PETROLEUM HISTORY SOCIETY

ARCHIVES

Newsletter of the Petroleum History Society *November 2005; Volume XVI, Number 7*

P.H.S. Lunch and Learn Meeting – November 23, 2005

Speakers: **Robert (Bob) Bott, Craig Melton and Debbie McLeod Knall**

On:

Perspectives from Petrolia

Award-winning author and P.H.S. Director **Robert (Bob) Bott** will set the scene for this presentation by recapping the beginnings of the North American petroleum industry at Petrolia, Ontario. With an informed appreciation for the context from which the industry developed - a time when a declining whale oil supply was the most urgent reason for developing other fuel sources - Bob will discuss the roles of Gesner, Tripp, Williams, and Drake in the first years of the industry. **Craig Melton** was born into the cradle of Canada's petroleum business relatively recently, yet he has been privileged to work in the field where oil has been produced continuously for longer than anywhere else on earth. His appreciation for the ways of the past are informed by his current employment in the industry and we look forward to hearing Craig share personal experiences about life in the Fairbank oil business that continues to this day. Craig's perspective on the past leads us to the story of J. H. McLeod, Petrolia-born employee of the first Fairbank, who, in 1920, was sent to bring Petrolia production expertise and experience west. Beginning with family documents and stories, McLeod's great-granddaughter, P.H.S Director **Debbie McLeod Knall**, has traveled to Petrolia and back to re-discover the close personal, business and social connections that continue to link Victorian Ontario's Oil Capital with Alberta's petroleum industry today. Bob, Craig, Debbie will each talk for about 8-10 minutes and look forward to hearing your comments and questions about Petrolia's place in our petroleum history.

TIME:	12 noon, Wednesday, November 23, 2005.
PLACE:	Fairmont Palliser Hotel (133 - 9th Avenue S.W.) – Marquis Room (check marquee)
COST:	Members $25.00 and Guests $30.00 (most welcome) (cash or cheque only)

R.S.V.P. if you wish to attend to: Clint Tippett, 691-4274 or clinton.tippett@shell.com by noon Monday, November 21

Additionally In This Issue ...

Archives is published approximately 6 times a year by the Petroleum History Society for Society members. Back issues are archived on our website at:

www.petroleumhistory.ca

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THE PETROLEUM HISTORY SOCIETY

THE BULL WHEEL

 

Next Board Meeting: The Board will meet next on Thursday, November 24, 2005 at noon at the Glenbow Museum and Archives. Meet in the lobby just before noon.

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: Our luncheon slate for the Winter session is firming up nicely. We are always seeking speakers and interesting subjects. If you would like to consider presenting, please contact Clint Tippett, President P.H.S., at 691-4274 or Director Debbie Knall at 780-463-3859 (Edmonton).

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 we hope will exist 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

Award to C.C.E.I. and P.H.S. Director Robert (Bob) Bott: On October 20, 2005 the C.C.E.I. publication "Our Petroleum Challenge – Sustainability into the 21st Century" was declared the winner in the World Oil Awards "Best Outreach Program" category. The recipients were recognized at a black tie gala dinner in Houston, Texas that evening. For more information visit the website indicated above. Congratulations to Bob and all the staff of the Centre!

P.H.S. 2004 Awards: It had originally been out intention to present these awards during our November luncheon but given a tight program and limited preparation time it was decided to defer this event until early in the new year. Nominations are still welcome.

Getting History in Perspective: During the Fall I had the pleasure of traveling through Saskatchewan and picked up a brochure for the Western Development Museum that has branches in Moose Jaw, North Battleford, Saskatoon and Yorkton. Although they are mainly focused upon agriculture, their slogan is kind of catchy – "Life in the Past Lane".

P.H.S. Pin Sets: Our pin sets (of 6) have been reduced in price to $40.00. Please contact the Society if you are interested in buying one or several sets. These make great and original Calgary- or Western Canada-related gifts. Detailed comprehensive descriptions accompany each plush-boxed set.

