

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Stu King

INTERVIEWER: Nadine Mackenzie

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

SK: I was born in Calgary on May 10th, 1915 and I grew up in Calgary, went through high school and commercial school for one year and then during the Depression there was a two year lapse, during which I did mostly athletics, like hockey, lacrosse, football. Then I was employed for a little while with the Union Packing Company. Following that, or during that time I obtained an athletic scholarship to the University of Southern California in Los Angeles to play hockey. I went to that university for four years and graduated as a petroleum engineer in 1941, at which time I was given an assignment - I'm trying to remember whether it was called a Technical Manpower Draft - but I was sent to Trinidad to replace as much pumping with gas lifts because of the shortage of steel in Trinidad at the time and the importance of Trinidad as a source of aviation gas for the Battle of Britain. After doing two jobs there I went across to Venezuela and I worked for Exxon there, or Creole Petroleum as it was known, for four years.

NM: What did you do exactly in Trinidad?

SK: In Trinidad the problem was that most of the production there was relatively stable to old and they were using succarot??? pumps to bring the oil to the surface and they were having, because of the war, they were having a lot of trouble getting the steel in the first place and secondly, delivering it to Trinidad. Being an island it was having a major problem with German submarines at the time. Even food was very scarce, much less essential commodities like steel. So we were utilizing whatever free gas there was, plus associated gas, we would compress it and make or beg, borrow or steel gas lift valves to keep the production up, to supply the refinery at Point a Pierre, with the necessary feed stock to make aviation gas for the Battle of Britain.

NM: Which company was it for?

SK: There was two companies, Trinidad Leaseholds was one and the other was Trinidad Consolidated Oil Fields. Trinidad Leaseholds was I believe, a wholly owned subsidiary of the South African Gold Fields Company.

NM: What about the staff, were there many oil men there?

SK: There was kind of a conglomeration of British and local Caribbean Island, Trinidadians, Barbadians, etc. Then there were a few Americans and quite a few Canadians. I remember Jack Macmillan was there and Herb Bagnal was there and Shorty Lamoine and quite a few people who eventually came back here.

#042 NM: And what about the conditions of living?

SK: Actually conditions of living were very good. I mean, of course there was no air conditioning but the houses were all up on stilts and you would get nice breezes in the morning and nice breezes at night and I don't think, probably as young as we were - and I had, incidentally, before I left Canada I had got married and I had my wife and we had two children there. So we had a very nice life and outside of at times there was a severe shortage of food, the variety of food, but other than that it was rather comfortable living.

NM: How long did you stay in Trinidad?

SK: Four years.

NM: Four years. Did you come back to Canada or you stayed there all the time?

SK: Stayed there for the four years and then we went over to Venezuela without a vacation and stayed there. So when we came back to Canada we had two fairly good sized children to display to the grandparents.

NM: Great. Where did you go in Venezuela?

SK: To eastern Venezuela, to a camp called Hoosapine, which is I guess the nearest town would be Matarine, which was an air field, landing field. And it was just on the plateau above the Orinokaw River. It was semi-arid but the climate was really, unbelievably good and that there was practically 300 days a year of sunshine and a nice cool trade wind blowing all the time. It got very hot in the daytime but it cooled off nicely at nights. It was really an ideal climate.

NM: Was it the same company which sent you to Venezuela or was it another company?

SK: No, they came over at the time. I don't know how they latched on to me but a fellow by the name of Kendricks came over and said that he had understood that my contract was running out and they were very anxious to talk to me about moving over to Venezuela with the company and the remuneration was significantly better than I was getting. So I was more than ready to go. But one of the conditions was that I would have to come immediately because they were opening up a new field. I arrived there and immediately inherited 17 drilling rigs to look after all the completions and cementing etc., not knowing one word of Spanish. It was a very character building experience for me.

NM: What about your work there, your job, can you tell me about it?

SK: Yes, it was basically the 17 rigs were running and I was in charge of more or less the drilling engineering and the completions, the drilling and the completions of the wells. Eventually I would acquire, for training, some good Venezuelan engineers who had been, the majority of them for some reason or other, came from the University of Tulsa. So as the years went on the job got a little easier and then eventually I was sent to do the same type of job at another field called Temelador???, and when I left there I was Assistant Superintendent to the operation.

NM: Did you learn Spanish, or you had to ?

SK: Well, yes. It was a necessity.

NM: And what about the staff, was it mostly Canadian, American?

SK: Mostly American and then they were doing their very best to nationalize it, they were training. And we had trained most, right up to field foremen in production and to what we called a caparrel??? on drilling, which would be almost a toolpusher. Then I had young

engineers in most of the. . they had some very good reservoir engineers, had problems with the drilling and production because they had an aversion to getting as close to the work as we would like to see them

#093 NM: What was the oil situation at the time, in Venezuela?

SK: At that time there was very, very good relationships between the oil companies and the government, there was no nationalism, they were very, very happy to have the injection of capital and also more importantly, the geological know-how to explore for and find oil and the expertise to economically develop it. Also, with the great diversification that Exxon had, they could bring experts in from various places in the world. So it was a good time to be there.

NM: Which other oil companies were there when you were there?

SK: Well, close to us was Mana Grande, it was Venezuelan Gulf, and there was also Atlantic, which later became Atlantic Richfield. Those were the two main companies operating in that area.

NM: What about the technique for drilling, where did you get all the material from?

SK: That was no problem. It was coming in very regularly. For awhile we had to, towards the end of the war, we were stuck with a lot of old steam rigs and things like that but gradually they replaced them with modern diesel powered rigs. At the time that I left there we had relatively modern equipment. In fact they would give you the best equipment available to work with, they were a wonderful company to work for.

