



**PETROLEUM
HISTORY
SOCIETY**

ARCHIVES

Newsletter of the Petroleum History Society

March 2009; Volume XX, Number 3

P.H.S. Annual General Meeting and Awards – Wednesday, March 25, 2009

**Petroleum History Society A.G.M. featuring speaker
Sydney Sharpe and the 2008 P.H.S. Awards Ceremony**

This year we will be conducting our annual Society business and highlighting our annual awards program by presenting expressions of our appreciation to individuals who have made significant contributions to the preservation of Canadian Petroleum History.

Our Keynote Speaker will be well known Calgary author Sydney Sharpe who will address us on the book that she recently wrote on the life of prominent Calgary businessman Daryl “Doc” Seaman, entitled “Staying in the Game – The Remarkable Story of Doc Seaman”.

The schedule for the meeting will be:

- 4:00 p.m. Meeting commences – call to order
- 4:05 p.m. President’s Report
- 4:20 p.m. Treasurer’s Report
- 4:30 p.m. Election of P.H.S. Officers and Board for the 2009-2010 term
- 4:45 p.m. 2008 P.H.S. Awards
- 5:15 p.m. Keynote Speaker Sydney Sharpe on “Doc” Seaman (see page 4)
- 5:45 p.m. Questions, Answers and Discussion
- 6:00 p.m. Mix and Mingle with snacks and cash bar - Please come out and join us!

- TIME: 4:00 p.m., Wednesday, March 25, 2009.
- PLACE: Calgary Petroleum Club, 319 – 5th Avenue S.W. – Viking Room
- COST: Members and Guests (most welcome) - free of charge
- DRESS: Business casual at minimum, ties not required

**For the sake of our snack planning, please
R.S.V.P. if you wish to attend to: Clint Tippett, 691-4274 or
clinton.tippett@shell.com by noon Monday, March 23**

THE PETROLEUM HISTORY SOCIETY
THE BULL WHEEL



Next Board Meeting: The Board will meet on March 25 in the Viking Room at the Petroleum Club at 3:30 p.m., immediately before the Annual General Meeting.

Volunteers: We are always on the lookout for people with the energy and dedication to help us grow and to undertake projects on the Society's behalf. Please contact Clint Tippett (691-4274), Doug Cass (268-4203) or Hugh Leiper (249-0707) if you would like to get involved.

Next Luncheons: We are seeking speakers and interesting subjects. If you are considering making a presentation, please contact Clint Tippett, President P.H.S., at 691-4274.

Executive Nominations for 2009-2010: In preparation for the elections to be held at the AGM, the current Executive and Board have prepared a list of nominations for all positions. If you are interested in participating as a write-in, please advise Clint, Doug or Hugh, as indicated above, or put your name forward at the A.G.M.

Canadian Centre for Energy Information: The P.H.S. has a "Content, Marketing and Traffic Partnership" with the Centre. This arrangement is an expression of the mutually beneficial cooperation that exists between our two organizations. Please see www.centreforenergy.com for more details. Of particular interest to our members is their on-line historical volume "Evolution of Canada's Oil and Gas Industry" that can be downloaded free of charge.



2008 Petroleum History Society Awards: Selections have been made for our award winners for 2008 in the categories of Book of the Year, Article of the Year, Multimedia, Preservation and Lifetime Achievement. The panel coordinating these selections for this year was made up of President Clint Tippett, Treasurer Doug Cass and Director Hugh Leiper. The awards will be presented at the AGM on March 25.

Canadian Petroleum Discovery Centre: The latest issue of "Catwalk" from the Leduc/Devon Oilfield Historical Society reveals a number of very interesting new additions to the Discovery Centre. One is what appears to be a giant drill bit on the bottom of a drill string, called the "Nexen Devonian Express". Apparently one can take a ride in it for "an interesting trip to the Devonian Reef". A large compressor with cut-away parts was donated by Enerflex and helps visitors to understand some of the more technical aspects of oil and gas production.

