



**PETROLEUM
HISTORY
SOCIETY**

ARCHIVES

Newsletter of the Petroleum History Society

December, 1999; Volume X, Number 6

if you missed the...

**REFINING IN 19TH CENTURY
ONTARIO – an era when mixing
oil and whiskey met with
approval!**

Wednesday, November 17, 1999 with
Hugh Grant, Professor of Economics -
University of Winnipeg.

.....discover origins of the Canadian
refining and petroleum industry and
the tribulations of personalities who
determined its future. Summarized in
this issue of Archives.

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Next Luncheon – February 2000. To all our Members and supporters, Merry Christmas 1999 and a safe Happy New Year. June 2000 heralds our Calgary-hosted World Petroleum Congress. Get involved and be a part of history. Your Society needs you.

NEXT LUNCHEON

featuring

Hans Maciej

Canadian Petroleum Association

Retired Vice President

TOPIC

Canada's Energy Wars

Mr. Maciej will discuss the energy conflicts involving the Federal Government and the producing provinces between 1972 and 1984. A series of accords signed in 1985 resolved a tense and painful period of our industry. Not everyone survived and many of those who did still carry the scars. We can improve the future by learning from the past. Anyone with less than 15 years oil experience will regret missing a history lesson. Join us and bring an associate.

Date: Wednesday, December 15, 1999

Time: 12 noon (receipts at the door)

Place: Palliser Hotel – Colonial Room

Cost: \$20 for members, \$22 for guests

****Member attendance supports your Society. Posting this Notice for associates to join us for an entertaining Lunch & Learn benefits all!**

RSVP to Clint Tippett, 691-4274 by Noon, Monday, December 13. See you there!

THE PETROLEUM HISTORY SOCIETY
Calendar of Events and Daily Tips

Next Director's Meeting: January 12, 2000.

Annual (1998) Awards Luncheon, Pacific Room Palliser Hotel, 17 November 1999:

Best Book – “*Hard Oiler! – The Story of Early Canadian Quest for Oil At Home and Abroad*” by Gary May: Canada’s first commercial discovery in 1858, establishing a profitable machine lubricant and lighting oil industry in SW Ontario. Subsequent exploitation generated world class expertise that was soon much sought-after globally.

Best Article Award – Hugh Grant, Professor of Economics, U of Winnipeg: “*Solving the Labour Problem at Imperial Oil: Welfare Capitalism in the Canadian Petroleum Industry, 1919-1929*”. Attempts made by Imperial to head off union activity and unrest through the establishment of Company benefits and Company-sponsored activities. Although a downstream initiative, it influenced total Company policy.

Lifetime Achievement Award – Peter Foster, national award-winning author, for: “DEDICATION, INVESTIGATION AND PROFESSIONAL REPORTING OF CANADIAN PETROLEUM HISTORY”. *The Blue Eyed Sheiks: Canada’s Oil Establishment (1979)*; *The Sorcerer’s Apprentices: Canada’s Super Bureaucrats and the Energy Mess (1982)*; *Other People’s Money: The Banks, The Government and Dome (1983)*; *Rags to Riches-The Story of Bow Valley Industries (1985)*; *The Master Builders – How the Reichmanns Reached for an Empire (1986)*; *Self Serve: How Petro-Canada Pumped Canadians Dry (1992)*; *Towers of Debt – The Rise and Fall of the Reichmanns (1993)*. Accepted by Bob Lamond for Peter Foster.

Multi-Media Award – Heritage Park, Calgary for: OUTSTANDING HISTORICAL EXHIBITS AND INTERPRETIVE ACTIVITIES CONCERNING THE HISTORY OF THE CANADIAN OIL AND GAS INDUSTRY”. Most prominent is the Cable Tool Rig forming the backdrop in well-known video “Roughnecks, Wildcats and Doodlebugs” and pumps, logos, signage from a myriad of downstream firms to create the Gasoline Alley display. Accepted by Rick Smith, General Manager and Jeannette Pyle, Funding Development Coordinator.

