

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: David Mitchell

INTERVIEWER: Nadine Mackenzie

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

DM: I was born in Calgary, in 1926, one of the few locals left loose running the streets.

NM: So you are a true Calgarian?

DM: Yes, I am.

NM: What did your parents do?

DM: My father was a baker originally and a very successful one, until he became an excessive gambler and then he ended up working as a City employee in relief administration back in the Depression, just before his death, as a matter of fact. My mother was, in the classic term, a housewife. Both from Britain, she was from London, and he was from Blackpool and to their dying day both of them argued which was the better city and to my last day my mother was a devout believer in the monarchy and supported everything to do with it. They were an interesting pair.

NM: Why did they come to Canada, and do you know when?

DM: They came to Canada in 1908. My father was a very good singer and an entertainer and he jumped ship in New York and swam to shore and came into the country, I suspect a lit illegally. My mother came here because her brother had immigrated looking for opportunity and they met, father and mother, in Calgary in 1908, the days of the mud streets on what was then, Stephen Avenue, and board sidewalks.

NM: So you were educated in Calgary?

DM: Yes, I grew up in Calgary and attended various schools here. An interesting background on how that early schooling affected me, I'll come back to that one when it's more practical but yes, here in Calgary and then graduated from the University of Oklahoma in Petroleum Engineering in 1950.

NM: Why did you choose petroleum engineering?

DM: Well, that's the part that I look back on with great relish because I really knew most of my life that I was going to be an oilman. Calgary, in my early days, was a city where the southern sky was lit. Lit by the flares of surplus gas being burned in the Turner Valley oil field. Gas had no value, you wasted it.

NM: You just burned it.

DM: You just burned it. There was huge flare out there, so large they used to call it Hell's Half Acre and Hell's Half Acre had a patch of green grass year round, with the snow and frost not even able to touch it because of the enormous surplus gas. So you looked out, you knew which direction was south. That's where the lights were turned on in the sky, the

pink glow. There are other reasons too Nadine, if you'd like I can just elaborate on them, they're part of the background. In those days, I was born in '26 and caught enough of the tag end of the Depression to know what it was like without ever really suffering very much. But in those days a trip to Turner Valley was a great expedition and my holidays in the summer frequently were with a sister of my mother who lived there. And I would go out and spend time in the Turner Valley oil fields. We used to climb the wooden derricks at night because otherwise we'd get caught and that of course, was doubly dangerous. We collected the beer bottles that these rich oilmen threw in the ditches as they were driving up and down the roads and that impressed me, I thought that had to be wealth. And as young kids we'd sit outside the Black Diamond Hotel where the oil drillers drank their beer of a Saturday night and it was our form I guess, of what would be television, watching the fist fights as they came barrelling out the door and the battles raged and the euphoria of the Turner Valley boom.

#041 NM: It must have been quite entertaining too?

DM: In those days they created towns that they called Little Chicago, Little New York, Little Philadelphia, they are Longview and other names now, and we got to know them well. I guess it was that combination that initially tickled my fancy and got my attention. These were vibrant people, they were part of the community that I sort of lived in or near, they seemed to be very successful and they were doers. And I guess I knew at the age of 12 I was going to be in the oil business.

NM: Why did you choose the University of Oklahoma?

DM: At that time, first of all I'd been in the Air Force, a bit of a checkered career, having been tossed out for being underage and then in 1945 released. I finished my schooling, what I needed here, my various high school and so on but I wanted petroleum engineering. The Department of Veterans Affairs in Canada offered you one month of free university tuition and about, as it turned out, \$100 a month for living for each month of service. I had enough months that I could basically, almost get my way through university. So I wanted to go petroleum engineering, I checked at several places, there were no courses in petroleum engineering in Canada so I went to the Department of Veterans Affairs in Calgary, said I'd like to go to the University of Oklahoma or Texas. They had a number of veterans then saying, we'd like to go to a foreign university and they realized that in many cases, this was but a gambit in order to have a trip and have some fun somewhere, so they denied it. One of the most interesting coincidences in my life and I still look back on it, I went to the Calgary Public Library, which is over at Memorial Park, 4th St. and I got some books on petroleum engineering and I came down the steps. Up the steps came the man from the Department of Veterans Affairs and he remembered me. He said, what are you doing here and I said, I'm getting books and he said, on petroleum engineering because I was showing him and I said, yes, I was serious and he said, come and see me tomorrow. That's how I got my permission to go to the United States. It still touches me. Luck or whatever, call it what you will.

NM: He realized that really, you were serious.

DM: Yes. I get very emotional on this, as a matter of fact, this is the reason I met my wife of course, in Oklahoma and we're married 34 years now, a fine woman, a wonderful woman. And that's how I got to Oklahoma was going to the library and walking down the

steps at the right time when the man came up the other way.

#072 NM: Fantastic encounter.

DM: Yes, a real coincidence.

NM: How long did you stay at the University of Oklahoma?

DM: I was there from 1948 to 1950 on a condensed course. They allowed us then to go through summer and also, I took a full curriculum, the maximum number of hours and then took 2 courses by correspondence. That's over the legal load limit, in order to get through in a hurry because I didn't have that much money. And as a matter of fact, I borrowed some oil money from an oilman to finish the last year but that's another story.

NM: And after graduating from the University of Oklahoma, what did you do?

DM: I should back up a little bit. During the time when I was off in the summer months, I worked in Canada on geological field trips and this involved going to mountain places. We measured the section of rock, tried to interpret how much of the rock and where it would be under the plains of Alberta, in order to begin the process of oil seeking which is now much more advanced with a lot of drilling. So I worked for a man who was called Nick Nickels, in the summer months, part time. When I was at the University of Oklahoma he wrote to me and said he was starting a company or being involved in the start up of a company and would I join him. And another coincidence in my life, I hadn't talked to him or had any correspondence with him for months and I decided to write to him and ask what was going on and he wrote to me and our letters crossed in the mail. We were fully 4 weeks getting this straightened out as to whether I was applying for a job or he was asking me to join him and it was a very pleasant sort of overlapping coincidence. So I came to work. . .

NM: ???

DM: Yes. I'd never applied for a job and that's interesting and I worked with them for a long time. Go ahead.

NM: What did you do after the university then?

DM: I joined the Great Plains Development Company and at that time, as a junior engineer in various positions through the company. I was the land man, the scout, I should tell you some tales of scouting, those are intriguing. Any job that was there, it was a small company, it later became quite a bit larger, very successful and eventually worked, I was in finance and in corporate, you know, one of these stories, there's thousands of them out there where, through whatever form of adventure or good fortune, you get to be an executive and I eventually ran it for the last 10 years I was there, as the President.

#101 NM: But when you joined it was a very small company?

DM: Oh yes. It was a company of a handful of people and it was one that was under some very strong sponsorship. They actually borrowed \$10 million and that's unheard of and considered absolutely wrong to do. They borrowed it to explore and they borrowed it on the names of 2 very prominent oilmen, particularly one. Those two men were Lewis McNaughton, who was the head of Great Plains and Everett Lee DeGaulier???. They had a firm in Dallas called DeGaulier and McNaughton Oil Consultants. They consulted to King Eban Saoud???, you know, they're international people of great repute. In fact, Everett Lee DeGaulier was the founder of modern day geophysics. He was the one born

in a sod hut in Kansas, who applied geophysics to oil finding and became as they call him, the father of it. He was a highly successful and intelligent man. Lewis McNaughton, his partner in the firm had been approached to see who might head up a new Canadian venture, being sponsored by a group in Wall Street. He thought about it and he said, he wouldn't mind heading it up himself. Lewis McNaughton, an imminent worldwide, esteemed geologist was basically my mentor I guess you'd say.

NM: So the two together, then it was working well.

DM: Well, DeGaulier died in 1956, he was a Director of the firm and really had a more passive role. McNaughton was the leader, the creator and the one that made it go. He had a man called Nickels working for him, who was killed by the way, in a tragic accident and over a period of time, as I say, the forces of fate, I became the General Manager and so on. And McNaughton continued to reside in Dallas. He used to spend hours by the way, a little story, hours and hours on the telephone discussing plays and I'd have a map spread out. In those days we didn't have very fancy phones, I didn't even have a speaker phone as I recall and we might be 3 hours talking about where drilling might take place or where activity and land might be. He ran it over the telephone for quite a long time, before he surrendered it really to me.

NM: Mr. Mitchell, can you tell me a bit more about Nick Nickels?

DM: Nick Nickels is a very strong personality, he came from New York actually, a graduate of Yale. He was a geologist first and foremost and that was his forte, not really business in that sense, although he wasn't a bad businessman. Nick was hired by Lewis McNaughton to run locally, the Great Plains firm. He died in 1959, 9 years after working with that firm. And by the way, the other person considered to run it at that time, to run the Great Plains was either Nick Nickels or a man named Jack Gallagher. Jack Gallagher was not chosen which is another story one could reflect on. Nick Nickels did a lot with the early days of Great Plains. I'd travel in a car with him, Calgary to Edmonton, on a 2 lane highway and Nick would read the Saturday Evening Post part time while he was travelling because he didn't like to waste time. If you can imagine anything more harrowing than being a passenger in such a car and he'd look at the cartoons or read and talk and drive at the same time. He was an excellent driver. But he met life head on and when he arrived in Hawaii but he's swam there before and he knew it and regrettably he took a plunge right after arrival and that was the end of him. A sad way to go. Any way is but that was most unfortunate.

#146 NM: Mr. Mitchell, you have seen the early activities of Turner Valley, can you tell me a bit about it?

DM: They were wild days and interesting days because you had to be tough to work in the oil fields. You were paid well, sometimes migrant but it was an area of intense physical labour in the oil business. You simply had to be tough or you couldn't last. Some of the modern machinery was not available, including fundamentals like automobiles and things, in good form. Turner Valley was the beginning of some famous names and some moderately famous that I recall. The Brown era, R. A. Brown, really some of that early money for Home Oil came out of Turner Valley. And Brown was one of many colourful characters I'd like to talk about a bit if there's a chance. Just staying with Turner Valley for a moment, I believe there are pictures around that show a man called Bill McGregor

of Newmac, still very active running that successful company. He threatens me with one in short pants and dirty face and that's where Bill McGregor came from. So did a man who went from nothing into being highly successful, and lived right by Bill McGregor, Stan Millner, Chieftain Development Company. Started with nothing, working night shifts and so one and grew to where he is today, a very successful man. Of course, that's the part about the oil business that has made it so interesting. Some of the colourful stories should be told about the Brown's and so on but through it all you see a common denominator, the interesting people. Whether it was Lewis McNaughton, exceedingly clever, astute person, whether it was Bob Brown. Let me tell you a little story about Bob Brown that hasn't come out and I'll come on to some of the others. I hope you'll forgive my language because I have to use a word that makes a point. Bob Brown had a company that was going to be sold, he had a heart condition, he was in poor health and he knew it and he had some financial problems. The time finally came when it looked as though he was reluctantly going to part with his control. I received a call one night as I knew Bob Brown well, I'd visited his home and known him for years. They said, Dave, he's ready to sell, it's time to get there. So I rushed back to Calgary, I was in the east and he said, yes he would meet and it was a Friday night and he said, I'd like to meet Sunday in New York. So I got in touch with people I knew, they were scattered all over the globe, they were on vacations, they were on business in the Middle East and holidays in the Caribbean and we all gathered at the Essex Hotel in New York City on a Sunday, awaiting the arrival of Bob Brown. He wanted to discuss it there because he was going there and then on to Toronto and Ottawa. Bob Brown came in and he had a tendency to over celebrate. He was rather noted for a problem there. As he came in I noticed that on one arm he was being steadied a bit by his personal physician who often went with him and by his friend out of Toronto who was sometimes with him. He came in and here I'd assembled these people, very prominent people, it was to be a very large transaction and he walked in the door and I said, Bob I'd like you to meet Micky Williams and he looked at this man who'd come across the globe to see him and he looked him right in the eye and he said, I want to tell you one thing, and you'll forgive my language, he said, you're too fucking fat. And my whole world capsized as these gentlemen and gentlemen they were, drew in their breath and 3 hours later I took Bob Brown to the elevator in the hotel. I could have strangled him. By this time he had a tumbler full of whiskey in his hand and he was drinking a bit as he headed to the elevator and he turned and looked at me and he said, I blew it didn't I, I blew it. And I said, yes Bob, you blew it. Those are colourful stories but beneath all the colour I'm sure you have Bob Brown's story. Jack Gallagher was around. One of my claims to fame was that Jack Gallagher and Maurice Strong and I always used to share the same washroom in a little office, a converted garage of the City of Calgary over on 9th Ave., recently been demolished. It was next door to the liquor store on 5th St. and 9th Ave. Jack Gallagher was an interesting and colourful character to be around and I'm sure you've heard tales of him. One that perhaps you haven't heard and is very recent and I was personally involved, when the end was nearly at hand. I'm going back now to about 1982 and the handwriting was on the wall, clearly there was about to be a crisis. They owed us in this company where I am now, \$20 million plus interest for a transaction. I called Jack and I said, we hadn't collected, they were several months overdue and he said, fine, I should come over and see him and as always he was most

gracious and pleasant.

#216 He said, I think I should get Bill Richards in here and let's talk about it so Bill Richards came in and Jack said, Dave go ahead, what's the story on this money we owe you. So I explained that he owed us \$20 million or Dome did, we'd made the deal. And he looked at Bill Richards and he said, Bill, you didn't tell me anything about this. And I drew in my breath, I thought for a minute this was some sort of act. Bill Richards looked at him and said, we can't bother you with every \$20 million. But you see, that was a man I saw over the years, much younger, building Dome and a great job he did there with his capabilities. Other people I look back on, the famous Cap Reeber??? of Texaco. He built Aramco??? really, and he came into this art of the world to make a deal on exploration. Cap Reeber was a tough, rough oilman. He retired and then decided he couldn't stand it and started another company. I can remember making a deal with Cap Reeber for 5 years at \$5 million a year. That was a lot of money in those days. And they warned me that if we tried to make it too long he wouldn't sign it. So we had it 4 pages, we got to New York. . . the man with me by the way is now a Justice of the Supreme Court, his name is Doug McDermott, he was a lawyer with Macleod, Dixon. And we were told it was too long, at about 4 pages we had to cut it back or Cap wouldn't sign. So we got it to about 2 ½ pages and I went over the following morning in his office and Cap said, are you ready for this deal, 5 years out mind you. He was just counting on us for 5 years, trust. And he said, is this fair to you Mitchell, he always called me by my sir name, he had a sailing ship by the way that carried drums of oil, the first way they ever moved it. And I said, yes, that's fair to us Cap and he said, is it fair to me and I said, yes it is Cap and he picked up his pen and signed it. And he'd read it quickly, he was no dumb bunny but I had a foolish mistake and I said, Cap, we'll have this ratified by our Board and I assume you'll do that same. He hit the table and everything jumped on it and he said, my Board does what it's goddamn told. And it did. And in his last years, he died in his 80's, he made them over \$30-35 million in one transaction. These are oilmen. The thrill of the business. You ask me why get in it, there were people out there like Gallagher, Maurice Strong in his early days, his father had a bicycle shop over on 17th Ave. Maurice is not a very popular person in the oil patch because of this Liberal connection and so on, that's a different story but they did start here and we knew them and we saw them and they were interesting. There were people like the Lougheed's, the Trudeau's. I recall taking Trudeau on a tour one day, we'll come back to that maybe some time, in some of the stories. And we met through it, people worldwide. That was the way I met Dennis Thatcher and Margaret Thatcher of England. It was through the oil business, the first time I met her she was an MP in the corner of a room and there was a little semi-circle of men around her. I walked in and I said, who's the good looking girl in the corner and my host said, she's smart as blazes too and her name is Margaret Thatcher, she's an MP. And these were the people we saw. I could name many more but when you look back it was always the thrill and is always the thrill of people who are interesting and challenging.

#270 NM: And they've got the drive too.

DM: Enormous. I talked too long about that but getting back and you asked me about Turner Valley and it struck a few familiar chords. One other person I should have mentioned by the way that was out in the Turner Valley oil fields and her father was a big boss and her

name is Marg Southern of the well known Southern family with their Spruce Meadows and Atco and so on. She was out there. We had to be very careful, this was an attractive and interesting girl but her father was such a big boss you just didn't want to go around to the house you know.

NM: What was she doing there?

DM: He was a field superintendent, she grew up in the town for awhile.

NM: Mr. Mitchell you have met a lot of very interesting and successful persons who started working in Turner Valley.

DM: Yes and some that never did start working in Turner Valley and we're still trying to tell them what the business is about. One of my memories includes a full day with a man called Pierre Elliot Trudeau. It was way back early in his regime as Prime Minister and they decided he should see the oil fields. So away we went for a day, on the helicopter. We visited geophysical crews, we visited drilling operations and so on throughout the land. He impressed me very highly as a man of great intelligence. And in fact, despite some engineering ability that rather astounded me, without getting into details as we discussed certain aspects of the mechanics of drilling and production and water floods and so on, he asked questions that reflected a very keen mind. I hesitate always to say we spent that day because it's quite apparent that much of it was to no avail in the real practical sense of having decisions made that the typical oilman would welcome. But a few of us worked on that and it was a great day. By the way, one of the things I was asked when we came back, there was concern, this was pre Margaret Trudeau and so on, and they said, what kind of a fellow is it, do you think he's really interested in girls. I assured them that in every way I could observe as the crowds gathered that was truly the case. And they seemed rather relieved, there was a feeling that maybe a fellow had been a bachelor that long there was something wrong with him. And not so. Going back, let me tell you some colourful people that weren't oil people. They were around, this was the days when I grew up when Pearl Miller used to run an establishment on 9th St. West and I was her paper boy. I was asked all the time about Pearl Miller and her activities and so on and this gave me great prestige with my group of colleagues that were selling newspapers around the town. She used to entertain of course, hockey teams and oil people of all sorts. She made the remark one day, as I recall, and it came in the papers that it wasn't her fault that she was there, if the wives of these oilmen would look after them better then she wouldn't be a problem in the community.

