



**PETROLEUM
HISTORY
SOCIETY**

ARCHIVES

Newsletter of the Petroleum History Society

March 2010; Volume XXI, Number 3

P.H.S. Annual General Meeting and Awards – Wednesday, March 31, 2010

**Petroleum History Society A.G.M. featuring speaker
Dick Haskayne and the 2009 P.H.S. Awards Ceremony**

This year we will be conducting our annual Society business and highlighting our annual awards program by presenting expressions of our appreciation to individuals who have made significant contributions to the preservation of Canadian Petroleum History.

Our Keynote Speaker will be well known Calgary businessman Dick Haskayne who will address us on the book that he authored with Paul Grescoe in 2007 entitled “Northern Tigers: Building Ethical Canadian Corporate Champions”.

The schedule for the meeting will be:

- 4:00 p.m. Meeting commences – call to order
- 4:05 p.m. President’s Report
- 4:20 p.m. Treasurer’s Report
- 4:30 p.m. Election of P.H.S. Officers and Board for the 2010-2011 term
- 4:45 p.m. 2009 P.H.S. Awards
- 5:15 p.m. Keynote Speaker Dick Haskayne on “Northern Tigers” (see page 4)
- 5:45 p.m. Questions, Answers and Discussion
- 6:00 p.m. Mix and Mingle with snacks and cash bar - Please come out and join us!

- TIME: 4:00 p.m., Wednesday, March 31, 2010.
- PLACE: Calgary Petroleum Club, 319 – 5th Avenue S.W. – Viking Room
- COST: Members and Guests (most welcome) - free of charge
- DRESS: Business casual at minimum, ties not required

**For the sake of our snack planning, please
R.S.V.P. if you wish to attend to: Clint Tippett, 691-4274 or
clinton.tippett@shell.com by noon Monday, March 29**

THE PETROLEUM HISTORY SOCIETY
THE BULL WHEEL



Next Board Meeting: The Board will meet on March 31 in the President's Room at the Petroleum Club at 3:30 p.m., immediately before the Annual General Meeting.

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. Contact Clint Tippett (403-691-4274), Doug Cass (403-268-4203) or Hugh Leiper (403-249-0707) if you would like to get involved.

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.

Executive Nominations for 2010-2011: In preparation for the elections to be held at the AGM, the current Executive and Board have prepared a list of nominations for all positions. If you are interested in participating as a write-in, please advise Clint, Doug or Hugh, as indicated above, or put your name forward at the A.G.M.

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

Thanks for your many Donations: The P.H.S. would like to thank those of its members who chose to make donation to the Society in 2009 and/or 2010. For 2009 they were Sean Callaghan, Penny Colton, Frank Colton, John Downing, Hugh Leiper, Roy Lindseth, Arne Nielsen, Christopher Ruud, Uldis Upitis, Imre Varga, Gordon Wells and Gordon Williams. For 2010, to date, they were John Andrichuk, Philip Brown, Evelyn de Mille, Ken Drummond, Bob Erickson, David Finch, Micky Gulluss, Adam Hedinger, Gordon Jaremko, Gerry Maier, Brent McLean, Kelly Ogle, Alice Payne, Don Redman, Bob Rintoul, Christopher Ruud, Clint Tippett, Uldis Upitis and Gordon Wells. All donations, big and small, help the Society accomplish its goals. Members should note that we have redefined the Sustaining Member category to be those members in good standing (regular dues paid) that have, in addition, made a donation of at least \$25. In essence this is equivalent to the previous \$50 Sustaining category but it makes all payments in excess of basic dues a donation and potentially eligible for matching funding from the Province.

