



# ARCHIVES

*Newsletter of the Petroleum History Society*

*February 2018; Volume XXIX, Number 2*

P.H.S. Lunch and Learn Meeting – Wednesday, February 28, 2018

## **Orphan Wells – Then and Now**

*by David Finch – Historian and Rob Wadsworth – Alberta Energy Regulator*

and

## **Federal-Provincial Collaboration on Oil Sands Fiscal Policies during the 1990's**

*By Jessica Weber – University of Calgary, Department of Political Science*

*This triple header luncheon will feature a short leadoff talk by Jessica and a main presentation by David Finch and Rob Wadsworth*

*Please see page 4 of this issue for additional details on these topics and on our speakers.*

Time: 12 noon, Wednesday, February 28, 2018  
Place: Calgary Petroleum Club  
319 - 5 Avenue SW, Calgary; Cardium Room (but check marquee).  
Dress: Business casual.  
Cost: P.H.S. Members and Student Members \$35 and Guests \$40 (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: Instructions for registering for the Luncheon:**

**Reply, if you wish to attend, to: Micky Gulless at 403-283-9268 or [micky@petroleumhistory.ca](mailto:micky@petroleumhistory.ca) by noon, Monday, February 26, 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



**Membership renewals and information update:** For those who need to renew their membership, requests were sent out last month – either on-line or as a hard copy accompanying last month's issue. Please see your e-mail or mailing label for your expiry date. We are also checking to see if our contact information for you is still correct.

**Call for Nominations:** Our next Annual Meeting is during the late afternoon of Wednesday, March 28, 2018. At that time we will be electing our Board and Executive for 2018-2019. If you would like to serve as a volunteer in such a capacity please let us know. The Annual Meeting will also feature the presentation of our five annual awards for 2017 – Book of the Year, Article of the Year, Multimedia, Preservation and Lifetime Achievement. If you have some suggestions on possible recipients for these honours, please send them our way as soon as possible.

**Preparing to Spud:** A new book recently caught my eye at the Glenbow book shop. It is "A Window to the Past – Celebrating 50 Years of Working and Growing Together" by the Potato Growers of Alberta. 408 p., \$35.00. Continuing this theme, one chapter is titled "A Good Crop of People". Who knew that there are things called the Elite Seed Growers Association and the National Starch Program!

**Getting our Vocabulary Right:** Rex Murphy, with his usual talent for the English language, closed off his National Post column of January 6, 2018 concerning climate change (or the lack thereof) with the following: *"So ignore the frigid moment. All is unfolding as it should. As soon as our Climate Superheroes, Mr. Trudeau and Ms. McKenna, bring in the new, higher carbon dioxide tax – reminder: it is NOT a carbon tax, no tax on soot – temperatures will rise, summer will return, and with another 20 or 30 dollars a ton, by next year Newfoundland will be indistinguishable from Tahiti in the golden days under a Polynesian sun"*. The key point is that by calling it a "carbon tax" the subliminal message is that this is targeting something ugly and dirty. We should insist that it is named appropriately for what it is – a "carbon dioxide tax".

**Calgary Artiste:** I had occasion to wander into an art store in "The Core" in downtown Calgary during the Christmas rush. Several quite cartoonish abstract works were hanging on the wall – actually limited edition reproductions. On further investigation I learned that these were the creations of artist Michael Godard whose theme is "Magical Humour of the Everyday". Titles include "Black Gold" (messy blowout), "Martini Pipeline" (sideboom crane, trench and pipe with martini-swilling oil droplets), "Vodka Sands" (oil sands truck with oil drop "people") and so on. Not cheap – one was \$2495. But who would buy them? Generally mixing alcohol with field work is a no-no - so industry is out. And ENGO-types would shudder at anything oil-related.

**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 get a hold of us. Contact President Clint Tippett at the address indicated below.

**Early use of Compressed Natural Gas (CNG) for Lighting:** In his book "Oil in Canada West, George DeMille describes on p. 66 how: "*The Canadian Pacific Railway used natural gas for lighting passenger trains between Medicine Hat and Kootenay Landing for several years. The gas was bottled in steel bottles 8 inches in diameter and 30 feet in length carried beneath the coaches. They were filled to a pressure of 170 pounds per square inch [approx. 12 times atmospheric] from a gas well in the railway yard at Medicine Hat. The gas was burned in a Pintsch incandescent mantle and during the first test, made in 1908, a passenger car ran lighted continuously for 36 hours on one filling of gas.*" I suppose that this eventually became obsolete when power from the axles of the train could be harnessed to generate electricity.

