

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: William Friley

INTERVIEWER: Jack Peach

DATE: July [1980 ???]

JP: This recording is being made at the home of W. A. Friley, William A. Friley on the 15th of July, [1980 ???]. Bill, we begin with the beginning to find out how you got into the oil industry and where. I suppose at the end of an educational spell.

WF: Well, Jack, that's right. I graduated from Iowa State University at Ames, in 1938 and I was extremely fortunate in having as my instructor a fellow by the name of John T. Lonsdale. Dr. Lonsdale was the head of the Department of Geology at Texas A&M until it became time for me to decide what I wanted to take at Iowa State and it just happened that I had a few connections at Iowa State that made it possible to invite Dr. Lonsdale to Ames as head of the Department of Geology and at the time there were three graduating students in 1938. We were most fortunate in having Dr. Lonsdale with us. Immediately on graduation I was most fortunate in going on a training program that had just been started by Standard Oil Company of New Jersey. It was their first training program and they ran it through the Carter Oil company, which was the mid-continent subsidiary for Standard, New Jersey. They picked four geologists from around the United States. There was one from Princeton and one from L.S.U. and one from Kansas State and I came from Iowa State. The Carter Oil Company took us on in those days at the excellent wage of \$125 a month and we spent some 18 months looking over the entire exploration and producing picture as they had it going at the time. In other words, we had a chance to spend 2 months in the Tulsa office of the Carter Oil Company doing lease records work, then we'd have an opportunity of spending two months in Kansas doing scouting work and four months in Kentucky doing geological work and four months in Illinois doing work on drilling rigs and then some seismic time and so on. To the point that by the time this program was completed we had had excellent office and field exposure for a period of some 18 months.

#036 JP: And geographically over quite an area too.

WF: Over pretty well the entire mid-continent area of the United States.

JP: I'd like to backtrack just for a minute Bill. You were Iowa born?

WF: No, I was born in south Texas, I was at Texas A&M College.

JP: Oh your father was on the faculty wasn't he?

WF: My father was Vice-President at Texas A&M and Dean of Arts and Science and in 1932 went to Iowa State University and 1936 became President of the University and was there as President for some 20 years.

JP: Are you coy about your birth date or would you give it to us?

WF: Well, Jack, I'd like to be a bit coy but I was born around 1917 in south Texas.

JP: There we are. All right. Now, you have good background with Carter Oil, what really took you into oil?

WF: Jack, I was always enthusiastic about the outdoors and I had the feeling that the oil business was a type of the game that would permit me to continue my outdoor activities and at the same time, in those days, it sounded like an excellent profession to be in. I liked the sound of the way those oil people were living in south Texas and in Oklahoma and I thought I wanted to be a part of that type of the action.

#054 JP: Now how did you get specialized in the land part of it?

WF: Well, Jack, I mentioned this training program that the Carter Oil Company conducted. At the end of this 18 months exposure to all phases of exploration and producing operation, we were actually given a choice as to what end of the business we thought we would like to go into.

JP: Having tried all these various facets, isn't that interesting.

WF: Exactly. And by that time I had become convinced that the land end of the business would suit me a bit better than for example, the geological end, for the reason that I had become quite interested in the negotiations end of the oil business. The buying of leases, the working up of drilling deals and that sort of thing. To me, I was of the impression that that was the business end of the oil business and that's where I wanted to be.

JP: To leap ahead Bill, have you ever regretted that?

WF: Not one bit. I haven't regretted one bit moving a bit away from my geology. I still have always had the feeling that my background in geology still left me with the potential of asking enough questions to sort of keep things honest in my organization as far as geologists were concerned.

JP: Where did you work first of all, you had this wage, earning while learning, what came after that?

WF: Jack, after 18 months on this training program I selected the opportunity of going into the Land Department of the Carter Oil Company and was fortunate enough to be assigned as head of lease records for the central division of the Carter Oil Company. As head of lease records for the central division I was in Oklahoma City, working for fellows like Hugh Shannon, who was head of the division and who incidentally came to Calgary as head of Trident Drilling Company, which I was later associated with. But I started out my actual work with the Carter Oil Company. My first productive job was in the lease records division of the company.

#088 JP: What got you facing northward?

WF: Incidentally after this lease records work I spent a couple of years in the field, procuring titles, leasing land, negotiating contracts, that sort of thing.

JP: Right up to here in land work, isn't it great.

