

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Jim Drumheller

INTERVIEWER: Nadine Mackenzie

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NM: This is Nadine Mackenzie speaking, I am interviewing Mr. Jim Drumheller in my office. Mr. Drumheller, thank you for having accepted to participate in our project. Can you tell me, when and where were you born?

JD: I was born on a ranch southwest of High River. My father was one of the old time ranchers in that area. I grew up there, went to a country school through grade school and I went to high school in High River.

NM: Your name Drumheller is the same as the city, is there a connection?

JD: Yes, there is a family connection.

NM: Somebody from your family gave the name?

JD: Yes, some of my relatives I think were involved with the beginning of the coal industry in Drumheller. I think that's where it came from.

#015 NM: So you went to school in High River, secondary school there too?

JD: Just high school.

NM: And after that, what did you do?

JD: Well, after that I... as a matter of fact while I was going to high school, our home was not too far from Turner Valley and that was of course, the centre of the Alberta oil industry and I was fortunate enough to work during the summers for Haliburton Oilwell Cementing Company, during the summers when I was going to school. I went to university in Edmonton for a couple of years and I finally graduated from the University of Oklahoma in Petroleum Engineering.

NM: Why did you choose petroleum engineering.

JD: I think I was always oriented towards some kind of engineering or science work and I think, due to my early association with Turner Valley and the oil industry, that was most instrumental probably in steering me towards a petroleum engineering school.

#029 NM: So then you went to the University of Oklahoma?

JD: Right.

NM: Which year did you graduate?

JD: I graduated in 1942 I think it was, '43 somewhere in there.

NM: And then what did you do after graduating?

JD: I spent three years over in the Persian Gulf working for a subsidiary of Standard of California and Texaco. After three years there I came back and spent a short hitch in the

Air Force. My first job after that was with the Standard of California out in the Princess area.

NM: Who hired you?

JD: John Galloway.

NM: Can you tell me a bit about John Galloway?

JD: John was. . .or Mr. Galloway as I always called him was apparently a very competent geologist. He'd been sent up to Canada to get Standard of California into the oil business here as far as I could tell. And I think he was successful. I know you've interviewed several ex-Galloway proteges and they probably told you that Standard was the first company I think to find Devonian oil production in Alberta, in Canada probably. He was a very fair man, he was fairly private type of person I would say but I always found him very pleasant to work for. We left on good terms.

#048 NM: That's good. So he hired you and then he sent you to the Princess area. What did you do there?

JD: Production and drilling. I worked on drilling rigs and then I worked in the field, in various types of jobs, looking after drilling rigs and handling some types of production.

NM: Where were you living at the time?

JD: Part of the time I lived in the little town of Patricia which was right close to the field. I think later on the company built a very nice camp right at Princess but I wasn't there to enjoy that.

NM: What about the conditions of living, were they tough?

JD: I think I left the Standard of California to kind of try business on my own and I set myself up as a consulting engineer. Things in the oil business were fairly booming I believe, as I remember at the time. You ask was it tough to leave, no. It was a good job and everything and I had some misgivings about leaving but I was pretty free and unattached and I thought if I was ever going to do something on my own this was the time to do it. So I think there were several years in there. . .2 or 3 years after that, that I worked around, mostly in Alberta for just about anybody that would hire me to look after a well. Generally an exploration type drilling operation. And I'd be in charge of the rig and the operation for the owners. This lasted for I think, about 3 years. At one time or another it seemed to me, I was partners with John Downing and Ian Cook and then we'd drift apart. It was quite an interesting and productive and a good part of my life.

#076 NM: Where was your office at the time?

JD: In the back seat of my car really. That was my office, really. I didn't have too much in the way of book work to keep up and most of it, as far as well operations would all be done right at the well and I'd send reports in right from there so I didn't really need an office.

NM: That's right. And after that, what did you do?

