

PETROLEUM INDUSTRY ORAL HISTORY PROJECT  
TRANSCRIPT

INTERVIEWEE: Gerry Maier

INTERVIEWER: Susan Birley

DATE: September 1984

SB: It's September 24<sup>th</sup>, 1984, this is Susan Birley interviewing Gerry Maier in his office in Calgary. Mr. Maier I wonder if first of all you could tell us when and where you were born?

GM: Sure Susan, I was born September 22<sup>nd</sup>, 1928 in Regina, Saskatchewan and I grew up on a farm and ranch that we had that was located approximately 14 miles southeast of Regina, at least that's where the home place was, that was primarily in the real heavy wheat growing land. North of there, approximately 7 or 8 miles we had a cattle ranch which was in sort of hilly sandy land and that was good grass country to raise the cattle on.

SB: Did you ever see any evidence of oil field activity when you were growing up?

GM: Only one oil rig that was constructed, I believe by Imperial Oil, located near a town called Pilot Butte, Saskatchewan. In fact, they located the rig on a very, what we thought was a very high hill. Actually looking back on it, it wasn't too high after all. Obviously they located the well on a surface anomaly and I'm not sure how deep they drilled it but it seemed to me they were there an awful long time before they finally pulled up stakes and left. The next exposure that I had to oil field drilling was when I was a little bit older, perhaps in my teens, Imperial Oil were drilling at that time near a town called Radville in southern Saskatchewan. And while I never did see the rig, there was quite a bit of talk about it in the community.

SB: So you grew up mostly looking at, were you looking at a farming career, going on in farming, how did you change your mind and decide to go into the oil business?

GM: That's kind of along story, as it is with most people I suppose. When I grew up I really wasn't sure what I would end up doing. When I was a kid of course, I thought I would be a farmer because that's what everybody in the community pretty well did. However after I got into high school and travelled around, primarily with the Notre Dame Hounds, located in Wilcox, Saskatchewan, Notre Dame College is located in that town south of Regina.

#029 SB: They were a hockey team were they?

GM: Yes, I took my high school at Notre Dame and Notre Dame was famous in those days, as it is today, for its athletics and I played for the lacrosse team and the baseball team and the hockey team. And saw a little bit more of the world at a little bit greater distance than I had travelled earlier, so I decided then that I probably wanted to go on and further my education and because I found certain subjects appealing to me I thought that I would probably like to get into medicine.

SB: And how far did that go?

GM: Well, in those days, money was a little bit difficult to come by so when I completed my high school I went up to Flin Flon, again, to play hockey, Flin Flon, Manitoba that is. The mining company up there, Hudson's Bay Mining and Smelting Company gave me a job in the smelter and I worked at that, when I wasn't playing hockey or doing something else. That lasted for about a year, a little over a year and then I became acquainted with a mining engineer who was looking for some partners to go up north of Flin Flon and stake claims near an area that was subsequently named Lynn Lake, Manitoba. There was a lot of talk at that time in Flin Flon about a large mineral discovery up there. So I joined forces with this mining engineer, together with a real close friend of mine and there were three other fellows that joined the group and we went up and staked claims for the full summer. Then I came back out and went to university that fall. This mining engineer convinced me that I should take engineering so when I left Flin Flon, of course, Winnipeg was the first city that you got to and I decided that there was not much point in travelling any further and spending more money travelling. So I just enrolled in the University of Manitoba.

SB: What was the engineer's name?

GM: Jack Rose. He was a graduate from Queens. Of course, he wanted me to go to Queens but that seemed like a long way away.

SB: So Manitoba, did it have a good department?

GM: Oh yes. It is an excellent university today and it was then. I liked it very, very much. It had a good engineering program, it was terribly crowded, it was filled with vets from right after the war. As a consequence, I think there was something like 365 enrolled in 1<sup>st</sup> year engineering and on the very first day the profs delighted in telling us to look around because after Christmas one half of the student body would not be there any longer. And they were right, there wasn't, so they cut them out pretty fast. I enrolled in engineering primarily on the advice of Jack Rose, but also because in those days, the medical program was somewhat more expensive than the engineering program and also it took a lot longer. When I counted up all the money that I'd saved I decided that I better take something that didn't consume quite as much capital.

#066 SB: And what branch of engineering was it?

GM: In those days at least, as in most universities today, your 1<sup>st</sup> year or even your two years there are all the same so I didn't enroll in any particular branch. After my 2<sup>nd</sup> year I took a summer job with a mining company in the Northwest Territories and on my way up there I of course, had to go through Edmonton. This old plane that was supposed to fly us up was broken down and of course, I didn't have much money to start with and after laying around Edmonton for about 4 or 5 days waiting for this plane I was flat broke. So I had to look for a job so I ended up getting a roughnecking job out at Leduc and in those days the oil strike at Leduc was big news. So after working on an oil rig for just a few days I quickly decided that that was better work and more enjoyable, more exciting perhaps, than working underground, which I had done the previous summer up in Flin Flon.

SB: How did it compare with wages, was it better paid?

GM: The wages were very comparable, there wasn't much difference that way.

SB: I guess it was about the same level of danger involved.

GM: Yes, I would say there's probably not too much difference. A lot of the dangers underground, as well as on an oil rig depended on how careful you yourself are as well as how careful your workmates are. But you have to keep your eyes and ears open and be alert and ask enough questions so you can know what's going on and stay out of trouble.

SB: What year was that then, that you came out here?

GM: 1949.

SB: So Leduc and I guess Redwater had just been discovered.

GM: That's right. So I rough necked all that summer with General Petroleum and again, to save money, instead of going back to Winnipeg, I decided to try to get into the University of Alberta. The faculty of petroleum engineering, or the branch of engineering under the chemical engineering department, it was petroleum engineering that interested me a lot after my summer, so I managed to get into that program and entered the second class that they were starting at the University of Alberta. So as a consequence the group that I was with were the second graduating class in petroleum engineering from U. of A. And I graduated in 1951.

SB: Who were your professors at that time?

GM: Dr. George Gauvier was head of the department of chemical engineering and Jack Greg was head of the. . . pardon me, Dr. Gauvier, head of chemical engineering and petroleum engineering was a division of the chemical engineering department and Jack Greg was head of the petroleum engineering section.

SB: So they were both well qualified.

GM: Oh yes, they were extremely well qualified and very fine gentlemen as well. There were some others there that I could name, Don Robinson, Dr. Robinson was an absolutely great guy. He was quite young at the time, he himself had just obtained his PhD. Dr. Kwan??? was another one I can remember very well.

SB: Did you have to take any geology courses?

GM: Oh yes. As a matter of fact, when I entered my first year at U. of A. there was a great gap between the types of courses I took at U. of M. and the types of courses that the U. of A. students took in their first two years and U. of A. would not give me credit for many of the courses that I took at University of Manitoba. Which didn't please me too much. So as a consequence, they had a time table set for me that was absolutely impossible because I had to be two places at once, 3 times or 4 times a week, as I recall. So naturally I had to skip one class or another. Many of those classes were either related to geology or chemistry.

#115 SB: I was just wondering if you'd had a chance to meet Dr. Allen or any of the professors in the geology department.

GM: Yes, I knew Dr. Allen quite well and quite enjoyed him. In fact there's a story about Dr. Allen that we used to like to tell, it happened to one of our classmates, I think it happened in my last year as a matter of fact. I was again, picking up a geology course that most of the other guys took in 3<sup>rd</sup> year, but it was one I couldn't absolutely fit in so I took it in my last year. One of my classmates was taking it with me for some reason or other but there

was quite a large class and as one of our projects we had to study famous technical papers written by eminent geologists. Herman Leith, my buddy, was given the task of reviewing a series of papers written on coal deposits in the Crowsnest Pass area of Alberta. The following week we were required to report on our studies or the review of the papers orally and to very quickly summarize for the class the content or basic thrust of these papers. When Herman was called upon to do his little chore the following week he could only report that all of the papers seemed to conflict so that he could only deduce from that, that none of the geologists who were the authors of these papers knew what in the hell they were talking about. Unfortunately for Herman, one of the authors was Dr. Allen, so as a consequence Herman failed the course miserably.

SB: So he didn't take kindly to criticism.

GM: Not in front of the whole class at least.

SB: I was just wondering too, with General Petroleums, was it fairly easy to get on with the drilling companies at that time?