WF: Right. And then got back into the Oklahoma City office as office Land Man and it was while I was in Oklahoma City as office Land Man for Carter, that I had a call one day from the head of the Land Department in Carter, the headquarters were in Tulsa at that

time. This fellow's name was Nelson Rood??? and Nelson said that he. . this was along in the early 1950. . and Nelson said that he had a couple of friends from Imperial Oil Company in Calgary, Alberta, Canada who had called him several days before and were in the Tulsa office with him right at the time and they were looking for a man to come to Canada. A man with some experience in the land end of the game, experience similar to mine, to take charge of Imperial Oil Company's Land Department for Canada. The two men that were in Nelson Rood's office at the time, who had come to Oklahoma to find this land man, were W. O. Bill Twaits??? and W. D. C. Don Mackenzie. Nelson asked if I would be interested in interviewing them and I told him that I'd love to have a visit with them. So he asked me to come up to Oklahoma City that afternoon. I went up there and Bill Twaits and Don Mackenzie were nice enough to invite me to come up to Calgary to look the situation over in late April of 1950. I kind of tied that date down pretty close because it was. . when I come up here for my interview, when I get ready to go back to Oklahoma City I had to go through Winnipeg and I went through Winnipeg on May 3rd of 1950 and that whole country as you probably will recall was under flood at the time.

#119 JP: I suppose in those days, at least up until that time, you'd wonder what a Calgary was and what an Alberta was and that sort of thing?

WF: Frankly I had not had the opportunity of learning about Calgary and Alberta up until this time, so I felt extremely fortunate for an opportunity to see this part of the world. Of course, when I came up I was thrilled to death with what I saw.

JP: I was going to ask you what your first impressions were?

WF: Well, Jack, it did seem a long way from Oklahoma City. I can recall that we used to have to. . . it took quite a while to get from Oklahoma City to Denver and then from Denver to Calgary was a major effort on the airlines. It's my recollection that it was a combination of Western Airlines from Denver to Lethbridge and then we met an Air Canada or Trans Canada coming across from eastern Canada that stopped in Lethbridge a few hours later and we came on up to Calgary. I did make several trips back and forth about that time and I can recall several of those trips, the Trans Canada plane didn't come through and we came on by bus the rest of the way.

JP: A major effort to make it in those days, yes. So you saw the place and like the look of it.

WF: Jack, I thought it was a terrific place. I had a chance at that time to meet Mike Hyder???, who was head of Imperial Oil, met him over a period of several days. But both Bill Twaits and Don Mackenzie were here to show me around and I can recall that there were several other fellows in the office at that time, Tip Maroney was one of the old timers in charge of production and Vern Taylor was there.

JP: It was quite a team they had in those days, wasn't it?

WF: They had a terrific team in those days. Of course, this was shortly after Leduc and Redwater had been found and they were beginning to concentrate personnel and money in the Calgary area.

#149 JP: They must have been a very excited bunch because they went through such a dry spell prior to Leduc and so this must have. . here is the world opening up, all of a

sudden, at long last.

WF: They were ready to go all out.

JP: Tell me about Mike Hyder, did he influence you quite a lot when you were up here first.

WF: Mike would, I believe influence most anyone. While Mike wasn't here for more than a matter of a couple of months while I was here, he was a tremendous fellow and I had occasion to run into Mike many times after Mike left here for New York and became head of Standard down there. But we would see Mike back out in the Calgary area each year, once or twice and we would meet him at budget meetings at the Westchester Country Club in New York and in Toronto and in New York. There's no way but what Mike was a real driving force for Imperial and Standard Oil in those days.

JP: Bill, what did Imperial do with you, did they turn you loose, or how did you find it when you began?

WF: Well, Jack, they were tremendously cooperative at the time. Now, I mention the fact that Bill Twaits and Don Mackenzie had come down to visit with me and were nice enough to show me the ropes when I got up here, but the fellow in charge of the office at the time of the western operation for Imperial Oil was Bob Curran???. I had been associated with Bob Curran through the Carter Oil Company for several years before coming to Canada. Bob was head of the Scouting Department for Carter at the time and then he came on up to Canada and had been here for several years at the time I reached here. But the whole crowd were as cooperative as anyone could ask. When I came up here, I came up to take Rex Dawson's place. Rex was head of the Land Department for Carter before me. I had worked with rex for 8 or 10 years before coming to Canada, he was with the Carter Oil Company. So I took Rex Dawson's place and the Land Department was turned over to me lock, stock and barrel and there was a wide open field for my operating. We were up against . . . I was up against new systems up here in lease rentals and lease records and special obligations and the fact that we were acquiring our leases principally from governments as compared to free hold owners as we had been used to in the States. I think the biggest change in operation was the fact that in Alberta and in Canada, for practical purposes, the titles were guaranteed by the government in as much as they were government properties. Whereas in the States, it was necessary to cure a title, to make sure that a title was perfect to your lease, you had to call on an abstract, you had to call on a title company, which would go back to the origin of the title to the property and bring it right up to date as far as every mortgage, every quick claim deed, every transaction related to that property. As a matter of fact, I've seen some of these abstracts that were as many as 12 and 15 hundred pages long and it would take a matter of, you could take 6-9 months work on those abstracts to cure titles, whereas here, the titles were guaranteed by the government.