Ontario's Petroleum Legacy: Read about how Canada launched the petroleum age with a free, 32-page, fully-illustrated excerpt from Earl Gray's latest book: ***Ontario's Petroleum Legacy: The birth, evolution and challenges of a global industry***. Heritage Community Foundation, Edmonton, 2008. includes bibliographic reference and index. Soft cover, 11 x 8.5 inches, 112 pages, illustrated. ISBN 978-0-9739892-2-9. You can download your free, no obligation pdf excerpt of Chapters 1 and 2 of *Ontario's Petroleum Legacy* by clicking on this link: <http://earlegray.ca/order.html> Thanks to Director Bob Bott for letting us know.

Society for Industrial Archeology: This organization has been mentioned several times before in this publication. Other similar groups are The Society for Commercial Archeology, The Society for the History of Technology and the International Committee for the Conservation of Industrial Heritage. For more details, please contact President Clint Tippett or just google the name of the organization. A somewhat more specialized sister group is the National Society for the Preservation of Covered Bridges.

Reunions: The employees of some companies that have passed from the active ledger, whether due to acquisition or financial peril, sometimes hold reunions. One such event was advertised in the Daily Oil Bulletin in February and was entitled "Calling All Hunters". The former staff members of Canadian Hunter are being called to an event at the Petroleum Club on May 30. This great tradition seems to be well developed in cases where the company had a very strong corporate culture. Another name that come to mind is Hudson Bay Oil and Gas.

Oil Games: We are trying to compile a list with descriptions of board games that relate to the oil and gas industry. The editor recalls playing one called "King Oil" during his Basic Training that actually had simulated drilling activities. If you know of any others, please let us know and fill us in on how they worked, maybe with a few pictures.

Blast from the Past: Oilweek magazine features a single page lookback called "Rewind" in each issue. Reviewing the February 1959 issue, there was an article entitled "Arctic Search: Sub tankers transportation key?" The description was "Pipelines and tankers were the obvious first thoughts, but the most colourful idea was to use submarine tankers, eliminating concerns about ice in the usual shipping lanes out of the Far North. Early artist renderings suggested a typical nuclear-powered submarine tanker would be 800 feet long and capable of carrying about 500,000 barrels of crude oil." The only idea that could top this was one entertained by those who had found huge volumes of natural gas in the High Arctic – and claimed that aircraft could be used to fly this hydrocarbon out to southern markets, presumably as liquefied natural gas. For some reason neither scheme caught on.

Getting into the Swing of it: At a recent industry forum in Houston, the Independent Petroleum Association of America was advertising one of their social highlights for the year – The Wildcatter's Ball. No details were provided.

Archives is published approximately six times a year by the Petroleum History Society for Society members.

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Back issues are archived on our website at www.petroleumhistory.ca

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PETROLEUM HISTORY SOCIETY
KEYNOTE ADDRESS
ANNUAL GENERAL MEETING
MARCH 25, 2009

THE VALUES THAT HELPED SHAPE THE MODERN CANADIAN
OILPATCH: DOC SEAMAN – BUILDER AND GIVER

BY

SYDNEY SHARPE

Sydney Sharpe is a best-selling author of six books:

Staying in the Game: The Remarkable Story of Doc Seaman

A Patch of Green: Canada's Oilpatch makes Peace with the Environment

The Gilded Ghetto: Women and Political Power in Canada

Storming Babylon: Preston Manning and the Rise of the Reform Party (with Don Braid)

Breakup: Why the West Feels Left out of Canada (with Don Braid)

Alberta: A State of Mind: (co-writer and co-editor of this 2005 Alberta centennial volume)

Educated at Calgary's Bowness High School, University of Alberta and McGill University, Sydney was a tenured Professor of Anthropology who left academia to become a journalist and author.

She has chaired the University of Calgary forum called Brain Exchange and was a professor at Alberta's Athabasca University and Grant McEwan College, where she taught anthropology and sociology.

Sydney has been a senior columnist for the Calgary Herald and Calgary Bureau Chief for the Financial Post as well as having reported as a Press Gallery member in Ottawa.

Sydney strongly believes in community participation and serves on a number of volunteer boards, including the Calgary Counselling Centre where she is currently Chair. She was awarded the Alberta Centennial Medal in recognition of outstanding service to the people and Province of Alberta.

She operates Sharpe Strategies, a Calgary-based consulting and media firm.

