Germany had become one of the most dominant states in Europe, economically, technologically and militarily.<sup>381</sup> In 1890s, Germans made expansionist moves particularly in East Asia in order to industrialize the country and find new markets. This expansion affected the regions of the Ottoman Empire in which France and Britain endeavoured to increase their political and economic interests.<sup>382</sup> It also caused annoyance or outright concern among other European powers.<sup>383</sup> As Edward Mead Earle said, “German involvement in the affairs of the Ottoman Empire grew steadily, highlighted by rising investments in, and trade with, the sultan’s realm.”<sup>384</sup> This involvement would contain a range of oil concession agreements between Germany and the Ottoman Empire.

Germany and the Ottoman Empire had better relations compared to other Great Powers. It became obvious that Germany provided significant political and financial alliance to the Ottoman Empire and supported the modernization of the Ottoman institutions, especially Ottoman army by sending some German military experts.<sup>385</sup> In addition, some major economic projects in the Ottoman Empire were financed and managed by German establishments like Deutsche Bank.<sup>386</sup> These projects were useful railway establishments for the Ottoman Empire and would

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<sup>381</sup> Marian Kent, *The Great Powers*, 111.

<sup>382</sup> David Fromkin. *A Peace*, Chapter 2.

<sup>383</sup> A.Craig, Gordon. *Germany 1866–1945* (New York, 1978), chapters 7–9.

<sup>384</sup> Edward Mead Earle, *Turkey*, Chapters 2. Marian Kent, *The Great Powers*, 112.

<sup>385</sup> İlber Ortaylı, “Abdülhamid,” 59–66.

<sup>386</sup> Hikmet Uluğbay, *İmparatorluktan*, 24–43.

result in giving oil concessions to Germany. All of these put Germany ahead of France and Britain especially to obtain oil concessions from the Empire.

Consequently, the political atmosphere of the time and the geopolitical concerns brought Germany one-step ahead of France and England with regard to Ottoman oil concessions. Besides, French investors could not acquire oil concessions, instead of that; they confined themselves with railway concessions, located in regions with oil resources, Syria. Britain had enough oil concessions in Persian regions in those years and it wanted to keep the access to Ottoman oil resources thus it did not force Ottomans to obtain oil concessions. Abdulhamid II, on his part, completely did not trust Britain and France for oil business because of their hostile actions in his realms. He was worried about British plans to dominate trade routes by connecting Egypt to India and French intentions over Ottoman Syria and Lebanon especially after 1880s.<sup>387</sup>

#### **4.4 German Oil Concessions and Anatolian Railway Company**

Second half of the nineteenth century witnessed Germany's expansionist policies towards the Ottoman Empire.<sup>388</sup> As a late comer to the colonial rivalry, Germany was pursuing aggressive policies towards the the Ottoman Empire.<sup>389</sup> This new

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<sup>387</sup> François Georgeon, *Sultan Abdülhamid*, 477.

<sup>388</sup> Musa Gümüş, "1893'ten 1923," 160.

<sup>389</sup> Marian Kent, *The Great Powers*," 2–3.

and dynamic power of Europe was trying to strengthen its own influence in the Empire. From the Ottoman perspective, this new power of Europe was an opportunity or another option as a neutral ally for the Ottoman administration for developing new international policies and modernizing the Empire instead of being in constant need of Britain and other European powers. In addition, Britain invaded Ottoman Egypt in 1882 and its influence in the region was needed to be balanced with German involvement in the Empire according to Abdulhamid II.<sup>390</sup> David Fromkin added, “The Turks, unable to stand on their own, turned therefore for support to another power, Bismarck’s Germany; and Germany took Britain’s place at the Sublime Porte.”<sup>391</sup>

Despite Fromkin’s statement, Germany needed the Ottoman Empire for a fertile expansion in order to achieve the level of industrialization of its rivals. Since leaders of the state Otto Von Bismarck<sup>392</sup> desired Germany to be effective in the international arena, they needed to be effective and powerful in both politics and economics. İlber Ortaylı claimed Germany was a “hungry country without having colony. Germans wanted to provide the necessary grain, vegetables and oil from the lands of Anatolia and Mesopotamia.”<sup>393</sup> They were well aware of rich underground reserves of the region as a result of many studies, such as oil explorations of Paul Graskopf in the region.<sup>394</sup> By obtaining concessions from the

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<sup>390</sup> Ebubekir Ceylan, “Engin Deniz Akarlı,” 593.

<sup>391</sup> David Fromkin, *A Peace*, Chapter 2.

<sup>392</sup> He was a conservative Prussian statesman who dominated German government from the 1860s until 1890.

<sup>393</sup> İlber Ortaylı, “Abdülhamid,” 73.

<sup>394</sup> İlber Ortaylı, “Abdülhamid,” 93. See also Edwin Black, *Banking on*, 117.

Ottoman Empire, Germany wanted to provide permanent energy resources, raw materials and access to a large market.<sup>395</sup>

The first important interactions between Germans and Ottomans began during the early years of the 1880s. Some German army officers were employed to reform the Ottoman army and train Ottoman officers.<sup>396</sup> After Kaiser Wilhelm II<sup>397</sup> had sent Bismarck into retirement, this relationship was maintained and became strong.<sup>398</sup> The Kaiser was especially interested in the Ottoman Empire and stepped forward as part of an effort to create a sphere of dominance in the region. He officially visited the Ottoman Empire twice in 1889 and 1898 to develop bilateral relations.

The first travel was in autumn of 1889, German Emperor visited Istanbul and; Abdulhamid II hosted him in a very friendly manner. The Sultan staged feasts and celebrations wherever the Kaiser traveled in the Empire. In his second visit, Abdulhamid II even removed a section of Jerusalem's Old City Wall to build a road for Kaiser Wilhelm to enter the city on his stallion.<sup>399</sup> These visits were very fruitful in terms of developing mutual policies especially in business. These visits increased the influence of the German Empire in the region.<sup>400</sup> About these visits, Marian Kent notes that "Kaiser Wilhelm was able to present himself to the

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<sup>395</sup> Musa Gümüş, "1893'ten 1923," 166.

<sup>396</sup> İlber Ortaylı, "Abdülhamid," 45 to 50.

<sup>397</sup> Wilhelm II was known as Kaiser Wilhelm, he was German Kaiser from 1888 to 1918.

<sup>398</sup> Marian Kent, *The Great Powers*, 108.

<sup>399</sup> Edwin Black, *Banking on Baghdad*, 117.

<sup>400</sup> İlber Ortaylı, "Abdülhamid," 52–53

Muslim world as the champion of Islam against its enemies.”<sup>401</sup> During the first visit of the German Emperor to the Ottoman Empire, it was visible that the Ottomans were very eager to establish an alliance with the German Empire.<sup>402</sup>

Abdulhamid II was interested in a railway project, linking Istanbul with Basra, as it was an essential project to consolidate his authority.<sup>403</sup> Actually, this was a project of Mithad Pasha, former governor of Iraq. Some other statesmen like Abdurrahman Pasha and Nusret Pasha advocated the merits of such a big project from political and financial point of view.<sup>404</sup> Accordingly, the Ottoman state proposed Germans to construct railways to transport Ottoman oil out of the Empire (to Europe). Ottomans offered Germans a concession for rail-lines connecting Ottoman lands in today’s Middle East from Istanbul to Germany (Hamburg). The large German company, Deutsche Bank<sup>405</sup> started to negotiate with Ottoman authorities for the railway concession containing an oil concession in 1888 by offering to give 30 million Marks as a credit.<sup>406</sup>

In that year, Abdulhamid II granted the railway concessions to the Anatolian Railway Company<sup>407</sup> containing German entrepreneurs like Alfred Kaulla. The

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<sup>401</sup> Cited in Marian Kent, *The Great Powers*,” 100. Enver Ziya Karal. *Osmanlı Tarihi*, Vol. VIII, p.180. Kent added that there were other financial and the geopolitical reasons that associated these two Empires with each other.

<sup>402</sup> Behice Tezçakar, “Erzurum- Pülk Oil,” 92–93.

<sup>403</sup> Gökhan Çetinsaya, *Ottoman*, 35-37.

<sup>404</sup> Gökhan Çetinsaya, *Ottoman*, 36.

<sup>405</sup> The leading German investment bank and financial services company at the time.

