

ARCHIVES

Newsletter of the Petroleum History Society

January 2015; Volume XXVI, Number 1

MESSAGES FROM YOUR PRESIDENT

Welcome to 2015! We hope that the New Year brings you success.

Unfortunately we were not able to arrange for a speaker this month so I am using this space to announce several initiatives.

1. Our annual **membership renewal drive** is in full swing. We hope that you use either the digital version of the renewal form or the one enclosed with this newsletter to sign up for another year (or two) to allow you to have access to the interesting news and events that we pull together and organize for you. We have kept our membership cost at a very reasonable level of \$30. And of course we always appreciate your generous donations to the cause. Detailed instructions can be found on page 2.
2. We are about to launch an **on-line survey** of our members to gain your perspectives on what we are doing right or wrong and what might be improved. I hope that you take a few minutes to complete this 9-question survey and send it along for our use. Membership Chair Micky Gulless as organized this effort. We intend to use the results at a Board strategy session prior to our Annual Meeting on March 25.
3. The Annual Meeting is, in an obvious functional sense, where we renew our Board for the coming year through a **Board election**. We are always on the lookout for new volunteers – so if this is something that might appeal to you, please let us know. We are in particular need of a Secretary who has the important responsibility for our Minutes and other record keeping. This role is an excellent way of learning about the Society's many facets.
4. The Annual Meeting will also be the venue for the presentation of our **slate of awards for 2014**. As you know, the categories are: Book of the Year, Article of the Year, Multimedia, Preservation and Lifetime Achievement. If you have some nominations for these honours, please send them in as soon as possible. The deadline is the end of February.

The Bull Wheel



Time to Renew Your P.H.S. Membership: Most members need to renew their membership for 2015. (Check your membership Status on your mail label or email, or contact Micky at 403-283-9268 or micky@petroleumhistory.ca.) Please renew your annual membership for \$30 by:

- email transfer via your own bank's website to micky@petroleumhistory.ca
- credit card via PayPal if you have an email address. Contact Micky for a PayPal invoice
- cheque to Petroleum History Society mailed to Micky Gulless, 1638 Broadview Rd NW, Calgary T2N 3H1

18th Annual Canadian Petroleum Hall of Fame Induction Dinner – November 20, 2014.

These festivities and related ceremony took place at the Radisson Hotel Edmonton South. Five new members to the Hall were presented with their “crystals” and a retrospective speech was made by one of them, Keith MacPhail of Bonavista Petroleum, on behalf of the group. Your President represented Robert A. Brown, Sr. of Turner Valley and other fame who had been nominated by the P.H.S. as we were unable to locate of his family members who might have accepted the award. Robert (Rob) Peters was likewise represented by his daughter. The final two inductees were Alexander Palynchuk (Western Instruments) and Allan Nelson (Allan R. Nelson Engineering). Master of Ceremonies was Bill Whitelaw of JuneWarren Publication who did an excellent job of setting the scene. Bill is also the Chairman of their Board of Directors. Their citations are posted on the website of the Canadian Petroleum Hall of Fame. P.H.S. Board member Helen Turgeon, herself an inductee from 2000, also attended along with her husband, Don. Other than that, representation from Calgary was relatively light with the only other noticeable contingent being from S.A.I.T. to which Keith MacPhail is a significant donor.

Petroleum History Institute 2015 Annual Symposium – Tulsa, Oklahoma.

The P.H.I. is holding this event in the historic Mayo Hotel in downtown Tulsa from Thursday, April 30 to Saturday, May 2, 2015. May 2 is also the date for the related field trip which will include stops at the Drumright Historical Society Museum and the discovery wells for both the Glenn and Cushing oil fields. Abstracts are being accepted by Dr. William Brice (wbrice@pitt.edu) with a deadline of March 1, 2015. Papers will be published in the 2015 edition of the journal Oil-Industry History. For symposium details including registration, please refer to www.petroleumhistory.org

Breaking News: Large Upswing expected on Oil Prices. Before you get too excited, please know that we are talking about olive oil prices, not good old crude. This development has several causes including fruit fly infestations in Italy, where production has dropped 35%, and a weak harvest in Spain, another traditionally productive region. Even the expansion of olive tree growth in Texas, in the Eagle Ford fairway no less, has not offset the plunge in volumes and escalation in prices. Work in the fields is quite discouraging with as many as 80 trees needed to produce only 150 litres of oil. And to top it off, the price of pasta has soared 18% as well.

