

EAST AFR. PROT.
40528

C.O.
40528
Recd
Rpt 23 DEC 12

100

Director
Field 817
Date
1912
November
Previous Paper
6 of 5 Col
2062 Lighting of Lake

OIL FUEL FOR LAKE STRAMERS

Trs letter and enclosure from Acting Railway Manager. Reports as to negotiations with the Anglo Persian Oil Coy. Certain storage facilities are necessary at Kilindini. Estimated cost £6000. Proposes to meet this from the £375,000 loan instead of arrgts for lighting the Lake. Trusts proposals will be sanctioned. Asks C.A. be instructed to complete the contract.

Trs Report Dir. G. Fiddes

There is no point of detail here which concerns the form of the agreement with the Co.

It is proposed to fund the money from what is left of the £35,000 "half million loan" for additional cargo steams & extension of shipping facilities at lake ports, & for buying for the cargo boats. The balance was estimated at £8000 a sum ^{50%} 3200. It was proposed to devote it to lighting the lake.

The Govt. now considers that it is better to take precedence of the lighting oil problem (39675) that Mr Taylor concurs. Considering that the other supply of the necessary fittings for burning oil fuel has been approved some time (the £8000 referred to in letter to this), there

Del. 28
15
Subsequent Paper
251

Can be so dull that the school books
should be obtained as soon as possible.

I think para 3 shows justification for
regarding the charge as for "extending shipping
facilities" not only generally but at Lake
ports.

? Tell CA that the dep. has now been
received & that it is unnecessary to vary
the authority already given them.

[We are not I think in any way bound
to consult the Treasury as to the detailed
allocation of this loan.]

W.S. 23/11

H. J. R.

23/XII

So proceed, quickly, after ~~board~~ circular
to the Anderson

at once W.S. 24

GOVERNMENT HOUSE,
NAIROBI,
BRITISH EAST AFRICA.

EAST AFRICA PROTECTORATE

November 22nd 1912.

No. 817



199

Sir.

all 2
7-21

With reference to your despatch No. 142 of March 13th respecting the substitution of oil fuel for coal on the Lake Steamers, I have the honour to transmit herewith copies of a letter and enclosures from the Acting Manager of the Uganda Railway.

2. The position is briefly as follows. Up to May last negotiations were in progress with the Anglo-Asiatic Petroleum Company but they proved abortive as the latter were unwilling to enter into a contract on such terms as were considered reasonable. The rate they quoted was 58^s/- per ton. Another firm, the Anglo-Persian Oil Company Limited, has now come forward with proposals, which are in every way more advantageous, the price asked being only 47^s/- per ton. They ask however that certain storage facilities should be furnished by us at Kilindini, which are estimated to cost £6,000. No provision exists for this expenditure and the only source from which funds can be obtained

THE RIGHT HONOURABLE

LEWIS HARCOURT, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S.W.

Manager
Nov. 12th

(2)

obtained is the balance of £8,000 on the £35,000 earmarked out of the new £375,000 loan for a new Lake steamer.

4.
 3. It is true that I have already suggested that this sum should be devoted to the lighting of the Lake, vide my telegram No.171 of October 10th and your telegram of 17th of October in reply, but the erection of the oil-tanks appears to me to be a matter of much greater urgency and I strongly recommend that it should be proceeded with first. The increasing difficulty in obtaining wood fuel, the reduction in the cargo capacity of the steamers resulting from the accommodation which has to be set aside for its storage, and the constant delays which are necessitated by its use, render the substitution of oil at an early date extremely desirable. The lighting of the Lake, important as it is, can I think be very well postponed until I have had an opportunity of discussing the matter next month with Mr. Taylor, when I propose to address you further in a separate despatch.

4. Should you approve of my proposal, which I earnestly hope will be the case, I should be greatly obliged if you would instruct the Crown Agents to accept the terms offered by the Anglo-Persian Company, which you will observe remain open only until the end of the current calendar year, and complete the contract.

5. I greatly regret that I have been compelled to bring this important question to your notice

notice in a somewhat precipitate manner, but the progress of the negotiations to a point requiring a decision on the expenditure of a capital sum of £6,000 has only just been reported by the Acting Manager and I have not therefore been in a position to make any previous communication on the subject.

I have the honour to be,

Sir,

Your humble, obedient servant.

H. Conway, Secy. &c.

GOVERNOR.