Preservation Award – Provincial Archives of Alberta for: OUTSTANDING ARCHIVAL SUPPORT FOR HISTORICAL INVESTIGATIONS OF THE CANADIAN OIL AND GAS INDUSTRY”. Collections and photographic material much sought-after by researchers; moving soon to a new Edmonton facility. Accepted by Dennis Hyduk, Technical Services Coordinator.

New Oilpatch Book: Calgary Petroleum Club - Join Aubrey Kerr noon, 17 December 1999, for the launch of his new book “**JUDY CREEK AND BEYOND...**”, a timely release given this is the 40th anniversary of Imperial Oil's discovery (purchased in 1997 by Pengrowth Royalty Trust).

Historical Field Trips: Joe Lamantia reports two possibilities: The Oil Museum of Canada (Box 16, Oil Springs, Ont N0N 1P0) and The Petrolia Discovery (Box 1480, Petrolia, Ont N0N 1R0).

Society Brochure: Redesigned and reprinted. Nicely done, with guidance from Peter McKenzie-Brown (contact for extra copies or at lunch). Pass on to anyone interested in joining.

PHS Lapel Pins: Available at future lunches for \$5 or contact Bill McLellan 286-2191.

Oral History Project: David Finch recently interviewed retired Geophysicists Wilf Baillie and George Longphee in BC, and Calgarian Ned Gilbert locally.

Tip For The Day: (from *The 365 Stupidest Things Ever Said* by Ross & Kathryn Petras) “A low voter turnout is an indication of fewer people going to the polls.” Former U.S. vice president Dan Quayle

REFINING IN 19TH CENTURY ONTARIO

PRESENTED BY PROFESSOR HUGH GRANT, UNIVERSITY OF WINNIPEG, TO THE
PETROLEUM HISTORY SOCIETY LUNCHEON MEETING – 17 NOVEMBER 1999
(by Neil Leeson, Director, PHS)

Why does your cable television, cell phone and Internet service owe its origin to the refining industry? In the latter part of the 19th Century Samuel Rogers accumulated a fortune selling illuminating oil in the Toronto area. Shrewd investment by later generations of Rogers has resulted in a made-in-Canada media giant! Professor Grant delivered another unexpected disclosure in his presentation - his interests in the history of refining in Canada was purely mercenary since he needed a thesis topic in the 1980s and oil was an obvious choice. As is often the case during research, Hugh discovered his youthful life in southwestern Ontario was only 30 miles from the first petroleum discovery in North America. Prior to that he recognized Petrolia as an NHL Trivial Pursuit challenge: the notorious home town of the bad boys of hockey – Dave, Mark and Dale Hunter. Wealth garnered during the 19th Century refining boom still commands respect in the form of Petrolia's opulent homes and striking opera house, much like Sarnia's skyline domination by refineries and petrochemical plants.

“John Miller Williams dug into the “gumbo” around the oil springs of SW Ontario in 1857 and developed North America's first commercial oil well. To be historically accurate, this was not Canada's first commercial extraction of oil. That distinction goes to Abraham Gesner with his discovery of “albertite” in New Brunswick around 1850. Unfortunately Gesner thought his find was coal!

SW Ontario's oil was found in shallow (100-500 ft) horizontal strata of low porosity. Wells weren't prolific but had a very high success rate. As subsurface rights were privately held, there were little or no regulations governing well spacing. Hence the countryside was dotted with an abundance of low performance oil wells.

By early the 1860s over 100 tiny refineries existed, some little more than a 25-barrel capacity cast-iron still mounted on a brick furnace and connected to a gooseneck pipe leading to a condenser. As crude oil was heated the lighter by-products were condensed and allowed to run off into the ground. The kerosene fraction was captured for treating in an agitator with sulphuric acid to remove some of the tarry substance and washed with caustic soda. Saleable illuminating oil was then removed. Residual oils were placed in a freezing vat, resulting in a crystallize paraffin wax which was used in candle making.

