



PETROLEUM
HISTORY
SOCIETY

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Newsletter of the Petroleum History Society

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NOTICE

“Lunch and Learn” Meeting

12:00 Noon, Wednesday, December 12, 2001

John Downing – Geologist

on

Dr. Arthur Nauss – His Life and Times

John Downing will address our luncheon on the topic of Dr. Arthur Nauss – his research, the companies that he founded and his association with Dr. Ted Link (recently admitted to the Canadian Petroleum Hall of Fame).

John was born in Vernon, B.C. in 1916. He worked as a miner in B.C., Montana and Ontario and prospected in the N.W.T. His geological development was punctuated by his time as a soldier between 1941 and 1945. Following the war John returned to school and in 1948 graduated with a B.Sc. in Geological Engineering from the Montana School of Mines. His activity in the oil patch virtually spans the era since Leduc, stretching from 1948 to 1998. His professional involvement has included a term as the President of the Alberta Society of Petroleum Geologists (the forerunner of the Canadian Society of Petroleum Geologists) during 1956.

TIME: 12:00 noon (receipts at the door), December 12, 2001.

PLACE: Palliser Hotel (133 - 9th Avenue S.E.) – Corral Room (but check marquee on arrival).

COST: \$20 Members and \$22 Guests (most welcomed).

R.S.V.P. Clint Tippett (691-4274) by noon, Monday, December 10, 2001

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If you missed the talk...

Petroleum History and Petroleum Fiction - What's the Connection?

Thursday, November 15, 2001

by Dick Shaw

... catch a condensed version of Dick's presentation on page 3

THE PETROLEUM HISTORY SOCIETY

Calendar of Events

Next Director's Meetings: December 5, 2001 and January 9, 2002 at the Glenbow Museum.

Future Luncheons: The remainder of the 2001-2002 luncheon schedule has not yet been firmly established, although a number of possible speakers have been identified. If you have something that you've been working on and would like to present, please contact one of the Board members and we'd be very happy to fit you in.

Petroleum History Society Awards: The following individuals and groups were recognized for their achievements at the November 15 luncheon:

Book of the Year: Fred Stenson for his book "The Last Stack: Entrepreneurism and the Environment", published by Joe Lukacs and CETAC West, concerning Western Research Ltd.

Article of the Year: Erin Steuter and Geoff Martin for "The Myth of Competitive Challenge: The Irving Oil Refinery Strike, 1994-96, and the Canadian Petroleum Industry" published in Studies in Political Economy 63.

Preservation: The Arctic Institute of North America (based at the University of Calgary, in recognition of their work in preserving the engineering design and operational experience related to petroleum exploration and production drilling in the Mackenzie Delta and Beaufort Sea.

Lifetime Achievement: Gordon Jaremko, editor of Oilweek and author.

Multimedia: Historic Sites and Cultural facilities Branch of Cultural Facilities and Historical Resources Division of Alberta Community Development (to be abbreviated for engraving!!), for their excellent presentations and tours at the Turner Valley Town Hall and Gas Plant.

Canadian Petroleum Hall of Fame Nominations: Any ideas for next year?

Society E-Mail Address: All members with e-mail service who have not already done so, please send in your address to Micky Gulless, Past President, Membership Committee at her address "micky@fuzzylogic.ca". Currently P.H.S. has e-mail addresses for 33 members. If you would prefer to receive Archives by E-mail ONLY, please let us know.

Membership: 61 individual, 6 sustaining and 27 lifetime for a total of 93. Please consult your mailing label for the status of your membership. Renewal invoices will be issued in January.

Executive and Board of Directors: President – Clint Tippett; Vice President – Bill McLellan; Treasurer – Doug Cass; Secretary – Peter Savage; Past President – Micky Gulless; and Directors – John Frey, Aubrey Kerr, Hugh Leiper, Neil Leeson, Peter McKenzie-Brown, Joyce Wright, Debbie Knall and Edith Wenzel. Jack Porter continues as an Honourary Director.

Dynastic Chart Project: The events of the last few months have reinforced the vigor with which acquisitions and mergers are being pursued, in particular by major American companies anxious to increase their share of the Canadian oil patch. Stay tuned. These developments are giving rise to an additional impetus for this project.

Whoppers: Actually this one falls more into the realm of **cheap shots** but is included here for your amusement. Writing in the September 29, 2001 issue of Upstream (appropriately as a part of the publication called "Cuttings") columnist Blake Wright of the Houston office reviewed the new autobiography of T. Boone Pickens under the byline "Publicity Hound – Veteran Oilman Pays Himself a Personal Tribute". This was in regard to the release of his new book entitled "The Luckiest Guy in the World". Besides briefly commenting on the bulk of the text, Wright takes issue with the photo on the slipcover noting that "The back cover of the book offers a picture of an aging Pickens under a tree with his small, rat-like dog under one arm. "I remember Carl Ichon once said "if you want a friend, get a dog". It's worked for me" Pickens reveals." If you've seen the book it's hard to visualize his dog as a rat – or at least not a rat that I'd like to meet!

