



NOTICE

LUNCH & LEARN MEETING

12:00 Noon, Wednesday, 25 April 2001

Alex Hemstock, P. Eng., M.Sc.

TOPIC

**NORMAN WELLS, CANOL and the SECOND WORLD WAR – A YOUNG ENGINEER'S
PERSPECTIVE of TECHNICAL PROBLEMS OF A PIONEERING ARCTIC PIPELINE**

Alex Hemstock was born on a farm near Hanna, Alberta. He graduated from the University of Alberta with a degree in Mining Engineering in 1943 and with an M.Sc. in Geotechnical Engineering in 1947. He began his career with Imperial Oil in 1943 working on the wartime Canol Project in the Canadian North. He is a past president of APEGGA and past president of the Canadian Council of Professional Engineers.

He married Emily Keeley in 1945. Their family includes three children who are now Professional Engineers, and a granddaughter and son-in-law who are also in engineering.

TIME: 12 noon (receipts at the door), 25 April 2001
PLACE: Palliser Hotel (133 - 9th Avenue SE) – Executive Suite (but check marque on arrival)
COST: \$20 Members, \$22 Guests (most welcomed)

RSVP Clint Tippett, 691-4274 by noon Monday April 23

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if you missed the...

**OILPATCH CORPORATE AVIATION HISTORY
Annual General Meeting Presentation**

Wednesday, March 28, 2001

by Herb Spear, author, historian, pilot

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

THE PETROLEUM HISTORY SOCIETY
Calendar of Events and Daily Tips

Next Director's Meeting: May 2, 2001 at Glenbow Museum.

Next Luncheon: Fred Stenson will be talking to us on either June 6 or 13 – details to follow.

Canadian Petroleum Hall of Fame Nominations: Imperial Oil has been contacted for letters of nomination and photos for nominee Ted Link. Nominations must be submitted by May 31, 2001. There are 56 Hall inductees since initiating this recognition in 1997. Forms and a list of members will be available at future luncheons and newsletters. For more information, contact Canadian Hall of Fame Society 1-780-930-6833 or forward candidate suggestions to Clint Tippett at 691-4274.

Society E-Mail Address: petroleumhistorysociety@canada.com. All members with e-mail service please send in your address to Micky Gulless, Past President, Membership Committee "micky@fuzzylogic.ca" to build our file. Currently PHS has e-mail addresses for 33 members.

PHS Membership: Total 75 paid, including 26 Lifetime, 3 Sustaining, and 46 Individual. Membership payment for 2001 now due.

National Petroleum Show 2002: The Society considers it valuable to participate and is soliciting Member participation to form a committee to coordinate booth promotion.

Oral History Project: Quarterly Reports have been distributed to all Board Members. Interviews will begin again in April. Transcriber has a backlog of interview tapes to work on and a list specific to CSPG will be prepared and forwarded.

History Trivia: New service to Members. Submit any question (person, place, thing – why, what, who, when) you may have on oilpatch history and our Board will be poled for adequate response. Queries and replies to be printed in this section.

New Book: Aubrey Kerr's "Corridors of Time II", 264 pages, \$20.00 – collector's dream. Sixth self-published, non-fiction historical account from author's 58 years of industry notes and files, beginning with the *Story Of The Tar Sands* and ending with *Profiles Of Our Past Leaders*. Aubrey was inducted into the Canadian Hall of Fame in September 1998 and awarded an Honorary Doctor of Laws by the University of Calgary in November 1998. If you don't know the answer to what is "The Most Important Event In Alberta's History", Aubrey lets you off the hook in his preface. You will be surprised! Available at DeMille's Technical Books.

Annual General Meeting: Election of Board of Officers. President—Clint Tippett; Vice President—Bill McLellan; Treasurer—Doug Cass; Secretary—Peter Savage; Past President—Micky Gulless; and Directors—John Frey, Aubrey Kerr, Hugh Leiper, Neil Leeson, Peter McKenzie-Brown, Joyce Wright and Edith Wenzel. Jack Porter has agreed to continue as an Honourary Director.

2000 Awards: Nominations required for multimedia, preservation and lifetime achievement awards. Best Article and Best Book awards will be selected from two article and four book candidates. Contact Clint Tippett at 691-4274.