<sup>406</sup> Sean Mcmeekin. *The Berlin–Baghdad Express: The Ottoman Empire and Germany’s Bid for World Power*. The Belknap Press of Harvard University Press Cambridge, Massachusetts, 2010.

company organized and operated by the Deutsche Bank.<sup>408</sup> It would rail and operate the lines; from the Haydar Paşa to Izmit; from Izmit to Ankara and Konya. This railway project was the first step in line connecting Bagdad and Basra eventually. In the contract, it was issued that Anatolian Railway Company had preferential right to operate all mines including oil, around railways.<sup>409</sup> It clearly proves that Germany aimed to take the advantage of Ottoman oil reserves through railway concessions.<sup>410</sup>

After almost ten years, during Kaiser Wilhelm's second visit, the German Emperor obtained additional concession license for the construction of the railway lines, from Konya to Baghdad.<sup>411</sup> It was the first foreign concession, concerning the Ottoman oil in those years.<sup>412</sup> In spite of this, Abdulhamid II issued three consecutive decrees from 1888 to 1902, placing the oil properties of the Empire to the possession of the *Hazine-i Hassa*.<sup>413</sup> Despite all the needs of German presence

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<sup>407</sup> The german company founded on 4 October 1888, was a railway company that operated in the Ottoman Empire by Deutsche Bank. For further information look at İlber Ortaylı, "Abdülhamid," 45–70.

<sup>408</sup> See Gökhan Çetinsaya, *Ottoman Administration of Iraq*, 36.

<sup>409</sup> Stephen Hemsley Longrigg. *Oil*, p.13.

<sup>410</sup> Edward Mead Earle, *Turkey, the Great Powers*, 5 and 13-17.

<sup>411</sup> İlber Ortaylı, "Abdülhamid," 45 to 70.

<sup>412</sup> Marian Kent, *Oil and Empire*," 16.

<sup>413</sup> Edward Mead Earle, *Turkey*, 58.

<sup>413</sup> Gökhan Çetinsaya, *Ottoman Administration of Iraq*, 36.

<sup>413</sup> This document cited in İlber Ortaylı, "Abdülhamid," 86. PRO-FO 78–5102 Commercial-Confidential, Ambassador O' Conor's Foreign Office'e Report, Const. July 24/ 1899, p. 277–279.

<sup>413</sup> Timothy Mitchell, *Carbon*, 48.

<sup>413</sup> Marian Kent, *Oil and Empire*, 16.

in Ottoman economic affairs, the Sultan tried to guarantee his control over the Ottoman oil resources against the German expansion.

In May 1899, the Anatolian Railway Company officially applied for a new concession to extend the Anatolian Railway project from Konya to Baghdad and Basra.<sup>414</sup> The pre-concession agreement was signed between Zihni Pasha, Ministry of Public Works and G. von Siemens, Director of the Deutsche Bank on December 13, 1899 by paying 200,000 Ottoman Liras as deposit to the Ottoman Treasury. They promised to complete the rail-lines in eight years after a long bargain.<sup>415</sup> This agreement was an important success for the Ottoman administration.

After the agreement, a German technical commission prepared a report in 1901 and introduced Mosul as “a veritable lake of petroleum”.<sup>416</sup> Dr. Paul Rohrbach, a famous German publicist at the time, mentioned oil in his evaluation of the Kirkuk region politically and financially while introducing the Baghdad railway in 1902 as follows:

... We ought to attach the greatest importance to the circumstance that the Baghdad Railway will pass close to the petroleum districts. The only thing to be feared is that foreign gold and foreign speculators should succeed in securing a preferential right in the exploitation of Mesopotamian oil before any effective German initiative has been taken.<sup>417</sup>

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<sup>414</sup>Gökhan Çetinsaya. *Ottoman Administration*, 36.

<sup>415</sup> Sean Mcmeekin. *The Berlin–Baghdad*, 42. In this way, it can be claimed that Germans pledged their investment for Ottomans in a specific plan to also connect the rich oil lands to Istanbul within a certain time by the railways.

<sup>416</sup> Timothy Mitchell, *Carbon*, 48. See, Edward Mead Earle, *Turkey*, 15.

<sup>417</sup> Marian Kent, *Oil and Empire*, 16. See Edward Mead Earle, *Turkey*, 15.

The report of the German technical commission and Dr. Paul Rohrbach's writing proves that one of the main aims of Germany for railway projects in the Ottoman Empire was to be able to gain access to Ottoman oil reserves.

#### **4.5 The 1904 German – Ottoman Agreement**

After the pre-concession agreement was signed for Baghdad Railways in 1899, the official but temporary concession agreement was signed between the Anatolian Railway Company and the Ottoman Empire on December 16, 1902. Then, the concession for building and operating Baghdad railines was given to the Germans.<sup>418</sup> Thus, the Anatolian Railway Company organized the Baghdad Railway Company with 15 million francs capital on 5 March 1903, under a convention involving the Sultan's *Hazine-i Hassa* and German entrepreneurs like the Deutsche Bank.<sup>419</sup> The Anatolian Railway Company had 10% of the capital of the new company. There were eleven members of the board of Directors of the Convention. In the board, three members were from Anatolian Railway Company representing Germany and three members were Ottoman citizens representing Ottoman Empire.<sup>420</sup>

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<sup>418</sup> Edward Mead Earle, *Turkey*, 33–34 and 111.

<sup>419</sup> İlber Ortaylı, "Abdülhamid," 86.

<sup>420</sup> İlber Ortaylı, "Abdülhamid," 86.

Eventually, the Deutsche Bank's convention for Baghdad Railroads to Germany was established through the Anatolia Railway Company, which acquired the concession rights permitting the construction of rail-lines from Konya to Basra. The article 22 of the contract included that concession rights for mine exploitation including oil through the proposed lines restricted to twenty-kilometers were given to Baghdad Railway convention.<sup>421</sup> That can be recognized as the most significant aspect of the agreement in terms of the Ottoman oil concession. In that way, 1903 Railway Agreement granted Germany a preferential right over the Ottoman oil resources along railway lines.

The next year, the Anatolian Railway Company signed a historic contract with the *Hazine-i Hassa* in July 1904, known as 1904 Agreement,<sup>422</sup> in order to obtain petroleum exploration license. The contract granted a year research permit for investigating oil in the provinces of Mosul and Baghdad. The concession right was rapidly transferred to the Deutsche Bank. If oil was officially to be discovered in Mosul and Baghdad Provinces of the Empire, a 40-year concession right would be activated for Germans, as Black said, "Mesopotamian oil seemed destined to be German."<sup>423</sup> According to the agreement, the final examinations and costs had to be submitted to the *Hazine-i Hassa* until the end of the year. Then, the Ottomans accepted that if the Convention applied to operate the oil reserves, it would conclude with a special convention granting long period of concession under the

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<sup>421</sup> For further information look at: Marian Kent, *Oil and Empire*, 16.

<sup>422</sup> For original French text: Marian Kent, *Oil and Empire*, Appendix 1. In addition, for Turkish transcription, look at Hikmet Uluğbay, *İmparatorluktan*, 277–278.

<sup>423</sup> Edwin Black, *Banking on Baghdad*, 118.

control of *Hazine-i Hassa*.<sup>424</sup> Indeed, these oil concession rights would reinforce economic dominance of Germany in the Ottoman provinces. As an addition, Daniel Yergin states that German influence in the region was promoted by the 1904 Agreement.<sup>425</sup>

The aim in acquiring exclusive rights for the Mesopotamian oil of the Ottoman Empire was to transfer the rich oil reserves of Mesopotamia to German markets through the Baghdad Railway.<sup>426</sup> Accordingly, after having the oil concession right on July 1904, German investors rapidly completed 200 km's of rail line between Konya and Bulgurlu (in 19 months).<sup>427</sup>

Moreover, by completing the projected railways Germany would jeopardize the strategic significance of the Suez Canal, which was under control of Britain. If all goes planned with this concession, Germans would be able to make great powers dependent on its transportation facilities and oil reserves as current resource of energy.<sup>428</sup> As an important proof behind this argument, Deutsche Bank would later acknowledge that the whole affair of Germany in the Ottoman lands “was carried out for tactical reasons.”<sup>429</sup>

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<sup>424</sup> COA, Y. PRK. HH. 35/56 ; Article 2.

<sup>425</sup> Daniel Yergin, *The prize*, Chapter 10.

