PETROLEUM HISTORY SOCIETY

ARCHIVES

Newsletter of the Petroleum History Society *November 2013; Volume XXIV, Number 8*

P.H.S. Lunch and Learn Meeting – Wednesday, November 27, 2013

Blow-out on King Christian Island – 1970-1971

by Len Maier – Halliburton Engineer and Executive

Len will present a 25 minute video of the organization and killing of the world's most northerly blowout, 200 km north of the magnetic north pole, at the Panarctic D-18 wild well burning on King Christian Island in 1971. Flowing at 200 million cubic feet per day for 91 days, with the flame column 250 feet high, the fire was extinguished by pumping 60,000 barrels of sea water down the D-18A relief well in the dead of an Arctic winter. The equipment mobilization, setup and operation in total darkness, with wind chill temperatures approaching minus 110 F, presents an incredible story of the ingenuity and toughness of the oilfield crews. All work was planned and executed without the involvement of a "blowout specialist". The original 16 mm film was digitized to DVD format and narrated to preserve this significant historical event.

Please see page 2 of this issue for Len's biography.

Len has kindly offered to provide to attendees who are interested in having one a copy of the DVD that will be shown. Please indicate in your RSVP if this is the case and our best efforts will be made to have the appropriate number of copies on hand. *Thanks to P.H.S. Board Member Leroy Field for arranging for Len to speak to us and to show the video on the 27th.*

TIME: 12 noon, Wednesday, November 27, 2013.
PLACE: Calgary Petroleum Club, 319 – 5th Avenue S.W. – Viking Room
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, November 25, 2013, 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.

Next Luncheons: David Finch will be speaking to us on January 29 concerning the plans that are underway for the celebration of the Turner Valley Centennial in May 2014. Our luncheon slate is shaping up for remainder of January-June 2014. We are seeking speakers and interesting subjects. If you are considering making a presentation, please contact Clint Tippett, President P.H.S., at 403-691-4274.

Biography for this month's speaker – Len Maier: As stated on his birth certificate, Len's birthplace was Section 1, Township 16, Range 18, West of the 2nd Meridian. While it doesn't give the Legal Subdivision (LSD), with a description like that he was sure to end up in the oil patch. Len attended grade school in a one-room schoolhouse near Jameson, Sask. He then went to Notre Dame College in Wilcox. After completing high school and one year of liberal arts at Notre Dame, he then moved to Leduc to work as a roughneck for Loadstar Drilling Co.

Len later enrolled in the University of Alberta and graduated at the top of his class in 1956 with a degree in petroleum engineering. During the summer periods he worked for Halliburton as a truck driver and service hand. After graduation he joined Halliburton on a permanent basis and remained there for the next 37 years, with responsibilities including Field Engineer in Regina; Division Engineer and later President of the Canadian Division in Calgary; Regional Manager in Singapore; Vice President of International Operations (the first non-American to become an officer of Halliburton) in Duncan, Okla., and later in Houston, Texas, with operations in 56 countries. Upon retirement from Halliburton in 1993, Len returned to Calgary and began consulting for small Canadian oil producing and service companies with interests and activities in international operations, offering technical and operational management expertise. As an extreme hobby, he also runs a tree farm near Calgary, which helps keep his farm roots intact.

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.

Canadian Centre
for Energy Information

www.centreforenergy.com

Charlie Fairbanks wins Prestigious National Award: On November 1 P.H.S. Member Charlie Fairbanks received the Lieutenant Governor's Award from Heritage Foundation Canada in Ottawa in recognition of his decades of work on heritage preservation. Charlie is an oil producer in Oil Springs, Ontario and successor to a long family history of involvement in the petroleum industry there. Charlie maintains a historical website at www.fairbankoil.com

Turner Valley Presentation: P.H.S. member and author David Finch will be presenting a talk entitled "Alberta's Oil Discovery was 100 Years Ago – May 14, 1914!" at the Glenbow Museum as a part of the Chinook County Historical Society program of events. The talk starts at 7:30 p.m. and is free. Pencil it into your scheduler (or whatever you do digitally) now!