#207 JP: Now did that make it more or less interesting for you?

WF: Jack, I think it made it just as interesting. It relieved us of the details of curing titles, which really gave us more time to concentrate on negotiating deals. To the point that we could try to bring in farm outs from other people or we could analyze our lands and decide which of our lands should be farmed out, which lands should we drill and then we

could concentrate our efforts on negotiating deals for farm outs to other people or acquiring farm outs from other people. So to that extent, that was the real oil business.

JP: That would be an advantage, sure. Now, were there still some titles in those days Bill, surely there were, some that still were free hold. The change over was taking place then.

WF: That is correct. Actually at that time, it is my recollection that there were some 85% of the lands that we were dealing with in western Canada, which were owned by the government. That left another 15% that were free hold lands, which we did have to run down titles on but they were very much in the minority and not a serious problem.

JP: Wasn't it so that in those days that did change ownership, the mineral rights automatically reverted to the Crown, did they not?

WF: Jack, I'm not at all sure that they reverted to the Crown automatically. The Crown of course, on the roughly 85% lands that they did own, they owned the land, they owned the mineral rights. The free hold lands were more the lands that were held by the old Hudson Bay Company, the Canadian Pacific and the Hudson Bay, those were considered free hold lands and those companies had the title to the minerals. And if I recall correctly, some of those, at such times as some of those lands were given to settlers into western Canada, whether they were building railroads or coming out to the end of the railroad and that sort of thing, they ended up with the land and I think in most cases, it was the Canadian Pacific and the Hudson's Bay, who held on to those minerals. In many cases we had the job of negotiating with Canadian Pacific and with Hudson's Bay on their mineral rights.

#250 JP: Rather than the individuals?

WF: Rather than the individuals.

JP: What was the temperature of the government in those days, Bill, as far as this was concerned, since you dealt so strongly, so intensively with the government?

WF: Jack, the relationship, in my opinion, as between the industry and the Alberta government and of course, most of our oil and gas has been found in Alberta, certainly smaller parts in British Columbia and Saskatchewan and Manitoba, but by far the larger part of our oil and gas reserves over the years have been found right here in Alberta. The climate with the Alberta government was as perfect as we could ask for under any conditions. Of course, those were the days that Mr. Manning was our Premier and Eldon Tanner was our Minister of Mines and Minerals and as I understand it, Mr. Tanner had gone to great efforts to tour the oil producing States and the State capitals in the U.S., when Leduc and Redwater had come into existence. He did this, he made this tour for the purpose of gathering up all of the information that he could, to help the Alberta government write a series of regulations to cover the oil business and what they were about to get into. I think they did an absolutely marvelous job for the time.

JP: They had done their homework very well.

WF: They did their homework in no uncertain terms. And then they had people up there who were ready to sit down and listen to you and work with you on your problems. Of course, these were back in the days when the leases, as I recall, were for long periods of time, like 21 years.

#286 JP: That's a difference between then and now, a big difference.

WF: Well, Jack, over the years the lease term has dropped very substantially, to the point that we're now faced with leases that will run more like 5 years in term.

JP: Those long term leases then, would give you a great sense of security, you were dealing with something of far more permanency.

WF: That's right. And we had ample time to explore those leases and if we found that for one reason or another, we weren't going to be in position to develop those leases the way we wanted to, we had ample time to make farm outs on those leases, to get them drilled by someone else. That certainly was a favourable climate to be working in, in those days.

JP: Did you feel that the government was willing to take it easy with you and not push to get things done right now or was there a certain urgency about developing these leases?

WF: Jack, I think that the government was fair in all instances and I think that with the time that we had available to us, to develop those permits and leases, I think the government didn't feel it necessary to push too hard. Now, through the years. . incidentally, under normal circumstances in the old days, we used to go through a permit stage first, and after we had acquired those permits, and they would be solid blocks of land, large blocks of land, into the hundreds of thousands of acres, when they were grouped together. Within a reasonable period of time, for example, when we had had time to do surface geology, sub-surface geology, photo geology, seismic work and various types of geophysical work. After we had had time to do that over these broad permit areas, we did have deadlines, which were reasonable deadlines, in which to select out of these permits our leases, for 21 year periods.

#330 JP: So that you just couldn't sit there?

WF: So you couldn't sit there on the whole permit. So we were in the position of picking up 50% of the land in lease form, the remaining 50% went back to the government and they were in position then to watch the development on the leases which had been taken and then sell those lands at the proper time, to whoever was interested, including the people who owned the leases.