<sup>426</sup> İlber Ortaylı, “Abdülhamid,” 91–93.

<sup>427</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 210.

<sup>428</sup> Musa Gümüş “1893'ten,” 67.

<sup>429</sup> Timothy Mitchell, *Carbon*, 55.

On the other hand, Germans missed a one-year time limit to submit the report of investigating oil in the provinces of Mosul and Baghdad to the *Hazine-i Hassa* without any reasonable explanation. Therefore, the Minister of the *Hazine-i Hassa* Ohannes Kazasyan stated, “Even if the necessary studies have been done, the indicated time limit has already passed—and the result has not been communicated to our Ministry as of today.”<sup>430</sup> Ohannes Kazasyan gave one-year extension to the company to complete the necessary studies related to the petroleum deposits of the region.<sup>431</sup> German officials could not complete the necessary research.

In the end, the Ottoman *Hazine-i Hassa* protested the oil contract with Germany on March 1907 and it was stated that Deutsche Bank “had not fulfilled certain of its provisions, notably with respect to test borings.”<sup>432</sup> Nevertheless, it is unclear why the Germans could not use the most extensive oil concession rights during three years.<sup>433</sup> The negotiations about oil concessions would remain deadlocked until the Young Turk Revolution of 1909. Even if British and American entrepreneurs approached to the Ottoman administration for the oil concessions later,<sup>434</sup> they could not obtain any oil concessions in the remaining period of Abdulhamid II.

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<sup>430</sup> Edwin Black, *Banking on Baghdad*, 121. Ohannes Efendi Kazasyan (Minister of the Privy Purse) to Ottoman Railway Company of Anatolia, Jul 26/Aug 8, 1905. See also, Volkan Ş. Ediger, *Osmanlı'da Neft ve Petrol*, 215–221.

<sup>431</sup> Volkan Ş. Ediger, *Osmanlı'da Neft*, 217.

<sup>432</sup> Timothy Mitchell, *Carbon*, 55 and 56.

<sup>433</sup> Edwin Black explains this failure with those words “Conditions in Mesopotamia were challenging. Communications and connections were poor. Anatolia Railway knew trains, not oil wells. Organizing industrial exploration and proper geological studies would not be easy or expeditious.” Edwin Black, *Banking on Baghdad*, 121.

#### 4.6 Abdulhamid II's "Balanced Policy" and Oil

When Abdulhamid II acceded to the throne in 1876, the Empire had been already under financial control of the Great Powers of Europe, especially France and Britain.<sup>435</sup> In 1880s, more than 30 percent of the entire revenue went directly to D y n-ı Um miye. Therefore, the foreign intervention in the Ottoman affairs and the Ottoman finances was the most substantial danger threatening the Ottoman Empire according to Abdulhamid II.<sup>436</sup> In that regard, the Sultan considered these major powers of Europe as responsible for the foreign intervention to the sovereignty of the Ottoman Empire.<sup>437</sup> He hoped that the Empire could free itself from this vicious cycle by developing its fundings and paying back the foreign debt as quickly as possible while not just modernizing his realm but also, strengthening his own position in the Empire.<sup>438</sup> In response to the foreign intervention, the Sultan had pursued his famous "balanced policy"<sup>439</sup> in international relations with regard to the major European powers in order to implement his own agenda. Engin Deniz Akarlı explains this policy with following arguments:

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<sup>434</sup> G khan  etinsaya, *Ottoman*, 29. However, shortly after Abdulhamid II's deposition, in August 1912; the British Government and Deutsche Bank jointly would set up the Turkish Petroleum Company by obtaining oil concessions from the Empire for Mosul and neighbouring vilayets. Calouste Sarkis Gulbenkian would have 15% share and the National Bank of Turkey and Royal Dutch-Shell would have some big shares. Two years later, French investors involve in this concession to claim their shares. See Marian Kent. *Oil and Empire*, 34.

<sup>435</sup> The Empire gave significant trade rights to England through the Treaty of Balta Limanı in 1838, it provided free trade for England throughout the Empire. Consequently, a large amount of the Ottoman national profits were pledged to D y n-ı Um miye. For further information: Issawı, Charles. *The Economic*, 38–40. ; İlber Ortaylı.II. Abd lhamid..., 76–77. And; See Donald. C. Blaisdell, *European Financial*.

<sup>436</sup> Engin Deniz Akarlı. *Abd lhamid II*, 15.

<sup>437</sup> Engin Deniz Akarlı, *Abd lhamid II*, 12. See: Suat Parlar, *Petrol*, 95.

<sup>438</sup> Marian Kent, *The Great Powers*, 2.

<sup>439</sup> Vahdettin Engin. *Pazarlık*, 4–5.

Abdulhamid tried to hold his ground by taking advantage of the rivalries among the European powers and by resorting to delaying tactics. He hoped to gain time until the Ottoman government attained a stronger position...<sup>440</sup>

In the first years of his reign, the Sultan's balanced policy did not work efficiently against interests and unceasing demands of Britain, France and also Russia because these powers had already dominated the Ottoman economy. In this regard, unified Germany emerged as a new Great Power. Germany as a financial and political power emerged as a significant rival to the existing Great Powers to seek to obtain political and commercial concessions from the Empire.

The Sultan welcomed German involvement, which had grown steadily, in the affairs of the Ottoman Empire.<sup>441</sup> He tried to use this involvement as part of his "balanced policy" to check the aspirations of especially France and Britain.<sup>442</sup> The Sultan contracted many of natural resources of the Empire and planned additional projects with Germany.<sup>443</sup> The most remarkable of all these concessions was Baghdad Railway project that enabled Germany to reach the rich oil resources of the Ottoman Empire.<sup>444</sup> Through those years, the discovered oil resources in the Empire became one of the essential instruments as bargaining chips<sup>445</sup> for Abdulhamid II in this power struggle.

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<sup>440</sup> Engin Deniz Akarlı, *Abdülhamid II*, 15.

<sup>441</sup> Edward Mead Earle, *Turkey*, chapters 2-3. See Marian Kent, *The Great Powers*, 11 and 112.

<sup>442</sup> See François Georgeon. *Sultan Abdülhamid*, 475 to 480.

<sup>443</sup> Engin Deniz Akarlı, *Abdülhamid II*, 15.

<sup>444</sup> Marian Kent, *The Great Powers*, 2.

<sup>445</sup> According to Akarlı, The Sultan wanted create maneuver areas in foreign policy by manipulating Europeans powers against each other to increase the bargaining power of the Empire and to end foreign intervention in domestic issues. In my opinion, Ottoman oil was one of the

In terms of Ottoman oil resources, Abdulhamid II knew that *neft* – oil surfaced to the ground in various parts of the Empire. Travelers, missionaries, and military specialists related to European great powers disguised themselves under the name of archaeological excavations and traveled around the Empire especially Baghdad and Mosul provinces identified the oil resources of the Ottoman Empire after 1870s. The Sultan learned that geologists were searching for oil or digging oil wells in the Ottoman regions.<sup>446</sup> Therefore, the Sultan wanted to learn why Ottoman oil reserves were attracting Europeans. Abdulhamid II appointed experts like Arif Bey,<sup>447</sup> French Jakraz and German Graskopf<sup>448</sup> to examine oil resources of the Empire.

Following the promising reports of the appointed experts, Abdulhamid II well understood that Ottoman lands might have major reserves of oil, which Europeans were interested in. Therefore, the Sultan added or transferred the potential oil reserves into his own property through Ottoman *Hazine-i Hassa*<sup>449</sup> as a precaution against possible foreign interventions<sup>450</sup> to establish total control over operations of these reserves. For instance, according to an archival document in 1900, when news reached the Sultan that petroleum gas was found in Lake Van, an inspection and a report was urgently requested.<sup>451</sup> The document shows that Abdulhamid II

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eccentric bargaining chips in accordance with this purpose. See Ebubekir Ceylan. 2004. “Engin Deniz Akarlı, The Problems,” pp 512 and 513.

<sup>446</sup> İsmet Bozdağ. *Sultan Abdülhamid*, 80–81. And see Necmettin Acar, “Petrolün Stratejik,” 8.

<sup>447</sup> Arif Bey prepared a report showing oil resources of Mosul and a related map. See Appendix 2.

<sup>448</sup> For Graskopf’s oil map of Mosul region, see: Appendix 3.

<sup>449</sup> Arzu Terzi, *Bağdat-Musul’da*, 21.

