

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Jack Goth

INTERVIEWER: Betty Cooper

DATE: June 1982

BC: I'm Betty Cooper and I'm interviewing Jack Goth at his home at 64 Roselawn Cres. N.W. and it's June 29th, 1982. Jack, I wonder if we could start by just getting your background, where you were born, when and your mother and fathers background and the number in your family etc.?

JG: Yes, well, I was born in Bolton, Lancashire, England, in the early 1920's. I was the eldest of two boys, but I was the second child in the family, my sister was older than I was and then I had another sister, so the family was mom and dad and two boys and two girls. I was born and educated just in time for the Depression I suppose, because no sooner had I got my education, which was grammar school level, matriculation, than of course, we were into the 30's. But then shortly after, I started work and my first job was with the Cooperative Wholesale Society in Manchester, so I commuted to Manchester every day.

BC: How far would that be?

JG: Well, it was a long distance in England. I would travel two miles by bus and then I'd catch the train and we would travel 12 miles by train. So that total of 14 miles in England was a long. . . was a reasonable journey. Not like we think of here, 14 miles is just across the city. But there 14 miles commute every morning and coming home every night, by train and by bus, was quite a little journey.

BC: What were you doing in that first job.

JG: Office boy. Just as everybody started in office work in those days, started at the bottom and I started as an office boy, having taken a commerce diploma in a commercial school. I moved up pretty rapidly from office boy, particularly once the war started and all the young men above me enlisted or were drafted to fight the war, I moved up pretty rapidly, to the point where, when I was 17, just before I volunteered myself and joined the RAF, I had a staff of six people working for me, at the age of 17.

#024 BC: That's very young for that kind of responsibility.

JG: Yes, it is, but that's what happens when wars come along, you do all kinds of things and you're expected to do all kinds of things that you wouldn't under normal circumstances. So I was kind of head of a section by the time, as I say, I volunteered to join the Royal Air Force, because I wanted to be a pilot. I was accepted into the Air Force to take pilot training, just as I was 18 as a matter of fact. I did my ground training, my ground school in England and then came out to Canada. That was why I came back to Canada after the war because. . .

BC: You were one of the British Empire . . .

JG: Yes, I was one of the British Empire Flying Training. . .

BC: Right. Where did you train in Canada?

JG: I started off at a place called Carron in Saskatchewan, it's now called Carronport, and there's a bible college I understand there now, in the old elementary flying training school that I went to, just west of Moose Jaw. That was my introduction to Canada was Moose jaw.

BC: In the middle of winter?

JG: No, as a matter of fact, I came in the spring so it was rather pleasant. My flying was summer flying, or at least spring and summer flying. And so I had a very good time that summer. By the time winter came I was in senior flying training. I had gone from Moose Jaw to Weyburn, Saskatchewan to fly Harvards??? and then halfway through the course on flying Harvards, we were moved to Gimli, Manitoba to start flying on Lancasters, because I was going from single engine to multi-engine aircraft. It was while I was on route to Gimli that I met Peggy, my wife, in Winnipeg. She was a blind date at a New Year's party. She sang and I played piano and we hit her up just great and from then on, any time I was on leave, I would come from Gimli to Winnipeg, which wasn't that far and I stayed at Peggy's house, in her brother's room, there was a room for me there and I was just accepted as one of the family. So that really started my association with Peggy who. . .well, we didn't get married until well after the war actually, but I got my wings, went back over my England and flew Lancasters until the end of the war. After that I signed on for some extra time, flying. . .well, I flew Dakotas, DC-3s, with Transport Command.

#052 BC: Were you considering making the Air Force your career at that time?

JG: I thought about it. But there was a kind of a stigma attached to that. Maybe because of the influences of my parents as a youth, there was always the feeling that if you joined the forces it was because you couldn't make it in civvy street. And never, ever would I admit to myself that I couldn't make it in anything. That was something that was built into me, you just don't opt out, you just don't join something because it's the easy route. And so I think maybe my parents were influential in my not staying in the Air force, for that reason.

BC: How long were you in after the war, after the hostilities ended?

JG: Well, I signed on for an extra 18 months, so that I could join a special VIP squadron, flying Lancastrians. And I flew all over the world, I had a great 18 months, flying VIP's around the world. Which again, was probably the wrong thing, because when I came out I tried to be an airline pilot but by that time all the airlines were full of pilots. I'll never forget going down to BOAC in London and asking them if they had any vacancies for pilots and they said, well, you can join a great long list of people who have asked the same question, but can you type. So it was obvious they needed typists, but they sure didn't need pilots, they had so many of them.

BC: So then what did you do?

JG: I came out of the Air Force and went back to my old job in a more senior capacity, but I didn't stay there very long before I joined the Bolton Municipal Government, local government for my home town.

BC: Was this working for the municipal government or was it an elected office?

JG: No, it wasn't an elected office. I joined the . . . it was called the town clerk's staff, you know, like the city clerk. And I joined the town clerk's staff there and worked for about two years. Yes, two years before Peggy and I then got married.

#077 BC: Had you been corresponding all this time, you had quite a long. . . ?

JG: We had been corresponding because when the war. . . well, let me go back to the point. . . when I went back to England to start flying operationally with #5 group night bombers, Lancasters, Peggy had a yen to come over to England and see the world because she was a great traveller anyway. When I met her she was already employed in Ottawa, she'd already gone to Ottawa to work. She always had a wander lust, did Peggy, which was already there before I met her, but then the fact that I talked about England and one thing and another, when I left she said, I've just got to go over there and see what it's all about. So she came over to England, having taken a course with the St. John's Ambulance Brigade, and joined the nursing staff of an east London hospital.

BC: This was after the war?

JG: No, this was just at the end of the war. Just at the end of the war, she came out and so while I had been a guest in her house while I was in Canada, she then became a guest in my own house. Mind you, there was 200 miles distance between London and Bolton, but whenever she had a leave she would come up to Bolton and stay with my folks, and so of course, they got to know her just as her folks had got to know me while I was in Canada. So then we kind of became reacquainted, had a lot of fun together in London. Whenever I was on leave, we'd meet in London and I'd stay at one of the service clubs down there and we'd have a good time, but nothing really serious. We were just good buddies having a good time. I wouldn't say it was exactly totally platonic but at the same time there was no thought of making it any more serious than it was at the time. When the war finished, Peggy then immediately volunteered to go to Germany, she joined the Control Commission in Germany and she went over there to help rehabilitate the country. It was a special Commission that was set up for that purpose, so that families could find each other again, you know. People were lost and get people together, back on their feet. She enjoyed doing that kind of work and once she finished that she came back to Canada but she joined Lester Pearson's staff with the Department of External Affairs, so it wasn't very long before she was back in Norway, working out of Oslo, with the Canadian Delegation there. She had a 3 year contract for Oslo but she completed 2 years of it and at the end of 2 years, it so happened that on one leave, she was over. . . and I had quit the Air Force by that time, and I said, well this is enough of this, let's get married. So she said, okay, let's do that.

#109 BC: Were you married then in London?

JG: We were married in Bolton, my home town very shortly after. As I say, she completed two years of a three year contract. Then we were married there, we got married in December of 1949 and it was November of 1950 when we set foot on Canadian soil again. We stayed less than a year in England after getting married.

- BC: What prompted you to come to England, the fact that you had married a Canadian?
- JG: To come back to Canada?
- BC: Yes, sorry.
- JG: No. I was very intrigued with Canada when I had come over here to train. The one thing I had done when I was over here, and I had made a point of doing it, when I got a leave, having finished my elementary flying training at Carronport, I got an opportunity for a leave and of course, the Air Force would pay your way to wherever you wanted to go. So I said, well the one thing I do want to see is the Pacific Ocean, so I went all the way to Vancouver. And I just fell in love with Vancouver, as I think everybody does, you get out to the coast and there's the ocean. And of course, my home town was only 20 miles from the ocean, so I spent a lot of time at Blackpool and Southport and Warkham, you know, seaside resorts. And so this was close to my own environment. So when we came to Canada it was with the intent of going all the way out to Vancouver and settling there and starting work there. As I say, it was because of that trip to Vancouver that I really wanted to come back to Canada, I really fell in love with the place. Also it seemed to be that it had so much more going for it in those days. It was just the place for a young fellow to come and start a family and build a life and one thing and another.
- BC: Lots more opportunity than perhaps in England at that time.
- JG: Oh yes. A lot more opportunity. Not only that, you know, England was becoming very . . . what . . . union oriented. Nationalization was taking place and I really didn't want any part of that. Here was a place where I could come and I could carve out my own future more or less. And so we took that opportunity and came out. We got as far as Toronto and visited some of Peggy's friends and while we were in Toronto. . . well, actually they were relatives, distant relatives of Peggy. While we were staying with them, they said, well look, the greatest place to go right now, remember this was 1950, the place to go right now is Alberta, they just discovered oil 3 years ago, you know, '47, Leduc, and things are really booming there, so why don't you go there and see what is there. So out we came to Calgary, but not just for that reason. Peggy's folks, my in-laws, her father was with the CPR, he was Freight Claim Agent for the CPR and he had been transferred to Calgary, from Winnipeg, in the meantime. So there was a double reason for us coming out to Calgary. One, we were told, come out here to Alberta because that's where the boom is and secondly because Peggy's folks were here. But we still, at that time, had intended to at least go on to Vancouver and if necessary come back. But we never did get to Vancouver. I got employment here . . .
- #148 BC: What was your first job here in Calgary?
- JG: My first job was with a company called Western Supply and Manufacturing, now known as Clean??? Ltd. They made janitorial. . .well, dust down??? was the thing they made, they made it out of sawdust and oil and something or other to keep the dust. . .
- BC: You sprinkle it down.
- JG: You sprinkle it on the basement floor and the dust doesn't rise, okay. Now that was my first job. I went to see a guy by the name of Trussler, it was his company, and he'd already filled the job that I was seeking, because he was looking for an accountant. Of

course, I did have accounting background, as I say, my early training was in accounting. So he said, well the job is already filled but I like your attitude and I really want to employ you, so I'll

create a job for you, so he did. He created a job as Personal Assistant to himself and I was to do that job. Now, besides running this Clean Ltd., now, Western Supply and Manufacturing then, besides that, he was the local agent for [LaFranz Fire Engine and Formite]???. And so he said, you can run my LaFranz Agency for me, which I did, for only six weeks. Because during the course of that six weeks I saw an ad in the paper that Shell was looking for people. And of course, coming from England, the name Shell meant a lot to me. Now it didn't out here to Canadians, there were no Shell stations at all. When I told people I was going to be working for Shell, they said, for who, who's Shell. Nobody knew who Shell was, they thought it was some little oil company that had sprouted up from nowhere. But of course, as I say, coming from England I knew different, it was a big organization to me. So when I went to see Trussler and told him I was going to Shell, I'll never forget it, he said, look Jack, you've got a choice at this stage in your life you can either be a big frog in a little puddle or a little frog in a big puddle, so what's it going to be. I said, well, in times of drought little puddles have a tendency to dry up, maybe I'm doing the wrong thing, but I will go and become the little frog in the big puddle and that was the decision I had to make at that time. It may have been the wrong one because I know the fellow that took over for me, he's now a very wealthy man and he has his own riding stables down in the south end of the city here. Because you see, the little entrepreneurs in business at that time, couldn't help but grow with the local economy, which they did. As I say, the guy that took over from me, he did very, very well. However I went into Shell.

#184 BC: And what was the job that you went . . . Accounting?

JG: I was an Accountant, yes. I was an Accountant for Shell for the first three years of my career with that company.

BC: Up to this time, it seems to me that when Leduc came in, Shell was in the process of pulling out as Leduc

JG: Well, Shell pulled out from Redwater you see. Shell had seen the potential, the exploration potential of Alberta before the war and during the war. It was during the war that they had explored the area of Redwater. Really what they'd done, discovered the Redwater field but didn't know it and so they walked away from it. It was later on, when the Redwater field was actually discovered and of course, turned out to be a prolific field.

BC: I can remember reading in Time, when it was looking sort of, 10 years after or something, and it was saying, and I don't know if you would remember this particular piece of property, that they had let go, and then they bought back for a million dollars or something.

JG: Oh yes, that's true.

BC: Can you remember that particular incident?

JG: Yes, I do. And it was in that area that they bought this parcel of land. You see, Shell was a late comer into the oil business here. And that's why they're so heavy in gas and not oil. When Shell came into the western scene, most of the land had already been taken up under lease and therefore really, the only place they could go where there were sizeable

amounts of acreage left were the foothills area. They had to go into the foothills because that's really all that was left of Alberta for them to go into any big lease play. And they did go into a big lease play in the foothills. Now as it turned out of course, the foothills is gas prone, not oil prone.

BC: They didn't know this at the time?

JG: Well, no, they didn't know this at the time. It's all oil and gas country and it takes several years of exploration before you begin to divide what is oil prone from what is gas prone. Of course, in the foothills it's deep gas prone, it's deeper drilling and it's very rich gas country but it's also much more expensive to explore and to develop than it is in some of the shallower plays, for the oil plays in the plains area. But that's why Shell is so heavy in the foothills gas is because that is where their holdings had to be, most of the plains area had been taken up. Except further east in Saskatchewan. Now I was with them as an Accountant for three years and then I started making noises that I really didn't like sitting down in an office every day, doing the books, when really the business was out there, not in the office. The exciting part of the business was out in the field. I'll never forget, the Chief Accountant for Shell was a man from Texas named Lloyd Butkin??? and there was a little junior accountant, a girl by the name of Doris Smith, a cute little blonde lass, who was really having trouble with her figures. . . everything was manually posted of course, in those days, three commutars. But I'll never forget Lloyd Butkin bending over and saying Miss Smith, because he was a very polite Texan and a very religious man, and he said, Miss Smith, what you don't seem to realize is that if you will listen to these figures, they will tell you a story. And she looked up at him, with those cute blue eyes of hers and she said, Mr. Butkin, they don't even whisper to me. And that was exactly right, whereas to some people if you take figures and you post them, they begin to weave a story, the very accounting weaves a story for you.

#240 BC: Telly you the story of the company.

JG: Yes, and it was telling me the story, as I was doing my posting, it told me the story that if I really wanted the action I was in the wrong place because out there was the action. The drilling and the seismic and the land work. Well, I was not in the scientific field, but being in the accounting field, at least I could probably go into land, so I asked for a transfer into land. And I was put into land in 1954.

BC: Was this unusual for someone to move from Accounting into Land?

JG: Not really, no. I think there had been several landmen who came from the accounting field. But then, landmen really come for every field, you get geologists who become landmen, you even get engineers who become landmen. That's probably sacrilegious but there are some that started off as engineers. In those days, I think, just of the landman job, really you could cull from every walk of life. As long as he had the kind of personality, whereby he could sell himself to prospective leasers, or people that you needed to discuss surface rights with. As long as you could sell yourself you could sell the company and if you could sell the company eventually you could get what you were after.

BC: Of course, we have not even touched on one of the other great qualities that you have always had and that is your ability to express yourself, because of your theatrical

background, that certainly must have had something to do with your ability to be a good landman.

JG: Yes. Communications really, you know. And that's an essential I think, in buying or selling anything is good communications. Now, not every landman had good communications, but it certainly, again, you're right, it did help me.

#269 BC: Even selling yourself to the people to let you have the chance.

JG: That's right. You see, if you're going to be a landman seeking a lease from the farmer, you've got to be able to talk the farmer's language. Because an actor . . . here was I, boy from Bolton, Lancashire, which is a cotton spinning town, talking to a western farmer and saying you have to talk his language. Well, I must admit in those early days, I had to be a good actor, because really, I didn't know an ear of wheat from an ear of oats, you know. And this is important if you're settling a damage claim. But what you don't know you have to find out and as long as you can do that and as long as you can keep the lines of communication open, invariably you could achieve the purpose of your mission in going to see the man in the first place. Now, this is what I wanted to do, but I was very disappointed when I first went into land because they said, fine, you're just the guy we need. We really need an Accountant in the Land Department because there are administrative functions in Land that are not being done very well at the moment and we really need you. I said, well, that's not really why I'm here, I don't want to move from one office to another office, that's not the idea. No, they said, but I'm sure you'll be a big asset. So I started off with Land Administration, which was really another accounting function in disguise. So I did that for just about a year, a little over a year. And then one day I went in to see Bob Gadboy??? and I told him, I said, look Bob, I really didn't intend to come into Land just to move from one desk job to another desk job. I want to get in the field. So he said, Jack you're just the man I'm looking for, I'll send you to Regina, so he did. Right on the heels of my request I went out to Regina to become a field landman.

#303 BC: Before you were transferred, did they give you a training in field land?

JG: No, but in land administration you can't help but pick up a lot of it. Because you're rubbing shoulders with the landmen in the office as they come in. The business at that time was quite different from what it is now. The field landmen in those days, they were out on lease plays. They roved in packs, you'd set up your office. . . for instance, at that time, Brandon, now admittedly it was run out of the Regina division office, which was. . . the Regina division office was set up after I joined Shell. When most people were beginning to recognize that the play was moving further east and therefore it was logical to set up these division offices closer to the scene of the action. So a lot of the companies were beginning to set up Regina division offices and Shell was one of them. Now, up to that point in time, these plays in the east, like Brandon and places like that, could be run out of the Calgary office.

BC: And these. . . when you say they ran in packs, you mean there were several landmen from Shell or there were landmen from all the different. . .