Turner Valley Status: Agitation by members of the Turner Valley community continues with calls for cleanup and containment. According to an article in the Calgary Herald on Nov. 2, 2005, approx. 300 people attended a meeting to "address concerns about the province's cleanup of the plant". Despite having allocated $5.4 million to this work, the provincial representatives were confronted with demands for more effort and a more timely response. Although chemical tests done to date seem to indicate that medical concerns are unfounded, popular opinion appears to have the upper hand. We repeat our appeal that the historic significance of this complex not be forgotten.

Pay Dirt: The Alberta Oil Sands: The World Premiere of this 85 minute feature film was held at the Jack Singer Concert Hall on the evening of September 30, 2005. The screenwriter for the film is P.H.S. award winner Fred Stenson. Part 1 of the feature is primarily historical in nature and includes footage from an interview with P.H.S member Ned Gilbert that apparently met with rave reviews. Part 2 is mainly a look at current operations and plans for the future. The screening was a part of the 2005 Calgary International Film Festival's Big Energy Gala for which tickets went for $50.00 a pop. The promo for the film reads as follows:

"In a remote area of Northern Alberta is the most oil-rich area in the world holding more than Saudi Arabia, enough to fuel all of North America into the next century. While the Middle East is forever embroiled in tumult over the use and export of their own underground reserves, Alberta's oil-rich North has quietly moved Canada up to second in the world among oil suppliers, all outside of the world news spotlight. While these grounds currently produce one million barrels of oil per day, proposed developments could see that number triple by 2015. This fascinating and timely documentary explores the phenomenon of this gigantic resource from the perspectives of a range of stakeholders, developers, environmentalists, politicians and local native communities. With oil prices continuing to surge and consumer demand increasing internationally, the Alberta Oil Sands will play an increasingly pivotal role in Alberta and the world's oil future for decades to come."

While I believe that the "second in the world" is a reference to our status as a supplier to the U.S. (world oil production and consumption are about 77 million barrels per day), the theme of the feature is certainly accurate and it is little wonder that the Oil Sands are attracting attention from the American Government in its concerns over security of supply. If a copy of this film becomes available, we may show it at an upcoming luncheon. Don't touch that dial!

Alberta and Saskatchewan 100th Anniversaries – Magazine Publishers get in the mood: We have already discussed the fine historical treatment accorded to this event by Oilweek Magazine. Other publications that have adopted similar themes for Fall issues are The Beaver, Western Standard and Alberta Venture. While the first and second are largely devoid of mention of the oil industry, the Alberta Venture issue numbers quite a few oil patch veterans amongst its "100 Entrepreneurs Who Built the Province". These include: James Lougheed, W.S Herron, Frank McMahon, Robert Fitzsimmons and Max Ball, Carl Nickle, Vern "Dryhole" Hunter, Jack Gallagher, Ronald Bannister, Fred Mannix, P.H.S Member Evelyn DeMille, Ronald Mullen, Stanley Milner, J.C. Anderson, Jim Gray, Hank Swartout and Murray Edwards. One of the most underappreciated builders, at least in my books, is, however, missed once again. I refer to Bob Blair who transformed A.G.T.L. into the pipeline and petrochemical giant Nova.

P.H.S. Challenge: At the conclusion of his March AGM talk, Earle Gray threw down a challenge to the P.H.S. and its members. The essence of it was that with the 150th anniversary of the 1858 discovery of oil by Williams in southwestern Ontario only three years away, we should take it upon ourselves to document once and for all that this event, and not the Drake well of 1859, marked the beginning of the oil industry in North America. Preliminary discussions have taken place at the Board level but additional suggestions and involvement will be needed. Director Bob Bott has volunteered to oversee this work. Let's get at it as this is truly an historical opportunity!