End of tape

Tape 1 Side 2

WF: Jack, we earlier talked about the fact that when I came to Calgary to join Imperial on July 1st of 1950, I must say, and I think I'm repeating myself, that Imperial's entire management was just as cooperative as they could be. For example, Leduc and Redwater had been found along in 1948, 1949 the action started picking up. Imperial was in the position of acquiring millions of acres of leases and this had come about at such a rapid pace that I could frankly see that we probably needed a little help in our land department to digest all of the leases, the rental dates, the special obligations on contracts and that sort of thing. We just didn't have the numbers of people to do the job with, we had top flight people but we just didn't have the numbers. I immediately, within a matter of 3 weeks, went to management, went to Bob Curran and Bill Twaits and Don Mackenzie and said fellows, I think that it would be an excellent idea to start a training program similar to the one that Standard started back in 1938 and try to get 10-15 real top flight new fellows to come in here and start learning because there's every evidence that Imperial is going to be operating in a big way for a long time and while we have the very best available, we need more people.

#026 JP: You'd had a wonderful example with your own course that you'd taken.

WF: I was happy with what I had seen in the past along those lines and the management took less than 24 hours to tell me to attempt to pick up 15 of these type people I was looking for. So for the next 5 or 6 months one of my principal jobs was to canvas the universities across Canada and pick up such fellows as Pete Myers and Bill Hamilton and a number of fellows who are now running oil companies in western Canada.

JP: Bill, may I interrupt here for a moment, was that the first time this recruiting had been tried across Canada by the oil companies.

WF: This is the first time, to my knowledge, that a training program had been worked out in Canada for a Land Department. I have a feeling that based on the way that these fellows developed in industry that it was well worthwhile for all concerned. One other thing that I decided was most important and most necessary and extremely urgent, was to see if we could get our local management to let us invite the head of the Lease Records Division for the Carter Oil Company to come to Canada for a month to help us analyze the entire situation, in as much as millions of new acres with obligations had been picked up. Just to make sure that one year, three years, ten years from now, our record system was going to be such that we could cope with all of our obligations. It took less than 24 hours to sell management on that and they of course, had to go through New York, who in turn went to Carter Oil Company and within three days the head of the Lease Records Division for Carter Oil Company, who at the time, had over 30 years experience with lease records problems. He was in Calgary and stayed here for 30 days and I believe it was one of the most fruitful periods that I had in the oil business. By the time he left he had left us a complete summary or resume of a system that would enable us to assign numbers to

leases, catalogue everything, itemize all of the special obligations involved in those leases, schedule all of the rental dates. Because Jack, with millions of acres of leases and rentals, many rentals coming due each month it was a tremendous task and I believe that this move made life much easier for us.

#063 JP: I imagine it was quite an adventure for him too.

WF: He enjoyed it thoroughly.

JP: What a wonderful legacy to leave for you though.

WF: It was a marvelous situation, but again I have to go back and say, that Imperial's management was absolutely terrific as far as being helpful at a time when we needed lots of help.

JP: Yes, I'm sure. Talking about help and needing it Bill, where did the Conservation Board come into the picture? Was it already in by the time you were. . . .?

WF: Yes, the Conservation Board had not been operating for too long in 1950. It's my understanding that the first head of the Conservation Board was Alec Bailey, who was there for a relatively short period of time, because I think that Alec along the line, and fairly early in the game, decided that there were many opportunities out in the oil business. It's my recollection that Alec had left the Conservation Board by the time I got there.

JP: Was Bill Konode??? at the head of the it by that time or do you remember?

WF: Jack, I don't recall that. I'm just wondering. . I think about the time. . well, let me put it this way, one of the earliest fellows that I recall being associated with it was Ian McKinnon and it's my recollection, for as far back as I can remember, Ian McKinnon was the fellow who had his eye on industry's practices in the field.

#082 JP: Now, I've heard it said, Bill, that the Conservation Board was something like a police force, a community requires a police force and it finances the police force in order . . or partly finances it, in order to have its area police. That's fairly bald terms, isn't that just about the nature or wasn't it just about the nature of the Conservation Board at the beginning?

WF: Well, Jack, I think that's a pretty accurate summation of the Conservation Board's duties. With the developing industry that we had at the time, and certainly past history, in oil producing territories indicated that there should be some governmental body capable of making sure that good conservation procedures were practiced for the benefit of the industry, for the benefit of governments or the private lease or royalty owners. For all concerned it was good to have extremely knowledgeable people running the Conservation Board, to make sure that proper amounts of oil that were produced were being reported properly, that the prices were kept track of, that there was not over production of a field, to the detriment of the physical properties of the field. So in my opinion the Conservation Board was the proper body to be looking at good conservation practices of the industry.

JP: And a good group.

WF: And they were a top flight crown here. I'd have to say, in my opinion they've been a top flight crowd right on up to date. From Ian McKinnon on through George Govier???

JP: Yes. They seem to care very much.

WF: And they do a marvelous job. They're one of the groups who have had and who have at this moment a top flight reputation in this industry.

JP: They have been copied I understand by many other countries.

WF: I can understand that.

JP: Yes, I've been told that, that this was considered to be a model.

WF: Absolutely top flight.