JG: Well, there would be a landman from all the different companies, but invariably they

would be in the same hotel. For instance in Brandon, all these various landmen, from various companies would be housed in the same hotel in Brandon, the only decent hotel in Brandon and one of the hotel rooms would be your central control gathering. That's where the guy that was running the play, plus whatever local people he'd hired to do his typing and his recording and this type of thing, they would be housed in this one room in the hotel. Your other landmen who were out there in the field every day, they would get their leases already prepared from the searches that had been done and they would then go out with their briefcases, loaded with these leases, to get signatures and they had receipt books and cheque books and everything that was needed to go out and obtain a lease of these properties.

BC: Hold on, I'm going to just turn it over.

Tape 1 Side 2

BC: Now when you say, you had someone who was running the play, could you just, for the record explain who that person would be, it would be the person who. . . ?

JG: It would be the senior landman.

BC: From where, from your company?

JG: Oh yes. Unless of course. . . well, there was a mixture. Some companies hired contract landmen to do the job for them.

BC: And what would that job be?

JG: The job would be to acquire as many petroleum or natural gas leases, on that company's form or on what was called the commercial form, which was a form you could get on Wilson's Stationaries. Now, company forms usually had refinements that the particular company wished to have in their leases, as opposed to the commercial form, which was a standard form that everyone knew. It was called the "unless" form of lease. Later on there was a type of lease that was called the "or" form of lease and there were real legal distinctions between these two. Shell in fact, was one of the pioneers of the "or" form of lease.

BC: Afterwards I'd like to go in and you can give us more detail, but I think first I'd like to get this . . .

JG: Well, you'd get an area of play, that is on a map, there would be a pin on the wall, that would be the boundaries of the area that you were trying to lease up. Now, either this was done. . . well, in later years it was done very scientifically because your geologists are saying, that area is prospective.

#025 BC: Now, this area would be pretty secret?

JG: Oh yes, yes it was. Yes, you didn't want any other company or any other broker to know the area that you had your men in leasing.

BC: This must have caused a little bit of consternation when all of the landmen from all the companies were in the same hotel.

JG: Yes, and there was a lot of cribbing went on. There was quite a spy system developed, trying to find out where the other guys were going out leasing. But in those days most

everywhere was prospective, you see, until it was proven otherwise. Oil had been discovered at Virden, Manitoba and therefore, even out beyond Manitoba, all the way to Portage, was considered prospective. Shell at that time, as a matter of fact, was working some acreage that they had acquired from the Manitoba Crown at Riding Mountain National Park. They were working in there with a seismic survey to see how prospective it was based on seismic. It turned out to be very disappointing but kind of, all of the western sediments at that time were prospective, to the point where somebody wanted a lease on it.

BC: So your job as a landman, what were the specifics, to go out and try and give them a better deal than another oil company?

JG: Yes, you'd go out with so many bucks in your pocket and few more bucks in your head pocket and you'd go out and knock on the door and say, I'm here to first of all, determine that you are the registered owner of this land that I've got on this piece of paper here, this southeast quarter or the north half of whatever it is. . first of all you wanted to be sure he had the rights, are you Mr. Jones, yes I am, fine, I'm from Shell Oil Company, in those days it was Shell Oil Company, before it became Shell Canada. I'm from Shell Oil Company and I'm out here leasing whatever petroleum and natural gas rights I can lease and I wondered, are you interested in leasing your oil and gas rights to a company like Shell. We have an international reputation because most farmers, just like, as I say, in Calgary, nobody knew who Shell was in those days, so you could hardly expect somebody out there in Saskatchewan or Manitoba to know who they were and so you had to explain who your company was. You got some surprising responses from farmers in those days because someone would say, well, what's it going to cost me. They didn't realize that you were there with a cheque to pay them, they thought that they had to pay you. But if you got their interest, you would say, a good landman is supposed to say, look, before you sign up I want to go over the lease with you and tell you what it's all about. Now, you can only spend so much time doing that, because while you were explaining the lease in great detail to this man, there was some other landman getting ahead of you along the road you see. So you could only spend so much time explaining the lease, but you would explain the essential, namely that there was an initial consideration pay of so much per acre . .

#057 BC: What would be a normal payment at that time per acre?

JG: \$5 an acre, at that time. And the broker would be getting \$1 an acre if you were using a broker. And that's why he was in it you see, because the faster he could lease the more he would make, so he could make \$1 an acre, if he signed up a farmer for 160 acres of course, that meant he put \$160 in his pocket. And in those days, sometimes you would get the lease of a whole section, and there's \$640, maybe for one morning's work. That was pretty good. So your brokers were out to get it as fast as possible. But it was a matter of keeping ahead of each other.

BC: Did you kind of have marked cars, or unmarked cars so they wouldn't know who you were?

JG: Well, you tried to make it as low a profile as possible but it pretty impossible to do that,

when you know, you'd get back to the centre of activity or at least the centre of administration of the play and every other landman was in there. I recall, in Brandon, the winter of 1955-56 winter, I guess it was, when there was some very heavy leasing going on in Brandon. There was one young broker came up from the States and he was leasing for one of the companies here and I think it was Imperial. But he was out buying leases and he was getting \$1 an acre on this ticket that he had got. And there came a snowstorm and everything was snowed in, everything and everybody, nothing could move. So all these landmen, they were all holed up of course, in the hotel and nobody moving, until, there was a snowmobile went along the road and there's this young landman, who'd been a landman in the States. He'd come from San Francisco and he was of Indian extraction, his name was Youngblood. And of course, while he was a young chap, he was an old hand at the game obviously, because he went past on a snowmobile, headed out, when everybody else was saying nothing can move. And so the landmen in the hotel said, there's Youngblood on a snowmobile, he's out getting leases, let's go over and see if we can rent a snowmobile. So everybody goes over to the place where you rent snowmobiles and this guy not only has snowmobiles but he also had some dogs and sleds at that time, still. So they went over there and said, we want to hire snowmobiles and he said, I'm sorry I can't rent them to you, they've all been taken. And this Youngblood, he'd taken an option on every snowmobile and every team of dogs and sleds that this guy had to make sure, he was prepared to pay to keep all those safely locked up, while he was headed out with no competition at all, heading out with a snowmobile picking up every lease he wanted to and everybody else was stranded in Brandon for days. So this kind of thing was going on. That's a pretty good business head you see and you had to take that kind of advantage. So it was good clean competition really because nobody else could move except one guy and he'd done it the right way, no doubt about it. Just like several years later, the planes were held up in Toronto, I recall, for a particular sale in Ottawa and nobody could get in there to pick up the leases at an Ottawa sale because the day after a sale in Ottawa and you could file, at no cost, and acquire anything that hadn't been bid on. Of course, that meant that you had to be there, first come, first serve. But then when the planes weren't flying, again, one guy, chartered a plane and flew into Ottawa on a charter plane to Ottawa to make darn sure he was there and again, he stole the advantage over others who were saying, we can't get in.

#103 BC: Do you remember who that man was?

JG: I can't remember who that was, no, I can't. I do remember the instance but I can't remember who it was that just had the business acumen to . . . now I wasn't involved. Fortunately I can say, I wasn't one of the people sitting in Toronto waiting for the airlines on that occasion.

BC: Were you one of them sitting, waiting for the dog team?

JG: No, I wasn't but some of our men were and the information I got was first hand.

BC: You were really in Regina and these were. . .

JG: I was in Regina at the time. I was not involved in the Brandon play, but I was involved in several plays later, as far east as Winnipeg, the Motel 75, on Highway 57, when the same

kind of thing was going on south of Winnipeg. Several years later when the big Winnipegosis play was on, that was as late as 1958-59. The Winnipegosis trend was being explored, that's the pinnacle reef trend that goes all the way from norther Alberta, all the way across the northern edge of the sediments, all the way down through Winnipeg and down south. In that particular play of course, as I say, it was south of Winnipeg. Everybody was trying to pick up leases there. But really a lease play takes the same form, if it's a heavy lease play, no matter what. But I don't see them happening today because. .

BC: Why not?

JG: Well, I think everything is much more scientific now. There isn't that urge to go out and plaster an area with leases. Another reason of course, is you can't get them as cheaply as you could in those days. You don't go and knock on a farmers door today and say, I want you to take a look at our lease, with a view to signing it and giving me a lease of your mineral rights. Because what he will say first of all is, just a minute, you better go see my lawyer. First of all you go see my lawyer with the document and then really you negotiate with his lawyer, you don't negotiate with him. And secondly the idea is to wring as much money out of the landman as you can get, so with that kind of thing there isn't that blanketing of an area that there used to be in those days.

#130 BC: Was it more fun in those days?

JG: Yes, it was. A lot more fun.

BC: Let's go back to '56, when you went to Regina. What was your job when you got there, the office was set up or did you have to set up the office, were you in charge or working for somebody.

JG: No, the office was already established, under a division land manager by the name of Darcy Cole???, who was an American chap, came out here, as most of the supervisory heads of Shell did, when Shell set up in Calgary. They came out from the New York office, or at least not necessarily from the new York office but. .

BC: The international office.

JG: Yes. Shell was, in Canada at that time, was a subsidiary of the New York head office. Now, the guys who staffed the Calgary office were people who had been chosen to come here from the various district offices and division offices throughout the United States. And so, Bob Gadboy, the man I mentioned earlier, who was the Land Manager, he was from the States, Darcy Cole, who was the Division Land Manager when I went there, was from the States and went back to Denver. But he had already started the Regina office and I went into that office and did half field work and half worked in the office. My field work initially, started as being the Midale field landman. That meant that I was involved more on surface leases and damage claims, pipeline easements, the surface side of the land business when I first went to Regina. Because the landman that I was replacing was anxious to get into mineral leasing and out of surface leasing, so of course, being the junior man you have to go into the slot that is available.

#153 BC: What was involved in the surface leasing, can you remember the first deal you did?

JG: Oh yes. I sure do. Because I got a rude awakening in the Midale field, when I went down there and realized that they were ready to string up my predecessor if he showed his nose around there.

BC: Good heavens, how come?

JG: He was man who didn't keep promises and you know, you can't do that in a farming community. The thing that I can't understand about the oil business is that they don't place enough emphasis on the importance of the surface field landman. You know, the exploration of it, the guy that's out there trying to lease petroleum and natural gas rights, the community within which he operates in sees him for one fleeting day or even if he's around there for a month and then he's gone. Now, that company that's got those leases may or may not explore those lands. All they have really is a lease and a place in which to hang their hat if they want to explore. Because it gives them the exclusive rights to produce if they find something. But with your field landman, if you're going to drill a well in a community, that could be the beginning of a new relationship between the company and that community if the well turns out to be a success. It's the start of a new field and when a new field comes along, you've got all of the things associated with the development of that field. Which means that the company then, becomes part of that community.

BC: You have to have space for the people to stay and certainly. . .

JG: You've got a field office, you start drilling development wells, you start laying pipelines, there's all kinds of activity that goes and there when you become. . .

#177 BC: For a long time too.

JG: . . part of the community and the people within the community, you eventually hire them. I mean, most of your people that do the well checking, you know, from well to well, to check the meters and that kind of thing, usually are local people that you hired to go around with their pick-ups and do this kind of work. And so, really, the surface work was more important really. . . as an ambassador, the landman doing the work, it was more important that he be an ambassador for the company, than it was really for your P&NG lease man.

BC: Is it the same today?

JG: It is and that's one of the reasons you see, why finally, the Alberta government is now putting legislation into place, requiring that landmen give farmers 24 hours notice before they come back and ask for a signature. That's why the landmen got such a dirty name really, not because of his petroleum and natural gas activities, but because the surface land people, often brokers, were given a certain sum of money and said, here, go out there and get that land for that much and there's not another penny coming. And so, it really was a bad scene for many years. And that's why the farmers really did have a legitimate outcry when he said, I leased my land 20 years ago to this company and there's no rental escalation clause in that lease. In other words I'm still getting paid \$2 an acre as an annual rental for that lease, even 20 years later because there's no rental escalation clause in there you see. So the government has to come in and force the industry to put in a rental escalation clause, which doesn't sit well with farm communities.

- BC: Do you think part of this is because of this broker system where a person really. . .like, you were connected to Shell and you had a certain responsibility to Shell because if you gave Shell a bad name you might not have a job whereas a broker will play, whoever is going to give him the money and . . .
- JG: That's right, wherever he can get the lease cheapest and fastest. That means that you can establish a reputation as a land broker that can get a lease cheap and fast and so he's going to get business.

#210 BC: And so he's hired as a sort of a free lance man then?

- JG: That's right. Whereas your company landmen, they had to be more ambassadors for the company. Even some company landmen and the companies themselves did not concern themselves with that kind of PR. I can think of one particular company, but I'm not going to name it, who for years, resisted doing anything within the communities in which they had their fields. They just resisted and they had a terrible man, but it was company management, top company management, that you get away as cheaply as you can, period. And it didn't do anything at all to help the industry get along with the farming community. Now, companies like Shell were very concerned about their image and the thing is of course, and understandably, the companies that were most concerned are the ones that have the pump on the corner, or who are selling fertilizer to those same farmers. Naturally they are concerned about their image within the community. They're trying to sell product to these people.
- BC: So you're really the person who retails as well as explores, you're going to get a different kind of a landman.
- JG: Exactly. So if you didn't have a marketing operations to go along with your exploration and production operation, you really could be that hard nosed. But it didn't help the industry generally to have those people.
- BC: Did the farmers eventually cotton on to the fact that they were better to be with the marketing type company, do you think?
- JG: Not necessarily. Because some of the smaller companies were very good, you see, and I don't want to generalize.
- BC: No, I appreciate that.
- JG: Because there were some smaller companies who had an excellent reputation and there were some big companies who didn't. So I don't think I can generalize to that extent. But certainly there's no doubt about it, if you're trying to sell oil and gas to that farmer, and fertilizer, you really do want to keep your name clean in the community and therefore your surface landman is an ambassador for the company, has to be such.

#240 BC: Now, where was the first place where you were out looking for surface, from Regina, how far out?

- JG: From Regina, oh in the Midale field.
- BC: How far is that from Regina?
- JG: 100 miles southeast of Regina. It's midway between Weyburn and Estevan. But really my operation started at Weyburn and then went all the way from Weyburn right through into

Carnduff and into Manitoba, all that southeastern play. And Shell had a piece of each field in there. Therefore that was my responsibility was to kind of ??? all the surface rights.

BC: So you really jumped in, in the deep end of the pool?

JG: Yes, I did. But I enjoyed it and I got along just great with the people in those communities. I'm proud to say, my reputation was untarnished when I left.

BC: I was going to come back to that, the fact that you had followed someone whose reputation was a bit shady. What happened, like you would go to your first place and they said, oh you're from Shell, goodbye.

JG: Exactly and that was the response I got. Shell, what the hell are you doing here, we don't like you people, so I'd have to start off by convincing them that it wasn't Shell they disliked. Maybe the person that had previously contacted them on Shell's behalf, they didn't like, but not necessarily was it Shell they didn't like.

260 BC: Did you convince the first group, the first ones you went to.

JG: Yes. I recall one particular place that I went to get a pipeline, this was pretty early on in my days in the Midale field. My job was to get a pipeline easement, so that we could lay a line from a particular well into the central battery system and I was getting terrible resistance from the farmers. It looked to the point where we might have to go to arbitration to get it, which always takes time and it's not pleasant to have to go to those lengths, to have government intervene. So I sat down, it so happened that this particular title to this land was in the name of the farmer's wife, she was a better business woman than he was a business man. She was a teacher and of course, she had a good head on her shoulders, he was a farmer, he was a good farmer but he wasn't a good businessman. She did all the business, everything was registered in her name. So I sat down with her and I did get this same resistance, you know, that Shell has a bad reputation around here and we don't particularly enjoy them and I'm not that anxious to get into your pressures and this kind of thing. So, I asked her what specifically was the trouble, what could she pin down that was annoying to her, had she had previous dealings with us that had turned out. . . I knew that she had had previous dealings with us because they were on record. But had something happened that particularly annoyed her and she said, yes, it was north in the Midale field, where the soil isn't that good and she said look, our soil layer is very thin, we don't have much top soil here and once you start digging up a pipeline, if you don't preserve that layer of topsoil and then put it back, we have problems for years in growing crop on that line. And I said, well, has this happened to you and so she took me out take a look at a line that had previously been laid and sure enough there it was. You could see where the crop was stunted on the line and you could see where clearly the topsoil had not been saved. So I told her, look, I will guarantee that when this job is done, the topsoil will be removed and the line when it's completed will be properly tamped and the topsoil will be replaced. And I gave her that assurance, my personal assurance. I didn't have the authority to do it but if I was going to get the easement I had to do something. So she said, well with that assurance, I will sign this easement but I want your personal guarantee that will happen. I said, if I have to personally supervise the thing I will make sure that it

happens, I'll make sure of that. Now, I did this with my fingers crossed because I came back to Regina and I said, look I've got this but this is the deal, you will remove all topsoil . . . Well, the engineer, again, he was a Texan, but he was a different Texan than Lloyd Butkin that I mentioned earlier. He was one of these tough gruff Texans who felt that farmers had no rights and the oil industry had all the rights in the world to go in there and do what they wanted with farmers land. Probably that's why they'd had trouble in the first place. But anyway, I told him, well that's not the deal that I've made and I'm sticking by my word, even though my job may depend upon it, I'd given that woman my assurance that her topsoil would be removed and would be properly replaced. So we really crossed swords, so as a junior landman I really started off on the wrong foot. But it turned out right because he had to bend under that kind of pressure. This particular engineer eventually went back to the States, but for the time being we crossed swords from time to time when I would go down there and I would make sure. . .because I felt that I really, while Shell was paying my salary, I really was the go between, between the company and the farmer. So that's the role that I played for several years while we were down there. Another instance I recall where our engineers had laid out . . . a series of road, there was a whole bunch of wells in a half section and of course, it's 80 acre spacing there. These wells were interconnected by a roadway system and a pipeline system and this was in the Carnduff field. I sat down with the farmer and asked him to sign a lease and he said no, you've laid out your roads all wrong. I said, have we really, tell me about it, you know, it's his land, to tell a landman or to tell an engineer you've done it wrong, you just don't do that, they don't take that easily to be told that it's wrong. But this guy had been farming this land for years, surely he must know something about his own land. He pointed out where we'd actually surveyed a road right through the middle of a slough, it was just silly. He said, look, if you want, I'll walk the land with you and I'll tell you where your roads should be, so that you get the best utilization of them in the winter and in the summer and there's going to be the best way out for me for my farming operation. So I said, let's go out and do that. So here we redid all. . .despite the fact that our surveyors had been on there with their surveys staked and everything but we redid the whole thing on the plan. . .and again I brought it back into the Regina office, same engineer and I said, we've relaid your road system. Well, I got hell for that. I said, but look and I argued, this man knows his land, let me point out the benefits, because I've tramped it too, with the guy and so I pointed out, eventually it was resurveyed, it was done that way, everything went swimmingly. But this was the kind of go between arrangement that you had to. . .

