



**PETROLEUM
HISTORY
SOCIETY**

ARCHIVES

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P.H.S. Lunch and Learn Meeting – Wednesday, January 25, 2012

STEWARDS: The Energy Resources Conservation Board at 75

by Gordon Jaremko - Oil Industry Journalist and Historian

The political and legal formula that created the E.R.C.B. has turned out to be a recipe for durability. As the agency approaches the 75th anniversary of opening its doors in July of 1938, it is outliving the U.S.S.R. Sparked by the need for conservation policies and regulations in the aftermath of the 1936 Turner Valley Oil discovery in the Mississippian, the Board has been a leader in working with the Alberta petroleum industry to optimize oil and gas field management in a safe and environmentally-sound manner. Although it has undergone several organizational transformations, the essence of the Board has been that there is an optimal balance between knowledgeable intervention and self-management when it comes to petroleum practices. This talk will highlight elements of this success story as discovered by a research and writing project that will produce a Board birthday book.

Author Gordon Jaremko has worked as a reporter and editor for newspapers, wire services magazines and specialty publications for 40 years, with occasional forays into books and broadcasting. Gordon was the recipient of the P.H.S. Lifetime Achievement Award in 2000. He has recently been focusing his attention on the E.R.C.B.'s history. Gordon is also one of the interviewers for the P.H.S. Oil Sands Oral History Project.

TIME: 12 noon, Wednesday, January 25, 2012.

PLACE: Calgary Petroleum Club, 319 – 5th Avenue S.W.

COST: Members \$30.00 and Guests \$35.00 (most welcome) (cash or cheque only)

**R.S.V.P. if you wish to attend to: Micky Gulless, 403-283-9268 or
micky@fuzzylogic.ca by noon, Monday, January 23, 2012, if not sooner.**

**Individuals who indicate that they will be attending
- but do not materialize - will be considered**

“no shows” and will be invoiced for the cost of the luncheon.

Individuals who do not R.S.V.P. by the deadline cannot be assured of seating.

THE PETROLEUM HISTORY SOCIETY
THE BULL WHEEL



Next Luncheons: Our luncheon slate is as yet not established for the period following the January 25 luncheon. We are always seeking speakers and interesting subjects. If you are considering making a presentation, please contact Clint Tippett, President P.H.S., at 403-691-4274.

“Licence to Drill” series on the Discovery Channel: There are two “bits” of news to share concerning this very popular industrial reality show filmed in Western Canada. The producer, Pixcom Productions, who were honoured at our annual awards last Spring with our Preservation Award for 2010 for their work on this project, have informed us that the first season will be available as a DVD boxset as of January 31, 2012 through their distributor – Imavision. Please go to their on-line store at: <http://www.imavision.com/en/eStore.wciCatalogue,type-C,ID-460.html> The second aspect of this series is the presentation of Season 2 on the Discovery Channel on Tuesday evenings. In common with Season 1, the action continually alternates between two drilling locations which, for Season 2, are the Pembina Field in Alberta with Penn West and the Norman Wells area with MGM Energy. The Calgary Herald carried an extensive article by Eric Volmers about the program in its January 9, 2012 edition that focused on one of the lead participants, driller Cody Wilson of Edmonton. He expressed his rationale for being willing to work with the film crew by saying about viewers that *“I hope they see the stuff we have to go through, and the crap we have to go through and the stress we have to go through just to make a pay cheque. It’s going to open everyone’s eyes so maybe next time that the oilpatch dies out – like it did three years ago when everything just went to nothing, everybody shut down and nobody had work – maybe the government or people will say “those poor guys”. There is a lot of money when it’s there, but in a matter of a day it can just shut down and you never work again. I hope it opens people’s eyes up so when they hear in the news the price of oil has gone down and people aren’t working they’ll say “I watched the show, what are those guys doing? They have families.””*