<sup>450</sup> Hikmet Uluğbay, *İmparatorluktan*, 17–38 and 48–56.

was very sensitive for the discovery of oil in his realm and who would be involved in the discovery process.

Abdulhamid II firstly considered organizing an Ottoman drilling enterprise or an Ottoman petroleum company. This plan needed much investment and long-term effort.<sup>452</sup> It was not possible to benefit from these oil resources in that manner because the financial and political circumstances of the Ottoman Empire were not developed enough to operate these resources at the time.<sup>453</sup> In addition, the equipments needed to drill were imported from Europe as we seen in *Çengen* oil drillings. Therefore, it was costly to carry out an oil company dealing with all these expenditures entirely. As another way to utilize these resources, the Sultan tried to grant oil concessions to Ottoman statesmen or entrepreneurs like Ahmed Necati Efendi and Grand Vizier Halil Rıfat Pasha who were closely related to the state and under the Sultan's supervision.

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<sup>451</sup> COA, DH-TMİK. M, 97/68. This document was published in Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 10 and 11..

<sup>452</sup> Edwin Black, *Banking on Baghdad*, 117.

<sup>453</sup> Also, the property commission of the province of Mosul was also thinking in this way that a telegram was sent about the possibility that these resources could not be exploited for the benefit of the Ottoman treasure. Stephen Hemsley Longrigg, *Oil*, 13. And see, Arzu Terzi, *Bağdat-Musul'da*, 194.

**Table 4:** Oil Production and Its Value between 1901 and 1908.

YEARS	TON	\$/TON
1901	23.919.205	7.88
1902	26.000.868	9.45
1903	27.839.952	11.90
1904	31.172.056	11.70
1905	30.756.021	10.08
1906	30.487.903	11.27
1907	37.749.345	11.76
1908	40.793.249	12.46

Source : Cevat E. Taşman, Petrolün Tarihi, p.12<sup>454</sup>

Oil production and its value in those years were rapidly increasing at the same time. Accordingly, “the longer Mesopotamian petroleum was not extracted from the ground, the more valuable it became.”<sup>455</sup> The Sultan well realized that the more he possessed a valuable property; the more concession demands were offered for these reserves, also allowing the representatives of the Great Powers to increasingly outbid each other. For example, there are some archival documents indicating that English investors were searching for oil around Mosul and Baghdad in those years.<sup>456</sup> These reports came from local agencies of the Sultan and these prove that Ottomans were carefully following European oil activities

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<sup>454</sup> Adopted from Cevat E Taşman. *Petrolün Tarihi*, 12.

<sup>455</sup> “The longer he delayed, the more it all appreciated, and the more precious his oil became.” Edwin Black, *Banking on Baghdad*, 124-125.

<sup>456</sup> COA. Y. PRK. 47/47 and another activities in Iranian Border see: COA. DH. ŞFR. 318/ 85.

against the possible foreign aspirations for the Ottoman oil reserves. Abdulhamid II well comprehended that he owned what the European powers wanted.

Because of all these, the Sultan used the Ottoman oil reserves as part of his own “balanced policy” through oil concessions as political tools by developing strategies based on the principle of mutual interests. The Sultan patiently waited for offers and chose for the best price and best option to maintain the balance between/against Great Power aspirations.<sup>457</sup> And, the best price or best option for granting oil concessions was not only matter of his balanced policy, it was also in the consideration of his own agenda to modernize the Empire. For example, the railway agreements between the Ottoman Empire and Germany were very fruitful projects in terms of modernization of the Empire.

As it was mentioned before, the Ottoman Empire had been already exposed to the financial interventions of Britain and France.<sup>458</sup> The Ottomans mostly wanted to work with Germany in oil related businesses because as a new rising power of Europe Germany was a good option to establish a new “balanced policy” against foreign interventions. This approach generated an effective international relationship in mutual benefits between two Empires.

Marian Kent explained why Abdulhamid II worked with or relied on Germany by claiming that, this alliance revealed a new balance of power in Europe.<sup>459</sup>

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<sup>457</sup> Edwin Black, *Banking on Baghdad*, 117.

<sup>458</sup> İlber Ortaylı, “Abdülhamid,” III.

<sup>459</sup> Marian Kent, *The Great Powers*, 2.

According to him, Abdulhamid expected to counter the Russian threat by relying on Germany without needing supports from France and Britain. His hope was to end the “Anglo-French monopoly over Ottoman affairs.”<sup>460</sup> Ortaylı argues that the alliance between Germany and the Empire was also a show of strength towards other international Powers.<sup>461</sup>

Common economic and geopolitical interests brought Germany and the Ottoman Empire closer. For instance, Abdulhamid II extended international investments of the Ottoman Empire towards Germany with economic enterprises like railways and the Ottoman oil concessions in conjunction with them.<sup>462</sup> In accordance with this increasing interaction between the German and the Ottoman Empire; German Carl Reiser, who was another applicant for Erzurum Pülk oils, was rewarded with the oil concession of the region.<sup>463</sup>

In addition to these, Germans leaned towards and clearly supported Pan-Islamism<sup>464</sup> politics of the Sultan against British influence over Muslims especially in today’s Near East regions of the Empire.<sup>465</sup> François Georgeon

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<sup>460</sup> Marian Kent, *The Great Powers*, 2.

<sup>461</sup> İlber Ortaylı, *Osmanlıya Bakmak*, 132.

<sup>462</sup> Arzu Terzi, *Bağdat-Musul'da*, 31–31 and 204–209.

<sup>463</sup> Behice Tezçakar discussed that decision in her thesis by specifying “He chose to grant the concession rights for the oil reserves in Pülk to a foreigner of German origin... to reinforce and strengthen the Ottoman German alliance.” Behice Tezçakar, “Erzurum- Pülk,” 94.

<sup>464</sup> It was emerged as a political consideration or act to unify all Muslims under the authority of the Caliph, Abdulhamid II in the late nineteenth century.

<sup>465</sup> Ebubekir Ceylan, “Engin Deniz Akarlı, The Problems,” 593. This was also a very significant strategic concept to understand why the Sultan accepted German involvement in his Empire because he attached importance to this Islamist policy against increasing nationalist ideas among his Muslim subjects of the Empire from very different ethnic backgrounds at the time.

claimed that Pan-Islamist policies of the Sultan could turn to an important Ottoman weapon against the foreign interventions and activities in the strategic territories of the Empire with the German support.<sup>466</sup> It can be considered that Abdulhamid II aimed to develop a new political tool through this policy for his political maneuvers in international struggle by using rich strategic locations and resources of the Empire as instruments to attract German interest and support. As a result of many confidential searches, like Paul Graskopf did in this region, Germany was well aware of rich underground resources of the Mosul and Baghdad provinces of the Ottoman Empire.<sup>467</sup> Although Abdulhamid II knew that Germany was after oil reserves of the Empire, he was still eager to give the railway concessions to Germany. The reason behind this was Germany would pass rail lines through all of Anatolia according to İlber Ortaylı, whereas, Britain and France tended to connect the railroads only with the eastern Mediterranean ports or the Persian Gulf.<sup>468</sup>

Accordingly, the Sultan considered that the establishing railways throughout the Empire would provide many benefits in terms of modernizing the region. The Empire would be strengthened from the military perspective with the increase of the railways, for example, the immediate transfers of soldiers through the rail lines would prevent rebels.<sup>469</sup> Moreover, the agricultural products and underground

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<sup>466</sup> François Georgeon. *Sultan Abdülhamid*, 475.

<sup>467</sup> İlber Ortaylı, “Abdülhamid,” 93.

<sup>468</sup> If Mesopotamian railways were owned by England; the Sutan knew that a line would be drawn over Egypt-Syria-Iraq-India, meaning that this region would be torn from the Ottoman Empire. He was also suspicious of France's ambitions and activities in Lebanon. For this reason, he was very eager to give railway concessions to Germany. See İlber Ortaylı, “Abdülhamid...”, 79. Also look at Sultan Abdülhamit, *Siyasi Hatıratı...*, 79.

resources of the Empire would be shipped to the markets.<sup>470</sup> As a contribution to the argument, while explaining the benefits of establishing railways all over the Empire and Earle noted that the Sultan was “carrying with them heavy subsidies, because he hoped the new railways would strengthen his authority within the Ottoman Empire and improve the political position of Turkey in the Near East.”<sup>471</sup> For this, it can be understood that the Sultan wanted to use oil resources for strengthening the Empire by establishing closer ties with Germany and taking advantage of the capabilities of efficient and enthusiastic German companies like Deutsche Bank.