Membership Dues: Please note: At the September 15, 2005 meeting of the P.H.S. Board a motion was passed to alter the Society's dues structure as follows effective January 1, 2006:

1. New applications for the lifetime membership category will not be accepted. All lifetime memberships existing at that time will, of course, still be honoured.
2. Individual memberships will increase to $25.00 per year from their current level of $20.00.
3. Sustaining individual memberships will remain unchanged at $50.00 per year.
4. Membership applications and renewals received before January 1, 2006 will handled under the 2005 dues structure.

New Publications: Three recent books merit mention:

1. **"Discoverers of the 20th Century: Perfecting the Search"** by C.A. Sternbach, M.W. Downey and G.M. Friedman (2005). American Association of Petroleum Geologists Special Publication. 208 p. Hard Cover. Available through the AAPG website at aapg.org. This book is subtitled "a collection of stories about significant discoveries by those who know them best" and features seventeen regional and case studies concerning hydrocarbon exploration all the way from the days of Drake (not Sir Francis) through to the modern Gulf of Mexico's Thunder Horse find. $39.00 U.S. for members, $49.00 U.S. for non-members.

2. **"The Crowns: A History of Public Enterprise in Saskatchewan"** by Pat Rediger (2004). Published by the Canadian Plains Research Centre at the University of Regina. 206 p. Although the Government of Saskatchewan was never a big player in the oil and gas industry, it is interesting to see how they dominate events in the 1950's and 1960's when just about every other industry in the province was in some way under the influence of public policy (pp. 69-72). The more recent creation of SaskOil in 1973 during the era of rising energy prices is featured on pages 117-118 and the subsequent evolution into Wascana on pages 147-148. Its later acquisition by Canadian Occidental, now Nexen, is not covered. SaskEnergy, primarily a natural gas distribution company formed in 1992, is featured on pages 173-174. Readers will recall that it was the rumoured threat of nationalization by the C.C.F. government of Tommy Douglas in 1946 that led to the hasty retreat of drilling rigs to Alberta and the subsequent drilling of the Leduc discovery in 1947. An interesting read at $19.95.

3. **"Oil Patch Quartet"** by John Ballem (2005). Published by Cormorant Books. This is a compilation of four of John's fictional oil patch novels, specifically The Devil's Lighter, The Barons, Death Spiral and Oilpatch Empire. At 751 pages it is the sort of book that you can savour for many a cold winter evening and at $29.95 it's worth the price.

Likely Stories: While doing some historical research I stumbled upon an old scout ticket for a well drilled in Gaspe in 1893-1895. The well was drilled to a depth of 2585 feet and its production record for that depth on June 24, 1894 reads "some hundreds of barrels flowed and were lost during the night". Lost? Try telling that one to your boss!

Petroleum History Society Annual General Meeting Keynote Address "*From Governor General to Glenbow*" by Earle Gray, introduced by Bob Bott, March 23, 2005

Let me try to explain how honoured I feel to be invited to address the annual meeting of the Petroleum History Society. Over the years I've collected few writing awards in my career and they are all packed away somewhere, in a cardboard box I think. All except one. The plaque for the lifetime achievement award from the Petroleum History Society has prominently and proudly hung in our living room from the day I received it several years ago. So I hope you'll understand that it is much, much more than a tired cliché when I say that this evening is both a privilege and a pleasure for me.

Everyone is familiar with the great Glenbow, Devonian Foundation, and other philanthropies of the late Eric Harvie and how they sprang from half a million acres of free mineral properties in central Alberta. So I promise not to bore you by repeating too much of that. What you won't be familiar with is the history of these properties before they were acquired by Harvie. It is a history of frustration, failure, and ruin; a dramatic episode of Canadian history. It is a history that has been untold - until tonight. I'm going to tell you that history by reading a condensed version of a chapter from The Great Canadian Oil Patch. Sort of an author's reading. The book will be launched here in Calgary thirteen days from today [it was delayed], so this is also a preview. This is shorter than in the book because I know that the mind can absorb only as much as the seat can endure.