NM: She was very successful too.

DM: To a point until they moved in. But there are other stories about her. One of the things that got me in the oil business was its attractiveness from a financial standpoint. We lost our house in the Depression, we lived at 816 - 19th Ave. and that was on the edge of Mount Royal.

NM: This is the end of the tape.

DM: So living on the edge of Mount Royal where I was nearly on the wrong side of the tracks but not quite, I saw people who were doing better financially and when we lost our house and I had to say good bye to friends I thought, some day I'll get up to Mount Royal and that's where I live. It's not really sensible but that's the way emotions run sometimes. And by the way I haven't had a mortgage on a house for over 20 years because of never forgetting what it was like when someone said, you have to go, this is no longer your home. It had a tremendous impact on me. And in looking at these oil people I saw that some of them seemed to do okay you know. That's in the background. Perhaps I should get on with some other things. While I don't profess that this is in good chronological order let me talk a little bit about some scouting because that had character to it. I was the second oil scout in Alberta, there were no associations, there were no formalities, there was one grand senior person over at what was then called, Imperial. I was hired and was put to work and it all came about because of an American concern that was in competition with what was then Humble Oil. It's an Esso group, Exxon now. Anyway, let me back up on this because there's a little bit of colour. The principal character was a man called Kick, Superior Oil Company of California. He had a small office here called Rio Bravo where I worked in the summer months and it became Superior Oil Company of Canada. At that time no one even bothered with Canada. We're talking now of 1947, '48, and as I say, no one bothered. Leduc was here, but heck, it was not a big deal after all. But when he heard that the Humble crowd was sending their land man into Alberta he got really excited because he was a lifelong, sort of a quasi competitor, antagonist of these people. So he flew in with his 820 attack bomber, converted, that was the big way to arrive and he came into this little office and I was the hey you, out of a 4 person office. I recall so vividly, he was sitting in the chair and someone said, well, if we're going to do this leasing that will cost \$180,000. Well, he might as well have said a billion as far as, my eyes just sort of bulged and he was sitting there twirling this gold keychain and he never even looked up and he said, that's okay. And of course, as it turned out, that was nothing to him in that era. Of course now it's small. But he turned to the man I worked for and he said, we will need some equipment. This is the way the firm operated and then he turned to me in the next office, he leaned around his desk, there wasn't long hallways and he said, Dave, go buy us a jeep. I was a young boy at a time and jeeps were in short supply, it was soon after the war and so I went over to what was Modern Motors on 6th Ave. and I said, I need to buy a jeep and he said, where have you got the money and I said, it's an oil company over here. So I dickered with him and I had to pay a premium, I had to get a jeep right away, no one told me you just knew that was the way you operated and that's the excitement of the business. And while I was talking to him and I just about had a jeep they were bringing out of Grande Prairie that was a demonstrator, we'd pay an extra price for it because the landman needed to go down these muddy roads, the phone rang. I had told the girl on the desk where I was going and he said, oh yes, he's here and he handed me the telephone and my boss said, Dave and I said, yes, and he said, buy 2 jeeps, bang and he hung up the phone. I just illustrate this, not any big drama but no one told me how to buy them, no one told me how much to spend, no one said that I had to do it right away, I just knew it. And that's the way a lot of the oil business was. You don't

mess around, somebody had a problem to solve you'd get after it. Out of that came scouting and some very interesting stories which I've never told before. Scouting meant trying to find out what the other person was doing. Nowadays it's done with computers and scout checks and things, it's all very organized. In those days I was one of a handful of people and I would, for example, go into the town of Red Deer and there would be a number of these landmen working and they would be in one hotel and I would be in another, as we didn't want to let the other party know and our competitors would be in the same hotel as I was staying, trying to look like a farmer. And I would snoop around and I would try and listen, I can remember one time we had a room next door to theirs and I sat there and made notes and everything I could hear through the paper thin walls. That was in the Buffalo Hotel in Red Deer and I would go over to the old Finlan??? Hotel, a chuckwagon fellow by the way and I would report to the man I worked for that it looked like they were going out east into the Stettler country the next day and so on. And then these landmen would go out and try and reach the farmers first and lease their lands because about 10% of Alberta mineral rights were owned by individuals and this is what they were trying to get on the lease play. And we did a lot of things like that, sitting on the edge of oil well sites and looking through binoculars and seeing what they were doing. And this was part of the term. Oil scouting was a very exciting time.

#056 NM: Did you have to make friends also with the telephone operator or go and drink beer with people?

DM: Well, I was single then and one of my assignments was to get to know the telephone operator. It was a pleasant enough assignment, although the head of the delegation took it over from me and that worked very well. Yes, we had to make those contacts. I can remember at one place up west of Edmonton where I drank beer with the crew and they actually brought me a sample of core that they had taken because I was such a nice fellow. And that was great until they brought the Indian girl from the area and said that I should have a date because I was a nice fellow buying them beer and that was when I bought the round and left and decided I'd been there too long. But it was an exciting time and you did these things. I actually got in a car and trailed someone in an automobile to see where they were going and botched it badly. So that was scouting and that's another sidelight.

NM: Do you have any other stories about scouting?

DM: Well, I recall one time, it's the Joffre-Viking oil field east of Red Deer and we were drilling a well, ??? drilling in order to get the data just before the Crown sale and therefore edge out our competitors by having better knowledge. And of course, they were around the edge trying to get the data in order to report to their principals. So we took turns driving up and down this dusty road and it was so dusty you could hardly see, going through huge clouds of dust in order that they couldn't see the drilling rig and count the number of stands and figure out what we were doing. Having said all that and our company bought it and it was successful in all ways except later it was a dry hole. So we wished that we hadn't made the purchase. And following people. Generally you do it through friendship, you do it because they like to talk to you.

NM: You develop contacts.

DM: You develop contacts and if you're pleasant and enjoyable to be around and talk to them, just like me, you wind people up and they talk about themselves and their work and you learn a lot. And you could still do it, you could still do it as an executive. Some of the best information I ever received was going to executive cocktail parties, not because they were drinking but because they were so enthused. You couldn't go near Bob Brown without him telling you about his last wildcat or something. You had to discount it because he was such an over optimist but he always had something out there and you were learning. That's still the way the industry thrives, people love to tell you what they're doing. If you listen sometimes you can do it or. . .

#085 NM: [Exchange information as well]???

DM: Not formally. It's not an attempt to say, I'll tell you this so you'll tell me that. But it's a funny business, we're so competitive and yet, we do help each other in our own peculiar way.

NM: I have notice that too, sometimes people in the oil company will be against each other for bidding and then they get together on other ???.

DM: Oh yes. Frequently we're in business with people that in other places, we won't talk to. I wish the public understood more of that but then, some of it, it's almost so preposterous that they can hardly understand it. It seems unbelievable that you can have such intense competition and yet still be friends and still go and have lunch.

NM: Yes, because people maybe would think it's so personal then and it is not.

DM: That's right. Anyway that's scouting. Some of the other interesting people you're talking about, Alec Bailey was one. He was the head of the Conservation Board and Alec Bailey created what was A. T. Bailey Company and then became Baysel???. He was a colourful character and did very well. One of my memories of him is sitting with Louis McNaughton, I was so anxious to make a deal I had set up and we were within a half million dollars on a very, very large transaction and both of them got stubborn. I was more or less pleading with McNaughton to go the last half million and Bailey was saying he wouldn't go without it and they couldn't get together and I remember, we left and it would have been a good deal by the way but here were these two personalities, both liking each other but neither was going to give and there was no deal. And I look at it, half a million dollars is a lot of money but in relation to the size of the transaction it wasn't all that big. Now, should we go. . .

NM: How long were you a scout for?

DM: Well, part time in university years and then about a year or two after joining the start up of Great Plains and then gradually got occupied in other things. From there is was the fun and games of developing a little oil field in Drumheller and a marvellous time in the Pembina oil field. Great Plains perhaps deserves a little description, who it was, how it started, where it went. It was a place I worked for nearly 25 years so you'll forgive me if I take a little time on this one. It was an oil and gas finding company, it had nothing to do with marketing or drilling of wells, we contracted or . . . It simply went to find things and then, found them and went on to find some more. With \$10 million that was

borrowed, I made brief mention of this earlier, they set out and they drilled wells and bought land and were active in Alberta. About \$5 million was gone, then about \$6 million was gone and it was not working. There were some very eminently successful people connected with it in the background, a fellow named Bill Arbuckle, then living in Montreal, who was the first Treasurer of the company. And some oil men in the States and some Canadians and I was the junior hand around, having fun and working, we worked like crazy. If I told you the hours of work I'm sure it would be chocked up to classic over statements but we lived and loved our work and it was really the kind of group where if you weren't there on a Saturday afternoon you felt guilty. Quite often the boss would call on Sunday morning and talk to you about things because he was down there and it was his way of saying, how come you weren't. And yet it wasn't a whip cracking, it was sort of you know, you were at it, you were enjoying it.

#129 NM: Enthusiasm.

DM: Enthusiasm is what it was. So the money was going and at that time there was a very serious meeting held and they decided if they should perhaps offer everybody 40 cents on the dollar, it wasn't working and call it a day. Thank goodness other thoughts prevailed and not too long after that, and most of these companies go through one or several such crises where all is hopeless, sometimes it became hopeless and you pick yourself up again. But along came a little success, there was the Drumheller oil production, a little up in Leduc and then, the big turning point was finding Cardium oil in what is now the Pembina oil field. Great Plains had an enormous spread of acreage there and they did very, very well from it. I can recall the drill stem test, when the oil came to the surface, not the classic over the rig, we don't really do that anymore but rather in a controlled flow line that went out to a pit by the edge of the rig and the oil came out and we sort of danced around with the enthusiasm because we knew we had it. The interesting thing is that came out of conglomerate section, which is a little more permeable and flowed to the surface and most of Pembina, that didn't make the money at all, the money was made out of a dense rock that looked more like a hunk of concrete but which produced a lot of oil. So it started, with no roads, with no communications. The first time I went across the river to Drayton Valley there, I recall we had a cable strung from tree to tree and we used one of those little hand pulley cables to get across in order to commute to the town. And from there it developed into the vast network that it is. One of the things about Pembina oil field, now almost forgotten that should be mentioned, it was a declining field, it wasn't going to do very well and along came the concept that maybe we could put water in, it's called water flood, secondary recovery. But I recall a very worried and anxious young technical man facing this beady eyed group around a big table and saying, yes I thought we should close in half the wells and put water down them and we'd get more oil out of the other half. And I can tell you that sounds simple now with all the history but it was a very bad time for quite a few hours because the obvious question is, what if it didn't work. And the answer was, you'd just lost about half the oil you were hoping to get out of those wells.

#158 NM: It was a gamble.

DM: And it was a very, very big step, especially for that type of reservoir which was very tight and especially with the spacing which is one well per 80 acres, it was unheard of. It's now history, it's all expected. But those are moments when the Great Plains owners and representatives of the shareholders really were strong men and they thought it was a responsible risk and they accepted it. It was easy for me, I was the man recommending it, if it didn't work I would have my black cloud over my head for life but not the same for them. Because they had to face investors who would be losing. So that was the kind of stuff it took and it went on. A lot of it you know, was luck, you make your luck and a lot of it was. For example, one day in Leduc I was doing some engineering and I was up in Devon actually, and a call came very urgent, please proceed immediately to Red Deer and to Joffre as they called it, the Joffre area. So I went down knowing what was happening, it had to be something pretty exciting, oil had been found in Joffre, in the Viking. It represented 35% of Great Plains income for quite a long time, was extremely important. But let me back up and tell you what really happened on Joffre-Viking. It was a 3 company deal, and the geologists weren't available, it was a small company and my boss said to me, go over and tell them to me we don't want to test the Viking, it's a waste of time. And so I went dutifully over and I was met by fellow who could have eaten me for lunch, he was a grizzled old oil veteran named Barney Barnett and he swore like a trooper and he was a tough guy and he had a lot of experience and I'm a young buck with fuzz on my cheeks really, as I look back. And I said, Barney our company doesn't want to test the Viking and he just about blew me out of the chair with his words and of course, the end result I was completely outvoted and went back with my tail between my legs and I had to report I was a failure and I was. But they went ahead and tested it and it was the Joffre-Viking oil pool. And I don't mean to. . . there was a lot of enormous technical success in Great Plains and they were excellent people, wonderful geologists and a great system and so on. But you do have to keep playing the odds game. You have what's called the stumble factor, it's so terribly important. In the days of the oil business, from 1950-1970 in particular there was intense activity, you tended to have a lot of wells which we now call cheap and very, very few of the enormously expensive ones. So it would be quite common in Great Plains to have 2, 3, 4, 5 rigs drilling all over the place, largely western Canada, largely Alberta and you'd be watching them and the reports would come in, the drill stem tests had done this or the log showed that and there was always great to-dos and enthusiasm, there was excitement. It was like being in a crap game where you kept, the dice were just rolling all the time and if you went home to sleep you knew that somebody was still staying up rolling them, and you didn't want to stay away because you'd miss something. And it's still true in some companies, in the better ones nowadays but clearly that was the way it went. And in the background, people got carried away with technical things, they were respected to a degree but it was different. You had to have results. I remember as a fairly young engineer working on a well near Athabasca. I called in, as the well engineer it was terribly important that you have things successful mechanically, the mud had to be right, the bits had to be right, you didn't want to get

stuck on the hole. Partly it was the cost but partly it was because you were slowing down the game. I mean, how could you keep the dice rolling if someone was holding them in their hand. So you had to have things work efficiently in the mechanics and I called in and I was on about the 9th drill stem test where we had salt water in the well, I think we had over a dozen in that well before it was finished. So I called in my morning report, we used to call in early because it started in Texas, you know, before air conditioning you worked early in Texas, when it wasn't too hot in the day. And the Texas oilmen came up here so we used to call in the dark of night in the Canadian winters, at 7:30 or something so that every boss had it at 8:00 in the morning, he'd know how all the wells were. So anyway I called in and I reported with great pride, I think it was drill stem tests, 8 or 9 and it was mechanically sound. But it was salt water, there was no money in salt water. And my boss listened for a minute as I rambled on with this thing and he said, you sound enthusiastic and I said, I'm sure pleased with the way its going and he said, have your forgotten what in the hell you're there for, have you got any oil. Suddenly I came back to earth with a boom you know, it wasn't the mechanics, it was the results you were getting. You didn't want activity, they wanted results, you need both. And so it went. And we had a great time following these well and sometimes we'd get very caught up in them. At one point we had what I think was one of our enormously successful ventures, technically speaking. We found a reef that no one knew was there and it was unfortunately full of salt water. Well, we were terribly excited because we knew technically we were on to this thing and it might have made the company and so on and when it turned out to be salt water and when we were through and we ran the cement plugs in the hole, three or four of us sat in the little doghouse out there and we brought out some beer and we sat and drowned our sorrows. We took this all very. . .and as I recall we ended up throwing beer bottles at the wall because we were so upset that this enormous technical success wasn't followed by something that was important. You know, the other side.

#239 NM: And you have invested a lot of time.

DM: You know, in looking at it, in a single well it wasn't that much time because we were doing, sometimes several at once but the dice were loaded and we didn't know at that time and it wasn't fair. Not really loaded but that was it. Other things happened, I recall some of the well testing in the early days, I was involved in testing the Harmattan discovery well and I was told, I wasn't told, I decided we had to test it for about 5-7 days, I could tell you technically why, condensate and things but that's beside the point. And I started this thing and I'd forgotten, I'd started on a Thursday and the small church was about 1/4 mile away and you could hear this thing for 5 miles. Here once it started, I couldn't shut it off and the Janz Quartet, a famous quartet was going to sing there on Sunday. I'll tell you I had a terrible time in the community for quite awhile. But we solved this in our own way. The condensate coming up, it was just like gasoline, very high octane, you could put it in your tractor and drive away or your truck in those days. So I had a bunch of the locals come and they filled up their tanks and so on and went away banging and puffing, smoke and one thing and another but they'd had a free load of gas and so on and I tried to make amends and we had a little donation to the church. But it

wouldn't have dawned on me and it still doesn't to this day, that we might have shut it down on a Friday or Saturday and done it some other time. No way, you know, it's the drive. This is one of the ways the industry has got its reputation for being careless with money. You're probably heard this from others but let me give you in those days kinds of numbers. Now you can add another zero with inflation and time. If you were spending \$1,000-\$1,500 a day for a drilling rig and you held it up for a day you'd spent \$1,000 or \$1,500 because they just sit there and charge you. So if a bulldozer men came along and he wanted to have \$60 an hour instead of \$25 and he didn't call it that but he was sort of diddling you on his bills and the urgency and so on and you spent \$300 with him you might have saved \$900, so you spent it, and he thought you were crazy but he didn't understand it. And if we drilled a well and we had a certain urgency to get it down because of the prime of some land coming alongside, if you're going to spend a half million dollars on attractive land that's alongside and you're going to be willing to spend \$100,000 or \$800,000 or \$500,000 and you can get there a day early and find it out and it cost you \$10,000 to get there, you spend the \$10,000. To the locals they would think you were insane, you may use a helicopter to fly in your field, it doesn't matter, and to the outside world this is not rational but it really is rational because it's a time related business. Perhaps I should pause and try and pick up some continuity.