As Kenneth W. Thompson and Roy C. Macridis discussed in 1967, natural resources could be used as an economic apparatus to achieve a foreign policy goal,<sup>472</sup> as Abdulhamid II used oil resources of the Empire.<sup>473</sup> Even if the Sultan gave Mesopotamian oil concessions to Germany in return for the alliance, the Germans could not be successful in using these extensive oil concessions at the end. As Lord Curzon stated on the policies of Abdulhamid II “there was no axiom dearer to the Sultan’s heart than that charity not only begins, but stays, at home.”<sup>474</sup>

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<sup>469</sup> İlber Ortaylı, “Abdülhamid,” 79.

<sup>470</sup> Enver Ziya Karal, *Osmanlı*, 175.

<sup>471</sup> Edward Mead Earle, *Turkey*, 23.

<sup>472</sup> Cited in Behice Tezçakar, “Erzurum- Pülk,” 125. Kenneth W. Thompson, Roy C. Macridis. “Comperative Study of Foreign Policy.” In *Foreign Policy in World Politics* (New Jersey: 1967), p. 7.

<sup>473</sup> See Marian Kent. *Oil and Empire*, 9.

<sup>474</sup> Edward Mead Earle, *Turkey*, 23.

#### 4.6. 1 Abdulhamid II's Oil Policy

Abdulhamid II as a “sensible sovereign”<sup>475</sup> approached the oil concession demands of France and Britain in a tolerant way as part of his balanced policy in international relations because he did not want to jeopardize relations with these countries. Since France and Britain were rivals with Germany, he also tried to keep the relations with these powers as a counter balance against German intervention. One of best examples to prove this was the oil concession demand of French Monsieur Rozo in 1900. Instead of directly refusing the French concessionaire, two and a half million francs (a very high amount) was specified by the *Hazine-i Hassa* as drilling fee and Monsieur Rozo could not invest. Abdulhamid II created reasons not to give oil concessions before they were not even materialized.

Britain merchants were exporting *neft* from Iran and the Sultan was supporting these merchants through firmans to provide them safe passage from the Ottoman lands to Iran.<sup>476</sup> In one occasion, Ottomans helped a British oil operator by repairing the road between Baghdad and Hanikin for his oil operations in the Iranian border.<sup>477</sup> These prove that the Sultan tried to keep good relations with Britain as required in international balance politics while seeming to support British oil activities in the region.

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<sup>475</sup> Engin Deniz Akarlı. *Abdülhamid II*, 8.

<sup>476</sup> For the document, see Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, pp. 222–223.

<sup>477</sup> For the document, see Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, pp. 198 and 199.

Some scholars claim that the Ottoman Empire was late to industrialize, which was the reason of its insufficient technology in oil exploration and utilization. For this, the Empire could not implement a comprehensive oil policy. Hikmet Uluğbay claims that there was no oil policy of the Ottoman Empire on a state level; all implementations related the Ottoman oil reflects just Abdulhamid II's private and personal preferences.<sup>478</sup> However, the Sultan tried to benefit from these oil reserves in many rational ways could be an example for actions of a conscious oil policy. For instance, revenues from oil operations of Ferecik town of Edirne in 1904 was pledged to use as source of income for building Hejaz railway.<sup>479</sup> Accordingly, *Hazine-i Hassa* got the concession rights for operating oil, lignite and tar reserves of Ferecik town of Edirne in 1905.<sup>480</sup> This also shows that Ottomans reached an enough capability in that year to operate an oil field both financially and politically.

In that regard, Abdulhamid II implemented his oil policy in order to create the suitable environment or enough level of facilities for a national oil business by taking advantages of the rivalries of the major powers of Europe. For example, he granted a forty-year concession to an Ottoman merchant named Hacı Bekir to build a tin barrel factory to preserve refined *neft* in Izmir in 1903.<sup>481</sup> This proves that Ottomans succeeded to refine *neft* and they were planning to preserve it within a certain program and schedule. Izmir as a seaport was a very important trade

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<sup>478</sup> Hikmet Uluğbay, *İmparatorluktan*, 22.

<sup>479</sup> For the document, see Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 206 and 207.

<sup>480</sup> For the document, see Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 236 and 237.

<sup>481</sup> COA. Y.PRK. AZJ. 47/47.

center of the Empire so this refined oil could be traded to Europe with these tin barrels through ships from the port. These efforts indicate that Ottomans were preparing for forming oil related business in those years.

Abdulhamid II tried to follow all oil related activities and issues of Europeans both in the Ottoman Empire as it was mentioned for all operations of these powers especially Baghdad, Mosul and Basra provinces of the Empire. For example, there is an archival report of 1905 for oil related issues of Russia submitted to the Ottoman Empire.<sup>482</sup> The Sultan learned the following through the report: petroleum prices doubled in Russia in 1905 due to an oil shortage. This caused the costs of trade to increase because Russian factories and locomotives used oil even in that time. In addition, the Sultan appointed an official to follow the third International Oil Conference of 1907 in Bucharest by emphasizing that the result of the conference should be submitted to his office.<sup>483</sup> These indicate that the Sultan was following closely the developments related with oil around his realm.

During his reign, Abdulhamid II did not lose the control upon any of oil lands all over the Empire and preserved the solidarity of the Empire. Moreover, “his reign saw respectable achievements in the construction of highways, waterways, railroads, the telegraph, and other infrastructural public works to establish a modern financial infrastructure.”<sup>484</sup> The Empire got rid of the heavy influence of foreign debt burden and the problem of budget deficit was taken care of; general

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<sup>482</sup> For these documents, see Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 218–219 and 222-223.

<sup>483</sup> See Abdurrahim Fehimi Aydın and Ahmet Zeki İzgöer. *Osmanlı'da Petrol*, 240–241.

<sup>484</sup> Engin Deniz Akarlı, *Abdülhamid II*, 12–13.

public education, public security services, military, governmental structures and institutions were improved and expanded.<sup>485</sup> Therefore, it can be concluded that the oil policy of Abdulhamid II within the scope of his balanced policy, worked properly against the foreign interventions.

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<sup>485</sup> Engin Deniz Akarlı, *Abdülhamid II*, 12–13.

## **CHAPTER V**

### **CONCLUSION**

Oil as a black inflammable matter was a well-known resource used in many different civilizations for various purposes throughout history. However, April 16 of 1855 was a very important date for oil history of the world: Professor Silliman proved the great potential of oil as an energy resource for the commencement of commercial petroleum business in the world. Especially after the late 19<sup>th</sup> century, the increasing use of oil triggered an international rivalry to control the large oil reserves of the world. The point is that there were obvious reflections of this, which could be clearly seen in Ottoman lands because some of the most oil regions were part of the Ottoman Empire at the time. Abdulhamid II was aware that the Empire had great oil reserves, and that European Powers were in pursuit of these sources.

Ottoman concessions were both the cause and the result of foreign aspiration towards the Ottoman resources from the beginning of the 19<sup>th</sup> century to the Hamidian Era. The Ottoman oil, which was utilized in many areas from shipbuilding to weaponry for centuries in the Empire, became a subject of the Ottoman concessions during the reign of Abdulhamid II after the discovery of oil as an important energy resource.

The financial and political conditions of the Ottoman Empire were not appropriate to operate its oil resources. In that regard, Abdulhamid II granted oil concessions to the Ottoman subjects who were closely related to the state in order to operate oil reserves of the Empire. These concessionaries were Ottoman public officials or entrepreneurs who were under the Sultan's supervision. Especially Ottoman oil resources around Van, Edirne, Iskenderun and Erzurum regions were assessed by some Ottoman subjects for that purpose. Nevertheless, the expected returns from these efforts could not be reached for Ottomans.

On the other hand, the increasing demand for the oil concessions by local or foreign entrepreneurs over the Ottoman oil resources created a need to make necessary legal adjustments for the purpose of preserving the oil resources of the Empire by law enforcement because Ottoman mine regulations held in 1861 and 1869 were premature attempts for this purpose. Therefore, the regulations of 1887 and 1906 generally dealt with the Ottoman mining concessions and concessionaries to protect the strong position (authority) of the Sultanate over the mines of the Empire. In addition, 1906 law is important for its regulations of custom fees for mines and oil products. The Ottoman authorities were insistent on the increasing tax rates for mines especially oil in the customs and they succeeded in it despite the foreign pressure at the time.