BC: A lot to being a land man than just signing the lease.

JG: Oh yes.

End of tape.

Tape 2 Side 1

BC: Sorry, could we just sort of get the last of that again.

JG: Well, as I was saying, come back to the Regina office and crossed swords with the Chief Engineer, he listened to my arguments as to why it was a better road system and the fact that the farmer and I had tramped it together and fortunately he accepted my explanations and the thing was resurveyed and of course, a whole new road system was laid out and eventually constructed. As you asked, is that the role of a landman, is not just to be the guy who gets the lease signed. No it's not, some landmen I suppose, would defer that they're just errand boys, that all they do is pick up the lease and go and get it signed and over with as quick as possible. I have never accepted the role of just the errand boy in any of my jobs that I have done as a landman.

BC: Can you remember the names of some of the people that you worked with in Regina, you were there in '55-'56, from that period until what time.

JG: I was only there. . .well, I went down right at the beginning of 1956 and I stayed to the end of 1959, which isn't that long, four years in Regina. People I worked with, yes, I mentioned that Darcy Cole was the Division Land Manager when I went down there.

BC: What can you remember about him?

JG: Darcy. He was a very placid individual, a very nice guy, always very cool and people who worked for him held him in high regard.

BC: Where had he come from, was he an American?

JG: An American, yes. Really I think he had worked with Bob Gadboy, the Land Manager, in the States and of course, Bob had specifically requested that he come up here. They'd worked together in Wyoming and they got along so well then that Bob had contacted Darcy and said, how would you like to come up and see Canada for a few years. And this is the way it was done in those days, with the Americans being the supervisory staff up here, they would remember somebody they had worked with down in the States and they would say, come on up to Canada for awhile and see how you like it up here and they'd hire them on that way.

#027 BC: How did this affect the Canadians who might want to be trying to get in at that level or move to that level?

JG: Well, not too badly, because, while we wanted to be managerial and senior people, we really didn't have the experience at that time. So we were able to learn from working with these people. Mind you, there were times when it didn't go down very well and there were times when it was definitely the wrong thing to do. I recall when Shell was unitizing the Okotoks gas field, and unitization in those days, it was a special thing. We were used

to these places, we were used to the general run of the mill acquiring of leases and getting surface leases and this kind of thing, but unitization was something new to us. Now it's the regular run of the mill thing, no sooner is a field discovered than it's being unitized because there's a recognition that the sooner everybody gets together in that field and kind of pools their reserves on some kind of equitable basis and arranges for one of them to develop those reserves the better off they're all going to be. There is that recognition now, but in those days everybody went about drilling their own wells and eventually they would look at each other and say, no this is silly, we're really competing within the same field and yet we've really not anything to compete about, why doesn't one of us operate and the others will step out because you get centralized facilities and there are genuine savings to unitization. But Okotoks was one of the early units, Jumping Pound had already been unitized, Okotoks was the next one for Shell so it was one of the early units. Now, for the purpose of unitizing that field, they brought up unitization landmen experts from the States and just about all of them without exception spoke with an American twang, you know, the good old Texas drawl. Well, they started off this unitization by having a big meeting in Okotoks, in a big hall that they'd hired for that purpose. These Americans all spoke about unitizing and one thing and another and how it's all in the best advantage to do so, you know, by the time they were through, they'd turned everybody off. All those people had been turned off by these Americans who'd come up here to unitize them and it was the wrong thing to do. They should have just got common garden, Canadian landmen to get up there and say their piece. Even a guy like me with a limey accent might have done better. But it really did turn them off, it was a bad first step to try to unitize the Okotoks field.

#059 BC: Did it set it back?

JG: It set it back but eventually of course, they got it unitized. But it was a step backward doing it that way. But the hiring of Americans wasn't so unusual, it wasn't resented in those days, because we did have the opportunity to learn from those people, who'd already cut their teeth somewhere else.

BC: One of the things it seems to me, in doing research into the various companies, Shell was one of the leaders in replacing Americans with Canadians. There was a big import of Americans and there was a great exodus, it seemed to me about 1961.

JG: Well, there's a very clear distinction between Shell and other multi-nationals. It's called the Shell group of companies, what Shell does, it sets up companies, individual companies and tries to make them as indigenous as possible, wherever they may be. This is Dutch British origin and wherever they are in the world they do try to encourage as much local management eventually, that's their long term aim anyway, is to get local management in there. So it's not surprising in Canada here that eventually there was a replacement by Canadian of the Americans and the British people that had been here, and the Dutch. We had the Dutch and the British here in plentiful supply in those early days. But eventually there was a replacement of those people but that was always a long term aim and always has been with Shell. Not necessarily so with the American companies, where the American companies like to think they still have the control. Esso is a good

example, there's much greater management control exercised over Esso from the Exxon people than ever there is within Shell. And I think the same applies to Mobil and Chevron, there's still that American influence there but not so with Shell.

#081 BC: There was quite an exodus of American Shell people wasn't there, at a certain point?

JG: Yes there was. Of course, that was when Shell became Shell Canada.

BC: What date was that, do you remember?

JG: Shell Oil Company of Canada Ltd., was something that happened while I was in Regina, it happened in 1958. The reason I recall it is because for a period of time, I was recalled to Calgary here to do some of the work associated with transferring all of the land assets of the company over to the new company. That happened in 1958. Shell Oil Company of Canada Ltd. took the assets of Shell Oil Company, that was controlled from Toronto.

BC: What was the advantage of making that change?

JG: There had to be some tax advantages, for the purpose of doing that. You know, you don't just do it to be hospitable to the host country. There's more to big business than just being the nice guy, so there had to be definite tax advantages. Just as there were tax advantages when Shell Canada moved its head office for exploration and production into Calgary here and everybody followed suit. Because by incorporating under the laws of Alberta, rather than under the laws of Ontario, there were very definite tax advantages to doing that and having the centre of exploration and production separate from the marketing and refining. Usually that's why companies make these moves anyway. There may be the cosmetic advantages too, you know, to go along with it, but that's just serendipity to tax breaks.

BC: What changes came about to in Shell when it became Shell Canada, as far as operation.

JG: Well, we stopped running to New York and we started running to Toronto. But even then, I say we started running to Toronto, we'd run to Toronto and then to New York. For a period of time, New York held the reins.

BC: Did a future senior vice-president kind of get up here to be president of Shell and then go back again into the other company?

JG: What Shell Oil Company did and by that I mean Shell TNT, the Shell group headquarters in London and the Hague, the head of exploration for North America was housed in New York and Shell Oil Company of Canada Ltd, up to that point in time, had been only involved in marketing and refining in eastern Canada. And so they didn't know anything about exploration. So the head office in the Hague said, look, we're not going to pass exploration immediately to Toronto, because you haven't got anybody there that know anything about it. So while we're putting the land assets and all the exploration operation into your hands, you're still going to do it, through reporting through New York. So there was a group man in New York that everything had to be checked and double checked with, for several years after the transfer. But then eventually. . .

#122 BC: I'm sorry to interrupt, but would this slow things down, whereas before you could go straight to New York, then you had to go into an intermediary.

JG: Well, it only slowed it down annually, really. Because you see, budgets are done annually, so it meant that for your program for the next year and the budget for the next year, you had to prepare everything, get it blessed in Toronto and then get it blessed in New York. Once it was blessed of course, you could run with what had received the blessing, on the understanding that you would make telephone calls. . or the local Vice-President of Exploration and Production here, would be making telephone calls, directly to New York for a period of time. But then after that, the telephone calls, when the thing was really switched to Canada and the man who had been here, Paul Kartski???, he was the Exploration Vice-President for Shell Oil Company and then when it became Shell Oil Company of Canada Ltd., Paul Kartski resumed that Vice-Presidency. But then he went from here to Toronto, to become President of the company. So when our President of the company became an explorationist, at that point they recognized that the baby could walk and so there was no longer the need to go and check with New York. Now Paul Kartski then, held the reins very tightly, because he had been an explorationist and became President of the company and Vacy Hash???, who'd been the President and was moved to Chairman of the Board, he was a refiner and marketer. Then the exploration really was under the control of Paul Kartski in Toronto. So then we spent more time than anything running to Toronto, much more time. Parcelling up maps and reports and god knows what that we had to prepare several times a year and run down to Toronto and go over them and Paul would do the exploring right from his office in Toronto. You had the President of the company, he would be looking at these geophysical sections that we had prepared and he'd still be doing your basic exploration and second guessing your geologists.

#150 BC: Did this cause problems, then at the Calgary side?

JG: It didn't cause problems, because there's a point where it's interest, a keen interest in what's going on and a point where it can go from being a keen interest to being an interference. Paul walked that fine line fairly well, there were times when it was interference, I've got to admit. I recall an instance where the geologists in the Edmonton division office were preparing reports, maps and everything to take down to Toronto, to get a recommendation to surrender the acreage that we had in the Northwest Territories in the Fort Providence area. Our geologists up there were taking a look at the work that had been done, there'd been some drilling done and some seismic done but they were looking at all this information and they'd come to the conclusion that really, there was nothing in the Fort Providence area. It was time to call it a day and admit that the hydro-carbons were just not there. While this was going on in Edmonton, a team of people were going down to Toronto on another matter entirely and Paul Kartski happened to say, when are you guys going to come in with a recommendation on Fort Providence, he said, of all the areas up there, that's one I really think has great potential, when are you going to come in with something. And of course, a stunned silence, well, we'll be in Paul. Next thing, ??? comes back, change that recommendation, there wasn't going to be a recommendation for surrender, that's one thing. If you guys want to keep your heads you better go down there with a recommendation to drill, to hell with surrender because Paul still thinks it has great potential. And those kind of things happened.

BC: So did they drill on it eventually?

JG: Where we'd been zigging, we zagged, so there was a big change, from a recommendation to surrender, it became a recommendation to drill. You see, and that's a case where I say, it was a bad thing, because eventually yes, it was drilled and. . . .

BC: And nothing was found.

JG: Those geologists were right, all it was worth doing was surrendering.

#183 BC: Maybe that was Mr. Kartski's baby, maybe he'd been the one who had done the initial work there or something.

JG: Well, he'd certainly been involved from the beginning when recommendations went in, in the first place to acquire the acreage and start exploring it. But after all, you can hardly fault him for that because industry thrives on disagreement between geologists. If our geologists saw all acreage alike, there'd be no competition, there would be no farm outs and farm ins, that's what the industry thrives on, differences of opinion between geologists. If ever there's no difference of opinion between geologists, landmen are out of a job. Because the other area of landmanning and the one the I thoroughly enjoyed and I think every landman aspires to eventually becoming, is the negotiator, the guy who wheels and deals on the acreage. Whereby you're going to take your own company's acreage and peddle it out there and find a company that sees some interest in it and will likely find hydro-carbons. People who are prepared to spend their money in this pursuit for hydro-carbons, whereas you are not prepared to spend your money at that time, and rather than wait until you have the money or wait until you have the expertise to apply to that particular land, it's better to do it now and somebody else will do it.

BC: This is where you have companies that are just explorationists and you do a farm out to them.

JG: And you give them a farm out, that's right. So it has potential.

BC: How would you choose, when you were negotiating, what company to go to? Did you have certain one that you. .? .?

JG: Well, you keep track of companies that are active in the area. Land scouting is an important part of the business, where you maintain a record, either by map reference or some card reference, as to what companies are working in an area at what time. Like, where the geophysical crews are and who they're working for. If Century Geophysical is working for Esso in a certain area, you know that Esso is obviously interested in that area and it may be an area in which you have some land. That being the case, then you would record that an maybe when you were ready to do a farm out, you would flip through and say, who's done seismic there in the last 2 or 3 years. Through checking that you would say, let's go and see if Esso is interested in a farm out. Mind you, if they had some real interest from the work that they'd done, chances are they'd be knocking on your door for a farm out anyway, because this is a two way street. Companies have acreage that are available for farm out to others but on the other side of the coin are the people that are aggressive in that particular area and they're anxious to make deals with people that have the acreage. Just because somebody else has the acreage doesn't mean that you stop taking a look. The other company then may be amenable to making some deal whereby

you can get a seismic option or something or even get all the way to a drilling option if you've already done the seismic. So this is the thing that keeps the pot boiling, turnover of acreage.

#231 BC: When you were looking at a farm out, what things would you look at, what components would you put together to decide how much you want from them in return and how much of that decision would be made, for you for instance, when you were in charge of this, how much budget would you have to do that sort of thing?

JG: You can always calculate it on paper as to the earning price per acre, the dry hole price of acreage. You know what it would cost to drill a well to the particular target depth that you're intending to test, the formation you're intending to test. So you say, all right, let's say that I do a season of seismic, let's say, three months seismic, over that three months I would get so many miles of seismic and seismic is so much per mile so it would cost me that for a seismic program. Then if that seismic program, which may be a reasonable program, if I can find some anomaly that warrants some detailed seismic, maybe I'll get another month of detailing that particular area there and provided I can find closure in that area or if it's a strat play, if I can see that the stratigraphy is such that it warrants drilling a well, then I know the cost of drilling that well. So for one well in that area and the seismic that I've done, it's going to be a total cost of that. Now, you say, all right, I can then divide the number of acres that I acquired into that and it's cost me so much per tested acre. Now, the cost per tested acre is something that you can, again, keep track of. Again, you follow the deals that have been made, if deals are being made by certain companies at so much per tested acres, that's the right figure to start using eh. Now, if things are not going at that price, you've got to adjust a price. And also it depends on the degree of relative prospectivity of the area. If it's already reasonably well explored and it's reasonably prospective, maybe you require a well to earn a lesser interest or maybe you require two wells before you earn any interest at all, if the area spread is big enough. Or maybe you enter into some deal where you get one well with an option to drill a second well to earn a lesser interest, because you're only going to drill that second well if the first one is a success. So there's all kinds of wheeling and dealing and eventually through this kind of thing, you come up with the right price, the right amount of acres, the number of wells to be drilled, to what depth.

#280 BC: You would figure all the idiosyncrasies and then what you could really go with?

JG: That's right.

BC: Your accounting background would be invaluable I would think.

JG: It helps, yes it does help. Because you're playing with figures. So yes, it helps.

BC: How much. .in your earlier days, were you out in the field a lot, would you sort of go out for a day and come back or did you. . .?

JG: Well, the field is a funny name because you see, while I started off with the Midale field, as a landman in charge of the Midale field surface rights, in those days I was in the field, literally in the field. You know, I would jump in my car and I would be out for days on

end, I would be out for 3 or 4 days before I got back home. I would have a whole bunch of things in my briefcase, like to get a pipeline easement, a surface lease, settle some damage claims, whatever needed to be done in that field. Or even just go and see some farmer that was having some trouble, as I had to on one occasion, because one of the wells was blowing gas and it was filling his farmhouse full of gas. The flare had been extinguished and here's this thing sprouting gas and the flare has gone out so all he's getting is gas. And he was most irate because he had to get up in the middle of the night and his kids had been crying all night. So you've got to go and visit people like that, you can't just do it on the telephone.

BC: He could have been quite seriously ill.

JG: Could have been if it was sour gas, but you see it's not, it's just a large stinking smell of gas. But there's no hydrogen sulphide there like there is in the foothills, so it's not dangerous to that extent. But nevertheless it's very annoying and it's very smelly, so you've got to go and visit the guy.

#310 BC: So what would you do if that happened and I presume this did indeed happen?

JG: Oh yes, it did.

BC: Yes, and what did you do when you went out to settle with him, what kind of settlement would you be making?

JG: Well, first of all I would try to do it with a straight apology. Most times that would work, if you went in there and said, I just dropped in to see that you're all right, that there's no continuing problems, that the kids aren't still sick and I hope that it hasn't recurred or anything and I must apologize for it having happened. But you can't help it, the flare goes out, the flare goes out.

BC: Did you always have the back of your car filled with little gifts for the children, type of thing?