2010 P.H.S. MEMBERSHIP DRIVE

**CALL to all Petroleum History Society Members – our target for New Members is 24.
We offer a win-win formula at the following functions:**

***Luncheon January 27, 2010,
Luncheon February 24, 2010 and
Annual General Meeting March 31, 2010.***

**Each Member signing up a new Member will receive, at any above functions, a copy of
award-winning author Aubrey Kerr's *A Sampling of Searchers*,
published just prior to his passing in February 2008.
An oilpatch collector item to cherish and display,
A Sampling of Searchers is unlikely to be reprinted.**

**Member growth sustains the Society and its role in oilpatch history.
This personal challenge to each Member, to paraphrase an historic famous speech
by an historic famous Leader:
"Ask not what your Society can do for you, but what you can do for your Society".
Will YOU Help?**

e-mail neilleeson@shaw.ca for further info

2009 Petroleum History Society Awards: Selections have been made for our award winners for 2009 in the categories of Book of the Year, Article of the Year, Multimedia, Preservation and Lifetime Achievement. The panel coordinating these selections for this year was made up of President Clint Tippett, Treasurer Doug Cass and Director Hugh Leiper. The awards will be announced and presented at the AGM on March 31.

Passing - Robert Cochrane: Passed away suddenly, near his home in Lobo Township, Ontario, on Sunday, February 28, 2010. Born in Dumfriesshire, Scotland, Robert's family moved to Enniskillen Township when he was ten. At the age of sixteen, he began studying at Queen's University. He became a geologist and petroleum engineer and worked for Imperial Oil in the Arctic. Later, he was a founder of Devran Petroleum in London, Ontario, which was a pioneer in horizontal drilling. As well, he worked for Ram Petroleum of London and in 1983, he and his wife, Claudia, established their own geological consulting firm, Cairnlins Resources Ltd. He was a founder of The Petrolia Discovery and its chairman for many years. Robert was a great contributor to the work of the Ontario Petroleum Institute, the Ontario oil and gas industry and also Lambton County's oil heritage. As a member of the Society of Industrial Archaeologists, he co-authored the definitive tours of Ontario's Oil Heritage District. He was a valued member of several professional societies and mentored earth-science students at the University of Western Ontario. For decades, he was a member of the St. Andrew Society in Lambton County where his address to the haggis became more dramatic with each passing year.

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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PETROLEUM HISTORY SOCIETY
KEYNOTE ADDRESS by DICK HASKAYNE
ANNUAL GENERAL MEETING: MARCH 31, 2010

Richard F. Haskayne, OC, AOE, FCA, is University of Calgary Chair Emeritus. He was Chairman of TransCanada Corporation (1998-2005), Fording Inc. (2001-2003), NOVA Corporation (1992-1998), TransAlta Corporation (1996-1998) and MacMillan Bloedel (1996-1999). Prior to 1992, Mr. Haskayne was Chairman, President and CEO of Interhome Energy Inc. (IPL and Home Oil). Before joining Home Oil as President and CEO in 1982, he had spent more than twenty years with Hudson's Bay Oil and Gas where he had been President since 1980.

Raised in Gleichen, Alberta, Mr. Haskayne received a B. Comm. from the University of Alberta in 1956 and CA designation in 1959. He is a Fellow of the Canadian Institute of Chartered Accountants and Lifetime Achievement Award recipient. He is a Fellow of the Institute of Corporate Directors and Board member of the Hotchkiss Brain Institute and the Alberta Bone and Joint Institute.

Mr. Haskayne is an Officer of the Order of Canada. He has received the Canadian Business Leader Award and Honourary Doctorate of Laws from the University of Alberta and the University of Calgary. The Haskayne Chair in Accounting at the U. of C. was announced in 2001 and in 2002, the Faculty of Management was renamed the Haskayne School of Business. In 2004, Richard Haskayne was inducted into the Canadian Business Hall of Fame and received the Woodrow Wilson Award for Corporate Citizenship. Dick and Lois Haskayne have been awarded the Generosity of Spirit Award for Philanthropy.

Mr. Haskayne was inducted into both the Canadian Petroleum Hall of Fame and the Calgary Business Hall of Fame in 2005. In 2006 he was honoured with Alberta's highest award, the Alberta Order of Excellence.