My research shows that there was an early international rivalry to control the large oil resources of the Ottoman Empire amongst Germany, France and Britain. These Western powers had their own agendas and purposes over the Ottoman oil resources. In response to this, Abdulhamid II did not abolish the oil concession

demands by foreigners or embrace these demands because he tried to implement an Ottoman oil policy in order, not to lose Ottoman petroleum reserves through undervalued concessions to the Great powers of Europe. Therefore, their interaction or influence over the Ottoman oil resources and concessions remained limited by preferences of the Ottoman oil policy in the scope of Abdulhamid II's balanced policy in international relations. Since Britain and France had a politically and financially strong positions in the Empire, The Sultan hesitated to grant the oil concessions to these states to keep international balance in terms of foreign intervention to the Empire. Nonetheless, he approached the oil concession demands of France and Britain in a reasonable way because these countries had many investments in the Empire and he tried to keep the relations with these powers as a political equilibrium against German intervention.

The study also shows that Abdulhamid II was eager to accept the German involvement in the affairs of the Ottoman Empire because establishing closer relations with Germany as a new and dynamic power of Europe would help him to balance other powers. Baghdad Railway concession, for instance, enabled Germany to obtain oil concessions and reach oil resources of the Empire. These projects helped the Sultan to create a sphere to carry his oil policies without the financial burdens. This was an essential aim of the Ottoman authorities for the financial independence at the time.

My contention is that Abdulhamid II, in the words of E. Deniz Akarlı, as a “sensible sovereign” and “image maker”, in the words of Selim Deringil, tried to use the Ottoman oil resources and concessions against the foreign intervention as

instruments or bargaining chips of his international politics. It can be concluded that there was an Ottoman oil policy, which considered and employed the Ottoman oil concessions within the scope of Abdulhamid's "balanced policy."

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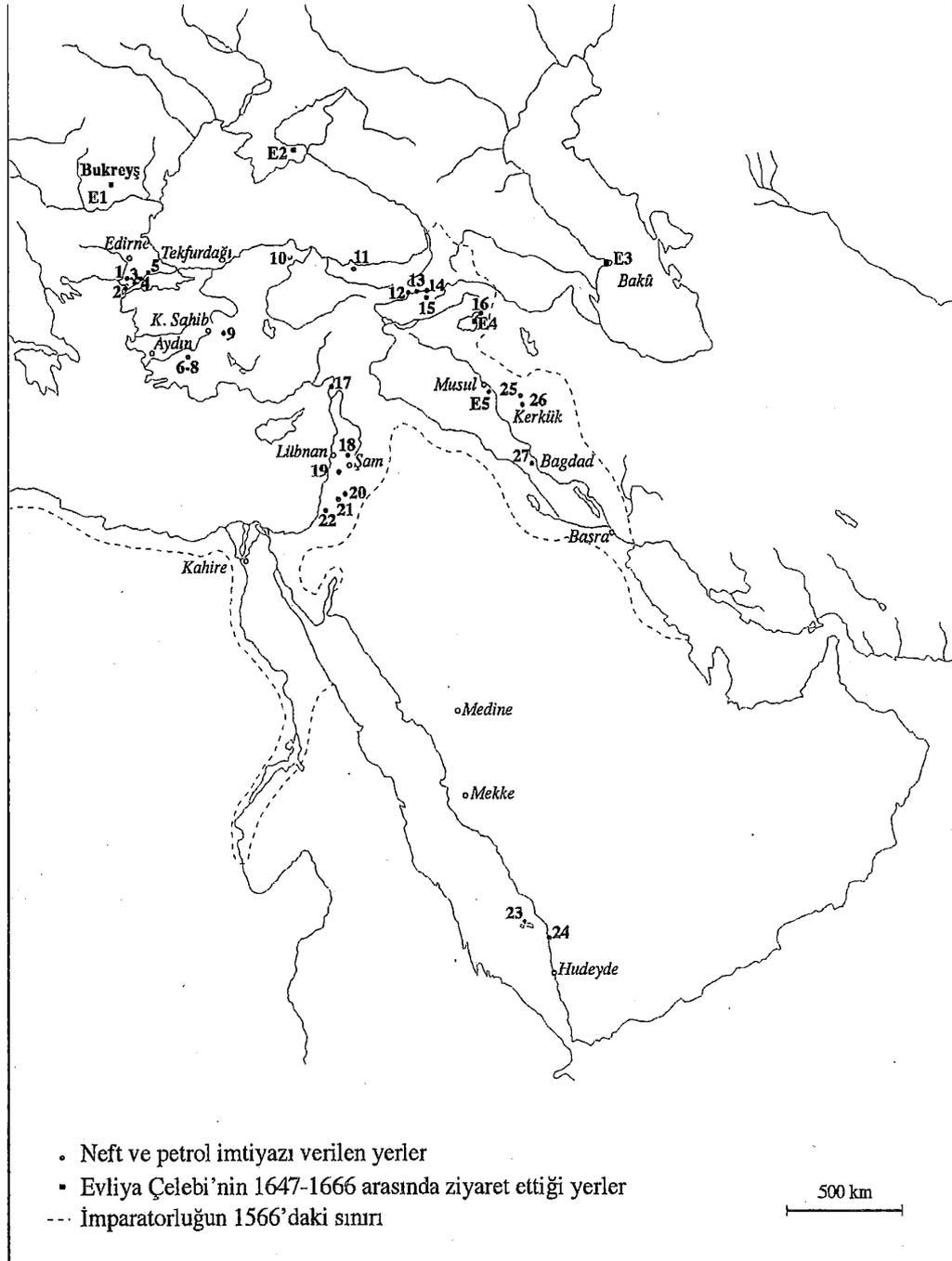
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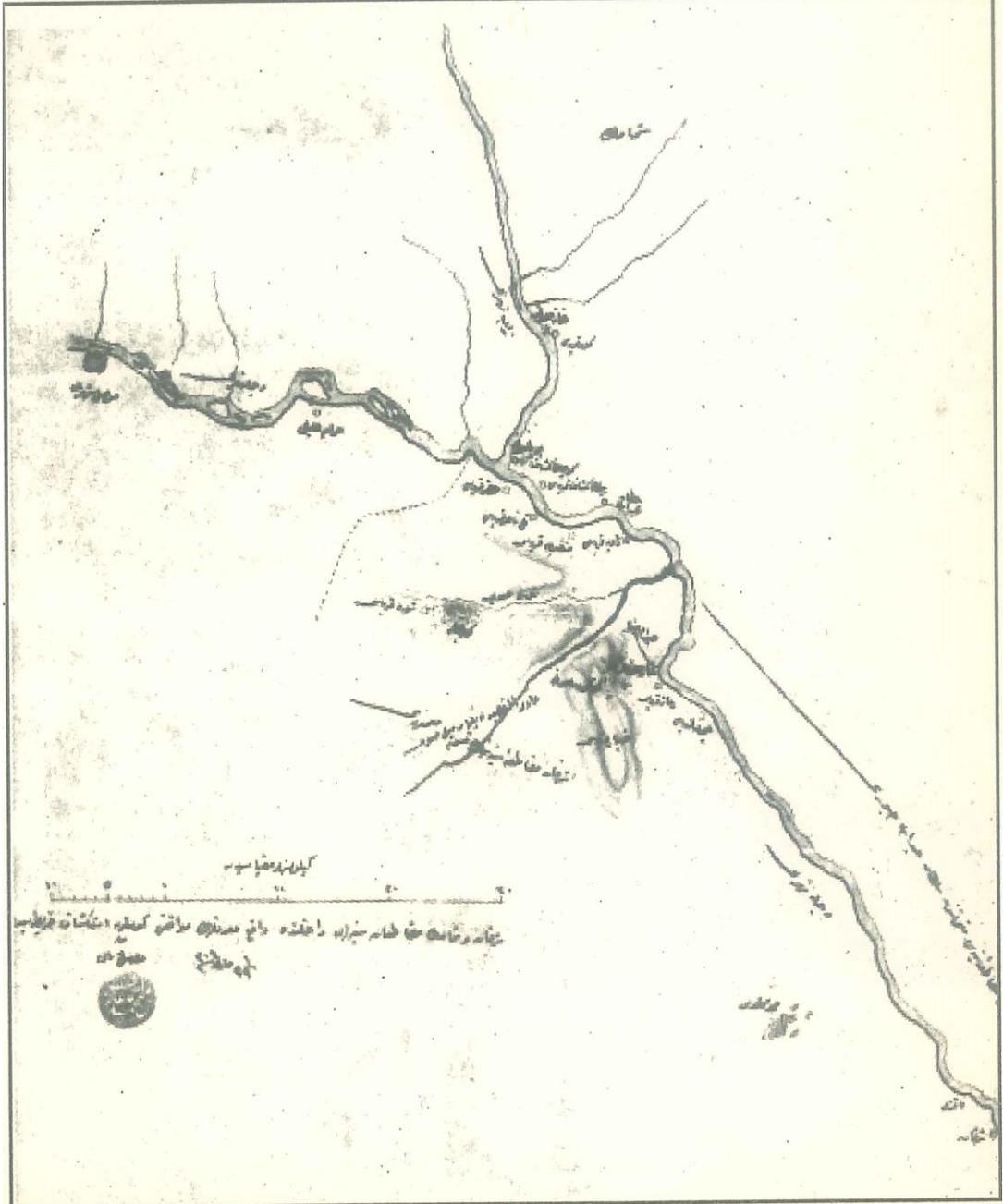
## APPENDIX

