



ARCHIVES

Newsletter of the Petroleum History Society

June 2015; Volume XXVI, Number 4

P.H.S. Lunch and Learn Meeting – Wednesday, June 24, 2015

From Longview to the Legislature: A Rancher's Son's Voyage through Oil, Gas and Public Policy in Alberta

By Ken Hughes, former Ministry of Energy – Government of Alberta

Ken Hughes has provided extensive public service at provincial and national levels. Most recently, he was Alberta Energy Minister and Minister of Municipal Affairs (2012-2014). He returned to private life in 2014. Prior to that, he was the founding Chair of the Board of Alberta Health Services (2008-2011) and was a Member of Parliament, at increasing levels of responsibility including appointment as Parliamentary Secretary to the Deputy Prime Minister of Canada (1988-1993). Ken will describe his life in public office including some insights into the Alberta energy scene. This promises to be a very entertaining presentation. Also see page 5.

Time: Time: 12 noon, Wednesday, June 24, 2015

Place: Calgary Petroleum Club
319 – 5 Avenue SW, Calgary; Viking Room (but check marquee)
Business casual dress.

Cost: P.H.S. Members \$30 and Guests \$35 (most welcome).
Only cash or cheque at the door. Payment can be made in advance by credit card or by e-mail. Please advise payment method with reply.

Lunch: Soup, sandwiches and cookies. Gluten-free? Vegan? Advise with reply.

NOTE: New Instructions for Registering for the Luncheon:

**Reply, if you wish to attend, to: Loreen Sherman at 403-289-2922 or
phs@star-ting.com by noon, Monday, June 22, if not sooner.**

Those who register but do not come, or cancel after the deadline, will be invoiced.

Those who do not register by the deadline may not get a seat.

The Bull Wheel



Call for contributions and speakers: The Petroleum History Society values your input. If you have an article that you'd like to see in *Archives* or if you have a talk that you'd like to give, please be sure to get a hold of us. Contact President Clint Tippett at the address indicated on page 3.

Hard Copy Archives: Members are reminded that if you would prefer to receive *Archives* as a hard copy through the mail rather than via e-mail, you can request that by contacting Micky Gullless at the "contact" address indicated on page 3 or by calling her at 403-283-9268. This option is also offered when membership dues are paid and/or information verification is sought at the beginning of each year. Different strokes for different folks – we just want to ensure that you read *Archives* one way or the other!

C.A.P.P. "Raise Your Hand" Initiative: The Canadian Association of Petroleum Producers recently initiated a program to enhance the recognition of the role that our petroleum industry plays in the economy and overall well-being of Canada. As described in C.A.P.P.'s "Context Weekly: Energy Examined" newsletter *"The campaign mobilizes engagement and conversation among supporters of Canada's energy development. Raise Your Hand showcases Canadians from all walks of life demonstrating support for Canada's oil and gas industry."* You may have seen the related ads on TV. You can also visit their website at www.raiseyourhandcanada.ca The P.H.S. has added this call to our website as it is certainly consistent with the pride in past accomplishments that we foster through our historical mandate.

To add another perspective to this, we offer the following perspective: The petroleum industry shares some attributes with "using the facilities". Everybody does it. No one talks about it. And if we stopped doing it, the world would grind to a painful halt in short order.

Little Known Production: The following was reported in 1940 concerning the "Moose Dome Oil Field" at Moose Mountain. *"This field, discovered in 1937, is located some thirty miles west of Calgary in the Foothills Belt. At present there is only one producing well in the field, the discovery well, Moose Dome Oil's No. 2 located in Section 29, Twp. 22, Rge. 6W5M. This well is now producing an average of seven barrels a day of 48 gravity oil from a depth of 1800 feet in the Devonian limestone. No figures are available for the total production from this well, but during 1938, 3064 barrels of oil were produced. In February 1939 the well was pumping at a rate of 50 barrels per day. In May, the well produced a total of 891 barrels with 205 barrels in September and 200 barrels in October. It is planned to do further drilling on this structure in 1940."* The well was drilled in the aftermath of the 1936 discovery of oil in Turner Valley although for a deeper reservoir. There is currently no production from this shallow section.