#282 NM: What about the relations between the farmers and the oilmen?

DM: By and large the relationship was not near as good as in other parts of North America because only 10% of our freehold people, as we say, owned the mineral rights. So you came up to this farmer and you said, I'd like to move a drilling rig in here and all he got for it was surface compensation. If he were going to make many dollars out of the oil rights on royalty that was different. So he had little incentive, you were tending to be a nuisance. Now there were all extremes like everything else in the world. There were people that were so pleased to get some money for the surface. I can recall at that Athabasca well, when I left there, the family, and this really touched me deeply, the family nearby where we drilled the well spent all day picking wild raspberries for me to take back home to Calgary because they loved having us around, the excitement, so much and we became such good friends and they'd made a little money. And that's the one extreme, these were poor people and those raspberries, I've never had anything taste so good in my life because they had to work hard but they knew I loved them. And the other extreme, you get into Joffre and they were fairly well to do farmers who had good farms, they didn't want us and they'd fight us and so on. Fortunately the government of Alberta at that time, established rules for compensation that seemed to keep it fairly well under control. So we had all extremes, typically it goes something like this, when you first go in you're viewed with apprehension or disgust. As you're there for awhile the friendships develop, you know, the drilling rig fellows go in the community, they're not all bad guys, some of them are nice guys. They give the community economic benefits and so on and they tended to work out pretty well. By and large, I can sympathize with the farmers and their problems and as a matter of fact they wanted to drill a well on my place, on my ranch out here and I said to our son, I only hope they go somewhere else, anywhere but

here. It's a natural inclination, you have your privacy and your remoteness.

NM: You don't want to be disturbed.

DM: You don't want to be disturbed. They just ran a seismic crew through my place last year, they paid me \$800 for the inconvenience and I would rather have not had the \$800. But our farm community seemed to develop with time, a felling that this was a compatible situation and I would say, in most cases that it went quite well. Where we had the biggest difficulty was always the amount. If it's \$1,500 for the first year to enter upon a lease as it used to be then inevitably, after that's around for awhile someone says, it should be \$3,000 and that's just human nature that they'd go on. And occasionally we had farmers cattle that went in and I think, they said anyway, they drank some of our drilling mud and they were always the prized cattle and in the end you pay for the best cattle in North America even though they looked pretty scruffy when you last saw them in the fields. It's human nature. But I really enjoyed the people we were around. I can remember one fellow, we were building a road by his place in Buck Lake, Drayton Valley and he came out and invited me in for coffee and he said, you know, you're the first people that's ever done anything around here, the damn government never does anything so I'm glad to have the road, he was pleased to see us.

NM: This is the end of the tape.

Tape 2

Tape Blank

Tape 3 Side 1

NM: This is Nadine Mackenzie speaking. This is the second interview with Dave Mitchell, President and Chief Executive Officer of Alberta Energy Company Ltd. Mr. Mitchell, during the last interview you were talking about the government of Alberta regarding the environment and you were saying it was quite good.

DM: Yes. Sitting here whatever it is, 1984 it seems hard to realize that there was a time when the industry was operating relatively free of continuous government intervention in its activities. Looking back for example, at Ernest Manning, a great individual and I commented on his ability in establishing and helping to establish the industry. This man had such an overwhelming popularity in Alberta and by the way, no one every admitted to voting Social Credit. You only found after the ballots were counted that there were some people out there that believed in it. In any event, he actually convened a special session in the Jubilee Auditorium in Edmonton to ask for comments because he didn't have enough opposition in the legislature and he wanted adverse comment on what he was doing or should be doing in order to develop better ideas. One of his Ministers at that time, I used to luncheon with quietly and he really wanted to get ideas. Such was the atmosphere that existed then. We grumbled a great deal and with some reason about the restrictions on gas export, which were unduly prohibitive but by and large it was, what can we do to make it go, rather than what can we do, as it is nowadays, in 1984, to change what you're doing and have you alter all your decision. And maybe that's an overkill statement but it is so.

Social Credit of course, was a funny thing, and I should, as many others perhaps are doing in this series of tapes, I should comment that no one believed in the funny money theories of Social Credit. I can recall the founder, William Aberhart, who was the man who really brought Ernest Manning to Alberta being in our home and my father having a tremendous argument with him about how this funny money was going to work, we put a 2 cents stamp on every week and kept it in circulation. This was a story all to itself. And my father was son angry and he hit the table and the cups were jumping on the table. Such was my first introduction as a young man to Social Credit. But in Ernest Manning's era it wasn't really Social Credit at all, it was Conservative government called Social Credit and he ran it most ably. Getting away from the government aspect for the moment and there are some other interesting people we might talk about, should your time and interest permit, you asked just a few moments before the tape started about Great Plains and its beginning and perhaps I should back up. My first knowledge of Great Plains was when Nick Nicholls wrote and said there was a job if I wanted it. I learned of these two men just referred to in yesterday's tape, DeGaulier and McNaughton. I went to Dallas to check on Mr. McNaughton to see if he was a reputable citizen and many years later he acknowledged with great laughter and with good humour that unbeknownst to me at the time, he was a Director of the bank and so this inquiry as to his credit worthiness and his general. . .

#039 NM: So he knew.

DM: . . . was known to him immediately and he thought that was rather neat, he felt I was on the right track. The company then, with its capital in hand opened a small office, very small indeed, down near the City Hall, 2nd St. East and 7th Ave., where LRT now rambles by. It was in a place really, walk upstairs as they used to say, and save rental money, a narrow building there in a district that wasn't by any means the best part of town I guess you'd say, but it suite the cost and the availability of the Great Plains and a handful of people set up shop in a building that was owned by a fellow called Frenchie Phalon???, who was a used car dealer and there are more stories about him sometime. But I can remember at one point, having an office in that building and we grew from 6 and 8 and 10 and 12 you see, and we were all working like crazy and it expanded to a point where literally, I was given the basement and it spilled into the basement next door. I had what is still the largest office I've ever been in in my life, it was enormous. I recall it must have been something about 1,000 square feet. The only thing was, it was concrete walls and doors and there were no partitions so it was rather rustic.

NM: But very luxurious.

DM: Very sizable. One didn't care about anything else, it had the largest area I've ever known and that was the way we were going with great fun. These people in Great Plains were, as mentioned, highly motivated and they were motivated in a sense that was more possible then than now because we felt if we didn't make it there we didn't know where else we could. There wasn't just sort of all that wide spectrum of jobs and certainty that someone was going to look after you somehow. If you didn't work you were liable to be fired, heaven forbid.

#059 NM: So that was a good challenge:

DM: Oh yes, a tremendous challenge. And you either got there or not. We had our famous moments in our hiring, by the way I think some of these stories are interesting. At one point I received a call, I had hired a man who was overseas and we hadn't checked him thoroughly, that was something I learned to do later in life. And I received a call, it was around 11 at night and it was from my company lawyer and he said, the man you hired whose name I'll omit here is in jail and he is booked and when I heard what it was for I nearly dropped the telephone and I had the unpleasant duty of going down to the office the next morning, meeting him at this converted garage that was over at 9th Avenue at that time, and taking his car and dismissing him immediately. For some weeks previous there had been a running series of articles on a man who stole ladies lingerie and they used to write him up as Louie the Lingerie Looter and Louie the Lingerie Looter Strikes Again would be the headline, and guess who it was. It was a Great Plains man who had been hired and who had this eccentric habit when he was drinking, of stealing ladies lingerie. We later learned that his wife was probably aware of this and their house was abundantly full of all these articles he had swiped from clotheslines. And you know, you have these bits of colour in the background. Anyway the company made one of its earliest and best deals out in the Drumheller oil fields with a group from Washington, a Senator from Washington and his colleague, Fred Milburn??? and this became the first production that we had actually attained and it served us well. I say first, it was the first that we found. We had some other production in the south Leduc area. One could go one for 5 or 20 or 60 minutes talking of individual incidents but when you add it all up, it was sheer enthusiasm by a bunch of young people who were a small group and we remained small for quite a long time. But of course, inevitably, grew to some size. Found some oil here, the Pembina oil field I mentioned, and then the gas, we had the Janz Quartet singing and the problems of testing there and it grew and developed and the stock grew from, its first real price on the market was about \$4, at one time it went to \$54 a share. I can remember that most of that growth was due to an entirely false rumour about our having discovered enormous amounts of oil in a place called Lubicon, it's in the news this month because of an Indian band that's claiming rights up there, you may have seen it in last night's paper. This rumour, entirely erroneous, was that we had so much oil that it didn't matter and on top of that, the word was out with the financial people that we were so good we knew where the oil was and that it was only a matter of getting the land so that we could drill the wells and we actually had all of this worked out and a marvellous magician's solution to being able to find and discover oil and gas. That of course, wasn't right, we had a good track record but that's how far away it got. I can remember the senior people in the company meeting when the stock was over \$40 and we were uneasy about it and we actually agreed that none of us would sell our shares because it wouldn't be fair to the buyers. We had formally denied this but nonetheless, the denial caused the stock to go up some more and so it went. So that was kind of an interesting moment along the path. The company, at about 1959, was at this point ensconced in 528 - 9th Ave., now demolished, it

was doing quite well. I happened to be in charge of it, in charge of the Calgary office which was the office and about that time something happened that's not that unusual today. Companies began to get bought out. And it simply was this, that the value of their gas and oil was greater than what you had to pay for buying all the stock. And at around that time, did I say '59, it should have been about '69 I correct, around that time I think it was Canadian Oils was taken by Shell and we were beginning to realize that no matter how big you are or small you are, in that era you were liable to be taken over. So I got in touch with Lewis McNaughton in one of our many lengthy phone calls and said, you know, one day someone will march in the office with an attache case full of share certificates and say, congratulations, we're your new owners. So why don't we attempt to find someone who could buy control of the company who would, as a condition say that they would leave it running the way it was. We don't care who the owner is as long as they're responsible people. And it was from that, that he got the idea of interesting the Burma Oil Company, Burma's another story, it doesn't have much Canadian connotation so I won't get into a description but it started in Burma as the name indicates and grew through the vast ownership of British Petroleums. But I'll leave Burma and simply say that Burma became interested in Canadian investment and through McNaughton, interested in Great Plains. So one day I received a phone call suggesting I should fly to London and attempt to enter into some sort of negotiations with the Burma Oil senior people. I recall being met at the plane in the usual high style the Brits had, if you had rank so to speak, and escorted to the hotel and I said to the driver, thank you, I've been flying all night and he said, my instructions are to wait for you and drive you to the office. Well, I was hardly awake you know, on those long flights. But anyway, I went over and met them and they were real gentlemen, a fine group of people and the upshot was a couple of them came over and after awhile they bought 15% of Great Plains, with an option to buy more and that initial investment was \$3 million, for 15%. Well, the company grew and prospered and they did leave it alone. Time went on and they ended up, through their own expansion, owning a couple of other organizations in Canada. These were the Libidis??? firm and what was good old Colorado Oil and Gas. So with, I might say, some internal thrashing, we even had a management committee called the Troika, aptly named in the Russia tradition and the Troika would meet and try and reach decisions and this was about as likely of survival of a snowball in Hades because you had 3 people, each of whom thought he should be in charge. It was a question of time till something gave. At this point I was a Vice-President of Great Plains and what would I say, the competition was clearly evident. I might say that one of the most difficult jobs there was that held by the secretary and the meetings with Troika, because I was Chairman, which had a certain amount of prestige and power to it, but the plain fact was that the minutes had to reflect what all 3 people thought. This was never entirely satisfactory and how he survived that era, I marvel, because it was very, very difficult for him. Eventually, I went to see McNaughton on one occasion and what I

#145 really said to him was, suddenly this isn't much fun anymore and we're not concentrating on doing things and something has to give. I suspect from that conversation, it was quite awhile later, they made the decision and appointed me President of the company and the

others went somewhere and one went somewhere else in time and they faded out. So there I was as President of the organization, a larger one because we had other assets included. Time went along, this by the way was 1964, and Burma, expanding, not only in its investments but also the nature of its investments bought control of or outright purchase various corporations in the United States. These were large transactions, Burma if nothing else at that time, was terribly ambitious. Ambition later was to bring about their bankruptcy but they were proceeding in high gear, much the same as a lot of others were that the oil world was always going to get bigger and better. You recall the Arab oil embargo was around the scene at that time and many people saw nothing but shortage of energy and great rewards, no matter what you bought, it was going up and you would do well. That was the spirit of Burma. They encouraged and worked quite well with us in terms of Great Plains and I had an outside Board of Directors. They were the originals on Great Plains basically, with normal changes here and there and this outside Board was very protective of minority shareholder rights. As well they should have been and I was too and we felt a keen responsibility because over the interim I skipped by, Burma had increased through additional share purchases and through the merger of these other Canadian concerns, had achieved an ownership of roughly 2/3 of the company, just a little over 65%. So we had about 1/3 out there that was looking for specific performance on their shares and the 2/3 were looking for total performance of everything they had, which included some interests in the United States. So this brought about, over a period of time, it wasn't instantaneous but it did bring about a series of confrontations between myself and some of the Burma people as to what was going to happen to these minority shareholders if we did what Burma wanted. For example, they wanted us at one point to make an investment in the United States and I said, no, I didn't think that particular one was good for us and I couldn't approve it and so of course, it couldn't happen because if they CEO doesn't approve something life gets very awkward. Even though the shareholders with 2/3 might say something, the other 1/3 have plenty of legal and moral right. They were always aware of their moral obligations, I don't mean to imply they were anything else. They were quite honest but you know, they had their own objectives and if it made sense for Great Plains to invest in the United States for them, naturally they tried to cause that to happen if it seemed reasonable. So we went along our path with bits and pieces of problems. One of the offshoots that developed after awhile that really was a great idea and that was creation of an exploration company called Northern Oil Explorers Ltd. And we called it NOEL, the Christmas company inevitably, as an acronym. NOEL had money supplied to it by the Barber Oil Co., which was a friendship of Burma really, from Noranda Mines, which was developed because of a connection between Barber and Noranda and Great Plains. And we all put money in and it went along for a total of about 7 years really, under some very fine leadership and exploration. And it was an exploration arm and that's all it did. All the money handling and the other things came through the central Great Plains organization. And that went on and for a variety of reasons, including the fact that the dice weren't running right for a little while, sometimes the luck factor was elusive, it never really did find any significant amount of hydrocarbon and quite a few years and a lot of millions of dollars had gone by so that one was dissolved. And

there was a bit of fidgetiness around as to what might happen next. While in this summation I'm not trying to cover all the detail the next paramount thing in assessing the total company's performance was a feeling by Burma that if they couldn't have what they wanted done by owning 2/3 they should try and own all of it. So one day in the Park Plaza Hotel in Toronto with a Board meeting about to take place, the Burma persons, very fine people, said that they would like to make an offer to buy the remaining shares and how would I feel about this. I said, well, if it's a fair price for the shareholders all I would ever do is say yes. So they said, what would be a fair price and I said, that was more for them to establish than me. The stock was trading at \$26 and so they said, could I give them any indication and I said, if you offer a dime under \$40 I'll fight you. The offer was made at \$40. I went over and called the exchange and we caused trading to be halted temporarily while the news went out and everybody then made about 50% over market that day and presumably most were very happy, all except I might say, by strange coincidence, except for one of my sisters who owned 100 shares and sold hers that morning before the announcement at \$26. She, ever after I think, had her sense of misgivings about my loyalty to her. So then Burma was 100% and then we became more interwoven in Great Plains, with Burma. And we would go to England for what they called, planning control machinery and this was to set worldwide patterns for how you invested money and what they profits would be. These were perfectly valid corporate techniques. I might say that because Burma had relatively little in operations and most of this was going on, we exerted an enormous influence on certain of their practices. In short, if we thought in the oil business that we would have a certain way that was best of accounts or something, they were quite happy to say, we'll use it worldwide and we did a lot of this. And we had a marvellous time on various things, to the point where, the man in charge of Burma at that time, R. P. Smith and another wonderful gentleman who worked with him, Jack Strain decided that I should go to England and be sort of groomed to take over permanent???. This sounded good, at one point we actually, as a family, booked passage on I guess it was the S. S. France, I've forgotten, no it was the United States. We were going to go over, take the family and go and I just booked it sort of thinking, this sort of forces us to cross the bridge. And the more we reflected on it, the more it seemed unwise to raise our Canadian, actually Canadian-American family really, my wife's American, to raise them in England. So I said to them, I'd go for 2 years or maybe 3 years but I really couldn't fairly say I was going to stay for a long, long time. 2 or 3 years or 5 might even have been great for the family, but I wanted them to grow up Canadian. They came back and forth and I can remember a very interesting scene walking the woods with one of them and he said, you are awfully stubborn about this old boy. They got to the point literally where they said, I said, well, you know the tax and you make up excuses, I was saying things that weren't on my mind in Canada I guess, when I look back. I said, the tax would be prohibitive. And they said, I'll tell you what we'll do, we'll guarantee double what you now gross after all tax, no matter what taxes are ever employed during your

#255 entire stay in the United Kingdom. I gulped at that one, double the gross was quite a thing. And I came back and said, no it was family, it wasn't really the money as I sorted it

out. But meantime making more and more trips back and forth and then trying to get some of our people to go with them. So we did, one of our fellows went over and led their Australian venture which did very well and stayed there for a number of years. My chronology is a little mixed up on this as I describe NOEL because he came back to head NOEL but in any event this was all part of the action as we got closer to Burma. Then the top man died, as a matter of fact he died after a violent argument, not physically violent but a very severe argument with the man that they had put in as the top person. He was right in his difference of view with that person, he died soon after this very heated argument and that man he argued with was the one that put Burma into bankruptcy years later and turned thousands of employees and tens of thousands of shareholders into rather difficult circumstances. So now we come to the scene where Burma is getting more and more in trouble but we don't know it. They do a good job with their tanker earnings and the way they keep their books. Things are coming along pretty well, the bloom is still very much on the rose you know. At this point it was November, 1973 and I'd become financially independent, through largely, the success and investment in Great Plains, and I thought, you know, I've run this thing now for just about 10 years, getting on to, just slightly over 9. And I thought, nearly, over about 23 years of the company I decided I should leave when 25 years with the company and not let everybody wait forever more for me to die so they could have a crack at it. So it was November 1973 and we were in Ottawa in a hotel and there were guests there like Donald Macdonald who was a Minister of the government at that time, I remember some interesting, heated arguments we had that night with some of the guests and so on. Not with him but him with others. In any event, that day I asked the Board, excused the staff and I said, I've decided I'm going to leave Great Plains and everyone looked rather stunned, I'd been there from the start and they said, why, what's wrong. I said, nothing, I think maybe at the end of 25 years I should change, I'll have been over 10 years at that time as Chief Executive Officer so I'd like to give you 18 months notice of my intent to depart. That caused a fair bit of interest. People were taking me aside and saying, what is it, I said, nothing and they said, what are you going to do and I said, I don't know.