They were the odd couple of Edwardian England, Albert Henry George Grey and Arthur Morton Grenfell. Grey was the fourth Lord Grey, governor general of Canada from 1904 to 1911. Grenfell was his son-in-law. Grey was out to do good, or at least an imperialistic perception of doing good. Grenfell was out to make money. Grey was universally held as a man of impeccable integrity. Grenfell was a desperate gambler whose financial dealings twice placed him in danger of being thrown in prison. But they worked together. Grey thought his imperial cause could be advanced by Grenfell's financial promotions. Grenfell wanted to please his father-in-law, needed his unstinting support, and envisioned Grey's cause as supporting his own financial endeavours. It was Africa that brought Grey and Grenfell together, but it was Canada they would later focus on. The Grenfells sprang from copper mines in Cornwall in the 18th century. The family gained prominence for its many bankers, soldiers and sailors, including three generations who were directors of the Bank of England, a field marshal and a vice-admiral of the Brazilian navy. In Canada, the best known member of the family was Wilfred Grenfell, the medical missionary who built hospitals, nursing stations, an orphanage, and a medical ship to serve the isolated coastal communities of Newfoundland and Labrador. Arthur Morton Grenfell was a great-grandson of the dynasty's founder and the sixth of eight sons and five daughters of Pascoe du Pre Grenfell, a partner in the merchant bank of Morton, Rose and Company, the Canadian Pacific Railway's biggest initial underwriter. The other partners were Levi Morton and Sir John Rose. Morton was a New England storekeeper who established a New York banking firm before becoming a governor of the state of New York and later a vice-president of the United States. Rose was a confidante of John A. Macdonald and a former finance minister of Canada. When the CPR in 1881 raised its initial $5 million in Britain, it was Morton, Rose and Company that subscribed for the largest single block of shares. The Grenfells had been active in South Africa as soldiers and bankers since the mid-19th century. Grey's interest in South Africa stemmed from his staunch support of the fortune-seeking, colonizing, Empire-building Cecil Rhodes. Grey viewed Rhodes - and other British firms as instruments of foreign policy in bringing the advantages of British civilization to a benighted world. Serving a one-year term as colonial administrator of Rhodesia – now Zimbabwe

- Grey viewed a native rebellion there as, quote “an inevitable result of the white settlement - a last struggle of a people who stubbornly but naturally resisted what was good for them, white civilization”. Grey assumed a leading role in three of Rhodes’ most important companies.

It was at Chaplin, Milne, Grenfell & Co., the successor to the Morton, Rose and Company bank, that Albert Grey and Arthur Grenfell became associated, financially and as staunch friends. At age 25, and with six years training at another family enterprise, at the large Morgan Grenfell Bank, Arthur joined Chapline, Milne, Grenfell and Co. shortly after his father’s death. He soon became the senior partner and the largest shareholder. With their shared African interests, it doesn’t seem surprising that Albert Grey would do business with the Chaplin, Milne, Grenfell & Co. bank. Grenfell managed Grey’s investment portfolio, became a director of two South African companies in which Grey was active, and married Lady Victoria Sybil Mary Grey, Albert Grey’s daughter and Queen Victoria’s goddaughter. Although Grenfell was born into a very prominent family, under the English custom of primogeniture there is precious little left for a sixth son. It may have been because he was determined to build his own fortune that Grenfell became a bold, speculative investor, and when these speculations turned sour, a desperate gambler driven to unsound action. Arthur’s brother-in-law wrote than Grenfell had a craze for speculation [that] has unbalanced his judgment. Arthur suffers from a sort of financial megalomania. Figures, facts, transactions, ideas appeal to him because they are big rather than because they are sound. Consequently facts are often confused with fiction - with disastrous results. That craze for speculation put Grenfell deep in debt in 1902, in trouble with the London Stock Exchange, and in danger of prison over alleged misconduct by an associate. He was rescued by a family board of trustees that took over the management of his troubled finances and with the help of a substantial loan, equivalent to at least a few million dollars of today’s money, from his father-in-law. Grenfell vowed to mend his ways, recover his lost fortune, and redeem his reputation. Possibly his biggest reform was to speculate on a bigger scale. The next time he was bankrupt, his debts were ten times as great. Two years after he had helped rescue his son-in-law, Grey left London for his seven-year term as governor general of Canada. His interests continued to hopscotch among the many causes he enthusiastically promoted, including Canadian football, to which he donated the Grey Cup.