**Presentation by Dick Shaw – Author
on
Petroleum History and Petroleum Fiction -
What's the Connection?
(summary notes by Clint Tippett)**

Dick Shaw treated us to his views of the world and how “logic gaps” that he has recognized can become fertile ground for petro-fiction. He began this voyage in 1993 when he ended his active role in the industry. By 1996 he knew that “we were in trouble” when the U.S. launched air strikes against Iraq with neither congressional nor Arab nation approval a full five years after Desert Storm. Likewise the demise of the slogan “Energy Self-Sufficiency” at a time when it is most needed also opens up opportunities for plot development. As Dick stated, his main purpose in pursuing his writing is “to warn” by playing the what-if game on the political and industry levels while adding interesting characterization and suspense for the reader.

In this sense his books bear a strong similarity to those of Tom Clancy, although Clancy’s plots tend to be more along the military lines with the industry themes more of a second consideration. The other writers to whom Dick might be compared are John Ballem, for whom the characterizations dominate the industry backdrop, and Richard Rohmer, who’s 1980’s potboilers often revolved around unlikely geopolitical and technological developments – like Canadians flying liquified natural gas out of the Arctic Islands as an alternative to building a pipeline.

Dick has focussed on the fundamental conflicts that have arisen between the West and the countries of the Middle East as they relate to both the rise of Israel and to the increasing dependence of the West on that region for oil imports. The contradictions inherent in this relationship find their way into his plots and indeed he mentioned that he had written a book building on that theme only to have to withdraw it in light of the events of September 11.

Our speaker brought along with him some viewgraphs that illustrated the growing dependency on imported oil and its various correlations with other economic indicators like oil price, inflation, interest rates and the price of gold.

Dick closed off his presentation with some words of advice so that we might be able to begin writing our own novels. He pointed out some of the current “logic gaps”, including the likely impacts of the “proportionality” clause for Canadian energy supply in the N.A.F.T.A. Accord, increased American ownership, the growing power of the Canadian Prime Minister over the other arms of Canadian Government, and the contrast between the somewhat resource-starved U.S. and the emerging Russian Republic. All of these are ripe for some “what-if” scenarios to be spiced up with suitable doses of nastiness, nationalism, ideology and sex. Dick then answered a number of questions from those present.

Spindletop –

The Oil Discovery that Changed the World

(Commentary by Clint Tippett)

No treatment of petroleum history for 2001 would be complete without mention of the 100th Anniversary of the discovery of oil at Spindletop Hill, Texas (at Beaumont on the eastern coastal plain) in 1901. This event was recently described in the January 2001 issue of National Geographic under “Oil’s Well Here – Gusher centennial celebrates Texas’ first big oil strike”. Part of the text is quoted below:

“They knew it was there somewhere. For years prospectors had hoped to find oil under Spindletop Hill in Beaumont, Texas. On January 10, 1901, after two and a half months of dedicated drilling, they finally hit black gold. Spindletop was the first Texas gusher – and the world’s largest at the time – spewing 100,000 barrels a day for nine days before it was capped. Within a year the hill [localized over a salt dome] was forested with wells and some 600 oil companies started up, including Texaco and Gulf [R.I.P.J.]. Beaumont’s population swelled from 9000 to 50,000 in six months – and the Texas Oil Boom had begun.”

The article goes on to note that the town planned to celebrate the event by re-creating the gusher – but with water rather than oil (because it would be easier to clean up)!

Spindletop was a major event not only for the State of Texas and the United States but also for the entire worldwide oil industry as the huge flood of low cost crude fundamentally upset the supply-demand-price relationships that had existed prior to the find. One example concerns the impact it had on the rivalry between the Shell organization under Marcus Samuel and the Royal Dutch organization under Henri Deterding. As described in Robert Henrique’s 1960 book “Marcus Samuel: First Viscount of Bearsted and Founder of Shell Transport and Trading, 1853-1927” (Barrie and Rockliff, 676p.), the rivalry between these two groups had been intense despite preliminary talks concerning consolidation. Both parties sought to demonstrate size and growth by securing various production, purchasing and marketing contracts. Samuel saw Spindletop’s production as a way to increase the value of his company in the ultimate merger and consequently rushed into a number of large marketing deals that assumed the availability of Spindletop crude. Unfortunately, Spindletop’s initial flush production did not hold up, despite intensive drilling, and as a result Samuel ended up with an albatross of marketing obligations that he could not fulfil. The ultimate Royal Dutch 60% and Shell Transport and Trading 40% ratio that was finally agreed to was therefore certainly influence by the events at Spindletop.

Readers are referred to the Spindletop classic by James A. Clark and Michel T. Halbouty (1952) entitled “The True Story of the Oil Discovery that Changed the World” (Random House, 306p.) which was recently reprinted by Gulf Publishing Co. as a special centennial edition [although of slightly poorer quality]. The original version came out at about the same time as “Spindletop – Where Oil Became an Industry – Official Proceedings of the Spindletop 50th Anniversary Commission” (210p.). I picked this book up at Aquila Bookstore a while ago.

Spindletop seems to have had a rub-off effect on all other discoveries of that era – including the 1914 find at Turner Valley. Papers of the day (several excerpts from which have been reprinted here) are replete with the incredible exaggeration and hype that likely accompanied the Spindletop discovery and the promotion that followed. Having heard of such fabulous finds both there and elsewhere it’s little wonder that this excitement followed the bit and the “bit players” everywhere they went – often to the demise of the locals.