GM: No. It was very difficult as a matter of fact, there were half a dozen guys waiting for every job. So then when you got on if you just happened to be around when they brought in somebody who was hurt or somebody didn't show up or something like that. So it was pretty tough.

SB: And who hired you on the crew?

GM: I'm not sure who the actual guy was in the office. Some guy, I just hung around the office of, not only GP, but some of the others. Somebody called me and I got out to the rig and the tool push was Jimmy Irwin. So he was the first guy I worked for in the oil business.

SB: Can you remember the other crew members at that time?

GM: There was a fellow by the name of Gene Aldhauser, a fellow the name of Clark Brown. Bill Murray was the driller, he was a guy I grew to love, I worked for him off and on for quite a few years. He was the driller and just a superb guy, probably one of the most knowledgeable guys that I've ever met in the drilling part of the business, he and Jimmy Irwin both were superb guys and very, very knowledgeable. And if you showed any inclination of wanting to learn or anything, they were very helpful. But the whole crew was very good.

SB: Do you remember the name of the rig?

GM: Rig #1.

SB: Oh, General Petroleums #1. And did it make any discovery?

GM: No. On the first work we were working on development wells in Leduc so we completed some of those and later on the rig moved up to Grande Prairie and we drilled for Mobil Oil, south of Grande Prairie and that was a dry hole. We drilled other wells south of Edmonton later on and they were all dry, we drilled some for Alec Baillie down there I remember.

#164 SB: So who were some of the other people that you studied with at U. of A. that stayed in the industry, do you remember?

GM: Well, our class pretty much all of them have stayed in the industry. And most of them have stayed right here in Alberta. I was probably the first nomad and the only nomad as

far as I know, to leave Canada until just recently at least. But Frank Vetch???, he was an awfully good friend of mine and still is to this day, he's quite prominent in the oil industry in western Canada. Kirk Terlecky???, he's retired now but he's quite well known. Al McIntosh is another one, he's retired now, he worked for Pacific pretty much all of his career except after Pacific was bought out by Petro Canada. He ended up running Home Oil Company for awhile. Mac Baldwin ended up graduating with us, he was actually enrolled in the prior class but he was too busy curling to worry too much about studies for awhile. Of course, Mac and another friend of his, George Noll, who was in the 1<sup>st</sup> petroleum class, they went into the service rig business and did very well for themselves. The list could go on, Bill and Jim Dockery, another pair. Jim subsequently went international. I think he's overseas right now as a matter of fact. Bill has pretty much stayed in Alberta and done quite well. Gordon Bowman is another one and he too followed me over to London. As a matter of fact in the mid 70's, when I was in London, he had an offer to go overseas and wrote to me and asked me about it and I recommended it to him highly and he followed my advice and hasn't come back to Canada since and hasn't regretted one day of it.

SB: When you graduated where did you see as your opportunities?

GM: Susan, that's perhaps a little difficult to answer in a real short time. I did see opportunities in western Canada, however throughout our studies and throughout my earlier career I suppose I have to admit to having held a tremendous interest and fascination with other parts of the world. Certainly, in those days at least, we heard about the tremendous oil fields in the Middle East and South America. So I always had kind of half a thought of someday going to see how the rest of the world did it. After working in the field for a year or so, however, I really began to wonder whether the technical aspects of petroleum engineering was what I really liked to do. It was interesting but I never had perhaps, been as technically inclined as some of the other classmates of mine were, although I was good in math and calculus and chemistry and these kinds of subjects, I perhaps was a little bit more interested in the business aspects of things.

#212 SB: What were some of the first jobs you had when you did graduate?

GM: when I first got out of school I went with Sun Oil Company and worked in the field totally. And in those days, a petroleum engineer working for an oil company, at least for Sun Oil Company, he was expected to do all kinds of jobs out in the field. For example, when I first hired on I came down to the office in Calgary and spent less than four hours I suppose in the office, being briefed on certain procedures and policies that the company had but within hours I was given a set of keys for a half ton truck and together with all of the report books and pipe tally books and purchase order books, emergency order books and this sort of thing that you needed to run an operation in the field. The orders of the day were for me to go north of Edmonton, to make contact with the tool push from a certain drilling company and to move the rig to a location about 45 miles north of Edmonton and to drill a well. They had given me the well plan which was really not very detailed at all, it told you what depth approximately to set the surface casing and where the expected zones of interest were. A field geologist came out and joined me after the

surface casing was set but right from beginning to end the Sun Oil representative was responsible for example, for lining up the trucks to move the rig, to get the location surveyed and just almost everything associated with the drilling of the well.

SB: And did you feel prepared for that coming straight out of the academic environment?

GM: No, I didn't, not all aspects of it. The drilling of the well part, I felt reasonably confident on most aspects of that because, by virtue of me experience at General Petroleum I had seen enough of that to know generally what was supposed to happen in a practical sense and the of course, from my engineering studies, it filled in most of the gaps. However there was still an awful lot to be learned and as each day went by I just found out how little I really did know.

SB: And what was Sun's interest at that time, were they going all over Alberta or . . . ?

GM: Yes, Sun had a reasonably good spread of exploratory acreage as I recall. It was always a mystery to me that they somehow weren't any more successful than they were. When I look back upon where we drilled some of our exploratory wells in those days for Sun, it never ceased to amaze me how many near misses we had. For example, in northern Alberta a well called Beedy Creek, we were just miles, almost right in where other companies subsequently found a field called Zama Lake and Shekeely. And again, I remember drilling a well south of a town called Smith at Lake Athabasca. We never did get the well down, spring break-up caught up before we could get it drilled to total depth and it was again, within miles of where the giant Swan Hills field was ultimately located. So Sun was always close but they never quite hit pay dirt in those days. They were a fine company to work for, I really enjoyed most of the people in Sun.

#272 SB: Was Dallas Hawkins there at the time you were?

GM: No. Dallas came with Sun right after I left.

SB: Who were the administration while you were there?

GM: George Dunlap was of course, the head man for Sun in those days. I can remember some others, Frank Siegel was Chief Geophysicist. I'd have to think back again.

SB: Did you see much of Mr. Pugh or any of . . . ?

GM: No, I never did meet the Pugh's, I was quite a ways down the ladder to do that. However I did receive a very nice letter from Mr. Pugh one time. It had to do with saving a man's life. During the first winter that I worked for Sun, as I mentioned we were drilling this well, one of the wells we drilled that winter was up at Beedy Creek. For some reason or other I had to come down to Calgary for a day or two so I started driving, left Beedy Creek late in the afternoon and intended to drive all night or as long as it took to get to Calgary. Somewhere, about half way between Peace River and High Prairie and I can't even remember the exact town that it was near, I passed a curve in the highway and it was very, very cold, it was about 40 below and there was a lot of snow on the highway and of course, in those days the highway wasn't really much of a road. And I noticed a car off in the ditch, really not in the ditch but more of a side trail. I kept driving but this kept preying on my mind that, why was a car there, it was so cold and the car wasn't running, I just thought maybe somebody ran off the road or didn't see the curve in the road and got off on this side trail and got stuck and ran out of gas or something. So about 10 miles

down the highway I finally couldn't stand it anymore, I turned around and drove back and stopped my truck and walked down this side road maybe, not very far, probably 30 yards or 50 yards at the most, and went up to this car and looked in. The windows were all frosted up but I opened the door and there was a man in the front seat laying down. I tried to wake him up, he was obviously ver, very cold and had been there for some time. He was dressed in just a suit and light topcoat and he had light gloves on. I finally was able to get him up, wake him up and helped him over to my truck and got him into the front seat. He was in pretty bad shape and so I drove along, I think as far as High Prairie and then I stopped and got him into the hotel and got him registered in the hotel. So I just went on my way, it was quite a few months later, probably 4 or 5 months later that I got this letter in the mail from Pugh. It turned out that this man was a friend of the Pugh's and I'm not sure why he was every up there or why he hadn't prepared himself to drive in that kind of weather, but he had done exactly what I thought, it was dark and he was kind of a little bit sleepy or didn't notice the turn in the highway and just drove right off down this other track and got stuck and ran out of gas. So he would have been dead in another few hours.

End of tape.

Tape 1 Side 2

#015 SB: It's November 8<sup>th</sup>, 1984, this is the 2<sup>nd</sup> interview with Gerry Maier. I wonder if we could start off, you left Sun Oil after about a year and then you started up with Cactus Engineering, do you remember what year that would have been?

GM: About 1952 Susan, it was mid summer or so of 1952.