**Map 1. A Map of Oil Concession Regions in the Ottoman Empire between 1877 -1922 and Regions Evliya Çelebi visited between 1647 and 1666**



**Source:** Published in Volkan Ş. Ediger, *Osmanlı'da Neft ve Petrol: Enerji Ekonomi-Politiği Perspektifinden*, 101.

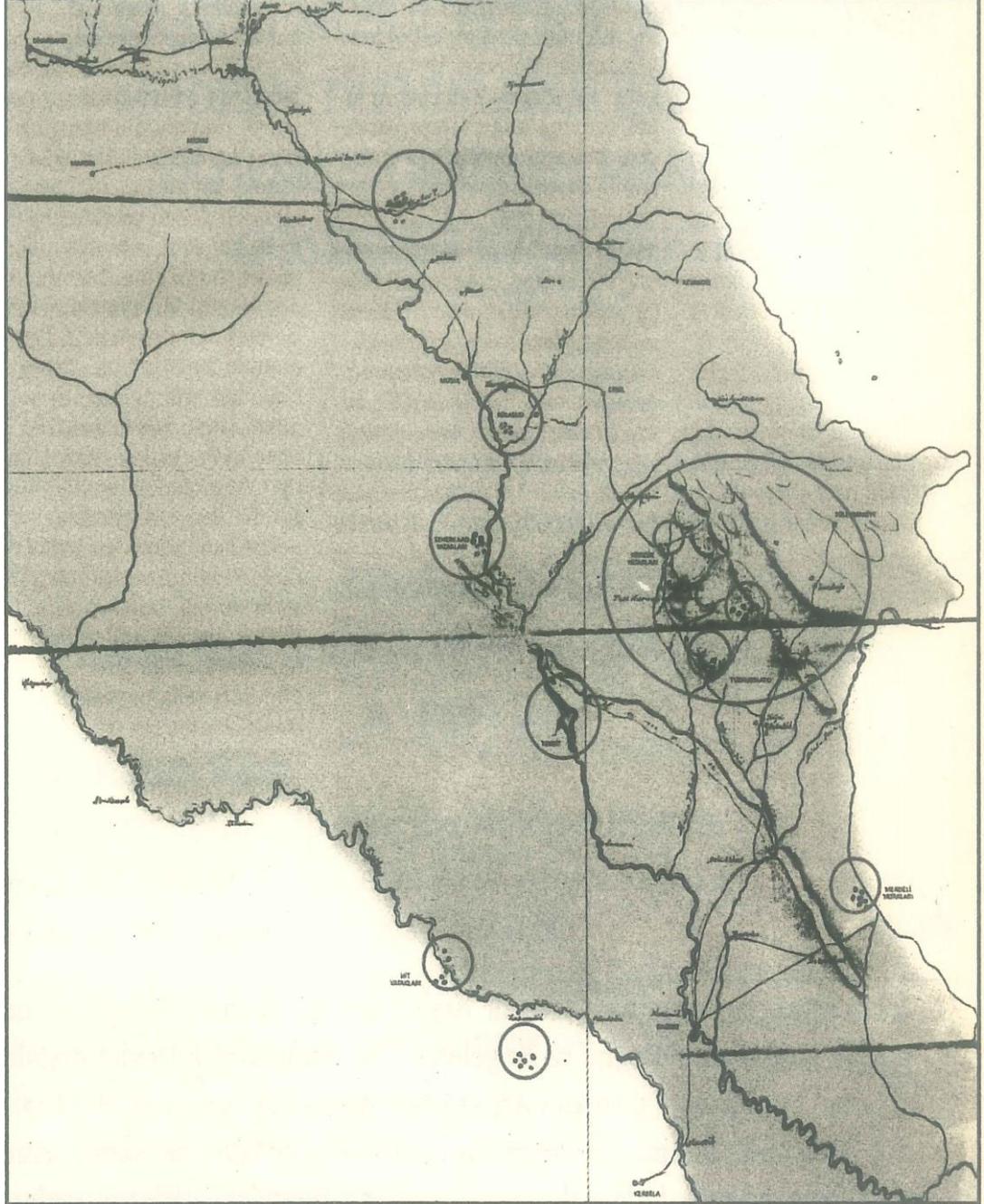
**Map 2. A Map Showing Some Oil Reserves in Mosul by Mine Engineer Arif Bey of Hazine-i Hassa**



**Source:** Published in Arzu Terzi. *Bağdat-Musul'da paylaşılramayan miras : petrol ve arazi, 1876-1909*. n.p.: İstanbul : Truva, 2007, 237. COA. HH. THR. 233/47.

**Map 3. A Map of Oil Reserves in Mosul and Baghdad by Mine Engineer**

**Graskopf of *Hazine-i Hassa***



**Source:** Published in Arzu Terzi. *Bağdat-Musul'da paylaşılramayan miras : petrol ve arazi, 1876-1909*. n.p.: İstanbul : Truva, 2007, 239. COA. HH. THR. 239/60

**Map 4. A Map Showing the Railways and Oil Fields Being Constructed and Built in the Asian Region of the Ottoman Empire**



Source: COA. HRT.H. 961. 1915.



## 6. The 1904 Agreement

### CONTRAT

ENTRE LE MINISTÈRE IMPÉRIAL DE LA LISTE CIVILE ET LA SOCIÉTÉ DU CHEMIN DE FER OTTOMAN D'ANATOLIE CONCERNANT LES GISEMENTS PÉTROLIFÈRES EN MESOPOTAMIE.<sup>1</sup>

4/17 JUILLET 1904.

Entre

le Ministère de la Liste Civile, représenté par Son Excellence *Ohannès Effendi Sakisian*,

d'une part,

et

la Société du Chemin de Fer Ottoman d'Anatolie, représentée par Monsieur *K. Zander*,

d'autre part,

conformément à un Iradé Impérial de S.M.I. le Sultan, émané à cet effet en date du 3 Jumada al-Aula<sup>2</sup> 1322.

Il a été arrêté et convenu ce qui suit:

#### *Article 1*

La Société du Chemin de Fer Ottoman d'Anatolie se charge d'exécuter entièrement à ses frais, dans un délai d'un an, à partir de l'échange de la présente Convention, les études préliminaires (sondages et autres) concernant l'exploitation des gisements de pétrole dont la Liste Civile est concessionnaire en vertu des Firmans en date des 5 Chaban 1306, 5 Jumada al-Aula 1316 et 16 Ramadhan 1320, dans les Vilayets de Bagdad et Mossoul.

La Liste Civile s'engage à procurer aux spécialistes délégués par la Société du Chemin de Fer Ottoman d'Anatolie toutes les facilités désirables pour l'accomplissement de leur mission; elle leur remettra les cartes et croquis du terrain, les études existantes, les autorisations de circuler librement dans toute l'étendue des domaines dont il s'agit; elle leur procurera l'assistance absolue des autorités etc.

Les frais et les résultats de ces études seront communiqués intégralement et dans tous leurs détails à la Liste Civile.