#305 NM: You had nothing in mind at the time?

DM: Well, I did. In my heart I was thinking seriously of politics. And I also thought, if it isn't politics, I don't know if that's my bag or not, I have to really get out there and see, but perhaps I would go into some sort of foreign service. The one thing I said I wouldn't do was go and start up an oil company, I said, I don't want to just run another oil company, I think I'm going to change my life. I'm at a point in life where you either change jobs or change your wife or change your city and of all of them I think changing my job was the thing I should be doing, it makes much more sense. So I think it was the right decision. So it was with that discussion that the meeting broke up and we began to lay plans for the turnover. 18 months was a good time, there was a good man there who I felt could take over, could have taken over in less than 18 months. So we began to, I suppose, really making sure he's groomed and ready to go and we'll make all of this a nice tidy change, there's lots of notice time. That's the way it went. I'm going to skip ahead a bit in the

story because it sort of tends to close out most of my Great Plains comments. I was working away in the normal course of business for Great Plains, and it was September 26, 1974, there are some dates you don't forget. I got a call, well actually, it was a couple of day prior to that and I got a call and they said, look old boy there are a bunch of us going to be down in Los Angeles and we'd like to take you, we're going to look at the thermal fields in California and we wanted to talk some business. So that was fine, these people owned 100% of the company, this was basically my employers calling, naturally I was pleased to go. I would have gone anyway. We had dinner that . . .

NM: This is the end of the tape.

Tape 3 Side 2

DM: I'd received this call saying we'd like to meet. We met and had dinner on the Queen Mary of all things, it was docked you know, in Los Angeles. That was kind of novel. And I sat back waiting for the discussion, they said, well, we'll talk to you in the morning, we've got a few things to compare notes on tonight. They had a small plane, they'd bought out Signal Oil and Gas down there and they had their small plane and we were going to fly up the oil fields. So we took off duly, from Los Angeles and we got in the air and it was fairly early in the morning, about 10 or so at this moment when they said, would you like a drink old boy and I said, no, not really thanks, I don't drink that much and I certainly didn't drink much during the day anyway. They said, well, you might need one, I said, what for and they said, you better have the drink first and I said, now I know I won't have one. So one of them, they looked a bit uncomfortable, one looked at the other and the other looked at the third, finally the lead man said, we want to ask you a favour before you go. This was September 26th, I had extracted from them an okay to leave the end of the year, which was only 14 months notice, for reasons I'll come back to. Because I had this other thing that was shaping up. And finally he said, one thing, will you do it and I said, you know I'll do anything reasonable and he said, we'd like you to sell the company. You know, I just about flipped, 25 years of building this thing. I said, sell what company, not Great Plains, they said, yes. I said, you can't be serious and they said, we knew this would be a shock. Well, I said, why. They said, because we're fed up with the Canadian scene frankly, we don't trust the government and we just don't like it very much. They were in fact, grossly distorting, if not lying to me at that moment but I didn't know it.

#020 NM: So what were the reasons really?

DM: The real reason I'll come to. After talking and I said, well, if it has to be, it has to be, I can't argue, it's your company and your shares. So I made a few discreet inquiries and around early December lined up the pretty fair beginnings of a deal with a man named Ed Galvin. Ed Galvin, a marvellous guy, he and I had made many a deal over the years, was with Norcen at that time and had built Norcen to where it was. Or the predecessor of Norcen. And we were talking price and I got on the phone and I called, not the top man but the second man down the line who I reported to at that time, during this crisis as I call it and I said, look Desmond, I can get you 20 or million dollars more for this thing or

someone can if I'm not here, if you'll wait 3 or 4 months. You can't move something this big and get the price out of it and I was leaving at month end. I said, I'll tell you what I'll do, I'll even work privately with whoever you want to deal with or try and help out if you like in the next 3 or 4 months but I'm only going to be able to get, probably, between 95 and 100 million dollars for this. Which represented a big profit for them by the way and I always point that out because they didn't go bankrupt on Great Plains, and you can get 125 or 30 I know you can. He said, sell it. Just like that. And I said, for what and he said, anything over \$90 million, he undercut me. I said, my god, you can't be serious and he said, sell it. Those two words. I said, okay, I said I would. I went back to see Galvin and I got him up to 96.2 million on a rather hurried basis. You don't make these deals. . . that was far, far more important money than today in inflationary terms, it would be like a 1/4 of a billion dollars or something, I don't know, I'd have to do my arithmetic. So Ed got up to 96.2 and that was all he was going to budge because he's a very shrewd dealer and he knew that I must be under pressure or I wouldn't be going like this, he knew the value of it. So I shook hands with him and we used to have, in fact I still have with the old Great Plains senior people, a pool game just before Christmas where I go over to one of the pool places, usually the Ranchman's Club or the Glencoe and we play pool all noon hour and drink beer to be honest, and have a great time and it's our way of saying Merry Christmas to old friends. It was the day of the pool game and I went over there afterward and I was just reeling with the weight of this thing. And it was in fact, just right about that time and I got the Telex. Well, 2 things happened, first I called to try and report this and I couldn't get the Chief Executive Officer. But I knew a lot of people, I just couldn't get him, they said he was tied up but I knew a lot of people and finally, working through friends and wives and secretaries and so on I learned that the whole Board was meeting in the Grovenor House Hotel in London, England. I hung up the phone, I remember saying to my wife, when Board's meet in hotels secretly the Chief Executive Officer is going, just as sure as fate. I said, I smell it in the breeze. I finally then, working in and through the hotel, I got hold of the 2nd man and I told him that this company was gone and it was available. I tried to find out what was going on and I began to have a sinking sensation that something really big was there and I didn't know yet, I was that naive. None of us really knew how much the books had been stacked over in London. I don't mean stacked illegally but they hadn't disseminated the data that would have shown. . .

#064 NM: So they had not put everything in it?

DM: No, it wasn't out in the public arena and it wasn't even out in the arena where we were, to some of us that were pretty close to them, it was that serious. As a matter of fact, they had a whooping big going away party for me in Bermuda at the end of November that year, it was a marvellous thing, brought people from all over the globe and they took over the Mill Reef Club down there. Or not Bermuda, Antigua. And they took over the Mill Reef Club, just a super send off party for me, it was just magnificent. And not a word was breathed then, in November of that year. Well, I better quit rambling, obviously it was a time of great trauma and I had to say to the staff of Great Plains that the company was being sold. And we got a Telex on New Year's Eve, they were bankrupt. I was starting

work on January 3rd in a new position. I'll tell you, the congruence of all those events, and leaving my old company, being forced to sell it, this one going, the other one going under that we'd been tied to and the whole kettle of fish, it was. . .

NM: So everything came as a shock.

DM: It was a shock, it was a terrible shock. The great fortunate thing about it as I look back is the company was sold before the bankruptcy because otherwise the whole firm would have been on its ear here in Canada for a long time, figuring out who was going to buy it and all that problem. The company that bought them was probably the right one. One of the reasons I worked more with Galvin, I thought they'd give our fellows a reasonable shake in the merged concern. So that in a nutshell. I often say, you leave no monuments in life, you only have what you feel inside your soul and there's nowhere else that matters. So that was what happened to the company, it was born and conceived in the United States, half Canadian, half American with that capital, that was one of the things they were smart enough to do back in 1950, got a great bunch of guys, excellent leader, experienced Lewis McNaughton, trained us, brought us along. A whole bunch of people made money, a whole bunch of people had great comments. I still have them calling, I had a letter today in my desk an hour before I saw you sitting on this date from an 87 year old Director of Great Plains writing to me about the day of Great Plains. He retired on Martha's Vineyard and a lot of those that are still alive and all the guys I worked with, we still have a pool game, that senior group and a wonderful spirit of camaraderie and fun. And we found oil and gas for Canadians and we found energy and we made money for them and it was a wallop big success. To this day many of them, if they see me on the streets will come and talk and say, gee, those were great old days. And that was Great Plains and it went into Norcen. And I would suspect, I don't have the numbers, but I would suspect that Norcen probably ended up getting its money back 3 to 4 to 5 time, paid 4 to 5 times over from that investment. In other words what they bought was worth a lot closer to \$400 million when the smoke all cleared and the properties developed.

#100 NM: Who were responsible for all the financial problems?

DM: You're referring of course, to Burma Oil. Burma was a coupon clipping company, a heavy investor in British Petroleum that decided to become an operational company. They did this on a prudent basis, as I would call it, in buying Great Plains and some other things and then, upon the head man standing aside and bringing in a new person, and the head man was getting to an age, and so was the second, they were about the same age. Both of them were at a point they had to quit the heavy work, they brought in this lawyer who was very, very aggressive, extremely aggressive, who managed to build around on people who did not disagree with him, which is one of the most hazardous things you can do in life. They had a Scotsman who was in charge of finance who first, I think his wife died and second he became ill and the accounts were not in good shape. Then he got in the hands of great promoters on shipping and they entered into huge commitments on shipping, using the British Petroleum shares as collateral for loans. They were very valuable shares, they owned 23% of British Petroleum, they were worth a lot of money. So they used that as collateral and they invested in tankers and other things. But the

tankers were really their toughest point. And they were making money on the spot market because the spot market was very good, there was a shortage of tankers. And they had very little out on long term. Then when the tanker market dropped off you had the scenario where the tankers, instead of making \$40 million a year were losing untold fortunes per year and the value of the BP shares dropped at the same time. The collateral wasn't big enough to cover. And then, along with the tankers they bought all sorts of things and frankly they needed a group of people to challenge. I can tell you if even 2 or 3 of the top people of Great Plains had sat on that Board it would not have happened because it would have been in the headlines, you know, over disagreements. The thing was ridiculous and yet, as I say that, look where we are in this year 1984 and we say, what happened to Dome, what happened to others. And we won't go through, there are several right now. And basically they over invested when times were good, using borrowed capital. Interest rates went up, revenues went down, the value of their assets decreased, there was no way. They couldn't sell their assets, they couldn't raise equity, they couldn't pay their debt, the interest charges were up.

#131 NM: So they ended up in trouble.

DM: They ended up in trouble. And that was Burma, but Burma's was done spectacularly because they were not caught in all of the bad scene that some of today's companies are caught in, they really did most of this mess themselves. They went so far overboard. And it's shame, they tried hard. But you know, running a business, if I can make an analogy, is somewhat an art. And in fact, I call it largely an art. I think that's one of our troubles with the politicians and the public. If I were to bring a grand piano into this Board Room and say, go and play it, if you're not skilled as a pianist you would laugh at me or ignore me but you would know better than to go and try because you need training and you need skills, you need artistic ability to really play it so it tingles. Yet if I said to 90 some odd percent of the people, tell you what I've got over there, go in that room and you can start running a big business, they would go in quite confident that they were going to be able to do this, you know, it looks simple. And it is not simple. And it is art. There are people, you can smell them in the breeze sometimes, I had a fellow working for me as an assistant purchasing man, you just knew he had the instinct of business. He did very well in his own right. And some people can never do it and the trouble is that politicians, and as well, the general public, take the view that business is just something everybody knows. Now it's one thing to go to a football game where you pay your admission ticket and you have the right to second guess the coach and the players and everything, you know, most people that second guess football games don't know what they're talking about. But that's okay, it's a spectator sport, you pay your price, you're entitled to go in there and criticize and be an expert. Maybe in your soul you know you aren't but most people don't even know it there. But when you do it with corporations and big money and you say, I'm going to get in there and I know how to do this and you don't know how, you've got troubles. And that's exactly what happened to Burma. It's part of the problem we have as business people, there is an art to it and you can be lucky, there was a whole era around '74 and on, with the Arabs, where you could doze at your desk and look good in the oil

business. That saved a lot of bad management for awhile but you won't stay there forever.

#158 NM: Do you think business people are born and not made?

DM: To some extent they are.

NM: So they are like artists in fact?

DM: Yes, to some extent. It's a bit of a gift. I would be the first to say that if I were thrust into an artistic environment and had to make a living I would perish from starvation very quickly and I wouldn't expect an artist to come in and run even a division or a department of my company. But it's funny that people can't see that, I don't know if it's funny or what the word is but it is a fact they don't. I use the grand piano because sometimes people can relate to that because they know they can't play the piano.

NM: So they understand immediately.

DM: Yes. But they cannot see they don't know how to run a business. And we have people that are elected in government, they become Cabinet Ministers and they may have been very good whatever their job was in the past, doctors, dentists, things like this, suddenly they're making these enormous multi-million dollar decisions, billion dollar decisions sometimes. .

NM: And without the knowledge they should have.

DM: They don't know what they're doing.

NM: When you think yourself of going into politics, what would you have done?

DM: First one has to take the forum, what level of politics. If I were going in, one of my problems and I say this with a lack of humility is, I couldn't see myself as anything but in charge. I had to feel that I was going in in order to get right at the top real quick because I couldn't stand to be under a leader who I felt might not be competent. It would have to have been in the provincial forum or in the federal forum and at least, in the Cabinet or I couldn't have stood it. I just couldn't stand to sit there in the ranks, it's not me. Maybe I shouldn't be that way but that's the way I am, I've got to lead or I don't want it. So what would it be, it would be one of those things. And what you do, it depends on what year and what opportunities and so on.

NM: Did you receive any offers?

DM: It was suggested to me I should join the Socreds in Alberta and some parts I think, maybe I should have a tape that's not open for discussion or review for a few years but I think it would be quite obvious that Premier Lougheed was my next door neighbour. I was very close to him, at times he challenged me about what I wasn't doing when I complained about what he was doing and I think I would make the judgement that I would not have had any difficulty being a Cabinet Minister in the provincial government here. Federally, so much is dependant on timing, I think that's where the bigger action would be but the Conservatives in Calgary have had a limited history in power and to be in the opposition would not do. And also of course, you have to wait for the openings, there's some of these ridings are solidly booked for a number of years. Anyway one of those would have surfaced, and you know, one could go in civic politics and so on. Any of them could have done. Life circumstances and timing and luck and what you make of your luck. I don't think I would have been phased for long if it seemed best to go into one of those areas, I

#202

would have had a good time in any of them. If I was right near the leadership, at the top or right in it, I couldn't have been anywhere else. And then once you're there it's only a question of your endurance. If you're honest and dedicated, oh boy, many of the politicians I've met work far too hard, far too hard. Well, do you want to back up on some of the politicians for awhile or some of those, talk about people. As you mentioned politics and my interest in it, it's obvious I have a great interest in politicians and meeting them, I might describe just a few of them and what I see in them. You get all sorts of interesting sidelights on character. I mentioned Denis Thatcher, he worked for the Burma Oil Company, that's where I knew him. I see Dennis occasionally, saw him just a few months ago, we had dinner. An interesting person as an aide d'comps or a prince consort I guess you'd say. I have some letters from Dennis in my files all written on 10 Downing Street letterhead, hand written. One of the things he said about the oil industry intrigues me and this was not all that long ago. He wrote and we were talking about the oil business and he said, the trouble with governments is they treat the oil business as a cash cow that can forever be milked. I thought that was rather interesting from someone that close to the North Sea who'd been in the oil business and a reflection there. Another fellow I recall meeting with and we had some great discussions on energy. As you know, the enormous battle between Edmonton and Ottawa and Toronto and so on was on for a number of years and I got caught up in the Constitutional reform because I was bitterly opposed to the proposed veto that would be given to Ontario or Quebec. And this became a phobia and in fact, I wrote letters to every MP in Ontario and I visited the Governor General, Schreyer at that time and it was a great cause, I got quite wrapped up in it. And then, I had a request out of one of the financial houses to visit with Bill Davis privately. He wanted to talk about energy so I thought, great you don't say no to a person like the Premier of Ontario. I said of course, but I said, I'd like to make a deal, do you think I could make a deal and he said, what's that, and I said, well, the constitution is on, could I make a deal that I'm allowed to talk constitution for say, half an hour and then we'll talk as long as he wants about the energy business. And I did and I made my points and they were kind of aside for now because eventually that battle was won. By the way I fought it partly in England too. I got quite upset with that, I thought it was unfair. In any event I had this visit with Bill Davis, there was a small entourage there, 2 or 3 of his advisors and so on. And we talked about the constitution and the amending formula and the vetos and so on. Whether I did any good or not I don't know. Then we went in to a discussion of energy and he said, how would you solve this energy impasse and I said, well, I would make this kind of a proposal and I don't know if people here in Alberta would, I said in Alberta, it was in Toronto I was talking, whether people in Alberta would agree or Ottawa would agree but to me, there are magic numbers. Let me illustrate what I mean Mr. Davis I said, if you say someone is going to get 10% off, that's a nice ring to it, if you say things are 50-50 it has a certain ring to it, no matter what the deal. So I said, there are three parties and I would be this simplistic, I would go a third, third, third. The producers get a third, the federal government gets a third and the province producing gets a third. Now I said, when we get to how the third is calculated there's endless leeway and the one third might really be closer to 2/3 and so on. But I'd throw that out and use it as a fundamental

premise on which you try and get the 3 parties together. He was quite impressed with that, in fact referred to it twice in speeches in Calgary without identifying me by name as this formula and so on. It didn't go because they're all angry at each other and you can't talk sense to people that are so angry they won't even talk fairly any more.