Chief among the causes promoted by Grey as Governor General of Canada was strengthening British ties by importing British capital and, I quote, “young Englishmen of the right class”. He even saw “young Englishmen of character and good manners” as a means to provide both Britain and Canada with a commercial advantage in Latin America. “The Latin races,” he wrote, “do not like Americans, whom they regard as cads and bounders. They will prefer to give what they have to give to men whom they regard as gentlemen”. Just as Grey saw Rhodes’ companies as an instrument to carry British interests and civilization to Africa, so too could British enterprises bring the same benefits to Canada. What Rhodes was to Africa, Grey apparently envisioned his son-in-law being to Canada. It was at Grey’s urging that Arthur Grenfell organized an investment agency that would become the unsuspected owner of billions of dollars worth of oil and gas hidden under hundreds of Alberta farms. The vehicle that Grey and Grenfell hoped would bring both British money and young Englishmen of the right class to Canada was the Canadian Agency. Organized in 1906, it was Grenfell’s personal investment company: he held 98 percent of the issued shares. The Canadian Agency’s main focus was in Canada but it was also involved in financing an oil company in Russia, railway construction in Chile, mining in South Africa, Mexico, and California, and other endeavours. In Canada, it sold bonds for provincial and municipal governments, and was involved in such enterprises as Ogilvie Flour Mills, Algoma Steel, Canada Cement, Lake Superior Paper, the Algoma Eastern, Algoma Central and Hudson

Bay Railway companies, a mortgage company, and various real estate development and land settlement ventures. The Agency - that is to say, Grenfell - at one point controlled more than three million acres in Canada. In Saskatoon, the Canadian Agency sought to develop a hydroelectric project, a railway streetcar system and a new residential subdivision, all aided by bribes to appropriate city aldermen. The Canadian Agency and the Chaplin, Milne, Grenfell bank shared premises at 6 Princess Street in London. It was a cozy relationship. Grenfell was both the Canadian Agency and a director and senior partner in the bank. Grenfell introduced wealthy friends who deposited money with the bank, and the bank loaned the money to Grenfell for investment - or speculation.

The Canadian Agency's first ventures seem to have been successful, but perhaps none more so - at least for Grenfell and his friends - than the Western Canada Land Company. The Agency and the Land Company were formed within weeks of each other. Grenfell negotiated the purchase of half a million acres of land and mineral rights in central Alberta from the CPR. A down payment of $50,000 was all that he had to invest. The scattered properties intended for sale to farm settlers was assigned to a new outfit, Western Canada Land, that sold shares to eager English investors. Within weeks, Grenfell's investment of $50,000 reaped a profit of $700,000 - a 14-fold gain almost overnight. Western Canada Land also prospered, at least for a time. This was at the peak of the Western Canada land boom, when more than a million immigrants from the United States, Europe and Britain flooded into the prairie provinces to settle on government and railway land grants during three decades before the First World War. In 1910, the Canadian Agency and Western Canada Land obtained the services of a new representative in Edmonton, Harry Marshall Erskine Evans, later a mayor of Edmonton, who would be associated with the affairs and misfortunes of the half-million-acre of properties for the next 33 years.

