



**PETROLEUM
HISTORY
SOCIETY**

newsletter

The Petroleum History Society, 3800 150 Sixth Ave. S.W., Calgary, AB T2P 3Y7

Petroleum History Society
Luncheon Presentation:

The Hell's Half Acre Interpretation Centre

A presentation by the Turner Valley
Oilfield Society

Time: 12:00 noon

Date: Thursday, September 24

Place: Palliser Hotel

Cost:

Society Members, \$15.00;

Non-Members, \$17.00

RSVP: Barbara Krulicki, (403) 269-6721

New Name, New Directions

In November 1986, in response to a resolution by the membership, the Society took on a new name, The Petroleum Industry History Society. Another resolution passed at the Extraordinary Meeting defined the purpose of the Society: "to collect, conserve and disseminate information relevant to the history of the petroleum industry in Canada and to act in an advisory role to others interested in the petroleum industry.

These resolutions effectively broaden the scope and mandate of the Society, so that it can actively locate, encourage and support the preservation of documents, artifacts, photographs and oral histories that form part of the history of the Canadian petroleum industry. They also enable the Society to serve as an information and resource centre, and to assist others in both a research and educational capacity.

The petroleum industry has played a vital role in the development of Canada and the Society wishes to record many of the significant historical events that centered on exploration, the development of oil and gas resources and new petroleum technologies. In short, the Society wishes to preserve and celebrate the history of oil and gas in Canada.

Hell's Half Acre

Planning is proceeding for a world class interpretive centre on the site of the Western Decalta Gas Plant in Turner Valley. It is hoped that the centre would serve many functions: to increase public awareness of the important role and the exciting history of oil and gas in Canada; to stimulate tourism in the Turner Valley-Black Diamond area; to pre-

serve historical resources. Details of the project and funding for the centre must still be worked out in cooperation with the provincial government. At a recent board meeting, Larry Clausen gave a brief overview of the project, and the board agreed to kick off the society's 1987/88 series of luncheon meetings with a presentation on this project.

Did You Know?

Facts and Anecdotes from the History of Oil and Gas

In the period following the discovery of oil in Ontario and Pennsylvania in 1858, and prior to the development of the gasoline powered motor, petroleum (or, literally, rock oil) had some interesting uses.

1. The solid paraffin residue obtained from the distillation of light oil or "naphtha" was used in the manufacture of candles.
2. The heavy oil or bitumen was used as a lubricant for machinery.
3. From the distillation process, oil-based paints and varnishes were manufactured.
4. Petrolized" soap was in vogue.
5. Petroleum products were used extensively for both external and internal medication. From the late 1800s to the 1930s, the colourful and entertaining medicine men peddled "snake oil" at country fairs and towns throughout North America. These charlatans extolled the miraculous powers of petroleum products to cure ailments. The snake oil was originally known as "Seneca oil" and was advocated for the treatment of rheumatism, sciatica and chronic sores.
6. The first industrial use for petroleum was in the cotton mills of Pittsburgh, Pennsylvania in 1845. The petroleum was obtained from seepage associated with a salt mine, and it was mixed with whale oil to produce a lubricant for the cotton spindles.

Source: An 1865 publication entitled **Petroleum and Petroleum Wells** by J.H.A. Bone, published by J.B. Lippincott and Company, Philadelphia, Pennsylvania.

Annual Meeting

The Annual General Meeting of the Petroleum Industry History Society took place this past spring in the Board room of the Canadian Petroleum Association in Calgary. In addition to the usual business meeting, the 1987-1988 Board of Direction were elected:

President: W.R.S. McLellan, Manager, Exploration Administration, PanCanadian Petroleum Limited

Vice President: Betty Daly

Secretary: David Finch, Historical Consultant

Treasurer: W.J. Wood, Coordinator, Public Affairs & Statistical Research, The Coal Association of Canada

Directors: Pat Boyle, Trustee, Calgary Board of Education; Doug Cass, Assistant Chief Archivist, Glenbow Museum; Aubrey Kerr, Historian/Author; and Peter McKenzie-Brown, Senior Advisor, Public Affairs, Canadian Petroleum Association.

Membership

The Petroleum History Society welcomes new members! If you are interested in the aims and activities of the Society, please consider taking out a membership. By paying annual dues of only \$10 per individual, \$30 per sustaining member, \$100 per corporations, you can receive the newsletters, attend meetings with interesting speakers and help preserve Canada's petroleum industry history.

To renew your old membership or to take out a new one, please complete the form provided on the last page of this newsletter.

Newsletter Contest

This is the inaugural issue of the Petroleum Industry History Society's newsletter. On a quarterly basis the Society's newsletter will provide up-to-date information on research, programming, publications and other information focusing on the history of the petroleum industry in Canada. The Society also plans to publish occasional papers on topics of interest to its membership.

However, before we can go any further the newsletter needs a name. We need your suggestions and to make it more fun we have a 'Name the Newsletter' contest.

To enter, simply send your suggested newsletter name, and your name and address to Name the Newsletter, 3800, 150 6 Ave. S.W., Calgary, AB., T2P 3Y7.

Deadline for entries is October 1, 1987. The winner will be announced in the next issue.

Historians Take Note...

If you are about to embark on a research project focusing on the history of the petroleum industry in Canada one of your first stops should be the oral history collections at the Glenbow archives.