Trucking Encounter with Jim Carter: Your President had the good fortune of sitting with Jim Carter at the November 2014 Induction Ceremony for the Canadian Petroleum Hall of Fame in Edmonton. Jim was profiled in one of the Oilsands Review “Hourglass” columns based on an interview that he did with Adriana Davies as a part of the recent P.H.S. Oil Sands Oral History Project. Part of the interview and article related to Jim’s involvement with the design of the big heavy haul trucks used in the oil sands open pit mining operations. Jim is a Director of Finning, the company with the Caterpillar franchise for some of the mines. He is also into the restoration of vintage tractors. The following is some information conveyed to him after the Hall’s event that may also be of interest to our readers:

“It was good to meet you at our shared table at the recent C.P.H.F. dinner in Edmonton. I was interested to learn about your directorship with Finning. I do wish that I had pushed harder to have someone from your company on the operational side interviewed as a part of our recently-completed Petroleum History Society Oil Sands Oral History Project.

There were several items on which I committed to get back to you:

1. *The book about the heavy equipment industry: The citation is William R. Haycraft 2000. **Yellow Steel – The Story of the Earthmoving Equipment Industry.** University of Illinois Press. 465 p.*
2. *Tractor Archeology re: your restorations: Scott Garvey 2008. **The Tractor in the Haystack: Great Stories of Tractor Archeology.** MBI Publishing and Voyageur Press.*
3. *Early Caterpillar humour: Movie entitled “**The Earthworm Tractor Company**” made in Louisiana in 1936.*

I think that you should be able to track these down via Google, Indigo or Amazon if of interest. Let me know if you can’t. The movie would make for a good break from serious Board business!”

Permeability Analog: It is sometimes useful to have a real world analog for a process that might otherwise be difficult to visualize. In the upstream we often describe the permeability of a pore system, rock or reservoir in which the flow of a fluid or gas occurs through the network of voids in the rock and through the even smaller “pore throats” between those voids. A trip to a Flames playoff game set the stage for this in the following way: A very large number of vehicles trying to get out of a parking lot through a single exit point. This seemed to go on with a time scale approximating reservoir depletion – i.e. decades. As if the game wasn’t stressful enough!

Bon Mot: The recent Tim Horton’s controversy concerning Enbridge and “TimBitumen”.

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Creative Destruction: An article by Joe Martin in the March 26, 2015 issue of the National Post highlighted this process in which companies are continually dismantled and reconstituted as the economy evolves. To demonstrate this effect he lists the top ten non-financial employers in Canada in 1980 and contrasts that with the same list for 2013. So for 1980 they were, in decreasing order of the number of employees: Canadian Pacific, Bell Canada, Alcan Aluminum, Simpson-Sears, Noranda Mines, George Weston, Inco, General Motors, Hudson's Bay and Massey Ferguson. For 2013 the list, again in decreasing order, is Onex, Walmart Canada, George Weston, Magna, Bombardier, CGI Group, Metro, Alimentation Couche Tard, Thomson Reuters and BCE. Many shifts related to global changes in the mining and metal processing industry, in the retail world, in telecommunications and in vehicle and equipment manufacturing. Interestingly there are no petroleum-related companies in either list despite the key role of the energy sector. This would appear to reinforce the fact that our industry is very capital intensive and perhaps also that most employment is more disseminated.

Global Petroleum Show: This major event organized by dmg events (Canada) took place at the Calgary Stampede Grounds from June 9-11 this year. Despite the financial condition of the industry it was well attended by both exhibitors and delegates. It is a tremendous opportunity to see and learn about the many facets of our upstream (and some downstream) – and certainly a must for people who like heavy metal – i.e. the big equipment that rolls into the park for the show. And even better, it is free if one registers in advance. The show is now an annual event – so keep your eyes peeled for next year's extravaganza.

July 26 Walking Tour: Calgary's Downtown Petroleum Heritage. The P.H.S. is conducting a tour in downtown Calgary on Sunday, July 26 starting at 10:00 a.m. and running (or walking) through to about noon. This is being organized through Calgary Historic Week. Please refer to the related website for more details on starting point. Pre-registration is not required.