Mr. Haskayne's book, "Northern Tigers, Building Ethical Canadian Corporate Champions", was written with Paul Grescoe, published by Key Porter Books and released in 2007. It won a Bronze Medal in the Axiom Business Book Awards.

As paraphrased from the dust jacket of "Northern Tigers":

Northern Tigers is both a fascinating memoir of one of the most successful executives in North American business history and a personal manifesto from an outspoken corporate leader on the issues of business ethics and private philanthropy. In a book brimming with behind-the-scenes intrigue and insights, Haskayne discusses his life and career – from his Depression-era roots as a butcher's son to his top-of-the-ladder success as the head of nine major Canadian companies. As he chronicles his long career with revealing, richly anecdotal detail, Haskayne addresses a vital and timely theme: the need to create companies that are true domestic Tigers – enterprises firmly based in Canada and strong and quick-witted enough to withstand predatory takeovers by foreign corporations. Haskayne has witnessed first-hand the fortitude and foibles of many of the most sensational and colourful characters in Canadian corporate circles. Among many successes, he helped guide some of Canada's largest-ever mergers. But there were many obstacles along the way, too. Haskayne is bluntly forthcoming and regretful about the ones that got away.

Many thanks to Director Hugh Leiper for arranging for Dick Haskayne to speak to us at the AGM.

Bet you Didn't Know...
by Lyndsey Hoff

The following article was published in the April 2009 issue of Prospects and Properties – Canada's First Oil and Gas Prospect and Properties Index magazine and is reprinted with their permission.

The revolutionary discovery of oil and natural gas sparked a monumental change in the quality of life across the globe and Canada played a big role in making that happen. Some of the first discoveries were in Alberta's provincial borders; Bow Island, Alberta was home to the first major commercial gas discovery well, named Old Glory. By developing the field, communities in the surrounding area later received natural gas from Canada's first pipeline in 1912. The Turner Valley Dingman well marked a deeper horizon find in 1914 and became a provincial and national historic site, not far from Calgary; it is a treasured visit to the past on a warm summer weekend. Success of the Dingman well led to an even larger discovery nearly ten years later, a few kilometers away, Royalite No.4. These are just a few of Canada's historical discoveries that the Petroleum History Society honours.

The Petroleum History Society was established in 1985 to commemorate the Canadian oil and gas industry. Current President Clint Tippett, P. Geol, Ph.D., has contributed valued and tireless leadership and governance for ten consecutive years, in addition to his professional role as Principal Regional Geologist for Shell Canada. Clint has been immersed in oil patch history for a long time due to his father's presence in the oil and gas industry, a former Shell veteran. In a recent interview Tippett stated, "The Petroleum History Society has many roles but to my mind one of the most important is to reinforce the sense of pride that people who work in this industry have about its accomplishments and contributions. It validates each person's belief that their lifetime of work has really made a difference." As a tribute to his commitment to the growth of the Petroleum History Society, we share this brief account of the Society's What, Where, Why, When and Who.

Key historical events and influential figures molded the industry into what it is today. With approximately 120 members, the Petroleum History Society's goal is for industry patrons to understand and experience the imprint left by predecessors. Corporations and individuals gain significant benefits from becoming members. For starters, members receive the *Archives* newsletter at least six times a year, an invite to attend luncheon presentations on diverse historical topics and can build a resourceful network of associates and friends through various member social events. Individual memberships cost \$25 per person and a corporate membership is \$100. The Corporate membership extends to all company employees and offers a valuable tool for oil and gas employees to learn how the industry managed through fluctuations in the commodity pricing and similar economic times in the past.

The Society offers a time to learn, remember, celebrate, and appreciate iconic historical figures such as Abraham Gesner. Gesner, a Nova Scotia native, did not stop at merely watching his experimental Trinidad pitch burn; he chose to explore further into the refining process, which led to his development of kerosene and founding of the world's first refinery. Gesner's work resulted in illuminated houses and factories throughout the world, and he's just one of many, influential Canadians in petroleum history to which the Society pays tribute.