Corb Lund Revisited: The October 2011 issue of Alberta Views contains an article by writer Shannon Phillips about Alberta country singer Corb Lund and his recently enhanced regard for the environment and disregard for industry and government. Readers will recall that the P.H.S. honoured the Corb Lund Band with our 2004 Multimedia Award for their video “Roughest Neck Around” shot at the Canadian Petroleum Interpretive Centre at Devon, Alberta. Corb was interviewed during recent performances at Longview and the description given is that *“Longview seems a fitting place to meet with Lund – picturesque and true to his songs, which are often preoccupied with cowboys, horses, rodeos and other rural themes. Longview is the home of Ian Tyson and backdrop for Clint Eastwood’s Unforgiven. It’s like driving in the Alberta flag, farmland giving way to Foothills and rocky ranges, rolling hills dotted with red barns and well-equipped farmhouses.”* Isn’t it ironic since Longview is in the heart of the historic Turner Valley Oil Field and yet is somehow so beautiful??

Old Herald Building: Planned Demolition: The January 6, 2012 issue of the Calgary Herald carried an article by Mario Toneguzzi concerning recently announced plans to tear down the old Herald Building on the east end of the block bounded by 6th and 7th Avenues South and 1st and 2nd Streets West. Amongst the proprietors affected is Charlie Perry who runs DeMille Technical Bookstore - one of the few bookstores in Calgary that works with and supports local authors of petroleum history-related books. These include, most recently, Joyce Hunt's new oilsands book and Randal Kabatoff's series of historical calendars. The plans call for the construction of a 50-storey complex to supply additional office space to Calgary's growing business community. Details of timing were not specified but one would be well advised to check out Charlie's wares sooner rather than later.

Local Push, Global Pull: The Untold History of the Athabaska Oil Sands 1900-1930 by Joyce Hunt: Joyce's new book reached the market shortly before Christmas last year and seems to have been well received. Joyce was supported by numerous industry participants in the oilsands. The book is available at DeMille Technical Bookstore, as mentioned above, and at Maptown in the Roslyn Building on 3rd Street between 4th and 5th Avenues SW. Joyce will be at Maptown between 1:00 and 2:00 p.m. on January 25th after the luncheon if one wishes to purchase the book, get an autograph or ask Joyce any questions.

Passings:

John Masters: Famed oil finder John Masters passed away on September 21, 2011 at the age of 84. He is best known for the 1976 discovery of the Elmworth Field, Canada's largest, by Canadian Hunter, the firm he co-founded with Jim Gray.

Gordon Stollery: Gordon passed away on December 12, 2011. He was born in New Liskeard, Ontario and is said to have had an "organic love of geology". He is best known for his work in the Canadian oil and gas industry, having moved to Calgary in 1979. Following the sale of his first company, Morrison Petroleums, in 1995, he went on to develop Highpine Oil and Gas which was sold to Daylight Energy in 2008.

John Ballachey: John was born and raised in High River, Alberta. After graduating from Mount Royal College he worked in the drilling industry for Halliburton before joining the RCAF during WWII and serving as a Mosquito pilot and instructor. After the war he earned a law degree from the U. of A. and worked as a lawyer for two years before re-entering the oil business where he spent the next five decades. He helped to found Redwell Servicing Company, Bighorn Drilling and Northeastern Drilling. He had an extended tenure at Alberta Gas Trunk Line Company (the precursor of Nova, now part of TransCanada). John will also be remembered for his appearance in the CKUA production of Roughnecks, Wildcatters and Doodlebugs.

John Dormaar: The co-author of the recent book about Oil City at Waterton passed away in early 2011. John was an agricultural researcher who developed an interest in history late in life.