JG: Yes, we'd usually bones for the dog as well, to make sure you didn't get your. . . this was something that you invariably had to carry was something for the dog that would come grabbing at your heel. But yes, sticks of candy and stuff like that, anything at all that you could give out to the kids, anything of that nature. But it was just a matter of , as I said, being a part of the community. But having gone from that, that was true field work, you're right in the field, you're running around in your car, you're grabbing your meals where you can at the local Chinese restaurants and you're staying at local hotels. And I'd stay in that Midale Hotel even though they didn't have biffy's in each room, you had to go down the hall. A lot of the guys would go to Weyburn or Estevan but I don't know I thought it was kind of nice to stay in the Midale Hotel, I didn't mind it at all. It was a clean bed and the folks that ran the place were very nice, it was very pleasant. But field work from there, became to me, more travelling on aircraft, because you see, while you're on a lease play, the brokers and the field landmen out there on a lease play are picking up those leases where you have resident lessors, the guy is right there and he can sign the lease. If you have non resident lessors you run past them as fast as you can because you're not going to stop for \$1 an acre and run down to Wyoming or Kansas or wherever Illinois. Now remember that particular area that I was in, southeast Saskatchewan,

southwest Manitoba, there had been a big land boom in there around the turn of the century where people had been selling land to people in the State just like we buy plots in Hawaii or Florida. Somebody had been down there, all through the land in the Midwest States saying do you want a piece of Canada and here it is. So they were buying a piece of Canada and that's . . . a lot of those

End of tape.

Tape 2 Side 2

JG: [in mid sentence]. . . a search of the title, from there you'd find out who owned it and you'd find it was somebody down in the States. You'd start tracing him down there and you'd find that eventually you'd come to a will that had or had not been probated and eventually you'd get hold of the executors and be passed from one to another and you'd pin it all down and get this whole thing nailed down.

BC: That could take years.

JG: Well, it would take several weeks or months and it a lot of phone calls. Because you couldn't afford to take years, while you were doing it, you see, these particular properties were usually left holes if fields, so when production came close to that, you weren't the only one that was tracking this down. And so you couldn't afford to take years, you had to do it awfully fast, otherwise somebody was going to be there ahead of you.

BC: Did you ever get on that plane going south and find another landman riding with you?

JG: Not going south, but I was on my way to Victoria to pick one up and I met another landman on the ferry, going across from the mainland, a Sun Oil man as a matter of fact. We met on the ferry and he was working out of Regina and I was working out of Regina, so instinctively we both knew that we were both after the same thing. So I said to him, look, what are we going to do, are we going to come across to each other and admit that we're both going over to try and pick up the same lease or what, who's going to be the first one in. Are we going to chase each other for u-drives or what. Well, we talked about it and eventually we flipped a coin as to who went in first. Fortunately I won. But I didn't get a lease and neither did he. We both wound up in Regina, neither one of us having got the lease. They were holding out for far too much money. They'd already got news of the fact that there was production close by and they wanted the sun and the moon and neither one of us had the sun and the moon to offer, so neither one of us got the lease on that occasion. But this was the way, it was the flip of a coin and I went in first and when I came out I said, well, I haven't done, way you go, do your best. I have no more money in my hip pocket.

BC: Did anyone get that lease eventually, would they. . . ?

JG: They would get it eventually, I can't remember who. . . I didn't get any more money to offer for it and I can't recall who did, which company did now. At that time it was between Sun Oil company and myself and we met on the ferry between Vancouver and Victoria. But as I say, you had to do this work pretty fast because there was going to be somebody else there at it if you didn't. But I met some very nice people down there.

Eventually they would welcome you with open arms. I met some very fine American people in that area, some of them, you know, you're not going to stay at the local hotel. I'd arrive and I'd phone and they'd say where are you and I'd say, I'm phoning from the airport and they'd say, now where are you staying, I'd say, well I was going to go to the hotel, oh no, you're not going to go stay at the hotel, you come and stay with us while you're here. It was . . .

#035 BC: Very friendly.

JG: Very friendly. Yet at the same time it was a difficult thing to do because when you're doing business with people, and I would have to often say, thank you very much but I'm afraid I have other business that I have to do in the area, so I want a central point from which I can operate and it won't be that convenient if I do it right from your home. And that would carry because it was pretty dangerous to go into somebody's house and get too friendly with them when you're trying to do business with them.

BC: Like the coach drinking with the players in the evening, you can't coach them too well the next day.

JG: Right. So you had to play that pretty. . .

BC: A lot of diplomacy in being a landman.

JG: Yes.

BC: Scouts, were they under you? You mentioned scouting. . .

JG: Well, there are two kinds of scouting. There are land scouts and then there are oil scouts, who did hide in the bushes with the telescope and count the number of . . . the joints of pipe that were pulled out when they were changing the bit. But land scouting was really a function of maintaining a check of where activity was going on so that you get some idea as to the land that companies were interested in exploring. As opposed to the oil scout, who as I say, he wanted to get the drop on what was happening in a particular well. How deep had they drilled and by counting the joints of pipe, knowing the length of a joint of pipe, you count them as they take them off, you know what depth they're at, when they change the bit. And of course, you can also check when they get a gas blow or an oil show or whatever. Usually the scouts and the landmen would work closely together but we were more concerned with land scouting than with oil scouting. And as I say, the eventual aim with most landmen, I think, that work for a company anyway, is to become the negotiator. When I came back to Calgary from Regina. . .

#058 BC: Why did you come back, what happened?

JG: That was the time, 1957-58, there was a turndown in the industry in those areas. To the point where you know, the ratio of successes were not what they should be. The number of discoveries were not coming as fast as they had. Follow-ups on fields were not what they'd hoped them to be. So Shell wasn't the only company that was looking at a division office in Regina, after just only 5 or 6 short years of having a division office in that city and was saying, there's no point in running a division office from that point any more. It's an operation that we can run directly from Calgary here. So Shell was looking at that as were other companies. Some maintained their offices in Regina longer. But Shell

eventually pulled out in 1959-60, pulled out of Regina as a division. People were transferred, either back to Calgary or up to Edmonton and I came back to Calgary.

BC: Did you have a choice?

JG: No. I came back here and I was put into the head office, where I became a contract landman. I had been doing quite a bit of wheeling and dealing. . . as I say, the four years that I was in Regina, I did everything. That was great for me as a source of training. Because I did surface work of every kind, I did P&NG leasing, and eventually I was doing negotiating by making deals on acreage in the area. Either straight exploration deals or what we called edge well deals, where we got to what we thought was the edge of a field and therefore the next well to be drilled out really didn't warrant us spending our money, so I would be going out to some of the smaller. . . there were always those smaller companies that were prepared to drill those edge of the field wells and . . .

BC: Why would they be willing, why would a little company be willing to drill them when a big company says that we can't afford to take the chance?

JG: Their overhead is lower, much lower. They can drill a well pretty cheaply and they can operate it pretty cheaply and they're looking for just one shot deals, where the big companies are not looking for the one shot deals. Now, some of them turned out to be real sweet deals. Some of those little guys that were drilling these edge wells, where the big company said, the next well we drill out, according to our reservoir engineers is not going to pay off that well. Often the reservoir engineer was wrong and so sometimes you make farm out deals and the guy you made it to was just laughing all the way to the bank. You'd in the meantime, retained an override, like a 10 or 15% override on what he produced, but at the same time it was a far better well than you'd ever anticipated. But what that did do then, is possibly you had the quarter section out again, and it made you look all your reservoir characteristics, all the figures that the reservoir engineers had been looking at and recheck them and say, obviously this field has done something that we didn't think it was going to. You never really know where the field goes.

#100 BC: Did you find that as a landman, you had to work very closely with the geologists and the geophysicists?

JG: Yes. You have to work close to those people as a team. There's no way you can work in just isolation. A contract man who's preparing purely contracts can, because he gets all the terms of the contract, but at the same time he's got to have a good background as to the operational aspects of the business to be able to put a transact together. So even a good contract landman, he's got to have field knowledge. This idea that any lawyer out of law school can put an oil contract together is not so. You're better off to get somebody that has some experience at the field level, knows the business. But anyway that's what I came back here to do. I became what they call an Aerial Land Agent eventually. An Aerial Land Agent was a man in the head office, who was responsible for a division and my division that I was responsible for was the Edmonton division. That is, I was the head office man, responsible for the Edmonton division. And the Edmonton division Land Manager reported everything through me, so that I could then pass it up the line.

BC: Is this what you came back to do?

JG: Yes.

BC: Strange that you weren't put in Edmonton.

JG: Yes. Sometimes I wish I had been. The work out of Edmonton was quite different from Regina and it would have been quite an experience for me to work out of Edmonton before I represented Edmonton in the head office. However. . .

BC: That could have caused you some problems I would think, being down here and up there.

JG: It did cause me some problems.

BC: Yes, what kind of problems did you have to face, besides the 400 miles or whatever it is?

JG: Well, yes, I had the distance to travel and of course, I had to attend their monthly meetings. Every month there was a division meeting and at that division meeting every landman for our division and every district landman would go over his district and explain the deals that he was involved in, both from P&NG lease plays, to the problems he might be having in the field with surface work, to the deals he was putting together or the deals he was trying to get for the company in his district.

#130 BC: You'd just do that once a month?

JG: Once a month and we'd sit there and we'd ask questions about this and we'd make suggestions and one thing and another. And that was a monthly meeting and then there would be minutes kept of the meeting and a report sent back here. But then with that background, it made it possible to keep contact with the field landmen up there. Every month I would have contact with the field landmen, the guy doing the job. So from that point of view it wasn't that difficult but it did have its drawbacks. Never having worked out of the Edmonton office and here's a guy in Calgary that's representing you, there were some resentments, I must say.

BC: I'm sure. Who did you work with at that time, in Calgary? Were you by yourself in this area or did you have someone that you reported to?

JG: I reported to the Land Manager, who was Jack Ebbles. Jack had taken over as Land Manager from Bob Gadboy. Prior to that he had a legal background, he had been the Assistant to the Legal Manger for the company.

BC: He was a lawyer then?

JG: He was a lawyer.

BC: What do you remember about your work with him?

JG: Jack was essentially a lawyer. He never really had got any field experience as a landman. Therefore a lot of what he did was legally oriented. That wasn't too bad for me because it did give me that other side of the business, which. .there is a big legal side of the business. It was a new facet of the business to be so close to Jack. He dealt with a lot of deals, even when he was in the Legal Department, most of the work he'd done was land deals and therefore he was well equipped from that point of view to be the Land Manager. But he'd kind of had a short course in the field before the made him Land Manager, but Jack was really always essentially the lawyer. So most of what he did was legally oriented. He thought of things legally. Figures he hated and as we mentioned earlier, land deals, you've got to put the figures together. You've got to see, what is it costing you to earn how much, tested or untested. There's a figure aspect to what you do, an arithmetical

aspect to it. And Jack hated figures, absolutely deplored figures. One and one never made two to Jack. Words were his forte. And he was the first to admit that, he used to say, don't come in and baffle me with your figures, I don't want to hear figures, figure it out. So we had our fun and games educating Jack to figures. But because he didn't understand figures he let me run with the ball.

#171 BC: I was going to say, sometimes it has its advantages, if you don't know it then you hire someone who does know and you don't have to worry about it.

JG: Well, that was the relationship we had. He was the Manager and of course, as Manager, he had all his time cut out managing, because it was a fair size department and a fair size company to manage. So he had his work cut out managing and therefore as long as he could have, as you say, as long as he had an expert in this area and an expert in that area, and they did their job, things went just smoothly.

BC: What other men were in that land office with you? You were in charge of the Edmonton office. . .

JG: Jack Drager was the Division Land Manager. Jack was an excellent land manager. He was the one that brought me into the business in the first place, in the basement of what was then the 400 Club, in the early 50's, when the 400 Club had just started and it was a basement down on 8th Avenue there. They had to get a liquor permit for every night that they went down there and played poker. It was one night I was invited down there to a party that they were having in this basement on 8th Avenue, called the 400 Club. Jack was a charter member of that club, Jack Drager. And it was at this particular party that Jack Drager said to me, you know, guv, I think you'd make a damn good horse trader, I said, you think so, and he said, yes, I think you would. He was the one that kind of planted the see that I should seek employment other than in the accounting department and move into land. And it was because of that, that I did. He's Drager Minerals now. Now, Jack was revered as being the landman, the Canadian landman, who mixed well with the Americans. . . of course, Jack had lots of personality and he mixed well with anybody. But he particularly mixed well with the Americans because as a landman he could speak their language and so it wasn't surprising that he became a Division Land Manager very early on. He'd been with Shell since before World War II, he started as an office boy with them, in Toronto. He'd gone from there, had many jobs, but finally wound up as a landman in Calgary. He was my boss in Regina after Darcy Cole came back to Calgary here, he became my boss, was moved from Edmonton to Regina. But then when Regina folded he was moved back to Edmonton as Division Land Manager. So he was the man that I had to laiaise with on this new job that I got. It wasn't without his difficulties because Jack was very strong willed, he really didn't need a coordinator in the Calgary office. If he had something to the Vice-President, he wanted to say it personally, he didn't want to go through any damn coordinator. So it wasn't a smooth road but we got along fairly well and we ironed out the kinks as we went along. It was good training for me in inter-personal relationships, knowing when to shut up and when to say something. But those were the people that I had a lot to do with. Another guy that was a hell of a good head was Jim Herringer. Jim was the Calgary Division Land Manager and he,

unfortunately, he took to the bottle. I have nothing but the greatest admiration for Jim because eventually, when he went on the wagon, and completely quit drinking he reestablished himself for what he was. And he was a fine landman. But he was a good trader, he was an excellent trader. He was like the Tommy Hicks??? in the business. He was the kind of guy who would go out and he would make a deal, but somebody else would have to put it together, the words, the contract. He was not very good at contract work and he made no bones about it, he didn't like it. But boy, could he very put deals together.

#233 BC: Can you think of any particular deals that he did?

JG: There's so many of them that Jim was involved in. He started off here in Calgary and then he went to Edmonton and there were many deals. . . No, no particular deals he put together. Shell was a company that was not as active in wheeling and dealing as many others. They were loners. They had a different philosophy from Esso. Esso believed that land per se, was wealth and I think that was probably a good thing for them. They just accumulated an inventory of acreage like you wouldn't believe, all over Canada. Not so with Shell. Shell always limited its land holdings, essentially, to a size which its scientific expertise could cope with. So, we'd look at land and say, do we want that land for its own sake and invariably for its own sake, no. But if our scientists, the geologists and the geophysicist saw that land had some potential, then by god you better go out and get it. But for its own sake, no. We did not have a department like Esso had, which was called its Contracts Department where it went out and got land for its own sake and then divvied it out through farm out to every small outfit in the business. If you wanted a farm out you went to Esso and in those days, you went to Imperial for a deal. If you wanted a deal on Alberta Crown land, you didn't go to the Alberta Crown, you went to Imperial because Imperial would have it on permit or on reservation or under lease. They had a massive inventory of acreage for its own sake, on the belief that they would farm it out and they would have a piece of the success of the industry, no matter where it happened. And of course, that's what they did have. They had a piece of everybody's success, because no matter where you looked, Imperial was there. Shell was much more selective.

#266 BC: It wouldn't be because they had more money behind them, because Shell had a big company behind them too.

JG: It was just a way of going about business. Shell was very scientifically oriented. Out of the whole group, Shell is very scientifically oriented and therefore their geologists had to say first, that land has merit. Having said that, they would then say, does it have enough merit to warrant going out and buying it for whatever cost, if so let's put a price tag on it. And then you go out and you try and buy it, whether it was held by the Crown, whether it was held by some other company or whatever. Having done that, they believed . . .and this was during the days the Shell had a motto, Boldness Paid Off. . .the idea was, if a play is big enough let's get it. So the geologists were really looking for big plays. They were not interested in a little here and a little there and a little there. It had to be a big bold play. Of course, that's the reason that in the early 1960's, 1961, they looked at the

east coast and the west coast. Because there were millions of acres of sediments that really were a duplication of the Louisiana discoveries and they were not held under any form of permits. So I was involved in that end of the game, I then spent a lot of time in Halifax, again wheeling and dealing for offshore acreage.

BC: What years would that be, they'd be in it very early then?

JG: '61, 2, 3, yes. In 1963, I was the one who rewrote the P&NG Act for the Province of Nova Scotia. Reason being that it had to be compatible with the federal act. So it wasn't hard to do because what I had to really do was to take a look at the federal act and say, okay, how can we duplicate, because the fight was on as to ownership then. Nova Scotia said, we have the mineral rights, the federal government said, we have the mineral rights. And Shell was not prepared to argue with the two of them, fine if you both claim the mineral rights, we'll take it from both of you. But we can't do two different exploration programs, one for you and one for you. So the thing to do was rewrite the Nova Scotia rules so that they parroted the federal rules. So that's one of the things I did was arrange for new legislation in the province of Nova Scotia so that we could get on with doing one job, not two, one for the province, one for the feds.

BC: You never thought you were going to do that when you went into land I'm sure.

JG: No I didn't. But that was interesting and I spent quite a bit of time in Halifax and that was more the kind of work I was doing once I came back to Calgary. With governments, the big bold plays.

End of tape.

Tape 3 Side 1

[This tape is quite hard to hear, like they were too far away from the microphone]

BC: When we were talking last Jack, you mentioned that you had drawn up the regulations for Nova Scotia because it was important to the company. Now what were the major differences between the two agreements?

JG: Well, there were several differences. First of all, Nova Scotia regulations, as they were then drafted, before being redrafted, were essentially based on the old mining regulations which did not really fit the oil and gas industry at all. They were small holdings, with work requirements, work commitments, that more closely fit a mining operation than they did an oil and gas operation. Even when it was a mining operation which might have been suitable for oil and gas exploration activity, they were clearly designed for onshore not offshore operations. Before Shell was prepared to go and explore the offshore, it required regulations that would provide for vast areas to be explored through the seismic tool, through geophysical means. In a vast kind of developing a regional seismic grid, to take a first look at what might be under there. Now, to do this you needed to hold considerable millions of acres and under the Nova Scotia regulations at that time, you couldn't do that.

