

BENKENDORFF AND K TRADING HOUSE AND AZERBAIJAN

Benkendorff oil fields. National Museum of History of Azerbaijan. Photo published for the first time

The early 1860s saw not only the abolition of the serfdom law in Russia, but also the rise of industrial oil production in Baku. The abolition of the cash handout system in 1872 led to the expansion of exploration and development of new oil fields. Initial trading of oil-bearing areas took place on December 31, 1872. The best oil-bearing land in Balakhany was acquired by the Benkendorffs, Gubonin and the Khalafi partnership, who invested over 3 million Rubles in leasing the fields (3, p. 202).

In 1869-1870, Alexander Benkendorff, a representative of the so-called junior "Moscow branch" of the Russian Benkendorffs, arrived in Baku with his sons, Mikhail and Alexander, as well as P.P. Muromtsev, his son-in-law, in order to tackle oil field development. However, he was unable to take part in the upcoming bidding due to his illness, and this job was taken over by his sons and son-in-law. During the closed bidding in December 1872, the Benkendorffs and Muromtsev acquired two fields – on the Absheron Peninsula and in Balakhany – for 103,749 Rubles. Moreover, M.A. Benkendorff purchased two more fields, with one of these located 45 Versts (a verst is around 1.067 km) away from Salyan for 3,000 Rubles and the other one in the vicinity of the Jenjin station in an area called Kir-Kishlak for 1,000 Rubles.

Alexander Benkendorff passed away on November 4, 1873. In 1874, his heirs founded the Benkendorff and K Trading House, an oil mining company. On June 16, 1884, a partnership was established under the aus-



pices of the trading house, in accordance with Clause 766 of the Commercial Code. It was headquartered in a privately owned property on the Mariinsky Street (presently R. Rza Street) in Baku. Benkendorff and K launched operations on July 4, 1884. Alexander Benkendorff, the son of Mikhail Benkendorff, an entrepreneur, petroleum industrialist, geologist and Candidate of Sciences in Mathematics, was a full-fledged partner and majority shareholder, in other words, owner of the company (16).

According to the Kaspiy newspaper, Benkendorff and K Trading House, which was involved exclusively in drilling and oil extraction, was among the energy companies that operated on the Balakhany-Sabunchu Square in 1890 (10). Benkendorff and K, jointly with