The Society would like to extend an invitation to the Millennial generation of entry-level oil and gas employees to experience the past and learn how their industry was built. Newcomers can be proud of the foundation laid for them by the "old time gamblers", without which Calgary could not have become Canada's second largest centre for major Corporate Head Offices.

Membership offers young professionals mentorship and the opportunity to learn from the Society members that have been through the major booms and busts. The membership atmosphere is not only fun and energetic; it's a great social networking tool that delivers informative and educational historical presentations. Moreover, the Society invites industry veterans and individuals with a keen interest for petroleum history to become members, as their knowledge and experience is critical in preventing vital historical information from fading away with time.

The Society awards an annual \$1500 University of Calgary scholarship to a “graduate student working in a field of study related to petroleum history. The award recognizes the study, communication, preservation, and enjoyment of Canadian petroleum industry history.” The Petroleum History Scholarship serves to celebrate and reward academic excellence, preserves petroleum history, and brings awareness to the Society.

The Society’s website hosts a plethora of attention-grabbing facts and information about historical events.

Visitors can make use of an extensive bibliography maintained by Doug Cass, who serves as Treasurer to the Society and is the Chief Archivist at the Glenbow Museum. The bibliography is comprised of archived newsletters, historical published articles, theses, company histories, and film and videos that portray significant events from the past. While the bibliography was originally developed to aid the Society in their historical projects, it has taken on a thriving new life and continues to grow for the benefit of the petroleum industry.

The Society also prides itself on maintaining an oral, first-hand account of what it was like in the beginning. The Society’s “Oral History Project recorded 307 interviews from the early 1900’s to 2004.”

The Society has five distinguished awards they nominate candidates for each year. Categories include Book of The Year, Article of The Year, Multimedia Award, Preservation Award, and Lifetime Achievement Award. The Petroleum History Society established an awards program in 1995 to recognize the valuable contributions of people and groups helping to keep our story alive. These awards recognize contributions, which encourage the study, communication, preservation, and enjoyment of Canadian petroleum industry history. The Society’s Awards Committee also considers the projects in terms of relevance, depth, availability and affordability (access by the public).” Past President Micky Gulless received the Preservation Award in 2007 for her role in expanding and maintaining the society’s extensive website.

The Petroleum History Society’s Annual General Meeting and Awards Ceremony took place Wednesday, March 25, 2009 at the Calgary Petroleum Club. Sydney Sharpe, a popular Calgary author spoke about fabled Calgary oilman Doc Seaman and the book she wrote about him titled “*Staying in the Game*.” Doc Seaman was one of many influential people whose hard work and drive is proudly recognized by the Society.

Canadians have worked hard to gain credibility since the early 1900’s; multi-million dollar rigs sit on top of sites no longer constructed with a pick ax and shovel. We are proud and thankful for the bountiful resource our nation is blessed with and the industry that has developed to bring the liquid gold from its resting spot. Albertans can smile when they hear of farmers and ranchers able to make the bank loan payments from royalties received from a well drilled on their land. Rig hands appreciate their hard-earned paychecks, as do the small town economies receiving the overflow from the rig hand’s nomadic existence. Technology has made life easier, but the stories and memories from archaic exploration and extraction methods live on thanks to The Petroleum History Society’s dedication to “collect, archive, and communicate the story of the industry past.” With a history as vast and successful as ours, it is easy to see that Canadians have a lot to be thankful for and a great deal, we can learn from it.

The Petroleum History Society offers the Canadian oil and gas industry a positive opportunity to learn from its forefathers, help navigate through present economic challenges, and gain optimism for a promising future. When it comes to preserving and protecting our petroleum industry heritage, stand up and be counted.