NM: And never any problem with the government of Venezuela?

SK: Not a bit. There were inspectors, the government had petroleum inspectors who lived in every field but they were most cooperative. They were more or less in a learning capacity because most of them were graduate petroleum engineers, or geologists, from the United States. They seemed to be more involved in learning than in trying to interfere with the operations.

NM: For your job there, did you stay mostly in Venezuela or did you travel to some other South American countries?

SK: We stayed mostly in company camps, and they were really, really, first class camps. The accommodation was very, very modern, we had very nice houses with Terrazzo floors. Again, no air conditioning but it really wasn't essential. We always had a very nice club and quite an active sports program. Fastball or softball was a very big sport there. And I played hardball or baseball on the Venezuelan team.

NM: And how long did you stay in Venezuela?

SK: We were there two contracts, four years.

NM: And then you came back?

SK: Then we came back to Canada, yes.

NM: Before we talk about Canada, do you remember some people who worked with you in Trinidad or Venezuela and then you met them again in Canada?

SK: Oh yes, like I say, Herb Bagnal, who for many years was one of the chief executives here of Anglo Canadian Oil company, which was very active in Turner Valley. And I'm not sure who acquired that company but I'm sure some of your other people will be able to

tell you. And Jack Macmillan, who came back here and set up Northwest Seismic. I guess that's about the two who were. . . Bobby Hellmer was down there for awhile and he came back here and started to work with Hughes Tool Company. I guess that would be the three main bunch from the Calgary area.

#137 NM: And then you came back to Canada?

SK: Yes.

NM: And what happened?

SK: Well, the children were just about to go into grade school and couldn't speak. . well, they could speak English but really, Spanish was more or less their mother tongue. You can always tell what the mother tongue was, the language in which they would fight was always Spanish. And so we thought it would be time to come back.

NM: And you chose to come back to Alberta?

SK: Yes. My wife also, Ruth Sedderington???, she was from Calgary also, so that seemed to be the place that we wanted to come back.

NM: Which year was this?

SK: 1945 I guess it would be. No, let's see, it would be '49.

NM: So what did you do?

SK: When I first came back, I decided I wanted to look around a little bit so I went to work with Barroid???. I went down to their laboratory, research lab in Tulsa and worked on the developing of a chip base, impermex??? mud, which was needed to drill the lime and the anhydroid??? and salt combination that was very prevalent in the plains area. When we developed that I came back here to field test it.

NM: How long were you in Tulsa?

SK: Tulsa, off and on about five months. And then when I came back here I got shanghaied by the Conservation Board to look after the relief wells on the Atlantic blowout.

NM: Oh, can you tell me about that?

SK: Oh yes. I worked with Tip Maroney and Charlie Visser who I guess are two of the finest oilmen that I have ever had the privilege of working with. Besides being a great learning experience for me it was also a lot of fun because they were really wonderful people to work with. The problem we had was that both the relief wells were steam rigs. So we had one on the west relief well and I guess the other would be north. Whenever the wind would come from the east or the south, which was rather unusual - the prevailing winds came from the west and north, so that's where we spouted the rigs, the wind would blow the gas away from there. But if it changed, we had a wind sock so we would have to immediately shut down the boilers so there would be no fire hazard on the relief wells.

NM: It could have been quite dangerous.

SK: Yes. And the mud had to be in such a condition always that if it had to stand stationary for 48 or longer hours, when you started pumping again, you wouldn't have stuck pipe. I guess the most interesting part of the job, when we finally, the directional wells broke into the bottom of the wild well, trying to keep circulation and to plug the well. We pumped tons of hay down there and anything, wood shavings, sawdust, commercial lost circulation materials. One time Tip Maroney sent me into Edmonton and I bought all the

golf balls I could from the local driving ranges that were closing down for the winter. And he arranged some kind of chicken wire apparatus that we ran down to the bottom of the hole and pumped off golf balls. And finally we did get control of the well.

NM: And the golf balls stayed inside?

SK: They didn't help. About two days later you could see them flying out of the crater. But eventually, they tied it into the North Saskatchewan River with some digging and we just more or less drowned it. But the morning after the night when we finally got cement in it and had it plugged off at the bottom, I remember driving into Edmonton with Charlie Visser and Tip. Charlie was a very, very strong man, big Dutchman, and the car that I had with Baroid was a big Dodge convertible with what you would call the truck or the boot, contained a lab, portable lab for testing muds. But these Dodge's, for some reason or other, where most door handles go down to open, these go up. And we had celebrated the occasion with two bottles of Bushmill's Irish Whiskey and we let Charlie out at the King Edward Hotel in Edmonton and he forgot that the door handle came up and not down. The next thing I know, he's saying how am I going to get out of here and he's holding the handle in his hand.

#227 NM: He was really very strong.

SK: Yes.

NM: Can you tell me a bit more about him, he was Dutch?

SK: Yes. Charlie was just one of these. . he was such a good natured person and yet he was a hard task master. I know all the roughnecks on the rig, well, everybody just loved him, they knew very well that what he said, no doubt about it, he was the boss. And he also had . . .while I think he might have been short in the technical knowledge of drilling, I never saw a person who could kind of sense the feeling of what was going on down below and he was very innovative, tremendously innovative. The combination of Tip Maroney and he had all the practical experience and all the technical, they were a great combination.

NM: What about Tip Maroney, you knew him well too?