P.H.S. Website News – Oil Sands Oral History Project and Updated Bibliography: Please visit the website and have a look at the description of the OSOHP including the list of names of interview subjects that website manager and P.H.S. Treasurer Micky Gulless has provided. We are also advised that P.H.S. Director Doug Cass's bibliography on our website has recently been updated and is now available as a pdf. It stands at 753 pages. Well done Doug! The link is: http://www.petroleumhistory.ca/history/phsBiblio2013-10.pdf

Telling it like it is – The Carbonate Liars Club of Calgary: This elite group, loosely associated with the Canadian Society of Petroleum Geologists, recently celebrated its 25th anniversary. They meet monthly, other than in the summer, to discuss any and all aspects of carbonate rocks, reservoirs and depositional environments. The venue is currently the Unicorn Pub where the attendees huddle in the corner with a slide projector and several pints of beer.

That's Gratitude (not) – the Glenbow and Petroleum Industry Artifacts: It has been brought to our attention that, in contrast to their excellent historical records on our industry, the Glenbow does not seem to have a mandate to collect related historical artifacts. This seems odd in that Eric Harvie made all of his money from the petroleum industry. In a partial defense, that this seems to be a common issue with many museums – collecting every other type of object you can imagine is fair game but anything having to do with oil and gas is off limits. Perhaps some selective lobbying needs to be done to remind the museum of where their loot came from in the first place – or to at least investigate if this slight is something that is actually rooted in Eric Harvie's endowment wishes. Otherwise a lot of our historical materials will end up in the landfill.

Barron Building Redone: On August 27, 2013 David Parker of the Calgary Herald wrote that the Barron Building on 8 Avenue SW, home to the Uptown Theatre, was in the process of being refurbished. He states: "Built in 1951, it was the vision of Jacob Bell Barron who saw the office building outside of then what was the core to help attract newly arriving oil companies to settle in Calgary. Barron was able to immediately lease three floors to Mobil and the U.S. giant eventually took over all of the remaining space for 15 years, renaming it the Mobil Building."

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Back issues are archived on our website at www.petroleumhistory.ca
Contacts: info@petroleumhistory.ca
President: Clint Tippett – clinton.tippett@shell.com 403-691-4274
Secretary: Helen Turgeon – helen1954.rt@gmail.com 403-239-4863

Petroleum Products Display – Queen City Oil Company Limited

This display was discovered by Professor Bob Dalrymple of Queen's University in Kingston, Ontario in their storage area. He is hoping to find a home for it. We believe that it might be of interest to one of our Canadian petroleum refiners as a sampling of products over 100 years old as the display is dated 1911. If you have any suggestions, please let us know.

List of Petroleum Products in Display: Crude Oil, Queen Motor Gasoline, Sour Naptha, Sweet Naptha, Treated Naptha to Steam Still, Motor Gasoline, Benzine, Sour Water White, Sweet Water White, Steam Stilled Water White, Refined White Water, Sour Prime White, Sweet Prime White, Steam Stilled Prime White, Refined Prime White, Untreated Mineral Seal, Refined Mineral Seal, Gas Oil, Residuum, Tar Distillate, 27° Red Paraffine, 28° Pale Paraffine, 30° Pale Paraffine, 25° Red Paraffine, 25° Pale Paraffine, 23½° Red Paraffine, Stilled Coke, Re-distilled Coke, Crude Wax, 114-116 M.P. Refined Wax, 118-120 M.P. Refined Wax, 123-125 M.P. Refined Wax, 128-130 M.P. Refined Wax, 133-136 M.P. Refined Wax, Capitol Cylinder Oil, Atlantic Engine C Red Oil, Renown Engine Oil, Standard Gas Engine Oil

Queen City Oil Company, 30 Front Street East in Kingston, was established in Toronto by Samuel Rogers & Co., in January, 1877, under the name of the Queen City Oil Works. The company name was changed from Queen City Oil Works to Queen City Oil Company in 1882. Queen City Oil was later acquired by Rockefeller's Standard Oil Trust and then acquired by Imperial Oil in 1899 when Standard obtained control of Imperial. It was Ontario's largest petroleum wholesaler. At Montreal there was a branch warehouse, where a large quantity of oil was sold annually. All kinds of lubricating and refined oils were manufactured, and sold in every part of the Dominion. The company owned six tank cars, which were constantly kept busy on the road. In 1883 they received gold medals at Toronto, Guelph and London.