INCLOSURE

In Despatch No 817 of 22 XI 1912

C. O.
40528

REC'D
RFG-23 DEC 12

General Manager's Office,

Nairobi, 17th November 1912

No. 412
1043

Sir,

Oil burning on Lake Steamers.

Under authority of Secretary of State's No. 442/1912 of the 11th. January 1912 a sum of £47,000 was sanctioned to meet the cost of the additional steamer "Usoga" and Tug "Kavirondo" £2,800 of this amount was earmarked for providing certain fittings travelling tank wagons and storage tanks at Kisumu. At the time we were in treaty with the Anglo Asiatic Petroleum company who proposed to supply oil at 58 shillings per ton delivered at Kilindini the Petroleum company providing the necessary storage tanks at their own cost. After a good deal of correspondence between that Petroleum Company, the Crown Agents and the Manager, negotiations were, towards middle of 1912, closed by the Company refusing to agree to the terms of contract. In the mean time the Anglo Persian

Oil

The Honourable,

The Chief Secretary

to the Government,

East Africa Protectorate,

Nairobi.

Oil company had stepped in and offered to supply oil at the reduced rate of 47 shillings per ton provided the Railway found their own storage tanks at Kilindini. At this stage I wrote my No. 5040/1048 of 28nd. July to which Crown Agents letter No. 2629/728 of the 17th. October is a reply (copies of both attached). In the interval between the earlier offer by the Anglo Asiatic Company and Mr. Currie going on leave there was a good deal of discussion on the question generally and uncertainty as to the deal coming off but there can be no doubt whatever that the present offer by the Anglo Persian Company is more advantageous in every way and I have the honour to advise asking the Secretary of State's sanction to an estimated expenditure of £6,000 for the storage installation at Kilindini to be met from the remnant £6,000 left over from the £36,000 sanctioned for an additional steamer (see Mr. Harcourt's telegram dated 17th. October 1915). I opine that it is a specially correct head to meet this particular expenditure from as the outlay is specially connected with the Steamers and can not well be classed otherwise. I have already shown how to provide £7,000 towards the Light Houses scheme in my letter No. 358/140 of the 25th. October 1915 and there should be no difficulty in augmenting the amount from same source and I now suggest that if the Secretary of State approves of the proposal to devote the £6,000 indicated to the oil installation that he be asked to put this oil business in the

Crown

Grown Agents hands to conclude a contract with the Anglo Persian Company for the supply and erection of the storage tanks at Kilindini at an estimated cost of £5,431 quoted in their offer less £225 import duty or £5,106 and for the execution of a contract for the subsequent supply of the oil as per previous instructions, the whole of which are well known to the Grown Agents.

All the reasons formerly advanced in favour of oil fuel pertain viz. great and increasing difficulty experienced in securing wood fuel for steamers, delay to the vessels in manipulating the wood fuel and loss of carrying capacity on the steamer through having to meet its storage (space much required for cargo) I may also remind you that we are already comitted to an expenditure of £5,300 towards this oil burning system, the reduction in cost of the oil to 47 shilling as against 58 shillings per ton give sufficient margin for a very handsome return on the estimated outlay required for the storage tanks. The original sanction for the oil installation viz. (£5,300) a sum which as explained above under the altered circumstances is not sufficient to meet the whole cost of the complete scheme. I however provide for all deficiencies in an estimate for the storage tanks at Kilindini (each to hold one million gallons) using figures in the Anglo Persian Company's letter. The additional £5,000 now asked for added to the former provision of £5,300 will raise

4 W.S.

raise the grand total to £14,300.

To be carried out by the Anglo Persian Petroleum Company.	Two 22'6" tanks delivered Glasgow.	£ 3,000
	Freight dues and insurance on tanks plus 10 tons of erection tools.	£ 400
	Erection at £8 per ton.	£ 1,478
	300 yards 8" (?) pipes 100 Feet 8" (?) Flexible }	£ 100
		<hr/>
		£ 5,106
To be carried out by the Uganda Railway at its own cost in East Africa.	Foundations in East Africa	£ 500
	Contingencies	£ 394
	<u>Total amount now required.</u>	<u>£8,000</u>
	Add amount already sanctioned	£6,300
	<u>Grand total</u>	<u>£14,300</u>

Hoping I have made myself clear.

I have the honour to be,

Sir,

Your obedient servant,

AG. General Manager,
Uganda Railway.