For information on Society events or becoming a member, visit the Petroleum History Society through their website at www.petroleumhistory.ca. Alternatively, contact the Society at info@petroleumhistory.ca or Clint Tippett at clinton.tippett@shell.com.

Thanks to Lyndsey for working with the Society on this article and to Director Neil Leeson for making the initial contact.

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)

As presented at the P.H.S. Luncheon of May 6, 2009

Good afternoon, and thank you for inviting me to come and speak for you. I also want to thank the Petroleum History Society for funding the Petroleum History Society Graduate Scholarship at the University of Calgary. I am pleased to be this year's recipient. Every scholarship makes a difference to its recipient, and I am happy to see the Petroleum History Society making this possible. Scholarships provide additional support for students performing research, and this benefit should not be underestimated. I am a PhD Candidate with the Department of Economics, and in the third year of my studies. I have been working on my thesis for the past year. The overall theme of my dissertation is the effect of government policies on the development of natural resources. In particular, I am interested in the effects of tax policy on companies involved in the extraction of exhaustible resources.

Today I would like to discuss the Cooperative Commonwealth Federation, the precursor to today's NDP. I want to explore how their policies may have had an adverse effect on the development of Saskatchewan's natural resources. First, let me give you a brief history of the Cooperative Commonwealth Federation, which I will refer to as the CCF. The CCF began as a political party in the early 1930s. Their policies were a response to the Great Depression. The party leaders believed that capitalism had failed, and should be replaced with a social order based on economic equality. One of the central beliefs of their platform was to ensure economic development was for the public good, rather than for the benefit of individuals or companies. The party was initially federal, and in 1934 formed a provincial party in Saskatchewan. The Saskatchewan CCF ran in the 1934 and 1938 elections, and was unsuccessful. However, they did manage to increase their share of the popular vote. The platform was based on social ownership. Industries essential to economic planning were to be socialized to ensure development was for the public benefit. Tommy Douglas became the leader of the party in 1942, and in 1944 led the CCF to a landslide victory in Saskatchewan. The CCF was to remain the government for 20 years. In 1961, the federal CCF became the NDP, and Tommy Douglas left to lead the federal party. The Saskatchewan CCF did not re-label itself until after its defeat in the 1964 election.

Now, let me explain why the CCF was thought to have an adverse effect on Saskatchewan's development. Once the CCF was elected, it embarked on an economic program initially favouring nationalization and public ownership of natural resources and key industries. The resources of the province were to be developed to benefit the citizens of Saskatchewan, rather than external capitalists. In the fall 1944 legislative session, the government passed the Natural Resources Act and the Mineral Taxation Act. The Natural Resources Act empowered the Minister of Natural Resources. It gave him the ability to "acquire any lands or works by purchase, lease or expropriation" as necessary to develop and utilize the resources of the province. This Act gave the Minister the means to expropriate assets related to the development of natural resources. The Mineral Taxation Act introduced taxes on developed and undeveloped mineral rights. Failure to pay the taxes meant forfeiture of the mineral rights to the government. This was an attempt to induce owners of privately held mineral rights to allow the rights to revert to the province. The aim of the Act was to "compensate the people of Saskatchewan for the depletion of the alienated minerals." The Mineral Taxation Act effectively made it legal for the government to expropriate mineral rights, once the taxes had not been paid. By 1947, mineral rights in undeveloped areas had been seized by the government.

However, the Mineral Taxation Act was not uncontested. The Canadian Pacific Railway owned mineral rights in Saskatchewan, and began court action to have the Act declared beyond the powers of the government. The Court of the King's Bench found in favour of the government, and subsequent appeals by CP Rail brought the case to the Privy Council. This process took until 1953 to be resolved, when both parties agreed to discontinue. In September 1948, forfeiture proceedings were stopped pending resolution of the court case. In 1950, the government allowed the return of mineral rights if the owed taxes were paid. By 1952, most of the mineral rights had been returned to the original owners. I would argue the period

1944 to 1952 was a time in which the CCF government threatened and was successful in expropriating natural resources. There is some debate, however, on the effect this had on Saskatchewan's economy. Colin Thatcher, in his autobiography, states: *"The CCF-NDP has been a curse on the province of Saskatchewan and have unquestionably retarded our economic development, for which our grandchildren will pay."* The idea behind this is the socialist policies and threat of expropriation meant firms were less willing to invest in Saskatchewan. Less investment means slower development, even after the threat is gone. This is because there were lost opportunities during the threat period. Higher investment after the threat is gone cannot compensate for the lost opportunities.