Now, you could under the federal and of course, the federal people were claiming jurisdiction over the offshore. And their regulations were designed to provide large permits, with grouping provisions, whereby work done on any one permit could be deemed to be work done on several permits that were grouped together. That way you could do a broad type of exploration and have your work, no matter where it was done, apply to keeping all of the acreage alive, over an extended period of time. These were the things that had to be changed in the Nova Scotia regulations, that is, providing for large holdings that could be grouped, where the work requirements would parallel those of the federal government. So that when you did work under the federal government regulations it also met the work requirement at the same level and of the same type for the Nova Scotia people.

#027 BC: That could be quite a thin line and delicate balance to attain because ???, the offshore, you would have to be very careful that you didn't appear to be going the federal way.

JG: That's right. And yet they did recognize, when we talked to them, they recognized the need for this kind of parallel regulation, whereby we didn't have to do separate work programs, one for Nova Scotia and a different one for the federal government. So they could see it was to their advantage to provide the kind of regulations where the one program would suffice, so that Shell would in fact, file with the Nova Scotia government for parallel permits. Because Shell was disinclined to explore unless they could get coverage both ways, it's just like getting double insurance. So that no matter whether it was provincially or federally owned, having done the work, at least you would have continuing tenure to the lands the you had explored. So the Nova Scotia government recognized that if they didn't go along with this there was a chance that they wouldn't get the area explored. This was done on the heels of Mobil's discovery on Sable Island, just about the same time that Mobil was exploring Sable Island. And I can't understand why Mobil hadn't taken this step. If they were going to explore Sable Island, which is a relatively small area in that vast offshore region, I can't understand why they had not taken additional permits out in anticipation of success in this small area of exploration. As it was, Mobil came up with the Sable Island discovery and then Shell had blanketed all of the acreage in the whole region, right down the entire coast line.

BC: You already had done this?

JG: We had already blanketed it, yes, with federal permits and Nova Scotia permits. It was an interesting exercise in that having got the Nova Scotia people to change their regulations, as the amendment went through, I went down to Halifax at the same time that we had another man in Ottawa, and we communicated, the two of us, so that we really filed all at the same time. The man in Ottawa filed the same time as I filed in Halifax, so there was no tip off ahead of time you see. It was filed federally and I guess then, people would have been looking at getting into the Nova Scotia permit business and then we'd have had real problems, because some other company would have got Nova Scotia permits over the same acreage that we had federal permits. And then there would have been, not only a dispute between the province and the federal government, over ownership, but then you'd

have two warring oil companies. So that was to be avoided at all costs. If this exercise was going to go, Shell was going to have to have double coverage on this acreage.

#060 BC: Really great timing had to be employed, were you in a phone booth or somewhere. . . ?

JG: It was done in another office. We'd already established a good rapport with the Nova Scotia government, to the point where we were able to get them to amend their regulations and they knew that we were anxious to acquire this acreage. So it was all done in another office, we would use the telephone and phone our man in Ottawa, and say, okay, it's all happened, now get in there quick and file with the federal government.

BC: Who was your man in Ottawa?

JG: I forget who it was. I'll tell you who had an awful lot to do with it at the time but I don't think he was the man in Ottawa, because he was a junior landman at the time and he kind of cut his teeth on all this Nova Scotia stuff and that was Ray Forsythe???, who is now a Vice-President with Dome. He's the Vice-President of Land and other acquisitions with Dome.

BC: And he was working with you at that time?

JG: Ray Forsythe and I worked very closely together on that but I don't think it was Ray who was in Ottawa. He hadn't started on Nova Scotia in those early days.

BC: He would still be back in Calgary then would he?

JG: He was I think, still in Edmonton at that time. But eventually he became very active in Nova Scotia and spent a lot of time on a lot of the things related to exploration. Because the exploration of the east coast eventually was done through the division office in Edmonton. While all of this business of early negotiations with the Nova Scotia government was done from the head office in Calgary, eventually when it was all in place, then the division office took over for the purpose of actually doing the exploration and keeping the acreage alive and all of the other, many administrative functions that went along with a big exploration program of that nature.

BC: Did you feel sad at losing the battle to the Edmonton office?

JG: I didn't really lose it because I was still the coordinator, I was still the head office coordinator for it. But it was just one of the many things that I had to deal with. I then didn't become directly involved. Because whenever there was division office to handle things, on a direct field type basis, then of course, that was where the responsibility lay. I wasn't completely out of it, I spent a lot of time after that in Nova Scotia and in Quebec. I spent a lot of time down east in those days because shortly on the heels of that of course, we started to explore the St. Lawrence lowlands in the province of Quebec. We were involved in a similar kind of operation, that is, trying to get large amounts of acreage. This was an onshore operation, not offshore St. Lawrence, but onshore, of course, the rights were clearly Quebec's, no disputes. Therefore we went along with whatever the Quebec regulations were at that time.

#096 BC: Was that successful, the Quebec land acquisition?

JG: The first well was, the first well came up with some hydro-carbons, the St. Simone???

well was a big hit. In fact, once the well came in, there were big celebrations in the way that only Quebeckers can do it. Every villager from miles around came to celebrate this great discovery. But it was a flash in the pan. It came in as a deep gas well actually. The discovery of deep gas. And that's the reason that Shell was in there because they recognized that the situation in the St. Lawrence lowlands was very similar to the foothills, geologically. Therefore being experts in the foothills geology they applied the same techniques, the same concepts to exploring the St. Lawrence lowlands. And as I say, there was interesting, early success. But it was early success, after that, the few later deep wells that were drilled just resulted in ???.

BC: Did they ever produce anything from the one well, it was not enough to . . .?

JG: No, not enough to be commercial. But it was very definitely a tantalizing teaser. There were enough hydro-carbons in it to make the search worthwhile, until other wells were drilled that ???

BC: You have been involved in land acquisition, really from the west coast to the east coast and from the border to about as far north as people have gone so far.

JG: Yes, I have. With Shell I was involved in as you say, east coast, west coast and everything in between. And from even south of the U.S.-Canada border way up to the Delta at some stage in my career. Shell again, pioneered offshore rights on the west coast.

BC: Yes, perhaps we could talk about that.

JG: Well, that happened really, just before the east coast was filed on. In fact, Shell was instrumental in drilling the first offshore drilling rig in Canada, Canada built offshore drilling rigs. To first of all drill the west coast with the Sedco???. That was the Sedco F or G, it was done in the Victoria Machine Works Yards.

BC: Designed by Shell engineers?

JG: Well, it's kind of interesting. It was designed really, by Shell engineers in Houston, in close cooperation with the Sedco people, who were the owners of it and the builders of it. Shell was the first user on the lease off the west coast. I recall one meeting we had, the engineer at the Victoria Machine Works was an old Scottish seaman who'd gone round Cape Horn as a youngster. He knew his seamanship very well, he was an old marine engineer, a very dour Scot. I recall some team of young engineers going to visit him and I went along, I was part of the delegation from Shell. When they discussed the design of the Sedco rig he made it quite clear that was not too happy with the way they designed the crucible. The crucible being of course, the main point of strength in the kind of . . . there are three pontoons that are held together by this sub-structure, which in the centre comes together in a crucible where it's all joined together. That's the one point that has to be strong enough, it's the fulcrum and the strength of it all. Well, he was most concerned about this, he didn't think it was strong enough. He said, it won't stand these seas up the west coast. These young fellows said, no, we've put it through all the computers and all our tests and all our statistics tell us that it's quite strong enough for what we're designing it to do off the west coast. And he said, no it won't stand it, I'm telling you that right now. Well, they put it together, he said, I'll build it for you and he did. Well, after the vessel was built it went out on test off the west coast and the first thing they did was bring it back so the crucible could be strengthened because it wasn't up to the tides off the west

coast. Here was this guy and he wasn't using computers, he wasn't using anything except years and years and years of experience and his own engineering common sense.

#163 BC: He had the last say.

JG: That was kind of interesting.

BC: And where was this taken, whereabouts did you. . . ?

JG: There were in B.C.. . . what. . . 14 wells drilled off the west coast.

BC: West coast of what, Vancouver Island or north or. . . ?

JG: No, it was not between the mainland and the island, it was off the west coast of Vancouver Island and then up between the Charlottes and the mainland, that's where the acreage was held. The drilling was done in the main, off the west coast of Vancouver Island. . . 14. . . 17 wells drilled off there before Shell eventually pulled the plug. Not because. . . again, the drilling. . . each well was not a success in itself, nevertheless, led to drilling another well where it gave Shell that much more information about the strata and it was encouraging information. Each time you drilled another well there was greater encouragement to drill more wells. To the point where the acreage was never dropped, it was farmed out to Chevron, who took it on and Chevron is still anxious to go back and drill more wells, because of the encouraging geological results of the wells. They are geological successes, even though they weren't hydro-carbon commercial successes.

BC: If they ever make a discovery there, Canada will ???, everybody goes out to the west coast, that's. . . I mean everybody thinks that's the haven, the only thing is everybody can't live there because there isn't the work.

JG: Well, of course there's a moratorium put on drilling out there. That's the thing that stopped Chevron, even though the farm out had been made.

BC: Why was there a moratorium?

JG: Because of the salmon fishing, mainly. Environmental strings were placed on the area and therefore for many years now, it must be 12 years now, there has been an environmental moratorium.

BC: What happened, did you disturb the spawning grounds, what happened, why were you. . . ?

JG: A lot of these constraints result from effective lobbying where it counts. If the B.C. fishermen go to Ottawa and say, that drilling operation. . . and it wasn't so much the operations as they were then being conducted, but the operations that might be conducted if you find hydro-carbons. This is often the big problem with environment you see. It's not so much the basic exploration that's going to be a detriment to the environment. The problem is if you achieve success, and you start to build production platforms and it becomes a big oil operation, like off the coast of Houston and ??? in the Gulf.

#206 BC: Has it interfered with the fishing industry?

JG: No. I understand that recent studies in the Gulf, would indicate that the fish, if anything, are using these structures as breeding grounds. Wherever there are these structures they get an abundance of fish.

BC: Obviously Shell was not sufficiently encouraged to do its own lobbying with the

government.

JG: True, but then, 10 years ago, the environment people really held sway, not only off the west coast but in several areas affecting the oil and gas industry. The environmentalists were really having their way. There seems to be some relaxation now. There is a possibility I think, that if Chevron really went after trying to drill off the west coast, I think under certain controlled conditions, they might be able to drill now, off the west coast.

BC: When you were looking after the land acquisition out there, which I presume you were involved with, what kind of regulations did you run into, because here again, you have offshore, you have the provincial government and you have the federal government?

JG: Again, we did duplicate filing, with the federal and with the B.C. government.

BC: The B.C. rules were closer to the federal?

JG: The B.C. rules were closer to the federal government, close enough that there wasn't any need to amend them. Other than maybe the odd bit of superficial amendment, so that you could get your acreage to fit. But the big areas. . . both Nova Scotia and B.C., while they use the basic topographic series for establishing the basic grid, when it gets down to breaking down the latitude and longitude, they each have their own system. And then of course, the federal government has its own system, so you really have two grids that didn't fit. So other than trying to get your acreage to fit, there was no great need to amend the B.C. regulations. Of course, eventually the B.C. position was challenged and the federal government won the case. At that point in time, Shell dropped its B.C. permits completely, relied solely on its federal permits. The B.C. government certainly didn't like it. But you know, Shell was always of the opinion. . . Shell's lawyers were of the opinion that the federal government really did own the offshore rights off B.C. And it was taken to court and as I say, the federal government won that. But it's still up for the challenge. There was nothing really final about it, it was just that the Supreme Court voted in favour of federal jurisdiction over the west coast, but there are still steps to be taken and undertaken by the B.C. government to maybe, either reestablish their right to that or the federal government would really win if the decision went against B.C.

#258 BC: When you were getting leases for the west coast, how far out were your offshore leases, how many miles out did you go, or sections or how did you do that?

JG: It wasn't that far off the west coast, in fact, there were places where it actually hugged the coastline pretty closely.

BC: Would you go from say, high water line, out so many. . .?

JG: From the low water line. It's always the low water mark that's the determiner where rights between onshore and offshore cease to exist. The B.C. rights fairly well hug the coastline.

BC: And so many feet out?

JG: Yes, well, it's from the low water line. And of course, you had to take it to the kind of, closest grid area. You couldn't just take a jagged line along the coast line and say, well, that's my rights. You have to take section lines that province you that kind of checkerboard pattern that eventually would result. The B.C. rights were very close to the

coastline but not so, the Nova Scotia rights, they were further out.

BC: Negotiating for leases for offshore, was there a big difference for you as a landman between that and negotiating for ordinary surface rights on land?

JG: Well, of course, there is no problem with surface rights offshore, you don't require surface rights. You don't require the right to do the physical operation that you do on land. As far as acquiring the mineral rights, in those days, all you had to do was go to the federal government and file on the rights. If they hadn't already been held, previously been held and returned to the Crown as Crown reserve, you simply described the area on a map, described it by latitude and longitude, as to each grid area that you wanted to acquire.

BC: This is the offshore we're talking about.

JG: Offshore, yes. Or even onshore actually, Northwest and Yukon Territories, if they hadn't previously been held. Now, if they had previously been held, of course, the only way you could get them then was to ask the government to put them up for competitive sale, a Crown reserve sale. And that's what happened to lands, they first of all went in as just open Crown lands, with open Crown lands in those days you could go along to whatever government and say I want to file on those rights and as long as you gave them a satisfactory work program in written form and as long as you placed your nickel an acre, plus your permit fees, which I think was \$250 per permit, it would have been even less in those days. . . it wasn't very much money, you could acquire great swaths of land. It's what your land holding companies did, there are some companies who eventually became oil companies, started in that fashion.

BC: I'm going to just stop the tape and switch it over.

Tape 3 Side 2

JG: You often went personally to the Department of Indian Affairs and Land Development or to the Energy, Mines and Resources Department and simply placed your request for land before them. As I say, as long as it had not been filed you could acquire it.

BC: How much could you acquire at one grab?

JG: As much as you could hold.

BC: As much as you had money for?

JG: As much as you had money for. And the money wasn't. . . it wasn't that expensive. All you had to do . . . it was a nickel and acre for the first 18 months and then it was 15 cents an acre for the next 18 months. A lot of companies went in there, I say a lot, smaller companies would go in and file on the nickel an acre, acreage, in anticipation of being able to farm their acreage out to the other oil companies, the explorers and retain an overriding royalty on the land that they had farmed out and also get their money back plus a conditional consideration for the deal. So it was really . . . a guy like me should not have been staying in Shell, I should have recognized it, if I'd been a smart businessman I'd have recognized this and got out there and sold my house and acquired some acreage and peddled it to the companies I'd worked, like Shell. Oh but I must say shell didn't acquire

much of that acreage, other companies did but Shell was inclined to . . . as I think I mentioned before, was a real loner. They rarely acquired acreage from others in that way. They'd see an area that was open and they'd say, we'll go after that and they'd want to go at it from the grass roots position. Rarely would they go along with someone tagging an override onto a farm out. They had to really want it before they would do that.

#021 BC: You mentioned that something you could have done or should have done was to sell your house and go off, can you think of any of your fellow landmen at that time, who did do exactly that.

JG: Of course, a good example of someone who started doing with that in the early days, as an acquirer of land is Bill Siebens. Bill's operation, he picked it up from his father, who was a lease hustler???, his father was an acquirer of leases for other people. And then eventually Bill Siebens father became an acquirer of leases in his own name, with a view to then, later on, turn the acreage over to someone else. So there's a good example of it.

BC: And then eventually that became an oil company and they kept their land.

JG: Another one of course, was Vic Fridell??? Vic Fridell was a landman with Sun Oil Company originally. Vic left Sun Oil company in I guess, it must have been the early 60's because Vic left Sun Oil Company and he formed Fridell Minerals and then filed on swathes of federal acreage and turned it over and of course, Vic Fridell went on to become the President of Pan Ocean???

BC: That was his own company, or did he. . . a limited company??? or was it swallowed up?

JG: Yes. It was a merger and the result of the merger was he became Pan Ocean President and did very well. Started off, as I say, acquiring acreage and turning it over. Turning it over to ??? and eventually becoming ???.

BC: Right. Did you know Mr. Fridell well?

JG: In those early days Vic and I knew each other quite well. We were both landmen.

BC: Do you remember any incidents that involved him?

JG: Not really. It's just that we were both landmen and we were well acquainted, when he was with Sun. Later on, when he became successful at Fridell Minerals and made his money, he moved back to England and lived in London. I think he lived the life of Riley for awhile, and you know, profited from his endeavours in that respect. And then eventually came back to Canada. I don't know where he is now, although I do see him from time to time. Well, I did up to a couple of years ago. But there's two instances of people who started off as people who acquired land, turned them over and then they eventually became employers??? themselves.

#053 BC: When we are looking at people who kind of started in one way and then moved up. . . did you know the McMahan's well?

JG: No, I didn't. My present boss knew them very well, Charles Hetherington. Because he ??? ???, in those early exciting days. In fact I think he learned a lot of the art of the Canadian oil business from the McMahons and put it to good use when he joined Pan Arctic. Because the McMahons had a high profile and Charles in Pan Arctic has always had a high profile and in that respect very good PR people for the industry. They always

appeared to enthusiastic, exciting people. And they are and they were.

BC: And they managed to attract investors and . . . ?

JG: That's right. That was the key, they were able to attract people that had the money so that they could get on with doing the job. I don't know . . . it's become a much more sober business. It doesn't have the excitement of people that would start these harebrained ideas on a shoestring and then attract people with the money to put the idea into play. There doesn't seem to be that kind of excitement anymore in the business. I think one of the things that killed it of course, was the National Energy Policy. Certainly a couple of years ago, that's what was happening, a lot of people were getting into it in a small way and a lot of them are getting hit now because the banks were lending them the money and they.