Tip For The Day: (from *The 365 Stupidest Things Ever Said* by Ross & Kathryn Petras) "Drivers of power-driven vehicles who commit any of the following violations are liable to a fine up to five yuan or a warning: 1. Stopping at the pedestrian crossings" (Article 40 of Beijing Traffic Law).

OILPACH CORPORATE AVIATION HISTORY:

Early Days of Imperial Oil's Junkers in the Arctic to Dome Petroleum in the 1980s

Presented by Herb Spear to the Petroleum History Society

Annual General Meeting - 28 March 2001

(by Neil Leeson, Director, PHS)

Often forgotten in our oilpatch history is the crucial role played by the aviation sector. If it were not for the spirited and comprehensive presentation by Herb Spear, we might all have remained ignorant. After serving in the RCAF from 1950-1964 as a Flight Lieutenant, Herb's quest for more air space led him to the confines of Great Northern Airways, Northward Airlines, Arctic Air, Mackenzie Airlines and Field Aviation. Luckily for us the corporate oilpatch lured Herb away to Dome Petroleum and Petro-Canada during the late 1970s and early 1980s boom. Herb continues to be actively involved with a wide range of aviation areas, including research, writing, speaking engagements and his career duties with WestJet Airlines.

Herb's service to WestJet focuses on Flight Operations and Flight Safety Committee Secretary since 1996. Prior experiences included Corporate Express – Sales and Flight Operations (1994-1996), Echo Bay Transportation – Sales Rep and amp Superintendent (1990-1994), Unark Aviation Management Ltd. – General Manager (1984 -), Nation Air – Station Manager (1990), Dome/Amoco Petroleum – Dispatcher and Pipeline Pilot (1986-1990), inter Olympics – Transportation Committee (1988), Holidair – Station Manager (1988-1989), Continental Airlines – Station Agent (1987), Petro-Canada – Dispatcher (1984-1986), Dome Petroleum – Flight Operations Manager and Dispatch Manager (1979-1983), Field Aviation Company Limited – Western Sales Manager (1975-1979), MacKenzie Airlines – Sales Manager and Flight Operations (1974-1975), Arctic Air – Flight Operations Manager 1973-1974), Northward Airlines – Operations and Sales Manager (1970-1973), Great Northern Airways – Charter Operations and Public Relations (1968-1970), RCAF 403 Reserve Squadron – Flight Lieutenant (1950-1964).

Herb is Past President of the Calgary Flying Club, Calgary Quarter Century Club and Alberta Association of Insurance Adjusters, Director of the Aerospace Museum and Alberta Aviation Council, Vice President of the Canadian Business Aircraft Association and Lecturer for the Calgary School Board and the Arctic Institute of North America.

Herb's presentation included reference to 361 individual aircrew who were employed by 74 Oilpatch Corporate Aviation Departments, such as Amoco, AGTL, Allarco, Atlantic Richfield, Alberta Energy, Banff Oil, Baroid, Bannister Pipe, Bawden Drilling, Bear Oil, Canadian Fina, Chevron, Cenalta, CWNG, Dome, Dowell, Fracmaster, gulf, Home Oil, HBOG, Husky, Imerial, Mannix, Mobil, Nabors Drilling, Nova, Ocelot, Panarctic oil, Petro-Canada, Ranger, Scurry Rainbow, Shell, Simmons Drilling, Schlumberger, Transcanada Pipe, Westburne Drilling and Westcoast Petroleum. There was also a partial list of AMEs serving. Anyone desiring a complete list can pick one up at the next luncheon on 25 April 2001.

The Honest Broker Who Rescued 'Our Saudi Arabia' : Syncrude

byline: By Andrea Lorenz

(REPRINTED FROM OILWEEK WITH OUR THANKS TO GORDON JAREMKO AND JUNEWARREN PUBL.)

The last entry in Bill Mooney's *Week At A Glance* book for April 30, 1976 reads: "Closing date, Syncrude. Bed early." The exhausted Mooney could not have known then how magnificently the oilsands project which he helped rescue would prove its worth. Sixteen months before, the project teetered on the brink of extinction. Construction cost estimates had doubled. A partner had bolted. The rest set up teams to organize shut-down.

A group of believers, convinced that the oilsands were critical to Canada's energy future, refused to let the giant die. Mooney, a master motivator, played a key role in reviving it. With persuasion, persistence and humour, he brought to a negotiating table people who might not otherwise have agreed to be in the same room. The result was the historic Winnipeg agreement on an industry-government partnership to build Syncrude.