NM: Like children.

DM: Yes. But I saw a side of Bill Davis that's interesting and I've seen quite a bit more of him in various sessions and so on. He is utterly a politician's politician and if you were to ask him a question with your one hour tape I assure you, you might not have to ask a second one. And if he decides he's not going to answer something you'd need 2 hours of tape for the same question because he can go on at great length. But he did fairly go through all this and getting to the sort of little offshoot of the story because all of this is build-up, I had no idea why he was so interested in some of the energy detail. He was talking to me getting some of my thoughts on companies and by this point we'd created the Alberta Energy Company which was quite successful and so we had the image, I hope we were right but I'll just call it the image of being successful. When it was all over and some time went by the Ontario government bought 25% of Suncor. And I've always thought that at the time of our discussion that that was on their mind and that was really what it was about.

#286 NM: They were doing their homework in fact.

DM: They were just talking and you never know if they talked to 10 other people or not or what happened out of it all but I sense that somewhere in the background, because the man who arranged the introduction was the one who I think, played a big part in the Ontario government's acquisition of the Suncor shares. So that was another one. Peter Lougheed, I think I should make some comments on Peter Lougheed on a restricted tape. He's in office, he's a former neighbour, I have seen a lot of him. Peter Lougheed I think it was mentioned just before the tape shut off, I'll leave for a more comprehensive overview but I'll say this for the record for anyone that may want to hear it this year or any other time that I saw him as a person and I see him as a person who is very intelligent, highly dedicated, an extremely hard worker, a much better organizer than I think the outside world would have much of a chance to appreciate and with a stubbornness, a tenacity of purpose that is almost unbelievable except if you look at all the things that have gone on, you see how he gets so determined. And there's a lot to be said about it, I'll just remark, talking about politicians, I can remember when I was too busy to have time to see Peter Lougheed. He'd say, hey can I see you and I'd say, Peter I'm going out to the ranch, can I see you next week. I assure you that that isn't the way it goes from the time he got in. I recall the night of the election when he went in on a landslide and somewhat ahead of his schedule. He built the Conservative party here and he went in ahead of schedule, I think, by one full election. He thought he'd be a big opposition and wow, he was in power. Because Mr. Manning hadn't left behind a heritage of in depth leaders to follow in his footsteps. And I looked out the back porch and the results poured in and you know you get the preliminaries and you knew where it was, you knew right then, all of a sudden there was a moment soon after the polls closed. I went out and I was going to holler

something across and I saw him and it was dusk and he stood out on the back of his porch there and he stared out into the darkness and I knew what he was doing, he was trying to get a grip on himself. He was about to become Premier. And I looked and I opened my mouth and I closed it again and I just waited ??? but it was quite a privilege to share that moment of the tremendous realization. He stood alone at that point out on the back porch with a house full of people. We'll talk about some others.

NM: This is the end of the tape.

Tape 4 Side 1

DM: Another of the political figures and a very recent one that I came a little close to was Joe Clark, the man who was Prime Minister. Joe had been in office, he'd lost out to Trudeau on 18 cents a gallon as I recall, and perhaps lack of charisma. And he was grouping to get ready for the great scene at the convention, at which he was going to put himself up for criticism and as we now know he got it and he lost the job as leader of the party. So he had about, I guess there were 5 of us and I don't know quite why I was invited but we went to his home in High River, his mother was there and Maureen was there and their daughter. And I'd never been in his home and it's interesting when you see, you know, this is where he grew up, the sort of porch and the atmosphere of High River is pleasant anyway. And we talked for quite awhile, the theme was energy and what should be done and so on and okay, I'm in the business, if someone wants to ask advice as you can tell, I'm full of it. I'll tell you as a quick aside, Don Macdonald said to me one time, he said, there's one thing about you Dave Mitchell, you're always full of advice, some of it's not much good but you're always full of it. He's on my Board at AEC.

NM: So everybody can come and talk to you and you will give them good advice.

DM: I always had something to say, I guess that's what it amounts to, the terminology used might not be good advice. Anyway, we talked and I visited with him after it was over. Here's the problem of a man and of a system, he went in power and people came to see him from industry and they told him what they thought should be done, maybe they saw his Minister at that time, Hnatyshyn I think it was. But they got the message through and then the great debates go on as to what Alberta's share will be and what the federal government's share will be and he's listening or getting this information one time another and he told me as we stood on the steps in High River, I said, what really went wrong Joe. He said, you know, these people would come in and they would talk and describe things the way one side saw it and then the other and then after they'd leave the room a fellow like Ed Clark, the infamous bureaucrat so roundly disliked by the oil industry, would tell me, these were the real facts and here's what I should do. And these people were all describing their vested interests and he said, so you end up not knowing what to do. Of course, then you come back, he didn't say this but I'm adding, you come to the point is it better to do nothing or do the wrong thing. For a long time he did nothing on this front and that was another of the reasons he had problems. He never did settle with Alberta, although there was a deal essentially made I'm told. So that was another one. I could tell some more stories about him and about Maureen but again, it's current events and one respects confidences. I'm trying to give a perspective on the industry here

and problems rather than comment on the lifestyles and problems of Joe Clark or others. I did mention Trudeau earlier, I think yesterday's tape, didn't I and some of that visit. Of course, Trudeau's basic problem was he just didn't care. Had he really cared I think he was highly intelligent enough to learn it and understand it but he didn't care. What he did care about was probably the opposite of what we hoped would happen. I'll talk about another one, oh yes, Trudeau reminds me of this one. The early days, in fact the first meetings of the National Advisory Committee on Petroleum, we called it NACOP. I'd been active in the Independent Petroleum Association and other things for the industry and I was asked to join this group. There were 10 as I recall, might have been 12 and they included the heads of Gulf and Imperial and Shell and so on and a few of us independent characters were there learning and wide-eyed I would call me. The idea was that we would meet with the Minister on a regular basis in the Department of Energy in Ottawa's Minister and his advisors and we'd had informal dialogue, off the record, on what industry problems and opportunities were and he could ask questions and that way they'd have a consultive process with the industry. The idea was magnificent and so was the beginning and we arrived and the limousines were there and we were taken away. You know, I'm a Calgary fellow and none of us here were used to limousines and all this treatment, Ottawa is a bit overwhelming, anyplace was when we got that treatment. And we went to the Centre Block and we had this steak and lobster and two kinds of wine and Prime Minister Trudeau arrived and shook our hands and the Minister Joe Green was there and we had a marvellous time. And it was a great event and we started our consultive process and we had dialogue. The next Minister after Joe Green was Donald Macdonald, who became an excellent energy man, he really understood and really had a grasp of the energy business. Our education time was well spent with him. He was followed by Alistair. . . what's the last name?

#061 NM: Gillespie.

DM: Gillespie, yes, Alistair Gillespie who was the last in the series. I was on NACOP for 8 ½ years. At one nasty point they actually turfed out all of the persons that were with American companies or foreign companies and replaced them, they did it somewhat diplomatically but they thought it was sort of un Canadian to have anybody there that represented a company from outside of Canada. These were really silly things.

NM: It's petty.

DM: You don't win much that way, what do you prove with that sort of thing, you just lose some of the ability, a lot of the talent was out of that group. In its last days, to show you how a good idea in politics can go downhill, under Joe Green it started, under Don Macdonald it grew for awhile, diminished towards the end of his term and it perished under Gillespie. It went from the steak and lobster and wines which weren't important, and great lunches to Macdonald worked us through the noon hour with sandwiches and we loved him for that, that was great, to finally an Alistair Gillespie and in the latter years with Don Macdonald under the system that prevailed, we were summoned to Ottawa, arrived full of advice as Macdonald remarked, maybe not good advice but full of it, only to be told what the government had decided to do and was going to announce that

afternoon or the following morning. So our role became, the first to know. And that's what they call a national advisory committee. So a perfectly splendid idea withered into . . .

NM: So they were more used to that.

DM: Well, and finally Gillespie just quit calling meetings which probably was the smartest thing of all because there was no pint the way they were going. But one of the meetings we had there, because we met not only with the Minister of Energy, we sometimes had the Minister of Indian Affairs and Northern Affairs and so on. And a funny little story there, we were in one office and it was lunch time and sandwiches from the lunch room again, that was fine. It wasn't Don Macdonald by the way. The Minister in charge of the session at that time was talking to us and he said, would you like to carry on, we'll have lunch and we'll have a drink and we said fine. We were surprised at the drink, he said something to his secretary and she went out and she came back in and in a stage whisper voice that had us just rollicking with laughter she said, I'm very sorry sir, all you have in the liquor cabinet is rye, scotch, rum and gin. We just about fainted, ??? liquor cabinet at all and we thought that was a wild deal. By the way, one of the things we did in that era, a bit of Canadian history, I happened to be personally involved, you remember the great Quebec FLQ incident where the troops were called out. Well, one of our meetings took me to Ottawa at the time of the FLQ. At night, when I arrive in Ottawa I love to go over to the Peace Tower, it's a ritual with me. Of course, we have two hours time difference so midnight isn't so late and I like to hear it strike and I look at the buildings and the lights and I say, no matter what fools we mortals be, this country and this government is going to survive us all and I go to bed happy and I still do this to this day when I got to Ottawa.

#096 NM: So it's a ritual.

DM: And I go and I sort of look at the Peace Flame and I look at the Tower and I listen to the clock and then I go home to bed. This night, going on NACOP business, there were the Mounties with flashlights and troops and they were going around the edge of my beloved Parliament buildings, because I think they are gorgeous, and they were looking for bombs. When we went to our meeting the next day I travelled with a Cabinet Minister and we had an army man with a submachine gun in the front seat, this was Ottawa, Canada. He rode with us as a security guard, complete with the camouflage uniform and the whole bit. You become very aware of it. We went in the meeting room and they sat outside, stood outside with the machine guns and guarded us while we met and I'll tell you, it makes you choke for your country. That was a traumatic experience. But yet one, you know, having gone through it, looking back in history I guess you could say it was fun but it's not the kind of fun you like to play. Other people in politics, there were different styles and someday as ai talk about Peter Lougheed on a tape I might talk about styles of a Bill Bennet, styles and the stories of other people in senior roles, Grant Devine, some I've met and some I've been very close to.

NM: You have met Schreyer?

DM: Oh yes, we met with Schreyer in Edmonton, the time the games were on up there I guess and we had a dialogue with him. We talked to him about the Manning Foundation, he

became one of the sponsors of it and I had my go at him, I say go at him, tried to get more support stirred up on the constitutional clause. Yes, to that extent. But some of these are a bit too close to home to talk about. I feel for example, I'll leave a provincial premier nameless and it's not Lougheed, I spent 4 hours with him soon after he was elected in a quiet room and we talked. It's interesting to see them as people and their problems and their aspirations. Most of the problems we have with government, indeed I suppose as with society and ourselves, there's not really malice in the Canadian society. There may be a lot in other societies, I don't know. It really is much more misunderstanding and seeing things in a different way and having different objectives, that's what it's about. So many people set out on the course, because the other man or woman is different from me, then by definition they're behaving with malice aforethought and so on. I don't believe that, I think fundamentally most people are very good but they do have different customs, different objectives and different things that are important to them. And it's working with that and our understanding of the other person. And that's why I so much enjoyed some of these quiet sessions where I could perhaps understand some of these people. Well, shall we leave people for awhile and maybe I should slow down for awhile.

NM: This is the end of the second interview with Dave Mitchell.

End of tape.

Tape 5 Side 1

NM: This is the third interview with Mr. Dave Mitchell. Mr. Mitchell you were involved with the Oil Field Technical Society, what was it?

DM: Really, it was a group of oil industry persons representing many different areas of the industry that got together to exchange ideas and do some learning on things that were called technical and in many ways they were but in my observation much of it was practical. They would have meetings to discuss mud programs for wells, such items as this. Gradually over time, the programs that were intended to be entirely focussed on technical aspects, they retained a fair measure of that but it became also quite a social event. It started I think, it was back in the early 50's. I became President of it and enjoyed it thoroughly as we worked along, you know, you take the usual pride, the membership went from 200 to 800 that year and so on.

NM: Was it started here in Alberta?

DM: Oh yes, it's exclusively here. There was a branch in Edmonton as I recall and I don't know if it's still going in Edmonton or not, I know the Calgary one still functions. This group would meet, then they would have their parties. I must say, I confess, my memories are much clearer on the good occasions we had than on what specific learning developed. One of the great events of the year was the annual barbecue which was held out at a dairy farm here, it used to be the old Model Dairies, and the man that owned it was Stu Colput???. He was kind enough to I would say, tolerate this annual outburst of enthusiasm on his ranch grounds. We would have people arrive there at perhaps about 5 in the morning and they would start barbecuing these enormous sides of beef and they would go on all day and I might say, by the time that the group arrived for the big party it

would be unusual for the chief chefs to be entirely sober, they would have been drinking beer all day. And there were hundreds and hundreds of cases of beer, I guess that's a big of an exaggeration but anyway a lot of good fun. And then the gambling which would go on. One of the quaint customs they had for years was a fellow called Don Wilkin who would be involved in the organization and Don Wilkin would greet you if you were a newcomer and you were rash enough to arrive with a tie at this barbecue and he would have an enormous butcher knife that was razor sharp and descend upon you and you were just in terror of your life. Not that he meant to harm you but as he arrived to cut your tie there was always the thought that if he slipped it might be the end. So Don Wilkin would greet you with that and you thereupon went around with a stub of a tie to introduce yourself as a newcomer to the barbecue. One memory I had one night was gambling and it got dark, we used to play crap a great deal under the trees on a blanket. And as the dice were rolling and bets were made, most of us had relatively small sums of money compared to nowadays, the exception there were a few visitors around, perhaps some from the States. I recall the dice rolling and someone threw down a bill and I said, covered and fortunately for me he lost the roll. To my great astonishment I reached over and discovered I'd covered \$100 US That might as well have been about \$50,000 now or something, I just drew in my breath and couldn't believe. I went home that day with pockets bulging with money, out of every pocket from the big crap game. That convinced my wife that there was after all, a great deal of merit in these technical meetings. But they were a fun group, they also did a lot of learning and there was a lot of good natured exchange and dialogue that resulted as people would compare notes. We all have to remember that this is an industry that grew from nothing. From 1947 and on, I know there were Leduc days but the real modern era was developing a whole nucleus of talent from practically nothing. And so we'd compare notes . . .

#043 NM: Whose idea was it to start the society?