Industry Representation: The quest for more complete, accurate and in-depth reporting on the petroleum industry seems to be paying off. The December 8, 2014 of the Calgary Herald included a comprehensive and well-illustrated treatment on leaking wells and their various causes. The January 8, 2015 issue of the National Post had an article entitled “Deconstructing prices at the Pumps” that included a report on the sources of crude oil received by refineries in Canada and a breakdown on the price of gasoline in Ontario – of which only \$0.37 of the total of \$0.91 was the cost of the crude. C.A.P.P. indicated in their Context Weekly newsletter that they had released a new poster captioned “Join Canada’s Energy Citizens” with the description “Want six easy ways you can show your pride for Canada’s energy in 2015? Click [go the C.A.P.P. website] to download an eye-catching poster graphic highlighting some things you can do to support our industry in the year ahead. It all starts by becoming a part of Canada’s Energy Citizens campaign.”

Media Goofs: As usual there were a number of media belly-flops on their representation of the industry and its history. The December 17 **Globe and Mail** had a picture with the caption “Synchrude’s Mildred Lake Operation north of Fort McMurray” that unfortunately is actually of the Industrial Equipment Garden at the Oil Sands interpretive Centre in Fort Mac. The clue is the presence of both the giant Cyrus bucketwheel and the dragline – both of which are obsolete technologies in the oil sands. Next up is the **daily TV coverage** of the Keystone XL Pipeline that almost inevitable show a picture or footage of either the above-ground Trans-Alaska Pipeline or some other pipeline already under construction. Both of these are misleading. In terms of knowledge, **Ezra Levant** of Sun Media takes the cake for his comment in the November 23, 2014 Calgary Sun that “Preston Manning’s Reform Party was born in part as a reaction to Pierre Trudeau’s National Energy Policy and its devastating carbon taxes”. What?? Firstly I assume that he is referring to Trudeau’s National Energy Program of 1980. A “National Energy Policy” was indeed issued but in 1961 but it had to do with the partitioning of Canada into regions to be served with Western Canadian crude and imported crude – i.e. the Ottawa Valley line. But more importantly, the idea that there were carbon taxes that long ago is completely wrong. I assume that he is vaguely remembering some reference to a tax that was intensely disliked in Alberta - the Petroleum and Gas Revenue Tax (P.G.R.T.) that raised revenue from oil and gas production for the Federal Government that was used, among other things, to fund Frontier exploration (Petroleum Incentive Program grants) and to underwrite Petro-Canada’s expansion. Carbon taxes? This is some serious revisionist history. Finally, on January 2, 2015 the Herald compiled profiles of 20 “innovative” Calgarians – none of whom are involved is creating primary wealth. Rather they were a professor, a philanthropist, a child advocate, a lawyer, an artist, a broker, a musician, a care provider, a singer, a software designer, a football player, a composer, a refugee advocate, a theatre director, a police chief, another lawyer, a chef, a hockey player, another professor and a student president. Is it any wonder that working in our industry is not valued? Who cares about the real world?

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Back issues are archived on our website at <http://www.petroleumhistory.ca/>