JD: I went to work for Gulf Oil Company. This was back in the late 40's I guess. They were looking for a Canadian engineer, preferably I think with a Petroleum Engineering degree and I happened to be chosen and I spent about six months on a kind of get acquainted tour through the southern U.S. and then I came up to Alberta and I worked under Paul Gasset,

who was Gulf's Drilling Superintendent. I spent about a year I think, with Gulf, or a year and a half and was mainly on their outlying wildcat operations, all the way from Stettler to the Peace River country. Any time that I didn't have a well to look after, I'd come back to Pincher Creek, where Paul Gasset's headquarters were and I'd help out there on the Pincher Creek operations which was Gulf's main concern at the time. After Gulf. . . well, I think it was in about 1951 that some friends of mine and I got together and we formed Red Well Servicing Company. Started out with one small service rig in the Redwater field. And it was in the early days of the Redwater field and George Ward and Roy George were the boys that kept the rig going and John Ballatchie and I. . . well, I'd left Gulf and I had gone kind of back into consulting work. And I was looking after wells for other people at the time. John Ballatchie was doing the bookkeeping and the accounting for the little operation we had, this Red Well.

#111 NM: So he was your partner?

JD: We had four partners to start with. That business went on and it prospered and I eventually left the consulting business to take an active role in the servicing business and by this time we were also in the drilling business with a company called Big Horn Drilling. It actually was quite successful right from the start with help. A lot of help from our friends, probably chief among them was Tip Maroney with Imperial Oil.

NM: Did you know him well?

JD: I feel I knew him reasonably well. I don't feel it was a case of presuming on any close friendship. Our association was mainly in the business field. Probably 3 years after we started this company a group of English companies interested in getting a foothold in the western Canadian oil business came to me and made an offer for Red Well and Big Horn. The upshot of it was that two of the boys sold their interest to this English group and George and I stayed on to run the company, George Ward and I stayed on to run the operation. This relationship continued up until about the early 60's and through some mergers and takeovers in the British Isles, we found that Burma Oil had gained control of my companies. Oh yes, and in the meantime George Ward had decided that he wanted to get out and try something on his own so he sold his interest in the company. Burma Oil became the chief shareholder in Red Well Servicing and Big Horn Drilling and I'd make periodic trips over to London to give them a report on the operation and talk to them. I think eventually. . . actually I think that they never really intended to get into the drilling business and the well servicing business. They bought these other companies for their other assets and I think they were rather maybe, surprised when they opened the bag and found there was Red Well and Big Horn included. Anyway after just a few years with them they decided that they wanted to get out of their interest and they gave me an opportunity to buy it, which I did. That was in about 1970. After a few worrisome years I could see daylight ahead and eventually I was able to pay it off and owned both companies completely. I operated until the late 70's. We drilled wells for a good many companies and we serviced wells for a good many more. In the late 70's I felt that it was about time to reduce some of my problems and responsibilities so I started to sell some of the drilling rigs off. Over the next few years I got completely out of the drilling business

and a couple of years ago I actually started to get out of the well servicing business also. I've been either selling equipment or leasing it to people with an option to buy it since then. My ultimate aim is to eventually liquidate the equipment in the two companies. What I'll do then I don't know. I'm still involved in the oil business. My old partners and friends, George Ward and John Ballatchie formed a company several years ago, it's a drilling company, Northeastern Drilling and I have a small interest in that. It's probably about as much as I want to do in the drilling business now.

#182 NM: Can you tell me, where did you get your drilling rigs from?

JD: Where did I get the drilling rigs from originally. They were all Cardwell rigs and we bought them from Cardwell. I think Len Walker was one of their early managers or salesmen here and I think we bought several through him.

NM: What about the servicing, did you hire a lot of people to do that?

JD: Each rig took three to four men in those days and of course, we hired them, yes.

NM: Was it a big staff or small staff?

JD: I guess in our heyday we probably had maybe about 130-140 people working for us in the servicing end and maybe 60 or so in the drilling end.

NM: I know that your first office was in the back of your car, did you get a real office later on?

JD: Oh yes. When we started the servicing company. Well, actually the first few years of the servicing company, the office I think, was John Ballatchie's home. He did the bookwork and everything right in his house. Of course, we couldn't stand much overhead in the early days and I was working elsewhere and he had another job. We were doing this just to kind of make it go.

NM: And later on, what happened, did you get an office?

