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## ROBERT McCLEMENTS

**Date and place of birth (if available):**

**Date and place of interview:**

**Name of interviewer:** Peter McKenzie-Brown

**Name of videographer:** Telephone

**Full names (spelled out) of all others present:** N/A

**Consent form signed:** Yes

**Transcript reviewed by subject:**

**Interview Duration:** 20 minutes, 25 seconds

Initials of Interviewer: PMB

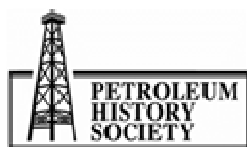
Last name of subject: McCLEMENTS

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PMB: I'm talking to Bob McClements and we're talking about Ned Gilbert and the recent article about him in the Globe and Mail. You're on.

MCCLEMENTS: The intent really is to not criticise Ned Gilbert but really give you a quick rundown on the history of the Abasand lease that became the site of the first GCOS operation. Quickly, this happened so many years ago that I am fairly certain that the sequence of events here that I when I mention a year, please take that as plus or minus a year. But, I think overall, it will give you a pretty good feel of actually what happened. Early in the 1920s, a fellow by the name of Max Ball, a mining engineer with a company in Denver, Colorado was very much interested in processes to separate sand and water from oil and the many bitumen deposits they have in the United States. True they have them, but nothing, nothing near the enormity of the tar sands. But, he did evidently acquire a sample of the tar sands which I think it's quite understandable because I believe, Sydney Ells at that time had visited a number of research facilities in the States and did make available samples of the tar sands. Max Ball had an associated by the name of McCrae, I'm pretty sure that's right. I know it's M-C-C to start with, I remember that.

He had a hot water process that had evidently worked successfully on the Athabasca tar sands. Max Ball felt so confident about it, he wrote to the provincial government and I guess the Bureau of Mines, requesting a lease in the tar sands to pursue the development of this process. And of course,



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that ultimately wound up with Cities Service, who were really the stick handler of everything with tar sands up from 1930. Anyway, evidently intrigued Ells and he went down to witness the process and evidently felt good about it. Then there was, I don't know how long, Peter. There was some discussions and I'm sure that Max Ball did visit Alberta and his intent after discussions, I'm sure with many people including Ells, was a program that really had two stages of it. He initially wanted to build a demonstration plant for this McCrae process but then use that as a source of revenue. He, like so many entrepreneurs at that day and age, could do everything except finance it. So, the plan was to build a pilot plant or a demonstration plant and Horse River lease. And the, acquire a much better, larger piece of property for a commercial plant after the success of this demonstration plant. At that time, it was 1930 and the federal government was assigning the rights to the leases to the Province of Alberta.

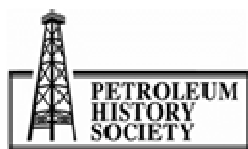
He was granted by the federal government, the lease of the Horse River lease and he was given the right to a choice of six square miles downriver that would be made available to him at a later date; really, on the basis of him providing a viable project in the Horse River lease. Now clearly, that made a lot of sense because the Horse River... I don't know if you've been there but it's a little tough walk a couple miles to get from McMurray up and over the hill, but it's not a place where you can imagine a very large operation being built. I remember being there a couple times in '64 and '65 and you can look down the river but every place else, you're looking up hill. It's very confined. But, the big attraction was the closeness not only to the population, limited as it was in McMurray but also it was quite close to the rail head and again, it was quite close to a market downriver.

Well, I'm sure Ells played a major role in having that Horse River lease assigned to Max Ball. But again, the very important thing was that there was a commitment to provide those six square miles of the larger property, at a future time, downriver. Well, what happened was the government really started getting cross-threaded with the Alberta Government. You probably know a lot more about it than I did. That was a pretty tumultuous time.

PMB: I remember it, yeah.

MCCLEMENTS: But, it's important. The important thing that I'm saying right now is that there was an agreement between the federal government to provide the Horse River lease for a demonstration plant. If that was successful then he would be granted the six square miles further down. Then the federal government stepped and I'm pretty sure it was 1930 and at that point, the care, custody and control of the Alberta Tar Sands reverted to the Alberta Government with one exception. And, that was the Horse River Lease and that was a done deal. At that point, Max Ball continued negotiating with the Province of Alberta relative to both aspects of that. And, particularly about a lease further down the river. That was the six square miles that I keep talking about. And that arrangement worked out.