The Glenbow is home to the over 200 cassette tape recorded oral history interviews collected by the Petroleum Industry Oral History Project between 1981 and 1985. These interviews cover an extremely broad range of personalities and topics.

Some of the names you might recognize include Vern Hunter, Jack Gallagher, Doug Layer, Spi Langston and Tip Moroney to cite just a few. The topics cover the entire geographical and vocational spectrum of the early days in the patch. From Turner Valley to Zama, roughnecks to secretaries, these tapes offer a unique and invaluable insight into the exciting era of western Canadian history.

To learn more about this oral history collection please contact Doug Cass at the Glenbow Archives in Calgary, 264-8300.

For information about individual oil and gas companies, consider the following:

Several Canadian oil and gas companies that have experienced rapid growth in physical, financial and

human resources through aggressive and successful exploration have documented their corporate histories. It is hoped that other companies will follow their lead in the near future.

A list of the oil and gas companies and their corporate histories:

•Shell Canada Ltd.: Magladry, Ray. **Shell in Canada: The Path of Growth 1911-1986**. Calgary: Shell Canada, 1986.

•Canadian Superior Oil Ltd.: Porter, J.W. **A Backward Glance**. Calgary: Canadian Superior Ltd., 1986.

•Bow Valley Industries Ltd.: Foster, Peter. **From Rigs to Riches: The Story of Bow Valley Industries Ltd.** Calgary: Bow Valley Industries Ltd., 1985.

•Canada Northwest Energy: Lee, Charles. **Land to Energy**. Calgary: Canada Northwest Energy, 1982.

•Canadian Hunter Exploration: Masters, John. **The Hunters: Searching for Oil and Gas in Western Canada**. Calgary: Canadian Hunter Exploration Ltd., 1980.

•Home Oil Co. Ltd. Smith, Phillip. **The Treasure Seekers**. Toronto: McMillan, 1970.

For more, see review next page.

Books

Saved from Corporate Oblivion

J.W. Porter, *A Backward Glance: A history of Canadian Superior Oil*; Calgary, Canadian Superior Oil Ltd.; 1986.

Takeovers have always been part of business life, but never so much as in the 1980s: The takeover binge in this decade, which fundamentally changed the face of corporate North America, was based upon the perception that in many cases it was less expensive to buy assets than to build them.

This was particularly true with the petroleum industry: In the high-priced oil environment of the early and mid-1980s, companies were reluctant to explore in the Third World because of increasing antagonism there to the activities of the major international explorers and producers. Even Canada, which had traditionally encouraged U.S. investment, changed direction: the National Energy Program actively encouraged buyouts of foreign-owned companies -- but at a time when many of their assets were overpriced. Nonetheless, in 1981-2, a \$7 billion buying spree took place in Canada which was unparalleled in oil industry history -- until 1984, when several takeovers by U.S. based international oil companies made the NEP-inspired binge look like chicken feed.

While it was political factors which caused many multinationals to retrench to the U.S., it was economics that led to the buying spree. In the lower 48 states, the best oil and gas prospects had been drilled, making the cost of finding new reserves high. In addition, cash flow from existing reserves was substantial

because high oil prices had not yet collapsed. It therefore made more economic sense to purchase existing reserves than to drill for oil, so buyouts became the order of the day. The most spectacular were Texaco's US\$10.1 billion purchase of Getty Oil, Standard's US\$13.2 billion takeover of Gulf, and Mobil's US\$5.7 billion acquisition of Superior.

In sketchy form, this is the economic, political and corporate background which led to the publication of Jack Porter's history of Canadian Superior: The company, an aggressive and well-managed operation which had one of the best track records in the Canadian industry, was merged into Mobil Oil Canada in 1986. Porter, who had been with the company since 1948, wanted to tell its story, and company chairman Arne Nielsen -- now chairman of Mobil Oil Canada -- commissioned him to do so.

The resulting corporate history is one of the better ones around. In a folksy, well-written way, Porter offers a retrospective look at the company's origins and its growth. Because Canadian Superior's years in Canada exactly paralleled the yeasty period that began in the years just prior to Leduc, its development illustrates the remarkable growth of the petroleum industry during that period. Although the story has been told a thousand times, it is one that this reviewer, at least, rarely tires of.

If there is a serious drawback to *A Backward Glance*, it is a flaw common to corporate histories: The text has been sanitized, and some unpleasant episodes removed. The most glaring omission is that Arne Nielsen, discoverer of the great Pembina oilfield in the 1950s and almost a living legend within the petroleum industry, had been sued by Mobil in a celebrated court case. The background to the story is this:

Nielsen had been a vice president of Mobil

before taking over the presidency of CanSup. After he left, Mobil actually took him to court to try to protect exploration information he had gathered while in Mobil's employ -- a case unprecedented in Canadian law, which Mobil lost. One of the great ironies of the Mobil takeover of Superior, therefore, is that it put Nielsen in charge of the company's greatly expanded Canadian operations.

This issue to the side, **A Backward Glance** is a good history, and will be of particular interest to the people who helped build the company. As importantly, the act of commissioning the history is one which other companies merging

into new, larger corporate entities should emulate.

Too many companies in the patch that have become the objects of takeovers, have disappeared from the corporate record without a trace. A successful corporation is the creation of many men and women, and should be saved from this kind of oblivion. Canadian Superior should be commended for this salute to the people who went before.

Peter McKenzie-Brown
Canadian Petroleum Association