SK: Yes, I knew him very well. Tip was just a real kind of a lost breed. I think Tip was very unhappy with a desk and shirt and a tie. He liked to be out where the action was. He was extremely knowledgeable about all the facets of drilling, I mean he was very environmentally conscious of what would be taking place. I think that's the reason he went to Australia and worked with the Australian government on the offshore, what offshore drilling might do to the reef hold, environment etc. But he was just a wonderful person to work with. And both he and Charlie, there was lots of work and lots of play.

NM: So you enjoyed . . . ?

SK: Very much, yes.

NM: How long did it take to have everything under control on this well?

SK: I would, just guessing, my memory is not as good as it used to be, but somewhere between 4-6 months I would guess.

NM: That was a long time.

SK: You had to drill both the relief holes and they had to be slant holes, targeted to break into

the wild well hole. Then the big problem was, once we broke circulation with the wild well, it was extremely difficult to try and maintain. In other words, you were always worried about losing circulation and sometimes the wild well was trying to come back up the relief holes at you.

NM: And nobody was injured?

SK: No, not to my knowledge.

NM: That was amazing.

SK: Yes, it really was. And it was a tremendous. . I've seen quite a few blowouts but that's by far the biggest I've seen.

#277 NM: Were they bringing more and more people to help?

SK: No, there wasn't very much you could do except drill those two relief wells and hope that using those you would be able to drown out the wild well or get enough back pressure against it to get cement into it and cement it off in the reef.

NM: Were you there all the time?

SK: There would be times, as I say, when I would be in Edmonton chasing gold balls or we would take turns, somebody would take 3 or 4 days off, go home, see their family and get clean clothes etc. and then come back.

NM: And then go back. And after that, what did you do?

SK: After that I decided that I definitely wanted to stay. During the interim period, I had, in Venezuela, there are two big fields there, Huzapine and Mallata???. The Mallata field was owned 50% by a company called Panapec???, which was the W. F. Buckley family. The W. F. Buckley family used as a consultant, John Dodge, who was the head of the school of petroleum engineering at U.S.C., where I graduated. I would always be in the middle because if there were any problems as far as decisions and operations or costs or complaints about anything, I was in one of those unenviable positions, where no matter what I did I was wrong. Either Exxon were displeased with me or else Panapec were displeased with me. But I got a call one time from old Mr. Buckley and he asked me, he said, are you the King who used to be the engineer in charge of the joint venture, Mallata and I said, yes sit. Well he said, you know we've started a company up there and I would sure like to have you on my side rather than on the other and would you be interested. I said, well. . .so I went down to New York and talked to him and then I came back and went to work for the company. It was called originally, Albercan and then later we got a very large land spread in Saskatchewan and went public with it and changed the name to Canada Southern. It was quite a successful company in that we found the first medium gravity crude in Saskatchewan at Coleville and also the first really large gas reserve at Coleville.

NM: Did you move to Saskatchewan?

SK: Oh no, I stayed in Calgary.

NM: And then you were travelling?

SK: Yes, back and forth quite a bit. Then we found the first light oil in Saskatchewan at Driver. I was with them for about, almost 5 years.

NM: What type of company was Albercan?

SK: Albercan was just small, it was practically a private company, it was just the Buckley family.

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

Tape 1 Side 2

SK: Albercan as I said, was more or less a private company. Then when we got the large land spread in Saskatchewan and made these rather prolific discoveries, the capital requirements were such that they took the company public. Later on, during that same period, I sent a geologic team up the Alaska Highway and told them to lease or try and lease every large surface structure they could find within 10 miles of the highway. We acquired the Blueberry anticline and a few of those other prolific things, which were later farmed out to Imperial Oil. So the company had quite a bit of good royalty revenue and also. .

#010 NM: So it was expanding. And then you changed the name into Canadian Southern?

SK: No, it was Canada Southern really, Albercan, we made a gas discovery at Sibbald, Alberta and then we acquired some properties around Lone Rock, Saskatchewan. It was a small independent company at the time and then we decided that we'd take kind of a Venezuelan approach and instead of getting 640 acre farm outs and that, we'd go and get, I think we acquired 400,000 acres from the Saskatchewan government and did big geologic surveys on that and then drilling. And the drilling was quite successful and the company became very successful.

NM: Were there any problems with the Saskatchewan government at the time?

SK: No, at that time they were very anxious to see the oil development come in. At that time Tommy Douglas was the Premier and Brocklebank was the Minister of Energy and Clarence Fines was in charge of Finance and we had very, very good relations with them. No problem at all.

NM: So that was important too.

SK: It was very important to them. That was really the beginning, that company was really the beginning of the oil business in Saskatchewan. Because before that time I think there was kind of a consensus in the industry that the boundary line between Alberta and Saskatchewan was some kind of fault that prevented the accumulation of oil in Saskatchewan.

NM: Did you have an office in Saskatchewan?

SK: We had an office at Kindersley in Saskatchewan. That was our big field operation, but the main office was here in Calgary.

NM: And how did you recruit people, was it from Alberta, was it from Saskatchewan?

SK: Mostly from Alberta because there just wasn't a backlog of trained people in Saskatchewan. But gradually we acquired quite a few people and a lot of them were asked to move to Kindersley. We had an office in Lone Rock, Saskatchewan, a small production office and then we had a fairly large exploratory and development operation out of Kindersley.

NM: Where were you getting all your material from?

SK: Mostly from the supply stores in Alberta and just truck it over and the drilling rigs.

NM: Not from the States?

SK: No, everything came mostly out of Edmonton, Calgary. Then eventually some of the supply companies put in small stores in Kindersley. Or sometimes we would get it from the Lloydminster area. But I would say everything came out of Canada.

NM: And how long did you keep this pose, going back and forward from Calgary to Saskatchewan?