And, I think clearly the Alberta Government who was keen to get on with the plant, liked the idea of the demonstration plant tied into the further lease down the river. In other words, the Alberta Government did not want to offer the lease which became Lease 4, without going ahead with the



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pilot plant and that was the arrangement. So, again, I'm not quite sure but I think it was '34 or '35 in that range, it took some time before Max Ball started to build his plant. He, like so many entrepreneurs, like Fitzsimmons before him used their own money and money that they were able to raise in Toronto and even in the UK, I guess, some of it. He built the plant and it was only a year, maybe two years until it was up and running. And something, that I don't think I've ever heard very much about. He not only, like Karl Clark and like Fitzsimmons had successfully separated the sand, the bitumen from the sand. But he had taken it another step forward. He actually had built a refinery and it was a relatively sophisticated but small refinery. And, he produced... well, he had a pipe? price? still, a fraction in town and produced gasoline, kerosene and I think fuel oil. And, I know that for a fact because I had bottle of those samples and they drug us to Fort McMurray, he had samples of that material in his little office up above the drug store.

So, GCOS was really not right to say that GCOS was the first one to produce products from the bitumen. Actually, it was Max Ball. And, he sold those products locally and I think a lot of them went downriver. Now, just playing engineer for a moment. What he did and I do remember seeing the flow sheet that he had and built the plant on. But, the big thing I think was a problem was he had no deceleration capacity and that would have been a real problem in selling a product in the large market.

PMB: Are you talking about the Bitumount project here?

MCCLEMENTS: Oh no, I'm talking about the Abasand, everything is the Abasand plant.

PMB: Oh, that's very interesting. Okay, keep going.

MCCLEMENTS: You did not know that?

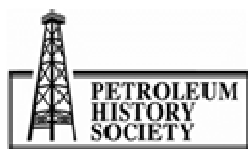
PMB: Yeah, well now. Well the reason I mention it is a few months ago, in August, I interviewed a guy who is 94 years old now and he actually worked in the Bitumount project in 1936. His memory is as clear as a bell. I don't know if you've ever heard of the guy. His name is Tom Morimoto.

MCCLEMENTS: No, never heard of him.

PMB: Because, he wrote a great book, a really excellent one which he published when he was 85. He was at... he was quite a character. Anyway, please continue.

MCCLEMENTS: Anyway, the important thing there is that Max Ball did build a plant. Once the first thing, take the step beyond extracting the bitumen and refine that bitumen into saleable oil products. Well, the process worked well but it had a fire and I think the fire was in the early 40s and to the point it was destroyed, it burned down.

PMB: Now, there are couple of those. In the early 40s, Alberta took hold of Bitumount I think and the federal government took over Abasand for the War effort, or vice versa. It was something like that.



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MCCLEMENTS: We haven't gotten to the War effort yet. The first fire I think was in 1941 and again, it was only a year or two later that the plant was rebuilt, which took it then into the start of the War. And that, was the plant that the federal government took over. And, I guess in a disparaging way, Max Bell was eased out of it and it was then run by the federal government. I have read articles about that and it was the Alberta concept about how lousy the federal government was in operating the plant. That's quite a size, it was a terrible situation. I'm not sure that the federal government ever really got the operation up and running again. I think I saw something that Karl Clark had written, very, very critical of the federal government running the Abasand plant. And again, staying out of the politics he was very much involved with the government when they took over the Bitumount plant. So, you're never really sure what the personalities had affected it. But anyway, there was another fire in the plant when it was now being operated by the federal government in again, about 1945. I think it was just about the end of the War.

The federal government then gave up. But, we go back to when the federal government took over the lease from Max Ball, there was an agreement that if the federal government ever decided to give up the lease it would revert back to Max Ball. But, the important thing was the negotiations that took place between Max Ball and the Alberta Government back before the plant was built. This is going back now to the early 30s where the federal government had made the commitment that on the six square miles and the Alberta Government had agreed to that and they had agreed then the six square miles was going to be Lease 4. That's the really important thing right there. So, when the federal government left, they closed down the Horse River plant, that was the end of the federal government and now on the six square miles that now was a lease that was given to Abasand by the Alberta Government.