By 1912, Western Canada Land had sold more than half of its farm lands, retaining, of course, the underlying mineral rights. Significant profits had been distributed as dividends, the company had no debt, and it had cash in the bank and investments valued at more than 400,000 English pounds - large sums in 1912. The future of Western Canada Land looked rock solid - until the craze for speculation once more gripped Arthur Grenfell. That year, Grenfell began accumulating shares in the Grand Trunk Railway, then building a third, ill-fated railway across Canada to the Pacific coast. He planned to acquire control of Grand Trunk, using money borrowed from the Chaplin, Milne, Grenfell bank. That Christmas, he suffered a serious injury in an accident while horseback riding. By the time Grenfell recovered from his accident, four months later, the price of Grand Trunk shares had crashed, and his ruin was just a matter of time. Arthur and his brother Riversdale were also briefly threatened by charges that they had misappropriated funds. They escaped jail but not even another rescue attempt by the Grenfell family and Arthur's father-in-law could avoid the collapse of Grenfell's bank. The venerable Times of London reported the collapse on August 6, 1914, with proper British restraint under a small headline that read simply, "The City Failure". The front page of the New York Times was more explicit: "BIG LONDON BANKING HOUSE SUSPENDS" in capital letters. Then in lower case: "Chaplin, Milne, Grenfell & Co. Hard Hit by Canadian Commitments. Earl Grey is a heavy loser". The Canadian Agency brought down with it not only the Chaplin, Milne, Grenfell bank but brokerage houses and many of the firms Grenfell was involved with and owed money to (he was on the board of 14 firms and chairman of eight). Among those brought down was the Western Canada Land Company. It had money on deposit with the bankrupt bank, without any security, and was placed in receivership. The final humiliation, perhaps, occurred when Christie's auctioned off 67 of Grenfell's pictures, Old Masters by such artists as Gainsborough and Reynolds. They brought less than half of what Grenfell had paid for them.

Eventually, Western Canada Land, like a phoenix, rose again from the ashes, under a new corporate mantle, British Dominions Land Settlement Corporation Limited. The resurrectionists included Mervyn A. Brown, a go-getter former mayor of Medicine Hat; Herbert Greenfield, the homesteader from England who became the first non-Liberal premier of Alberta; John C. Dallas, a hustling Calgary oil promoter, whose company was Calmont Oils; and such English investors as Sir Edward Manville, chairman of the Daimler car manufacturing company and Phoenix Oil and Transport.

By the time the First World War was over, the boom in Western Canada farm lands was finished. At the crest of the flood, in 1914, 400,000 immigrants had arrived in Canada; between the two world wars the number of new arrivals averaged barely more than 40,000 a year. Crop failures, slashed farm prices, unemployment and restrictive immigration policies were all factors. Mervyn Brown spent five years promoting a grand vision of settlement on 30 million acres of still unsold railway lands on the prairie provinces. He imagined the sale of these lands creating 100,000 new farms which would support half a million people on the farms and another half million in prairie towns and cities. Farms and factories would flourish everywhere and the "national wealth" would be increased by billions of dollars. Brown's "national land settlement plan" never got off the ground, but it did lead to the formation of British Dominions Land Settlement Corporation. Organized in 1925 with British financing, British Dominions acquired from the receiver for Western Canada Land title to some 488,000 acres of mineral properties and 260,000 acres of unsold farm lands in Alberta. Debenture holders of Western Canada Land received just 20 cents on the dollar after going without interest payments or dividends for 12 years. British Dominions then embarked on what Canadian Press called "a colonization scheme for central and northern Alberta which exceeds in magnitude anything of the kind which has been put into effect in this Province". It took British Dominions nearly two decades to sell the rest of its Alberta farm lands. Searching for oil and gas under these lands proved even more frustrating. The mineral rights under the 488,000 acres of the farm lands consisted of 996 separate parcels scattered throughout much of central Alberta.