#112 JP: Now, to move Bill Friley along a bit, he was with Imperial Oil and then he too, like Alec Bailey, saw something in the horizon I suppose.

WF: Well, one of the main things Jack, that I saw in the horizon was Alec Bailey. Actually I was most happy with Imperial Oil, they were a marvelous group to work with. But I feel that over a period of 10 or 15 years I had come to the conclusion that one of these days I wanted to be an independent oil operator and I wanted the opportunity of participating in the financial end of this game.

JP: You sure had the background as far as land was concerned.

WF: I felt that I was most fortunate in having the land background and the geological background. I believe as a result of the training that I had had, Alec Bailey, along . . . I had gone with Imperial Oil in July of 1950 and toward the end of 1951, Alec Bailey had been working for a year or so with George Sellers and Gordon Smith from Winnipeg, who in turn had been working with Allan and Sam Bronfman of Montreal. They own the Seagrams distilleries. So Alec and the Sellers and Smith from Winnipeg and the Bronfmans from Montreal got together and decided that it was time to set up some independent oil operations in western Canada and they were nice enough to contact me and invite me to come over and help them start several new companies. This of course, would be quite a change from my major company activities of the past, to the point that we would be starting out with 3 or 4 employees and building a new company. This looked like fun and by the time the group had their plans worked out, the plans indicated that I was to be an equal partner with Alec Bailey, George Sellers and Gordon Smith in the new companies to be formed with the Bronfmans as investors in the background.

#148 JP: What year was this Bill?

WF: This would have been I late 1951. I left Imperial Oil, I believe it was in December and immediately went to work with Alec Bailey and his secretary and within a matter of a few weeks we had taken on an accountant, who happened to be Harvey Bliss, who is now Vice-President of Finance out at University of Calgary. Art Morrison joined us about that time and we made contact with J. C. Sproule and Associates to handle our consulting geology until we had time to build up an organization and point the direction that we wanted to head in.

JP: Now what was the company called, was this Baysel???

WF: As a matter of fact, when George Sellers and Gordon Smith and Alec Bailey started out, it started out as a group of very small companies, there was the A.G. Bailey Company, there was the old Selburne Company and there was the old Cambridge Company and the old

Williams Creek Company and a number of companies. Each one of them might have been set up for the sole purpose of acquiring a piece of Crown land up at Leduc or Redwater, which had been turned back to the government as I indicated earlier and which was now offset by production and ready to be put up for sale. Alec and George and Gordon would form a new company each time a new sale came up, with new investors and they would purchase one of these tracts of land and drill it and get production. When they contacted me in late 1951, it was for the purpose of . . . well, I think they had two purposes in mind, first they wanted me to pull these companies together and put them into a new company called Selburne Oil and Gas. . . it was to be called Bailey, Selburne Oil and Gas and the I was to be Vice-President and head of exploration for that company. And at the same time, the old Selburne Company was putting up a half a million dollars to match a half a million dollars put up by Alan and Sam Bronfman to form Selbay??? Exploration Company, of which I was a principal shareholder and President and General Manager. So it was a two fold operation that I got into with this group. They were, I must say, some of the finest partners that I've ever had, they were just the finest people that I could have possibly been associated with.

#188 JP: This was an exciting part of your career.

WF: An extremely exciting part of the career. It'll probably be interesting at this stage of the game to look back as to where our acreage came from.

JP: You're reading my mind, I was about to ask this.

WF: The first acreage that we acquired for Selbay Explorations, which was my main effort, the first acreage was acquired from Harold Siebens, who had just sold a sporting goods store in St. Louis, Missouri and who had purchased a van and decided to go to Alaska, to take six months to go to Alaska. He was in the Palliser Hotel in Calgary when Leduc came in and Harold, through his Illinois experience, St. Louis experience, Harold had become familiar with the oil business down there to a small extent. So Harold decided that Alberta looked like an awfully good thing at the time, as far as the oil business was concerned and he took something in the range of \$50,000 and started just purchasing leases right and left, getting permits from the government. All with some early advice from geological consultants and among them was the Sproule group. To the point that by early 1952, the Selbay group had paid Harold Siebens \$1 million for his acreage spread and it was that acreage that was used as a basis to explore for oil and gas for the original Selbay company, which was owned 50% by the Bailey, Selburne Company and 50% by the Bronfman's. On that original Siebens acreage, we found such fields as the east Calgary gas field, the Benlos??? gas field, the Joffre-Burbank oil field plus several other fields. So this was a very interesting way to get started and within a matter of three years, we had moved that million dollar investment up to a value somewhere in the range of \$9 million. It was at that time, I believe this was along around 1954, that we had an independent evaluation made of the properties and brought the whole Selbay picture and the whole Bailey-Selburne picture together. We were able to give the Bronfman's, Bailey-Selburne stock for their interest in Selbay and they were quite happy with this. So they were major shareholders of the Bailey-Selburne Company for many years after that.

