



PETROLEUM HISTORY SOCIETY

ARCHIVES

Newsletter of the Petroleum History Society

February 1992 Volume VI, Number 1

Luncheon

Roland Priddle engages audience

Carrying a stack of books and a fistful of notes to the podium, Roland Priddle looked every bit the learned professor ready to lecture his class. The chairman of the National Energy Board wanted to try out some of his theories on cycles in the oil business. His audience at the Petroleum History Society's luncheon, he felt, would be a good testing ground for his observations.

Priddle gave an engaging, scholarly talk. He started out by commenting on the NEB's move to Calgary. Living in Calgary instead of Ottawa, he said, has given an immediacy to all the issues surrounding the oil and gas industry.

Then Priddle launched into a highly perceptive discussion of cyclical behaviour in the Western Canadian petroleum industry from the 1930s to 1990s. He also analyzed government responses to the economic cycles.

First of all, he pointed out the critical elements in the development of Canada's petroleum resources. Because oil and gas are located in the hinterland, pipeline construction has been a key factor in market development. Foreign markets too have been necessary for the industry's expansion. Priddle then explained that governments have influenced all the crucial elements of prices, pipelines and access to markets.

The basic cycle, of course, involves getting the resource to market. That means establishing petroleum reserves, determining access to markets, building financeable pipelines and generating enough revenue to continue the cycle. As examples of this basic cycle, Priddle talked about the Turner Valley oil fields, with pipelines servicing the provincial market. He also described the Leduc discovery in the 1940s and the expansion of pipelines beyond Alberta's boundaries. He then moved to the 1950s, when demand for natural gas generated new markets and required more pipelines.

Along with the basic cycle, Priddle pointed out, there is a market cycle. From 1940 to the mid-1950s, markets were strong and oil prices were stable. In the late-1950s, markets weakened, but then recovered in the 1960s. Prices, however, continued to fall. The 1970s brought strong

markets and sharp rises in prices. By the 1980s, though, markets weakened, and prices drifted downward.

Priddle then showed graphs of crude oil prices from 1861 to 1990, and world oil prices from 1900 to 1990. His projections for the period 1990 to 2010 show a significant range: a steady rise to about \$36 per barrel (WTI), or the possibility of stagnant prices at about \$21-22 per barrel (WTI).

The last cycle involves government intervention in the petroleum industry. In the 1970s, the federal government moved to restrict access to petroleum resources. In the mid-1980s, a new government restored access. And with the recent Western Accord and Free Trade Agreement, the federal government has assured national and international access to the western provinces' oil and gas.

Finally, Priddle challenged the conventional wisdom that the fundamental problem in the industry is a shortage of oil and natural gas. To his mind, the basic problem is a surplus, not shortage. Industry, then, must find ways to manage the surplus more effectively. In the 1990s, he hypothesized, one response to the natural gas surplus may be gas prorationing.

February Luncheon

"Spills and Thrills - Petroleum and the Environment"

*A practical application of history
by historian*

David Finch

*12 Noon, Wednesday, February 26
Palliser Hotel,
R.S.V.P. to Krista Sippola, 269-6721
by noon, February 25
\$19 (members); \$21 (non-members)*

Executive comment

With the first newsletter of 1992, it is appropriate that we reflect on some of the exciting events of the past year and comment on our plans for the new year.

More than 300 copies of Archives continue to be distributed to our general membership, the Canadian Petroleum Association and the media. At year-end, there were 42 Institutional Members (eight of these were Sustaining) and 128 Individual Members (40 of these were Sustaining).

The Society continued to pursue several major projects over the past year: advising in the Interpretive Centre at Turner Valley project; launching the Oral History project; underwriting the CKUA Radio series, Roughnecks, Wildcats and Doodlebugs; establishing standards for publishing by the society and endorsing the publications of others; and continued sales of our commemorative lapel pin sets. As well, the Society produced its own lapel pin and a new brochure, both of which were distributed to the membership, and undertook to sponsor a graduate level research scholarship in petroleum industry history at the University of Calgary.

Last year's goal to undertake a full-scale membership drive resulted in a significant increase in Society memberships over the year - 27% more Institutional Members and 12% more Individual Members. The increase in Institutional Memberships is noteworthy considering the economic difficulty our industry is experiencing currently.

In 1992, the Society will contribute additional monies to the P.H.S. Scholarship Fund, thereby increasing its monetary value to the successful applicant. The goal of increasing public awareness in our Society, will be actively pursued with the Society having a booth in June in the exhibits area of both the National Petroleum Show and the American Association of Petroleum Geologists/Canadian Society of Petroleum Geologists joint Annual Convention. As well, the Society Board of Directors is negotiating with organizers of various events relating to the 150th anniversary of the Geological survey of Canada to determine our appropriate involvement.