My research has been to test whether the expropriation threat slowed development in Saskatchewan. To do this, we need to find a measure of investment or interest in natural resources in Saskatchewan. I use the price paid for mineral rights. Suppose you are a firm interested in developing a natural resource, such as oil. Your willingness to pay for the mineral rights is expected future profits from extraction of the oil.

The ability of the CCF to expropriate without compensation created uncertainty regarding future profits. The change in the value of mineral rights depends on three things. Current extraction of the oil reduces the amount that can be produced in the future, and will lower future profits. Profits also depend on prices and costs, which can change over time. Profitability also depends on whether a company's mineral rights will be expropriated in the future. How the value of mineral rights changed in response to the threat will depend on whether the threat was perceived as credible. I use the relationship between the value of mineral rights and the probability of expropriation occurring to estimate the perceived threat of the CCF. This is a perceived threat because firms had less information than the government on the likelihood of expropriation actually occurring.

In order to determine the effect of the expropriation threat, I compare Saskatchewan to Alberta, where there was no expropriation threat. I use Alberta as a baseline because it is not sufficient to just examine Saskatchewan over time, as there are potential long-term effects from the CCF policies. The data I have begins in 1947 and runs to 2006. I have annual observations on the price per hectare paid for mineral rights in Alberta and Saskatchewan, in 1947 dollars. The use of 1947 dollars means that I control for inflation. My strategy is to examine how the price paid changes over time, and compare the CCF period to the last 50 years.

The results are quite interesting. I find during the period 1947 to 1952, the value of mineral rights decreased in Saskatchewan. The average price per hectare was lower in Saskatchewan than Alberta, and also lower than the average price per hectare in Saskatchewan between 1947 and 2006. Furthermore, I also find aggregate expenditures on mineral rights were lower during the threat period. I find a perceived expropriation probability of almost 50%. However, this number should be interpreted cautiously because it is based on a small amount of data. It is simply a preliminary result. After 1952, I find the growth rate in the price paid per hectare in Saskatchewan is higher than in Alberta.

This suggests two things. First, that over the past 50 years, the growth rate in the value of mineral rights has been higher in Saskatchewan than in Alberta. So the value of mineral rights in Saskatchewan is becoming closer to the value of mineral rights in Alberta. The second point to note is that this suggests Saskatchewan is catching up, but it is not clear that the prices have equalized in the two provinces. I find that Saskatchewan has recovered from the policies of the CCF. However, given the duration of the recovery, it appears that the CCF policies regarding natural resources had lasting effects. This is due to opportunities for investment that were not taken because of the possibility of expropriation occurring.

Given this result, we can conclude that government policies must be chosen carefully due to potential long-term effects. The Saskatchewan case of expropriation is somewhat extreme, but even taxes have the potential to negatively affect growth.

Thanks to Jennifer for attending our luncheon and for delivering this interesting analysis. It should be noted that a spirited discussion followed.

Imperial Oil's Dominant Role in the Canadian Oil Industry
A talk presented to the P.H.S. luncheon of October 29, 2008
By Robert D. (Bob) Bott, Director, P.H.S.