At the time, Regina-born Mooney was 45 and had been with Canada-Cities Service for 17 years. His Tulsa, Oklahoma-based company (whose Canadian assets were later bought by Canadian Occidental) had been one of the first to invest in Syncrude. The original partnership also included Atlantic Richfield, Gulf and Imperial Oil. When preliminary clearing work at the Syncrude site near Fort McMurray began in November of 1974, the estimate for construction costs was \$1 billion. A year later, construction contractor Bechtel reported the costs had doubled. The oil companies were already spending \$1 million a day, \$666 a minute. ARCO, which had big commitments in Alaska too, quit Syncrude. There were two views: that it was critical to Canada's security of supply, and that it was too expensive. The Arab oil embargo and the Organization of Petroleum Exporting Countries raised fears of economic ruin. "In those days it was security of supply we were working toward. OPEC could charge anything they wanted because we didn't produce enough oil for our own use," said Mooney. Syncrude "was our Saudi Arabia."

As 1975 opened with the remaining partners calculating costs of abandoning the project, Gulf president Jerry McAfee, Imperial chairman Jack Armstrong and Cities executive vice-president Richmond Galbreath made a dramatic television appearance. They said, "We just can't come up with another billion. We're not here to threaten. We just can't raise it. If we don't get a participant in 30 days, we have to cancel the project."

Mooney, then executive vice president and general manager of Canada-Cities Service, had inspiration. His mentors included the renowned Father Athol Murray, charismatic head of Saskatchewan's Notre Dame College. Murray used to say: "My great loves are God, Canada and hockey." With a chuckle, he added "and not always in that order." Mooney was five when his father died. In eight years at Notre Dame, Mooney soaked up Murray's teaching and philosophy. He learned to pour his energy, heart and soul into projects he believed in. Galbreath likewise supported Syncrude with conviction, but he was American and did not know Canadian leaders on a personal basis. Mooney did. He had also been a Canadian football hero. After graduating from Colorado College on a football scholarship, Mooney played for the Saskatchewan Roughriders. This gave him a personal rapport with two key Alberta leaders who had played for the Edmonton Eskimos, Don Getty and Peter Lougheed.

Mooney knew Syncrude had government supporters. The question was whether they would ante up now that the costs had doubled. His talent for persuasion became a critical factor. During January of 1975 he made 14 trips between Calgary, Edmonton, Ottawa, Toronto and Winnipeg, to persuade, nudge and cajole potential federal and provincial backers. He urged hesitant officials to meet. He pursued them by telephone.

Mooney's diary contains entries such as: "Call Getty number of times; called Galbreath number of times; called MacDonald, Getty." Mooney knew it was crucial to get talks going between the federal energy minister at the time, Donald Macdonald, and Getty, then Alberta's intergovernmental affairs minister. And they had to talk to the company presidents. To complicate things, "Getty and Macdonald were not getting along," said Mooney. They were at odds over oil-revenue splits between the Alberta and federal treasuries.

On Jan. 18, 1975, alone, Mooney made five calls each to Getty and Macdonald. They finally agreed to meet and discuss Syncrude over coffee at Edmonton airport. Three days later, Mooney scored a breakthrough. The company presidents had stressed: "We've got to let Macdonald know we aren't threatening him." Mooney promised, "I'll go talk to him." But that was easier said than done. When he reached the federal energy minister's office it was near lunch time. A secretary said he was too busy for a meeting. Macdonald strode through the door. Mooney said: "I've got to see you." It turned out that persuading the minister was no problem. He told Mooney, "This is very important for Canada and I want you to work like hell on it." As he showed his visitor out, the minister added: "Mooney, if you tell anyone this, I'll call you a goddamned liar." Macdonald's backing saved the day. He was adamant that Mooney keep quiet about the federal willingness to finance Syncrude, in order to keep a strong bargaining hand. Mooney's diary entry reads: "Macdonald ₤ \$300-400 m ₤ world prices ₤ no proration, tax deal. 'Mooney, if you say anything I'll call you a liar.'" He kept quiet.