**The Lost Lemon Mine of Petroleum?:** The back cover of the Autumn 2017 issue of "*Alberta History*" contained the following quote from the Calgary Tribune of June 29, 1890: "*On Friday, Mr. Carlin arrived in town from the Crow's Nest Pass, west of Macleod, and brought with him a sample of the crude petroleum which is found at that locality. He and Mr. Lafayette French discovered a little lake enclosed by rocks from which this petroleum oozes in a number of places and has entered the lake.*" Kind of vague on location. But actually one of the key seeps near Oil City in Waterton National Park is in a small depression partly filled with oil. Indeed it appears that some of the local bears like to take a dip in it and then scratch themselves on adjacent trees, possibly to protect themselves against insects.

**Innisfail Refinery:** This old refinery directly adjacent to the Queen Elizabeth Highway (#2) near Innisfail and across from the big Parkland service station, has been out of service for approx. 17 years. I had given half a thought to putting forward the idea that its preservation might be a good oily counterpart to the historic natural gas-processing plant at Turner Valley. Recent media coverage on January 18, 2018 has indicated that a junior company (Gen III Oil Corp.) has plans to take over the plant from owner Parkland, modify it and use it as a 2800 bbl/d lubricating oil re-refinery. Sort of like the old (and burned-down) Hub Oil facility in Calgary that this group seems to have forgotten about, claiming that theirs would be the first re-refinery on the Prairies. Probably easier said than done but I guess we will see if this plan has any legs.

**Editorial Comment:** Please note that unless otherwise indicated, all contents of this newsletter have been created or assembled by P.H.S. President and *Archives* Editor Clinton Tippett.

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## Details of the February 28, 2018 Luncheon

Continued from page 1.

The full title of this month's talk is:

### **"Measures to Limit Environmental Impacts: Orphan Wells - Then and Now"**

**David Finch** will establish the context for the following presentation by **Rob Wadsworth** with a brief overview of the history of orphan wells in Alberta. This is based on the as-yet unpublished history that he was commissioned to research and write for the Orphan Wells Association - the Alberta Oil and Gas Orphan Abandonment and Reclamation Association.

Orphan wells in Alberta sprang into the headlines in 2016 when a court ruling allowed that "*receivers and trustees of A.E.R. licensees may selectively disclaim unprofitable assets*" because the A.E.R.'s "licensee liability rating" (L.L.R.) program and related closure, abandonment, reclamation and remediation obligations are inoperative to the extent that they conflict with the federal Bankruptcy and Insolvency Act (B.I.A.).

The story of the Orphan Wells Association is still being written in Alberta. Rob Wadsworth, the Vice-President of Closure and Liabilities at the A.E.R., will explain the current state of affairs.

*Well known author, historian and P.H.S. Director David Finch requires no introduction. Robert Wadsworth of the A.E.R. served in the Canadian Armed Forces for twenty-four years before working at Bruce Power. He joined the A.E.R. in 2014.*

As pre-reading David refers us to a write-up on the issue concerning the legal case of Orphan Well Association vs. Grant-Thornton through Lexpert at: <http://www.lexpert.ca/article/orphan-well-association-v-grant-thornton/?p=14%7C132>. Another good reference is "80,000 Inactive Oil Wells: A Blessing or a Curse?" by Lucija Muehlenbachs. This is a University of Calgary School of Public Policy Briefing Paper (v. 10, issue 3, Feb. 2017) available through their website. It was pointed out to us by P.H.S. Member Gordon Jaremko. Thanks to both David and Gordon for these references.

Jessica Weber will lead off and will briefly explain her Master's thesis project. Relying heavily on the P.H.S. Oil Sands Oral History Project, Jessica is researching the collaboration that took place between the Provincial and Federal Governments as they changed their fiscal policies for the oil sands industry in the mid-1990s. She is emphasizing the policy entrepreneurs – strategic people in industry who worked to frame problems, present solutions and form coalitions amongst multiple companies and governments to achieve their goals.