General Manager's Office,
Nairobi, 22nd. July 1918.

157

No. 8040/1040.

Gentlemen,

Oil Fuel for the Lake Steamers.

Your No. 1400/VES of 29-5-18 and No. 1540
of 13-6-1918. ^{VES}

On the assumption that the negotiation with the Asiatic Petroleum Co. for the supply has broken down and that you are now in treaty with the Anglo Persian Oil Co. who offer to supply oil delivered into tanks at Mombasa at 47 sh. per ton as against 58 sh. tendered by the former Company, I beg to submit the following suggestions.

That should the negotiations with the Anglo Persian Oil Co. culminate in your being able to secure an agreement on the lines indicated in my letter No. 1300/104 of the 21st. February 1918 and previous correspondence, that the Company be asked to tender for the supply and erection at Kilindini of the two 1,000,000 gallon tanks of approximately 22'6" diameter by 30'8" high with the pipe line of

some

Crown Agents
for the Colonies,
Whitehall Gardens,
L o n d o n.

some 300yards and flexible pipe 100 feet. This appears convenient and probably expeditious plan more particularly as the Oil Company's Agent in his letter states that they have erected such tanks at different places all over the world. The point of erection at Kilindini is that shown in the plan accompanying my letter quoted: the site is close to an oil installation belonging to Messrs Smith Mackenzie & Co. I could undertake to get the necessary foundation on which to place the tanks got ready in time for the erection and completion of the work (at out cost independent of the oil Company).

To assist them in framing an estimate for the erection I may state that there is little skilled labour procurable at Kilindini but if they give me an approximate number of men required (Riveters) I could get them from Bombay at a time to be specified: the rate of wages is about 25 sh. per week. In the case of somewhat similar tanks now installed at Kilindini erected by the Asiatic Petroleum Co, for Kordsine oil a couple of leading men sent out from England by that Company carried out the erection, riveters being provided as indicated above. Should the Anglo Persian Oil Co. be disinclined to tender I see no option than to indent for the iron work and get it out in the usual way and erect as best we can; in which case I must ask that you secure me the necessary drawing showing tanks, pipes and foundation all of which no doubt the Oil Company can easily supply. The

Objection

objection to our undertaking the work ourselves is that being new to the business it is not so easy to fix a date for completion and the delivery of oil, while if the business is in the hands of the Oil Company they could say with some certainty. Judging by the rates supplied I approximate the tanks pipes etc. delivered at Kilindini at £4,500 to £5,000 and erection and incidental charges at about £1,000.

As you will see the business is still in the air and hinges on what you can arrange, however I place myself in your hands and beg that you will please favour me with a further communication on the subject.

I have the honour to be,
Gentleman,
Your obedient servant,

sg/- C. Sandiford.

Acting Manager,
Uganda Railway.

WHITEHALL GARDENS,
LONDON S.W.
14th October 1918.

200

NO. 807 G.
788

Sir,

With reference to your letter No. 5040/104.E., of 22nd July, concerning the supply of oil fuel for the Railway Steamers, I have the honour to enclose copies of the correspondence noted in the margin, between ourselves and the Anglo Persian Oil Company. It will be noted that the offer of the Company remains open until the end of this year, and it now remains to decide whether their offer should be accepted. We have discussed the question with Mr. Taylor, and he is inclined to agree with us that the terms are distinctly favourable. We shall, no doubt, receive your decision by 21 telegram in time for us to communicate with the firm before the end of December.

I have the honour to be,

Sir,

Your obedient servant,

SD/- H. F. Marsey.

The Manager,

UGANDA RAILWAY.

WHITFIELD GARDENS S.F.

21st August 1912.

Gentlemen,

With reference to your letter of the 28th March, The Uganda Railway Administration proposes to enter into a contract for the supply of oil during a period of say three years, and we should be glad to know whether you would be willing to undertake such a contract, and, if so, to receive your proposals.

You will remember that in March last you quoted 47s/- a ton delivered at Kilindini. The Manager of the Uganda Railway writes as follows respecting the quantity of oil that will be required :-

"The Administration is equipping the present fleet of 4 steamers and 1 tug to burn oil fuel, another steamer and another tug are on order and will be similarly equipped. Our existing fleet is in full work and there is every prospect of the new vessels being fully employed as soon as erected.

If trade increases in the future as it has in the past few years further steamers will be required in the near future all of which will be constructed to burn oil fuel provided that we find the

(the) oil satisfactory.