GREATEST OILMEN OF THE PAST 30 YEARS

Alberta Oil Magazine ran an article in its October 2013 edition entitled “The Men Who Carried an Industry” with the sub-title “The careers and accomplishments of nine oil and gas heavyweights who brought tremendous growth to Canada’s energy industry over the last 30 years.” Also in the issue was a tribute to Rick George of Suncor fame that was titled “Meet Rick George – Canada’s Greatest Oilman of the last 30 years.” So a nice round list of 10 key oil patch players.

They are (in no particular order):

1. Murray Edwards – CNRL, Ensign, PennWest, First Energy
2. Clay Riddell – Paramount, Trilogy, MGM, Perpetual, Cavalier
3. Eric Newell – Imperial, Syncrude
4. Bill McCaffrey – Amoco, MEG
5. John Lau - Husky
6. Richard Haskayne – HBOG, Home, Fording, Nova, TransCanada
7. J.C. Anderson – Anderson Exploration, Anderson Energy
8. Gwyn Morgan - Encana
9. Jim Gray - CanHunter
10. Rick George – Suncor, PennWest, Osum

All selections seem well deserved but I was trying to figure out the criteria for this list. Why was 30 years taken as the window? That takes us back to 1983. And 1983 marks, more or less, the end of the road for Jack Gallagher of Dome who would have to be included in any such list of longer duration. But one thing seems to be that you have to still be alive – so that also eliminates Bob Blair who built the AGTL-Nova gas and petrochemical empire within that time window that still underpins some of our current prosperity. There is a certain flavour of “only success will do” in the list as well. Otherwise where is Jim Buckee of Talisman who built a very successful domestic and international E&P company that only over the last few years has taken its lumps. There are lots of other very prominent industry players who deserve a crack at the list so some hard decisions were necessary.

The article about Rick George contains the following interesting observations: “When Rick George first took Suncor Energy Inc. on its initial public offering road show in the early 1990s, investors were skeptical that a business based on drawing oil from sand would make a decent return. “What they know of oil sands was that there were a lot of issues ... it was very high cost and there was a lot of fires”. But anyone who invested in Suncor shares on March 18, 1992 has made out like a bandit – a $100 investment on the IPO date would have returned $5,173.53, assuming dividends re-invested, a year after the company’s 2009 merger with PetroCanada.”

End of the Line: Former Exxon Valdez, now Oriental Nicety, sold for scrap

Adapted from a report by Bill Bowen, Dallas News, March 20, 2012

The following story relates to an event that changed the potential course of petroleum exploration off Canada's West Coast. Beginning in 1984, Chevron Canada, as operator of vast tracts of offshore acreage, had been working their way through a government review, public review and environmental assessment with the intention of conducting a seismic program and some drilling. A report and recommendation with numerous conditions had been issued in 1986. The timing could not have been worse for Chevron (and partner Shell Canada) when the Exxon Valdez ran aground in Alaska in 1989. The entire Canadian effort had to be shelved. But what happened to the tanker itself? And what do you do when your name becomes linked with one of the most horrific environmental disasters in American history – and no one wants you around anymore?

In the case of the Exxon Valdez, arguably the most famous ship of modern times, you move and you change your name. Twenty-three years after the oil supertanker became synonymous with what its Irving (Texas)-based owner at the time calls "one of the lowest points in ExxonMobil's 125-year history," the ship was slated for the scrap heap after six name changes and several ownership shuffles – and a 2010 collision in the South China Sea.