SK: You mean myself? Oh, not too much, because at that time I was President of the company and it was mostly an executive position. I'd kind of got out of the technical end of it into the administration.

NM: And what did your job entail, as being President?

SK: More or less, it had to do with coordinating the field developments and matching the financial requirements with the budgetary control and personnel, the usual mish mash that you get as Chief Executive Officer.

#052 NM: And the headquarters were here in Calgary?

SK: The headquarters for the company were here in Calgary. The financial work and that, was done out of New York, out of Buckley's. . they had a large group of companies and they had a management company that kind of looked after all . . their name's Cataga Corporation, so I had a lot of dealings with them too.

NM: Anything else important happen during this time?

SK: Outside of 3 or 4 more children, I guess no. No, they were real vintage years. When you're being successful and there were very few political problems and no financial problems and there was a good market for everything that you could produce.

NM: So everything was going very well.

SK: Yes. We didn't have any National Energy Policy or any fear or any frustrations to deal with.

NM: It was a good time. And then what happened Mr. King?

SK: Well, then later, I had an offer I couldn't refuse from Charlie Merrill, of Merrill, Lynch, the brokerage company. We had a winter home in Barbados and he lived there. He'd had a stroke and he was in a wheelchair and he and my wife were avid gin rummy contestants. I was there one time and went up with her to see him and have dinner with him and we got talking and he said he was having some administration problems with his company, Merrill Petroleums and wanted to know if I would go in as Managing Director. As I said, made me an offer I couldn't refuse. So I got Canada Southern in good hands and then went with Mr. Merrill.

NM: Here, also in Calgary?

SK: Yes, it was in Calgary. We were involved mostly in the Pembina field and various other smaller plays.

NM: What was Merrill Petroleum here, was it a big company?

SK: It was a very successful, independent company and it was growing quite rapidly. At the time that Mr. Merrill died I think we were running about 7,500 barrels a day or something

like that. And some good gas sales. Because most of the people in his estate would be considered insiders for trading they asked me if I would try and see if I could merge the company into another company where the estate would be in a more flexible position. So eventually - the company went through several merger talks but eventually it went with Pacific Petroleums, which later became Phillips. So all those properties ended up in Pacific Petroleums.

NM: Was Merrill Petroleums completely separated from Merrill, Lynch or was. . .

SK: Actually it was more or less an investment vehicle for Charlie Merrill himself and quite a few of his friends.

NM: Can you tell me a bit about the story of Merrill, Lynch.

SK: Well, just the little bit that Charlie Merrill related to me. He and I think it was Eddie Lynch senior had both been in school together, either Princeton or one of the Ivy League schools, I forget which and both had gone into the investment brokerage business and decided that they had the ability, after getting enough experience, to go and set up their own. They had some rather revolutionary ideas of how you should run a brokerage firm. I guess it's worked because it's still a very, very large. .

NM: And all around the world.

SK: They are a breed apart. But really I just knew Charlie as a very good friend, didn't have anything to do with the brokerage end of the business at all.

#105 NM: What was so different about running the business for them to do? What was different in their approach?

SK: You mean in their approach to the brokerage business? I really don't know what it was. I remember he was telling me, he said, that he and Eddie Lynch Sr. figured there was a lot of things that should have been done that weren't being done and a lot of things that could be done better. I know one of the things specifically, he said that there seemed to be a complete lack of interest in the small investors, which they were going to try. . .which they set out to develop and did.

NM: So in order to attract them. That was a good idea. So how long did you stay with Merrill Petroleums?

SK: I guess from the time I went with them until the time they went into Phillips Petroleum, it would be about 4 years. Because I went down to Houston in 1958, yes, so it would be about 4 years.

NM: And then you left?

SK: Yes, then I was approached by Gardner Simons, who was the Chairman of the Board of Tennessee Gas Transmission, which is today, Tenaco, and he said he wanted me to come down and set up an overseas division for them.

NM: You were always very popular, people approaching you.

SK: Well, I couldn't figure this one out. And I asked Mr. Simons, I said, this monumental organization you've got here, why are you going outside the organization. Well he said, everybody here, I'm afraid that the people we would have to do the job, they're all empire builders. And he said, we're not sure we want to go overseas and I like the way you ran tight little independent companies like Canada Southern and Merrill, that's the approach I

want to take. I want to go over aggressively but I don't want to gold plate it. So I said, okay. So we moved to Houston for 2 years and got quite successful in Argentina. But along with that we had a lot of operating personnel problems and also a lot of political problems.

NM: What were the personnel problems?

SK: Well, we just couldn't get people who could adapt. A lot of the people I had to draw on were people in the Tenaco organization who had had no overseas experience, didn't speak the language, couldn't adapt to the local customs. And then the only area that we could get was the least desirable in the whole of Argentina, which was the island of Tierra del Fuego. That really tested a lot of the people.

NM: Not such a very nice place?

SK; They call it the utter most ends of the world and it's a fascinating place really, it really is a fascinating place but it's a very, very, . . .there's a continuous wind, there's I guess a perpetual low over the South Pole and the wind just roars through there all the time, 30, 40, 50 miles an hour.

NM: Non-stop?

SK: Well, it slacks off sometimes but most. . .

NM: It is still there.

SK: Yes. They used to say that every time the wind stopped all the kids fell down.

#153 NM: So you had difficulties recruiting people to go there?

SK: Yes. And keeping them there. Also we were having unnecessarily. . .the Argentine were just getting into a very nationalistic stage. The YPF, which was the Petro Canada of Argentina were getting extremely difficult to deal with. And the people we had down there just couldn't handle it.

NM: Did you have trouble yourself handling people?