The following account is adapted from Ontario's Petroleum Legacy by Earle Gray (Heritage Community Foundation, 2008), which served as the starting point for Bob Bott's Oct. 29 luncheon talk about Imperial Oil. Bott was editor of the volume. Copies of the book can be ordered from www.earlegray.ca

Imperial Oil was founded in 1880 after two decades of spectacular booms and busts in the Ontario oil fields. Producers and refiners had tried several times unsuccessfully to form cartels to control prices. The individual who would bring stability and order from the chaos of boom and bust to establish Canada's largest oil company, started his career as a teenager loaded with money from the sale of bootleg booze. Nineteen-year-old Jacob Lewis Englehart arrived in Enniskillen in 1866 to establish J.L. Englehart and Company, "engaged in refining, producing and exporting petroleum." He had a plan to control the oil business in Canada the way Rockefeller's Standard Oil Trust controlled it in the United States. In a manner of speaking, he ultimately succeeded.

Englehart had started work at age 13 as an office boy in the New York firm of Sonneborn, Dryfoos and Company. The principals were whisky rectifiers, which meant that they redistilled and blended raw "corn likker." Before the Civil War, whisky was sold untaxed in New York for 24 cents a gallon. To help pay for the war, the U.S. government imposed a tax on whisky that began at 20 cents a gallon and rose to \$2.00 a gallon before the war was over. The only whisky dealers to survive such heavy taxation were bootleggers making illicit sales. The Sonneborn firm was one that survived—at least for a time—providing Englehart with his startup capital.

Englehart neither looked nor acted like any typical teenager. Immaculately dressed in dark, vested suits with high-starched collars and a flower in his lapel, he sported a Vandyke beard and a ribbon that dangled from a pince-nez perched on an angular nose. In Petrolia he became a broker, buying kerosene from the many small Ontario refineries and shipping to overseas markets through the New York facilities of the Sonneborn company. He built a refinery in London, which he had to rebuild after it exploded twice within a seven-week period. When a German buyer refused to pay for a shipment of smelly kerosene, Englehart dismantled the simple refinery, shipped it to Germany, and re-distilled the kerosene there.

Despite a promising start, Englehart & Company struggled during the deep recession that began in 1873. Work was suspended until new financing was found from Isaac Guggenheim, a member of a family that was on its way to become one of the wealthiest families in the United States following a bonanza investment in a silver mine in Cripple Creek, Colorado. With the Guggenheim money, Englehart built the Silver Star refinery at Petrolia, said by author Patricia McGee to be "the world's largest and most sophisticated refinery" for its time. In 1880, Englehart launched one more effort to establish a Canadian cartel. His goal was to roll all the oil interests into one combine that would emulate the Standard Oil Trust in the United States. Most of the Ontario oil men agreed to join in the new enterprise, with two notable exceptions: James Miller Williams' Canadian Oil Company, and John Henry Fairbank, then Ontario's largest oil producer, who also controlled two small refining companies. The 19 founding shareholders of Imperial Oil contributed \$25,000, a dozen refineries, and sundry oil wells to establish the new enterprise on April 30, 1880. Its mandate was "to find, produce, refine and distribute petroleum and its products throughout Canada."

Imperial's biggest asset was Englehart's Silver Star refinery. London businessman Frederick Ardel Fitzgerald was president. Englehart was vice-president, managing director, and with a 12 per cent interest, the largest shareholder. Ten of the 12 refineries acquired by Imperial from its founders were dismantled: only the Silver Star in Petrolia and another in London remained. When lightning and fire destroyed the London plant, an expanded Silver Star became the company's only refinery. Within three years, Imperial was marketing its products through 23 branches from Halifax to Victoria. Its kerosene, packed in five-gallon tins or oak barrels, lumbered across the prairies on Red River carts drawn by oxen.