That sea accident marked the end of the most well-known ship afloat. The Valdez, (pronounced val-deez) was only three years old when it ran aground in Alaska's Prince William Sound on March 24, 1989, spilling at least 11 million gallons of crude into the fragile ecosystem of the bay, killing tens of thousands of seabirds and other marine life and damaging 700 miles of coastline. "It was a tragic accident and one we deeply regret," Alan Jeffers, an ExxonMobil spokesman said on Tuesday. The disaster cost ExxonMobil, more than $4 billion in cleanup costs, civil settlements and damages and incalculable harm to its reputation. [Some litigation is still ongoing – see Google.]

In 1990, Congress passed a law prohibiting any ship that had caused a spill of more than 1 million gallons from navigating Prince William Sound, thus banishing the Exxon Valdez from the Alaska pipeline-to-West Coast run for which it was built. Even as disaster crews were cleaning up the mess in Alaska, the ship was towed to San Diego, repaired and renamed the Exxon Mediterranean and moved to work in shipping lanes in Europe, the Middle East and Asia. The name was changed again to SeaRiver Mediterranean when Exxon moved its fleet under a new subsidiary, River Maritime Inc. The name was later shortened to S/R Mediterranean and then Mediterranean. In 2007 and 2008 the ship was converted to become an ore hauler, sold by ExxonMobil and renamed the Dong Fang Ocean. In November of 2010 the Dong Fang collided with the Aali, a Malta-flagged cargo ship, in the South China Sea. The Dong Fang was towed to Longyan Port in the Chinese province of Shandong. Again renamed, this time to Oriental Nicety, her sale to Best Oasis was announced by Maryland-based Global Marketing Systems, Inc. the largest cash buyer of ships, slated for scrap. The ship was sold as scrap for $16 million and made its way under her own power to Singapore and a date with one of the several "ship breakers" along the shores of the Indian Ocean. When it arrived at the ship breaking beaches of Alang, India, its fate was briefly delayed by an appeal on environmental grounds that it not be brought in. However this was rejected by the Supreme Court of India in July 2012 and the ship was finally beached for demolition in August 2012.

ExxonMobil is now building two double-hulled tankers at the Aker Philadelphia Shipyard for delivery in 2014. They are smaller than the Exxon Valdez and will replace two others in the SeaRiver Maritime Fleet.

FIRST COMMERCIAL OIL PRODUCTION IN WESTERN CANADA: WATERTON OR TURNER VALLEY?

The following came out of a discussion that your Society President had with P.H.S. member and well known local author David Finch. The subject was which of these two early Alberta fields can lay claim the title of "first commercial oil production". Waterton's brief glory was in the 1901-1903 period while Turner Valley experienced major discoveries in 1914, 1924 and 1936. To the extent that there was oil sold from Waterton, some have claimed that this was a commercial success but we need to look deeper and understand the broader economic context.

David posed the question and here's Clint's perspective:

"This sort of thing is fun to play around with but to do it properly, one would probably have to have access to all sorts of financial information that does not exist, or at least has not been preserved. For example (for assessment of Waterton):

- How much did the rigs cost (where did the wood come from, where did the hardware come from)?
- How much did it cost to pay the men?
- How much did it cost to hire a team of oxen?
- How much did it cost to transport and market the production?
- How much money did the promoters actually make?

What I mean is that just because they sold some product doesn't make it "commercial". There are lots of wells that produce because the cost of their final completion and sales was less than the anticipated revenue stream – but they have no hope of ever recovering the capital that was invested in them for land, drilling etc. to begin with. We call this half-cycle economics in which one ignores the sunk capital.

I don't think that Waterton's oil was a commercial success. The true test might be the fact that, in contrast, investments continued to be made in Turner Valley long after the discoveries. This demonstrates that it was a commercial success. This generally does not happen for things that don't return the investments that are needed. They gave it a valiant effort at Waterton but I would see it as what we would call a "technical success", not a commercial success.

As a footnote, the only people who come out of these situations in the black are usually speculators and people who provide the goods, food and equipment as they get cold hard cash to do so. The folks who generally lose everything are the investors and sometimes the workers if they were in it for a piece of the action. Each one of these situations is like a mini-gold rush with all of its associated dynamics.