In retrospect, 1991 was a busy and successful year for the Petroleum History Society. With the activities being planned for 1992, this year should be even better.

*W.R.S. McLellan,
President.*

Geological anniversaries in 1992

GSC - 150

ISPG - 25

Canadian geology and geophysics have a worldwide reputation for excellence. By celebrating the 150th Anniversary of the Geological survey of Canada (GSC), we are celebrating. One of the main reasons that is so. There are few earth scientists in this country that do not owe part of their success, directly or indirectly, to this organization.

The "survey", as it is known throughout the world of rocks, realized some 25 years ago that it needed to bring its science to where those rocks were, and, amongst others, established in Calgary the Institute of Sedimentary and Petroleum Geology. It has grown over the 25 years to be a well respected contributor to Western Canadian science.

We then doubly celebrate these anniversaries.

The GSC is planning a number of events for this anniversary year and your society (PHS) will be taking a part in several of them (more on this later).

Feb. 2-5 - Canadian coal and coalbed Methane Geoscience Forum - Parksville, B.C.

March 2 & 3 - GSC Forum '92, Oil and Gas in Canada, at the Convention Centre.

May 2 - Glenbow - opening of a six-month exhibit culminating in a special lecture series in the fall.

June 21-24 - Exploration Symposium on the Mesozoic as part of the international AAPG/CSEG meeting.

- Opening of special exhibit at the Tyrrell Museum in Drumheller.

Oct. 16-25 - Participation in National Science and Technology Week.

Your society is currently discussing several ways whereby we can help with this historical celebration.

History of Canada's Geological Survey

On Monday, March 2 at 8 p.m., Dr. Robin Riddihough will present a 45-minute talk entitled:

Logan's Legacy

150 Years of Exploring Canada:

The talk will be in MacLeod Hall A in the Calgary Convention Centre.

Dr. Riddihough is Chief Scientist of the Survey. There will be no charge.

Copies of the official history of the Survey will be available without charge.

Howard Palmer Scholarship

The family of the late Dr. Howard Palmer, who was a member of the Petroleum History Society, has established a scholarship in his name at the University of Calgary. The Howard Palmer Scholarship will be awarded for undergraduate work in Western Canadian History and Western Canadian Studies. Donations may be earmarked for the Howard Palmer Scholarship and sent to the Development Office at the University of Calgary.

Petroleum History Society Scholarship

The Petroleum History Society Scholarship, for Graduate work in Petroleum History at the University of Calgary, is available for the first time to students in Fall 1992 semester. The Petroleum History Society plans to add additional funds to this scholarship early in 1992. Donations to the Petroleum History Society Scholarship would be welcomed and would increase the funds that could be made available for such research. Funds may be directed to the Development Office at the University of Calgary.

The Publisher

Archives is published periodically by the Petroleum History Society, 3800, 150 6th Ave. S.W., Calgary, T2P 3Y7; (403) 269-6721. Editor: Peter McKenzie-Brown.

Submissions on historical topics related to Canada's petroleum industry are welcome. For information on membership or society activities, contact society president W.R.S. McLellan (403) 290-2840.

Petroleum, sex and intrigue: A trilogy

John Ballem, *The Barons* (Calgary: Gorman & Gorman; 1991), 225 pages.

John Ballem, *Oil Patch Empire* (Toronto: McLelland and Stewart; 1985), 270 pages.

John Ballem, *Death Spiral* (Edmonton: Plains Publishing Inc.; 1989), 296 pages.

John Ballem has many talents. He is a horseman. He is a principle in one of Calgary's largest law firms. He is the author of a definitive legal text - *The Oil and Gas Lease in Canada* - which is in its second edition. And his nine popular novels include an oil patch trilogy, the third volume of which came out last fall.

Although published last, *The Barons* is chronologically the first in the series. Set in Calgary in the 1950s, it is a steamy, well-crafted book with equal doses of sex, business guile and adventure.

Ballem's novels have the disclaimer that the characters are fictitious. But in Calgary's social circles, a favourite pastime is to guess who the characters really are. There are two obvious possibilities for *The Barons'* Don Cullen, for example. Although other characters clearly borrow from real life, I believe villain Cliff Marsden is an exception. Perhaps I am simply naive, but I cannot imagine such an evil man building a corporate empire. Well, at least not in Canada.

The Barons is the story of Mark Hunter, a young geologist who sets up an oil company against odds which include enmity with Marsden. Hunter discovers a large gas field (which actually isn't large by Alberta standards. Ballem describes it as a 125-billion cubic foot field, and repeatedly refers to it as "the discovery of a lifetime." Yet many much larger fields exist.)