The next several weeks were spent rounding up players and fending off reporters. The objective was to convince the leaders to meet at a secret location where they could try for agreement. On Sunday, Feb. 2, limousines started arriving at an airport hotel in Winnipeg. At 5:00 a.m. the next day, Mooney checked the arrangements in the meeting room. To his horror he saw a long, narrow table. He told the hotel manager: "What we need is a square table so everyone can look each other in the eye." The meeting began at 9:30 a.m. Several dramatic flare-ups occurred, including Shell's representative walking out because the government would not agree to guarantee a base price for oilsands production. Jean Chretien, then treasury minister, aired his frustration saying, "I don't guess we speak the same language." But by 9:30 p.m. a five-page agreement was signed. The new Syncrude partnership was Imperial 31.25%, Canada Cities 22%, Gulf Canada 16.75%, federal government 15%, Alberta 10%, and the Ontario government 5%. The press had successfully been kept at bay.

With Syncrude launched, Mooney returned to his work of building Cities in Canada. At the time, the company was the 16th-largest oil producer in the U.S. and had manufacturing arms in paints, carbon and copper. Mooney recalls that in the early 1970s, "we had great people at Cities, but we had a bad exploration philosophy."

Budgeting for Canada was erratic. Mooney vowed to convince the management to improve. In 1973, he had a \$3-million budget, Cities had about 400,000 acres of Canadian drilling prospects and there were 30 employees. By 1980, the budget was \$43 million and Canadian land holdings were 27 million acres. Mooney credits his wife Lois with being an important influence. Their bond began with mutual admiration for Father Murray. They met at Notre Dame, where she was one of a small group of girls who attended during the 1950s. She raised their five children in Calgary while Mooney built Cities, shuttling between Tulsa, Calgary and other oil capitals. "I tell everybody I phoned her every morning with instructions how to raise the kids," chuckles Mooney. In the 1980s, he landed in the middle of another crisis. The Liberal government's National Energy Program had siphoned revenue out of the West to finance projects on federally-controlled northern and offshore frontiers. "The industry was sort of dead and needed some stimulation," said Mooney.

As soon as Brian Mulroney led the Conservatives into power in late 1984, they kept an election promise to dismantle the NEP. They did the deed with the March, 1985 federal-provincial Western Accord on Energy. But soon after this pact established a free market, world oil prices took a dive. There were calls for help during the transition to open energy markets. Don Mazankowski, who was Mulroney's deputy prime minister, recalls "there certainly was an urgency. It was at a time when oil prices had hit rock bottom . . . I was lobbied to death. I used to joke that I had to replace my rug after 12 months from those guys walking through my office."

In early 1987, the Tories announced a \$180-million, nine-month aid plan to start in April or at the same time as the government's fiscal year. Disappointment reverberated through the industry. "I thought it was a fairly poorly thought-out program," says Mooney. "I thought it was strange that it was starting during spring break-up." He called the most influential person he knew, who was Mazankowski. "I phoned Mr. Maz in Vegreville. I pointed out the points I saw would be pretty negative to his government." Mazankowski understood, but needed industry help to do better. "Bill Mooney brought that knowledge to the table. He was a great sounding board. He never overstated the case. You could always get an honest, knowledgeable answer from him."

Within 90 days, Mazankowski, Mooney and industry and government officials invented CEDIP, the Canadian Exploration and Development Incentive Program. The package was projected to be worth \$4 billion over three years. "It really stimulated the industry," says Mooney. It certainly changed the economy of Alberta." Mazankowski concurs: "We created a market-oriented climate for industry to flourish in. No one really realizes the mess the economy was in when we took over. We had so many crown corporations we couldn't keep track of them all. We were being paid to dig dry holes!" He has no doubt the Mulroney government took the right tack. "Look at the market place today. Is it working? I say yes."

Mooney knows economics intimately. He grew up during the Depression. His mother raised him and a brother on a salary of \$60 a month as an accountant with the Saskatchewan Cancer Commission.

He developed negotiating skills early. At Notre Dame, "I got onto the kitchen staff. Because we had little food, it was an important place to be." He doubled as college mailman. This was a critical post in the Athol Murray scheme of things. "If he didn't receive money for food in the mail he'd say: 'Go down and see if you can negotiate with the grocer.' "

Today, Mooney spends much of his time fund-raising for charity. His conviction of the "need to contribute back" also stems from Murray's teaching. "I don't think we were centered to help ourselves. We were centered to help other people."

Education: Notre Dame College, Saskatchewan; Geology Degree, Colorado College

Family: Married to Lois Mooney. They have five children and 13 grandchildren.

Quote: "He's an avowed and committed Canadian" Don Mazankowski.