Hope this clarifies from the point of view of economic analysis. If someone wants to say Waterton was a commercial success, I would suggest that the onus would be on them to find and crunch the numbers to prove it.

Bottom line – There is a big difference between a wildcat program that salvages a few barrels of oil but does not recover its invested dollars and a project that returns the investment and then some. Surely it is only the latter that should be considered to be a commercial success.

Some lessons along these lines might make an interesting component of the Turner Valley story."

Campbell M. Hunter, OBE passes away in London, Eng. - 1946

His obituary in the *Western Oil Examiner, January 11, 1947 reads as* follows:

Widely and intimately known to Alberta oil operators for the past 20 years, Campbell M. Hunter, OBE, one of Britain's best know geologists, died in London, December 23, news dispatches said this week.

Mr. Hunter, during his many visits to Western Canada and during his residence in Calgary when he was actively engaged in directing drilling operations, always expressed optimism in the oil industry in the west. In addition to reporting on several areas in the plains and foothills he secured the financing, largely from British associates, for the drilling of Hunter Valley Oils #1, in sec. 13-31-10W5, in wildcat area which had been drawn to his attention by R. J. MacLaren, who remained a director of the company of which Mr. Hunter was president, and represented by him in his absence. The well was started in 1933 and obtained several shows of oil before it was abandoned owing to mechanical difficulties at 8282 ft. From the information gained, Mr. Hunter made selection for another test, but the war prevented the transfer of funds from Britain and operations were delayed. However, during recent visits to Alberta Mr. Hunter put the company holdings in good shape and assured the Examiner that the company would be active again when movement of funds would be facilitated.

As a result of his early surveys of Alberta he obtained finances in London, from a banking group and two wells were drilled, known as London Ribstone wells, the first in 1927 and the other started in 1929. These wells also showed the presence of deposits which have since expanded into wider fields of this part of the province.

Another 'first' to his credit was the drilling of the Cole-Hunter well in the Taber field, started in 1929. Alberta Petroleum Consolidated (A. P. Con.) later made an effort at completion and the presence of oil in this well showed the way for later oil developments in the area.

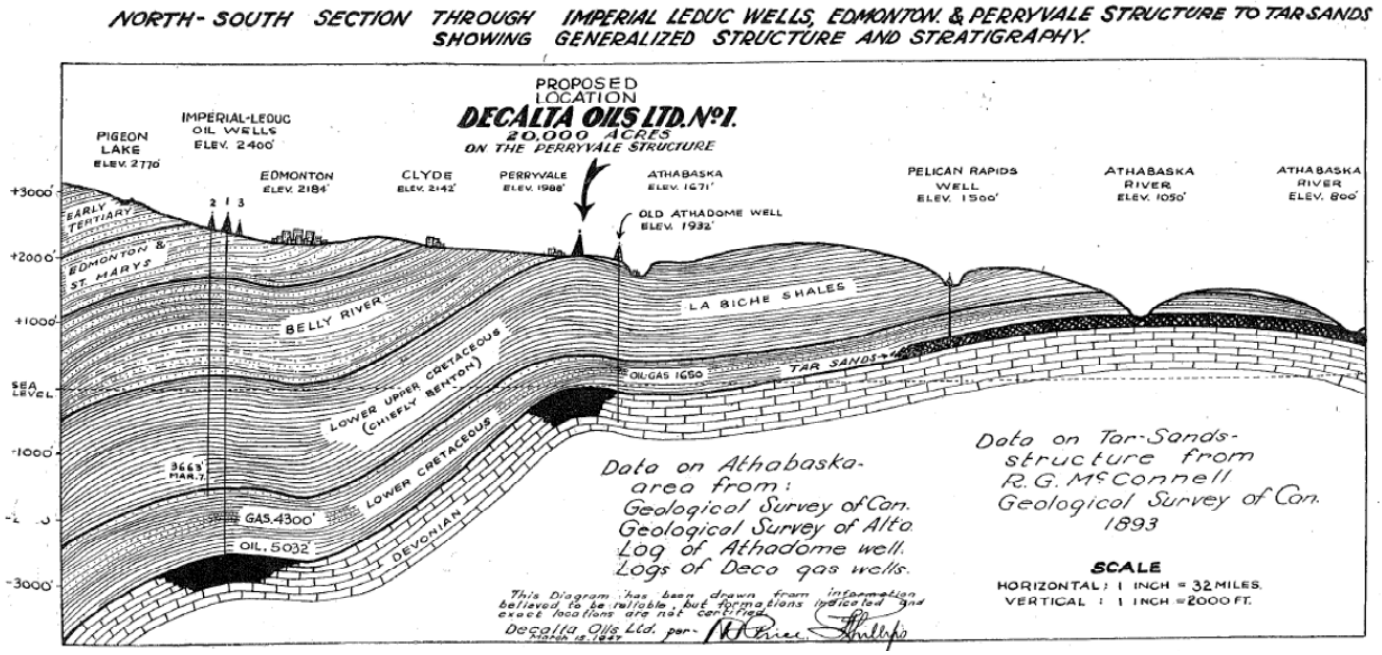
Campbell Hunter was the youngest son of Sir William and Lady Hunter, born in Edinburgh in 1877. Educated and Trinity and Eton, his first engagements were in Germany and Belgium. Activities in oil started with his appointment as resident engineer to Baku Russian Petroleum Co. Six years later he was in South America with London & Pacific Petroleum Co. and was instrumental in wide expansion of the marketing of their products, even sending gasoline up to California and over to Japan.

