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A History of Oneok

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Introduction

In the vast and dynamic landscape of American industry, few companies boast a journey as compelling and transformative as ONEOK. From its humble beginnings in the burgeoning oil and gas fields of early 20th-century Oklahoma to its current stature as a prominent S&P 500 energy company, ONEOK's story is a microcosm of the nation's energy evolution. This book, *A History of ONEOK: The Story of an S&P 500 Company*, chronicles that remarkable trajectory, offering an in-depth look at the decisions, challenges, and innovations that have shaped its identity and enduring success.

The narrative of ONEOK is deeply interwoven with the very fabric of the natural gas industry itself. It is a story that begins with the initial discovery and exploitation of Oklahoma's rich natural resources, tracing the company's growth from a local utility to a vital regional player, and ultimately, a national leader in midstream energy services. We will explore the pivotal moments when ONEOK adapted to new technologies, navigated complex regulatory environments, and strategically expanded its infrastructure, building the intricate pipeline networks that are essential to delivering energy across the country.

Beyond the pipelines and processing plants, this book delves into the human element of ONEOK's history. It examines the leadership that guided the company through periods of immense change, the corporate culture that fostered resilience and innovation, and the workforce that consistently delivered on its mission. We will uncover the impact of major economic shifts, from the energy crises of the 1970s to the dawn of deregulation and the more recent natural gas boom, illustrating how ONEOK not only weathered these storms but often emerged stronger and more strategically focused.

A significant portion of ONEOK's modern history involves its innovative financial structures, particularly its strategic use of Master Limited Partnerships (MLPs) and the subsequent reintegration of ONEOK Partners. These chapters illuminate the sophisticated financial engineering that underpinned significant growth and value creation, ultimately culminating in the company's prestigious entry into the S&P 500. This milestone is not merely an indicator of financial success but a testament to sustained operational excellence and strategic vision.

As we look to the future, ONEOK continues to adapt and evolve in response to global energy market dynamics and the imperative of the energy transition. This book explores how the company is embracing technological advancements, prioritizing environmental stewardship, and engaging with communities to ensure a sustainable

path forward. By examining ONEOK's past, we gain invaluable insights into the resilience, adaptability, and strategic foresight required to thrive in a constantly changing industry. This is more than just a corporate history; it is a testament to American enterprise, a detailed account of an S&P 500 company that has truly powered progress for over a century.

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CHAPTER ONE: The Early Days: Founding and Formative Years

The story of ONEOK begins not in a corporate boardroom, but in the untamed, booming landscape of early 20th-century Oklahoma. It was a time of frenzied activity, where the promise of black gold drew dreamers and wildcatters alike to the newly opened territories. Amidst this oil rush, natural gas, often an unwelcome byproduct, was beginning to be recognized for its own potential. It was in this dynamic environment that Oklahoma Natural Gas Company, the precursor to ONEOK, was born.

Oklahoma was a land of immense natural resources, and the discovery of oil in the late 19th and early 20th centuries set off an economic transformation. The Nellie Johnstone No. 1 well, drilled near Bartlesville in 1897, is widely considered the state's first commercial oil well. This initial success triggered a domino effect, leading to numerous oil field discoveries that rapidly escalated Oklahoma's crude oil production from a mere thousand barrels a year to 43.5 million barrels within a decade. By the time Oklahoma achieved statehood in 1907, it had already become the largest oil producer in the nation.

However, the focus was primarily on oil. Natural gas, while present, was often flared off as a waste product during oil extraction. The infrastructure for its collection, transportation, and distribution simply didn't exist in any significant capacity. This presented a unique challenge, but also a monumental opportunity for those with the foresight to recognize its value.

It was this opportunity that captured the attention of two astute attorneys, Dennis T. Flynn and Charles B. Ames. They envisioned a system to harness this abundant natural gas, which was frequently a byproduct of the burgeoning oilfields in northern Oklahoma. Their plan was ambitious: to pipe gas from northeastern Oklahoma to Oklahoma City, which, at the time, relied on manufactured gas for its energy needs.

On October 9, 1906, under the laws of Oklahoma Territory, Flynn and Ames officially incorporated the Oklahoma Natural Gas Company (ONG). They were not alone in this venture; they secured the backing of Theodore N. Barnsdall of the Barnsdall Oil Company and Glen T. Braden, a former Standard Oil officer, adding significant industry experience and financial muscle to their nascent enterprise. The company's founding date, October 12, 1906, marks the true beginning of what would eventually become ONEOK.

Dennis T. Flynn took the helm as ONG's first president. His initial task was crucial:

securing contracts to supply local distributors. This groundwork was essential for creating a market for the natural gas they intended to transport. The company's vision was grand, but its initial efforts were focused on building the fundamental connections necessary to bring gas to consumers.

The undertaking was significant, especially given the rudimentary infrastructure of Oklahoma at the time. The territory, soon to be a state, lacked paved highways and established transportation networks. Nevertheless, progress was swift. Throughout the spring and fall of 1907, ONG embarked on the ambitious project of constructing a gas pipeline. This vital artery would stretch from Osage County to Sapulpa and, crucially, to Oklahoma City.

On December 28, 1907, just a month after Oklahoma officially became the 46th state in the Union, the monumental \$1.7 million pipeline project was successfully completed. This 100-mile pipeline represented a significant achievement, literally connecting the gas-rich fields of northeastern Oklahoma to the growing urban center of Oklahoma City. It was a testament to the pioneering spirit of the company's founders and the burgeoning energy industry of the state.

Following the completion of this foundational pipeline, Glen T. Braden, a figure with a background in Standard Oil, replaced Flynn as president. Braden took the reins during a period when Oklahoma was still very much a frontier. The legal and social landscape was still being defined, often by "high noon" law, as some historians have noted. Even state legislators, it was said, would check their sidearms with the Sergeant at Arms before entering legislative sessions. Braden's leadership would guide the company through these formative, often challenging, early years.

The completion of the pipeline was just the beginning. The next step in building a robust natural gas infrastructure was the development of technologies to ensure efficient flow and delivery. In 1910, Oklahoma Natural Gas Company achieved another milestone by constructing the first compressor station in the state of Oklahoma. Compressor stations are critical components of a natural gas pipeline system, increasing the pressure of the gas to propel it through long distances, thereby ensuring a consistent and reliable supply.

By 1919, the reach of the Oklahoma Natural Gas Company had expanded considerably. It was supplying gas to 37 communities across Oklahoma, utilizing more than a thousand miles of pipeline. This rapid expansion demonstrated the growing demand for natural gas and the company's commitment to meeting that demand, transforming what was once a discarded byproduct into a valuable energy source for homes and industries across the state. The early days were marked by a bold vision, significant engineering feats, and the establishment of the core infrastructure that would serve as the foundation for ONEOK's enduring legacy.

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