DM: You know I would have to refer to others or look back on the history of it which is now over 30 years ago, I'm sorry I can't tell you for sure. It was a group of oil field service workers, they were people that might have been involved in running stretchers and centralizers on casing or certain types of mud or plugs that are run in the wells for certain mechanical reasons and so on. That type of person that really made it go and go it did and it did a great service. And still out there and hard at it as far as I'm away but those early days were rather wild and interesting. There was another one you were asking about a minute ago, the Independent Petroleum Association of Canada, which was called IPAC and that's the name most people know it. Not much of an acronym but anyway, that's what it is. IPAC was really born out of frustration on the part of some of the junior members of the industry, the small companies normally called the Canadian companies by reference, not entirely a correct description but mostly they were Canadian. That one started up to try and promote more sales of crude oil. Our big problem was we couldn't sell crude. We were in this rather unusual position of having a product we could sell and a market we wanted to reach and serve but we couldn't get there. Those were the days when people were touting a pipeline of all things, to Montreal, from Ontario. And that

was considered absurd and was blocked for a long, long time. And that was IPAC. IPAC did a lot of good and continues to do a lot of good in giving a different kind of opinion to governments and to anyone else that cares to listen on the views of some producers. They were a colourful group, the fellow that preceded me was Charlie Hay. He came up in the Royalite ranks, Royalite was merged into Gulf and he became the head of Gulf. Quite a success story, this Saskatchewan fellow that worked his way up through the ranks all the way in what you'd call a reverse takeover I guess you'd say. Charlie Hay, along with people like Ed Galvin and others, many still around, although I happen today to have the. . . what would I call it, I was the President of IPAC before any other living person today. I look back on that time and even though this tape is restricted I'll tell you that one of the reasons I was asked to become President of IPAC was that there was another well known industry member who was extremely anxious to have this prestige. I was quite young, or relatively young, in the 30's and it was thought by encouraging me to take this on it became sort of a different era, got it away from the other guard into a new face. And quite candidly I was promoted by 2 or 3 of the leading oil figures in the town at that time, in the independent circle, so that someone else couldn't get it. That tactic succeeded and it was many years before that someone else eventually did surface in the IPAC group. But they blocked him. And I had a good time at it. IPAC gave me a lot of experience you couldn't get any other way. I won't bore everyone on a tape with all the stories because a lot of it is perhaps self-evident but one thing, for example, I'm reminded of was the days of the Royal Commission. My goodness, we've had them forever I guess. IPAC, then in existence, was asked to present its views on what should be done for the Canadian oil industry. Now we're talking about 20 years ago, roughly, '63, '64 I guess. The great discussion was, what could be done to make Canadians own more of their industry, does that sound familiar to you. So armed with a pretty respectable brief and certainly, with all the background information and so on, that could be mustered, I was dispatched to Ottawa to appear before the Royal Commission and present an idea. I walked in, it was held in the Supreme Court building, the big marble columns and it was so overwhelming, I walked in and I thought, I'm going to plead guilty no matter what they ask me. This was quite awesome to me. It would be even today, it's that kind of structure, but as a man of that age, I'll tell you I was impressed. So I stood before them and I presented an idea. The idea wasn't unique, IPAC didn't have it all on its own.

#092 NM: What was the idea?

DM: The idea was just this, that in order to have Canadians own more of their own industry what we needed to do was encourage Canadians to invest. The problem was, and it was the root problem that brought about the enormous foreign ownership of our resources today that if you were an American investing in Canada you had such a favourable tax position that you could afford to lose, you could afford to take enormous risks because your loss, if you did lose was quite small. We used to call them 10 cent dollars. That's a bit of an overstatement but that was the way the American tax structure was organized. So if a Canadian went to invest, his cost, after tax was very high and if he lost it was extremely serious and therefore he had less incentive to invest. The American was the

opposite and guess who invested and guess who owned a lot of the industry and did the risk taking. You know, we have no one but ourselves to blame for that. That was the heart of the idea submitted to the Royal Commission, completely ignored or 99% ignored. To my mind, had that change been made then, of course, there's never a need for a National Energy Policy, I won't even talk of that disgusting thing because I get upset just going over it but it never would have been needed for its stated objective of getting more Canadian ownership because we could have had it and that's the tragedy. We could have had it all along. There were other peculiar things that came out in the IPAC. . .not peculiar but interesting things as I muse about them. Here we were trying to build a pipeline to Montreal to serve Montreal and we were being blocked. We were being blocked because it was going to cost a little bit more for Canadian oil to go into Montreal, it was said, than for foreign oil to go into Montreal. Of course, this was before the Arabs and times were different. Before the Arabs had the pressure they do now. A great deal has been said by the way, about Ontario's enormous contribution to Alberta in that area because they had the Ottawa valley line and Ontario people paid more for their oil and their gasoline, you know we're talking about 10 cents a barrel more, this was peanuts. What Albertans have given up in these last few years is more like \$12 a barrel, instead of 10 cents on the other side. So Ontario loves to resurrect that story of the Ottawa valley line but it is really a decimal point, second or third decimal point as compared to what Alberta has been doing for Ontario in the last few years. But getting back to my bit of recollection on the Ottawa valley line and we tried to reach Montreal. We couldn't build a pipeline to Montreal for reasons that continually remained obscure I think, to the National Energy Board. And in later years, I stood not many blocks from where we are now, on the University of Calgary campus talking to the man who used to be Chairman of the National Energy Board and a great fellow he was, he's passed on now. I said, did you never believe us, what we were telling you and he said, Dave, I asked finance to check and he said, they couldn't find any evidence of it. I said, what a tragedy. Now let me tell you what it was that he was advised of. This was no secret, the oil industry was pretty well aware of it. Oil was coming out of Venezuela to Montreal and en route it was being marked up about 75 cents a barrel. Why? Because it was profitable to mark it up, there's nothing wrong with that manoeuvre. They were buying it cheap and selling it at a good mark-up and that's the world, whether you're Safeway or oil companies or anyone else you try and do the same thing. But they were buying it at such a price that they could afford this mark-up, they could make a big mark-up and still compete. So they priced that Venezuelan crude so that we just couldn't quite get into Montreal. They just undercut us. Had a pipeline been built in that era the threat implied was, we'll simply cut the price of Venezuelan oil 25 or 50 cents a barrel and you'll be out of luck again, because we're talking about oil that's only \$2 or \$3 a barrel. That was a lot of money in those days when you talked of being undercut by 50 cents or something, it's not like a \$30 oil in the Arab world today. So there we were and we were unable to get that line it and that was a part of a great frustration of IPAC, the old Montreal line. You interview other people here, you'll hear a lot of stories. But that was why we couldn't get into Montreal for a long time and what a shame. Now we run gas down there. . .

#148 NM: Quite a waste of time too.

DM: It was so we would sell some into Chicago and we were held back and the big battle was on. There's a lot of detail, this is technical business. We were running into oil import quotas in the States, which by the way were one of the things that precipitated the oil price manoeuvres of the Arabs at that time, but that's another different story. But those were IPAC, a band of companies, not very many, a few dozen really. We used to do everything we could to get all the numbers possible because we wanted to represent 100 oil companies or 150 oil companies. Of course, we did but some of them were one man with a telephone and some were quite small. In fact, if you got beyond about 20 you had covered most of the independent oil people. So those are insights and the story of IPAC.

NM: Did you have to give a lot of talks when you were involved with IPAC?

DM: Oh yes, give speeches and . . .

NM: All over Canada?

DM: Somewhat. Mainly, not near as much as today. Government was not intervening in the same style as today, thank heaven. But not near as much. A lot of it was one on one, you would go and try to see the Premier of British Columbia, I'd go and see someone else or I'd go to the National Energy Board and sit and talk and say now, would you consider this, this is what is good for the Canadian industry. My there were so many things good here. I'm only going to put a sentence or two into something that I feel a great emotion about. We developed an enormously capable oil industry and a body of talent that today even, despite its near destruction by government policy, today is well regarded throughout the world. And that all started from nothing, that was Canadian ingenuity, Canadian ability to absorb the ingenuity of others. That was all there and done. We started from nowhere and look what's around today and the talent that's around. We can talk more about IPAC, I remember creating the first newsletter and it was marked confidential at the top, to members. Sometimes when you're that age you're terribly naive and I look back with a smile, here's this thing marked confidential going out to all a few dozen companies. I soon removed that from the masthead and decided it was hopeless. But I started that newsletter up.

#180 NM: What was in it?

DM: This would be the latest news of what was happening, different events in the industry and what governments were or were liable not to do.

NM: But nothing top secret?

DM: It was just that, as I look back on it, it wasn't so much top secret it was the feeling, we don't want press excerpts out of this without an opportunity to amplify on it you know. Because we were turning this out on an amateur basis, we had a very small budget, a staff on 1 or 2 or something, this was a big deal. We couldn't turn out a newsletter like a big corporation with a big budget. That was IPAC, another part of the industry and an interesting one. Maybe you'd like to hear a little bit about some of the things that transpired with our native people, one story in particular I recall. I'll have to tell a bit about the Looshoo??? Indians of the Yukon. Marvellous tribe, they're the furthest north

of the Indian tribes and closest then to the Eskimo geographically. Our company at that time, had a large tract of land, we used to get these big permits. We were anxious to do some geophysical work and so on and work with them. The tribe talked a lot about its rat trapping, its muskrats and they didn't want anything to interfere with the muskrat and the caribou and we respected that and we worked with them. As a matter of fact, to back off just a little bit, I'd been interested in the north and its people for some time. Fellows like Don Harvey and another father and myself, we would take our sons up into various areas, Old Crow in the Yukon where the Indians were was one, we stayed in their town there at one time and camped on the Porcupine River nearby. And we went up to places like Coppermine and camped at that point along with these few Eskimos, near Bloody Falls and things like this. So we had this abiding interest and indeed, love of the outdoors and our young sons growing up year by year enjoyed those trips. So anyway, getting back to my story, I had a little feeling for the Looshoo and respected them for what they are.

#213 NM: Are they a big tribe?

DM: No, a few hundred, 2 or 3 hundred in that tribe. I mention this as sort of a reflection on an aspect of people that is so apparent and yet so often forgotten. These Looshoo were not bad traders in their own way. There was one man, he was the Postmaster up there, by the way I believe he was responsible solely for getting a Progressive Conservative elected from that area because when everyone came into the post office to vote, the entire tribe was there with encouragements as to which way they should vote and that helped swing an election at one time. Anyway, I went to visit them and I asked to let them know of our plans and they rang the bell in the village and it was a big old bell and the people came down and they sat in the community hall. This was before the days of a lot of government subsidy and so on. Now they have slightly better homes and some of their amenities as well as some outside world problems. They rang the bell and I was offered the chance to speak on what I wanted our company to be able to do and to solicit their cooperation. Not really acknowledging native rights of any kind but recognizing they were important people and we wanted them to be friends with us and us with them. In the front row there sat 3 Looshoo Indian women, they were quite on in years and they sat there with their eyes closed as I was trying to make my speech. They would snore occasionally and sometimes all 3 would lean to the left or right and close their eyes and doze off because my talk wasn't all that exciting to them. I might tell you that whatever speeches I've given I've never faced a more difficult audience than 3 people asleep and/or mildly snoring in the front row. Then the interpreter would speak Looshoo and sometimes they would pay a little more attention and others would. My English was understood by some but not all. I told them what would be in store and that we would need some people to help us and so on and assured them that we didn't wish to interfere with the muskrat trapping and so on. The fellow stood up in the back who spoke fairly good English and he said, we don't need to know all that, just want to know one thing. I said, yes, what's that sir, and he said, money, we want money, how much.

#250 NM: That was their main idea.

DM: Sure. And they'd watched what had happened in Alaska and so on. And there was nothing wrong with that. I give them full marks for it. But people forget this you know, the do-gooders that never go into the north and some of them don't even know how many people are in the north or anything about it, they get carried away by stories and sometimes they're really just taken in. For whatever reason, it may be white lawyers promoting cases and so on. But we did our work up there and we got along well with the Looshoo. As a matter of interest, to the best of my knowledge, they never did have a year around that time anyway, of anything like \$20,000 worth of muskrat in all the time I was there. They talked about the muskrat but as an important cultural event for them. But if you just read them in the paper you'd have a white persons vision that this was the total economy of the community or something and it was important but it had nowhere near the connotation. I ran into the same thing up on another island, I guess Carpenter is still alive up there, a bright man and a wonderful family he's raised, there's someone you should interview, up in Saks Harbour. But I talked to him about the white fox and they have the people of Canada reading about the loss of the white fox due to the geophysical crews and it got in the papers and it got in Ottawa, I'm not sure if it ended up in the house of Parliament. And we visited quietly with him and talked to him about the white fox and he gave a smile you know, he was a clever man. He said, look I don't want to go back to the way it was, I like the airport, I like the ??? oil here, I don't want any of these things, we now have a man that rides with the seismic crews and I think he was paid \$600 a month or something, some member of the family to look out for the white fox and so on. And really, he'd done a very good job of protecting his environment but also, unbeknownst to most any of the persons down south, he'd done an enormously good dealing job. And he did this beautifully. And there are many, I assume a matronly lady of Toronto who's at first horrified, maybe later pleased that Mr. Carpenter gave the right word about all this white fox and didn't have a clue what was going on. But of course, how many people in Canada know that in a million and a third square miles we have what, 90,000 people nowadays growing up with baby bonuses and things. But those were parts of our background working in the industry and of course, that all built and it's still building, even today, claims are being made and so on. These native people are becoming better dealers and I give them marks for that.

#293 NM: I think they have improved over the years, ??? their rights.

DM: Oh they have learned, they have really learned and it's fascinating. They paid the price, Charlie Able, the Chief of Old Crow, I think he's still up there now, I recall Charlie being down in Calgary one time and I showed him what a pipeline looked like and so on. His language at that time was a little too colourful for a tape but what he had to say about pipelines was not too impressive. But I think he was a little startled to see that you couldn't find a pipeline, at first he didn't know whether to believe me or not. Because there was talk then of the pipelines coming through that part of the world. I might say, one of the memories of Carpenter and his family up there, I had a place ??? contiplex, which is a pretty good camera at that time and I took their picture and I was rather proud of this little 25 mm. camera. After I'd taken the pictures, his wife, I'm not sure whether it

was his second wife or what number but anyway, she had a real twinkle in her eye, charming woman and she said, could you hold still just a minute, she rushed in and she got out her camera and asked to take my camera and she had a beautiful ??? 35 mm. camera just like I did. And that's marvellous and that's what you want to see but it's such a different image from what you see from a distance. Well, I've talked quite a bit about those.

NM: Did you come across ??? [sounds too far from the mic, hard to make out]

DM: Oh occasionally. In fact, there was one memorable moment. I've always believed a company should take its senior people and its Board to different areas, to let them get first hand knowledge about what's going on. So at one point I took the Board of my company then, up to the north and we had a great meeting in Inuvik and around at Coppermine and up at Ellesmere Island where we were drilling. I went over to Old Crow to find Charlie Able, I thought we would take him over to Inuvik and landed on the little strip there and went out and there was no Charlie Able, he'd gone to Whitehorse for some meeting of chiefs. By this time the government by the way, was supplying planes for the Indian people to commute around and meet with each other and even supplied telephone calls, I must tell you that story.

NM: This is the end of the tape.

Tape 5 Side 2

DM: I'm getting carried away here, I better slow down here on some of these stories. So I went to pick up Charlie Able, he wasn't there, so I then popped in to see Josie, who wrote the column for the paper, here are the news, and if you haven't read her book I recommend it, it's a charming book and delightful language that just can't help but make you feel a real sense of empathy with the way the native people's live up there and wish to live. In any event, Fanny Charlie was there, Josie's friend and Fanny said she would come over and join the party and get Josie. So I thought, well, fair enough and we looked up Josie and they both came over and joined the party at Inuvik. I didn't tell you this story before. So they did arrive and Josie stood up and gave a very touching speech to our hard-boiled, well, nice Board of Directors but you know, they're from New York and Toronto and they're business people and she really had their rapt attention. She stayed and had dinner and so on and that was the last of it, I bid her good bye and we proceeded on our way with the Board to another town for another visit. It was a few weeks later, about 3 and one of my friends called me and he said, hey Mirchell, you're written up in the Edmonton Journal and I said, what's the Mirchell, and he said, I'm sure it's you because Josie said, Dave Mirchell, he of Great Plains Development, that's got to be you. I said, yes, what did she say and he said, let me read to you what she said. She said that Dave Mirchell, he of Great Plains come over to Old Crow and he invite Miss Josie and Fanny Charlie over to Inuvik so we go over, spend night and have big time. So that's the way her speech was reported and to this day I still get called Mirchell by a few people. By the way I got even with the Journal though on that one, for publishing it because I later talked to Charlie Able and I found out Josie was paid \$20 a month for this column so I encouraged her to

ask for at least double that, that she was being cheated out of her money. I think they did have to up the ante.

#024 NM: Can we talk about your other professional affiliations, you were with IPAC and . . . ?

DM: Well, here and there in different ways with different organizations. I don't know anything especially of interest from the story standpoint. You do things, like get in the Canadian Institute of Mining and Metallurgy, a member of the Professional Engineers and so on. But without being involved in a position of leadership or something, they weren't all that critical. I've been in other things like Young Presidents and university activity and Chairman of the United Way, you know, these things could be rhymed off. I had a good long stint with the University of Calgary, the Senate and the Board of Governors, those are all good times, fun times. I have a bit of a thesis on life that suits me well and that is, I always think a person should do something besides their work for their community. So I've always had one thing out there, at any given time, at least one I worked on. I'm almost superstitious about it. For example, way back when in the general campaign of the United Way, which was a good campaign that year, the first year they'd gone over the top for awhile. At that time, busy with luncheon meetings and after work meetings, and getting all these people, volunteers rounded up and it was a lot of work. But some of my best deals were made, some of my luckiest deals were made jammed in between sessions on these community endeavours. That's purely superstition but I retain it to this day and still always work with things. Right now it's the Manning Foundation, I'm active in that. That too, is another story. You asked the other day when we were talking about some of the memories of early days and one I meant to mention, I'll pick up so to speak, thinking of the environmentalists and things like the muskrats at Old Crow. Modern day environmentalists would be horrified but the best and only real heated swimming hole I ever knew was one by the Turner Valley Royalite plant where the hot water from the process was dumped into the river there. And it heated it up and all the kids of the area, including me when I was out there visiting in the summer, that was our hot swimming pool. That was our hot bath and it was very good. I think we may have smelled a little of sulphur but at least as far as I knew, none of us perished from that. So much environmental aspect tends to be overdone and yet I do welcome it, as a person that loves the outdoors.