Canadian Oilmen's Executive Conference – 65th Annual Executive Conference and Golf Tournament. This event is being held at the Fairmont Banff Springs Hotel from August 19-23, 2015. It is described as *"Sponsored by the Canadian Oilmen's Executive Association, this non-profit event is attended by executives and leaders from North America's oil and gas industry. The conference provides an opportunity for executives to learn and exchange insights and build highly valued long-term relationships."* This is obviously a traditional event for the leadership of the industry. Their 50th Anniversary was marked by the creation of a special volume that documented their annual get-togethers, many of their colourful personalities and the evolution of the industry that paralleled it. Simple mathematics indicates that the organization was established in 1950 in the immediate aftermath of the Leduc discovery of 1947 and the explosive industry growth that followed it. Many business relationships are based on personal interactions and the familiarity with people fostered by such occasions.

Geophysicists beware: It was recently reported that the Italian Senate approved an amendment to new regulations regarding environmental crimes. As a part of the amendment, air gun seismic acquisition [a technique commonly used for offshore seismic work] will be forbidden and whoever will execute them will be jailed from 1 to 3 years. An industry source commented that *"It is a vote beyond belief, guided mainly by politicians determined to ride the environmentalist-NIMBY wave to their own profit. It has nothing to do with securing the future of the country [suffering from economic stagnation] or the benefits of its people. Absolute nonsense ..."*. No reports of anyone being prosecuted under these regulations (yet).

Speaker Biography: Ken Hughes

Ken Hughes is Chair, Founder and a Principal Shareholder of Alpine Insurance & Financial Inc., with offices throughout Alberta. Alpine provides home, auto and business insurance to tens of thousands of Albertans and their businesses. His business background includes involvement with risk management, energy services technology, and information technology.

He has provided extensive public service at provincial and national levels. Most recently, he was Alberta Energy Minister and Minister of Municipal Affairs (2012-2014). He returned to private life in 2014. Prior to that, he was the founding Chair of the Board of Alberta Health Services (2008-2011), and he was a Member of Parliament, at increasing levels of responsibility including appointment as Parliamentary Secretary to the Deputy Prime Minister of Canada (1988-1993).

Ken has served on numerous corporate and volunteer boards of directors, including Lethbridge Community College, Hi-Alta Capital Inc. (subsequently the Western Financial Group), the Kananaskis Summit Committee (2002), Calgary Exhibition and Stampede Board, Calgary Technologies Inc., the 2005 and 2008 Alberta World Cup Organizing Committees (Cross country skiing) and Chair of the Board of Wenzel Downhole Tools Ltd. (2005-2012).

He has a Master of Public Administration from the John F. Kennedy School of Government at Harvard University, and B.Sc. (Agriculture) from the University of Alberta. He earned the certified Corporate Director (ICD.D) designation in 2005. He enjoys travel, hiking, and cross-country skiing. In 2011, he climbed Mt. Kilimanjaro with 35 other Albertans, including his 16 year old son, Aidan. They helped raise over \$1 million for orthopedic services through the Royal Alex Foundation in Edmonton. He is also an Honourary Chief of the Piikani First Nation.

Ken is married to Denise Savage-Hughes. They have 3 children, aged 15-20. They live in Springbank.

BOOKS OF INTEREST

Boschman, R. and Trono, M. (eds.) 2014. **Found in Alberta: Environmental Themes for the Anthropocene.** Wilfred Laurier University Press, 392 p., soft cover, \$25.00 (approx.). This book is a compilation of talks presented at an "Under Western Skies" conference held at Mount Royal University in 2010. It contains sixteen papers including four contributions concerning "Bituminous Sands" of which one by T.R. Kover is entitled "Are the oil sands sublime? Edward Burtynsky and the vicissitudes of the sublime".

Barrett, R. and Worden, D. (eds.) 2014. **Oil Culture.** University of Minnesota Press, 424 p., \$33.00. This volume has a cool cover featuring a rusty Sinclair Oil can (with the dinosaur). It contains twenty contributions, one of which is by Catherine Zuromskis entitled "Petraesthetics and Landscape Photography: New Topographics, Edward Burtynsky, and the Culture of Peak Oil. [That Burtynsky guy sure gets around].