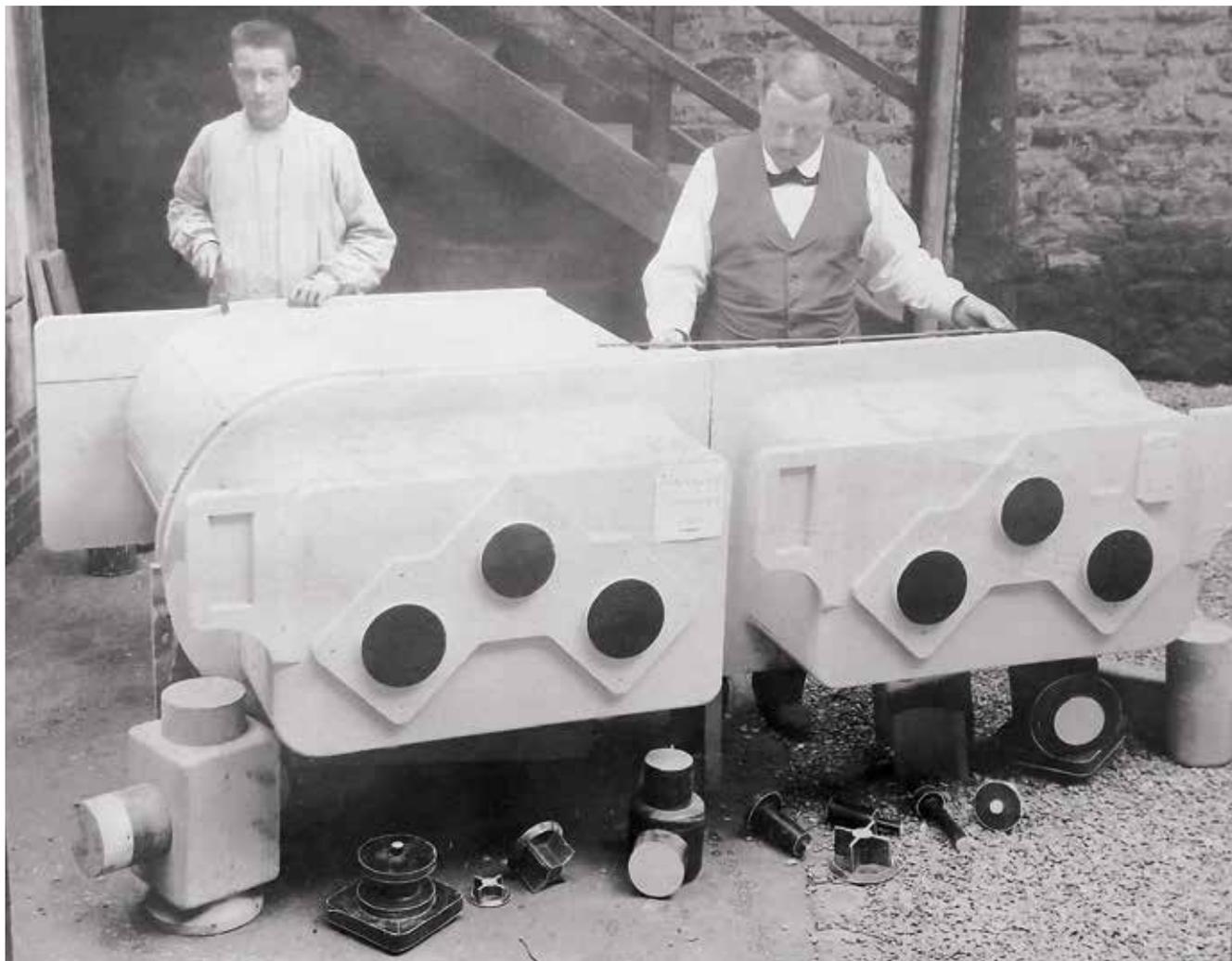


Company office with employees. National Museum of History of Azerbaijan. Photo published for the first time

other oil industrialists, laid its own gas pipeline with the 6 inch diameter at the mining territory in the Balakhany-Sabunchu district. The company was also closely involved in building the Balakhany highway, contributing funds to the construction operations from the very outset. As early as in 1889, electrical lighting was provided at the Benkendorff-run fields to illuminate the entire oil-field area, including the buildings and oil rigs.

In keeping with the agreements concluded with the treasury on April 2, 1897 and December 9, 1898, A.M. Benkendorff was granted the fields in Balakhany. Furthermore, the trading house leased the oil-bearing fields in Sabunchu, Romana and the Neftchala area. The oil possessions of Benkendorff and K were continuously expanding. Thus, the Ministry of Commerce and Industry authorized Benkendorff "to tackle extraction of associated gas at the fields in Surakhany" that he acquired in November 1903. Afterwards, in January 1905, Benkendorff received permission from the treasury to carry out exploration and extraction of oil in the Khila settlement, leasing the field for 24 years (2, p.122). Novoye Vremya ("New Time") newspaper said in its issue published on January 20 (7), 1910, "There was an oil gusher intermit-