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Contacts: info@petroleumhistory.ca

President: Clint Tippett – clinton.tippett@shell.com 403-691-4274

Secretary: Helen Turgeon – heldon@telus.net 403-239-4863

Saving Money with Monster Trucks

- Retired Syncrude COO Jim Carter and an oilsands mining technology revolution

By Adriana Davies

With thanks to *Oilsands Review Magazine* where this article was first published

The haul trucks used in today's oilsands mining industry are some of the biggest in the world—1.4-million-pound, 20-foot-tall, multi-million dollar behemoths ferrying 400-tonne loads of bitumen ore from the hydraulic shovel to the crusher at top speeds of 40 miles per hour. And this is the more agile and economic option. In the 1980s, trucks and shovels began to replace burdensome and even more costly bucket-wheel and dragline equipment. The new system was first incorporated into overburden removal, and then for the ore itself—enabling oilsands mining producers to operate and expand in a more cost-effective and selective manner. One of the key people recognized for driving this revolutionary technology change is Jim Carter, former president and chief operating officer of Syncrude Canada Ltd.

Jim Carter was a graduate of mining engineering from Nova Scotia Technical College when he heeded the call to “go west, young man.” He had gotten a taste for mining work through summer jobs in Ontario while in high school, and his first job after graduation was with the Iron Ore Company of Canada in Labrador City, N.L. In 1974, Carter was enticed to move to Alberta by a former colleague. He went to work for Smoky River Coal Limited in Grande Cache, rising from mine foreman to mine manager and finally, mine superintendent. It was when he headed up a provincial study examining mine lighting that he met Dennis Love, general manager of mining at Syncrude. Carter recalls Love's comment to him about the operation: “Jim, we've got a bit of a challenge here with our mine plan. It's not quite working the way we'd thought. We're going to have to move to truck and shovel stripping of the overburden, and move our draglines and buckets onto oilsands.” It was an opportunity that the 29-year-old couldn't pass up. In 1979, Carter went to work for Syncrude as manager of overburden operations. He says, “The original plan had the dragline sitting on top of the overburden and then digging it and putting it into the pit all at the same time as casting up the oilsands. What happened was that the overburden would not stay at a steep angle. It wanted to go flat, and it contaminated the oilsands, therefore rendering that mine plan inoperative.”

These were the very early days of Syncrude, when various theories not only to do with the mining operations but also the chemistry of extracting the oil from the sand were being tested on an industrial scale rather than in the lab. Carter notes: “The whole industry was really viewed as a bit of a curiosity in those days. Nobody really believed that we were going to be successful with this very complex business of mining the oilsands and extracting the bitumen, then taking this very, very heavy oil and upgrading it to light, sweet crude that was then usable in refineries to turn into gasoline and diesel fuel, propane and whatever. The world didn't know much about the oilsands. Certainly, even in Edmonton it wasn't really that well-known. Calgary, it wasn't well-known. Toronto, they didn't know about it at all. So, if you were going to get involved in something that was really a pioneering endeavour of the highest order, this was it.” The other issue was the link between the oil business and mining; this was not a natural match. To merge the two operations, as was happening north of Fort McMurray, Alta., was viewed with great skepticism. But they were doing it, and in driving the shift to trucks and shovels, Carter was set to play a pivotal role.

His first big challenge was sizing up the geotechnical issues associated with the soft landscape. "Because the oilsands are soft to traffic on, there wasn't a lot of aggregate material around for building the roads, and yet we had to move these high volumes. I wanted to use the 170-tonne trucks because those were the largest in the industry at the time, and I knew that the unit cost per tonne-mile of moving a tonne with those was going to be lower than, say, an 85-tonne truck or a 50-tonne truck, even though the conditions were very soft," Carter explains. "The biggest challenge I had initially was convincing people there that we could do this successfully. Great Canadian Oil Sands at the time had tried the big 150-tonne trucks, and they didn't have much success with them. They were switching their fleet back down to 85-tonne, mechanical-drive trucks. There was a lot of skepticism to overcome, shall we say. But we persevered on that and ended up being very successful." If existing trucks couldn't do the work required, then, they would need to be redesigned. In Labrador City in the iron ore business, Carter had used a particular brand of 170-tonne truck called the Terex, which was made by GM in London, Ont. It worked well in severe conditions and had a robust drive system. Carter had actually spent time with the manufacturer in their engineering offices and noted that they used the same drive motors in this truck as they did in their railway locomotives—a technology that could help move across the soft oilsands mine floor. "The locomotive, when it goes to get started, starts off with the electricity going to the motors in series, and then it switches to series parallel, and then to parallel once it gets rolling and gets its speed up. I had thought this would be a great advantage to use in the oilsands because the trucks normally have power going to the wheel motors in parallel."