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Our estimated consumption for our existing fleet of 4 steamers and 1 tug is 200 tons per mensem but until we have had actual experience with this fuel it is impossible for us to give a more definite estimate.

X

X

X

"I am therefore not prepared to agree to take any minimum or maximum quantity but will of course give them an estimate of my annual requirements at least 4 months before the commencement of each year and at least 4 months notice of any increase in such estimate.

X

X

X

"The amount of oil we shall require during the first year depends upon how quickly we can alter our steamers. We cannot begin to alter them^{un}til we have filled up some 700 tons of oil to fill our small storage tank at the Lake and we must then take the steamers in hand one by one.

"I also cannot say at present how much oil we shall consume per mile. We are at present running a ton total average of 6000 miles per mensem with our 4 vessel the mean tonnage of which is 300 tons (vide page 55 of Uganda Railway Administration Report for 1910-11)

"After the first year we can of course give a very approximate estimate of our annual requirements and I will agree to a ten per cent margin on the amount I shall quote i.e. the company must be prepared to supply 10% more or less than the quantity I order.

3. We should also be glad if you will quote a price for the supply and erection at Kilindini of two 1,000,000 gallon tanks of approximately 82'6" diameter by 80'8" high

with

ix/28
a pipe line of 800 yards and flexible pipe of 100 feet. We enclose an extract from a letter from the Acting Manager giving some information as to site and labour, and we will send you the plan referred to in a few days.

I am, etc.

SD/- H. Martin.

for Crown Agents.

Winchester House,
Old Broad Street, E.C.
15th September 1912.

Gentlemen,

With reference to your letter of the 21st ulto. (G.722) on the subject of the supply of Fuel Oil to the Uganda Railway Administration we have given the matter our careful consideration and beg to reply as follows :-

1. We are prepared to contract for the whole of the above requirements of Fuel Oil, Flash Point 150° F., for a term of years at the price of 22-7-0 per ton delivered at Kilindini in bulk shipments of about 5/4,000 tons.

2. We note that the Manager of the Railway is not prepared to take any maximum or minimum quantity, whilst it is, of course, impossible to estimate, even approximately, the consumption during the first year but, as you are doubtless aware, Fuel Oil can only be delivered economically in full cargoes as indicated above, and we would suggest that the proposed contract should provide that you purchase in the first place a cargo of 8,000/ 4000 tons, and afterwards give us four months notice as to when you require your stock of Fuel Oil in the Tanks at Kilindini replenished by a further cargo.

Yours

-3-

providing) the necessary skilled supervision, and charging actual cost only.

5. As the consumption of Fuel Oil will not be large during the first year or two, and in consideration of the above, the contract should be for a term of at least 7 years.

6. We shall be pleased to discuss the matter further with you if you will favour us with an appointment

I have the etc.,

Sd/- E. Nichols.

for Managing Director.

Whitehall Gardens
10th October 1913.

Gentlemen,

With reference to your letter of the 18th ultimo and to the subsequent interview with Mr Nichols as to the proposed supply of fuel oil to the Uganda Railway, I now write to say that we are prepared to enter into a provisional arrangement, subject to the approval of the Railway Administration, with you on the lines indicated in your letter referred to above, that is to say, that the Railway Administration shall be supplied by you with such fuel oil as they require, of suitable quality for burning in the furnaces of the Lake steamers, for a period of seven years, from say, the 1st January 1913 at the price of £8.7.0 per ton delivered into tanks in Kilindini Harbour. The Railway to provide two 4000-ton tanks together with the necessary pipe lines and connections to enable the oil to be pumped direct from the steamer into the tanks. The tanks to be constructed either by the railway or by you in the latter case, the expense of erection will be charged to the railway at actual cost price, and no charge for Consulting Engineers' fees will be made. The oil to be delivered in complete cargo lots of 8000 to 4000 tons at a time and four months notice is to be given when a further cargo is required.

3. On hearing from you, we will immediately communicate with the Uganda Railway authorities and ask them to ratify this provisional agreement by telegram,

when

when a definite contract can be drawn up. The new General Manager expects to arrive in the Colony at the end of November: he has been made acquainted with these negotiations and there should therefore be no difficulty in getting a definite reply by the middle of December. We understood from Mr. Nichols, when he called here, that your offer would be kept open until the end of the present year.

