



**PETROLEUM
HISTORY
SOCIETY**

ARCHIVES

Newsletter of the Petroleum History Society

April 2009; Volume XX, Number 4

P.H.S. Lunch and Learn Meeting – Wednesday, May 6, 2009

**Estimating the Credibility of the C.C.F.'s Threat to
Nationalize Oil Resources in Saskatchewan (1944-1964)**

by J. C. H. Emery and Jennifer L. Winter (speaker)

In Western Canada, provincial governments control the majority of mineral rights. Since 1950, a significant portion of Western Canada's wealth has been generated by the petroleum industry. Several scholars and politicians have argued that the ideology and policies of the Co-operative Commonwealth Federation (C.C.F. – forerunner of the N.D.P.) governments in Saskatchewan (1944 to 1964), including an alleged expropriation threat, retarded the development of Saskatchewan's oil and gas resources. Provincial government policy could certainly have had a significant effect on the level of private investment in that resource sector and, consequently, the wealth of that province. The purpose of this research was to develop a testable model for valuing land as an exhaustible resource when uncertainty exists. The uncertainty comes from the probability of expropriation by the government. The model is used to evaluate the effect of the C.C.F. on the natural resource industry in Saskatchewan. Our results are inconclusive regarding a perceived threat of expropriation, but do indicate a positive risk premium from 1955 to 1964 associated with the C.C.F. government.

Jennifer Winter is a Ph.D. Candidate at the University of Calgary, and in the third year of the Ph.D. program. She received a B.A. (First Class Honours) and an M.A. from the University of Calgary. Her M.A. thesis, "Estimating the Credibility of the Co-operative Commonwealth Federation's Threat to Nationalize Oil Resources in Saskatchewan" has been presented at the 2007 Economic History Conference at Queen's University, as well as at the meetings of the Canadian Economic Association in 2008. Jennifer is the winner of the Petroleum History Society's Scholarship at the University of Calgary for 2008-2009.

TIME: 12 noon, Wednesday, May 6, 2009. **NOTE NEW LOCATION**
PLACE: Calgary Petroleum Club, 319 – 5th Avenue S.W. – Cardium 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: Clint Tippett, 403-691-4274 or
clinton.tippett@shell.com by noon, Monday, May 4**

**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. cannot be assured of seating.**

THE PETROLEUM HISTORY SOCIETY
THE BULL WHEEL



Next Board Meeting: The Board will meet on April 30 at the Glenbow Museum and Archives. Thanks to Treasurer Doug Cass and the Glenbow for their hospitality.

Next Luncheons: We are seeking speakers and interesting subjects. If you are considering making a presentation, please contact Clint Tippett, President P.H.S., at 691-4274.

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

Shell’s Inherited Roots in the Canadian Oil Industry: By Clinton R. Tippett, Shell Canada Energy and President – Petroleum History Society. **Shell Canada** was established in 1911 at the time of the construction of its first marketing terminal in Montreal, Quebec. The company has expanded very significantly since then, partly through a set of acquisitions in the early 1960’s that provided it with strong regional positions across the country and, in the process, made it heir to some of Canada’s earliest petroleum enterprises. In 1960, Shell Canada purchased **North Star Oil**, a Winnipeg, Manitoba-based company founded in 1919 with refining and marketing operations throughout Western Canada. In 1958 North Star had acquired **Cree Oil**, a small explorer and producer with connections to Ted Link of Norman Wells and Leduc fame. In 1962, Shell Canada made an even larger acquisition as it took control of **Canadian Oils**, based in Ontario and having assets nation-wide. Incorporated in the Sarnia area in 1908 by a group of regional refiners and marketers, it had roots deep in the oil-producing regions of southwestern Ontario, including a refinery at Petrolia. A subsidiary of National Refining Company of Cleveland until 1938, Canadian Oils had also just entered the Western Canadian upstream scene through its 1955 capture of **Anglo Canadian Oil**, an important regional player that had been formed in 1935 and had ridden the Turner Valley and Leduc oil booms into the 1950’s. Shell Canada has continued its interest in Canada’s original petroleum heartland in southwestern Ontario. In 1978-1980 it mounted a short exploration program exploring for pinnacle reefs in the deep Silurian section. It has repeatedly enlarged and upgraded the Sarnia refinery that it inherited from Canadian Oils and, at present [early 2008], is considering yet another major refining investment in the area related to the upgrading of bitumen from its Alberta oil sands properties.