SB: And was there any reason for going with them or was it just a place to find a job?

GM: No, not just to find a job. The top couple of guys at Cactus at that time, approached me and asked if I would come in with them and they held out the opportunity to secure an equity interest in the consulting company. In actual fact they were still working with a firm called Petro Tech at that time and they asked me to join Petro Tech for a few weeks or months and then branch off into Cactus Engineering. So that really was the path. So when Cactus got started I bought a 5% interest in the company.

SB: Who were the two people that brought you into it?

GM: Well, Spud Thompson who had worked for Sohio I believe, just before Cactus was formed was one of the principals and Wright Bradley, who had worked for Mobil Oil was a Vice-President of production for Mobil Oil, was the other chief principal. Spud Thompson I believe was Vice-President of drilling for Sohio. The third principal was Bill Topley and Bill was a geologist who had also worked for Sun Oil Company, so I had known him before.

SB: Were a lot of people thinking of going into consulting at that time?

GM: There were a fair number. Of course, the consulting business, as you know, can take on many different forms. Cactus, in those days, was primarily geared to preparing geological and petroleum engineering types of reports on properties and also operating properties in both the drilling and production modes for the smaller companies that had no staff of

their own.

SB: So I guess in a way it enabled independents to compete with the majors?

GM: Well, I don't know if they could compete but at least, it enabled private investors to participate in the oil business without any technical knowledge as to the operations or without having to go out and hire somebody.

#043 SB: Do you remember any major projects that you were involved in with them?

GM: Well, there were quite a few and I moved up to Edmonton not too long after I'd joined them. The others were all located in Calgary and we had a little office on 6<sup>th</sup> Avenue East, in the high rent district. I think back on it now, you'd have a hard time getting employees to work in those kind of surroundings. However in those days we didn't think too much of it. I did a lot of old reservoir engineering type analysis of different properties and calculated potentials for gas wells and made projections of production and that sort of thing. And while I was here in Calgary, they asked me to go to Edmonton, primarily because we were looking after an oil field called Armice???, which was located just west of Edmonton, for some private investors. And in addition to that we had a number of well site geologists scattered throughout northern Alberta, sitting on wells for clients and somebody somewhere had to take all the calls and receive the well reports each day and try to keep things more or less on track in so far as who was doing what and ensure that the clients in turn were receiving the reports. That was fundamentally my job in Edmonton. I worked out of my apartment, we didn't even have an office, I just turned part of my apartment into an office.

SB: So did they manage to build up a fair amount of business?

GM: Yes we did extremely well. In fact, so well that we really grew perhaps a little faster than what we would have liked to have grown. It surprised everyone really I think, as to how much business we attracted. When I say everyone, I mean all of the principals inside the company.

SB: Did it put a strain on operations growing too rapidly?

GM: I suppose it may have, but everybody was busy and working hard and enjoying it. I don't think anybody was troubled by it.

SB: Did you say that you were in Flin Flon before?

GM: Oh that was before I graduated, yes before I went back to university. And also during one summer, after I started university.

SB: So I guess around that time, '52, '53, the industry was sort of experiencing a glut in oil. Did that affect your operations very much?

GM: No, not really. There seemed to be a lot of interest around and a lot of people were anxious to get into the oil business on a small scale. So from our vantage point there was no real problem.

SB: Do you remember any of the concerns of other people you knew in the industry then?

GM: I think the biggest concern was to find oil instead of gas because of course, there was no real market for gas in most places at least. And then when you found the oil to somehow get it to market because we certainly did not have the transportation systems, the pipeline systems that we have criss crossing the province today. So if you found something it was

quite a bit more difficult to find a home for it and get rid of it.

#082 SB: And you stayed with them for just a year, how did you move on to your next position?

GM: I didn't really move on. In actual fact the two principals had a major disagreement. [phone ringing] Okay, Susan to pick up where I left off, I started to say something about two of the principals having a rather major personal disagreement and as a consequence of that, they decided each to go their own way. However neither of them would give up their interest in Cactus, yet neither of them would agree to allow Cactus to proceed. So both instituted court action, and unbeknownst to me at the time, the financial sponsor of one of the principals then got into the act and also instituted court action. So all of the assets of Cactus were tied up totally by the courts and the other equity owners in Cactus just had to sit there and grin and bear it, and of course, we had to let all of the employees go. As a consequence of that Bill Topley and myself finished up the jobs that we had going, but under our own name. That took some months, I had a number of clients in Leduc and some in Redwater and of course, in Armese we had to find somebody to take that over from us. So I did not think I had the depth of experience at that time, to continue as a private consultant in the petroleum business. In so far as the field operations were concerned I felt reasonably comfortable with that but that really wasn't where I wanted to spend my career or extend myself and I really wasn't in a financial position to operate that way anyway. Because it's pretty hard to operate as a one man band and I couldn't afford to hire anybody, I'd borrowed all the money I could lay my hands on to buy my 5% equity interest in Cactus and now that was all tied up. So I was frankly, in kind of a tough spot. What made it even tougher is that the company for whom I did a lot of work in Leduc, or all the work in Leduc for the ensuing months was almost in receivership and could not pay me for, I guess it was 2 or 3 years later that I finally collected about 5 cents on the dollar or 10 cents on the dollar. And part of that was equipment which they turned over to me, which I had to sell. The equity that I had in Cactus was tied up in the courts, the assets of Cactus were tied up for, I believe it was something like 18, 19, 20 years, something in that order. By the time the dust all settled and the court costs were all paid and the lawyers were all paid off, I think I received a cheque for \$75.76, which was about one cent or less than one cent of the dollar of what I put into it. Which in those days was a heck of a lot of money, that is going back to the early 50's. And in addition of course, Cactus had earned an awful lot of money and we had a lot of money in the bank and a lot of equipment and automobiles and assets that were just totally tied up and disposed of. So it was a terribly expensive lesson for me. It took me a long time to pay off the debts.

#125 SB: So did you have an aversion to small companies after that?

GM: No, but I realized that if I ever got into something like that again I would want to be in a little more control than I was of that one.

SB: So your next assignment was with HBOG or how did you get on with them?

GM: Yes, I hired on with Hudson's Bay as a petroleum engineer in field operations. Moved to Drumheller and had responsibility for their drilling and production operations in eastern Alberta and Saskatchewan, that is the engineering aspects related to drilling and

production.

SB: And what kind of a company was Hudson's Bay at that stage, did it have very large production or anything like that?

GM: It was relatively small in those days. I don't recall exactly what the production level was but I suppose it wouldn't have been more than 4 or 5 or 6 thousand barrels a day at that time. I don't know how many employees were on the payroll but again, I would think it would probably have been less than 100 or 150.

SB: And at that time it was largely controlled by Conoco was it?

GM: Yes, well, Conoco in those days had 75% of the company and Hudson's Bay Company owned 25%. It was several years later that both Conoco and Hudson's Bay Company agreed to divest themselves of some of their share holding and that's when they sold some shares off to the public. In subsequent years Conoco reduced its interest to approximately 53% and the Hudson's Bay Company to about 17%.

SB: Do you remember other people you were working with or under at that time?

GM: Sure. The man that hired me was a fellow by the name of Smoky Schaefer, he was Vice-President of production, a very, very good oil man, a very nice person to be around. He was very quiet, not very communicative in some respects but nevertheless a very fair person. Others there at that time were people that are still around Calgary, a fellow by the name of Bert Little, Doug Strople, Stan Olsen who later, ultimately became President at one time. Carl Jones joined the company later, he became President later on. Lindy Richards, he became President. There's just an awful lot of people.

SB: At that time was there very much control by Conoco in their strategy over all operations?

GM: No, not, as a matter of fact, it was pretty much a 50-50 operation all the way down the line, even in those days, even though Conoco owned 75%. But I don't believe any policy decisions were taken without the input and concurrence of the Hudson's Bay Company. Conoco always were extremely sensitive about that. I later worked for them and I noticed there was a corporate philosophy, no matter where you were in the world, or who your partner was, they were always extremely fair, probably much more so than a lot of other international type companies. It was an excellent working relationship actually, between Conoco and Hudson's Bay Company.

#169 SB: I guess at that time the strategy of the land department was like everyone else, go out and acquire as much acreage as possible and build up reserves?

GM: Yes, right.

SB: What were some of the areas that they were involved in, can you remember fields. . .?