Promising though this consolidation seemed, Imperial still faced formidable competition, most notably from Rockefeller's Standard Oil Trust, which seemed bent on achieving in Canada the dominance it held in the United States. In the 1880s, Rockefeller controlled 80 per cent of U.S. petroleum refining capacity, 90 per cent of the pipelines, and 90 per cent of the marketing. In Canada, its principal subsidiaries were the Bushnell Oil Company, a refiner, and Queen City Oil Company, Ontario's largest petroleum wholesaler. By 1889, Bushnell had bought eight small Ontario refineries, every one except Imperial's Silver Star at Petrolia. Bushnell dismantled seven of its eight new refineries and spent \$150,000 to make an idle refinery at Sarnia into Canada's largest, surpassing Silver Star in capacity, refining costs, and product quality. Standard negotiated secret, preferential railway rates with Canadian Pacific and Grand Trunk. Secret discounts were the most powerful tool the trust had used in dominating the U.S. oil industry, a pressure tactic described by historian Allan Nevins: "Of all the devices for extinction of competition, this was the most deadly yet conceived by any group of American industrialists."

Standard had yet another competitive advantage over Imperial: a patented method to fully remove the sulphurous stink of sour crude that had for so long placed Canadian "skunk oil" at a disadvantage with sweet, low-sulphur Pennsylvania oil. The method, ironically, had been largely developed by Imperial. Herman Frasch was a brilliant German-American chemist who sold Imperial a distillation process that yielded more kerosene from each barrel of oil. Imperial then hired Frasch at the same salary it paid president Fitzgerald, made Frasch a director, and assigned him the task of finding a solution to the skunk oil problem. Frasch worked on the problem for 10 months, then left Imperial in 1886 to become a partner in a new venture, Empire Oil Company, which built a refinery that was said to produce kerosene that was 30 times cleaner than any other lamp oil produced in Canada.

Standard, by this time, had its own skunk oil problem, with the discovery in 1884 of large, sour crude oil fields in the Lima area of Ohio, where the trust controlled half the oil production. Frasch returned to the United States and perfected the desulphuring process, using copper oxide to make sour oil sweet. Standard patented Frasch's process in 1887, much to the bitter chagrin of Imperial Oil. Standard Oil—with its newer, bigger, better, lower-cost Sarnia refinery; with its more extensive marketing network; its secret preferential railway rates for hauling refined products; its exclusive use of the only method to fully remove the stink of skunk oil—had Imperial in its vise, and the vise was being tightened.

In the 1890s, Imperial faced three options: find some powerful help to fight Standard, sell out, or face the prospect of being driven under. To build its war chest, Imperial negotiated a conditional sale of the controlling interest to the Colonial Development Corporation of London for \$585,000. But after the English company dithered for more than two years without concluding the deal, Fitzpatrick traveled to New York and cut a deal with Rockefeller's trust. The agreement dated October 13, 1898, was typically generous: Imperial Oil would acquire all of Standard's Canadian subsidiaries, Imperial shareholders would receive more than \$810,000, and Standard Oil would wind up owning 75 per cent of Imperial. Under its new ownership, Imperial closed the Silver Star refinery, moved its head office from Petrolia to Sarnia, and built a pipeline to move Petrolia crude to the Sarnia refinery. As late as 1920, Imperial still held 90 per cent of Canada's oil refining capacity and supplied nearly two-thirds of the market. Although this would prove to be the high water mark of Imperial's dominance, the consolidation of the Canadian petroleum industry had been achieved.

For Englehart, Imperial's largest founding shareholder, the deal meant nearly \$190,000 in cash, a retained interest of almost four per cent in a larger, more profitable company, and, for a time, a generous salary as vice president. There was, however, another challenge awaiting the man who had arrived nearly 40 years before to establish J.L. Englehart & Company with money from bootleg booze. In 1905, Ontario Premier James Whitney called on Englehart to take over management of the government's troubled Timiskaming and Northern Ontario Railway, then being built to serve the mines and mining camps of northern Ontario. Englehart saw the line completed, put it on a paying basis, served as chairman for 15 years, and had the town of Englehart named for him. When he died in 1921, he was one of Canada's most respected business leaders and philanthropists.

Thanks for Bob and Earl for this fascinating look at the early days of Imperial.