A new venture, Anglo-Western Oils Limited, was organized in 1931 to look for oil on these and other Alberta oil properties. Recruited to manage this venture was Herbert Greenfield. He was soon managing director of Anglo-Western, British Dominions, and Calmont Oils, a job he held until his death in 1949. Anglo-Western issued almost 60 percent of its shares to Dallas and his associates for leases near Turner Valley, and the rest to British Dominions for the right to obtain 999-year leases on its one thousand separate freehold properties. To finance its search for oil, Anglo-Western planned to raise half a million dollars from the sale of first mortgage bonds, but managed to raise less than $200,000, and all of this from the English shareholders of British Dominions. Anglo-Western used most of its borrowed capital to buy 100,000 shares of Calmont Oils at a price of $1.50 per share. Two years later, Calmont shares were trading for less than five cents each. More money was sunk in a dry hole. What was left was used to purchase a one-percent royalty in two Turner Valley oil wells, providing a trickle of revenue that barely paid the office rent. The leases near Turner Valley that Anglo-Western had purchased for 750,000 shares were abandoned. In late 1932 Greenfield wrote to Manville in London, outlining the difficulties that Alberta farmers and British Dominions faced in the midst of the Great Depression. Grain prices were just one-quarter of what they had been when most of the company's lands were sold. Farmers couldn't cover their costs of production let alone meet their land purchase payments to British Dominions. The company's bond holders had approved a two-year moratorium on interest payments. "While I regret the impelling circumstances," Greenfield wrote to Manville, "I desire to urge upon the Board in the strongest possible terms the necessity for a renewal of the moratorium now in effect, for at least a further period of two years."

Any lingering hope that an oil discovery on or adjacent to its properties might rescue British Dominions vanished on the heels of dry holes. In November 1936, Greenfield wrote to the Alberta Companies Branch seeking a reduction in the annual $500 corporation tax. The company's only assets, Greenfield explained, were its leases from British Dominions: "I would hesitate to place a value on mineral rights" (he wrote). "They have no market value under present conditions. Considerable geological work has been done. Two wells have been drilled in the Brosseau and Two Hills districts. Both were dry holes. The company is not in a position to undertake any exploratory work. The failure of the test wells drilled renders it difficult to interest capital for investment." On July 28, 1939, a London accountant, Norman W. Wild, was appointed receiver and manager of British Dominions by trustees of the debenture holders. Harry Evans and Edmonton lawyer Sem W. Field were subsequently appointed to act as agents for Wild. Trustees for the English investors who had sunk their money into British Dominions were Sir William Cope and Commander Archibald Eaton de Burgh Jennings.

The start of the Second World War did nothing to facilitate administration of British Dominions by its London receiver and his two agents in Edmonton. The problem of the corporation tax levied by the provincial government grew worse; the annual rate was increased to one thousand dollars. By October 1940, Anglo-Western was $5,000 in arrears. Evans wrote to the Deputy Provincial Treasurer to explain the problems. Now I love this quote: "Mr. Wild's great difficulty, is that one of the trustees for the debenture holders [that would be Jennings] whose signature is required ... is a commander in the British Navy, now on active service. Moreover, due perhaps to the bombing of London, even cables which we have sent to Mr. Wild remain unanswered." British Dominions was being kept alive, Evans explained, only because it would cost too much to wind it up. Before the company could be wound up, title to all the 996 mineral properties would have to be vested in the trustee, and, Evans wrote, "the vesting of the titles in the Receiver would cost much more than the whole thing is probably worth." Things were truly in a pickle. The company was bankrupt. It couldn't pay its taxes. Its only asset was worth less than it would cost to get rid off. One of the trustees couldn't be reached because he was off somewhere fighting naval battles aboard a British war ship. There was difficulty in contacting the receiver because London was being bombed. It is difficult to imagine bleaker prospects. Yet three years later, these mineral rights would be sold in what would prove to be the most spectacularly successful gamble in the history of the Canadian oil industry.