Sydney is married to columnist Don Braid and has two adult children.

East and West: Outsiders and the Western Canadian Petroleum Industry

By David Finch – Historian

On May 9, 2008 when I presented this paper to the 150th Anniversary celebrations of the discovery of oil in North America, the price of oil had just set a new all-time record of \$125 per barrel. It went on to \$130 on May 21, 2008, \$135 on May 22, 2008, \$140 on June 26, 2008 and \$145 on July 3, 2008. On July 11, 2008, oil prices rose to a new record of \$147.27. Today it's less than \$40. In 1986, as many of you remember, oil fell to \$10 per barrel – or about \$17 adjusted for inflation to 2009. BUT, adjusted for inflation, the average price of oil over the last 60 years is \$35.

Context is everything... I believe that the more we understand the big picture, the less we are inclined to be taken with the faddish thinking of the little picture – today's price of oil or gas, the prognostications of “experts” that try to predict the future.

An enduring myth permeates the Canadian oil patch – eastern Canadians hate the West. Though this theme serves a purpose – like when Westerners want to blame the international economic downturn of the 1980s on Ottawa's infamous National Energy Program – WHO DO WE BLAME TODAY? – the fact remains that numerous central Canadian petroleum industry pioneers, and some foreigners including key Americans and Frenchmen, migrated west to Alberta in the early 1900s and helped develop an industry that became pivotal to Canada's self-sufficiency in oil, natural gas and bitumen. This paper reviews the careers of important individuals who helped find, develop and sustain the Western Canadian oil industry and explains how this relationship between the regions has contributed to the vitality of the Canadian oil patch.

Explorers

The first central agents to affect the development of the Canadian West had to come from somewhere, and many of these explorers came from central Canada. They came in the tradition of the fur traders who chased the beaver across the continent, intent on securing raw material for expense hats for people in the old country. But the Geological Survey of Canada sent its surveyors west to find scout out the mineral resources that could be exploited to enrich Ontario and Quebec. In 1875 John Macoun of the GSC looked into the future as he wrote in his diary on the shores of the Athabasca River, *“Long after the noises [of camp] ceased I lay and thought of the not far-distant future when other sounds than those would wake up the silent forest; when the white man would be busy, with his ready instrument stream, raising the untold wealth which lies buried beneath the surface, and converting the present desolation into a bustling mart of trade.”*

The very future of the petroleum industry in Canada today rests on the successful development of the bitumen he and others noticed along the shores of that northern river. Many others fit into this category including Alexander Mackenzie, David Thompson – you can name many more and their stories all show the numerous ways the questing types contributed to the West.

Developers

Eastern developers also got into the game early and the expansion of the conventional oil industry is full of the names of people who assisted with the development of the independent oil industry in Alberta before the invasion of the major oil companies after the discovery of oil at Leduc in 1947.

For example, Archie Dingman was the driller in charge of the Calgary Petroleum Products well that discovered oil at Turner Valley in 1914 and drew the attention of the North American oil industry to Alberta. Born in Ontario, he learned drilling in the Pennsylvania oilfields before moving west. In the early 1900s he drilled successful natural gas wells in Edmonton and Calgary, provided energy for the Calgary Brewing and Malting Company's operations. He also formed the Calgary Natural Gas Company. In 1930 he commented that he was "confident that a great future awaits the oil industry in Alberta, and that Turner Valley is just one of the many structures in which large quantities of oil would be found." Dingman then formed the Highwood Petroleum Company and drilled a successful oil well in the south end of Turner Valley in the late 1930s.