2008 Petroleum History Society Awards (As awarded at the P.H.S. A.G.M. of March 25, 2009)

Book of the Year Award for 2008 – to Sydney Sharpe for “*Staying in the Game –The Remarkable Story of Doc Seaman*”, published by Dundurn Press.

Article of the Year Award for 2008 - to Gary May for “*Ontario’s Living Dinosaur*”, published in “*The Beaver*”, vol. 88, no. 3, pp. 34-39.

Multimedia Award for 2008 – to Museum of the Highwood for “*Living in Little Chicago*”, Dara Murphy - videographer and editor.

Preservation Award for 2008 – to Imperial Oil and Robert D. Taylor-Vaisey for “*Outstanding achievement in the building of Imperial Oil’s corporate archives and ensuring their permanent preservation*”.

Lifetime Achievement Award for 2008 –
to Charlie Fairbank for
“*His continuing support for the recognition of Ontario’s Petroleum Heritage through Preservation, Education and Communication*”.

Archives is published approximately six times a year by the Petroleum History Society for Society members.

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Back issues are archived on our website at www.petroleumhistory.ca

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Speech to **The Petroleum History Society AGM – March 25, 2009**
*“The values that helped shape the modern Canadian oilpatch:
Doc Seaman - Builder and Giver”*

By Sydney Sharpe, Author

American author and broadcaster Tom Brokaw called the U.S. veterans of World War II *The Greatest Generation*. Canadian authors have perhaps not spent enough time and words on our own greatest generation who endured the Great Depression, courageously fought in World War II and emerged to build modern Canada.

The story of one of them, Daryl K. “Doc” Seaman, illuminates all the best qualities of the veterans who became nation builders; the generosity, love of country, and self-reliance. These men and women wanted to do things, not have things done for them. They were nation builders who lived the values that shaped modern Canada.

Born in Rouleau Saskatchewan, now best known as the scene of television’s *Corner Gas*, Doc Seaman grew up in hardscrabble times in western Canada. He knew risk from his early years riding a steel-tracked Caterpillar alone in the darkness of the prairie with lightning snapping across the horizon. After World War II broke out, a teen-aged Doc joined the RCAF, piloting a Hudson bomber, ducking German Junkers and Messerschmitts, climbing to the clouds to stay alive. He flew an extremely high and rare total of 82 sorties, once limping back to base with a dead radioman behind him, his own shattered leg tied to the rudder, and his crew’s lives riding on his uncertain ability to stay conscious.

Having witnessed the devastation of the Depression, Doc’s main goal was to create jobs for other people. Seeing the horror of war, he vowed to make a difference for all those who didn’t return. Doc and his brothers B.J. and Don made their mark in Alberta’s burgeoning oil and gas industry, where Doc turned his meager war savings into a tiny drilling company. His \$6,000 investment grew into Bow Valley Industries, a global energy powerhouse that, at its height, was the top trader on the American Stock Exchange. Doc risked his very existence on frontiers within and beyond Canada discovering huge reserves off Newfoundland’s Grand Banks, Europe’s North Sea and on Indonesia’s island of Sumatra. Against many odds, some imposed by his own country, Doc became one of the creators of a great Canadian industry.

His perseverance and adaptability were astonishing. Peter C. Newman, in his book *Titans*, called Doc: “The Totem of the Titans.” In 1994, Talisman Energy bought Bow Valley’s oil and gas assets and continues to exploit those discoveries. Doc’s interests were extremely varied. He became a member of the Macdonald Commission that recommended the North American Free Trade Agreement and was one of those who urged then Finance Minister Michael Wilson to adopt free trade. Doc was a mentor to a legion of Canadian entrepreneurs who respect his integrity, as well as his ability to drive a hard but fair bargain.