#056 NM: Do you think they have gone overboard?

DM: No question. We have to look at the total benefits to society when we do these things. If it is doing things solely to have better appearances politically, and not really related to the welfare of people and the preservation of nature and the environment we have to be careful. We could ban further buildings in Calgary and plant all the grass green and it's environmental protection I'm not sure by the way, it might be a great idea, as an old Calgarian, but we have to be practical about these things and it is overdone. I can tell you a true story, as a matter of fact, it emanates from the north that illustrates I think, one of the problems. There are people making a living out of being environmentalists. It's more

than just a cause. I sat right here in Calgary and a man called me from the north and he said, I'm interested in this particular thing that's going on and I would like to work on it. Would you like me to go to work for you and I said, well, I hadn't visualized it, thank you and he said, well, I'll tell you, I'm either going to work for you or against you so why don't you decide and let me know and here are my fees. And this fellow very piously took part on the other side, wanted nothing ??? about the damage to the environment. You know, there are people out there, just because you're an environmentalist doesn't mean you're lily white and a lovely person, nor necessarily on the right track.

NM: What do you think of the Berger??? people?

DM: In a nutshell, well meaning but with ill advised results that really have not been beneficial to those it was meant to help.

NM: Do you think it was biased?

DM: Oh yes. I guess we all have bias on almost any subject. But there's a particular responsibility in a role such as that to be careful about bias. I didn't feel it was adequately objective. The native people, some of the things that were talked about in years gone by and which were never acted upon, like a pipeline up the Mackenzie Valley, that was a perfectly logical thing to consider years ago and still is, given enough oil. Forgive me not remembering the number but as I recall it was something like 42 square miles of territory would be occupied through . . . you know, the whole north is a million and a 1/3 square miles. Practically, 42 square miles would be occupied if you took all the pipeline right of way and everything that was required to move oil out of the north and they said it couldn't be done because it would offend the natives or it would offend the environment. I wonder if those people have ever, as I've done, gotten a plane out of Yellowknife and flown in one of those old float planes until you swear that you can never listen to an engine again. And you go for hours and hours and never see anyone. I wonder if they've ever got to the other end and seen the people that might have enjoyed having jobs and employment in something like that. And we've had such wild things. Do you recall at one time, I think it was Pierre Elliot Trudeau as Prime Minister say they're going to try and create a city of 250,000 up there in the Yukon or somewhere. My god, you can't get people to spend 4 years up there. A significant problem in the north is this constant rotation of people. The nurses come and go and the Mounties come and go and the whites come and go and the Army, a few bit of Army people come and go and too few people want to stay and be really helpful. There are a couple that do, gosh there's one you should interview, the Hill's up at Inuvik. There's a charming story and I won't say much except that, when you get Harvard graduates, real brains going up there and working in Inuvik and staying with it for their lifetime, trying to help those people and work with them and help the town. He's been there for awhile and then he was out and then his wife is there, Cynthia. Those are the real contributors to the north, not these idiots blathering down in the south about what ought to be done who don't understand it. When we go to work in the north now we find that people do welcome us, if it's approached properly. But they are traders and we were on that point a little earlier and. . .

#106 NM: You have to communicate with them.

DM: You have to work with them and you have to realize that they will do whatever they think they can to benefit their own position, any way that they can.

NM: They're just human.

DM: Yes. That's it. But anyway, we covered that point and ??? people in the south. Let's see, what would you like to go into now?

NM: What happened while you were with the Senate of the University of Calgary?

DM: It was part Senate and then later on the Board of Governors. We got into areas of current sensitivities but not new and I don't know why I should hold back particularly. First of all, a lot that has happened has come at excellent speed. The present leadership is very fine indeed and it's becoming a very good university. Some might argue it's already very good and it's becoming an excellent university and it's somewhere in there. It was prairie not that long ago and in its early phases it had leaders that had special difficulties, trying to establish its ???, sort of build the organization and sometimes they had leaders that were a bit ethereal I would call them. Sometimes they've had some that were a little more pragmatic and the current fellow is certainly in that latter category. What we faced was the inevitable problem of all universities but with a new university's twist, you never seemed to have enough money but a problem of boom in the town, of explosive growth in the population of the student body. And when it came to pay a professor or someone, well, he had other opportunities and so his pay scales were pushing all the time as well. And of course, if you're an excellent esteemed person in the university sector of life, you expect to get more when you come and take a risk of a new university and you put your reputation into it so to speak. The difficulties that arose with the university are so typical, you need more buildings for more students, you don't have enough parking for the students. That was one of the great shockers to me, to find that so much time was spent on parking problems and things like this. And I guess my biggest surprise, and I'm not saying whether this is right or wrong in fact, but my vision beforehand was that I could sit there weekly on the Board of governors and people would say, now I wonder what educational programs we should have and what ways we should try and teach better and have better students. But what really happens, and I think it's true of most universities, is an enormous amount of time is spent on what the wages should be for the professors and how more grants can be obtained from the government and whether the fees should go up for the students.

#143 NM: So money problems.

DM: Money problems. Is there enough parking, do we need an extension to the gymnasium and why should the engineering building go up when the fine arts building is needed instead and so on. And that's what took the time and in fact, general faculties council itself looks after education and they guard this rather jealously. So a person going in from the outside to be on the Senate or the Board of Governors finds it's not always practical to go ahead with your dreams. You soon learn to talk money and grants and taxes and fees and so on. In fact I recall one time going quietly to a man, then President of the university and I said, some time I always like to get a feel of things when I'm involved in them, I'd like to drift in and out of 2 or 3 classrooms and just see what's being taught and how it

goes, I hear of these classrooms with 200 students and so on, with such problems. He took me aside and had a little quiet chat and what he really said, very politely and so on was, you just don't do that because it would make them apprehensive. You simply can't go into a classroom like that, it would be distressing. People on the Board of Governors should be heard in their meeting rooms but not seen sort of thing.

NM: Was it a bit frustrating for you then?

DM: In a sense it was. And yet, you could also see a chance to do things. We actually had a scene there for awhile where a member of the bargaining committee for the faculty association was on the Board of Governors so as we went to talk about what wages and tactics might be employed their representative was sitting along side us. So one of the jobs I was asked to do at my last meeting of the Board of Governors, there's a maximum term, I went through the maximum term allowed and I was the Deputy Chairman of the Board at that time and they asked me if I would make the motion that basically was to get the ??? representative off the Board because as it was my last meeting they couldn't take it out on me anymore. So I made that resolution.

#171 NM: So do you think it is a good idea to have business people involved with local universities?

DM: Oh sure. You need it both ways. And we need them. We've actually, in our company for example, had a professor in who's an expert on the Middle East to talk to our senior staff and to talk to our Directors on one occasion. It didn't take all that much time but it was useful and informative. I don't know as corporations do very much of that and I suggest they might. We've had university men come into our company and on lunch hour they give a course on a computer or something like that, home computers on our staff. There's a little of this interplay and I welcome and encourage and believe in that type of inflow from the university to the community. The converse side, the inflow of business into the university community is in some areas welcomed and sought, and in some areas there's this protective mechanism where they frankly just don't think we understand and it's better if we don't clutter them up very much. Under the present leadership in the year 1984 in Calgary, I think there's a very positive man heading that, the university and anything he can do to bring about that kind of 2 way dialogue, he's working at, and there are signs. But sometimes you do wonder. I've sat with other university President's in recent weeks on other occasions in another city with groups of them and they really, if you aren't careful they're starting to talk salaries to you again. How does a professor's salary compare to someone else's? In fact, just 3 weeks ago I was in a discussion with 4 university Presidents and they were saying to me that the salaries hadn't gone up enough. And by the way this wasn't the University of Calgary, it was 4 other President's and I said, perhaps not, and that's a great problem, it's an age old problem and it's certainly here now. What's the relative salary scale for any job. Is a nurse worth more than a garbage man is worth more than a doctor.

NM: Everybody wants more nowadays.

DM: Well, as we talked on about this and we analysed it and they said, well, it wasn't fair that industry was getting higher wages. I said, just a minute, I want to tell you of 2

corporations I know and I don't think it's a secret, Noranda Mines, one of Canada's largest corporations has now gone into its third year of zero increase for its top people. Zero, not 5% or 3 or 8 or 10. They can hardly recall what a pay increase is like because their company is not doing as well as it is deemed it should. And I know of another one and this one happened to be in Calgary, and I don't know if this is public but I told them privately, now there's a company and I know those people haven't had any increases so don't tell me that industry is all having increases. They do tend to focus a little bit on this but that's human nature isn't it. We're a long way from the oil business, maybe we should come back, you get me wound up on these things.

#211 NM: But I wanted also to know, how did you get involved with the United Way?
Through the oil business also?

DM: Yes. This is a bit of an overstatement, you'll forgive me for being less than objective in the observation but as the oil business goes, so does Calgary. The oil business is not just the fuel that runs the machine of Canada as some of my oil industry friends like to say, it may or may not be quite that but it's terribly important here. If you want to do anything in Calgary, even now and you have the oil business there's a pretty good chance you're going to win and if you don't, there's a pretty good chance you won't win. So it was natural this time of the United Way, or I was involved in Junior Achievement, same sort of thing, is you need support, and they look to the oil industry leaders and say, would you come in and do this. So I was basically hired at zero pay, which all of us were, as a community worker to lead it. I never had any other role in the United Way except leading that campaign but it wasn't just a figurehead role, I worked at it. It took a whole chunk of my time for a long while. They simply wanted someone who could make speeches or say things. Oh, I've got a delightful story about the United Way and I think I can get it by present circumstances. When you're dealing with volunteers you have great fun, enthusiasm, you have unusual events, you can't fire people and you have to adapt. And it's democratic as all get out. We had this one fellow, did I tell you the story about the kick-off for the United Fund campaign. We had a great meeting of senior council at which the verbal battle raged, should we accept this proposal. The radio stations of Calgary felt that there should be a mammoth kick-off of the campaign. It had been under objective for a couple of years, things weren't going so well, people were not very sympathetic I guess, about those that weren't doing well. So they had this massive campaign, they were going to light up the sky over at the Stadium with fire rockets and the whole town would know it was the start of the campaign. When we finally battled it through and there was a feeling this was a waste of money, it should be used for the crippled and the elderly and the blind and we couldn't send off rockets. But the end result was we said, let's adjourn for awhile and think it over because it was an offer for nothing. To cut a very long story short it was quite a few days later and I discovered this was all a figment of the imagination of someone who was working as a volunteer in PR and he had a mental problem apparently, or some distortion in his memory is the way I better describe it but he made up the whole thing. And he just thought it was such a good idea that if he could get the senior cabinet and committee to approve it he knew he would go

and raise the money. I called one of the radio stations, the fellow just about burst out. . .

#256 NM: That was a lot of imagination.

DM: It was imagination but all made up. And we spent an hour and a half debating this great policy and there wasn't one shred of factual evidence behind it. Well, how are we doing on the . . .

NM: Before we finish this interview Mr. Mitchell, are there any other anecdotes?

DM: Well, sure, 2 or 3 come to mind. One evidences the spirit and newness of the oil industry. Believe it or not when the Crown sales started we used to have these bids you tendered for tracts, they still have them. But we put in a bid maybe for \$160 for a quarter section of land, and they'd open up the envelopes and see who won and it was such a small scale operation it was done over here on 8th Ave. But a man named Choquette??? there as I recall, he was like a mining recorder almost in that era, and he opened up all these bids one day, one of my jobs was to run over with them, I was a junior hand. I waited until he opened the envelopes and I'd know who had the highest tender, which was always accepted but of course, they went through the ritual of checking. And lo and behold he opened up the envelopes, there were about 6 or 7 of us standing around and he had the longest worried face and he called me aside and another fellow and he said, gentlemen, you had a tie and we've never had tie before. So he said, I can allow you if you wish to settle it between you or if you would prefer we will simply reject both bids and you can bid again. So this had never happened before, right down to the nickle, some quarter section out somewhere east of Red Deer. And so I went and called my boss and the other fellow called his boss and basically what we'd agreed to say was, we'd like to toss a coin for it. Because if we put it up, we knew we were both going to try and bid too hard and we might waste 2 or 3 hundred dollars trying to overbid each other you see. So I got authority and they said that was fine, they'd take it, win or lose and the other fellow. I supplied the nickle and we tossed the nickle and regrettably, as it turned out, I won. Because it never did produce anything.

NM: What a way to do business.

DM: And we actually settled it, we went into Choquette's office, his little office around behind the counter and the 2 of us huddled there until it was all over and then he came out and announced the results. What a friendly and marvellous way. Another recollection in recent times, well, I should tell you one thing about Great Plains and I might have added a lot more about Great Plains. I think history should know and it shows what can happen to even the greatest. Lewis W. McNaughton, who was an enormously successful man and helped build and create the foundation of the enormously successful Great Plains was at one time, under such attack by his Board of Directors that I was invited to the Palliser Hotel as a young man, relatively young, and had lunch with a committee of the Board, unbeknownst to McNaughton, he was the President. And they asked me if I would take over the company because they felt that we were not being venturesome enough. They felt it was time for McNaughton to become Chairman and if I would accept the Presidency then would do this. I looked at them and I was in shock, this was my mentor, a man I loved almost, like a father. I said, you cannot be serious but they were, I could tell from

their faces. And the fellow said, yes we are, we're going to make a move, now it's up to you and I can tell you . . .

#317 NM: What were the reasons for this?

DM: Not adventuresome enough, not taking enough risk. They felt that he should be finding tens of millions of barrels of oil and he wasn't spending money fast enough. So I said, no, absolutely not, there's no way I could do that to Lewis McNaughton even if it were needed to do so, which I don't think it is. They said, well, it is your career and you're in jeopardy and you realize that. I said, I accept that.

NM: That sounds like blackmail.

DM: And they withdrew it and they let him carry on and he carried on till the day he died. Well, I became President before that time, before he died. And he did very well by them. And within 2 or 3 years those Directors left. Just as well. Another one I remember out of my memory bag I guess is a visit with a man who is in the paper even today, Sheik Yumani. If ever there's a powerful oilman in the world.

NM: This is the end of the tape.

Tape 6 Side 1

DM: Sheik Yumani. He visited this part of the world, piercing eyes, he's a Harvard man as I recall, he's bright, highly intelligent and those piercing eyes and that great knowledge he tucks away and great ability to survive by the way, in a difficult situation in his country really, with the royal family and so on. Some years earlier, it was about the time of the crisis with the Arabs, 1974, I had been in London and I gave a speech and they were talking about the oil crisis. They asked me what I thought of the Arabs and this manoeuvre that was going through then and I said, may Allah praise the Arabs. He said, what do you mean by that and I said, they've done us a favour, they're reminding us that our energy is finite, that we shouldn't waste it and that when all is said and done, good for them. Well, it won the headline of the year award, that that newspaper ran on itself and its own columns or how they worked it. So I had a copy of this and Sheik Yumani was here in Alberta visiting and I said, I want to show you an article and I pulled out this one, May Allah Praise the Arabs and I'll never forget the great smile and he folded this and put it underneath his clothing robes with a big grin. And I had a friend and an interesting dialogue with him and therefore I follow with even greater interest he's saying today about the oil business. Well, those are a few of the pick-up stories. I could talk about some visits with Henry Kaufman and the way he shakes the Dow Jones and so on with his pronouncements or Paul Volker a few months ago, listening to him. But I think the theme of all these visits is not the individual person and it's not so much the story. When you see Volker with his inexpensive shoes and his relatively minor pay, for one of the world's leaders, there's no question, smoking a cigar that must have taken a lot of his disposable income, it's not so much whether it's that person or a Kaufman or a Yumani or these others I've mentioned. What I'm really doing in these reflections is noting the enormous opportunity that the business has provided to meet with enormously interesting people.

And I've only touched on some of them.

NM: And more so than in other businesses?

DM: Oh I think so. At least, I can only speak for myself. I'm sure that other business in many places, you have wonderful opportunities. I guess I don't see how mine personally could have been much better. Because it wasn't just a matter of Canadian politics in one area or something one place or another, and they lead to other things. You find yourself, I may have mentioned to you, I worked with Dennis Thatcher some time back and through that came the first meeting with Margaret Thatcher and so through that other things. And all of those things came about through the broad background. Now what it would have been like had I decided to be the town's leading dogcatcher or tried to have a run at the mayoralty or done some other things I can't say. I might have met other different people but I sure feel it's an industry that's been very kind to me in the opportunities for exposure to wonderful people.

NM: This is the end of the third interview with Dave Mitchell.

Tape 7 Side 1

NM: This is Nadine Mackenzie speaking, this is the 4th interview with Mr. Dave Mitchell. Mr. Mitchell, I have not seen you for quite awhile, what have you been doing.