Trinidad next received his attention and he was consulting engineer for Trinidad Oil Fields Ltd and developed very productive acreage. He was equally successful in his representation of British companies which were engaged in the Maikop Field. For several years past he has represented British investments in the United States.

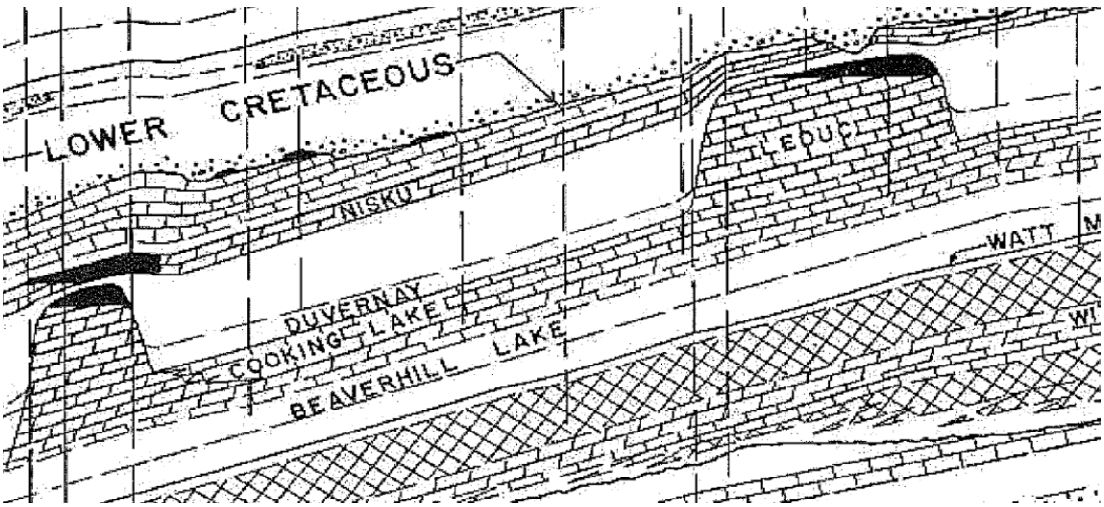
He enjoyed the entire confidence of prominent British capitalists and trust companies, and during the time the Hunter Valley well was being drilled it was visited by a group of the old country people, also with large investments in outlying areas of Vancouver. His services to the British government during both wars were of great value, and his prized OBE was bestowed after the first war.