Over time Doc built companies that produced thousands of jobs and spun off funds for his many philanthropies, from medical science to social wellbeing to community sports. He also championed aboriginal business programs through Western Lakota (now Savanna Energy Services) developing First Nations’ training and partnerships in the oil and gas drilling business.

Doc was the key player in bringing the Flames to Calgary. With a National Hockey League franchise, Calgary was able to build the Saddledome, a centerpiece of the city's successful bid for the 1988 Winter Olympics. He played a large role in rescuing Canadian amateur hockey from growing mediocrity, thus sending Canadian teams back to medal podiums at the Olympics and World Championships. Canada's world junior hockey wins have their roots in Project 75, now called the Seaman-Hotchkiss Hockey Foundation.

Doc also saved a huge chunk of southern Alberta ranching land from environmental ruin, when the Canadian military wanted it for training operations. The historic OH ranch spans the foothills nestled just below the eastern slopes of the Alberta Rockies, some of the most beautiful country on earth. It is now conserved as a working ranch for the people of Alberta and Canada as a living example of our national heritage.

There was a rare moment in Doc's life when he thought he might retire. Yet he became busier than ever, fueled by the conviction that boredom kills. His mission was to convince Canadians to stay active, to never quit and to give back to community. New research shows he's right: active, useful people really do live longer and enjoy themselves more. Doc Seaman was one of the last of a breed of post-war entrepreneurs who made deals on a handshake. He risked all to keep his word, when many others would have found a side door and slithered out. The integrity of these Depression-bred leaders was, and is, deep and powerful.

Doc Seaman's story is a remarkable saga of courage, resolve, struggle, disappointment and success. While Doc is no longer with us, it is his values that need to be respected, honored and acted upon - especially in these times.

When Doc started his first venture with exactly half of what was needed, the banks wouldn't loan any money. Doc didn't let that slow him down. Working on the rigs in northern Alberta, Doc hitched a ride into Edmonton during spring break-up in 1949 and made his way to Calgary. He met with a company called Seismic Service Supply that represented the Mayhew line of equipment. They had a method of financing their rigs through a small Calgary insurance company called Tait, Lowes & Mirtle. Now Doc could finance his dream. Doc resigned from his stable job, ordered the rig, flew the milk-run to Dallas and spent nearly a week waiting for the rig but getting to know everything about it.

When it was finally mounted on the back of the new three-ton truck, Doc climbed into the driver's seat and started the long slow haul back to Canada. It was mid-June, 1949 and the sun burned hot in the Deep South. Doc drove all night and slept in the heat of the day. Of course he didn't have much money for living expenses. Since the schools were out for the summer he would watch for a schoolyard where he could park the rig, stick an old army canvas cot underneath it and go to sleep in his clothes. When he woke, he'd start driving. The long highway home took him to Coutts, the Canada-U.S. border crossing on July 4th. The border was closed. With Calgary so close, yet 24 hours away, that lost day felt longer to Doc than all the days on the road.

Finally in Calgary, Doc had his rig and his water truck - everything he needed to go to work but one critical thing: a contract. There weren't any. At the beginning the promises appeared as erratically as tumbleweeds, and rolled away just as fast. Doc lived cheaply - but did move up from the army cot under the rig. He stayed at the YMCA on 9th Ave and 1st St. for a \$1.00 a day. He spent another 50¢ for meals. He also leaned on brother BJ, who was working in the north with Western Geophysical, for a short loan.

And then, Doc got an early education into how fast the oil industry worked. For more than two weeks, he'd spent the better part of each day canvassing all the companies and telling them where they could contact him. Then one Saturday morning, a manager with Canadian Exploration Company came up to him and said: "Is that your rig over there?" Doc said: "Yes, it is." He asked: "You want to go to work?" Doc said "I sure do. I'll be ready first thing Monday morning." He said: "The hell you will. If you want a job you're going right now. Get your butt up to Hughenden. It's on the Camrose line, south of Wainwright." So Doc Seaman was off to Hughenden, and the start of a lifetime career in the rush of risk and the weight of responsibility.