tently releasing 40,000 Poods (a weight measure that equals about 40 pounds) per day from December 12 last year at the Benkendorff and K Trading House fields in Surakhany. Since January 3, 1910, the gusher has been continuously active, discharging 300,000 Poods per day of pure oil without a single drop of water admixture. The oil has a weight density of 0,808, yielding up to 75 percent of kerosene of the finest quality" (16). The field was selected by geologists Alexander Benkendorff and Vitold Zglenitsky based on detailed research of the terrain and the works of Abikh and Schengren along the line of the envisaged extension of the Balakhany-Romana square. The outcomes brilliantly confirmed the geological presumptions. The minutes of the third general shareholder meeting of Benkendorff and K Trading House, held on February 17, 1911, indicated that land acquisitions totaling 83,000 Rubles were made in Surakhany, Zykhh, Binaghadi, and Gala (2, p.122). Shortly thereafter, Special Office under the Mining Department, having reviewed Benkendorff's application, authorized him to carry out oil exploration and extraction in an area spanning 5 dessiatins (an archaic measure equaling one-tenth) in the Zira settlement.



In June 1911, the Caucasus Mining Department ruled to extend the oil extraction permit for Benkendorff and K at the state-run area on the Svyatoy island until 1915 (2, p.123). From 1895 to 1911 alone, drilling and commissioning of 37 wells was carried out at the Balakhany oil field. Separate mechanical repair workshops operated under the project. In 1913, Benkendorff and K employed 600 workers. The company owned 74 wells, including 51 production wells (17, p.127). The trading house operated its own fields in almost all available oil-bearing areas (2, p.123). During this period, the dwelling and living conditions of the local workforce, in particular, those who arrived from numerous districts of Baku and lived in the oil field areas, were deplorable. Oilworkers had to reside in huts, barracks and even dugouts. Up to 50-70 people sometimes lived in the same room. Bailers worked at the fields up to 12 hours per day throughout the year without days-off. However, the management of the Benkendorff and K company, which was known

for its proper treatment of employees, began to consider easing the work of laborers as early as in 1892. As a rule, two shifts, six hours each, operated at the oil fields in Baku, and one to two days-off were provided during the year. Benkendorff and K decided in 1892 to hire two extra workers for each 14 bailers and boiler firemen, which allowed each laborer to take one day-off every week. Kind treatment of the workers was illustrated by an accident that occurred on October 21, 1891 at the company's fields. A powerful fire had broken out, and all workers contributed to extinguishing it. The Kaspiy newspaper reported on November 10, 1891 that on November 7, all operations were suspended for five hours at the Benkendorff fields in Balakhany, and the workers were served lunch by the company to honor their commitment and relief efforts following the fire that occurred there on October 21" (16).

By 1892, eight oil industry firms, including the Benkendorff and K trading house, concluded private

*Company's oil refinery.
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contracts with insurance companies for their employees and oil field workers. Alexander Benkendorff was a member of the Council of Oil Industrialist Congresses, which was founded in 1884. While addressing these events, he often suggested improving the working conditions for the laborers at the fields and enterprises, as well as their living conditions. During the 13th congress of petroleum industrialists held in Baku in 1899, A.M.Benkendorff delivered a report titled "On measures aimed at improving housing for employees and workers at the Baku oil fields" (19, p.103). Benkendorff started his speech by pointing out that the oil industry has been burgeoning in the past three years, becoming one of the most prosperous and profitable sectors of the national industry. The riches of the Absheron Peninsula have drawn the attention of the general public; the value of oil-bearing land has surged and the cost of oil companies' shares has grown six or seven-fold, depending on their huge dividend yield. However, three years have passed since a medical-sanitary check-up of the fields was conducted by Dr. L. Bertenson, who had been delegated to fulfill this task by the Ministry of Farming and State Property. A report covering these studies, submitted in 1897, cited the lack of premises in satisfactory condition, while most of the facilities do not stand up to scrutiny. The Baku fields and all refinery locations are in need of significant rehabilitation, which requires the following: drying-up of the fields that would be more vigorous compared to the efforts made so far by the Council of Oil Industrialist Congresses, in particular, drying of the Sabunchu lake and the adjacent Sabunchu settlement, as well as the area near the Sabunchu railway station; setting up the required number of disposal areas, which requires acquiring sanitation carts and a properly organized sanitation service, the document said.