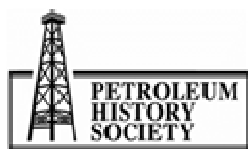
Now, at that point, Abasand really was out of the tar sands business but they had the lease which was then Lease 4 and now Lease 86. But, Lease 4 was probably the only real asset that Abasand had left. Now, Abasand after the demise of the Horse River plant, they were sold several times and there was one in there that I remember, we called it Sigal or something like that. Then it was sold to Canadian Oil. And then, ultimately, it was sold to Shell. But, when it was sold to Canadian Oil, I believe it was that point that Sun took a sublease from Canadian Oil which was now has the Abasand lease.

PMB: Let me give you what I think I know about that. I think that it was taken over by Oil Sands Limited which was supposed to be Toronto investors.

MCCLEMENTS: No, no, no. Oil Sands Limited was the Bitumount plant.

PMB: Ah, okay. Thank you for clarifying that. Okay, keep going.

MCCLEMENTS: Just very quickly, Oil Sands Limited was the name that Champion gave to the Bitumount operation after he bought it from Fitzsimmons. Then the group of entrepreneurs from Toronto formed Great Canadian Oil Sands and I know that for a fact in 1953. They changed the name and incorporated the new company as Great Canadian Oil Sands. They just put Great



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Canadian in front of the Oil Sands Limited. But, that was a totally separate change, nothing to do with the lease. There is an interesting thing about the sublease that Sun obtained from the owner of it at that time which was, Canadian Oil. A man, a wonderful man by the name of Harold Rea was the senior executive in Canadian Oil. I'm sure he was the one that was involved in the issuing of the sublease to Sun Oil Company because he later became the chairman of the board of Great Canadian Oil Sands. So, there was a very close relationship there. Harold Rea remained a chairman of the board for most of my years at the plant site.

PMB: Was that...

MCCLEMENTS: An oil man who I believe served again in the War and some relationship with the Canadian War effort. So, that's how Sun acquired the lease. Then, I'm sure we've talked about this before. After the entrepreneurs acquired the lease and patents from Champion, went ahead, hired a very reputable engineering company. They drew the Bitumount lease, found out it wasn't worth building a mine on it, the quality of the oil was so bad. So, they started looking for another lease and they looked quickly at Lease 4. They approached Sun and at that time, it was probably Shell about mining that lease. And, Sun agreed to give GCOS the right to mine the lease. Sun agreed to buy the oil products from the lease. So, at that point, GCOS had an engineering study. They had a lease. They had the right to a lease. They had a market for the oil. They had a permit from the Alberta Government to build a plant for 31,000 barrels a day.

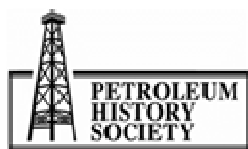
PMB: Bob, this is such an important story. Great! What else do you have to add?

MCCLEMENTS: So, at that point, GCOS again talking about the group of entrepreneurs, financial guys from Toronto. They at that point, were signing, they couldn't raise the financing for it. They had everything in place except they couldn't raise the money at all in Canada from anybody. So then, they came, the moment of truth for Sun Oil Company. Actually, in the middle there GCOS offered options. I think we talked about this before; options in the GCOS operation given to three companies. One of which was Sun, one of which was I think Canadian Pacific and the other was Canadian Oil and everybody dropped the option. So, there was not option money coming to GCOS. So, then at that point that was the decision point where Sun was either going to take up and finance the project and take control of the project or drop out of it entirely. But, it's important to know that GCOS had absolutely no interest in building the plant up until GCOS in 1963, I guess it was, they were granted... They were all set to go except they couldn't raise the money. That was the moment that you spoke about before where J. Howard made the decision that he was going to do it.

PMB: That is absolutely fantastic.

MCCLEMENTS: How come you don't know that?

PMB: Well, actually, I did know a lot of that. But, you filled in a big hunk about what was... I do know that. I actually have that in the history I've been writing. But, I didn't know a lot of that stuff. I've read a bunch of books that tried to explain it. You've put it really clearly. Now, what I'm going

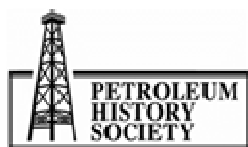


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to do... I sent you out... Do you have anything more to add on that? If not, I'm going to turn off the recorder.

MCCLEMENTS: Oh, sure.

**[END OF RECORDING]**



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