GM: Oh yes. Of course, it was during the early years with the company that we discovered such things as West Drumheller, Cessford, a couple of big fields in Alberta. Of course, we were active in Leduc, in Redwater, we had tremendous land holdings in Pembina. Much to the displeasure of many of us we farmed out half of our interest there to the company called Pan American, which is now Amoco. That's really what made Amoco in Canada. In conjunction with some other companies of course, we had fields up farther north in Alberta, in Pine Creek area, Edson area. Sturgeon Lake was a very, very important discovery in the early 50's, an oil discovery, South Sturgeon Lake, Windfall,

one of the very first gas cycling projects to be brought on in Canada. At that time the first real sour gas field ever to be cycled. We were the first people to ever transport by pipeline extremely sour natural gas, it was an industry first. So there were a lot of exciting plays in those days. And then with Union in British Columbia, we had Milligan Trake??? and a lot of those fields that were discovered in the 50's. So they were very exciting and very active times. And of course, it went on right into the early 60's.

SB: There was the foothills block you had an interest in with some other countries, I guess that was out in Sundre or that area.

GM: Yes, we discovered Sundre, Westward Ho, Darrinton???. Gosh , the list gets pretty long when you start adding it all up.

SB: I guess you had a lot of acreage that was your legacy through the Hudson's Bay Company?

GM: That was spotted acreage throughout the wester provinces, sections 8 and 26. In actual fact it was not on that type of acreage that we made the big discoveries, simply because you don't ordinarily, at least in those days, you didn't ordinarily explore, drill an exploratory well, just on a one section block. Unless you did it as an island in the hopes of acquiring some Crown around it, if you made a discovery. And we did a lot of that too. But the big fields that I described earlier were on Crown land and Crown reservations. In fact, in many of those areas, the old Hudson's Bay Company lands didn't even exist. There was some of both.

#209 SB: And I guess towards the end of the 50's you were looking more for gas, you had processing plants built as well and. . .?

GM: Yes, we didn't really even, I wouldn't say we went looking for gas in the 50's particularly because you recall gas export from the province didn't start until the very late 50's or quite late in the 50's. I think we put Cessford on in '57 if I remember correctly. And the price of gas was not particularly high, depending on where you were, what kind of gas you had and what kind of contracts you had but a lot of it went for 7 or 8 cents and mcf to start with or 10 cents a mcf. So relative to today's terms, it's pretty small of course.

SB: Well, I guess it hardly paid you sometimes to go looking for it, it was so low.

GM: Well, that's right.

SB: And you started natural gas liquids at some stage around then, was that very lucrative?

GM: Well, it was. It was certainly an added plus and with respect to some of the gas fields, without the liquids, it was probably only marginally economic to proceed without them. In fact, without liquids, things such as Pine Creek and Windfall and White Court and those sorts of fields would not have been economic, at least not in those early days. Because we were actually stripping the liquids out and putting most or all the dry gas back.

SB: Did you know. . . at that stage I guess you were production manager or production superintendent or. . .?

GM: Well, I moved from Drumheller into Calgary in, I guess it was winter of '54, '55. Then I became district engineer for what we called the southern district, which was southern Alberta, Saskatchewan and Manitoba. I worked as district engineer for awhile and I

worked as a senior staff engineer for a short time and then I went on to become manager of joint interests for a time and then I left Canada and went to Australia, which was early '64. When I came back from Australia, excuse me, I guess I was Manager of Production before I left for Australia. I came back and I was put in charge of production, as well as supply and transportation and pipelines and was made a Vice-President of the company.

- #252 SB: Did you realize at some point that you were sort of being schooled for an executive position or did it just happen as you went along?
- GM: No, I didn't think of it that way, in fact I don't think that was necessarily the overall game plan, although all companies of course, do look for people that are versatile and flexible and willing to move and willing to perhaps, take on different challenges, outside of their own particular discipline. I wasn't only willing to do it, I guess I looked forward to different things. I enjoyed different geographic areas as well as different technical and professional challenges. So it worked out well for them, it worked out well for me.
- SB: Were you very much involved at that stage with IPAC???, say before you left for Australia?
- GM: No, I wasn't. We were never a member of IPAC, we were in CPA. But I was not active in CPA before we left.
- SB: So Hudson's Bay considered themselves not really an independent, it must have considered itself as benefiting more from the interests of the CPA than IPAC would you say?
- GM: I really couldn't comment on the philosophy as to why we were in CPA versus IPAC, except that with the overall corporate strength that we had and the vision that some of the early executives and certainly the Presidents had of Hudson's Bay Oil and Gas, they really saw themselves as being the size of a company that more appropriately belonged with CPA than IPAC. I don't think it had anything to do with being an independent or not. We were certainly not an integrated company in Canada, as far as we didn't have refining and marketing. But in terms of technical strength and certainly in terms of level of production and that, we were 4<sup>th</sup> or 5<sup>th</sup> in size in the country. And in terms of sulphur production we were probably 2<sup>nd</sup>, in terms of gas production, we were probably 2<sup>nd</sup> or 3<sup>rd</sup> and in terms of the amount of, number of plants operated, we probably operated more than anybody else and things like that. So we really were not attuned to the real small oil company sort of philosophy.
- SB: So were you very much tied in with dealing with government agencies in your position?
- GM: Not until I came back from Australia and then of course, as an officer of the company, heading up several departments, became much more involved. But in those days the federal government involvement was just starting. I'm going now to the late 60's, early 70's and our representation of the federal government was pretty much done by the President or one of the Executive vice-Presidents or both. A lot of the provincial involvement with the Premier was done the same way but with the Ministers and the senior civil servants, the Vice-Presidents would handle those kinds of contacts.
- #309 SB: I guess things like royalty structure and taxes were slowly changing, you were

seeing more changes that way than you had in the 50's.

GM: That's true, although that didn't occur really, the major changes in that didn't really occur until just after I left Canada again, in the early 70's. So I missed out on all that fun, thank goodness. It was beginning to heat up a little bit at about the time I left and certainly the higher gas prices and the hearings on that and attempts to renegotiate gas contracts were just really getting underway in the early 70's. I left here early '73, or mid '73.

SB: And then you went overseas again?

GM: No. I went to Stamford, Connecticut, where Conoco had its worldwide headquarters and the headquarters for the eastern hemisphere. In those days they divided their operations geographically, they had an eastern hemisphere company and a western hemisphere company, which was fundamentally the United States. The eastern hemisphere was essentially everything international. So I went out to Connecticut and became Production Manager for the eastern hemisphere.

End of tape.

Tape 2 Side 1

SB: So when you came back, after you were in Stamford, was there much of a change in the company that you could see from being there previously?

GM: Quite a bit. The 70's were not a period of nearly as rapid growth as the 50's and 60's, so there's probably less growth that way than what you'd imagine. But there was some of course. Of course, what was upsetting was the totally different political scenario that seemed to be prevalent and the antagonism between the industry and the governments and government to government and that sort of thing.

SB: Did you see that developing over time or was it a total shock coming back into it?

GM: It was pretty much of a shock because outside of Canada, you don't really hear too much about the inner workings of the Canadian political system or the Canadian oil industry. Despite what a lot of Canadians would like to think, the Canadian oil industry is really not a force to be reckoned with internationally and you don't really hear a lot about it when you're out of the country. And I was busy learning a whole bunch of new things so I really didn't have any time to pick up journals or papers or things from Canada to keep up with the scene here. I was more interested in finding out what was going on in my area of jurisdiction, which was pretty big. And I was away most of the time, learning things and doing things. Then I moved to London, so I had my plateful again there so I really was completely out of touch with Canada.

SB: Was there North Sea involvement when you were in London?

GM: Yes, I was in charge of Conoco's British operations, which included all the North Sea.

SB: What year did you return then, after that, to Canada?

GM: In '76.

SB: I guess that was sort of the post OPEC era also, you'd had a lot of dispute between the government and the oil industry arising out of that.

GM: Right. It started really with the Arab-Israeli war in '73 and kept going after that.