*Jessica Weber, is an M.Sc. program graduate student in Political Science at the University of Calgary. She was selected as the recipient of the P.H.S. University of Calgary Graduate Scholarship for both 2016-2017 and 2017-2018. Jessica is also a researcher, Graduate Assistant -Teaching and Invigilator at the university.*

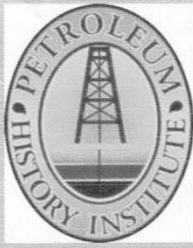
## REMEMBRANCES

(with thanks to the Calgary Herald)

**LAKUSTA, Edward Michel.** Ed was born in the village of Opal, Alberta on June 27, 1930 and passed away on November 15, 2017. He was the oldest of four children. Right after high school he got a job in the oilfields with British American. Determined to succeed beyond the level of oilfield worker, he enrolled at Mount Royal College, where he studied petroleum engineering. With this preliminary training, he successfully applied to the University of Oklahoma from which he graduated in 1955 with a Bachelor of Science degree in Petroleum Engineering. He met and married Gloria in 1954. By 1976 Ed had risen to the position of Manager - Production at Gulf Oil. His career with Gulf spanned thirty years and took him to Houston, Texas, where he was Senior Vice-President in charge of manufacturing. Edward was named President and Chief Operating Officer of PetroCanada in 1982. During the years that he spent leading PetroCanada it has been said that, "*He was clearly the leader who made the transformation of the PetroCanada brand to a respected and much appreciated petroleum company.*" During that time Ed worked hard to improve the lives of people in the Calgary community through volunteering with the Calgary Stampede, the Stampeders Football Club and the United Way. In 1989 he chaired the United Way. He was instrumental in involving PetroCanada in the Olympic Torch Relay. After retiring, he remained active in the oil patch by chairing two annual Oilmen's Golf Tournaments. Ed is an inductee in the Canadian Petroleum Hall of Fame.

**BOUMA, Gerardus Bernadus (Gerry).** Gerry was born in Glanerbrug in the Netherlands August 17, 1940 and passed away on November 20, 2017. At 19, he completed his service in the Dutch army, during which time he had become its youngest officer, the accomplishment of which he was always proud. He then attended the University of Groningen where he studied geology. In December 1965, he married Yvonne Charlotte Douque. In January of 1966, they immigrated to Canada to live and work, eventually moving to the Grand Valley, west of Cochrane, where he realized his dream of owning a farm. Gerry loved his work as a well-site geologist, which took him to many remote locations throughout Alberta, B.C. and Saskatchewan, as well as to North Africa. He was a very intelligent man with an incredible memory. He loved to read and continually learn. He loved to travel, and especially enjoyed his road trips. He also loved nature and animals, science, maps, cooking, sausage making and telling stories.

**HARPER, John David.** John was born on March 21, 1939 in Toronto, Ontario and passed away on October 24, 2017. He graduated from the University of Toronto with a Bachelor of Science in Applied Geology and continued on to receive his Masters of Applied Science. In 1969, John received his Ph.D. from Brown University in Providence, Rhode Island, U.S.A. focussing on carbonate and clastic sedimentology. He was a passionate geologist who worked around the globe for a number of companies and made significant contributions to petroleum geoscience and hydrocarbon exploration during an outstanding career spanning nearly fifty years. Highlights included his tenure as a full Professor at Memorial University of Newfoundland (where he was actively involved in advising and mentoring students), his work with Alconsult International and ConocoPhillips and his time serving as the Director of the Geological Survey of Canada in Calgary. John volunteered as a member of the Canadian Ski Patrol System for nearly forty years, coached youth soccer for several years and was involved in various other community organizations and activities throughout his lifetime. He was a consummate teacher and leader who shared his love of science, the outdoors, canoeing, skiing and exploring.



Proceedings will be published in  
*Oil-Industry History*

Send Abstracts to:  
Dr. William Brice  
[wbrice@pitt.edu](mailto:wbrice@pitt.edu)

**CALL FOR PAPERS & SPONSORSHIP**  
**Abstract Deadline: March 1, 2018**



## **2018 HISTORY OF OIL SYMPOSIUM PETROLEUM HISTORY INSTITUTE SALT LAKE CITY**

**MAY 17-19, 2018, MARRIOTT RESEARCH PARK, SALT LAKE CITY, UTAH**

**Oil & Gas in  
Central Rockies  
&  
Basin-and-Range**

**For registration &  
more information:**

**Marilyn Black**  
814-677-3152  
ext. 105  
[mblack@oilregion.org](mailto:mblack@oilregion.org)

**Registration/Evening Reception (May 17, Thursday)**  
**Oral and Poster Presentations (May 18, Friday)**  
**Field Trip (May 19, Saturday)**  
**Venue: Marriott Research Park Hotel**  
480 S. Wakara Way, Salt Lake City, UT  
(801) 581-1000

The Symposium will be held just before AAPG's 101 Annual Convention in Salt Lake City

Here is an invitation to support this symposium in Utah.