SK: No, I didn't. It's a combination of understanding the fact, first of all, it's there country and you in essence are a contractor for their government oil company. It's like being any kind of a contractor, you've just got to get along with your client. We had a works and service contract whereby we put all the money, took the risk and then any oil that we discovered we had to deliver to the refinery at La Plata, and we were paid so much a cubic meter delivered. Actually when I got down there, the first thing I did was to go up to Petro Bras??? in Brazil and stole practically their whole exploration department. Luis Morales, who was a Columbian friend of mine was at the head of it there and so he just brought the whole thing, geologists, geophysicists. We moved them bodily, sent all the others home to the States. So we had a real good internationally oriented people who assimilated very well with the population, got along with the technicians in the YPF and everything ironed out and we had another very successful run there. We were very successful, exploration wise, we found four reasonably big fields. One big field, one tremendous gas field, most of which was unsaleable and offshore. And at one time we had production up to 21,000 barrels a day. Built a very, very difficult offshore loading system in San Sebastian Bay, where there was a 37' tide and of course, there was 90 mile an hour winds and a 4 knot current. The Bectal??? Group said that was one of the most

difficult pipelines that they have very built. We were there I guess, about 7 years and then they had a change in government. When they Ilya government came in, they declared that all the works and services contracts were illegal, immoral and a few other words and said that we would all have to renegotiate them. All the other companies I believe, except Tenaco did. We took the position that we were completely moral and legal and had more than lived up to the terms of the contract and had been good corporate citizens. And also our Argentine lawyer said that, under Argentine law you could not unilaterally cancel a contract that had been made in good faith with a previous government. So we finally convinced Houston that we had a reasonable chance of suing and that the conditions under which we would have to renegotiate, from what we'd seen of some of the other companies, would be just barely economic, for the risk you were taking. So we got the go ahead to go ahead and initiate the suit but we had to go and see President Ilya first because you have to have the permission of the government in Argentina, to sue it. So we went in to see Dr. Ilya and he had some of his advisors at the end of a long table there and I told him the reason we were here was to get his permission to sue him. He thought that was very funny and he said, you have it. Then I said, in view of what has transpired here with our relations with the government, would it be dissympatico to ask him to give me that in writing, with which he flew into a great rage and disappeared. But about 3/4 of an hour later we had our letter. We had a very close call in the first court, we had a real good victory in the appeal court and we settled on the courthouse steps, for \$42,400,000.00, which we had calculated was the present worth of the profits we would have made had we been allowed to stay and finish producing the oil that we had already discovered for them. So that was the end of Tennessee Argentina. We weren't too happy with the 2 years that we lived in Houston. Liked the people very much but the climate didn't sit too well with us, so then we decided we'd come home again. So then we came back.

#238 NM: So then you came back to Calgary?

SK: Yes. I had to stay on, I stayed on for 2 1/2 years as a consultant to them because we had the problem. . . at the time everybody was elated over the settlement, I said well, you know our problem has just begun because while we have won this thing we still have the problem of collecting. We were going to get paid \$7 million a year for 6 years, at 6% or 7% I forget which. So we arranged for our consortium of [parish club??] banks to discount those notes with recourse because we knew the Argentine government would not renege on a group of European bank. But I had to stay on and go to annual meetings, with the government and the YPF about twice a year to . .

NM: Did they pay in the end?

SK: Yes, they did. We weren't too concerned, we had our money, or Tenaco did, but we also had the obligation to the banks to go down and make sure the settlement terms were . .

NM: What happened to Tenaco after that?

SK: Well, they're still fairly active in overseas operations. Through this Morales again, we had initiated some operations in Columbia, which turned out to be quite successful and then they let them go back and then later they picked them up from. . . And I know we had people in Turkey and quite a few other places in the world.

NM: So you went on doing some consulting work for them?

SK: Yes, I agreed for 2 1/2 years to be available for part of my time. And then, during that interim I also got rather heavily involved with Tom Brook, who was a very good friend of mine and who I had been helping off and on during the previous years with his operations in Indonesia.

NM: I heard his name several times, who was he?

SK: Tom Brook, when god made him, he threw the mould away, he was a really fantastic person. He was basically a real old time promoter.

NM: Was he here from . . . ?

SK: Yes, he came out from New York, I think many years ago and set up a company called New British Dominion and he used to take farm outs from Imperial Oil and Gulf and the others and raise the money in Toronto and drill them. He was never really that successful in that. We used to play a lot of golf together, when I'd come home on vacations and also, part of the deal I had with Tenaco was Ruth and I could come home every year, go to the Oilman's Golf Tournament. So I used to see him, he used to tell me about all his problems in Indonesia. So when I came back I told him, as soon as I get reasonably free of Tenaco, I'll work full time with you. And in the meantime, I told him, if you really want to shoot crap instead of taking these 640 acre farm outs and that, why don't you . . . you have this contact in Indonesia, see if you can get 4 or 5 hundred thousand acres. And sure enough he did.

NM: In Indonesia?

SK: Yes.

NM: Without any problem from the government?

SK: No, at the time there that government was so unpopular because that was during the Sukarno??? era and it was. . .

#304 NM: It was good timing for him.