*Article 2*

Si, à la suite de ces études, la Société demande à se charger de l'exploitation des dites mines, cette exploitation lui sera concédée pour une durée de quarante ans par une Convention spéciale sanctionnée par l'Empereur; elle aura lieu avec la coopération et sous le contrôle de la Liste Civile.

*Article 3*

Dans ce cas, la Société procurera par une émission spéciale d'Obligations, le capital nécessaire pour les travaux d'installation (usines, puits, machines etc.) et pour les fonds de roulement, le tout à fixer d'un commun accord entre elle et la Liste Civile.

*Article 4*

Le service des intérêts et amortissement de ce capital, y compris les dépenses occasionnées par les études préliminaires, sera fait sur les recettes de l'exploitation.

*Article 5*

Les recettes nettes au delà des frais d'exploitation et du susdit capital, seront partagées entre la Liste Civile et la Société dans la proportion qui sera arrêtée entre elles.

*Article 6*

Si la Société, après achèvement des études, renonce à l'exploitation de ces mines, la Liste Civile pourra en disposer en faveur d'autrui, sans que la Société ait le droit de réclamer aucun frais ou indemnité, à quelque titre que ce soit.

Dans le cas où la Convention relative à la concession de l'exploitation à la Société ne pourra être conclue, pour tout autre motif, la Liste Civile sera tenue de lui rembourser, avec les intérêts calculés à 5% l'an, le montant constaté des dépenses effectuées pour les études préliminaires et la Société conservera un droit de préférence, à conditions égales, vis-à-vis de toute autre personne ou Société qui demanderait cette exploitation.

Fait en double à Constantinople, le 4/17 Juillet, 1904.

(s) Ohannès Sakisian,  
Ministre de la Liste Civile.

(s) K. Zander,  
Directeur Général de la Société du Chemin de Fer Ottoman  
d'Anatolie.

**Source:** Published in Marian Kent. *Oil and Empire: British Policy and Mesopotamian Oil*, 161 and 162.

7. Operational Issues of Oil Concessions Granted to *Hazine-i Hassa*

T.C. BASBAKANLIK OSMANLI ARSIVI DAIRE BASKANLIGI (BOA)

4

ایضاً فریضه ایضا بریه اصانه بویسه اولاده بوصول بغداد ولایتی داخله کی  
 تیرول عاری معاده حیرتک قاناعی باغ کله طرفه مخاج اولرله شوعیه قدیمه تیسریده  
 اولیده بویوزده فریضه حصول کلاحت مانع عظیمتک نایبه استیضای معالجه منی تحقیقات اولری  
 اناطوی تیمور بوی شرتن طرفه صافک نسوید ابرا اولمعه وینجه تحقیقاته معذرت و بطر توفی  
 تبیه اندکده بونون ایستلی ایچونه زوم کوریا به سر بابه رضی قلمه و اس المال انجوس ایستله  
 وصلاتنه نسوید اولمعه اولره به شرتن تاران قلمه و وصلات صافیه هر سه فریضه اید شرتن بوج تقسیم  
 ایدلک شرطی و شرط نایبه تاره اید ایستله خصوصتک بر مدت یعنی ایچونه شرتن مذکوره به  
 تودلی صورتی رجهه تصویب عالی ضابطه شریاری بویرضی تقدیر شرتن مذکوره مدیرتیه مذکوره  
 رطلحه بالابتدای حاصل اولجه پنجه ملک بالاطراف عصبه عتبه علیا قلمس ۷۷ محرم ۱۲۵۶ و انبیا شری  
 تاریخی و ۱۰۶ نورو عیضه نسیمه کتازیم اید استیضاه قلمسیدی صورت معروضه شوارم محکم  
 سایه فیوضات و اید وی نعمت بیت اعظمیده وجوده کلینی جدا وظیفه به از اهل بیت ان اهلونه  
 صورتیه نایبه مدار اولرضی موقوف بوندیفه و شرتن مذکوره مدیری و وقتو زائر قریبا ایلیایه  
 عمریت اید جمل اولسه بنا بویزه شرف و صدور بویوبه چه اراده سینه هفت جرایبایدینه انقار  
 قلمس معروضه

۵۹۶ م سنه ۱۲۵۶

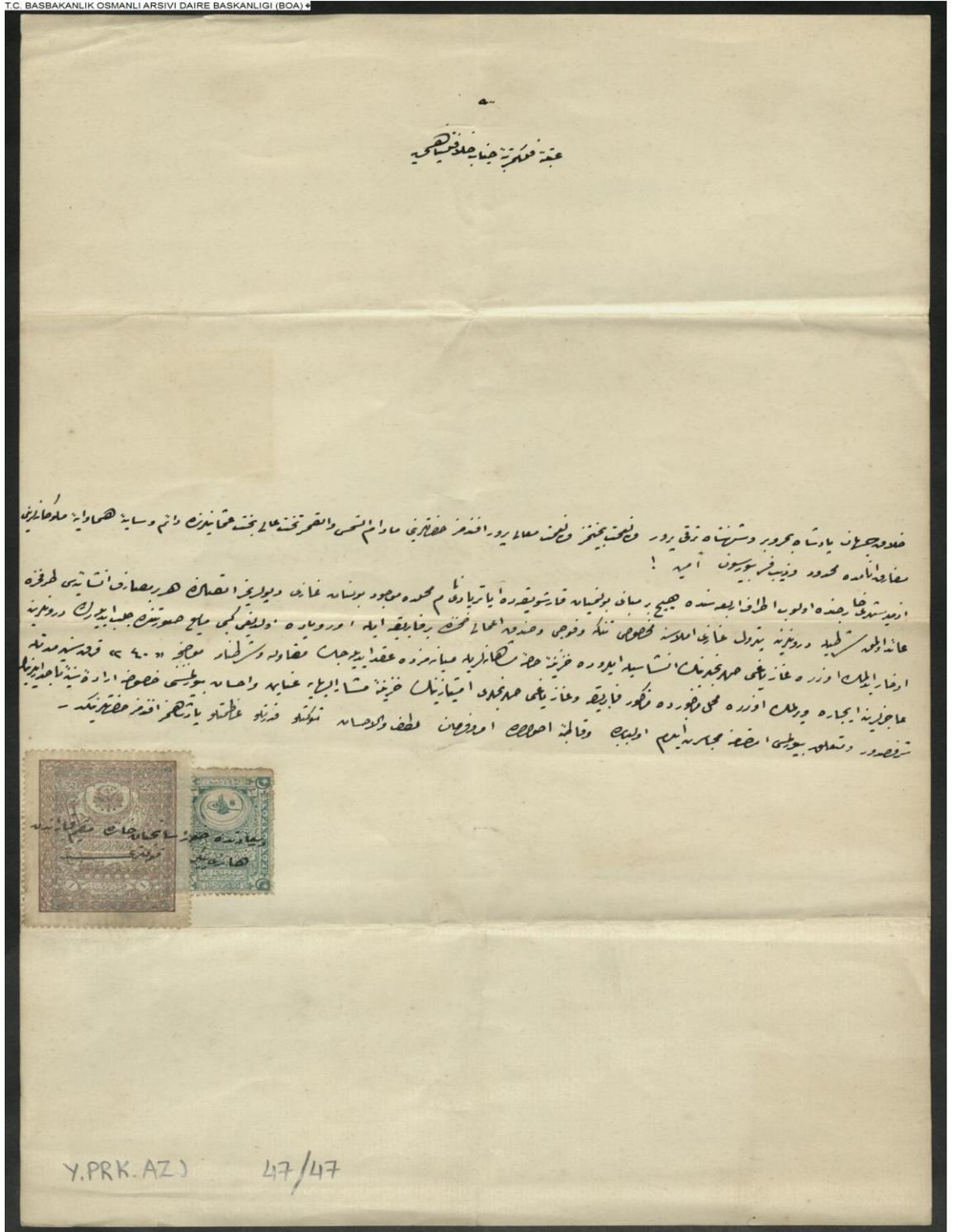
قولدی  
 اوصلی

Y.PRK.HH 35/44

Y.PRK.HH.00035.00044.001

Source: COA. Y. PRK. HH. 35/44.

8. A Concession Document for Building a Tin Barrel Factory to Preserve Refined Oil in Izmir in 1903



Y.PRK.AZJ.00047.00047.001

Source: COA. Y.PRK. AZJ. 47/47.