- #028 SB: Did you notice any rise in the feeling of say, economic nationalism when you came back, did that become more of a concern since Hudson's Bay was largely foreign controlled, did you see that as a problem?
- GM: No, I didn't really . . . it wasn't a problem inside the company certainly. Because, in the first place, nobody in the company regarded it really as being foreign controlled because everybody in the company knew that it was essentially equal voting power between Hudson's Bay Company and Conoco. Conoco never really forced themselves and in addition to that we had independent shareholders, so that, in actual fact, if you wanted to be fair about it I would suppose that you'd have to insist that the total viewpoint of the Board was always much more sensitive to the Canadian scene than a lot of so-called Canadian companies were. So no, we didn't regard ourselves as a foreign controlled company in the first place, simply because of the type of working relationship we had. And we didn't have any so-called foreigners coming in and out of the company, or running the company. The last non-Canadian President was Lindy Richards and Lindy lived in Canada from the mid 40's on, so he was really looked upon as almost a native son himself. Carl Jones followed him and Stan Olsen followed him. Stan was an American, he too worked up here since the late 40's, early 50's. So almost his entire career was spent here, as well as Lindy's.
- SB: I understand Ralph Bailey, who was the Chairman of Conoco at that time, was also in favour of giving the Canadian operations independence.
- GM: Ralph wasn't Chairman in '76, he later did become Chairman of Conoco. But I don't think it was just Ralph Bailey, I think it was pretty well most, if not all of the Conoco representatives on the Board, guys like Wayne Glen and Mike Morris, Howard Blavelt???, all of those guys I think were pretty much of a like mind. Yes, certainly they were concerned and they wanted to make sure that the company prospered and did well but their positions never were one of dominance, in the sense that you do this because it's good for us over across the border or somewhere else. Anything I ever saw at the Board level was such that the decisions and the debate were really centred on what was good for Hudson's Bay Oil and Gas and nobody else.
- SB: Did you find with your large land holdings that after awhile you had to sort of farm sections out or have help with managing the resources and things like that? I was just thinking that later on Siebens Oil and Gas had some kind of involvement with. . .
- GM: That wasn't our choosing, Hudson's Bay Company sold their rights to Siebens, that's how that evolved. No, that didn't impact at all on our game plan, except that we just suddenly had a different landlord, that's all. You see, we had paid our royalty, had paid it to Hudson's Bay Company and got our leases from Hudson's Bay Company. Hudson's Bay Oil and Gas did not own the land, we had to lease it from them just the same as we did from anybody else, except that we had first right. And when Siebens acquired Hudson's Bay Company's interest, we acquired the leases from Siebens and Siebens just filled Hudson's Bay Company's shoes. Now, certainly you farm in and you farm out, that's part of the business but it wasn't because we needed any help with it, it was because we had different priorities than some other people, that's all.

- #075 SB: I was reading, I guess in *Other People's Money*, that eventually they were trying to force you to take more aggressive action in developing reserves and things like that, did you find that at the level you were operating at?
- GM: Well, I would even dispute that that was really the total motive. I think a royalty owner just has a fundamentally different position than a lessee. A royalty owner really doesn't care too much about the rate of return or economics, he gets his royalty whether the thing pays off very well or not. So that's where the fundamental differences lie, it wasn't that I didn't want to be aggressive, I do have to acknowledge though that I was far more aggressive than any of my predecessors in proceeding with exploration and development. But everybody sets priorities, you decide how much money you want to spend and you want to maximize your return. I won't say that over the prior years we couldn't have done a lot more or been a lot more aggressive. But that was the corporate philosophy as to how much they wanted to risk and what they wanted their level of earnings to be. In those days, as always, we run successful efforts at accounting and dry holes and that type of accounting are written off. Companies on full cost accounting sometimes forget that and they capitalize all of their dry hole costs and expenditures. So they can make their financial statements look very, very good, despite the fact that they may not be doing particularly well in exploration. And there is a tremendous difference there. So I don't think that it was a matter of being aggressive, it was a matter of economics and maximizing return on investments.
- SB: I noticed in another place he said that in a way HBOG was a banker's dream because well, in 1980 you had revenues of \$605 million and earnings of \$145 million. So it seems like it probably was in a better position that way than a lot of other companies who were over extending themselves.
- GM: Yes. That didn't come about by accident. That was really the culmination of 30 more years of pretty careful, very dedicated work and certainly in my view, we could have been more aggressive in some of the prior years and probably should have been, but hindsight's always pretty good too. So it was an excellent company, extremely well financed and sound in a financial sense. It was run very well and I frankly didn't realize how well it was run and how competent the staff were in terms of, not only the technical and the professional staff but the accounting staff and the control staff and the service departments and that kind of thing, until I got out and worked in other companies and got interfacing more with other companies. Despite the fact that Conoco were one of our parents, simply by virtue of its modus operandi and how it was spread out, I found that when I got into Conoco that many of the things I took for granted in Hudson's Bay weren't done nearly as well right within the parent company. And of course, in subsequent years I saw that more of other company's and sat on other company's Boards and everything, I realized that in terms of having grown up reasonably slowly and matured in a kind of orderly way, it was extremely well run.
- SB: That's probably a good point to wind down.

End of tape.

Tape 2 Side 2

Blank

Tape 3 Side 1

- SB: I guess we can start this time just by looking back to when you assumed an executive positions with HBOG. What kind of position was the company in at that time?
- GM: You're referring to the 1976 era when I returned to Hudson's Bay are you Susan?
- SB: Yes.
- GM: Okay. I came back as Senior Vice-President with responsibility for, essentially all of the operating departments of the company as well as some non-operating departments. The company of course, was in an extraordinarily sound financial condition and it was very well organized, a very smooth running company. So from that point of view it was a stable operation. However one of the reasons that I came back, and was in response to a request from some of the major shareholders and directors to bring back to Hudson's Bay Oil and Gas, my international expertise and perhaps a somewhat more aggressive stance if you like, in so far as exploration and production activities are concerned. And entrepreneurial business lines that we might get into, that would be ancillary to the existing business lines that the company had.
- SB: So up until that time they felt that management had taken a fairly passive role towards expanding or. . . ?
- GM: I'm not sure if it was just management, it was probably a combination of management and the will of the Directors up to that point in time. But I think what probably the Directors and at least some of the then existing management jointly saw, was a desire to perhaps use our capital more effectively than we had been using it, our capital strength, our financial strength as a corporation. And also some of our other assets, which of course, was land and people.
- #028 SB: Were any of the new policies a type of reaction to the post OPEC situation, did that influence the company's policies in any way do you think?
- GM: It probably did. I believe there were probably other factors though. Among them would be a change in the thinking if you like, a change in the philosophy of the two major shareholder groups, that's Hudson's Bay Company and Conoco. And the men on Board that represented those companies. As well as some of the other Directors that they had from the outside. I can probably guess that some of those Directors suggested that Hudson's Bay Oil and Gas had tremendous assets and perhaps we better get ourselves positioned to benefit from them and grow from them a little bit faster than what we had in the past. And also a recognition that the world was changing, competition was changing and someone that not only knew Hudson's Bay to some degree at least, and the Canadian scene but also had an insight into the international scene would be helpful in shaping the company's strengths and strategies of the future.
- SB: And Ralph Bailey was the Chairman of Conoco at that time was he, or would that have been a little later?

GM: Ralph became Chairman about a year after I got back here. Ralph succeeded Howard Blavelt. Howard was Chairman of Conoco when I returned here and John Kircher was Chairman of Hudson's Bay Oil and Gas. At that time, of course, Carl Jones was the President of Hudson's Bay Oil and Gas.

SB: And they were all Americans mostly were they?

GM: No, Carl is a Canadian.

SB: Do you think there was any feeling at that time that Hudson's Bay Oil and Gas could have been a candidate for a takeover, do you think that was in anyone's mind?

GM: I doubt it. Rather than being a candidate for a takeover we were really casting about for company's to absorb, where we had some synergism, where it made sense to do so and in fact, did look at quite a few.

SB: But you didn't actually go out and acquire any then immediately did you?

GM: No. We bid on quite a few, we just didn't bid high enough. But on second thought, I would say, our bid was probably correct, it was some of the others that probably bid too high and regretted it later on.

SB: I guess it was sort of a mad scramble for land and expansion of exploration because of the increase in price, was that part of it?

GM: Well, that was the mania of the day. Everybody thought that the wild inflationary spiral would continue and as long as inflation was as high or higher than interest rates well, nobody could make a mistake. However, as people found out in the early 80's, they certainly did make some serious mistakes.

SB: Did you have an specific duties during that time, or what would you have spent your time doing?

GM: It was a broad range of duties associated with exploration worldwide, production, drilling, engineering operations worldwide, pipeline operations where we were, crude oil trading, trading in LPG's, sulphur, all of our research and development activities, all those sorts of things in an operational sense. And of course, in a corporate sense, involved in the overall long range planning, setting the strategy for the company and the tactics, quantitative goals and these kinds of things.