But outside the fully committed TransCanada PipeLines, there are no markets for natural gas, so Hunter conceives the idea of pipelining the stuff to California. He also falls in love with Marsden's daughter.

Learning about the gas pipeline scheme, Marsden goes into competition on the project. That is when the corporate intrigue begins - Marsden, of course, using one foul tactic after another. Ballem maintains suspense until the book reaches an exciting and unpredictable crescendo at the venerable Oilman's Golf Tournament in Banff.

This series is not a true trilogy. Neither Hunter nor any of the other main characters in *The Barons* reappear in the later volumes. (The last pages of *Death Spiral*, however, offer a one paragraph review of Hunter's later

years.) The tenuous connection holding the three works together is that a minor figure in the first novel, Bill Crawford, takes centre stage in *Oil Patch Empire*.

Empire begins in the late 1970s. Foci of the plot include federal energy policy, a deal by Crawford's company to take over a U.S.-owned senior producer, and the then buoyant optimism about Beaufort Sea exploration. Ballem's story accurately reflects the industry's mood in the boom, although he rearranges some historical items (for example, the use of super depletion in the Arctic) to suit the plot.

While *Empire* is the story of corporate manoeuvres and the struggle for money and power, its underpinnings are very human. Crawford wants to save a company which represents the labour of a lifetime. And believing that moving into the Beaufort can take his company to the edge of greatness, he pushes his company to the financial brink. Crawford's invisible nemesis is Ken Kwasny, his brilliant bastard son, whom he doesn't even know exists. Kwasny's motivation is hatred of a man he believes abandoned his pregnant mother. (In a wonderful twist, Ballem uses a few sentences in the last pages of the book to illustrate how attitudes to bastardy have changed.)

Ballem's men are ruggedly handsome, ambitious and talented. And his women? You guessed it. In *The Barons*, Jane Marsden is the first of a string of heroines for whom beauty and charm are the given. But each has some other quality besides. Jane, for example, has a tragic innocence about her. In the other two books, Margo Jones is an ambitious and ruthless journalist. Hilary Marshall is a career bureaucrat and single mother who eventually marries Crawford. Linda Shepherd is a \$1000-a-night call girl. And when we meet Fiona Prentiss, she is a virgin.

Debbie Crawford (Bill's daughter) is a horse-woman who secretly founds a successful junior oil company in *Empire*. Her story continues in *Death Spiral*, which also gives life to her brother Frank. Ballem weaves their stories together with a yarn about takeover artist Wayne Shaw (nicknamed the Yankee Raider). Shaw is nothing less than a cross between Dome's Bill Richards and Mesa's T. Bonne Pickens.

This last of the three books is about the period which began around 1980. Leveraged takeovers in the oil patch were reaching fever pitch. Sellers were finding themselves wealthy, while buyers soon found themselves in crises. Their large debts began a decade of financial turbulence as plunging oil prices followed record high interest rates. *Death Spiral* cleverly and chillingly reflects the nuances of that period. It is my favourite of the three.

Ballem's plots are never predictable. Believable tales of love and infatuation, ambition and power, his yarns take one fascinating twist after another.

Ballem displays his considerable knowledge of horsemanship in all three novels. Corporate law also surfaces whenever the going gets tough. In addition, the author exhibits an easy familiarity with industry institutions -

for example, the Canadian Petroleum Association in every volume.

And sex plays a lively role throughout. (In *Empire*, there is a particularly memorable sex scene). But almost as interesting is Ballem's sensitive treatment of such issues as the sexual abuse of children and the often empty lives of petroleum widows - women who have entirely subordinated themselves to their husbands' ambitions.

I enjoyed these books despite what I see as their literary flaws. For instance, the characters (especially the women) are physically attractive but have little psychological depth. And in *The Barons*, Ballem's 1950s characters use 1980s slang. (The word "wimp" is barely 10 years old.)

And then there is the quality of production. Two of the books used regional publishers. *Empire*, however, used a national publishing house. And McLelland and Stewart's editorial expertise contributed much to both the text and its packaging. (Alas, and M&S editor probably also wrote the book's dust cover descriptor - "A blistering saga of passion, power and corporation.")

But perhaps the best summary comment I can make about this trilogy is that I had trouble putting it down. I read the first two-thirds of *Oil Patch Empire* one evening, right up to bedtime. Then, at 3 a.m., I switched on the light and finished it off. I also did some 3 a.m. reading with *Death Spiral*.

Peter McKenzie-Brown
Canadian Petroleum Association

NEW MEMBERS

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John Hagg

H.D. Hutchinson

Oreen Dixie Orth

C.B. Virtue

**The Petroleum History Society gratefully
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tutional members:**

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