It took Eric Harvie only 20 or 30 minutes on a summer morning in 1943 to consider an opportunity from Harry Evans to purchase the star-crossed freehold mineral properties. Then he made an offer, which was soon accepted. Harvie had just agreed to pay $10,000 for sole ownership of recoverable oil and gas reserves with an ultimate sales value of hundreds of millions of dollars at 1940 prices, and billions of dollars at today's values. In testimony during a court case over a tax dispute, Harvie later described how he came to buy the properties. Evans had phoned him asking for an early morning meeting. From the transcript of the court proceedings, this is what Harvie said: "He [meaning Evans] had to leave for Winnipeg at eleven that morning to meet people from New York that were interested in it and just wanted to have a talk and give me the first right of refusal . . . I asked him what kind of deal he had in mind with these people and he told me. I said, "Aren't you getting from the frying pan into the fire?" He said, "Yes, but these people want to get rid of it at any cost." I said, "I can do better than that. I think a deal like this might appeal to you," and we discussed the thing and within 20 minutes, half an hour, we had a deal, subject to it being confirmed by old-country liquidators, and I might say that I really didn't have much time to decide what I was going to do or why."

In addition to the purchase price, Harvie also assumed the tax arrears and the cost of transferring title to nearly one thousand properties. Harvie cut his two law partners, Ed Arnold and George Crawford (who was then in Europe with the Canadian Army fighting the Second World War) and his secretary, Nettie Cooper, in for a combined 10 percent of the deal. A further one-eighth interest was sold to other associates for $30,000. Thus Harvie and his office associates had soon recovered their investment, and that was all the equity capital they ever invested -- although they did make loans in the form of debentures to the two companies they formed, Western Minerals and Western Leaseholds.

Harvie and his associates spent three years trying to entice a major oil company to undertake extensive exploration on their properties, to no avail. Shell was granted an option to acquire about two-thirds of the mineral rights, for a cash payment of $1.8 million and a modest gross royalty of 2.5 percent. But in the wake of the Second World War, Shell temporarily pulled out of Western Canada to concentrate its resources on rebuilding its war-shattered oil properties in what was still called the Dutch East Indies. Two days before Christmas, 1946, Shell advised Harvie that it would not exercise the option. Six weeks later, Imperial Oil brought in its Leduc discovery, directly across the road from a quarter-section of Harvie's mineral rights. Additional Harvie properties lay scattered in every direction. Shell's failure to exercise its options was enormously lucky for the Harvie group, but it was not the end of their luck. Just nine days before it completed the Leduc well, Imperial signed a deal to lease 200,000 acres of the Harvie holdings. In the end, they leased only some 193,000 acres. Much of 7,000 acres they passed up turned out to be checker-boarded throughout the much larger and far more profitable Redwater Field.

With his newly acquired wealth, Harvie gave free rein to his life-long passion as a collector of artifacts of almost every description. He collected some 14,000 items - from birds' eggs to Queen Victoria's bloomers - which wound up in the Glenbow Museum and Archives. With the encouragement of his son Don, the entire Harvie fortune - probably about $120 million or more than a quarter of a billion dollars in today's money - wound up in the Glenbow, the Devonian Foundation, and all the various philanthropies that Harvie founded or supported.

And what of Arthur Morton Grenfell who had briefly but unknowingly held this great oil fortune in his hands? After his financial failure, his honour at least seemed to have been restored as a soldier. Two of his seven brothers had been killed in the South African war at the dawn of the 20th century; two more were killed in the First World War. Arthur was one of the four surviving brothers. Twice wounded, mentioned in dispatches three times, awarded the Distinguished Service Order, he returned from the First World War "lamed, half-deaf, bankrupt, and on the brink of middle age" - in the words of the Times of London. Between the two world wars, Grenfell found some measure of success as more conservative financier, but most of his investments were in shipping, railways and other enterprises in Central and Eastern Europe. Those that weren't demolished during the Second World War were largely expropriated by Soviet and other communist regimes.

Grenfell lived long enough to witness the Harvie fortune uncovered beneath his former Alberta properties. He died in 1958, the last of 13 siblings. He left behind a very modest of 10,612 pounds. Well, not so briefly, that's the history of the Harvie fortune and philanthropy. I've left out much of the background and detail, or we'd be here all night. If you're interested, it can be found in my book. (The Great Canadian Oil Patch Second Edition: The Petroleum Era from Birth to Peak.)

Our thanks to Earle for the digital transcript of his remarks at the P.H.S. A.G.M.