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REMEMBRANCES

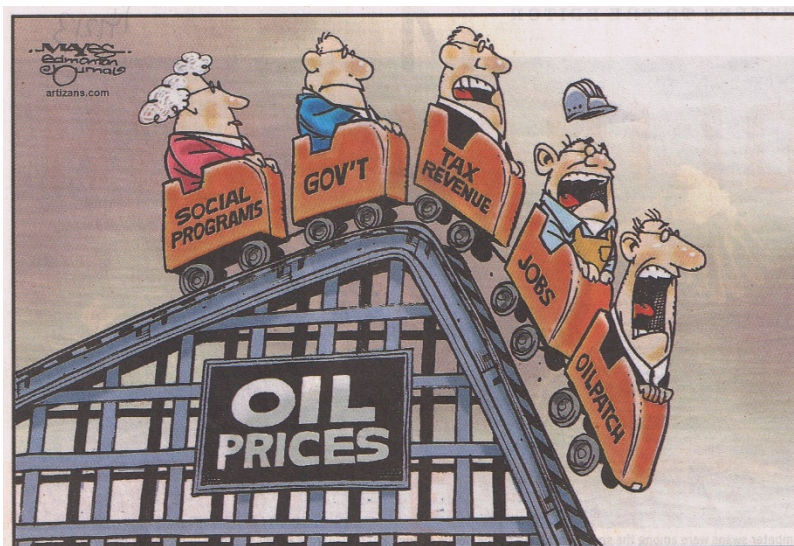
Erickson, Robert Harold. Bob was born on July 5, 1923 in Plainfield, Illinois and passed way in Calgary on December 10, 2014. He spent his early years in Aurora, Illinois. After high school he attended the University of Illinois and Lake Forest College. He was called to service by the United States Marine Corps and sent to Denison University in Ohio. He spent three years in the Marines, one in the U.S. and two years overseas in Guam where he was Chief of the Military Police. After WWII he returned to Denison University to complete his B.A. degree in Geology. While at Denison he met and married Ruth Damron, his wife of 62 years. Bob continued his education at Northwestern University, receiving his M.Sc. Geology. He carried out field work in Wyoming, North Dakota and Colorado as a part of his studies. After university, Bob took an opportunity with Pure Oil Canada in Calgary, Alberta. He and Ruth moved here in 1950, and he switched to Great Plains Development Co. in 1951. After 12 years, his career in the oil industry then took him to Sydney, Australia with Burmah Oil where he worked for three years on the early exploration of the Northwest Shelf. He was later recognized as a pioneer by his Australian counterparts for his accomplishments in that now-prolific region. Following that he was back to Calgary with Northern Oil Explorers Ltd working for 7 years in the Arctic and on to Swindon, in the United Kingdom, again with Burmah Oil where he was Chief Geologist. He then returned to Calgary with RHE Resources and Wellore Resources. Bob was a business leader and a mentor to many. He was a member of the Canadian Society of Petroleum Geologists and served as Treasurer, Vice-president, and President over the years. Bob had a great love of history and museums. He was an authority on the North American fur trade. He is said to have had an obsession with charts and maps. He served on the Board of Heritage Park for nine years, The Glenbow Alberta Institute for nine years, and Friends of Tyrrell Museum for two years. To his family he was a life-long teacher of the arts and sciences – a true renaissance man. For his grandchildren and great-grandchildren he was very insistent that ice cream was an essential food group. Bob was a long time member of the P.H.S. and a frequent participant in our luncheons. His memorial service was very well attended and included a slide show of his many adventures. The service was closed off with the reading of a passage from “The Cremation of Sam McGee” by Robert Service. It was a favourite of his – and he always did have a great sense of humour.

Howes, Terry. Terry Howes was born in Toronto on November 27, 1928 and passed away on November 20, 2014. His extended obituary by Tim Hawthorn was published in the Globe and Mail on December 22, 2014 with the banners “Paper Prospector” and “Entrepreneur created “get-rich-slow” plan” with the explanation that “for a fee, he tracked down heirs who were owed money and owners of once-dormant, suddenly valuable mining stock.” His very abbreviated story is included here with the backdrop of the inquiries that both our Society and the Glenbow Archives (read Board members Micky Gulless and Doug Cass) receive about the fate of old oil and gas companies and the potential value of stock certificates. Terry Howes made his living doing this sort of work and was quite successful at it. To quote an example from the obituary “Perhaps his favourite tale involved a dentist in Hamilton, Ont., who removed for free the sore tooth of a man passing through town during the Depression. The grateful man gave the dentist shares of a mine in Ontario, a document the dentist presumed worthless, placing it in a drawer. Seven decades later, Mr. Howes pronounced the shares worth \$100,000, revealing the mystery patient had been Harry (later Sir Harry) Oakes, the gold mine magnate and philanthropist.” He also tracked down the heiress to a sizeable estate living in a homeless shelter in Vancouver.