BC: You're suggesting then that this entrepreneurship really until fairly recently had still been an integral part of. . .

JG: Of the oil business.

BC: Even though it's a lot different putting a ??? group together today, than it was 20 years ago.

JG: It is of course, because the risks are that much greater.

BC: And it's so much more expensive.

JG: So much more expensive because the shallower rights, shallower and therefore cheaper rights have been explored. The rights to be explored now are the deeper rights that cost that much more to get down to explore them. The vast Pembina field is being kept alive, anybody with land holdings in the Pembina field kept those holdings alive based on the shallow production of the Pembina field. But the deeper ??? Pembina have also been kept alive under those same leases, it's Crown rights in there and that's why the government of Alberta recognized this a few years ago and decided to separate the shallow from the deep. I think it was 1984, since I haven't been dealing for the last four years, on Alberta rights, but as I recall, 1984 it was deadline year, when anyone that had not explored those deeper rights was going to have to give them back to the Alberta government and retain only the shallower production then.

#089 BC: That means that there could be quite a change in the profile of the. . .

JG: Oh, could be, yes. You see those are the old leases where production kept them alive. And it kept everything alive. Again, those early leases did not separate shallow from deep rights, did not separate those rights where you found production from those other rights where you had not found production. Now, in more recent Crown leases, here in the west anyway, those division are now recognized in acquiring leases.

BC: Have you found this more difficult, to have to go and. . . you really have to get two leases then?

JG: Oh yes, two or three eventually I suppose. You get to the point where you can layer cake these things ad infinitum.

BC: You mean it would be possible, or is it possible today, that Shell might have the shallow leases and somebody else might negotiate and get the. . . ?

JG: Not only possible, it's quite common. A lot of farm outs have been made over the years

where parties would only earn to the depth drilled. Now, far more would recognize that the deeper rights might have some potential but yet they were still unexplored and therefore they would not include them in a farm out deal. If you were going to make a deal with somebody, then you would limit his earning rights to whatever he had explored by drilling the test well. So this is quite common now, in the industry, for parties to own shallow rights. The parties, or even the interests will be different than what they are in the deep rights.

BC: When did this change, can you pinpoint when this change took place and whether it's retroactive?

JG: It really evolved. . I know that Esso, in those days Imperial. . .

BC: You're talking about the early 60's?

JG: I'm talking about the early 60's, late 50's. Esso was the company that limited a lot of its farm outs to the depth zone, to the formation tested. They themselves would hold onto those deep rights.

BC: But at that time, the one lease covered it all.

JG: Oh the one lease covered it all and would continue to cover it all. There are many leases today that the lease does cover everything from the surface down to the basin. But the interests within the lease is divided up between various parties and by various ???.

BC: So the landman's job becomes more and more. . .

JG: More complex. So does the land title business become that much more complex. Everything becomes more complex when you start to divide things up in that fashion. I came across one instance, quite recently, in Pan Arctic where the layer caking was horrendous, because the farm out rights had been limited to a particular zone, provided that zone was above a certain geological depth. So even the zone to the farm out, if it was below that geological depth was not part of the farm out, it was excluded. Only if it was above that geological depth did the guy that drilled the well earn an interest in those rights. So it was a very, very complex deal and. . .

#134 BC: ???

JG: Very difficult. And particularly when you start looking at the eventual productions. Because then you have to begin to look and say, all right, between what horizon and what horizon is that particular production obtained from. If it's obtained from between two horizons then somebody gets a piece of the action and if it's not obtained from between those two horizons, then somebody else gets a piece of the action, eventually when it's beginning to produce. It now becomes very complex. At time goes on, I think it will get to be more complex, because there's going to be that much more of limitation of rights to whatever you're producing.

BC: The landman's role, as a consequence, changes a great deal too.

JG: Yes, it does. He has to be forever conscious of different rights within different zones. Now, the federal government has not yet acknowledged that you can have different rights within different zones, although the industry has, on federal lands. So here you have a case where the owners, being the federal government of those rights, to this point anyway, has not been prepared to recognize different ownership of leases, or permits held by the

industry, within those rights, by different zones. And yet, the industry itself has been operating in such a way that they have divided them, deals have been made on a divided basis.

BC: So legally where do these deals stand though?

JG: Legally they stand. They're there and they're contractually bound. They would certainly stand up in court because the court would deal with that kind of contractual obligation. It's just that the federal government sees the thing as an administrative nightmare and therefore they're closing their eyes to the fact that it's there and it will be an administrative nightmare. The one thing that the federal government has been striving towards, over the last 10 years anyway, has been what they call a unitary contract???, whereby they would prefer, instead of having a division of interest, they'd like to see a combined interest. They much prefer some form of unitization, whereby the federal government would only have to deal with one company on a field. Now, they don't want to deal with more than one company wherever they can avoid it. As I say, within the federal government they've been trying to pull ownership together, whereas the industry has been going the other way, of pulling the ownership apart, by making these deals that really ??? to a particular ??? or whatever.

#173 BC: But the two opposing ideas, has this caused any problem as far as accelerating??? exploration?

JG: No, I don't think so. The industry goes about its business and as long as the federal government doesn't disapprove of these deals, which now they have the right to do. You see, under the new Canada Oil and Gas Act, all deals have to be approved by the Minister. Previously the deals didn't have to be approved by the Minister, but the registration of ownership on the heels of those deals had to be approved. So the federal government over the years, has simply turned a blind eye to the fact that there are differing ownerships. So you'd have the registered ownership on the one hand, as it appeared in the registered ???, which in many cases bore no resemblance to the real beneficial ownership under the various contracts that had been entered into, on that land. So there were many trust agreements and there are many trust agreements entered into, between oil companies, whereby a certain party, while it's the registered owner, is really holding that interest in trust for somebody else that's got an interest in it. And this worked very well, the government knew what's going on, they knew that deals were being made ???, but they turned a blind eye to it and there were such agreements entered into and so be it. Now the government, under the new Canada Oil and Gas Act, is saying all deals must be approved by the Minister.

BC: So this slows the process.

JG: It could. It could really slow the process, if the Minister is going to now say, well, I don't approve of that deal. And yet, to take an example, where in federal lands, say the Mesozoics, the shallower rights, have been explored and there have been discoveries made in the ??? and therefore the parties that now hold those rights, they're certainly not going to farm out acreage with formations where there have been discoveries. That's their discovery, they discovered those hydro-carbons and they're just waiting to produce those

hydro-carbons. But it shouldn't prevent farm outs being made where you have companies come in and say, I'd like to spend my money on exploring the deeper rights, below the Mesozoic. There are several places where those have just not yet been explored and the potential for hydro-carbons is there. So it would just be silly for the Minister to say, well, I'm sorry, I'm going to disallow that deal unless you include oil rights from top to bottom. Because clearly the farmor, is not going to include the hydro-carbons he's already found, in the deal. So I hope that there is common sense prevails under the new act. Up to now, the voices in Ottawa don't talk about this business, it makes the administration so complex. But they're going back to . . .

#219 BC: Someday the chickens won't come home to roost.

JG: Eventually they really are going to have to recognize that this goes on and it's the way the oil business works. Our rights here are nothing like as complex as they are in the States anyway. The complexity there is not only by formations, but you can split up ownership into very minute pieces, at least we don't have that here. There are limits within the ??? to the amount that parties can hold. As I said, the complexity of federal rights in Canada are nothing like the complexity of ??? ownership in the United States. Where they need title companies to that do nothing but dig into ownership.

BC: Did you do any of that sort of thing as a landman or did you have someone doing that sort of thing. . .?

JG: Oh yes. I did it in my early days of administration, checking titles and . . .

BC: But it wouldn't be as complex, it wouldn't need that complexity, it wouldn't need that ??? that you would have in the United States?

JG: No it doesn't. You see, if you're going to check into ownership of rights, in Canada here, you have to go back, when it comes back to freeholdership anyway, you have to go back to the patent???. That is, everything originally was granted by the Crown, everything was held by the Crown and granted by the Crown. And that's why you find the freehold ownership of rights followed the early settlers. When the settlers came out west, they acquired title to the land and they acquired title to all of it, mineral and surface. So those areas that were settled around the turn of the century, like Manitoba and southeast Saskatchewan and the Peace River country, you find the farmers there own their mineral rights. Because the patents were issued, before 1907, when the government said, hey, let's stop this because the potential for mineral wealth is there. So when a homesteader goes out there and gets his land, he can have the surface, because that's what he went out to get, but the Crown keeps the minerals. And that's why, after that magic day, when legislation was introduced to limit ownership to a homesteader to surface rights, from then on the Crown held the minerals. So you've always got to check back to the patent to the point when the permission??? came and trace every transfer through and of course, it's a long legal proceeding to go through everything.

#260 BC: Like family trees.

JG: Like a family tree. Eventually you find that these transfers are in good order, have been properly executed, etc. etc. etc. and the guy that thought he was acquiring minerals did in

fact acquire them, that there wasn't some slip in the transferring of it, that meant that suddenly it fell in another branch of the family tree.

BC: Did you very often run into that?

JG: Oh yes. Companies have different basic rules, regarding checking of ownership, called title clearing. Shell's rules were very strict. We did not commence drilling at all on land, until the title had been cleared. And that meant a nine section block around the well and that magic nine section block would always be. . . .

BC: Did that sometimes hold up production quite awhile?

JG: It would hold up the drilling, it could. The drillers were not entitled to sput in the well until they had clearance from the land people and in fact the acreage, that nine section block that was under lease to Shell really was under lease to Shell. But there was another purpose to doing that too, and that was, there may be acreage in that 9 section block that was still open and therefore it was the landman's job to go out and acquire it before the well. So there was a double barreled purpose to doing that checking. If you found some open acreage then you'd be off on a plane to wherever it was, Timbuktu, to get a lease. At the same time, the title people within the land title section of the company would probably be writing letters and one thing and another to make sure that the titles to the leases that Shell did have were all nice and ???.

#299 BC: Can you think of any instances, where indeed, they had to wait and perhaps at a time when they wanted to get in very quickly when. . .

JG: Well, I can think of several times when there were temporary delays, but I can't think of any time when there was really any prolonged holding up of a rig for a title search.

BC: Nothing that would actually have interfered with the quick discovery or the acquiring of more land etc.?

JG: No, I must say that, to be quite honest, Shell ran a pretty good operation when it came to keeping their rigs moving. The engineers were well trained in that they knew to ask for title clearance well ahead of wanting to drill to give the land people enough time to do the job. It was often a scramble, a real tight scramble to get everything cleaned up. And there were many occasions where in doing the title check, you had to establish a priority of how clean that item up ahead of cleaning another item up which could wait until the well was already sputted. There were items which clearly had to be straightened up before the well was sputted and those items which could wait, you know, they weren't as critical. But then that was a matter of judgement and you would do the ones that were most critical first and leave the ones that were least critical for after.

End of tape.

Tape 4 Side 1

- JG: [in mid sentence]. .not only are you there when the land is acquired, but it's the landman's responsibility to make sure it's properly surrendered and whatever reclamation has to be done, before he can get a clearance from the farmer, having drilled the well, the area has got to be restored to a reasonable degree before you can get a clearance from the farmer that it's okay now to move off and say that you really have finished the job. Particularly in Alberta, well, Alberta and Saskatchewan, where there's great emphasis on making sure that the surface has been restored, wherever possible to its original condition. So until you have that clearance certificate from the owner you really are not home free. The government, under their rules, can make you go in and do the job and if you don't, they'll hire somebody to go in and do it for you and send you the bill. So as I say, landmen have the beginning and the end.
- BC: Has there been a change during the time that you have been involved in the . . . during the time that you have been involved in the petroleum industry, Jack, has there been a marked change in the requirements, for instance, putting things back as close to the way they were?
- JG: Oh definitely, yes. Back in the early 50's, the oil industry could operate on the same premise that it was then operating in the United States of America. Which really was, if a farmer owned both the surface rights and the P&NG rights, then the oil company that acquired a lease of his petroleum and natural gas rights had free use to the surface. Now, that's now quite as bad as it sounds, because really that P&NG lease, between the oil company and the farmer who owned his own minerals was really a contract between the two of them, that was. . he owned the minerals, the oil company wanted to explore those minerals, therefore it was reasonable that he provide them the surface rights to do the job that they had jointly contracted to do. That was the premise of the whole thing. So in the early 50's an oil company, and shell did, differentiate between those petroleum and natural gas leases where the farmer owned the rights and those petroleum and natural gas leases where the farmer farming the land did not own the rights. They might be held by either the Crown or they could be held as was the case in many instances, by the freehold

party. Those are the cases I mentioned earlier, where I was going leasing in places like Chicago and Minneapolis and Kansas, down in that Midwest part of the continent. Often those were rights, the petroleum and natural gas rights were held by some other freehold owner and somebody else was farming the land and owned the rights to the surface. So there was really that difference, where if the farmer held his petroleum and natural gas rights, you would just go on his land, without paying him anything at all for the use of those lands, other than damage. There was rights to damage. Now if you damaged his crop going in, then you paid crop damage, if you damaged any other of his assets when you went in, like fences or whatever, then you paid him, but you did not pay him any rent and you did not pay him any initial consideration for the surface rights that you used or that you continued to use if you found and you were developing an oil field. As opposed to the other guy, where rights were separated, in order to be able to explore for the petroleum and natural gas rights, you had to go in and negotiate a surface lease with that man, before you could stand on his land.

#050 BC: That would be, for instance, if the Crown owned the mineral rights?

JG: If the Crown owned the mineral rights, or some other person owned the mineral rights. Those people you had to make a deal with. The deals that were made in those days, compared to today's terms were ridiculously low consideration. Again, there was payment on top of that for any crop damage or anything, that was always the case. But then, in the late 50's, again, there was a recognition that this was an unfair discrimination between the two types. I'm not prepared to say whether it was or not because I was. . . you know, the feeling in those days, that if you paid enough to the farmer for his petroleum and natural gas rights, and if the royalty that he was going to get from your successful exploration of his land, was going to make him a rich farmer, to have to pay on top of that for the surface, to be able to make him rich, seemed a little much. But then. . .

BC: Suppose you had a dry hole.

JG: If you had a dry hole, of course, it was his dry hole. He didn't have any petroleum rights to lease to you in the first place, what the heck, you know. Anyway this is the way the industry looked upon it and it came from the States. It wasn't very long before our provincial governments here in Canada were saying, uh-huh, you can't operate that way. If you want to use the surface, whether the farmer owns the mineral rights or not, you have to pay for the use of those surface rights. Now, it started in Saskatchewan, with the Surface Rights Board saying. . .and in fact, they came up with a formula, it was a set formula, you acquire the surface rights, you pay at this rate. And they simply applied the formula and if the farmer didn't like the formula then you wound up in arbitration and eventually the formula applied anyway. Some farmers really rebelled against that. One particular farmer I can think of, in the Midale field, the arbitration cases continually went against him and everything went to arbitration because he would not sign a surface lease. They always went to arbitration, the formula was always applied, Shell would send cheques in accordance with the formula and get on with the job but he never recognized the authority of the provincial government to have any say in what he did with his land. So he refused to cash the cheques, he pinned them on his wall. These uncashed cheques

were all pinned on his wall and anybody that went to visit him, he would show them these cheques and say, look, these are all the cheques that I've had from Shell Oil Company, none of them cashed. He just refused to cash them.

#081 BC: Did he ever cash them?

JG: Yes. As a matter of fact, it was interesting, it was about. . . let me think now, it would be somewhere around 1975, when eventually I sent a landman out there and I said, look, can you get this man to break this nonsense. We've got all these uncashed cheques, they're all stale dated, we're going to have to pay him all over again, but I said, I certainly would like to be able to get. . . we were showing him as an account payable, for several thousands of dollars for these surface rights over the years. I said, look, get out there and see if you can straighten this out and ask this man, will he reconsider. It's just a pointless battle that he has, his fight was not with Shell, it was with the provincial government. He claimed that the Surface Rights Board, the arbitration division had no place in dictating to him with what he did with his land.

BC: He was a real free enterpriser.

JG: He was a pure free enterpriser, it was government interference. So this landman went out to visit him and finally convinced him that he should cash these cheques. He said, he would on condition we paid him interest. He wanted interest on all. . . the interest on the money was an horrendous sum in itself. So we settled for something less than full interest on the whole thing, because it was his own fault that he hadn't been cashing them.

BC: And had he cashed them he wouldn't have them all in the bank to. . .

JG: Had he cashed them he wouldn't have them all in the bank, but whatever, maybe the money that he spent, he probably would have seen a return on the investment, whatever it was, I don't know, or he may have squandered it. But nevertheless we were not prepared to calculate interest back to that very first cheque, which went . . . it started in the 50's and he'd gone 20 years, over 20 years without cashing our first cheque.

#104 BC: Who was the landman that finally convinced him, do you remember?

JG: Tom Connolly. Tom Connolly was the man, still works for Shell, he's a senior landman with Shell now. But Tom was the guy who finally broke this guy and convinced him that it was nonsense, that he should really cash his cheques. So I don't think they appear on his wall anymore.

BC: But he probably. . . part of the deal, if it was me, I would say, I'd like a new cheque, but I'd like to have all these framed.

JG: Yes, right. I don't know, maybe we'd have framed them for him. We were so glad to get it settled you see. But then you see, from there, where the government's required that every surface right be paid for, then it went from there to the point of introducing legislation for restoration of the surface damage. That was a new innovation whereby, there would be, as there are in Alberta now, government inspectors that come round. When everything is over, when the well has been drilled and abandoned, or whether it's been completed for production with a well head on it or whatever. But whenever it's ready for farming again, of course, the farmer can go ahead and farm around it, but

eventually there's going to be a government inspector come along and say, that's okay, it's been restored to the kind of condition that we expect in the province of Alberta. Until you get that, you're really not free from this obligation to restore the man's land to as close as possible to its original condition.