Godfrey, J. D. (Ed.) 1993 (an oldie but goldie). **Edmonton beneath our Feet.** Edmonton Geological Society, 150 p. \$12.95. This is a very nice summary of the geology of our northern neighbor. At first I thought it was about the sports rivalry between the Flames and the Oilers.

REMEMBRANCES (with thanks to the Calgary Herald)

Wall, John Hallet: Born August 10, 1924 at Saint Stephen, New Brunswick and died April 28, 2015 at Calgary, Alberta. John had a long and distinguished career in micropaleontology starting with Imperial Oil Limited just prior to the 1947 discovery of oil at Leduc and continuing on with J.C. Sproule and Associates, the Alberta Research Council, the University of Alberta (part-time lecturer), and the Geological Survey of Canada. He received a M.Sc. from the University of Alberta in 1951 where he studied under Charlie Stelck. John and Charlie would later collaborate on a series of pioneering papers on the Cretaceous of Alberta for the Alberta Research Council where John worked from 1955 to 1972. During that time, he obtained a Ph.D. (Jurassic microfossils of Saskatchewan) from University of Missouri in 1958. John joined the Geological Survey of Canada in 1972 and his focus of work expanded to include the Mesozoic of the Arctic Islands, as well as Alberta. He retired in 1992, but continued working actively with emeritus status until 2005. John was a member of A.P.E.G.A and was involved in many societies including G.A.C., G.S.A., S.E.P.M., and C.S.P.G. He regularly attended meetings and led many conference field trips to Cretaceous outcrops across Alberta. He always had a keen interest in the history of petroleum geology in Canada. Late in his career (Sept. 27, 2000), he gave a Petroleum History Society luncheon talk on "Microfossils: The Early Years of Plains Exploration." John was noted for his encyclopedic knowledge of details whether it was on scientific, business or civic matters. In the latest years of John's life, he gradually lost power over his memory of details. Until the very end, however, he maintained the genteel, good-humoured charm for which he was greatly esteemed. John was a long time member of the P.H.S. who will be missed. Thanks to Dave McNeil of the G.S.C. for helping us supplement John's commemoration in this issue.

Gallagher, John (Jack) Joseph. Born August 31, 1932 and passed away on May 12, 2015. A lovely man with a beautiful smile, full of kindness, integrity, honour and good manners. A sportsman, a great friend, a mind as sharp as a tack with a clever sense of humour and one who looked at 'both sides of the coin'. A quiet, thoughtful, gentle man who said what he meant and meant what he said. Jack was a proud southern Alberta oilman and was awarded a full scholarship to the Colorado School of Mines in Golden, Colorado where he graduated as a Petroleum Engineer at the top of the class of 1955. He also received a B.A. in Geography from the University of Calgary in 1971. Jack loved the Oil Patch; his beautiful property in Southern Alberta with its sweeping mountain, foothills and valley view; raising horses and Simmental cattle while working 'the land'. He was a Cowboy at heart who loved a wide range of music from Country and Western right through the spectrum to Classical. We are really going to miss this Tall Big Guy! Jack was born in Black Diamond, Alberta; worked in Bogota, Columbia, the USA and Canada with most of his career spent in The Great Alberta Oil Patch. In March 2011, the Gallaghers left Calgary, Alberta. Jack and Judi moved to Halifax for his final years to be near their much loved family. Jack was a member of the P.H.S. He was involved in the construction of Shell's Jumping Pound Gas Plant over the bitterly cold winter of 1950-51 and shared some photographs from that job with the other members of the P.H.S.

Fortier, Yves Oscar. Born August 17, 1914 and passed away August 19, 2014 at the age of 100. Fortier graduated in 1938 with a B.Sc. in Geology from Queen's University. He was granted an M.Sc. in Geology from McGill in 1941 and a Ph.D. from Stanford in 1946. He is best known for his work with the Geological Survey of Canada mapping in the High Arctic and in particular Operation Franklin in the summer of 1955 (not the Franklin Expedition).