#074 SB: So some things had been running fairly smoothly then, through the 70's, it seemed that way, there weren't any major setbacks or obstacles in that time?

GM: No. We were growing, growing quite quickly in some areas, particularly in the international area. Part of that I think, was my thrust on some opportunities that I had seen before I came back to Hudson's Bay and carried with me.

SB: Like what?

GM: For example, we bought some properties in Indonesia and it turned out to be an excellent acquisition, we acquired some excellent properties in Australia which turned out to be very, very good. As a matter of fact some oil discoveries have been made on those properties just this year.

SB: Did you feel that there was a mounting sense of economic nationalism at that time, was the company becoming concerned about the percentage of American or foreign ownership in it?

GM: We recognized that that was being touted as a problem by certain nationalists in Canada. I frankly had very little sympathy for the position. Internally we never did feel that the foreign ownership of the company was significant or pervasive and certainly, from our point of view, we acted, as a corporation, in the best interests of Canada far more often than many so-called Canadian companies. And certainly the influence of the foreign ownership was never pressed at the Board level or any other level as far as I was ever aware, to the detriment of Canada. In fact, if anything, the Directors that were appointed by Conoco for example, were probably always more alert and more careful to make sure that the corporations followed lines and business practices that were particularly sensitive to the Canadian scene. Sometimes more so than the Canadian Directors.

SB: Could you give any specific examples?

GM: For example, political donations, they would insist that it was important to keep the Democratic process alive in Canada and while we couldn't necessarily support all political parties, at least they were careful that we support both the two major political parties in Canada, at both the federal and provincial levels. In terms of investing and employing Canadians and giving opportunities to Canadians, not only within the company but if we had a chance and if we had Canadians who were of the mind to work elsewhere we would fit them in with Conoco's schedule somewhere else in the world, give them training for several weeks, or months, or even years and bring them back and fit them into the company in Canada. Giving aid to Canadian educational institutions, we were extremely generous as a company that way. Also the charities, particularly those charities involving health, the health field and the needy and this kind of thing, we were probably one of the most generous companies in Canada, having regard for our earnings and total cash flow and revenue stream.

#117 SB: I guess when you first heard of Dome's plans to acquire HBOG, it must have come as quite a shock was it?

GM: It was, because first off we already knew that Dome was in financial trouble and to me the last thing they needed to do was to pay a very high price or a high price for another organization. However I also recognized that they knew that we were a very solid company, not only financially solid but also operationally solid and had a lot of good management talent and good technical and professional talent, which they badly needed in view of the way that company had been managed and grew up over the years. So I can see from Dome's point of view that they would dearly loved to get their hands on our cash flow. However I also knew that the first step that was described would not allow them to do that, at least if I was going to be in there as Chief Executive Officer and Chairman of Hudson's Bay.

SB: What year had you become Chief Executive Officer?

GM: In 1980.

SB: And that was just shortly after that that you first heard of their plans was it?

GM: No.

SB: Oh, it was before that.

GM: I became CEO and Chairman in April of 1980 and Dome made the move on Conoco in

May of 1981, just a year later.

SB: How did you hear about it, was it directly, did anyone from Dome approach you directly?

GM: No, you see the first approach wasn't Hudson's Bay at all. The first approach was where Dome acquired some shares of Conoco. Of course, it was known that that was a step that Dome wanted to take in order to acquire Hudson's Bay, what they really wanted to do was acquire some shares of Conoco and then trade those shares to Conoco for the Hudson's Bay Oil and Gas shares that Conoco held. I first heard about it in a telephone call to me about 6 in the morning from Ralph Bailey.

SB: And had Dome been looking around for a suitable company, like did people in the oil patch know that that was their intention?

GM: Dome were looking at a lot of things. I'm sure that a number of people knew that they were looking at us, and looking at other companies. I don't believe that anybody that really knew Dome, and there probably weren't too many, knew Dome's real situation, believed that Dome would have made that move.

SB: You had known Jack Gallagher for quite awhile as well had you?

GM: Oh yes.

SB: Did you deal with him through any ventures between HBOG and Dome before that?

GM: Off and on, not a great deal.

SB: So do you think that the major push for the acquisition came from him or from some other source.

GM: I suppose Dome would have to answer that but Jack has told me and in fact, has told many people, that the primary push did not come from him. So I just have to take him at his word on that. And I suspect that that's true and I say that because of what other executives who worked in Dome for many years prior to the takeover, told me how things were running inside of Dome at that time. So I don't question his word on that.

#163 SB: So what was Ralph Bailey's position when he phoned you that morning?

GM: Of course, in addition to being somewhat shocked and concerned himself, his first position of course, was in response to responsibilities to Conoco, not to anybody else, and the Conoco shareholders. That's his first responsibility. So his main thoughts of course, were as to how Conoco should react to the position that Dome had taken in that company.

SB: And so he was just sort of sitting back and waiting for them to take the first move?

GM: They'd already taken the move. They'd announced that they had acquired a position in Conoco and essentially, why they wanted it. So no, that was already announced, that was public information at that time. Excuse me, it may not have been public at that minute but it was made public that day.

SB: Did you have any avenue of anything that was open to you to do, to try to counteract it?

GM: Oh yes. There were quite a number of ideas that we came up with. Some of them were plausible, some were kind of far out. It would take a long time to go through each and every one and all of the thought processes. Needless to say, we went up some blind alleys and also of course, some of the ideas that we came up with were exceedingly good and frankly, I think if we had proceeded with some of them, they would have been very successful.

SB: But it wasn't up to you alone to pursue them I guess, you had to try to convince other people to go along with it?

GM: Depending on the idea itself and that concept, some of them of course, involved Conoco and things that Conoco had to do. Other things involved . . . of course, this came along later on, some other so-called white knights that we may have allied ourselves with that would have taken Conoco's position out. So in that case it would have involved another company for example. There were many thoughts along that line. There was also the thought of course, of the company buying its own shares back from Conoco, and that of course, would have required the approval of not only the Board, but of course, all of the Hudson's Bay Oil and Gas shareholders. So there were several ideas like that.

#204 SB: So which approach did you take, did you actually act on anything at that time?

GM: Well, I would have to perhaps put my mind to some of the many, many details. Every day was filled with many hours of discussions and a lot of legalese and what ifs and this kind of thing. The first month of so was occupied primarily with Conoco trying to defend itself and protect itself from Dome or what Conoco was really. . . they weren't afraid of Dome taking them over but what they were concerned with was some other acquiring company, who they did not want, moving in and taking over the Dome position or allying itself with Dome to take over Conoco and breaking up the company that way. So a lot of our efforts you might say were dissipated that way. However in June when Conoco finally made the deal with Dome, then that changed the situation entirely and all of a sudden we had Dome nominated Directors on the Hudson's Bay Oil and Gas Board. In hindsight, I suppose, had I had the knowledge that I do today or knew that some of the moves of Conoco turned out the way they did, I would have reacted totally differently. And I guess, in particular with the benefit of hindsight, probably one of the best things we could have done had we been able to arrange it quickly enough was to buy our own shares back from Conoco.

SB: Would you have been in a financial position to do that at that time?

GM: I think so. It would have been a big stretch and we would have been immediately in a position where we would have wanted to sell off assets but in those days that would not have been too difficult to do. We would have been a somewhat smaller company but I think we could have repurchased our shares from Conoco and proceeded then to sell off, let's say, 20-25% of our assets to get cash and reduce the debt we would have incurred in acquiring our shares and still ended up a very strong and dynamic company.

#245 SB: I guess the strongest reaction would have been, if you did know Dome's financial position, how weak it was, that was probably your concern that even if they did take it over you didn't know what the future of the company would be?

GM: No. I knew what the future of the company would be once Dome got 53% of the shares. Because they couldn't sit there and hold 53% of the shares and they had to go for the rest, no matter what they said publicly. There were a lot of public pronouncements to the contrary but there was simply no way that they could afford to pay the interest on the debt that they incurred to acquire 53% because we certainly didn't pay dividends anywhere near the cost of interest in those days, they were paying I believe, 17 or 18% interest. So

their course was totally obvious to me, I knew exactly what they had to do.

SB: So at that time, when you realized that was what was going to happen, did you consider going to Dome yourself, or did you attempt going to them directly and trying to make a deal?