"Supplying the fields and plants with high-quality drinking water should be the most urgent measure in preventing diseases amid the able-bodied population," it said. "Improvement of housing is one of the primary needs of the working population, which should be met without delay. Ensuring proper sanitary conditions at the fields and refineries necessitates establishing special bodies comprising sanitation doctors" (19, p.104).

Tests run on 15 pits indicated that in most cases the drinking water was not suitable for consumption. Therefore, in the event of a plague pandemic, a proposal was



made and approved by the congress to set up a water desalinator at the fields.

The lack of basic sanitary conditions faced by the working population at the fields had long been in the focus of attention of the Council of Oil Industrialist Congresses. However, the only solution to the issue the Council could find was relocating a significant part of the workers' residential housing away from the operated area of the fields. Moreover, 1,497 barrack premises and separate apartments were reviewed and registered. Thus, two tables were compiled on the basis of the acquired data regarding the cubic composition of air in the apartments and rent provided to the Congress members. In addition, chemical tests of the air were conducted to determine the concentration of carbonic acid, the bulk of soot and organic dust, along with chemical and bacteriological research of water, soil and subsoil. Finally, the collected sanitary and statistical data were submitted for consideration by a relevant commission of doctors (19, p.105). The issue was further tabled at the 27th congress of petroleum industrialists as Benkendorff mentioned relocating residential buildings outside the oil fields (20, p.124).

One of the pressing economic issues that emerged by the time the Congress of Baku Oil Industrialists was established was launching medical services for the people working at the fields and refineries. Some of the major industrial firms had small medical aid facilities. For example, the Nobel brothers partnership had permanent daycare facilities at their fields and plants, which employed two paramedics residing at the fields, as well as a doctor who arrived there from the city when necessary. The Benkendorff and K and Muromtsev trading house



*Company's oil fields.
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employed full-time doctors and paramedics at the fields (14, p.187). Challenging working conditions at the Baku fields and refineries where 12-14-hour workday was at times even extended to 18 hours a day and the lack of labor protection were the main causes of frequent accidents. According to the Caucasus mountain county, the number of accidents increased from 22 to 1,447 from 1894 to 1900 (14, p.188). The decision on arranging medical aid, passed by the Council of Congresses in 1887, was enforced in April 1888 with the opening of the first medical institution at the Balakhany-Sabunchu fields. In April and May 1887, 13 representatives of oil-producing companies and owners of mechanical plants operating in Baku agreed to tackle actual solution of the problem. On November 30, 1887, petroleum industrialists, having approved a pertinent project developed by the committee, initially leased the Kisten house and a month later, Najaf Guli Ibrahimov's house, for five years, committing to pay rent worth 450 Rubles per year. The first floor housed four patient rooms, a pharmacy, an entrance hall, while the housekeeping department was on the second floor. The hospital's household committee was approved by the Baku governor on August 11, 1898. As of January 1, 1899, a total of 23 companies had undertaken the commitment to pay fees for maintaining the hospital. From January 1, 1899, the Balakhany hospital was based in a separate facility with three patient rooms, a pharmacy, an out-patient department, as well as facilities for the staff and the required services (14, p.189).

Workers and employees of the companies that were part of the Congress of Baku Oil Industrialists benefited from guaranteed free treatment and medication in hospitals, clinics and pharmacies of the Council of

Congresses before payable medical services were introduced in 1893. Obligatory payment worth 1 Ruble was set for a doctor house call for employees receiving a monthly salary of at least 100 Rubles. A decision passed by the Council noted that the 1 Ruble payment is made to the clinic through a relevant account with a receipt. Speaking at the 9th congress, A.M. Benkendorff said "the decision of the Council of Congresses imposes policing duties upon the doctors since the patients who need treatment or medicine from a pharmacy have to produce evidence of their poor financial state from a doctor or the police (the workers who were paid 100 Rubles a month or less were considered the most destitute group of the population). "I believe payable treatment is burdensome even for employees receiving 200 Rubles," he said. Following lengthy debates, the poverty threshold was raised to 150 Rubles a month at the insistence of small and medium oil industrialists (14, p.192).