Hobson, George D. Born January 8, 1923 and passed away April 16, 2015. George was born in Hamilton, Ontario, attended Delta Collegiate (a well-known high-school to Hamiltonians) and was President there in 1940-41. He received a degree in Mathematics and Physics from McMaster University and a Master's degree in Petroleum Geophysics from University of Toronto from which he graduated in 1948. Arlie and George were married in May 1948 and immediately moved to Edmonton where George began his career as a geophysicist with Heiland Exploration. After 10 ½ successful years in the oil patch, in the fall of 1958, the family moved to Ottawa when George joined the Department of Energy, Mines and Resources. He served as Director of the Polar Continental Shelf Project from 1972 to 1988. That project was of vital scientific interest for the petroleum industry and, in particular PanArctic, that was exploring in the High Arctic over that same period. During his time at Polar Shelf, he was immensely proud of an ice island that came to be named "Hobson's Choice" when discovered in 1983. It drifted around the Arctic Ocean for the next nine years, serving as a platform for scientific exploration. George's work in the Arctic allowed him to fulfill what he saw as an opportunity, indeed an obligation, to make regular contact with Arctic communities through their local councils and to keep northern residents aware of scientific projects in their areas of concern – their backyards. He always believed that communication between scientists and northern residents was essential. George distinguished himself in the scientific exploration of many of Canada's remote regions, notably the Arctic and has been recognized over the years with many awards for his vision and vigour in helping many other Canadians — including native people, students and artists — to share in the exhilarating experience of discovering the physical and psychological reality which has so aptly been called 'la nordicité canadienne'.

George proudly counted himself as a "Franklin Fanatic" and was a key participant on 1994, 1995 and 2000 teams that explored the mysteries of the lost Franklin Expedition, discovering important relics left behind by that fated crew. He was thrilled last summer with the discovery of the HMS Erebus, and tracked the current expeditions and media coverage with great interest and enthusiasm through to the days immediately before his passing.

For his work as a scientist, as an explorer and as a leader, Dr. George Hobson received many awards over the years including The Massey Medal (1991), Northern Science Award (1991), Camsell Medal (1998), The Golden Jubilee Medal (2002), Fellow of The Royal Canadian Geographical Society (2009), The Diamond Jubilee Medal (2012), and the Sir Christopher Ondaatje Medal for Exploration (2014). George was awarded an honorary Doctor of Science from McMaster University in May, 1991.

Together George and Arlie loved to travel whether for George's work or in retirement exploring new places. Over the years, time spent at the family cottage at Farren Lake was special and a place of rest and relaxation. There George spent time building a stone fireplace, chimney and walkways with rocks that he had gathered during his trips all over the world. George had a strong desire to show his children the vastness and greatness of Canada, and many family summer holidays were spent driving, with tent trailer in tow, from the East Coast to the BC Interior.

Particularly in his retirement years, George focused his passion and talents into volunteer opportunities involving science, logistics organization, the Arctic and passing on his knowledge and enthusiasm to future generations. He was a guest lecturer and specialist on over 15 Arctic cruises and did several speaking tours across Canada for the Royal Canadian Geographical Society. *Above Obit text from:* <http://tubmanfuneralhomes.com/families-care/?id=1111> Thanks Penny!



P.H.S. Director David Finch in the Compressor Building at the Turner Valley Gas Plant during the 2014 centennial celebrations for the discovery of the Turner Valley Oil and Gas Field. David is explaining reservoir pressure and depletion to his tour group with a simple model.

The P.H.S. recently voted to approve a grant to the Turner Valley Oilfield Society to support their program of tours through the Turner Valley Gas Plant for members of the general public. It is hoped that following the completion of negotiations with the Government of Alberta, that these tours will begin in mid-summer. In this regard, the Society will be joining at least one other educationally-minded group who see this as an important aspect of outreach to the general population concerning our industry. One of the major challenges being faced, both in terms of tour leaders and of participants, is a less than optimal level of understanding the basic science involved in the four aspects of the upstream, as summarized by David: find it, produce it, clean it, and ship it. Disciplines like the geosciences explain the basic entrapment of the hydrocarbons. Engineering principles are involved in drilling and producing. Chemical interactions and properties govern the processing of the hydrocarbons. And basic pressure-temperature-volume considerations play into the compression and shipping of the products. People involved in discussing both Turner Valley directly and Turner Valley as an analog for other fields in the province need to both understand these basic principles and to be able to explain them clearly. One of our tasks at the P.H.S. is to work with them to make this happen.