I am etc.,

Sd/- W. H. Mercer.

THE ANGLO PERSIAN OIL CO: TO GROWN AGENTS.

Winchester House,
Old Broad Street E.C.
14th October 1919.

209

Gentlemen,

We beg to acknowledge receipt of your letter of the 10th instant, (G/789) and have pleasure in confirming sale to the Uganda Railway Administration of their requirements of Fuel Oil for a term of seven years delivered at Kilindini in full cargoes of about 5,000/4,000 tons at 22-7-0 per ton. It is quite understood that this sale is subject to ratification by telegram from the Railway Administration and that on receipt of same we will enter into a definite contract.

The oil will be pumped from our Tankers into the Railway Administration's Tanks at Kilindini Harbour but we of course understand that we are not liable for Import Duty thereon.

8. In the event of our being called upon to erect the necessary tankage we are to do so at actual cost price and no charge for Consulting Engineers fees will be made. We may say that all tank material ordered by us for our own account is inspected during construction and before shipment, both for the purpose of satisfying us as to the quality of the material and as to the correctness of the gauges and of the drilling of the rivet holes and for this we pay a charge of 1% on the value. This is a procedure we strongly recommend but if, you prefer to appoint your own inspector

this

-2-

this charge would, of course, not be incurred. Whilst on this subject of bankage we would point out the advisability of placing orders at as early a date as possible in view of the difficulty of obtaining reasonable delivery from ~~many~~ manufacturers.

5. We note that the new General Manager is expected to arrive in the Colony about the end of November and that inasmuch as he has knowledge of these negotiations it is expected that a definite reply will be received from him by the middle of December. We shall, however, be pleased to have the matter open till the end of the year.

We are etc.

Sd/-----

Managing Director.

Sw 2AP
40528

211

C
R. 24 DEC
D. 24

[Handwritten signature]

ansd 4/28/12

24 Dec 1912

Gentlemen

Sir

DRAFT

CP for the Colon (89375)

With reference to the letter from this Dept of the 17th of Dec., I am directed by Mr. Secy. Harcourt to inf. you that he has now received ^{at} a despatch from the Governor of the S.A.P. on the subject of the offer of the Anglo Persian Oil Co. for the supply of oil fuel for use in the Uganda ^{R.R.} Lake steamers and for the erection of oil tanks at Lake dev.

MINUTE

Mr. W.C.S. 24/12/12

Mr.

Sir G. Fiddes.

Sir H. Just.

Sir J. Anderson.

Lord Emmott.

Mr. Harcourt.

[Handwritten signature]

I have telephoned this over already, (everything in train W.C.S. 24/12)

by the way for Gov (to be sent later).

Copy for 908 24 Dec

2. The despatch does not involve any alteration in the details of the proposed arrangement with the Company and I am accordingly to confirm

plans to go to Sir J. Anderson soon as this has gone

For
40528
f2

E.A.P.

C. D.
R. 28 DEC
D. 31

212

31 Dec 1912

Sir,

I have the honour to
ack. the receipt of your
despatch no. 807 of the 22nd
of Nov. on the subject of the
proposed agreement with the
Anglo-Persian Oil Company
for the supply of oil fuel for
the Uganda Railway steamers
and the erection of oil tanks at
Kilindini. I enclose for
purposes of record a copy
of the complete which has
been placed with the C.A. for
the Col. in regard to this matter.
subject.

2. I approve of your proposal
that the cost of the oil tanks
shall be met from the balance
after providing for the new
cargo steamer, if the sum of
£35,000

DRAFT.

E.A.P. no. 908

For.

Belfield

MINUTE.

- Mr. Bodoney 28/12
- Mr. Reid 28/12
- Sir G. Fiddes
- Sir H. Just
- Sir J. Anderson
- Lord Emmott
- Mr. Harcourt
- for common

CA
 To do 10 Dec (39292)
 To do 17 Dec (39675)
 To do 24 Dec (40528) Capital

submitted to complete the
for Col

£35,000 allocated from
the ~~total~~ £375,000 loan for
"additional cargo steamer or
extension of shipping facilities
at lake ports"; as I conceive
in your view that this service
should take priority over the
lighting of the lake, to which
it had previously been
intended to devote the balance.

~~I shall await with interest.~~

I hope, however, that it may
be possible to proceed with
the lighting scheme before
long and I shall await
with interest the despatch
which you propose to send
me on this subject.