The refining industry in its infancy faced four significant problems: (1) 1 % sulphur content made the smell unbearable; (2) primitive refining techniques created volatile fractions of kerosene that frequently caused oil lamps to explode; (3) likewise exploding oil refineries were common; and (4) emergence of J. D. Rockefeller and a rapidly developing American industry in Pennsylvania. Eventually two were solved: regulations concerning the quality of illuminating oil solved the oil lamp crisis and improvements in still design curtailed the frequency of refinery explosions. Despite a 15 cent per wine gallon volume tariff placed on imported oils, American intervention did not abate. The correlation between oil and liquor had begun.

Into this fledging industry suddenly appeared Jacob L. Englehart. He arrived from New York in 1868, at the age of 21, with “substantial resources”. He became VP of Imperial Oil, president of Ontario Northern railway, and had the town of Englehart, Ontario named in his honor. Subsequent uncovering of his American past was to prove he and his associates were “notorious to the whiskey trade, they having without doubt made more money in illicit whiskey in a given time, than any other house in the trade, which is saying a good deal.” The origins of the Canadian oil industry are indeed closely intertwined with the illegal sale of whiskey.

Englehart proceeded to lease most of Ontario's refineries and develop an export trade. Illuminating oil was treated to remove enough odor to compete with Pennsylvania oils for overseas markets. Unfortunately not enough of the bad smell was tamed and his export trade collapsed as US output increased. Competition forced him into bankruptcy. The reemergence of small firms resulted in the establishment of London, Ontario's “Oil Ring” in 1875 which embarked on a scheme to consolidate production and drive up prices. All small refineries were leased and shutdown, keeping only the 10 largest in operation. Thanks to the free market system, new refineries surfaced, forcing the “Ring” to acquire 15 more in 1 ½ years. The “Ring” collapsed.

Into this 1870s' floundering reappears Englehart with a more “permanent solution”. With new cash from the Guggenheim family (future Colorado mining fame) he proposed the “Rockefeller Plan” - creating a single, joint-stock company as the only way to establish a more permanent coalition of refiners. In 1880 Imperial Oil was formed with a value of \$500,000 and owning 75% of refining capacity. As one of the largest firms in the country, it was successful in keeping the American wolf from the door for another 18 years. Subsequently controlling interest was sold to Rockefeller's Standard Oil Company.

The rest, as we know in the West, is history. The roots of our oil industry, however, are rarely credited or associated with southwestern Ontario. Professor Grant has contributed a very valuable piece of our heritage puzzle.

APPLICATION FOR MEMBERSHIP: (Due as of 01 January 2000)

PETROLEUM HISTORY SOCIETY

Individual Membership

Name: _____

Address: _____

Postal Code: _____ Telephone: Business _____ Home _____

Institutional or Company Affiliation (if any): _____

Please register me as a (check **two** of the following):

- | | |
|---|---|
| <input type="checkbox"/> New Member | <input type="checkbox"/> Individual Member (\$20.00) |
| <input type="checkbox"/> Membership Renewal | <input type="checkbox"/> Sustaining Individual Member (\$50.00) |
| | <input type="checkbox"/> Life Time Senior(+65)Member (\$100.00) |

Institutional / Corporate Membership

Name of Institution or Company: _____

Address: _____

Postal Code: _____ Telephone: Business _____ Home _____

Name of Authorized Representative: _____

Position or Title: _____

Please register our Institution or Company as a (check **two** of the following):

- | | |
|---|--|
| <input type="checkbox"/> New Member | <input type="checkbox"/> Institutional Member (\$100.00) |
| <input type="checkbox"/> Membership Renewal | |

Enclosed is a cheque or money order for \$ _____, payable to **The Petroleum History Society**. Please mail fee and completed form to: Membership Committee- Petroleum History Society, C/O Glenbow Archives, 130 – 9th Avenue SE, Calgary, Alberta T2G 0P3. Attention: Doug Cass

Date: _____ Signature: _____