#244 JP: That must have been a very exciting time in the industry, Bill, because you had a lot of elbow room, didn't you?

WF: Jack, we had loads of elbow room and loads of running room and the regulations under which we were working at the time were certainly free enterprise regulations. We had excellent cooperation from the government people, who were interested in seeing outside money. When I speak of outside money, I'm speaking of money from Europe, money from the U.S., any money available in Canada. They were happy to see that coming in to develop our resources here. One of Bailey-Selburne's principal methods of operation was to bring in investing partners from all over Canada and the United States. In those days the tax regulations on both sides of the border were such that we had who were most anxious to be putting their money with us in Canada. There were such people as the Bennetts from Minneapolis, the Slicks from San Antonio, Texas, Tom Slick was a member of our Board of Directors and quite an investor with us. His father and Charlie Urshell??? had found the Oklahoma City oil field and they had started Slick Airways and SR Ranches, one of the biggest Black Angus farms there and later Tom started the Southwest Research Institute, which employed over 1,100 Ph.D.'s, that sort of thing. We had Cy Arnold, who was Chairman of the Board of the Seattle First National Bank, Josh Green Sr., who was Chairman of the Board of People's Bank in Seattle, Fred Carlin???, head of Carlin, Davis Lumber Co., Calder McCall from Portland, who was head of McCall Oil. Just top flight investors and Jack, it wasn't unusual to run up against a Crown sale, which was offsetting production and our reaching a decision on a Saturday or a Sunday, that we wanted to bid on that property and we were able, in those days, to get on the telephone on a Sunday afternoon and call our friends that I've just named, in the States, and tell them that there was a sale coming up on Tuesday morning, we thought that it was going to take something in the range of a million, two or a million, three and invite them to suggest how much of the deal they wanted and by Sunday night we'd have \$1,200,000 accounted for on the telephone. And no written agreements or anything else, just a matter of our going ahead and making the bid on their behalf and knowing that the money would be in within a matter of a week.

#292 JP: What a wonderful atmosphere to entice them to invest here. Now Bill, at this particular time was there any talk of the U.S. buccaneers who were coming in and taking over the country and so forth.

WF: Not in those days Jack. During the time that we were operating Bailey-Selburne, which would have been into the early 1960's, the climate was one of being happy to have this outside money in Canada helping us develop these resources. The tax laws in the United States and Canada were such that it was a mutually profitable situation. So in my opinion it was after the Bailey-Selburne days, in other words, after the 1960's that the picture began to change just a little bit.

JP: But prior to that it was adventuresome?

WF: It was adventuresome, it was fun and I think that a tremendous amount of oil and gas was found, under the proper conditions.

JP: As you said, this was a real free enterprise era.

WF: It certainly was, no question.

JP: Encouraged by the provincial government.

WF: Very much so.

JP: I want to find out now if you were aware of any or very much federal interference or participation at this point?

WF: Jack, there was relatively little interference or very little advice even coming from Ottawa in those days. Ottawa just, for practical purposes wasn't a problem. They were cooperative to the extent that we needed their help. It's my recollection that the industry as a whole, within reason, did what was necessary to keep them posted on what was going on out here. I can recall efforts on behalf of both the Independent Producers Association and the Canadian Petroleum Association to keep Ottawa and the provincial governments and the public informed on what all was happening in the oil business and why. But we really were not hearing too much from Ottawa in those days.

End of tape

Tape 2 Side 1

JP: Bill, at about this point, it would be interesting to know what happened to the whole Bailey-Selburne group.

WF: Jack, in the very early 1960's, I believe it was the year 1960, several companies indicated an interest in purchasing Bailey-Selburne Oil and Gas. These overtures spread out over a period of a year or so and finally one of them got tremendously serious. As a matter of fact, I was in the Brown Palace Hotel in Denver, talking with one group on a weekend and had a call from George Sellers in Winnipeg and he said, Bill, if you're able to break that meeting up and return to Calgary in time to meet with Pat Boucher of Pacific tomorrow morning at 10:00 and have your men and all of your data available, Pat, who incidentally was with Pacific Petroleums, who were in turn controlled by Phillips Petroleum of Bartlesville, Oklahoma. He said, if you can meet with Pat at 10:00 tomorrow morning and show him all of the data, he indicates that within 48 hours they'll have firm bid in front of us for the company. So I said, fine George, it's going to take me at least 2 hours to break this meeting up. So I slipped out and called our pilot, we were flying that old Lockheed 1408 at the time and I had 3 geologists and a land man and a geophysicist with me. So late Saturday afternoon we headed back to Calgary and at 10:00 on Sunday morning we met with Pat Boucher and actually, within a matter of 48 hours, they had a bid in our hands, which was attractive and shortly thereafter a deal was consummated to turn Bailey-Selburne over to Pacific Petroleums. At that time Alec and George and Gordon and I became unemployed.