Another practical visionary in Alberta was Ontario-born Sam Coultis. With a pharmaceutical chemistry degree, Coultis began work for the Southern Alberta Oil Company in Turner Valley in 1917. He built a small refinery for processing liquids from the company's two gas wells. He became superintendent of Royalite Oil – an Imperial Oil subsidiary – in 1920 and played a key role after the discovery of sour gas at the Royalite No. 4 well in 1924. His chemistry background allowed him to create a series of ingenious systems for scrubbing hydrogen sulfide from the natural gas so that it could be piped to customers in Calgary. Beginning in 1925, a soda ash solution trickled down over a trellis of redwood grids in steel towers, absorbing the hydrogen sulfide. Operating at 300 p.s.i., double the pressure of any other plant at the time, the soda ash then went through actifiers where heat released the H₂S from the solution and the soda ash went back to scrub more gas. The plant scrubbed 97 per cent of the hydrogen sulfide from 45 million cubic feet of gas per day, easily making it the largest gas scrubbing plant in the world. The full story of his accomplishments is told at the Turner Valley Gas Plant Historic Site. In 1938, Coultis became president of the public utility, Valley Pipe Line Company and in 1949 moved to Edmonton where he finished his career as general manager for Imperial Pipe Line Company before moving back to Calgary in his retirement.

Investors

James Lougheed was one of Calgary's first lawyers and as a result of his successful investment in real estate and the oil industry he also became quite wealthy. Born in Ontario, he quickly became a fierce defender of his adopted West. When the Reverend Leonard Gaetz, a Tory in the Red Deer district, supported his appointment to the Senate in October 1889, he wrote: "Mr. Lougheed is incomparably the best name we can offer. He is a gentleman of culture, ability & position with thorough knowledge of and faith in Alberta, a Conservative of the Conservatives, a good address, and will make I believe a first class representative." Senator Lougheed took on all comers in his defense of the West and in the early 1920s lobbied hard to keep Imperial Oil out of the North so as to "the octopus" – Standard Oil of New Jersey – from taking control over the resources of the Mackenzie Valley. That struggle continues. No wonder his grandson, Peter Lougheed, was called a "red Tory" and a "blue-eyed sheik" by his detractors. But the Lougheed line goes back to Ontario.

None of these ventures would have been possible without other investors. An early believer in the Alberta oil patch was Calgary lawyer R.B. Bennett who also became the first prime minister from the West. He invested in Bill Herron's Calgary Petroleum Products, the company that found oil at Turner Valley in 1914 and became a wealthy man. In his first speech as a "red" Tory in Ottawa in 1911 he said, "The great struggle of the future will be between human rights and property interests: and it is the duty and the function of government to provide that there shall be no undue regard for the latter that limits or lessens the other." As Prime Minister Bennett implemented many programs in a vain attempt to pull Canada out of the Depression of the early 1930s and he

also claimed to have given the equivalent of \$35 million (in 2008 currency) of his own fortune to the poor between 1927 and 1937. In spite of his vision and philanthropy his name is often associated with the “Bennett buggy” and the Depression.

Big Dreamers

Sun Oil, of course, did not get its start in central Canada, but south of the boarder. It's visionaries, however, deserve mention and respect for it is through today's Suncor that a much bigger and bolder plan than conventional oil came to life. In the 1940s J. Howard Pew – Sun's chairman – was already concerned about the eventual decline of conventional oil production in America so he sent an envoy to Canada to check into the oil sands. In 1948 Ned Gilbert – Sun's only employee in Alberta – recommended a core-hole drilling program to test the oil sands in Alberta. Results were poor so in 1951 the company decided to drop its Canadian land. Ned argued for staying the course. “It was a wonder I did not get fired on the spot for recommending things that my management were not approving.” For a time the company called one piece of its land holdings “Gilbert's Folly” though it later turned out to contain a lot of oil – today it's called Firebag. But it took until 1967 for Sun Oil to get the Great Canadian Oil Sands plant built and producing oil. And it took even longer for GCOS to make money – by the end of 1978 it had lost more than \$23 million. J. Howard Pew died in 1971, not living long enough to see his great gamble turn a profit. The oil sands are making money today, but back when the price of oil was \$4 per barrel, it was tough slogging. “I am convinced this venture will succeed,” he said. Many others fit into this category too, but none were larger on the western landscape than the men and companies that dreamed of turning the bitumen into oil.

The Crossovers

Oil's history also comes through the leaders who take daily life and turn it into a kind of greatness as befits their times. One of these men is Roland Priddle. Though the regulation of the Canadian energy industry got its start in 1938 when the Alberta government created the Energy Resources Conservation Board, the federal government created a similar body, the National Energy Board, with a national mandate in 1959. Priddle rose to become chairman of the NEB from 1987 to 1997 after helping dismantle the National Energy Program that was conceived and implemented in the heady days of the early 1980s by a federal government that expected the price of oil to rise to \$100 per barrel – or about \$265 in 2008 currency. He was widely respected for helping deregulate the energy industry in Canada and for moving the NEB offices to Calgary. This year the NEB celebrates 50 years in operation.