JD: Oh yes, of course, yes. We decided to settle in Edmonton for headquarters, eventually had a nice shop and yard there, still have it as a matter of fact, with an office. And we had a yard and shop set up in Drayton Valley. We operated mainly out of the Edmonton office.

#215 NM: Did you have one too, in Calgary?

JD: Yes. I think sometime in life we did. We rented an office here in Calgary. It was just a place for me to come and spend a few days a week more than anything else.

NM: Can I ask you, who were these British companies?

JD: Premier Consolidated Goldmines was one, Anglo Ecuadorean was another, Bowering Brothers, who were a big shipping and insurance group were also one of the others and there was another one, I can't really remember the name.

NM: and what has happened to these companies?

JD: Bowering of course, is still I think carrying on. This was just an investment for them. I'm not just sure which ones the Burma oil group took over but I think they took over the ones that were mainly in the petroleum end. So I presume that they're all part of the Burma group now.

NM: Right. They can disappear into the company. Can you tell me a bit more about Drayton Valley?

JD: It was really difficult operating in the very early days. There were no roads, it was . . . I

think that was probably the main difficulty and of course, there was really very little in the way of accommodation for men. They were living in just any kind of a chicken coop that they could rent. It was a far cry from today's drilling camps where everything is pretty deluxe. But as I remember the difficulties, when it rained out there and trying to move equipment around was just a nightmare. It was really difficult. Mobil Oil was the discoverer and they were one of the first to put in a permanent camp there. It developed quite rapidly and of course, with the development came roads and motels and hotels and places to make life a little more comfortable for the people that were working there. That's about all I can tell you.

#260 NM: At the beginning it must have been quite tough then.

JD: It was. It was pretty primitive to start with.

NM: What about the equipment, where did you get it from?

JD: There was always a well established industry at the time of Drayton Valley. Leduc had been discovered, that set the thing going and then Redwater shortly afterwards so that there were a good many drilling contractors and service rig contractors in business at the time. They were all competing for business. When something like Drayton Valley started, that was the place to get into.

NM: Mr. Drumheller can you compare the training of oil people in your time to what it is nowadays?

JD: Well, the big difference is in the way it was done. In the early days a boy would go to work on a rig without any experience. Of course, the ones that made the best rig hands because they had some experience with equipment and machinery and they all seemed to be used to the idea of working. It was just a case really of you learned yourself or you just didn't stay. I can remember my first work on a drilling rig and I'd never worked on a drilling rig before actually. I'd been around them a good many times when I was working in Turner Valley but that wasn't as a rig hand, it was on service work. I can remember, as a matter of fact it was out in the Princess field and I was working on this rig and we went out. . . I'd only been there a couple of weeks and I was really green and trying to learn and we had a pretty tough driller. One night we went to work at midnight and the derrick man didn't show up and we had to pull the bit out of the hole and the driller just looked around and he said, the derrick man didn't show up, you better go up, they called it the tree, go up in the tree. I'd never been 10' off the ground until then and I was pretty shaky but I did go up and we got out of the hole and back in again I guess all right and from then on I was a derrick man. That's the way I was trained and that's the way. . .

#311 NM: Good training ground, learn on the job.

JD: Well, if you didn't get killed in the process or hurt that was right. Nowadays of course, they have schools and classes, the whole thing to prepare these boys before they even go near a rig. And then they have. . . of course, they have an actual operating rig set up to train them on before they go to the field. So that's the way a lot of them today are trained. Although I think there's still quite a few, maybe doing it the old fashioned way too.

NM: Because in your time it was possible to be self taught geologist for example, I'm thinking

of George Deneil???

JD: Yes, you're right. I think a lot of the early geologists were pretty well self taught.

NM: Nowadays that's impossible.

JD: Oh yes. I don't think you'd even get a job without having a geological degree.

NM: Can you comment on the ups and down of the oil business because you have been a witness on that?

JD: I think ups and down. . .

NM: Sorry, this is the end of the tape.

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JD: I really think ups and down must be an inherent part of the oil industry. I know since I've been in the oil business we've gone through several periods when it just looked like the end had come, there wasn't anything going on. Work was practically nonexistent, but they didn't seem to be too long lived, the ones that I can recall in the past. Maybe up to a year at the very most. I think the most. . . this recent downturn has been the longest and probably the most severe of any that I've experienced.