#026 JP: What happened to the unemployed W.A. Friley after that Bill?

WF: Well, Jack, within a matter of 8 hours after the deal was announced, I had a call from J. Howard Marshall, who at the time was head of Unitex down in the States. I had known Howard for several years and he had become quite familiar with the Bailey-Selburne picture, and asked me what my plans were and I said, Howard I plan to retire at least for 6 weeks or two months. He said, well, Bill, before you do anything else, I'm associated with a group in St. Paul, Minnesota, the Great Northern Oil Company and they're wanting to start an exploration and producing organization in Canada and we'd like to visit with you about the possibility of taking that over. I said, Howard, let me call you in a few weeks, so after about a month, I was in the Caribbean, I called Howard and he said, when can we get together. I said, we plan on leaving here in a day or so, suppose we just come through St. Paul and we'll have a visit. He said, great, so I did stop through St. Paul and in a matter of an hour and a half we had decided on a plan to get a new organization started in Canada and deal was closed and I agreed to put my best efforts forward for a matter of 3 years and it was a marvelous group that we were associated with. So I came on back to Canada and within in a 2 week period we started Liberty Producing Co., which was wholly owned by Great Northern Oil Co. and started putting together acreage and drilling oil wells and buying production. To make a long story short, the 3 years stretched into 7 years and we were fortunate enough at that time to have decided to concentrate on southeast and northeast Alberta, where the heavier crudes were located. Not too many

people were interested in heavier crudes in the early 1960's and we were able to put together deals in a pretty easy fashion and the wells were relatively inexpensive to drill. As a result we were able to, in the course of the first 3 or 4 years, able to find some 21 or 22 oil and gas fields. I think one of the more interesting things that happened about that time, within a matter of 3 weeks after I went with Great Northern Oil, a fellow by the name of Stan Nixon, who was head of Dominion Securities office in Montreal came by to say hello. I had known Stan for 10 years, he had been a Director of Bailey-Selburne Oil and Gas. Stan and I visited for 30-40 minutes, had coffee and he said, Bill, if there's ever anything I can help you with on your new assignment, be sure and give me a shout. I said, Stan I don't know of a thing in the world, I have run into one little situation down in Montreal, I have no idea whether it's up your line or not but Great Northern and Canadian Pacific have been trying to get together for the last 18 months to build a pipeline out of southeast Alberta up to Hardisty to hook into the cross country oil pipeline there. If you have any contacts in Montreal that could help us get this thing going, I sure would appreciate that. He said, Bill, you know, it just happens that I'm Chairman of the Canadian Pacific Investment Fund and he said, the next time you're down in Montreal, if you let me know a day or so before hand, I'll call Ian Sinclair, who's the President over there now and we'll get Buck Trump and I'll just bet that there's a possibility that something could be worked out. I said, Stan this is Friday, I don't think there's any way in the world I could be down there before Tuesday some time. He said, let me use your telephone just a minute here and Stan picked up the telephone, called Montreal, talked to Ian Sinclair and said, I want you to meet with some fellows on Tuesday morning. Ian Sinclair said let's make it 11:00 and then we'll have a bite to eat, that was all there was to it. I picked up the telephone, called St. Paul, told them what had happened and they said, my goodness, Bill, that's great, we'll meet you in Montreal at Canadian Pacific's head office at 11:00 on Tuesday morning. This was Art Winter, who was President of Great Northern. He said, we'll bring Jack McFarlane, who was head of finances for Great Northern. Well, to make a long story short again, we met with Ian Sinclair and Buck Trump at 11:00 in Canadian Pacific's offices and by 11:30 the deal had been completed, which resulted in the building of Bow River pipeline, which brings all of the oil out of southeast Alberta to connect with Interprovincial at Hardisty. After that deal was concluded, lunch took 45 minutes and we were back at our hotel before 1:00, Bow River Pipeline was under way.

- #105 JP: So you're still very busy. But Bill, you had a lot of activity apart from the petroleum industry, in the community here.
- WF: Jack, I feel very fortunate that I have had the opportunity to help wherever I could in community activities. I've enjoyed them thoroughly, they've been most rewarding. I think they have made me feel very much a part of the Alberta community.
- JP: Many minutes ago, you were talking about the Slicks and the Aberdeen Angus, is that how that happened, that particular phase of your life?
- WF: Actually Jack, I've been involved with horses all of my life, but it wasn't until I came to Canada that I decided to get into the ranching business in a substantial way. I think every

day that we look at these foothills, it's still hard for me to believe that I could exist without having a strong interest in ranching. Actually my interest started within a matter of a very few weeks, upon reaching Canada. As a matter of fact, I came up with Imperial, I came alone, I left my family in Oklahoma City to dispose of the house and the first weekend I had free I took a drive over to Cochrane, Bragg Creek, Priddis, Millarville, Okotoks, back into Calgary and decided I wanted some of that land.