BC: Are there any areas that you have worked in as a landman where this obligation to restore it as close to the original as possible meant some horrendous changes and problems?

JG: Not really. Again, I think, Shell recognized its corporate citizenry in that respect and always had great respect for the land in operations that it conducted. Certainly within the last 20 years, when this restoration business has come in, Shell has been, as far as I'm concerned was always a very conscientious operator in the field. Maybe, as I've mentioned earlier, it was also selling its products, probably in the same field. You know, if you've got a man trying to sell Shell products to those same farmers, or that same farm community, you're going to keep your skirts pretty clean on the other end. But I do know that some companies had terrible problems with it. They just did not recognize the need to restore the land to anything like the condition it was in.

#142 BC: They would be prosecuted?

JG: Well, as I say, they would be pressured, they wouldn't get that clearance certificate from the government. I recall it was Dallas Schmidt, who was the man in Edmonton, who was the party responsible for this particular piece of legislation, he told me personally, Shell is on our clean list, you don't have to concern yourself with your company. We have our white hatters and we have our black hatters and he told me the names of some of the black hatters, that were quite well respected explorers anyway. One particular company was not a marketer, it was obvious from the way they behaved.

BC: You're not going to list those.

JG: I'm not going to name it.

BC: No, that's fine.

JG: But there was one particular company that had the blackest hat of all and it was a well respected explorer and a well known company in this area, who had a very, very bad reputation. To the point where their philosophy was, so sue me. You know, take it to that point on anything respecting surface rights. Shell was one of the first companies, in fact, was the first company, to update its surface rentals in the province of Alberta and Saskatchewan. That is, taking all those old leases that had fixed rentals. . that's another thing that evolved over the years, was moving from a fixed rental, annually per acre, to a periodic rental update. As the value of land increased, the farmers and the government considered it was reasonable that the payment for rental on that land should increase. Now, those early leases are fixed rental per annum. Some of them, when eventually there was a rereckoning, some of them were very low rentals. Shell was the first company to go in voluntarily and say, we recognize this inequity and we're prepared to rectify it. And so there was a big program of going to every field and updating every rental in that field.

#174 BC: Would that come under your office?

JG: Yes. It came under my office. As a matter of fact, I was in charge of that particular aspect

of Shell's business, with several landmen under me, at the time that we did this. It was quite an undertaking. As I say, we did it voluntarily. It was shortly after that, that legislation was introduced, whereby it had to be done, by regulation. But again, this other black hat company that I mentioned, again, their attitude was, we'll do it when we're sued. We have a contract that says, the rent for time immemorial will be that and so be it, you're going to have to sue us before we change it. Everything related to that, they were dragged kicking and screaming and resisting all along the way. So yes, there are many changes have occurred in surface rights.

BC: Let's look to the north, out of Alberta and up into the north because you were also involved in the Mackenzie Delta and that would be another cup of tea.

JG: Yes it was. The Mackenzie Delta was an area that Shell saw as interesting, at the management level anyway, saw as interesting, sometime after the District Geologist working in that area, had seen it interesting.

BC: Do you remember the name of the District Geologist?

JG: Yes. Jacques Plante. He wasn't a goal keeper. Jacques Plante is now a Vice-President with Soquip???, operating out of Quebec. But Jacques at that time, was a very hot-tempered Quebecker, French Canadian. He saw the potential and was most enthusiastic about it, as enthusiastic as only a French Canadian can get. He used to fight tooth and nail, with not only his division management in Edmonton, who I think at that time was Ben Vayu???, yes, Ben Vayu was the Division Exploration Manager in Edmonton, and Jacques would fight his case there for Shell acquiring acreage in the Delta area, and on the Arctic slope, the Arctic coast line, ??? ??? of course ??? the Beaufort Sea. Plante was just itching to get hold of more of that acreage, because he claimed that it was potentially hydro-carbon bearing. As I say, he used to plead his case with his own Division Manager who was Ben Vayu and then he would come down to Calgary here and he and Fred Kidd, who was the Exploration Manager for Shell at the time in the head office here. He and Fred would just cross swords and he would be telling Jacques to get out of his office. It was always a very good natured fight but it was a fight, where Jacques was most emphatic about his position and his enthusiasm for the acreage and Fred would be telling him to go and peddle his Northwest Territories elsewhere because Shell had other fish to fry and . .

#233 BC: Had he done. . he was a geologist?

JG: He was a geologist.

BC: Did Shell do any seismic work up there at all or they didn't even. . .?

JG: Yes. Oh well, there had been some seismic work done in the area that Jacques was able to relate to.

BC: But not done by Shell?

JG: Shell did some but not very much. A very open regional grid. But it was from this and from other elementary data that Jacques concluded that the area was highly potential. And then of course, when Prudhoe Bay came in, it proved him right eh. And that of course, made a very big difference to the Northwest Territories, the Prudhoe Bay discovery. It was at that time, it was on the heels of Prudhoe Bay that the federal government should have clamped on the acreage and set up rules that said, now there are significant

discoveries of hydro-carbons in that region, acreage will only be disposed of say, through competitive sales. But they didn't. As I mentioned earlier, you could go in and acquire all the acreage you want by filing on it. It was on the heels of Prudhoe Bay that everybody was down in Ottawa on the first plane they could catch. Now, Shell was a very scientific company. They would only go after as much acreage as they could see their scientists could explore. Not so with some other companies, and certainly not so with some land holding type of companies, like the Siebens, like the Vic Trudells and like so many others. Some of whom were just Toronto lawyers, their were people from all over the country, who were entrepreneurs, who saw the opportunity to get into Ottawa as fast as they could, acquire the acreage simply by filing on it, with a view to peddling it to others. It was on the heels of Prudhoe Bay that whatever had not been picked up at that time, was picked up pretty fast, until eventually the government did put the clamps on filing and started to hold competitive bid leases. The big one of course, being the lease sale that was held about the mid 60's when the Beaufort Sea acreage did go up for bid.

#262 BC: Were you at that lease sale?

JG: I said mid 60's, just a minute, no, it wasn't the mid 60's at all, it was the late 60's, early 70's when that acreage went up for sale. Yes, Shell had bids in there, too low.

BC: Were you at the sale.

JG: Not personally, no. No, I wasn't. I was attending a lot of sales at that time, but no, I was not at that particular sale. All bids however did go through the office in Calgary here, where I was, as I say, the coordinator. In fact, that was one of my responsibilities was to prepare all bids and get all the cheques for those bids. I got the recommendation from the Division Office and I took this recommendation and only myself and the secretary that made up the bid knew the specific amount of the bid. Because I did have an authority beyond the recommendation that I could add to whatever recommendation. . .you know, whatever authority I got, I was authorized on top of that to add, what was always called the bugger factor. And that was the factor that people believed was one would confuse the opposition. You know, you take a look and mix up the cents and the dollars and. . .

BC: Did you, different landmen used to have, everything had to end in an 8 or a 7, or you'd have it 97 cents, did you have a funny little formula yourself?

JG: Well, no, I didn't have a particular formula, but the thing of course, was not to wind up with 97 cents so much, as to go over the top of the dollar and wind up in the low cents. I don't know how much it confused or whether it was a factor on who won sales.

BC: Did you ever put in a bid that was just straight zero, zero at the end.

JG: No, and there were very few that did. There always had to be these odd few dollars, as I say, that was kind of the smoke screen that they hoped was going to be the kicker that got the acreage.

#305 BC: What was the closest you ever came to winning a bid but being a few cents off or a few dollars off?

JG: I have come close to within a few hundred dollars, to the next highest bid. But don't forget it was only the federal government that every advertised the bids. The other

governments would not tell you what the next highest bid was. In fact, it was rather interesting some of the things that happened because of that. As I recall it was in the Grayling area of British Columbia, that area is immediately south of the B.C.-Yukon border up there. We were trying to put acreage together at several sales that were being held in Victoria. We got the feeling we were chasing our own tale on that one, that is, we were putting bids in and we were being successful at acquiring the acreage and at the next sale we felt that we had to bid that much higher. Otherwise we might lose the acreage, you know, by not bidding enough. So you put in a higher bid and by the time you've gone through 3 sales and you keep topping your own bid, you begin to wonder, maybe you're leaving a lot of money on the table that you don't really need to. And that is always possible under that system. So eventually we decided we would just put in a test case and bid lower than we had previously and lo and behold we acquired the acreage. So how much we had been leaving on the table on those previous sales I don't know, but it was probably considerable. And other companies were faced with putting in high bids and there was considerable range between them and the next bidder but you would never really know and that's the problem. That's where Alberta made a lot of money through that process, unlike you know, the States had the open auction type arrangement where you go to sales and it was just like an auction and you'd bid and you'd up your bid as people kept going higher than you, you'd keep going up and up and up. Now certainly that pushes the price up, but equally I think, maybe Alberta benefited by keeping all other bids secretive, they would never let you know how much money had been bid on parcels.

End of tape.

Tape 4 Side 2

BC: Because of this Jack, was there often a lot of, over the lunch table, just sort of, what did you pay for that, type of thing?

JG: Yes, there was a lot of sleuthing went on that way in an attempt to learn who your competitor was and how much they bid on the acreage. Sometimes you would find out. . . sometimes people would approach you that were close to your bid and had not acquired the acreage, seeking a farm out immediately after the sale. They would disclose that they had been very close to acquiring the acreage and could they enter into some kind of deal with you to pay you back half of the money you've just bought the acreage for in exchange for acquiring half the interest.

BC: Did this happen very often?

JG: Oh yes, there was quite a bit of trading went on after sales. Companies contacting other companies to say, hey, you just acquired that acreage, how would you like to sell it to me for that kind of money. There were tax benefits to joining before the sale. Money that was paid directly at sales for acreage could be written off as an expense, but if you obtained any reimbursement at all of any part of that consideration, you lost the tax benefits. So . . .

BC: All or a part.

JG: All. The tax laws were written in such a way that you were not to receive any reimbursement of consideration that you had paid on a parcel. Now, they were changed eventually but those early tax laws were very critical in. . .well, they influenced whether companies would or would not sell acreage. Otherwise they wouldn't get a tax write-off. To the point where, sometimes, we would examine acreage and decide we would rather surrender it than sell it to somebody else for a consideration. Because we were better off getting a tax write off for what we paid for it than we were to salvage the cost and pick up some part of that remuneration. You were better off to get the tax break.

#035 BC: So there might be border line land that you might have held on to. . .

JG: Jointly with somebody else, had the tax laws been different.

BC: When did they change those tax laws, about when, do you remember?

JG: Now, just a minute. Now you're taxing my memory. I'm sorry Betty I don't think I can remember. Although there was a critical date, any time we looked at acreage as to whether or not we would surrender it or attempt to farm it out for partial reimbursement of the consideration. . .because the thing was that you had not to receive any consideration for it at all otherwise you lost the tax benefit. Now we only looked at this where we'd paid a high price for acreage, where our exploratory efforts had failed, sometimes you had other companies who were prepared to continue that exploration, but as I say, if you paid a lot of money for that acreage. . .and I can't remember the date. . .but I think it was probably somewhere in the 60's that was a critical date. And then as I said, the tax laws were changed so it didn't really matter, you know, that silly law that said, if you received even \$1 back for it, you lost your tax write off. But not retroactively. We started to look at acreage and see, when had we bought it. And if you bought it prior to that change in the tax laws, again, you were limited as to what you could do with it.

BC: In the time, we sort of skipped about on dates a little, but after you came back and were the coordinator, you stayed with Shell, you're not with Shell now, but you certainly stayed with Shell for about how many years?

JG: Well, I came back to Calgary in 1959 and I left Shell in November 1978. So I was back with shell for 19 years, back here in Calgary.

BC: You were always within the land department?

JG: I was always within the land department, except for my very early years as an accountant, just those first 3 or 4 years as an accountant. So I was always in land.

BC: And in the later years, like in the 70's, what area were you most concerned with in the land department.

JG: In 1970, when Shell moved into the Standard Life Building and changed its management structure. Shell had always maintained kind of 3 areas of expertise, at each management level. By that I mean there was always a production Manager, an Exploration Manager and a Land Manager at the Division Level and at what they called the Area Office level, what other might call the Head Office level and the management team at each level was expected to be able to coordinate their efforts to do the job within the budget limitations of whatever. . .Division Level, for instance would have a budget and they were to coordinate their efforts to do the job at that level and just resolve their problems. Shell is

great on delegation of authority. They don't do anything by committee. Shell doesn't want to ever hear about committee meetings or doing anything by that kind of activity. They have an excellent system of delegation. Delegation of authority all the way from the Chairman of the Board at the top right down to the street sweeper in the garage. Everybody knows what their delegated authority is and they're expected to act within that level of authority. So that each manager at these various levels, division or area, knew what their authority was and they were expected to coordinate their efforts to work within those authorities and get the job done. Only if they had to move up the line to get a larger authority would they come into the area office and instead of acting upon their decision, they would make a recommendation because they just . . . their recommendation exceeded their authority. If they couldn't get along at the division level, those three people, then the problem would be passed up the line to the area level, where again, you had a Production Manager, an Exploration Manager and a Land Manager expected to be able to resolve, at that higher level, that difference. Only when they couldn't resolve the difference did it ever get into the Vice-President's office. So this kept most of the day to day operational problems away from the Vice-President. It meant that he could deal with the much larger issues eh. And there was always that encouragement at every management level, look, if it's within your authority, get on with the job, do it, don't come to me and talk about it, do it. Now, people were judged of course, they were accountable at the end of the year, for how they had spent those dollars and the success they'd had with those dollars. There was accountability in that respect and if a guy had spent a lot of money and there wasn't much results, it wasn't very long before he was going to get moved out. But that structure was changed about the time that Shell moved into the Standard Life Building. It went from being that 3 headed structure. . .

#097 BC: The triumvirate sort of.

JG: Yes, like the troika of the three of them, working together and acting together, and land unfortunately was downgraded. Land became part of the exploration function, under an exploration Vice-President. But there was a step between there and this original 3 headed system, in that the division came about under general managers that they established with geographic authority. A general manager that took care of the western area and a general manager that took care of frontiers and he was the head. So you had a geographic head as opposed to a functional head for a period of time. That happened just about the time that I went into the Standard Life building and the land department, it changed from this geographic system, which they found obviously wasn't working, back to a system of functional responsibility but at that point of time, land, one of the three heads, was eliminated. You then had what they called a development manager and his job was both production and development of whatever reserves were found and your exploration man, each one of them being a Vice-President, under a President locally here in Calgary, with land operating under the Exploration Vice-President. At that time I became in charge of the Contracts and Administration section of the Land Department. In that respect I was responsible for the preparation of all land contracts. I had a couple of lawyers working for me and I had a team of land administrators working for me. That is, title people and the

people dealing with land administration. Now, this went on for a period of about 3 or 4 years. Then I was moved from there to being the Senior Staff Landman in charge of all of land operations in western Canada. That is, I took care of everything from the Ontario-Saskatchewan border, west.

#128 BC: There wasn't very much. . well, there was the eastern offshore.

JG: Well, we were active in Ontario at the time. We were looking at Ontario, which incidentally, even as recently as the mid 50's was still being drilled by cable tool. The old cable tool was still the only way to drill the kind of soil conditions that you had in the Ontario region. Rotary drilling just didn't work. You had to rely on pushing your way down with cable tool and you get the cake, you know the compacted cake on the side walls in order to be able to drill there. The rotary tool just didn't work. But we were active in Ontario and we had ceased to be active really, in Quebec, having farmed out all our holdings.

BC: But you were really in charge from Northwest Territories along Hudson Bay. . . .

JG: The Northwest Territories, Alberta, Saskatchewan, Manitoba, the foothills and of course, northeast British Columbia. That was my area. I had district landmen for various districts within that area. Plus the land administration people. Again, you see, there was a change in structure. Whereas when I was in charge of land and negotiations and contracts, it was a functional responsibility. Again, there was a change to this kind of regional responsibility, where every function within that region came under my supervision. So I wound up with a staff of. .well, it varied somewhere between 35 and 40 people to look after that area.

BC: How many people had been in the Land Department when you first went into it?

JG: Back in the early 50's?

BC: Including yourself.

JG: Including myself. . .probably, maybe somewhere around 20 people in total, land people. Plus, several contract landmen who just were running on a ticket, the lease hounds.. Any time we acquired leases in those days there was always a mixture between our own landmen and the lease hounds. At that time, I think we probably had. . probably no more than 10 landmen. And no more than 10 land administration people.

BC: And by the time you're getting to the end of your tenure with Shell, there were 40 just in that one area.

JG: Just in that one area alone, that didn't take into account the frontier regions, which were a separate region. Ed Falk??? was the same status as myself and Ed ran the frontier. He was Senior Staff Landman in charge of the frontier regions.

#168 BC: Is he still with Shell?

JG: No, he left a year before I did, or almost a year before I did and went to work for Dome. He went first as a contract landman and eventually he went on staff there, working for Ray Forsyth???, who at one stage had worked for him within Shell and he went as Ray Forsyth's Frontier Land Manager. So Ed has always been involved, I shouldn't say always, but certainly in his later years, Ed was involved in the frontier regions. Now,

while I had been very active in the frontier regions when I was in the head office, as a coordinator, I ceased to be active in those areas and came back to. . . mainly my responsibilities were the producing regions. You know, Alberta, Saskatchewan, Manitoba, the foothills.