NM: So how do you foresee the future of the oil patch here in Calgary?

JD: I don't think it is ever going to get back to the 1980 condition really. I think that there should be a gradual increase in activity which is becoming evident now. And barring some unforeseen crisis in the Middle East, I think our industry here is going to be a matter of fairly slow growth and I hope it's steady growth and I think it will probably be a lot more healthy that way than what we saw in the late 70's and early 80's. Things really got out of hand there and I think we're still paying for the surplus of rigs that were bought and all the hoopla that raised people's expectation to the point where it looked like you didn't really even have to do a very competent job to make a lot of money in the oil business at one time. I think we're well to be past that period.

#027 NM: What do you think of the National Energy Program?

JD: I think the National Energy Program was ill conceived to start with and even if their projections had been fulfilled as far as demand and price was concerned I still think it would have hurt our industry. The drop in world consumption and the price coming down just threw the whole thing completely out of perspective. It got to the point where taxes were crippling most of the smaller independent companies.

NM: It was very, very hard on the small companies.

JD: Yes it was. And I think it was a case of people. . . first of all I don't think they knew as much as they should have about the actual operation of the oil industry. Secondly I think they used very bad judgement with the program anyway.

NM: What is your opinion on nationalized companies, like Petro Canada?

JD: I'm completely against nationalized companies. I think they could have encouraged and helped some of the actual Canadian companies to develop and grow through some kind of

tax incentives or certainly less onerous tax burdens. They might have developed a home grown industry without. . . I think they would have without any nationalization. I feel sure that private companies are much more careful of spending their money and are more concerned with the bottom line than the nationalized oil company is.

#052 NM: Let us go back to your career. Who were the most influential persons in your career?

JD: I know there were a lot of people who were influential in shaping my career and the success or the lack of it, whatever. I've mentioned Tip Maroney, who I feel really, got us started in the drilling business in the early 50's. There have been many of our customers who I developed good friendships with that I feel were influential in helping. There's so many of them really that I'd hesitate to really try to name people. I've had many good friendships that developed out of our business relations with the companies and the personnel in the oil business and it's one of the real pleasures to look back on is the relationships and the good friends that I have made in the business.

NM: What do you consider your achievements?

JD: I've survived. Which is probably a fairly modest achievement. I feel that I've raised three children and hopefully have them educated to the point where they can make a living and some contribution to the world. Other than that, I don't think I've made any extraordinary achievements other than just operating a business as we've talked about. Becoming hopefully self supporting in my old age, that's about all.

#078 NM: Did you have any plan for retirement? It seems that oil people go on working, they might slow down but they still keep busy.

JD: No I really don't look forward to retirement, total retirement that is. I've been happy with the lower pace of life since I've been getting out of the actual operations but I really would miss totally severing myself from all connections with the oil business. And I hope I really never have to.

NM: Looking back at your career, what do you think of it?

JD: I think I've been lucky. I really think the Lord has blessed me because so many times, when I do look back, I could have made some moves different than the ones I made. I don't think it was that I was terribly smart or could foresee the future that prompted some of my deals but really on the whole that I've really been quite fortunate in the way the world has treated me.

#095 NM: And this is the last question. On the whole Mr. Drumheller, what do you think of the oil business?

JD: I think it's been a wonderful business. It's certainly been kind to me. Obviously it's a case of a business built on a depleting asset, where eventually, and I don't think it's going to be more than a couple of generations from now where we'll have to be looking someplace else for our energy sources. But I've been lucky I think, especially living in Canada and kind of growing up here with the oil business, right from my early time in Turner Valley, through all the really important discoveries that have been made. I don't think we'll see

those again really. And I think I've been fortunate to be a witness and a small player in the game so far. As far as recommending it as a career for somebody I'd think they'd have to be pretty oriented towards the particular technical side of the industry first of all. I think I could think of other forms of engineering that might have a more secure future. However for the next. . I'm sure for the next 30 years or so it'll still be a great industry for young people to get into and prosper at.

NM: Thank you very much for this very interesting interview.