That August, 1949, Seaman and Warnke Drilling Contractors Ltd. was officially born. By the end of the year, BJ was on board, heading up a second rig thanks to cash from dad Byron, who believed both in his sons and the business opportunity. "Fundamentally," said Doc, "It was the family unit that made it work. We used all our own resources to do what had to be done. And there was the ethic of hard work and loyalty that we brought with us." Don Seaman soon joined, working as a water-jack, just like his brothers had, and learning the business along the way. Don told me: "I remember how Doc didn't sleep much at night. He'd lay awake and come up with ideas; then B.J. and I would carry them out. We were a pretty good team; there was always something for us to do." Doc recalled the time vividly: "I would think of something during the night and could barely wait for daylight so I could get into work and try it out."

Doc continued to buy rigs, growing more debt and taking more risks along the way. Bill Warnke, Doc's original partner, wanted out. Doc and his brothers bought out Warnke and changed the company name to Seaman Engineering and Drilling Co - Sedco.

A HANDSHAKE SEALS THE DEAL

One of their earliest and best clients was Frontier Geophysical founded by Ted Rosza, a pioneer in the post-war oil industry. (Ted and Lola, his wife, became leading patrons of the performing arts in Calgary.) Sedco had worked for Frontier for a few years when the public accountant told Doc that he couldn't find a contract with Frontier. Well, that was because they didn't have one. You can imagine how delighted the accountant was about that. He wanted to see a contract. So, Doc went over to Ted and told him about the accountant's pique. Ted was not pleased. "We've trusted one another for years, Doc," he said. "We've given each other our word. We don't need a contract."

Ted Rosza and Doc Seaman never did draw up a written agreement. They continued to do business with one another the way they always had. An understanding between gentlemen was better than a legal contract. And that handshake always sealed the deal.

THE BANKERS

Nothing seemed tougher, though, than getting cash to buy rigs. Everything Doc owned, earned and mortgaged was tied up in the business. It still wasn't enough and credit seemed impossible to secure. The eastern banks didn't believe the western oil and gas business was sustainable. The banks told Doc that he could have the money for a new rig if he could present a three-year drilling contract. But in the frantic day-to-day atmosphere of the oil and gas business, the only contracts available were hole-to-hole. The bankers wouldn't budge unless they had absolute, total, solid collateral. This was the early 1950s. How much different is it in this climate today?

Defeat was not an option and Doc refused to set out empty-handed. "My philosophy is about taking entrepreneurial risks to produce something of value and to create jobs," he told me. Doc finally found a willing merchant banker, Bill Hulton of Charterhouse Canada and a public company to buy: Hi-Tower. It was a reverse takeover, with the smaller Sedco purchasing the larger, but public company, Hi-Tower. In 1962, Hi-Tower was named Bow Valley Industries.

"The essence of business is being able to measure risk and make it work," Doc told veteran journalist Gordon Jaremko. "Your enthusiasm and willingness to take risks is tempered by the amount of money you have. You have to know you can stand the hit from a dry hole and continue to go. It stays the same no matter how big you become. You don't want to sabotage yourself." As Doc explained to me: "To make the system work takes a lot of dedication and effort. The mechanics of starting up and building a business are mostly the same in any industry, and so is the level of personal commitment. You really do not have any time off. There is a lot of sacrifice."

CONCLUSION

Doc Seaman led a purposeful life. He believed that old ways are usually the best ways. He didn't like seeing wealth used frivolously and selfishly, without any social or community purpose. Doc grew up in a harsh time where depression and world war could have corroded character with vanity, greed and brutality. That happened to some. Others had their health and sanity shattered by war. But Doc retained the values of hard work and a pioneering spirit that defined small-town Canada in the early to mid-20th century. He was able somehow to set the horror of war respectfully aside while using its skills and lessons.