SK: Yes, because nobody else wanted to go in there, so I told him, that's the time to go. Because if it ever gets to the point where it is the place to go, you won't be able to compete with the people that are going to go there. To give you an idea of the type of person he was, he used to get very upset with the way in which the football club was run here. And he was quite vociferous and he used to be on the Board, so one time I guess they had enough of this and they said, if you know so damn much about how to run a football club and everything like that, we'll make you the President. So the first thing he does, he goes and gets Les Lear for a coach, who was a real, rough, tough character. And the next thing you know, about two years later, I think it was the first time the west was ever in the Grey Cup and not only in the Grey Cup but besides winning it, they set up the whole sort of entertainment package. That's the first time they went down to Toronto from Calgary and they took chuckwagons and horses. I think somewhere around 5 or 6 hundred fans went with them. And I guess Toronto was never the same. But he was that kind of a person. So he went over to Indonesia and he got to be. . he was a very gregarious and a very likeable person. They were just on the verge of changing governments, they had Nasutian???, they'd had that very bad Communist revolution that

almost succeeded. So shortly after, that's when everybody was wondering, what in the world's going to happen there. He got over there.

NM: This is the end of the tape.

Tape 2 Side 1

SK: He got to be good friend with General Inmasatoo??? and eventually convinced him that he could handle a reasonably good sized piece of acreage. So he had made a deal on what we called Area A and using mostly old Shell geology, which somehow or other he was able to get from retired geologists in that area, a fellow named Dr. Warner Schneeberger, we got him and he was sure he knew where there were some goodies. Sure enough, within 2 years we had made a discovery called Goodangdong???, and from then, that was the beginning of Asimera??? as it is today, which is an extremely successful company.

NM: Did you go to Indonesia yourself?

SK: I've spent an awful lot of time over there, yes. I never moved my family to Singapore or Jakarta, but I'd spend 3 or 4 months in a row over there.

NM: Which year was when you got involved with Indonesia?

SK: When I came back in '66, from Argentina, moderately '66 and '67, in '68 I got very much involved. And from then on I have been very heavily involved in the company.

NM: This is the end of the first interview with Stu King.

Tape 2 Side 2

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Tape 3 Side 1

NM: This is Nadine Mackenzie speaking. This is the second interview with Stu King. Mr. King, at the end of the first interview, you mentioned that in 1966 you got involved in Tom Brook's company, what did you do?

SK: Basically that was sort of starting from scratch in Indonesia. He had just negotiated the first production sharing contract with the Indonesian government and had a large block of acreage, almost 800,000 acres to explore. He had a minimum amount of old geology, some that Pertamina??? gave him, some that we got from a consultant, an ex-Shell man named Warner Schneeberger, who lived in Switzerland. So with the minimum amount of capital we chose the most likely spot and drilled a well, the first one of which was dry. But we got a very good lead and went updip and discovered an oil field. From then on it was just a matter of solving various problems. One of the major ones was building a pipeline to the coast, an offshore loading line, the other one was, at that time there was a very, very, extreme shortage of small coastal sized tankers, which we had to have for that operation. I was able to solve that by going back to my connections in Argentine and . .

NM: So that was very useful.

SK: And having them acquire out of the Argentine Navy mothball, two small coastal tankers, the Punta Lyola and I think the other one was renamed the Norvest???. And with these tankers we were able to take the oil down the coast to a major loading point and the operation became commercial and it has just never looked back.

NM: What was the name of the company there?

SK: The company then was called Asimera. Tom's Canadian company was called New British Dominion and we concluded that in as much as Indonesia had just got independence, anything that smacked of Dominion or anything like that wouldn't go very well. So we just combined the name Asia and America and came up with Asimera.

NM: Oh, I see, that's the explanation of Asimera. It sounds also very Spanish.

SK: It does sound Spanish yes.

NM: What about the staff, were they a big staff working. .

SK: No, we had a very, very small staff. At that time, mostly Canadians and Americans. Mostly just drillers and also because we were working in a very isolated location where there was no manpower pool we had to bring in, even caterpillar drivers, road graders and that, to teach the local people how to handle that, which was to them, very complicated machinery. Some of that educational things became quite hilarious. For example, one day we were all set to go for the day and we found out we were short Mohammed, a fellow who we had trained to run the road grader. So I asked the other guys, is Mohammed sick and they said, oh no, he's not coming any more. I said, well what's the matter, they said, why should he, he's bought his bicycle. I finally prevailed on one of them to go and get Mohammed and bring him back and explain to him that even though he had solved all his current problems by making enough money to buy a bicycle and didn't want to work anymore, we still had to go on. So I said, could you go find a brother or a cousin or somebody and you spend 3 or 4 days up on that machine until he can work it as well as you can and then god bless you, go your way. And sure enough, that's what he did. But gradually we got them hooked on Honda motorcycles and different things, so they . . . They fell into the capitalistic trap and became. . and they were very good employees, they're very loyal employees, they're very hard working employees, they're very happy, go lucky people.

#057 NM: What about the conditions of living?

SK: They were a little grim. We were plagued by seasonal floods periodically and it was also hot and humid but gradually we built nice insulated quarters and put in air conditioning. Finally at the time that I stopped spending lengthy periods there, it was quite liveable.

NM: How long did you stay there.

SK: I would say, off and on, for about 4 years, from about '66 to '70, I would probably spend at least half my time in the operations and the rest of the time I would be outside at Singapore or down at Jakarta with governmental problems or logistical problems. Come home every now and again and get some clean shirts.

NM: But the main office was here in Calgary?

SK: Yes, we've always had the main office here.

NM: And was it a big staff here at the main office?

SK: No, no, just about five of us I guess, Mr. Brook and myself and a corporate secretary and a couple of girls really. Later on we added a geologist.

NM: Where was the office, which street?

SK: It was on 8th Ave. and I can't think of the name of the building, which has long since disappeared, but it was between 2nd and 3rd St. W.

NM: And then what happened? In '70, did you come back for good?

SK: More or less yes. By that time we had an office in Singapore, we had an operational office in Penang, which was the shortest distance across to North Sumatra and that's where we brought in most of our supplies. Then we started looking at other areas of the world and I spent most of my time on new projects.