Petroleum History Institute, P. O. Box 165, Oil City, PA 16301-0165

[www.petroleumhistory.org](http://www.petroleumhistory.org)

Note: if you would like more details on costs and registration process, please contact Clint.

## **BLACK GOLD TAPESTRY – A SUMMARY OF THE P.H.S. LUNCHEON EXCURSION OF JANUARY 31, 2018 BY DAVID FINCH**

*P.H.S. Director David Finch provided this summary of the January lunch meeting:*

### **“Nine Years on the Embroidery Road - Stories from the making of The Black Gold Tapestry”**

Artist Sandra Sawatzky was the guest speaker at the P.H.S. luncheon on January 31, 2018 at Milestones Restaurant in downtown Calgary, after which we toured her tapestry that tells the story of oil. It is on display at the Glenbow Museum until May 21, 2018. *"History is one of the ways of checking out our genealogy - looking back and seeing how we all connect,"* she said.

The Black Gold Tapestry recounts the evolution of the oil industry in a way few of us could imagine. This work of art takes its inspiration from the Bayeux Tapestry, which illustrates the story of the Battle of Hastings in 1066 A.D. It shows petroleum uses over the centuries, providing many different ways to look at art and history. Birds feature prominently along the borders of the Bayeux Tapestry, while 434 dinosaurs gild the edges of The Black Gold Tapestry. Fantastical? Certainly. Our imaginations help us connect with the story. Instead of using a Latin text to explain the transitions in her tapestry, Sandra used simple phrasing, in plain language English.

For example: *"Oil is a story that spans millennia, so compelling, about us. We make the path by finding out things and using that information."* The story of oil has many twists and turns. *"The idea of 'adjacent possibilities' applies to coal and oil because development happens and many things happen as a result."* Though we cannot predict the future development of the petroleum industry, connections exist. And *"Inspiration comes from many places, but all from within your world - you can't dream what doesn't exist."*

Nearly thirty Petroleum History Society members and guests toured The Black Gold Tapestry, asked questions, got a chance to touch a test panel of embroidered fabric and thrilled at the experience. Many of the visitors to the show vowed to return to see it again and again. But see it soon before it goes on tour to England and perhaps other parts of the world.

By all accounts, our event was a great success. We dined well, were not too disruptive at the Glenbow, and although we had to share Sandra with a couple of groups of school kids, she entertained us and answered questions until almost 2 p.m. Lots of great comments emerged afterwards from the people who attended.”

*The P.H.S. would like to thank Director David Finch for organizing this innovative lunchtime activity. Perhaps this is the first of many “out of the box” (with apologies to the Petroleum Club) excursions that we could take around town to visit places and things of interest from a petroleum history perspective. And of course thanks also to Membership Director Micky Gulless for the coordination of registration and payment.*

## The Tale of Mowbray Berkeley

Back in early December 2017, the P.H.S. received an inquiry from the Bragg Creek Historical Society about a well bearing this name that had been drilled on the banks of the Elbow River, west of Calgary, apparently back in 1913. The Universal Well Indicator (U.W.I.) of the well was not provided. Despite this limitation, the question rang a bell with P.H.S. Director Doug Cass who had done his M.A. at the University of Calgary in 1985 with a thesis entitled "*Investment in the Alberta Petroleum Industry, 1912-1930*". The following was provided by Doug to the Bragg Creek group and we thank Doug for extracting this description from his records.

"3. Overseas Investment: British and European. [starting on page 30 of the thesis].

The first boom period in western Canadian petroleum development also attracted some interest from British investors. Due to the widespread publicity given the strike by Calgary Petroleum Products [May 1914], a number of British capitalists sent agents to the Calgary fields, and on the basis of their reports, began to export some capital to the Canadian West. Although the onset of World War I severely crippled their ability to pursue their investments, some of these firms continued to operate in Alberta for a number of years. In nearly all cases, British investment came as a result of the efforts of Canadian businessmen who sought funds in Britain, usually on the basis of personal acquaintances and connections. But British investment, once the mainstay of Canadian development, was generally minimal in Western Canada in the years before the Depression.

David Breen has shown that the British Admiralty was vitally interested in world petroleum supplies and moved early to investigate Alberta's oil resources for strategic reasons. Recognizing the importance of oil supplies to Britain in times of emergency, a clause was inserted in Canadian leasing regulations reserving Western oil for the British Admiralty should hostilities break out. However the intrusion of the war and the generally poor drilling results mitigated against extensive inflows of capital. Nevertheless some firms did involve themselves in Alberta developments.