JP: I can't imagine a land man not wanting land for himself somehow.

WF: When I heard the prices that they were asking for that land in those days, I became more enthused about it. So I think about the second week I was here I asked my secretary to pick up some 10 Imperial Oil road maps and I took each of those maps and drew a circle from Calgary out to Cochrane and Bragg Creek and Priddis and Millarville and Okotoks, back into Calgary and I sent out those 10 road maps to 10 of the top real estate people in Calgary and said, gentleman, if any of you have some land in this area that's for sale, I'd like to know about it. Within a matter of 48 hours I was being flooded with telephone calls. So it was very shortly after that, that I dug deeply into my relatively meager resources at the time and started purchasing land in that general area.

#143 JP: That's something you've never regretted I'm sure.

WF: No, Jack I haven't regretted it. At one time I had 9 ranches and by doing a little readjusting I was able to group them into 3 pieces to the point that there were sufficient land in each block to run 3 ranches, run cattle on 3 ranches. So essentially very early 1950's, each year since then I've been running between 4-5 hundred head of cattle and have enjoyed it thoroughly and have enjoyed watching the neighbourhood and the land develop to the point that. . . .

#153 - 156 Blank spot in tape.

WF: . . . time, I had been quite active in community projects all through my oil career and in the late 60's, Chief Justice, Campbell McLaren??? called me one afternoon and asked if I would join him on the Senate of the University of Calgary. Campbell was Chancellor of the University at the time. I told him that I thought that would be most interesting. I believe at the next meeting of the Senate of the University, I was elected a member of the Senate and within 3 weeks the Senate decided to have a seminar in Banff, the main purpose of which was to take an in depth look at the Senate and decide where it was going from there. It was a most interesting seminar that I attended there in Banff, but as a result of that seminar I ended up as Chairman of the Executive Committee of the Senate. Things were moving rather fast and I was enjoying it thoroughly. Within a year I had gotten to know the university pretty well and the Senate pretty well and the mandatory retirement date for Campbell McLaren came to a head and it was time to elect a new Chancellor and of all things, before I knew it, my name was before the Senate as one of the possible candidates for the job of Chancellor and to my utmost surprise I was elected Chancellor of the University in early 1970 and as Chancellor was Chairman of the Senate of the University and a member of the Board of Governors and had the opportunity to

participate in many, many of the university's fund raising drives. My principal job as Chancellor of the University was to do whatever I could possibly do to enhance the usefulness of the university. To obtain that objective, for practical purposes my job was to relate the academic to the public and in turn to the Alberta government, it was a three way deal.

#198 JP: There's something about the land man in behind all of this, and also to me a very interesting thing, Bill, a sort of a turn of the wheel for the Friley family to come from being a Vice-President's son and finally wind up as the Chancellor of a far, far off university.

WF: Well, it was most interesting Jack, and many interesting things developed from the four years as Chancellor of the University. During that time I was President, for five years, of the McMahon Stadium Society, during the period that it took over some of its first growth since it was built by George and Frank McMahon. Then I became associated with the Institute for Research on Public Policy for Canada, as a result of my connections with Fred Carruthers, who had been President of the University and also became a Director of the Banff Field Marine Research Society, which is supported by the University of Calgary. These various things. . . brought the Calgary Philharmonic along and I was fortunate enough to be President of that for a period of time and a very interesting period of time.

#218 JP: Such a full life Bill. To go back for one final episode of all of this conversation, what have you seen by way of changes? This is a huge question, what have you seen that have really been impressive changes in the petroleum industry in all this time?

WF: Jack, I'm afraid that the greatest change that I have seen and encountered has been the change from what struck me as very much a free enterprise industry in the early 50's, when it started out, when the governments were doing everything possible to encourage investment in Canada and development of the resources in Canada. To the point that we've reached today, when governments are . . . let's say, just not quite as helpful as they were in the early days. Certainly we have a substantial amount of support from the provincial governments, where we have perhaps less support from the dominion government. But there's no question that our basic problems today with provincial governments and dominion governments, not seeing eye to eye on the industry's needs. And these needs are real and these needs involve ample money and money is closely related to world prices today, without something approaching world prices, and as of this moment we're unable to get our provincial and federal governments to agree on what these prices should be. As long as we've got this problem, the petroleum industry is sort of bound hand and foot.

JP: Very inhibited.

WF: And it's a tough proposition to get the major companies and the independents to go out and spend money, which is required to develop the resources for the future. Now this is a great change from the atmosphere that we were working with in the early 1950's, shortly

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after Leduc and Redwater.

JP: When you were all adventurers.

WF: We were adventurers, ready to stick out necks out and do what we could to find lots of oil and gas.

JP: Thank you Bill.