THE CURRENT CRISIS IN THE OIL PATCH – AND EVERYWHERE ELSE

One of the main reasons that we support the existence of the Petroleum History Society is that well-worn saying that if we don't learn from history we are bound to repeat it. So I guess that puts the onus on us to read the tea leaves on the basis of the cycles of boom and bust that we've been through before. My first impression is that this is déjà vu all over again from the early 1980's when the Saudis also got fed up being the swing producer in OPEC and opened the taps driving prices gradually downwards. That's the mega-context. But the world is a very different place today than it was 35 years ago. Prices are no longer regulated and national governments, at least in the Western world, play a much smaller role in the financial operations of the industry.

The current crisis is like a bomb going off in slow motion. It is all the more scary because you can sit back and watch the linkages control the impacts. The cartoon below is from the Calgary Herald of Dec. 13, 2014. The image captures perfectly what's happening – from serious capital and employment cutbacks in the industry to continuing demands for more social expenditures from those who are apparently oblivious to how the world works – all at the same time.



These days are also very educational in terms of how the pieces of the industry work - who is vulnerable and who is more insulated, or at least took some measures to protect themselves from this sort of calamity. On the one hand we read about the City of Calgary who locked in their diesel supply at much higher prices thinking that there was little downside. On the other hand, some producers hedged part of their production volumes so that the immediate impact of falling prices was mitigated. There are markets in which players are buying and storing cheap crude in onshore tankage, for example at Hardisty, or even in offshore tanker fleets. But again, if we think back to the last major crash in the 1980's that took years to play itself out. I guess part of the question is what is it that the Saudis going to be looking for as a signal that they have accomplished their goal. It can't be just a diminishment in U.S. production with all of the infrastructure and support still in place because a jump in prices would just trigger an immediate resumption of activity. Indeed that was what sold the unconventional to begin with – the ability to turn them on and off as a function of price. So it has to be something more permanently damaging and longer lasting – which means holding prices underwater for an extended period and probably never allowing them to reach the heights of the last few years. We will see.

THE BLUE FLAME KITCHEN – BURNING WITH PRIDE



The Blue Flame Kitchen
Service Since 1929

In 1929, seventeen years after Canadian Western first brought natural gas service to southern Alberta, the company established its Home Service Department – a service that today is best-known as the Blue Flame Kitchen.

Classroom demonstration, 1958.

Radio Program, 1956.

The department – a startling development in consumer service at the time – was formed to help homemakers get the best results when using the exciting new cooking fuel, natural gas, which was quickly replacing coal as a source of energy in the home. Cooking schools and appliance demonstration classes were held throughout Canadian Western's service territory, soon becoming an

Television show, 1957.

The Blue Flame Kitchen was one aspect of the promotion, beginning in 1929, by Canadian Western Natural Gas (now ATCO) of the use of natural gas in the home for cooking. The availability of new supplies from fields like Turner Valley gave the company a strong motivation to turn potential waste into a profitable enterprise. The P.H.S. gave ATCO a Multimedia Award several years ago in recognition of the museum, still including a Blue Flame Kitchen facility, which they have on the main level of their building on 11th Ave. SW in Calgary. It should be remembered that many petroleum companies used similar gambits to encourage consumption of their products when demand was low. Good examples are the promotion of auto racing to encourage gasoline use by drivers (ex. by Shell, continuing today) and the development of new uses for nickel by manufacturers (ex. Inco with stainless steel).