Advertisements, both spurious and legitimate, began to appear in London in 1914 as geologists encouraged British investors to consider Alberta and pressured the Canadian Government to create a proper atmosphere for investment. Little interest was generated at first but as soon as the Calgary Petroleum Products well flowed oil, telegrams raced to London announcing the discovery. Financial writers in the British capital repeatedly cautioned against speculation in stocks, but this did not deter some investors. The positive views of noted geologist Cunningham Craig and others probably also prompted some to invest. However investor enthusiasm was also dampened somewhat by another well-known geologist, T.O. Bosworth, who was not happy with the prospects of the Alberta fields.

Some analysts expected that as soon as oil was produced in the Alberta fields that a large flow of cash would begin to come, partly due to the disrupted political situation in Mexico that had cut off oil supplies. Rumours of trouble in the Balkans had also depressed the English stock market somewhat, and Britain had opportunities elsewhere, but they were still optimistic about Canada's future. Various parties were sent to investigate the Calgary find including Harry Johnson who worked for a London firm in the summer of 1914 as well as D.G. Dillingham, who represented Lord Cowdray. Cowdray, who was associated with Whitehall Petroleums, later



attempted to get concessions from the CPR, but when turned down, he abandoned Alberta as a field for investment. Royal Dutch Shell also sent agents during the first boom.

Probably the most active and experienced British firm in the Alberta oil fields was the British Alberta Oil Company, organized in January 1914 by John W. Lea of Birmingham. He dispatched well-known geologist Cunningham Craig to investigate his holdings which were developed by his agent, Mowbray Berkeley. Lea's backers put up all the money for development, but it quickly ran out and the company had to suspend operations. Lea asked the Federal Government for special concessions since his company has done a great deal in Britain to publicize the oilfields as well as to outline their geology. However, no relief was forthcoming and the company was forced to liquidate.

A second group of London investors was organized by Scott Lings. W. Bertram Mitford and Ralph Slye made a number of attempts to explore for oil in Alberta during the war years. In 1915 the syndicate had two engineers visit the field [presumably Turner Valley] who provided a favourable report. Early the following year Lethberta Oils Ltd. was established to acquire lands from the Old Colony Oil Company - a Lethbridge firm of which Mitford had been a promoter - and four wells were drilled south of Cardston. Experienced staff were brought in but the wells were not in a producing structure.