BC: When you are working in an area such as that, as you were in those later years with Shell, much of the land having already been acquired, there would be quite a different role you would be playing then?

JG: Oh yes. There weren't the same kind of broad lease plays, because there weren't the same broad expanses of unleased lands that there had been in those early 50's. Mind you, we got into lease plays, because by that time, you know, the standard P&NG lease was a 10 year lease. The standard Crown lease was a 21 year lease but the standard freehold lease was a 10 year lease and many of them had been dropped then, so they were available for the second round of leasing. So you could find areas, even as late as those mid 70's I was involved in acquiring leases on a fairly broad area.

BC: What areas were you looking at, at that time, can you remember?

JG: There were some areas that were. . . some of the freehold plays in the foothills, east of the foothills, we had lease plays in there. But not too many lease plays of the kind that had been held in the early 50's where you had big expanses of land.

#203 BC: Looking back on those years with Shell, what would you say would be the most exciting lease play that you were involved with or was there one that really stood out?

JG: No, they were all exciting. I remember one particularly, the one I think I mentioned earlier, where we were leasing south of Winnipeg. There was great hopes. . .

BC: And the guy went out on the snowmobile.

JG: No, that was Brandon, it was Brandon where the guy went out on the snowmobile. But we were doing some leasing. . .and that was the last big lease play of the old type, that I can think of, was when we were leasing south of Winnipeg, down Highway 75 there. Because you know, the company felt that there was great potential in those very shallow. . . you're getting very close to the pre-Cambrian shield when you're in Winnipeg. There aren't many more sediments east of there to explore. So whatever you're exploring there, it's very shallow drilling. Of course, that was a play that came from successes south of the border, you know, down in North Dakota. Where the industry had made considerable success in the U.S.A. and of course, it was north of that, that we were doing out leasing, in Canada. But here again, Shell was a little different, in that although it was a big integrated company that controlled Shell Canada, it's activities were not limited to Canada, as is the case for instance, with Esso or Gulf or companies like that. Shell Canada in fact, does have holdings still, south of the border, down in Montana particularly. And the reason for that is because the play is an extension of what Shell Canada was looking at in Canada. I suppose that is unusual that a company would do a cloak and dagger operation in the face of what some people may think of as being it's parent company in the States. But you see Shell Oil Company in the States is not the parent of Shell Canada. They're both controlled from the Hague. And therefore what we

were doing there was really competing with a cousin, not with daddy. So this was fair game, it was an extension of a play that had developed in Canada. So here you find a Canadian company . . . I know a lot of the little companies, of course, are involved on both sides of the border. But the Canadian subsidiaries of U.S. companies, usually, it stops at that political border and you just don't go south of there. But that was not the case with Shell. In fact, Shell Canada still has an office in Denver. Salmon Resources is a subsidiary of Shell Canada in Denver that looks after its U.S. holding down there.

#255 BC: When you left Shell, you left to retire, you took early retirement.

JG: Yes. Well, when I left Shell, it really was supposed to be the first step in a period of retirement plan that I had. Because I figured that maybe I could take that first step by going to a company that was looking for a senior type as a consultant. And that's really the way I started with Pan Arctic.

BC: Now, did you actually retire from Shell, or did you just give notice and leave?

JG: No, I retired. I took early retirement.

BC: You had been there long enough?

JG: I had been there long enough to be able to qualify for early retirement and of course, Shell does have an indexed pension system. So it was a case of taking the opportunity while it was there. As I say, it was a retirement step, at the same time in 1978, there were several companies who were looking for senior people from companies like Shell and Esso. Many senior guys from companies like that moved out to go to these companies who probably recognized the value of their expertise more than did the company that they were then working for. And they were prepared to pay for that expertise. And so here was a situation where I got a phone call from my ex-boss in Shell who said. . .

BC: What was his name?

JG: That was Jack Ebbles. Jack Ebbles phoned me and said, Jack, I don't know whether you're looking for this kind of opportunity but I have just been offered and I can't take it, I'm not in a position to do so. He had actually taken retirement and wanted to be actively retired. He was spending six months in Mexico and six months in Calgary, because he had bought a condominium in Mexico. He really wanted to get into active retirement. If he did take a job up here it would have to be during that six months, the summer months that he was up here. Of course, Pan Arctic, surprisingly enough is very active in the winter months and they didn't want somebody who was only going to give them six months of the year. The first arrangement I had with Pan Arctic, that Jack phoned me about, was an opportunity to go, as a consultant, to a potentially new land manager. They had really identified this young fellow as being management caliber provided somebody was there for a few years to guide him along in the two areas, one of management and the other in the land business itself. Because he lacked experience in both ends but they did see some potential in him. However this arrangement only lasted a year and he left and they asked me, would I take over from him. Whereas I had started with Pan Arctic on this kind of consultative basis, to a man much younger than myself. . .

#313 BC: And you were there every day or just parts of each day?

JG: I was there four days of the week, that was the arrangement. Only two months after I joined Pan Arctic, they then went on the four day week, every third week. So really by going to a full employment basis, really only meant adding two more Fridays out of every three, is really all that happened. But I did add those two more Fridays and they asked me to take over as land manager there, which I did. Frankly one of the things that intrigued me about going to Pan Arctic was the Arctic was an area that I had never really delved into in any great depth. I had been involved in every frontier region throughout western Canada, but the Arctic was an area that I had not been involved with in depth as a landman or in any other way. So that intrigued me. I quite frankly find it's a different world. It's a whole different world to anything else that's done in the industry I'm sure. The way that wells are funded is totally different.

End of tape.

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JG: As I was saying, the way that the wells are funded in the Arctic are so different from the way they are funded by the rest of the industry in the rest of Canada. In fact, it's that very basis on which Pan Arctic funds its wells that . . .of course, I was instrumental in making this change and the Petroleum Incentives Program, which has now come along, there was no provision for what is now called syndicated wells. Now, we didn't call them syndicated wells but this is a description that has been given to them by the Petroleum Incentives Program people themselves and I think it's a very good name for the way its done. Because wells, the cost of drilling wells, has invariably been shared between those parties that have an interest in the lease or the permit or whatever it is, on which that particular well is drilled. You wouldn't dream of going to some other party and saying we are exploring your land as well as our own and therefore there's got to be a basis where you will share in the cost of drilling this well. Well yes, it is done, but then the guy that you approached in that way will say, all right, are you suggesting we pool our acreage, or are you suggesting I make a dry hole contribution or a bottom hole contribution. Now, these were common in the industry but to just suggest to another party on some other land that he join with you in paying for the cost of a well when the well was not on his land was just unheard of. Unless you went through these other routes of pooling or bottom hole or dry hole contributions. But these wells are now syndicated wells and it's a very good term for them because it really is a syndication.

#023 BC: And what is the big difference that you made, the difference?

JG: Pan Arctic, when I joined them, was in the middle of a program of exploring the Spudrop??? Basin, offshore. For several years, Pan Arctic had dealt solely with onshore holdings and all its exploration had been done onshore. Companies then moved to acquire offshore acreage, Pan Arctic wasn't one of them. The big holder of course, was King

Resources and is now Phoenix. They were the ones that went and filed on a lot of offshore acreage, before anyone even dreamed of how you could drill a well offshore in the Arctic. I don't think it was because they were that avant garde, it was just mainly, as I say, it was cheap to acquire the acreage and it was probably just, for want of a better word, ignorance on their part as to how you would ever drill. It was just acreage to acquire. Now, several followed suit, among them Siebens, Trans Alta also followed suit, there is a lot of acreage up there that is jointly held between Siebens and Trans Alta. That acreage eventually turned over to other companies, like Dome and Phillips. But as to Pan Arctic filing on offshore acreage, there was nothing further from their minds in those days when you could acquire the acreage by that method. Now, subsequently I guess they regretted this because they devised and it was Pan Arctic that devised this system of drilling from the thickened ice, platforms of ice that's thickened by. . . well, first of all it was a straight thickening by flooding the ice, you just pour water on top of the thing and it will freeze and eventually, if you pour enough water on top you will get a pad that's thick enough that you can stand a rig on it, on the ice in the winter time.

#046 BC: How thick is thick?

JG: 24' about. Once you get 24' of ice there the tensile strength is enough to hold a drilling rig and all of the weight of the drill string that it has to carry. Now, there have been refinements to that now. We find that we can get away with a thinner pad with the same tensile strength by now, adding styrofoam pads. The styrofoam is actually made right there on the ice and these styrofoam sheets are made and they're interlaced with flooding of the thing and styrofoam and flooding and styrofoam and flooding and so one thing it does do is cut down the time that it takes you to drill an ice pad. Time is important in winter drilling, because come May, whether you like it or not, your gumboots are going to be filled with seawater. When that happens, you've got to get off that pad, whether you've reached the depth to where you're drilling or not. Which of course, is so different from land based rigs, which, you just keep drilling until you reach the target depth or whatever. You've got time to make reasoned decisions and to spend some time contemplating your navel or studying logs or whatever or deciding will you drill further or will you not drill further. You have the luxury of being able to make those decisions if you're based on land or even if you're on a drilling vessel offshore. It's there and it's going to stay there until you decide you've drilled enough. But with an ice platform, come the spring, it's going to thaw and as it thaws it weakens and therefore you have to get off. And also, you're limited as to the time when you can start, October is about the earliest time when you can get on the ice, when the natural ice, sea ice, is thick enough to withstand the weight of, first of all the helicopter or the light aircraft that's bringing the equipment onto the ice so you can start flooding and then of course, it's January, it's a long procedure, through the months of November, December, that it takes to get the pad ready plus a Hercules airstrip to service the rig during the time that it's operating there. So you need a pad, a relief pad, you have to put in a relief pad, by federal dictates, in case you have a blowout, you have to have another pad on which you can set another rig, to kill your blowout well. So you've got two pads to build, plus a Hercules strip and these

are built between October, November, December. Eventually, sometime in January you'll get your well spudded, but you've got to come off the ice again, in early May, so you've really got the months of February, March, April May. There's four months of effective drilling and that limits the depths to which you can drill. You just can't stay on that location to drill any deeper than what it takes four months to drill.

#081 BC: So the land question would be very vital, wouldn't it, where you can. . . ?

JG: Oh yes. There's no surface rights, there's no such thing as surface rights. As far as mineral rights are concerned, the Department of Indian Affairs and Northern Development, before the amalgamation of the two departments in Ottawa into one ???, which it now is, under the new Canada Oil and Gas Act. The Department of Indian Affairs and Northern Development were very understanding people, when it came to work requirements, they did recognize the constraints that you were working under. Not only in so far as drilling is concerned, offshore, but also seismic. Again, you're limited as to the amount of seismic you can do, based on the season in which you can get across the ice. The Eskimos would use the wintertime. . . they did a lot of travelling on the ice in the wintertime that they couldn't do in the summertime. I guess people lose sight of this, that the wintertime was a great time for the Eskimo to move around provided he wasn't stopped by weather conditions. But the cold itself was not a deterrent. In fact the cold froze the ocean so you could move around. We have the same kind of environment within which we have to operate and therefore the winter time is the time to get around and do things. The summer time is when it all stops. As I said, the DIANA people were very understanding of this and would move as far as regulations were concerned, and holding your feet to the fire, on what requirements would move according to the dictates of the environment within which we were working. I'm just hoping that CUB??? is going to be as understanding. I find this a new, exciting area to work in. The land deals of course, are vastly different. The wheeling and dealing and of course, the administration of the land was a matter of going down to Ottawa about twice a year and explaining what you had done in the last six months and when you were going to do in the next six months. As long as there was an acceptance on behalf of the Minister, by the Chiefs down there, then you'd just proceed to go on to the next step and so on.

#110 BC: The companies that are syndicating their work up there, what other companies is Pan Arctic working with then?

JG: Well, it's hard to name all of them because there are in excess of 60 companies that we work with.

BC: And everyone has their interest?

JG: Everyone has a piece of something, somewhere in the Arctic. You see, Pan Arctic is really the only. . . the only crap game in town up in the Arctic. Pan Arctic is the only company that in fact, has a staging area at Ray Point in the Arctic Islands. Once a year there is a sea lift that leaves Montreal and these vessels travel from Montreal through the Northwest Passage into Ray Point. They've got to get into Ray Point in August to be able to unload and get out fast, before they're iced in. So, there's this once a year sea lift and

this has to be very carefully planned, to make sure that everything you need for the next season is in there on that sea lift. What you don't get in by that means, you get in by the far more expensive means of flying it in. So Pan Arctic really has the only staging area, at Ray Point, on Melville Island, for operations in the Arctic Islands. And it's a big staging area, with all the warehouses, all the pipe racks, all the equipment storage, the fleet of aircraft, and all the mechanics shops and everything you can imagine, to do the job.

BC: How did Pan Arctic get that favourable position, when indeed, as you said, earlier, it wasn't there to acquire all the leases and this sort of thing?

JG: Well, of course, Pan Arctic, is a consortium of companies, that acquired interests in the Arctic expressly to do that job. Now, many of the companies that are the shareholders in Pan Arctic are oil companies in their own right and they have holdings in the rest of Canada. Some of them even have holdings in the Arctic Islands too, in their own rights, as well as being a shareholder in Pan Arctic. But Pan Arctic was expressly put together to explore the Arctic in the late 60's, early 70's. That was the job it was required to do and it was on that basis that it would do that job that it got the 45% government funding that it got. Because you know, private interests held 55% of the company, through these company held shares of various companies. The other 45% was government money directly through the Department of Indian Affairs and Northern Development. Now, that government share is now being taken over by Petro Canada. But the job of Pan Arctic was to explore the Arctic Islands and therefore the only way you can do that is to set up the kind of facilities that Pan Arctic now has. So no other company was uniquely set up for that purpose. Their Arctic Island holdings was an adjunct to their operations generally in Canada. And you can't set up the kind of facilities that Pan Arctic has got just to explore one permit or even several permits. It's got to be set up on a permanent basis, to explore the Arctic Islands.

#156 BC: So this is quite a new and exciting area for you then, in the newest frontier?

JG: Yes, it is. And it was particularly so, at the time when I joined them, when they were in the middle of this big earning program, whereby the four big companies, Esso, Gulf. . .well, I say four big companies, Pan Arctic was a little one compared to the others, but it was . . .Esso, Gulf, Petro Canada and Pan Arctic had put together a deal to earn an interest from Suncor. Suncor had earned considerable interest in the Arctic Islands, all throughout the Arctic Islands. From, not the least of whom was the earning that they did from King Resources, now Phoenix. There was a big fracas. . I mean that matter was finally resolved in the courts in Denver, between Suncor and King Resources, under the now known, the famous Phoenix settlement agreement. But once that was resolved, Suncor had earned and was entitled to earn considerable holdings in the Arctic and they had done an extensive geophysical program, jointly with many other companies in the Arctic, called the Arctic Islands Offshore Group, that had been put together to do this vast regional geophysical program. It was on the heels of that that Suncor decided that any drilling to be done in the area, certainly their share of it, would be borne by somebody other than themselves, in order to earn an interest from them. So what happened was, that the four

companies I mentioned, Esso, Gulf, Pan Arctic and Petro Canada, went in together to earn 60% of Suncor's interest throughout the Arctic Islands. And I kind of came in in the middle of all that, when it was already underway and really caught the last three years of drilling, under that particular farm out program. But that was really the offshore program. It was because of that deal that was put together that the operational thresholds, the technological thresholds related to offshore drilling were overcome. To be able to go ahead and drill those offshore wells. Pan Arctic had experimented with offshore drilling. The interesting things with ice platforms, the deeper the water, the safer you are. Because you've got to take into account ice movement. When you build an ice platform, it's not necessarily going to be in the same place you started off. They drift, you see, over the winter. Drilling technology can't tolerate anything more than a 15-1 ratio, that is you can allow one foot of lateral movement for every 15 feet of water. So that the deeper the water is below you, the more lateral movement you can afford for that ice platform. So there's still a technological breakthrough to be dealt with and threshold to be achieved in so far as drilling offshore in the Arctic Islands, in shallow water is concerned. That has not been. . . the answer hasn't been found for that. It has in the Beaufort, where they can build these islands, but in the offshore Arctic Islands, close to shore, where you get winter and summer conditions varying much more than they do in the Beaufort, that threshold has yet to be overcome.

#206 BC: Can we look at one or two of the people, there are just one or two that I'd like to have you expand on. Fred Kidd was one name that you mentioned.

JG: Yes, he eventually left Shell and became an MLA.

BC: You worked for him? With him?

JG: I worked with Fred. He was the Exploration Manager when we still had a Land Manager and we were working under that three headed system that I mentioned. Jack Ebbles was the Land Manager and Fred Kidd was the Exploration Manager and in that respect they had kind of their own equal status and they had to work together.

BC: What do you remember about your working with Fred Kidd, anything in particular?

JG: Fred. Oh, Fred was a real clown. He was always a jolly soul, a very jovial man and yet at the same time he could be quite fearsome if he needed to be. But generally speaking Fred was a jokester and he would challenge you at meetings that you were at, of course, in a joking fashion but at the same time there was always a serious note underlying. But he was a great guy to deal with because there was always that sense of humour in everything he did and I kind of enjoy a sense of humour myself. I prefer people that do work with an underlying sense of humour, rather than those that are deadly serious and of course, there are a lot of those in the oil business, you know. Where it's an absolutely deadly serious business and you're not allowed to crack a smile.

BC: Can you think of any particular anecdotes with Fred Kidd at this moment?

JG: Fred? God, I wish I could remember some of them specifically, because life was always a ball when Fred was around. I'd have to reach back and think of something specific which I can't.

BC: That's all right. What I think I'd like to do, I'd like to stop this at this point.

59 Jack Goth

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End of tape.