The foregoing was provided by P.H.S. Director Doug Cass and grew out of a research inquiry in 2008.

Following Leduc – March 1947



This regional cross-section was produced on March 15, 1947 approximately a month after the discovery of oil in the Devonian at Leduc. Notably, only Leduc #1 (middle well in the Leduc cluster) is shown as having penetrated the Devonian. Leduc #2 on the left is still drilling in the Cretaceous and #3 appears to be spudding. As stated, the section runs from south of Leduc through Edmonton and all the way up to the oil sands at Fort McMurray on the Athabasca River. The proposed Decalta test well is at Perryvale, then, as now, a small town about 110 km north of Edmonton. Despite not knowing all of the details of the geology at Leduc, companies were keen to follow up on the successful test on their own acreage. Of particular note is the depiction of the existing and potential oil pools as being structurally-controlled on the crests of anticlines. In addition the length of the oil columns are shown as being greater than the “closure” of the folds. If the Devonian was porous throughout in its upper section, the oil should have only been able to fill up to the “spill point” on the northeastern edge of the accumulation. This section suggests that there is something blocking that ability to spill and (conveniently) allowing for the capture of much bigger accumulations. The section below illustrates what we now understand to be the controls at Leduc – the stratigraphic nature of the large D3 reefs and the drape of the D2 over them.



WHAT'S IN A NAME?

One aspect of our preparations for the Oil and Gas Expo in June was the construction of a poster incorporating scanned copies of a number of historical stock certificates that the Society has received over the years through the initiative of Treasurer Micky Gulless. The poster can be seen in the background of the picture from the Expo that was on page 3 of last month's Archives. It brings to memory the stories of boom and bust, in particular in connection with the Turner Valley discoveries of 1914, 1924 and 1936. According to legend, some hotel rooms were wallpapered with stock certificates of companies that had been promoted and then failed shortly thereafter.

The names and year of issuance of the stocks in the poster are as follows:

1. Alberta Petroleum Consolidated Limited (1914)
2. Beacon Oils Limited (1914)
3. Beaver Oils Limited (1914)
4. Canadian Consolidated Oils Limited (1914)
5. Herron-Elder Gas and Oil Development Company Limited (1914)
6. National Oil and Gas Company Limited (1914)
7. The Prudential Oil and Gas Company (1914)
8. Segur Oil Company Limited (1914)
9. Union Pacific Oil and Gas Company Limited (1914)
10. Dome Oil Company Limited (1915)
11. Union Pacific Consolidated Oils Limited (1915)
12. Lethbridge Petroleum and Refineries Limited (1921)
13. Mid West Oil Company Limited (1924)
14. Signal Hill Oil Company Limited (1926)
15. Vulcan Oils Limited (1925)
16. New Federal Oils Limited (1924)
17. Baltac Oils Limited (1929)
18. Mid-Royal Oils Limited (1929)
19. Wellington Oil and Gas Company Limited (1929)
20. Alberta Pacific Consolidated Oils Limited (1930)
21. Calmont Oils Limited (1930)
22. Weymarn Petroleums Limited (1930)
23. Aladdin Oil and Gas Company Limited (1931)
24. Mercury Oils Limited (1931)
25. The Mid-West Petroleum Corporation Limited (1933)
26. Fabyan Petroleums Limited (1934)
27. Richland Oils Limited (1937)
28. Edmonton North Oil Company Limited (1950)
29. McColl-Frontenac Oil Company Limited (1954)
30. Tri-Zone Oil and Development Company Limited (1956)

The names of companies are obviously one factor in attracting investors. The impression of a solid corporate presence is critical. A number of aspects are to be noted. Use the term "oil" or at least "petroleum". If you must use "gas", make it the second term (only exception is Herron-Elder of Turner Valley fame). "Consolidated" has a nice ring. A side order of "Refineries" (Lethbridge) is a good touch. A sense of historical continuity is worthwhile – "Signal Hill" (after California) or "Union Pacific" (after the railroad). Naming protocols didn't start with the internet!