He and other Syncrude representatives asked GM whether they could do the series parallel arrangement on the trucks, and GM agreed. The result was a design that enabled the operator to switch from parallel into series when he got on the waste dump, when the rolling resistance was really high in the soft conditions. Carter says, "It increased the torque to the rear wheels by about 45 per cent, so it made a tremendous advantage for getting across these soft waste dumps. Now, of course, whenever you do that, you're putting more horsepower into the components, so we needed to build a bigger axle, a larger-diameter axle, which became known as the tar sands axle on those trucks. It gave them the capacity to haul a 200-tonne payload across the soft conditions. It was really then that we realized we could make these trucks work, and we used radial tires. Radial tires tend to have a greater footprint, so they got the ground-bearing pressure lower, and that enabled them to traffic over the softer conditions." Carter says that once the Syncrude team started using trucks and shovels for overburden removal, other opportunities for the system presented themselves. "The first year that we had the fleet running, it was designated as a six-million-cubic-metre-a-year fleet, and we actually moved 10 million cubic metres within the first year, so it was a great success. It was the initial success of that particular fleet that enabled us then to really look at trucks and shovels on a go-forward basis. It meant that we weren't going to be limited to bucket-wheel excavators and conveyors and draglines. So that opened up opportunities for other technologies to be introduced into the mining system."

By the late 1990s, the truck and shovel system was well underway in replacing draglines and bucket-wheels in the oilsands industry, a technology change that has enabled the cost-effective expansion of mining operations. Syncrude retired its last bucket-wheel and dragline in 2006. Carter steadily rose through the ranks at Syncrude, eventually taking on the role of president and chief operating officer in 1997, which he held until retiring in 2007.

This article is one in a series reflecting information from the Petroleum History Society's Oil Sands Oral History Project, which is recording the stories of oilsands pioneers in their own words. As with the society's previous oral history projects, transcripts and recordings will reside in Calgary's Glenbow Archives. Adriana Davies is part of the team of researchers/writers behind the project.

Canadian Oil and Gas Policy: from the N.E.P. to the Canada-U.S. Free Trade Agreement

A paper presented to the Petroleum History Society on November 30, 2011

with our thanks to Author Kelly J. Ogle

Canada is unique among western countries in the degree to which the consumption and production of energy polarizes governments and regions, much as other nations' international relations are polarized by these same elements on a global scale. The National Energy Program (NEP) signaled a major escalation in this internal political conflict and was the culmination of many years of federal-provincial confrontation over energy issues. When the Liberals returned to federal office in early 1980, they realized that if world oil prices continued to increase, the producing provinces - especially Alberta - would have the power to rearrange the distribution of economic power in Canada. By moving the price of Alberta oil more in line with the world price and thereby obtaining extraordinary income, the producing provinces could "challenge federal economic management power and, in the process, confound the intricate formulas for federal-provincial equalization payments."ⁱ

In essence, the NEP was evidence of the larger Liberal view of the national priorities of the day. The program was a reassertion of federal power in energy matters, the constitution, economic management, the impact of ever-increasing energy prices, inter-regional transfers of wealth, and the supposed depletion of the Western Canadian Sedimentary Basin (WCSB).ⁱⁱ At the program's core, "The NEP became in a sense, a summary of many of the major conflicts and ideas inherent in Canadian politics and in the governing of Canada."ⁱⁱⁱ As Doern and Toner contend, the politics of energy is fundamentally about power and energy policy in the form of the NEP was the Trudeau government's attempt to unleash political power. The Trudeau government had pursued nationalistic energy policies that had, as one scholar suggests, the most deleterious effect on federal-provincial relations in the early part of the 1980s.^{iv} The NEP was the most evident and Draconian result of this confrontational relationship and as a policy initiative it offended the principles of the new orthodoxy about the economy, enunciated as theory by many economists and embraced in policy by both Margaret Thatcher and Ronald Reagan.^v While in Opposition and during the September 1984 election, political philosophy paralleling the economic policies of Thatcher and Reagan formed the base of the Conservative platform of which Canadian energy policy was included. Although energy policy was not the focus of the 1984 campaign, it was certainly a priority before, during, and after the election.