NM: Mr. King, you have been working for 43 years in the oil business, are you planning to retire one day?

SK: Yes, I think that I am really almost retired now. I stay on Asimera's Board and on the executive committee and I do a certain amount of consulting for them, like one shot jobs, like negotiating contracts in new areas or things that would take people off the job for periods of time. I also do occasional consulting jobs for other people but basically I'm semi-retired but active.

NM: What were the most exciting experiences in your career?

SK: I would imagine that perhaps they were associated with trying to develop new projects for Asimera. As an example, in 1970 I negotiated a contract with the Burmese government in exile. That's the government of Oonoo???, that was the de facto government and they had been deposed by the dictator Nee Win. They were very optimistic about, that had been a temporary situation and they would be come back in power. So we actually negotiated and signed a production sharing contract which would have given Asimera all of the offshore area of Burma, which would have been quite a plum. That involved a lot of kind of nefarious operations which were very interesting. But unfortunately it never came to pass. I would think that the other things I enjoyed most were, usually I would, on the way home from one of these trips, arrange to meet my wife Ruth and we would go to places that we had always wanted to go, like Shrinigar and the Veil of Kashmir in India and then we also made a trip on the Sea of Cortez and we made a balloon safari down the wine area of France and things like that.

#109 NM: So you have travelled nearly all around the world?

SK: Oh yes. And I also did little things like ride the Orient Express and ride the Concord from London to Bahrain, just do things that you kind of think you'd like to do, a few train trips and things like that.

NM: Were there any other very exciting experiences in your career?

SK: Again, it related almost to the Burma thing, we tried very unsuccessfully to get the British Foreign Department, and YPF, which was the Petro Canada of Argentina together, with Asimera and another Canadian company, for a production sharing contract that would have allowed us to explore the shelf off the Falkland Islands, or the Malvenus Islands, depending on who you were talking to.

NM: Which side, yes.

SK: We could never just get the two sides together, we came very close. That again, would have been another big plus for Asimera. We did make contracts and negotiated deals with the sheikdom of Uma Kawain in the United Arab Emirates and the sheikdom of Rassal Kaima???. Those were very interesting. We made a deal with the government of India to drill offshore near Madras and we came very close to making a deal in Guatemala. All these things were extremely interesting, not only because of the places you went to, but the people you met and the trials and tribulations you sometimes had to go through to try and get a deal made.

NM: What are your professional affiliations?

SK: Well, I'm a registered petroleum engineer with the province of Alberta and I belong to the AIMME and APEGGA and various associations. I haven't been in Canada or Calgary long enough to contribute much in the way of papers or serve on boards, but I have always been a reasonably active member and followed their activities and supported them.

NM: Can you compare the training of oil people in your time to what it is nowadays, you have seen all the differences?

SK: I think the one basic difference is specialization. I think in our time you had to be reasonably well experienced in almost every phase of it, and particularly I think, you had to be more practical because there was a very thin line between being an engineer and tool pusher or an engineer and a production superintendent. Now I think those lines are pretty well drawn. The other thing that's happened is the courses at SAIT for petroleum and geological technologists. These are just fabulous courses and they really fill a much needed gap for people who either, don't want to go to university, don't have the money to go to university.

NM: It's a shorter course too.

SK: It's a shorter course but it's extremely difficult. We brought a young fellow named Hassana Lee who worked, he was a graduate from the University of Bandung in Indonesia and he showed tremendous promise so I brought him home one time and kept him at the house for about 2 months so he could get his English up and got him enrolled in SAIT. I made the mistake of telling him any time he needed any help to come and see me.

NM: So you ended up doing all his work.

SK: I couldn't do some of it, I realized that the course at SAIT for petroleum technology, I really think was more difficult than the courses I took at the University of Southern California as a petroleum engineer. They were. So we have some of those people working for us, and it's a very difficult course and it's a very practical course and it's filled a much needed. . .

#173 NM: So you think it's a very good thing that nowadays people are getting more specialized?

SK: I think so because the technology is advancing so rapidly that I think it would be almost impossible for someone to say, like as we were as a petroleum engineer, you would look

after drilling production and a little bit of reservoir etc. I don't think any man could, no matter how intelligent he was, be able to absorb all the technology as rapidly as it's developing. So you really have to . . .

NM: Because in the past you could be a self-taught geologist or a self-taught engineer and nowadays that's impossible.

SK: No, it's much too sophisticated nowadays. And it's the same thing in geology, geologists used to be reasonably well able to do a certain amount of geophysical interpretation. Now it is such a highly sophisticated technique that you just have to have specialists.

NM: You have been a witness to the ups and downs of the oil business, especially travelling all around the world as you did, can you comment on that?

SK: I think it's like any other business. It has supply and demand problems. But I think it is probably accentuated more because the world really runs now on energy and have-not nations seem to be those that do not have or are unable to provide at least a small portion of our energy and are so dependent upon the importation of high cost oil and that. I think for that reason, it is subject to more unjust criticism and political harassment than any other industry. The other thing seems to be there is the fallacy that there are untold riches to be made in the oil business. Which is true but it also applies to every other industry. There's a tendency to nationalize oil industries much more than . . . as very seldom they nationalize banking or commerce of any other kind. Invariably when they do it, they make a horrible mess of it and it only complicates the problem.

NM: How do you foresee the future of the oil business here in Calgary and in Canada?