A RECENT EXCURSION TO DEVON'S DISCOVERY CENTRE

A trip to Edmonton in late November 2014 included a visit to the Leduc-Devon Canadian Petroleum Discovery Centre, just south of Devon. Time did not permit a tour through the facility (this may be rectified in 2015) but the gift shop certainly did hold some treasures that drew the attention (and money) of the author (your President). Just to give a taste for what's there in this relatively unique venue, the following list has been compiled:

1. 2015 Historical calendars from Soul of Alberta (Randal Kabatoff) – Canada's Oil Sands Pioneers and Canada's Petroleum Pioneers, each \$20.00.
2. DVD of "Roughnecks, Wildcats and Doodlebugs" from Appropriate Entertainment (in conjunction with CKUA). The original VHS came out in 1993 and the DVD in 2009. \$29.95. Interestingly the P.H.S. Board recently tried to initiate the production of a DVD version which apparently had already been done but not widely publicized.
3. Leduc #1 ball cap. \$15.00.
4. Leduc #1 1947-2012 65th anniversary golf shirt. \$15.00.
5. "The Oil Patch and Me" T-shirt. \$5.00 special.
6. "The Oil Patch and Me" sweatshirt. \$10.00 special.
7. "The Amazing Athabasca Oil Sands" DVD from Dynacor Media Group. \$29.95.
8. Leduc #1 wall plaque/painting \$35.00.
9. "Oilman" novel by Robert Stuart McLean from Trafford Publishing, 2011. 450 p. \$25.00.
10. "Oil Fare" cookbook from Oil Patch Wives, approx. 75 p. \$15.00.
11. "For Devon's Sake – A History of the Town of Devon", approx. 1982. 194 p. \$60.00. I had been looking for a book like this for many years. Of course there was a huge initiative back in the 1980's, apparently triggered by the 75th Anniversary of Alberta, in which just about every rural area produced a voluminous historical tome including both articles and family chronicles. A good example is "In the Light of the Flares" about the Turner Valley area. Most were published by Friesen Press. This book is primarily about the post-Leduc, post-1947 era given that Devon was established in the aftermath of the discovery. Logically there should be another book that addresses the pre-Leduc discovery era but I haven't found that one yet. Do our readers have any leads?
12. "Our Petroleum Challenge" from the Canadian Centre for Energy Information, 8th Edition - 2013. 150 p. \$35.00. There had been some dispute as to whether this comprehensive update about the industry had ever been released in a non-digital format. But obviously it had and the gift store scooped some copies.
13. "Bit of Fun" with PetroMolly and PetroMack" – an energy activity book, 2011. 3rd Edition, metric. \$5.00. Produced by the Association of Desk and Derrick Clubs, Tulsa.
14. "Teacher's Guide – Black Gold. The Story of Oil and Leduc #1". The Leduc #1 Energy Discovery Centre, 2011. 130 p. \$20.00. Includes CD.
15. "40 Years of Laffs – the Roughneck Joke Book starring Rupert the Roughneck". Northern Star Communications, 1993, 208 p. \$20.00.
16. Misc. toys including black foam oil drops with legs, black foam oil drops with "LeducNumber1.com", vials of oil allegedly from Leduc #1, Leduc #1 1947-2012 anniversary merchandise including keychain, pin and thin magnet, Canadian Petroleum Hall of Fame sticker, Canadian Petroleum Discovery Centre pin and Leduc #1 1947 pin.
17. Metal scale model of drilling rig with many details but without fingerboard. \$1700.

Some of these items may be available via their website.

BOOM TOWN (1940) – an oilfield classic



“Picking the Drilling Location”. This movie, set to begin in 1918 in Texas during one of its oil booms starred Clark Gable (R) as wildcatter “Big John Masters”, Spencer Tracy (L) as second wildcatter “Square John Sand”, Claudette Colbert as “pursued-by-both” “Betsy Bartlett” for whom the well “Darling Betsy #1” was named, Frank Morgan (a.k.a. the Wizard of Oz) as oil field supplier “Luther Aldrich”, and Hedy Lamarr as socialite and company spy “Karen Vanmeer” who ran away from her boring geologist husband in Venezuela. There is a lot of information about the movie accessible via Google and Wikipedia. YouTube also carries the official trailer for the movie which is just over 2 minutes in length. While there will always be a certain amount of artistic licence in the movies, this one is unusual in that it tries to depict the industry as it was over that period. In great contrast to today’s heavily vilified approach, it was a platform that was used, as a part of the plot, to applaud the contributions made by the petroleum industry to the growth and welfare of the American economy.