SOME THOUGHTS FOR THE SUMMER

The first half of 2015 has been one of continuing change and challenge for the industry. Some comments about our current situation incorporating a historical context are in order. After all, isn't this why we say that we need to study history – to learn from the experiences of the past and not repeat the errors?

The impacts of low commodity prices continue to ripple through the structure of the upstream. Some companies are struggling with several under protection. Others have coped better and, being more robust, are looking for and closing acquisitions following the identification of quality assets. Some companies have had to accelerate production to offset lower prices which, of course, only serves to pressure the markets more. The service sector continues to suffer with very significant job losses. Reduced financial viability has triggered added scrutiny of companies' ability to handle reclamation liabilities and has compounded their woes. Organizations that plunged into alternative energy investments are under siege because they now have to remain competitive against much cheaper fossil fuels. Will the price crash slow down the LNG train? Even charities are feeling the pinch as both individuals and corporations cut back on external commitments. It seems that every aspect of our lives is impacted. On the other hand, other sectors of the economy are getting relief through lower prices. Airlines are gaining access to lower jet fuel costs and logically air fares should fall (but are they?). Railroads likewise benefit directly – and perhaps greater demand for consumer goods will offset the fall in crude-by-rail shipments. Truckers are also standing to gain although there seem to be other factors at work in the refining business that are keeping diesel prices stubbornly high.

Of course the biggest change that we have experienced is the election of an NDP government in Alberta. Where this will take us is unknown. A royalty review is in the cards and it is hoped that the inexperienced NDP crew will take the time to understand the economics of the industry and not introduce changes that will cause major disruption. The reality is that the level of royalties must be geared to recognize the exploitation maturity of the basin and the full range of costs involved in working there. As has been pointed out in a related regard, we are not Norway whose extremely prolific offshore fields have allowed them to reap and retain huge amounts of money while still leaving enough on the table to support a viable exploration and production industry. We are in a very mature basin. Our conventional plays have been producing very few new finds and we have come to realize how expensive many of our unconventional plays really are. Tinkering with this will be hazardous. Indeed it could be argued that we do need a royalty review – in the opposite direction to the one contemplated by the Government! Another aspect that will be interesting to follow is the notion that more processing of oil and bitumen should be done in Alberta. While this is obviously a good idea from capital investment and employment perspectives (and good for the unions), it may run into market realities and a glut of petroleum product supply in Western Canada. It also needs to be added that some types of bitumen upgrading generate large volumes of carbon dioxide as the steam cracking process for hydrogen production creates that greenhouse gas as a byproduct. This will run headlong into other ideas that the NDP was about reducing said emissions.

A closing comment. I have heard it speculated that Mackenzie King intentionally lost the federal election to R.B. Bennett after the onset of the Great Depression because he foresaw what a difficult time that was coming and he didn't want to take the blame for it. I wonder if Jim Prentice might have been reading King's playbook. Maybe the Conservatives will surprise everyone.

PETROLEUM HISTORY SOCIETY STRATEGY SESSION – MAY 16, 2015



The Board of the P.H.S. and some interested members held a strategy “get-away” in the Boardroom at the Museum of Making west of Cochrane, hosted by P.H.S. member Ian MacGregor, owner of the facility. The action shot above, courtesy of Past-President Micky Gulless, features Director David Finch making a point (L), Director Doug Cass (Centre) in contemplation and Vice-President Bill McLellan (R) taking some notes.

The many facets of the P.H.S. were described and a number of areas requiring action were identified. These include, not in order of importance: reassignment of responsibilities for procuring luncheon speakers, for luncheon administration and for liaison with the University of Calgary regarding our scholarship; clarification of the legal standing regarding copyright for Aubrey Kerr’s various publications; revitalization of the dynastic chart project; and the introduction of reduced or waived membership and luncheon prices for students. Several ideas for enhanced cooperation with external groups were also discussed as were the merits of different approaches to growing our membership. We were joined by Josh Groberman who produces the BOE Report and had some useful input in terms of the use of electronic media to reach larger audiences. The session closed with a tour through the museum. Time well spent as we move forward.