The military taught teamwork and the need to make decisions quickly but intelligently; if they weren't right, you might not get a second chance, and others would go down with you. Doc's aptitude and attitude helped build a Canadian oil and gas industry and wrest it from complete foreign control. He took risks that were breathtaking but never irresponsible. Some failed, but the big ones paid off. As in any life, there were sacrifices and tragedy; and the pull between family and work haunted him. He told me: "I was working with the seismic crew and had to keep at it. It was July 1949 and I wasn't there at the birth of my first child, Diane."

One message in Doc's life is that there is a way to success and to achieve a great many things, while creating and preserving a flawless reputation. He did this by simply hewing to the values that built modern Canada: honour, respect, integrity, fair play and social justice. Doc had a great deal of talent, indeed a kind of genius in his ability to spot an opportunity and move quickly. His business life demonstrates this many times over, but his community abilities are even more striking. Nothing shows this more clearly than his insight into the potential of linking an NHL hockey team, a coliseum, the Olympics, and amateur sport. There was a brief moment in time when all that was possible. If any part of the plan hadn't worked, the whole project might have collapsed and nothing at all could have happened.

The only thing this huge success did for his bank account was shrink it, because it became just another way to give away money. People like Doc have a way of making the improbable possible. Almost always, they do it by thinking far beyond themselves and their own interests.

Doc could have retired at 65 after he sold his stake in Bow Valley Industries. But Doc and deals were synonymous so he became busier. Even after he was diagnosed with prostate cancer, Doc didn't stop.

In the long preparation of this book, over literally scores of hours of conversation, I never once heard Doc complain. Well, there was one thing, although it wouldn't even classify as a complaint for most people. "I haven't done enough yet," he said once, just before he left to advise another friend to keep on working and achieving. His ongoing mission was to encourage boomers waiting for an arbitrary age of 65 to ignore it.

Instead, he said, take control, keep moving, and most of all, stay in the game.

This transcript was provided to the Petroleum History Society by Sydney Sharpe after her keynote presentation at the March 25 Annual General Meeting. Thanks Sydney!



Author Sydney Sharpe accepts a set of the Society's historical pins from Petroleum History Society President Clint Tippett in appreciation for her talk at the March 25 A.G.M. Sydney is holding a copy of her book entitled "Staying in the Game – The Remarkable Story of Doc Seaman", published by Dundurn Press. Earlier in the meeting, Sydney had been awarded the Society's Book of the Year Award for 2008 for this book. Photo by Bob Bott.

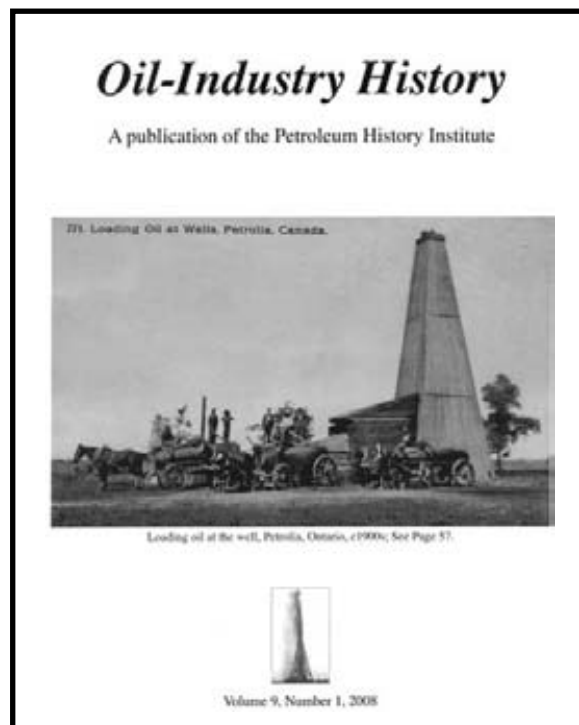
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OIL-INDUSTRY HISTORY

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