Notes

ⁱ G. Bruce Doern and Glen Toner, *The Politics of Energy: The Development and Implementation of the NEP* (Toronto: Methuen, 1985), 7.

ⁱⁱ The Western Canadian Sedimentary Basin is a vast sedimentary basin underlying 1,400,000 square kilometres (540,000 sq mi) of Western Canada including southwestern Manitoba, southern Saskatchewan, Alberta, northeastern British Columbia, and the southwest corner of the Northwest Territories. It consists of a massive wedge of sedimentary rock extending from the Rocky Mountains in the west to the Canadian Shield in the east. This wedge is about 6 kilometres (3.7 mi) thick under the Rocky Mountains, but thins to zero at its eastern margins.

ⁱⁱⁱ Doern and Toner, 29.

^{iv} Bruce G. Pollard, "Canadian Energy Policy in 1985: Toward a Renewed Federalism?" *Publius* 16 (1986): 164.

^v Michaud and Nossal, 7.

Brian Mulroney became the 18th Prime Minister of Canada on September 17, 1984, after winning the largest majority in Canadian history two weeks earlier. Soon apparent was that the Conservatives would move quickly to change Canadian policy initiatives, both domestically and internationally.

As far as the Conservatives were concerned, the economy needed drastic change. The business community agreed and as noted above, "A number of federal government policies adopted in the 1970s and directly attributable to the views of economic nationalists, had undermined Canadian business confidence in government economic policy-making."ⁱ While in Opposition, Mulroney appointed Patricia (Pat) Carney as Conservative energy critic and "Her task was to develop a Canadian energy policy that would dismantle and replace the NEP."ⁱⁱ

Carney immediately did two things the Liberals had never done: she consulted the provinces and the oil and gas industry. Like Marc Lalonde, Carney laid the groundwork for her party's policy development initiatives while in Opposition. She created industry study groups that provided most of the recommendations that later morphed into Conservative energy policy. As demonstrated, the Liberal policies of the 1970s and early 1980s were bureaucratic and confrontational. By contrast, the Mulroney government was consultative and "Carney, the key player in these developments looked to industry rather than the government bureaucracy for leadership."ⁱⁱⁱ Conservative philosophy was to reduce government interference and allow market forces to prevail.

Part of the appeal of Carney as shadow energy critic was her neutrality in the Conservative party leadership process. In the run-up to the leadership vote, she had not visibly supported any candidate; "in short, she made a lot friends, but more importantly, no enemies."^{iv} Another important reason for Carney's appointment to the energy portfolio was that she was from the west, but not from Alberta. She immediately began to establish a spirit of cooperation instead of confrontation with the energy ministers of Alberta, British Columbia, and Saskatchewan.

Carney, a former newspaper columnist, was a self-made woman. She put herself through university and wrote several articles on oil and gas exploration and development while traveling and living in the Arctic. Carney lived in the north in the 1970s when the Mackenzie Valley Pipeline project was the major issue of the day. Philosophically, she viewed the energy business as an industry that promised growth, diversification, and jobs. Moreover, "she also believed---in line with Conservative ideology---that the oil industry would have a greater and more positive impact on the economy if there was less government intervention."^v Carney and her fellow Conservatives felt the energy industry would provide sustainably and stability for years to come.

ⁱ Michael Hart, *Decision at Midnight: Inside the Canada-US Free Trade Negotiations*, (Vancouver: UBC Press, 1994), 16.

ⁱⁱ Nemeth, "Continental Drift," 61.