GM: I again, knew that Dome had to do something. I had an inkling as to the overall financial problems, I didn't know they were nearly as bad as they were. I did suggest to Jack on 2 occasions a scheme that would have helped them to a very great extent. It still wouldn't have solved their problems but it would have given them access to half of our cash flow, which was really what they were after and still left a viable Hudson's Bay Oil and Gas Company Ltd., operating separately and independently. In effect it again, was an exchange with Dome to reacquire the shares that they held in our company, in exchange for 53% of our assets, an undivided interest in all of our assets or split our assets on some agreed basis so they would end up with some of our properties. In that way then they could get direct access to the cash flow.

SB: And what was his reaction to that?

GM: Both times he thought it was a great idea but it never seemed to get anywhere and I realized afterwards I should have talked to Bill Richards as well as Jack. However at that time I still didn't know how Dome functioned internally.

#290 SB: I guess to most outsiders, it still appeared that Jack Gallagher was in effect, in control of Dome.

GM: Yes. I knew he didn't involve himself in a lot of the day to day operating decisions I thought that he and Bill were far closer together than they were in fact, and I thought that Jack, while he may not have masterminded the takeover that he was certainly in full support of it. At least that was my impression at that time and that he was part and parcel of every single decision that was made. But I learned afterwards that Jack did bring this up at the management meetings or some management group inside of Dome but whether it was explained fully or considered fully or why they didn't pursue it, I don't know.

SB: And you also called Bob Blair I understand. Was he sort of perceived at that time as one of the white knights?

GM: This was not at that time, no. No, that was earlier on. That was before Dome actually acquired the interest in Hudson's Bay, that was while they had the interest in Conoco.

SB: But that was the intention was it, to try to get his support?

GM: Well, the concept there, and that was just one company of many, the concept there of course, was for some Canadian company to acquire Conoco's interest in Hudson's Bay Oil and Gas.

SB: And how about Ottawa in all this, did the company ever try going to Ottawa and appealing their support for Dome's moves?

GM: Well, there wouldn't be any way to appeal support for Dome's moves because Dome's moves were in fact, I'm confident, actually initiated by Ottawa or if not initiated, certainly applauded every step of the way. And in a very misguided way I might add because they were talking about Canadianizing Hudson's Bay when in fact, Hudson's Bay Oil and Gas had a higher Canadian content than Dome did. So it was ludicrous to talk about

Canadianizing Hudson's Bay Oil and Gas by a company that was more foreign owned than we were. Granted that Dome of course, has a higher Canadian content than Conoco, so in that context it was right. Nevertheless people tended to try to overlook that fact that Dome was really a foreign owned, foreign controlled company.

End of tape.

Tape 3 Side 2

SB: So in Ottawa, did you have any sympathetic response at all?

GM: Oh no. Our efforts in Ottawa were met with deaf ears and our only approach in Ottawa was to try to put together a concept that the co-ops had at that time, of acquiring this interest and they desperately wanted it because it would have been a great plum for the cooperative movement in Canada to own this interest in Hudson's Bay Oil and Gas. Unfortunately they weren't anywhere near far enough along in their own thinking and their own organization and in their own financial strength to pull it off. So what they were really wanting Ottawa to do was to provide some bridge financing to allow them to do the deal and then after the deal was done, then they would proceed in the ordinary capital markets of Canada and elsewhere to arrange other financing.

SB: I guess by that time they'd been proceeding fairly well with the acquisition of shares, was that about the time that Jack Gallagher called you again?

GM: All of that occurred prior to the time that Dome and Conoco made their deal. So that was all during May and the early part of June. So a lot happened, as you can gather, in 28 days or 30 days.

SB: And Jack Gallagher called you then and offered you a position on the Board as a sort of appeasement was that?

GM: No, he didn't offer me a position on the Board.

SB: Oh he didn't.

GM: No. Where did you hear that?

SB: I think I got that out of Other People's Money. He never called you and tried to win you over to his side then?

GM: I don't think Jack of I looked at it that way. Jack had responsibilities to his shareholders and his company and I had responsibilities to my shareholders and my company. So I personally never looked at it that way. When Jack first really contacted me in any significant way was after the Conoco group and Dome made their deal and Conoco agreed to sell their share to Hudson's Bay Oil and Gas, or exchange them, with Dome. And it was then when Jack called me.

#045 SB: And he didn't, did he make any kind of offer like that?

GM: No, not that I recall. Do you mean to sit on Dome's Board?

SB: Well, to sit on, yes, the newly formed Board, I guess it was yes, Dome's Board?

GM: No. In fact I would have not felt comfortable sitting on the Board of a competing oil company. In fact, that's one of my problems with many Canadians, not only today but

over many years. To me they have tremendous conflicts of interest in sitting on the Boards of competing companies. While I acknowledge that in the international scene, the Conoco Directors on our Board were sitting on the Board of a company that was competing with Conoco internationally, I would like to point out that in every case when an issue dealing with international oil and gas exploration came up, the Conoco Directors removed themselves from the room. That's how sensitive they were to a potential conflict of interest. And it's incidentally another example of how sensitive the Conoco Directors were to the need for Hudson's Bay Oil and Gas to be independent and sensitive to the Canadian needs. So when Conoco and Dome made the deal and Dome then replaced Conoco as a major shareholder of course, I extended to Dome, naturally, the opportunity to nominate some Directors, which they did do. That's when the Dome people came on the Board, so it was just the reverse of that.

SB: So when they were working to get the remainder of the shares, at which point did you feel that the situation was hopeless? Did you still feel that there was some chance or regaining control?

GM: When you say regaining control, do you mean get another major shareholder in besides Dome, or reacquire all the shares from Dome?

SB: Yes, or reacquire a major percentage of the shares in HBOG?

GM: I suppose right through until the plan of arrangement, actually took effect, there was always a chance that it could fly apart because I knew that Dome weren't making some of their interest payments. But what shocked me when I found out about it later was that the Canadian banks did not know the deal that Dome did with the Citicorp and the consortium of international banks. I guess because I assumed that they did, when all that was going on, all during the fall and early winter, if I had known that the two banking groups really weren't communicating that carefully or that closely I suppose I wouldn't have been as surprised as I was that they were able to hold it together. I think in fact, if the two banking groups had communicated the deal may never have been done.

SB: It's surprising that no one else knew about that, that no one was able to put them together.

GM: It is. Yes, it is.

SB: So I guess eventually when they did make the final deal you had to stay on and help Dome work into the new system and help them take over your job, that's what it amounted to.

GM: I stayed on as CEO until the end of '81. And I stayed on as a Director and Chairman of the Board until March, March 10<sup>th</sup>, I believe it was, when the plan of arrangement was finally put into effect.

#090 SB: It must have been difficult in a way seeing everything that you'd worked for suddenly get taken over by another group like that, was it?

GM: Well, it was difficult in some ways. I think in this business you have to realize the facts of life though and these things happen in the corporate world. I guess I felt, not sad for the shareholders, because I, in the final analysis, think I did as well as anybody could have for all of the shareholders. Many stories I could tell you about the negotiations and the behind scenes that went on in the autumn of 1981 and the position that I took there. But probably

the saddest thing was the fact that the two companies operated on opposite ends of the spectrum of the business spectrum if you like, in terms of how they did things, their philosophies, the fundamental business philosophies, the integrity and just how they went about things. So I knew that it would be impossible for most of our good people and experienced people, to fit into a different system. We did have a tremendous warehouse of truly superb people, professional people, good managers, good geologists, engineers, geophysicists and all these kind of people. Certainly the junior people could fit in but I knew that all or most of the managers, the executives and the senior professional people just wouldn't fit in over the long term. And to see that kind of a tremendous dynamic team dissipate and break up and be totally emasculated to me, was part of the greatest tragedy of all. As well as the tremendous asset base and the financial strength that we had and what we not only could do, but were already doing for the Canadian business scene, the Canadian natural resource scene. I could see that was going to come tumbling down like a house of cards in due course because I knew that financially the thing just was not going to be able to hold together, it was just totally impossible. So the shareholders of Hudson's Bay Oil and Gas came out extremely well. Not just Conoco but all the other shareholders and I'm frankly very proud of how I was able to hold that together and what I finally managed to gain for those shareholders. That story may never, ever be told totally.

SB: What were some of the major concessions that you had to fight for that they weren't willing to. . . ?

GM: Price. It's just that simple, dollars and cents. That's all shareholders really know about or care about, just getting full value. And I think I got them full value. In fact, I think I probably got them considerably above fair value.