SK: I think a lot of it, especially in Calgary, hinges upon how much the incoming government is prepared to back off the very restrictive functions of the National Energy Policy and also FERA???. I don't think you can discourage outside investment and hope to develop a big oil economy because there's tremendous amounts of capital required and it's always, as I explain it to my children who read all this stuff and wonder who's right and who's wrong, I said, it's very simple. Take \$750 billion required and divide it by 25 million people, there's no way in the world that Canada can finance it. You set all the rules, you say this is how you're going to drill wells and this is how you're going to produce it and this is how you're going to protect the environment and these are the taxes you're going to pay and these are the royalties you're going to pay. So a government has absolute control over the manner in which an investment is made, even to what they consider the sinful sending of dividends back to the people who risked their money in the first place. So it's really a ridiculous attitude.

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

SK: I think it's an abject disaster. And I'm sure the majority of people in the oil business feel the same way.

#235 NM: Do you think it's going to change?

SK: I notice that . . . I suppose if the Liberals get back in, which doesn't seem too likely, or the NDP, it would stay. The other party, the Conservatives are waffling very badly about whether or not they intend to do anything. They won't come out and say yes, we are going to abolish it or yes, we are going to modify it specifically in this manner and we are going

to do something. But I guess politicians never tell the truth, so that's as good an answer as we're going to get.

NM: And what do you think of nationalized companies, for example, like Petro Canada?

SK: Well, I have lived with a lot of national oil companies, in Bolivia and in Argentina and I have had quite a bit of, not direct but indirect association with Pemex. They are all very, very inefficient operations.

NM: Why is that, because it gets so big, it's out of hand?

SK: No. Basically it's because it is politically orientated. Instead of getting capable executives and engineers and geologists and everything to head it up, invariably they will have some politician or. . . In some cases they're army generals or patronage people who are in there. If a lot of these people would get in and just take their money and not come to the office and leave competent people in charge of it, I think probably it would work, but it never seems that way. And they're always getting directives from the government which have nothing to do the an efficient operation of an oil company, they're politically slanted. I don't know what kind of a corollary I could tell you but I guess it would be to have a farmer in charge of a grocery store or something like that, who knows nothing about it and is not content to let the people that run it, run it, he wants to . . .

NM: And will not go and ask for help.

SK: Yes.

NM: You worked and travelled all around the world but can you comment on the contribution of Alberta to the development of the Canadian oil industry.

SK: I think basically, Alberta is really the backbone of the oil business. It is where the heads of the industry have always come from. The industry has supplied, in Canada, the people who have set up organizations in British Columbia, Saskatchewan have come out of the learning experience in Alberta. The regulatory bodies, all over the world in some instances, are patterned on the Alberta Conservation Board. I think it is one of the best, if not the best regulatory body in the oil industry today. I think people like Dr. Gauvier, and Connode???, who came up here originally to set it up, are primarily responsible for it. But it has a tremendous reputation worldwide and many, many conservation boards or regulatory boards are patterned after it.

NM: Who were the most influential persons in your career?

SK: I would think, up to a certain point, all through my experiences in Trinidad and Venezuela, until I came home, it was more or less a do it yourself learning experience and there were a lot of people that influenced me but more in a learning capacity than otherwise. I think when I came back to Canada, one of the men who did most was a fellow named C. U. Daniels, Danny Daniels. I succeeded him as President of Canada Southern when he retired. And he was extremely influential to me, I learned a lot of managerial techniques and just things it's very hard to put a finger on, kind of a polishing I guess it was, or a roughneck attitude into an executive. And W. F. Buckley Sr., who was the head of . .

#317 NM: Oh from the Buckley family?

SK: Yes, from the Buckley family. He was very influential too, in I think, moulding my

career. I loved him almost like a father. He was an extremely intelligent and a very incisive person. He could put his finger on things and he took a very, almost filial attitude towards me and was most helpful to me. Also I think Gardner Simons, the Chairman of the Board at Tenaco. Gardner found out about me somewhere and asked me to come down, as I told you earlier, and set up the overseas department for Tenaco. I think besides being a very dear friend and a big help, he also, by backing me in the fight against the Argentine government and that mammoth lawsuit. . .

NM: This is the end of the tape.

Tape 3 Side 2

SK: Backing me up in my decision to go ahead and sue the Argentine government, rather than cave in and renegotiate it, I think that did more for my confidence than anything. After the kind of stunning victory, it gave me a great deal of confidence in myself. I think it was a very definite stage in my development, to which I have to thank him for the assistance.

NM: Anybody else?

SK: Well, of course, my wife Ruth, who has suffered, been dragged all over the world and putting up with all the absences away from home and practically raising the children from age 6 on, since we came back to Canada, I was away so much of the time and left the whole burden of raising the family on her.

NM: But she did a good job.

SK: She did a fabulous job.

NM: What do you consider your achievements?

SK: I guess you could basically sum it up by saying a little boy, I wouldn't say from the slums but lower income class of east Calgary, to work my way through university and carve out a reasonably successful career in the industry. I guess that's probably it.

NM: That's great. Looking back at your career, is there anything you would do differently nowadays?

SK: Realistically, thinking of a major thing, I can't think of anything. I have enjoyed immensely what I've done, I have basically done the things that I wanted to do and that was to have an exciting job and to see a lot of the world and meet a lot of interesting people. Up to date I have done most of it.

NM: And this is the last question, on the whole, what do you think of the oil business?

SK: I think I can't imagine any industry that is more fascinating, it has more challenges, it has a great diversity of occupational operations, it covers a span of the whole world. It is a wide open, ever growing, extremely challenging business. And I think if you're looking for excitement and a challenge and a chance to see the world, I can't think of a better business to be in. Also I believe sincerely that it really rewards those who contribute to it.

NM: Mr. King, I've really enjoyed interviewing you, thank you very much.