A Geologist who made himself into a Historian

Another NEB employee who connects east to west is the recently deceased Aubrey Kerr. A geologist born in Ontario, he was involved in the development of the Leduc oilfield for Imperial Oil. Sixty years later Kerr recalled his role in the development of the Leduc field as “the greatest achievement I ever had. There was almost that element of Christopher Columbus about it, of sailing into that unknown world. What happened in those weeks and months in 1947 changed the whole face of Alberta forever.” But Kerr's most important contribution to Canadian petroleum history was as a recorder of its significant events. According to Roland Priddle, “Aubrey loved the profession of geology and later in retirement successfully recaptured in his books the early glory days of the Alberta industry – particularly Leduc and Redwater, and the people associated with those profoundly important discoveries. For that work alone the Alberta public owes him a debt....” And so, in the late 1970s, Kerr began collecting the history of the oil patch while many of

its participants were still alive. His self-published books tell part of the story and the Petroleum Industry Oral History Project that he founded collected more than 300 tape-recorded accounts from key participants in the recent history of the western Canadian oil patch.

Conclusions

So there is much to learn by studying the sometimes-strained relationship between East and West in the history of the Canadian petroleum industry. First, I'm not saying that we should learn to love the Easterners. They have their point of view, and if we remember that they are consumers, and we are producers, the underlying differences are clear. But we can benefit by looking back at the history of the relationship between us and them, and by getting to know their stories, we might understand them better. It's in the most enviable economic position of any partner in the Canadian federation — a debt-free, oil-rich, unambiguously "have" province among the "have-nots" — and the people of Alberta are keenly aware of their special status, according to a survey that measures Canadians' perceptions of their province's relative contribution to the nation's assets.

A poll commissioned by the Association for Canadian Studies asked respondents whether, regarding "money and other considerations," their province or territory "puts more into Confederation than it takes out." In Alberta, 78 per cent say they give more than they take — more than 20 percentage points higher than B.C. (55 per cent), Ontario (50) and the national average (46 per cent). This kind of attitude does not serve us well. In our children we would call it immature, self-centered and we would hope they would grow out of it...eventually. We can move away from a narrow mindset by looking at the big picture. The people for the western Canadian oil patch had to come from somewhere else — in fact, we are all immigrants to this region. Next, the money needed to finance the development of the Western oil patch was not available here and so we needed outsiders to underwrite these expensive ventures. "Other people's money" was what Ernest Manning called it, and Brian Brennan did a good job of telling us about the Social Credit and its relationship to oil at the last meeting. A third point is that visionaries are not always what they seem. They are a special breed, of course, and even though they can have deep pockets and be hard-nosed business people, sometimes their dreams are so big that they do not live long enough to see them succeed.

Examples in this category include Bill Herron from the Turner Valley oilfield. Another is Mr. Pew of the Sun Oil Company who did not live long enough to see his extraordinarily large dream make money. Even his delegate, Mr. Gilbert, may not live long enough to see it solve its tailings ponds problems. Schlumberger's long-term commitment to research and development is another example, and Imperial Oil's current plan to invest in the oil sands is another. Other companies take the long view too — and we can learn from them. East may be East and West may be West, but in Canadian petroleum history these regions have supported and learned from each other many times.

David Finch is a consulting historian based in Calgary and the author of more than 20 books on the history of the Canadian West including the current bestseller, PUMPED: Everyone's Guide to the Oil Patch published in late 2007 by Fifth House Publishers of Calgary.

Thanks to David from the P.H.S. for this transcript from his recent luncheon presentation of Feb. 25, 2009. In the interests of space, the editor has deleted two sections of the talk — one comparing Alberta-Canada relationships with Venezuela-United States relationships. The other dealt with Schlumberger in Canada. Both topics are worthy of separate presentations and we look forward to David's next visits.