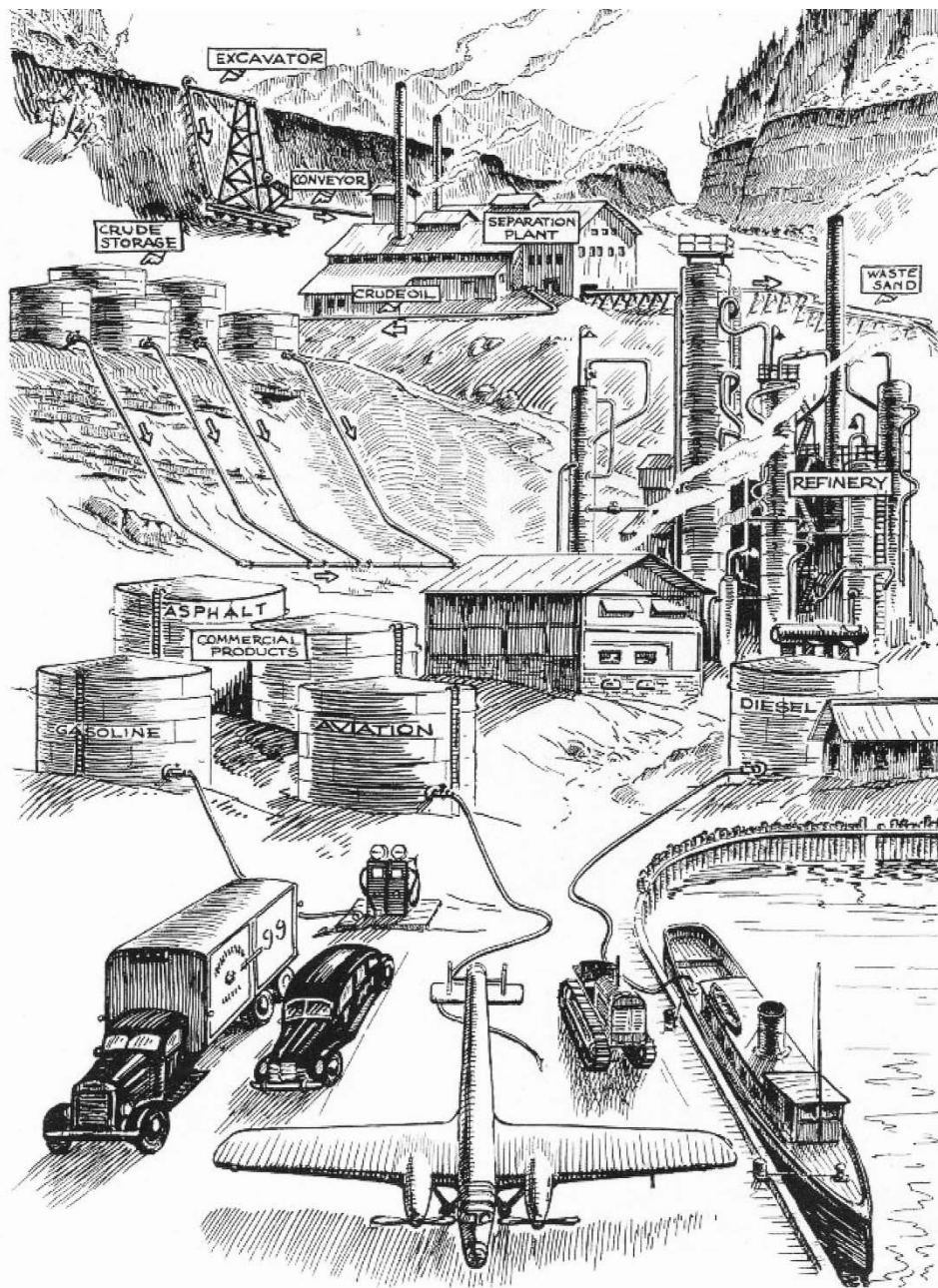
Mitford lost \$100,000 on the Lethberta wells but he was not to be discouraged. He decided to drill on two other locations, but both of these attempts ended in failure. Leases were assembled: at Viking, the "Gap" near Lundbreck, Birch Lake and Pigeon Lake. Wells were put down on the first two parcels, one starting in May 1916 and the second in August 1917."

*A few comments may provide some context:*

*The timing of the well being asked about by the Bragg Creek Society seems to be a bit off. 1913 is prior to the 1914 establishment of Lea's enterprise. We will try to nail down its actual drilling dates and also see if some details of the well itself can be uncovered.*

*The timing of some of this promotional activity predates the excitement related to the May 1914 discovery at Turner Valley. It should be noted, however, that the speculative zeal related to that structure had been whipped up for at least a couple of years prior to 1914 as a part of the process to raise funds for the enterprise. In addition, the Dingman well did encounter continuous "shows" of oil and gas as it drilled through the crest of the Turner Valley anticline during 1913 and early 1914. May 1914 marked the point at which the drillers had finally struck a thick enough reservoir to gain some sustained, and hopefully commercial, production.*

*Shell did indeed send scouts ("agents" sounds a bit too conspiratorial) to Alberta in the aftermath of the 1914 strike however their reports were not overly positive. Indeed it should be pointed out that part of the interest in understanding Turner Valley was not so much from an exploration and production perspective. Rather it was because strong production from Turner Valley would flood into adjacent markets, including the northern tier of American states, and thus encroach on the "traditional" marketing regions of companies producing and selling out of Montana, Wyoming and Colorado. If the Turner Valley production was small, it was less of a threat to their markets. These other producers and refiners wanted to know that.*



This ink sketch captures the transportation and progression (or ennoblement) of oil sands bitumen and derivative products from the mine to the ultimate end-user. It was drawn by Dr. Sidney Ells (1880-1971) who was one of the pioneers of the oil sands. Ells worked for the Federal Government and was a contemporary of Karl Clark. To quote P.H.S. Director Peter McKenzie-Brown's "Language Matters" page on Ells, he was "*The first person with a technical background to devote his career to investigating the oil sands*" and "*His 1913 report was the first government paper to stress that the oil sands in their own right had enormous economic potential*". The sketch was "discovered" by JuneWarren's Bill Whitelaw and was distributed to attendees at the 2016 Induction Ceremony for the Canadian Petroleum Hall of Fame, held at S.A.I.T. Perhaps someone should send it to the Government of British Columbia so that they can learn how the real world works.