Benkendorff and K also displayed kind attitude toward children. In 1911, the Baku-based Society for Combating Child Mortality sounded the alarm bell over the proliferation of tuberculosis among children. Concern over the problem was voiced by the Society's chairman Y. Gindes, who stressed the need for opening a specialized health center for children near Baku. 0.7 percent of children diagnosed with TB and registered at the Cherny Gorod hospital where Gindes worked over eight years were aged up to one year, while 7.6 percent were aged between one and five, 17.5 percent between five and ten and 18.6 percent between ten and 14 (16).

On April 30, 1911, the Society organized the first-ever "White Flower" celebration in Baku; white chamomiles were sold there as a symbol of "a natural antibiotic". A total of 9,000 Rubles were raised during the event for the construction of a health center for children. In May 1912, the Dragnevich family, which was closely related to the Benkendorffs (Pavla Dragnevich was A.M. Benkendorff's sister, while her husband, Mikhail Dragnevich, was a member of the board of directors of the Benkendorff and K Trading House partnership), expressed its readiness to purchase a land plot for such a health facility in Buzovna (17, p.127). They decided to fund construction of a health center for 25 TB-infected children and then hand it over to the Society for Combating Child Mortality. Consecration of a new building of the health facility operating under the Society took



Company's generator. National Museum of History of Azerbaijan. Photo published for the first time

place in Buzovna about two years thereafter, on June 1, 1914. Upon the insistence of the Society members, the facility was named after its sponsors, P. Dragnevich and M. Dragnevich, while the laboratory operating within the health center was named after Dr. Y. Gindes. The health center was located near the Zagulba spring on the Caspian Sea coast, in the vicinity of the Buzovna settlement, 20 Versts north of Baku. There were a vineyard steeply descending to the coast and fruit trees on both sides of the building. This lawn gradually transformed into a vast sandy shore with shallow waters in this part of the sea. There was a picturesque view of the area on both sides of the porches, which were designated for patients resting in bed: an endless sea expanse on one side and a green cover with a view to the Buzovna and Mardakan settlements, and other areas, on the other. The health center was equipped with a surgery room, a gymnasium and a lab. The upper floor housed patient rooms for children, including a spacious one with 14 beds and three small ones comprising two beds each. All of the hospital rooms, which had high ceilings and white furniture, were properly ventilated, with the win-

dows overlooking the sea. Service facilities were located on the ground floor (16).

It is worth mentioning that the Dragnevichs were already supporting a juvenile detention home, mainly for the children of employees and workers of A.M. Benkendorff's oil industry firm. In the early 20th century, the reformatory institution, established by a group of Baku oil industrialists, headed by V.M. Dragnevich, operated in the Mashtagha settlement, which was known for its orchards. In 1911, the owners acquired a summer house in Pyatigorsk near Proval Lake, the site of the facility. Thus, children aged 8 to 13 had room and board there for three months (16). In August 1910, the Society for Combating Child Mortality opened a free consulting department within the Benkendorff fields in Balakhany, called "A Drop of Milk", which provided pasteurized milk and medical aid to the needy children. M.D. Preobrazhensky headed the department (17, p.102).

First-ever public libraries and reading rooms emerged in Azerbaijan in the second half of the 19th century. The Kaspiy newspaper reported on January 15, 1892 that the Club premises operating under the Benkendorff and K



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trading house had a special reading room for laborers, which offered newspapers for rank-and-file people and books with religious content. "This is an example worthy of emulation," the newspaper story said.