SB: And how did you accomplish that, just by going in and making your feelings known?

GM: Oh no, it was very complicated, very time consuming and it was a matter of negotiating and perhaps using every strength or every concept that I could lay my hands on to ensure that the Hudson's Bay Oil and Gas public shareholders did get what I felt was fair for them, having regard for the circumstances.

#137 SB: And did you ever have any desire to stay on with the new organization?

GM: No. Again, because my philosophy was in one area and I could see the Dome philosophy was in another area. That didn't interest me at all. And once you run your own show it's hard to go back to being second mate anyway. Not only that, I knew that there would be tremendous problems, financial problems, operating problems. And I'm a builder, not somebody who wants to resurrect something from the ashes or try to hold something together that isn't totally viable in the first place. I'm interested in doing exciting things, in creating things, in creating opportunities for people and seeing people grow and this kind of thing and I didn't see that coming out of that marriage at all. It was going to be impossible.

SB: So did you start looking around for something else, or did an opportunity present itself?

GM: I had a tremendous number of telephone calls and offers from all over the world. In fact, there were so many that I could really just hardly answer the telephone. But I had another

objective in mind and that was trying to put together a consortium of some friends of mine who worked for me over the years and some other financial people and an international people, a small one and some other people, to acquire some international assets and put together a small international oil company.

SB: So did that come about?

GM: No, it didn't. There's a long complicated story there which I won't go into, part of which I can't without betraying some confidences or revealing some things that are still confidential that might be embarrassing to certain groups if I did reveal them, so I won't go into it. But the reason it didn't come together was primarily because the assets on which we bid and our evaluation of them was slightly below the price that they actually sold for. So that's why that didn't happen.

SB: So you eventually got involved with Bow Valley Resources, I guess you knew the Seaman Brothers before, did you, how did that come about?

GM: I'm with Bow Valley Industries, which is the parent company. And yes, I knew them all but not well. For some reason, we didn't have a lot of, in fact, I don't think we had very many joint venture operations with Bow Valley. I'd always thought of Bow Valley primarily as a service company and a drilling company. So it was really on that side that I knew them or primarily socially I guess.

#178 SB: And how did the first offer come about from them for you to join?

GM: Well, that was part and parcel of the other venture that I talked to you about a minute ago. Bow Valley was wanting to be one of the participants in that group that I was putting together.

SB: So when it fell through you took an offer with them?

GM: Yes, they asked me if I would join the company at that time so I looked at it and thought, this is totally different from anything I've done before so it looked interesting, challenging, so I agreed to join it.

SB: Was it very much different operating it from Hudson's Bay?

GM: Oh yes. Very much different as a matter of fact. Just two totally different companies.

SB: I guess Hudson's Bay had such large land holdings and Bow Valley is more diversified in a lot of other areas, would that be one. . . ?

GM: That would be one area, a major are of course, you're right. But the other thing is the sheer size of the companies is totally different.

SB: Had Bow Valley started diversifying into all these other areas when you joined it?

GM: Oh yes. It had, in terms of diversification, particularly through the service company, Bow Valley Resource Services, has interests in a lot of different things that we didn't have, that I hadn't been associated with in my prior years of experience. In terms of Bow Valley Industries however, except for the shareholding we have in BVRS, there wasn't anything different here.

SB: So did you find it difficult working for a family operated group compared to the organization that you were familiar with, with HBOG, where you had a Board of Directors, was it any different operating under a family?

GM: I'd like to correct that impression, if you've got it. While the family are major

shareholders, I think it would be a disservice to the company to call it a family operated company. Certainly Don and B. J., they both hold executive positions in BVRS and the subsidiary, B. J. is Chairman of the subsidiary and Chief Executive Office and Don is the President and Chief Operating Officer. So they are very active in BVRS and Doc is Chairman of the Board of Bow Valley Industries. However, there are many other competent executives in both BVI and BVRS, so I would like to correct that impression if it's there. The other thing you must understand is that both companies are publicly traded companies and they both have Boards of Directors and they both have Directors on them that are not particularly allied with any shareholder. The Kemp group in Montreal of course, is a 10 or 11% shareholder in Bow Valley Industries and they have some nominees on the Board. On the other hand the Reichmann Brothers ??? when I came here, had 7 or 8% of the stock, they had no direct Board representation. Case Depow??? pension fund group in Quebec currently hold 8.4% of the stock and they have no direct representation. So again, you have to understand, part of my responsibility is not just managing the company but I do have a responsibility to all of the shareholders and it isn't just the Kemp's or it isn't just Case Depow or it isn't just the 6 or 7 thousand public shareholders or just the Seaman Brothers, it's everybody.

#233 SB: Yes, because I guess in some smaller family owned corporations you get, well, I guess if you're major shareholders you get the kind of personality that the company acquired from the major shareholders who might be a family, that's what I was sort of thinking about?

GM: Well, that's true in a sense, particularly in private companies. And it was true historically in Bow Valley, so I think you're right there. However as the company got bigger and expanded, gradually, and in fairness to the many other people in the company and there are some terribly competent executives here and managers and people on the drilling side of the business and the manufacturing side of the business and all that, these guys, they all put their stamp of identity if you like, or their input into the corporation. So I think it's really more of blend when I got here than what you'd call a straight family owned company, which it really wasn't.

SB: Did you have an specific goals when you joined them?

GM: My first objective of course, was to understand it and get to know it, which I didn't intend to stand back and do that for a year but I guess the first objective was to set some strategies and some corporate goals and how we're going to get there, that's what we did.

SB: Do you think there was any type of lesson that you could have learned from your experience with HBOG or was it just something that happens?

GM: Do you mean in so far as Bow Valley is concerned or just as an executive?

SB: Just as a general corporate, as far as your general corporate strategy would go?

GM: I didn't really think of setting a strategy for Bo Valley with the experience at Hudson's Bay or anywhere else in the background, putting up danger signals, or don't do this signals or do that signals. I really tried to look at Bow Valley as to what assets it had, where I thought we could grow and improve the company and strengthen it and of course, make it the kind of company that not only the shareholders would want but also it would

be good for the management and all of the employees. Also the society's in which we work and we work in a lot of different ones here. I presented this sort of a strategy to the Board of Directors and they agreed with it totally.

#279 SB: As a person involved with the executive levels of industry, you must have felt the impact of the NEP. What were some of the most obvious repercussions of that, do you think?

GM: Well, to me that most obvious one was the transfer of revenue from the provinces to Ottawa. People can talk all they want to about the noble objectives of the NEP, to me, that is somewhat of a facade, it makes good reading, it makes good politics, it makes good publicity, it made the NEP very easy to sell to Canadians and I don't want to sound to be a cynic about it because I think the publicly stated objectives were probably in fact, to some degree there. But the full ramifications, full effect of the NEP was in effect, to take away financial clout from the provinces and transfer it to Ottawa. And to allow Ottawa to indirectly focus exploration and other investment away from the provinces to the offshore and frontier areas of Canada so to make Ottawa and Canada far less dependent on the provinces for petroleum than they had been up to that point in time.

SB: What do you feel as far as Canadian self-sufficiency, do you think that we'll say, Canadian control was threatened before the NEP was put in place or do you think that was ever really a concern?

GM: There had been a concern of some paranoids but in actual fact Canadians have always controlled their resources. The petroleum business is the most heavily regulated business in Canada, so as far as Canadian control is concerned, it's a total laugh. We've always had control of our resources in this country and probably always will. That again, is a good political balloon to fly but for all practical purposes it really wasn't a problem, never was. The provinces have all kinds of regulations, they collect royalty, they collect taxes at many different levels, so do the federal government. Now Canadian ownership again, is another great paranoia that we have in this country. I'm as big a nationalist as everybody else is, probably bigger or I would never have come back here, but in actual fact I never had the great concern about Canadian ownership, as long as the Canadian people or the Canadian owners of the resource are getting their fair share of it. And when you operate in many countries all over the world, for example, England, you don't see any great crying or gnashing of teeth because foreign companies came in and explored and found and developed and made some money. Because Britain knows very well that it, as a country, is doing extremely well because of the oil business and they're extracting every pound of flesh that they can possibly get out of the oil industry and still leave enough for the foreign devils. And the same thing was true in Canada. Except that we somehow got wrapped up and thought that we had to own it all and buy everybody else out, which we couldn't afford.

End of tape.