ⁱⁱⁱ Tammy Nemeth, "Pat Carney and the Dismantling of the National Energy Program," *Past Imperfect* Vol. 7, (1998):88.

^{iv} Vancouver Province, 18 September 1984.

^v Glen Toner, "Stardust: The Tory Energy Program," *How Ottawa Spends 1986-1987: Tracking the Tories* ed. Michael J. Prince (Toronto: Methuen Publishing, 1986), 121.

In the fall of 1983, the Opposition Priorities and Planning Committee provided members of the shadow cabinet with a document entitled "Steps in the Policy Process," which provided a time-frame for the various critics to assess each government department.ⁱ Carney's first task therefore was to meet with industry and the provinces and assess future policy, and more specifically, the NEP. Scholar Tammy Nemeth points out that the Mulroney Conservatives were very organized and were not about to repeat the Clark government's fiasco of 1979 when it became clear very quickly that the Conservatives were not prepared to govern.ⁱⁱ On November 10, 1983, Carney issued several broad statements about future Conservative energy policies, but without much detail. A month later, a discussion paper clarified many of the Conservative's key concepts: less government interference, fair treatment for consumers and producers, and most importantly, recognition of the oil and gas industry as an engine of growth for the Canadian economy.ⁱⁱⁱ The Conservative policy of less interference and fairness was the lynchpin of the policy process. At the Ranchmen's Club in Calgary in 1983, Carney clearly expressed her design for energy policy to a group of oil and gas professionals: "ignore [the] political implications; just feed us policies, politics is our job."^{iv} Clearly, if the Conservatives won the opportunity to govern, they would form policy based on clarity and consultation.

At this time, Carney also attended several meetings with various industry representatives, special interest groups, and many of the provincial energy ministers.^v She then created six industry task forces to assess five aspects of the NEP, Price/Taxation/Revenue Sharing, PIP grants, Canadian Oil Gas Lands Administration (COGLA) operations, Oil Sands and Heavy Oil Development, and Natural Gas Policy. There were five to seven members on each task force and the respective chairs of each group had previous personal contact with Carney as an adviser or in a consultative capacity.^{vi} The various groups were given seven to ten questions, as well as specific terms of reference and asked to submit their findings to her by 15 March 1984. As electioneering gained momentum in the summer of 1984, the energy study groups' recommendations became part of the Tory platform and were revealed in Saskatchewan in July. In fact, "seven of the twelve specific policies outlined in the Prince Albert statement were recommendations of the study groups."^{vii} The Conservatives, had a simple philosophy---developed by Carney---when it came to ownership of oil and gas resources: they belonged to the provinces. In December 1984, Carney presented a broad-based document to the cabinet Priorities and planning committee entitled "Energy discussion: An Overview."^{viii} The two most important sections of the report were entitled "Energy Platform" and "Fundamental Changes in Energy Policy." The "Energy Platform" section identified five of the goals disclosed at Prince Albert during the election: energy as an engine of growth and job creation; self-sufficiency and energy security; enhanced Canadian participation; fair treatment for consumers and producers; and cooperation between federal and provincial governments and industry. **[To be continued.]**

ⁱ Library and Archives Canada (LAC), MG 32 B 43 Carney Papers Vol. 2 File 2, energy Policy-Appraisals and Priorities 193-1984 File 1, "Steps in the Policy Process," quoted in Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 88.

ⁱⁱ Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 89.

ⁱⁱⁱ Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 90.

^{iv} Carney Papers, Vol 2 File 1, Energy- Progressive Conservative Party Caucus Briefings 1983, I.R., Private Dinner at the Ranchmen's Club – Calgary, n.d., quoted in Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 91.

^v Carney Papers, Vol 1 File 6, COGLA – correspondence, clipping, speeches, 1983-1984, quoted in Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 91 and 118.

^{vi} Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 118.

^{vii} Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 119.

^{viii} Library and Archives Canada (LAC), Document 8, "Energy Discussion: An Overview" 13 December 1984, 1-10, quoted in Nemeth, "Pat Carney and the Dismantling of the National Energy Program," 119.