The Baku Department of the Imperial Russian Technical Society (BDIRTS), established in 1879, founded a small free-of-charge library in 1895. Along with BDIRTS, some oil industry companies, including the A.M. Benkendorff and K trading house, acted as its co-founders (3, p.343).

In September 1897, the first free public library opened in Balakhany. It was located in the premises provided by the petroleum industrialist A.M. Benkendorff. The library was available to the readers from a number of major firms operating nearby, including the Benkendorff and K trading house, Branobel, Caspian-Black Sea Society, S.M. Shibayeva and K., etc. This had long been the only library in the Balakhany-Sabunchu district, which had a population of over 51,000 people, according to the 1903 census (18, p.331).

Participants at the first congress of Baku oil industrialists, held in 1884, highlighted the need for establishing schools in the city's industrial districts. One school each was opened in 1896 in the Balakhany-Sabunchu area by Benkendorff and K and the Caspian-Black Sea Society. At the same time, a school for girls was set up under the Sabunchu specialized rural school (18, p.284). Faculty members were primarily graduates of secondary educational institutions, such as women's gymnasia, as well as those who passed special tests for teaching (18, p.286). It is also noteworthy that the first-ever courses for laborers were arranged by major oil industry firms, including the Branobel partnership, Caspian-Black Sea Society and the Benkendorff and K trading house, in the second half of the 1890s (15, p.197). In the 1890s, public readings (lec-

tures) were regularly held in the industrial district of Baku under the auspices of the offices and schools of oil industry firms, which essentially benefited the workers of certain oil fields and refineries. In 1898, public readings were launched in Balakhany, and the Benkendorff and K trading house provided a club's premises for the purpose. At the same time, "a magic lamp" (projector) was ordered and delivered from Berlin (18, p.346). From the very outset, the public readings drew a great number of listeners from among laborers. The Benkendorff lecture hall was slated for 200 attendees (18, p.347).

A.M. Benkendorff sat on the Board of Trustees of the Mariinsky Women's Gymnasium (1901, 1917), and his spouse, S.V. Benkendorff, was a member of the Board in 1917 as well. Charitable donations for private individuals and societies, including an orphanage, a homeless shelter, the Society for Combating Child Mortality, the unemployed, widows and orphans, were a common practice for Benkendorff and K. The company generously donated funds for various causes prior to the holidays every year (4-13).

In 1904, the Council of Congresses and Benkendorff and K, having realized the ever-growing public need for a theater, complied with the fair demand of the workers. "The Benkendorff theater, gladly visited by the local ordinary people, emerged amidst drilling rigs under the heating-oil skies of Balakhany" (16).

In 1897, A.M. Benkendorff, the majority shareholder and director of Benkendorff and K, was elected a member of the Baku City Hall and a councilor of the Baku City Duma in several convocations. In 1904, he was closely involved in discussions on setting up a general collector near the sea shore and using barges to transport sewage into the sea instead of dumping it into the water in close vicinity of the coast within the city limits. He also served as deputy chairman of the commission in charge of the construction of the Baku-Shollar water pipeline (1913) (16).

During World War I, four refineries were built in Baku for oil pyrolysis, which produced benzol, toluene and other aromatic hydrocarbons. In 1916, Benkendorff and K constructed a major toluene plant operating 15 furnaces, each with five converters. From September 1916, the refinery produced 5,000 Poods of toluene per month, along with 5,000 Poods of benzol and 3,000 Poods of xylene (1, p.213).

*Company's oil refinery. National Museum of History of Azerbaijan.
Photo published for the first time*



World War I and the 1917 revolution-related developments caused a sharp decline in oil production. In early 1920, Benkendorff asked the Mining Department to extend the term of operating the oil fields for at least two years. In doing so, he was absolutely unaware of the fact that just three months thereafter, i.e. from late April 1920, a new historical countdown would begin in Azerbaijan and the entire industry would be nationalized (2, p.123). ❁

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