DM: Well, it's interesting Nadine, we last talked, if my records are right, just about a month ago. It's June 28th now and I don't know where the month has gone. Reflecting on it I suddenly see it's gone quite a few places. It's interesting even in that month to think of the change, Mr. Turner is now almost the Prime Minister, we didn't know that a month ago. The interest rates are going up even more than people thought, unemployment is worse, there's a lot of gloom around, the country's economy is in a pretty shocking state. And I think all of that has worsened, that is all the background unemployment and so on, in the last month. So there's a little bit of atmosphere that's worse in our land. But what have I don't, that's interesting, since May 23rd when we met, a month ago, I've had a very interesting meeting with Premier Devine in Regina when we discussed some things that are discussable and others that aren't right at this moment. Talked a little bit about an idea we had in Saskatchewan and talked a bit about IPSCO and things there. I made a speech to the Canadian Institute of International Affairs on my views of the Middle East and some other things. That was kind of fun. Had a bank meeting and Chaired the audit committee of the bank and they have many problems worldwide in the banking fraternity. Not that this one has any greater problems than the rest but it was kind of interesting. We had an annual meeting of the Manning Foundation and this afternoon by the way, a pretty good indication of who's going to be winning the awards announced in September. I'm very excited about that and that's highly confidential. There will be 2 awards, there will be a \$75,000 and a \$25,000 cash award. So that's been kind of fun. There's a little bit of social life that's fun too in the midst of all the work. I attended a Klondike Days party in Edmonton where the annual event, they put on a special one for a group of us up there and that was a real fun deal with Klondike Kate and the whole bit. Then had a very interesting session with the Manning Foundation group in Toronto. Spent 2 days in

Afton, Ontario ??? it is, and that was a very interesting scene with Premiers Davis, Lougheed, a representative of the federal government, 35 or so business men and we talked about energy policies for Canada. Most exciting and most stimulating because of its positive aspect. Here were these people and now we're talking about consumers of energy in central Canada, this wasn't at all a producer group, quite the contrary. And we talked about what could be done for all of Canada to make sense of the energy business. And I could go on at some length on that but that was another interesting little event in the month. There was an interesting effort too, a conference call I had between Paris and New York and Montreal, a Board I'm connected with and we the different accents and languages deciding on something. And internationally the Japanese were around, spent several hours with them a couple of weeks ago discussing an LNG project and they were here working on that. We're not really becoming part of it but it was part of the action to meet and give it some consideration. Along with that there was an AEC Board Meeting and they're always stimulating, not much public to say there. Then had a visit with one of my Directors in Vancouver, made a speech to a group of 75 analysts in Calgary that the one group organized here just a few days ago, talking about AEC and the industry. And an intensive, really wonderful 2 day session on strategy for AEC with our senior people and I wish anybody could be there. We really should have tapes of it, they're quite a group. The family bought me a balloon ride for Father's Day so I went up in a hot air balloon and drifted across the country and had the champagne at the end and that was kind of fun. Then of course, there's the usual array of business dinners and lunches and trips out to the ranch and playing a little tennis. And I look at all that and I think, it's been a month and now I realize why I don't have that much spare time. Got on the Board of the Hudson's Bay Company in the last month and was awarded the Order of Canada yesterday. So I must say, it's been quite a month. But you know, we were talking earlier about the fun of the energy business and I'm trying to, in that brief overview, which is factual and recent, so the diversity of things that can happen to you.

NM: A bit of everything.

DM: Yes. And I only glossed by some, there were a lot of other things that aren't all that interesting to hear. Well, you wanted to hear about AEC I bet you.

#053 NM: That's right, what is the story of that?

DM: I'll try and keep this reasonably short. It will be with effort because it's a story, in fact we have a historian working now just to make notes on the fun part and spend hours and hours interviewing staff members. There's many a story to be told because this is truly a unique corporation. It started for me in 1974 when the phone rang one evening and it was Premier Peter Lougheed and he chatted with me about what I was doing, which was an executive of an oil company and he said, you know, you've been giving signals you're going to change your career, how would you like to run the Alberta Energy Company. I said, the Alberta what and he said, the Alberta Energy Company and I said, I'm sorry you'll have to tune me in and he said, don't you read the papers and I said, not if I can help it. So with that and a sigh he proceeded to tell me of this dream of the Alberta government, he and Don Getty I think, in particular. The dream was this, that Alberta

citizens should be part of the growth that was coming here, be part of the ownership that was to come and not be spectators. They should not be on the outside wondering how everybody else was doing as this boom develops. They thought that if a company were created that was patterned somewhat along the lines of British Petroleum, part government, part private, and owned predominantly by Albertans, certainly offered in preference and priority to Albertans, that it would give a greater feeling of participation in Alberta's growth and development. Well, it sounded wild and it was and it was several months of back and forth when a July day in 1974 in the Macdonald Hotel in a little dining room I ended up in a dark corner with Don Getty. With Don Getty I explored in a little more detail just what this thing was about. I had a lot of concerns and so on. I really didn't believe in it for quite a few months, I wasn't that sure. But the more they talked to me the more I got the one real feeling, it was a chance to get more people investing and that's what we have to do in the system. Our problem is so few citizens invest in shares but when the decisions are made the companies who are owned by shareholders often get the wrong political decision. And if we could have half our people, instead of 10 or 15% owning shares, we'd have, I think from the standpoint of the country, a better situation. So that one appealed to me and that's how it sort of grabbed me. The other thing was it was a chance to create and I was going to do whatever had to be done. It had certain basic objectives but how they got there and what happened was mine. I suppose, like all hams, and I surely must be one, the prospect of myself setting the course of this whole organization and setting its objectives and seeing them come to life was what turned me on.

NM: It was a very good challenge.

DM: Yes, the challenge of doing it. And so with the meeting with Premier Lougheed and following up, we did reach an agreement on a couple of fundamental premises. One was, I can only express this way because it was about the way I put it to him, I said, okay, we're going to have a letter and we're going to set forth the bases on which the relationship will exist but fundamentally I'll sum it up this way, I'll keep the hell out of politics and you keep the hell out of this company. That met his firm approval and good humour and that is really the premise, in fact I have before me for reference a letter from the Premier to me setting forth the terms. Tut that was really the nubbin of it there and the rest of it was the necessary business window dressing you give to the relationship. I might just point out 2 or 3 of the things that were in that letter and it was when finally signed, it was dated the 9th of October, 1974 and it said, there will be an opportunity for share ownership by all Albertans and hopefully other Canadians. Our expectation is that ownership will be wide spread throughout the province and other parts of Canada. It will be the government's policy that it . . . let me just put the exact words here. . . I'll paraphrase them rather than give all this wording. Fundamentally the government will participate in ownership not management, no member of the government nor members of the public service will be on the Board of Directors. The government was to have a minority of nominees to the Board, the equity ownership of the government will not exceed 50% and the Board of Directors and the CEO have complete and full control over the staffing of the company, and a few of these fundamentals. I could go on but they were set forth in

writing as a minimum protection to me because I always had to take the view that Premier Lougheed might get hit by a bus and I had to have something in writing to go on. One of the points in that letter was that the government would put up its equity share early on. So it was that in January 1975 there was a \$75 million cheque, the government subscribing to that amount ahead of the public's participation. That was set up and a little story on that.

#112 NM: You mean you got the money before everything was started?

DM: Before. . .well, it had opened the doors on January 4, 1975 with a staff of 4. That was a receptionist and a secretary and a consultant and myself.

NM: 4 persons?

DM: Yes, that was it. The telephone company was rolling the cable down the hall and the whole scene was, we had to get rolling. I had a Board of Directors, I'll come back to them. In January we did get the \$75 million. I must say it was quite a struggle because the Treasury didn't want to part with it and I said, the Premier is committed to subscribe to this and committed to subscribe to it early. So we flew up to Edmonton to get the cheque and then you know, the interest on \$75 million is a lot of money, just even overnight. So we got the cheque and I handed it to someone else who promptly ran to the airport, jumped on a plane, flew it to Calgary to put it on deposit. And we managed to sock it in that day and get the interest. It was then, a unique sort of organization and I'll just point out from our 1975 annual report, there are a couple of numbers here, when the year commenced that was the opening day we had a staff of 4. By the way, we had a debt of \$1.7 million accumulated from the build-up time. All of the shares were owned by the Crown and that was it. By year end we had 43 people, \$123 million in working capital and 60,000 shareholders, that was year 1. And there was a lot of excitement on that I can tell you. I want to talk about the Board for a minute because there were 2 big challenges, if you have an idea and you think you can see some money coming in, who's going to use it and how do you go about the job. So I set out on a search for Directors and I found every one of them personally. Looked over the province and we had these criteria, they were to be persons that were eminently successful, they should be self-starters who had basically made it, they were not to be people that had had it handed to them so to speak. And they had to be very senior or the top persons, wherever they were. From that, we obtained 10 names. Now I'll just back up a minute. I went to see Premier Lougheed at this point and we were nearing the point of executing that letter I referred to and I said, you know, 3 of these are to be nominees of the provincial government and he looked at me and he has a better sense of humour on his own than most people believe I think, or have a chance to see. And he laughed aloud and he said, I don't suppose you find any of them that want to be our nominees and I said, no, and he said, why don't you go and talk 3 of them into being our nominees wherever they are. So eventually I did that and I managed to get 3 of the 10, who are all still with me by the way, to agree to be the provincial government nominees to the Board. They basically, have never been consulted by the government of Alberta, nor instructed by the government of Alberta because he has kept the hell out of this business. And it has worked like a charm. The pictures in the

1975 year end annual report and they are still there, except for 2 guys I'm sorry aren't around. Ed Galvin reached mandatory retirement age and has been replaced recently by Marv Leech, another great person. The other one that's changed is Earl Lomas who entered as a Justice of the Supreme Court of Alberta and he is just a first rate person. I replaced him, in a rather unusual move, and you note the politics of it, I replaced him with a gentleman called, the Honourable Donald Macdonald. Here's a company, 50% owned by a Conservative government, having the Honourable Donald Macdonald, a very prominent Liberal, on the Board of Directors. You see, that illustrates that exists. If we're doing what we think is the right thing then that's the way it should run. We've been emulated by Brick??? in B.C., others are considering or have done some setting up of companies similar and I keep telling them, the one thing that's absolutely important is you must run on your own. If you get politics making decisions you're in trouble. So we have a mixture of politics. As a matter of fact, we have an ex-Social Credit bag man on the Board too but that's okay.

#170 NM: Why not, it's a good idea to have. . .

DM: And as you know, I created the Manning Foundation and there surely couldn't be a more prominent politician in Alberta than that. So not to ramble on too long but we then, in year 1 had the \$75 million. I'm going to skip ahead, there are various stories and I'll come back to them. But I want to go right to December now and talk about the share sale to the public. It was December 1975. Meetings were held with a group of underwriters, largely from central Canada of course, this group and their head people. We were ready to go to the public and sell shares. It was very, very important to me that we got public ownership in because I didn't want this to remain a Crown corporation, in fact I couldn't have stayed with it, that wasn't my mission. At that time there was great difference of opinion as to how much money could be raised. Finally, and this is a story you could well verify with several who've commented publicly on it, there was a tremendous evening once when we came to the point of crisis, how much could be raised. They said they thought they could sell \$40 million of shares to the public. I said, unless we get \$75 million the government will own over half and that's unacceptable and I think we can sell \$75 million. They said we couldn't. So the argument got a little friendly, much stronger and the evening wore on and it was dinner time and I said, gentlemen, if you don't want to sell 75 million, we'll sell it ourselves, we'll get agents and we'll sell it. They said, that won't work and I said I think it can and I'll take it to the alternative of settling for 40 million. They said, no way and I stood up and I pushed back my chair and I said, good night and I walked out of the room and I left them.

NM: What did you do then?

DM: I didn't feel very good that night. Very quickly, I guess it was the next day, they had another session and they said they'd go for it but they weren't very comfortable. We had certain agency provisions and so on, but they did it. Now the end result was, we had to sell a lot of shares of a brand new company and it had the pizzazz, the romance of being unknown and therefore it could be a great thing, and also had the downside, how do you get the professionals interested. Well, we decided we wouldn't interest the professionals. So a group of our staff, and we had 43 at year end '75, actually took part in this sale and

we had staff cover every significant town in Alberta. I mean we covered towns, we went to the banks, we had town meetings and we spoke to anyone who wanted to listen about the Alberta Energy Company. We had booths set up in some of the shopping centres to describe the company and we really tried to convince people. The stories on that, you'd need a whole tape. They go on and on. Let me just illustrate because you're a person used to interviews. Can you imagine, I actually had this happen in Peace River, we drew straws and lots to do different places and I did Peace River, I went in the Peace River radio station and the fellow that was to interview me wasn't there. So I was to be interviewed and we sat in this booth that was about 6' square, sound proof and he said, look, the interviewer isn't here, how about if you just act like you're answering some questions and give some information we can put on the airwaves. So I did, I thought I'll act like I'm answering questions and I described the company and so on, a little pause here and there. When it was all over I said to the fellow, I hope that comes out all right, it's kind of hard to do if someone isn't asking you questions. He said, don't worry, we're going to dub the questions in later when he gets here. So I was giving answers to questions I hadn't even been asked.

#227 NM; It happens sometimes.

DM: I'll tell you it was rich. We had people working at 1 and 2 in the morning, stuffing envelopes, the staff would have hamburgers and pizzas brought down and they were all in it. This is one of the things that has been a very good foundation for the personnel of the company, they know what it's like to see shareholders because they went out and sold this company in a way that's totally unreal from anything that's been done before. And when we were through we had subscriptions for \$79 million worth and we cut back to the 75 by an allocation system and they went out.

NM: What was the cost of the shares?

DM: The shares were \$10. You could buy any number you wanted, I guess we had some minimum, what was it, 5 shares or something. But of course, when we had the over subscription we cut back on the biggest ones because we wanted widespread distribution. And today, and I'm jumping ahead, it's 9 years, a little more later, we still have over 52,000 shareholders.

NM: And how long did it take you to sell \$75 million worth?

DM: How long? You do it very quickly in case the market collapses you know. If there's an atomic bomb or something everybody's out to lunch or major disasters, drop in gold or whatever it is. Anyway, you do these in about a 2 week period, it was very intense. And we had the banks, and there's still some around in our archives, big signs, participate in Alberta, things like this and it worked and people bought and a lot of them are with us. We had people that came along and they said, could we get my share certificate right away please and we'd say yes, we'll try and work it, they wanted to put it in Christmas stockings for their children and their grandchildren. The stories went on and on of people who had never bought shares before in their life and we still see them. In our last annual meeting in April this year there were people that had never before been to an annual meeting, never owned any other shares in their life. Of course, we move our annual

meetings around but that's jumping ahead in the story. We've had them in Edmonton and Medicine Hat and Calgary and Red Deer and Lloydminster and places like this you see. So that sums it up. Now in the background what else did we have, let me back up to senior people because so far I only talked about the Directors. I ran full page ads in every significant newspaper, well, every large newspaper in Canada and some of the small ones. These described the Alberta Energy Company and our dream of what it was to be and asked for anybody across Canada to make application for employment. I had interviews in Toronto and across the land and from those, picked a group of people who could start the company off. That was an experience because we're going out in the world in a way that's different. You see, in a normal company wants to sell shares, if they can sell a million shares to 2 shareholders instead of 100 shareholders they're happier. It's less cost, it's less overhead. We're exactly the opposite, this is why we're so oddball you see. Now we had another big event and it was very crucial in '75, gosh I'm finding it hard to keep this short, I'm going too long. Because I'm not even past the first year, and that was Suffield. We had to have a cash flow in order to make this a good, viable corporation and the best cash flow that seemed available was for AEC to buy the rights to the Suffield Military Range. That is the mineral rights from the province of Alberta and get permission from the federal government to enter the Suffield Military Range in order to develop it for gas and some oil. The stories, some of them aren't quite ready for telling on the Suffield block because in the background there was something that we now know a lot more about. But there was an animosity factor, not quite as deep as it became a bit later but a real feeling that if you were in Edmonton and they were in Ottawa, by definition they were the enemy and vice versa, if you were in Ottawa, Edmonton was the enemy. So we found ourselves in this strange role of saying, unless we can get both these governments together, one to sell us the rights and the other to allow us in we're not going to be able to float the Alberta Energy Company because this is the only game in town. I don't know how much detail to give you on this but I can tell you it included the drama of arriving in Ottawa about 1 or 2 in the morning and finding out that our whole deal had collapsed and working till 5 in the morning to figure out how to get it together again. It was personalities, it was not the fundamentals of it, it was personalities and . . .

#303 NM: Clash of personalities?

DM: And guarding their own forts you know, this is a federal prerogative and this is provincial. We never had a problem with the province, it was their idea so to speak. We didn't have any problem with them between us and them but the difficulty arose because they felt they had certain obligations to the Alberta people and the federal government might be transgressing on that somehow. As I say, some of those stories are a bit detailed and I could tell you with great humour a few of the events. But backing up, this one time I worked through the night and at 8:30 in the morning we were sitting in somebody's ante-room to catch him when he arrived at 9 so that we could work quietly with him and then we had a Board room full of generals and lawyers and defence people and all this sort of thing. Finally it came down, in the crunch, this much can be told, to 2 things, first of all a decision to serve lunch and work through the lunch hour because they were so

angry just as lunch hour approached if we'd ever adjourned I don't think we would have got them together. And that was very vital that we kept working and I personally arranged to have a couple of trays of sandwiches arrive from the outside world, carried in by one of our Vice-Presidents. Because I said, just don't make a mistake, we cannot let these people leave the room. And the final ingredient was an interesting one. Everything in the end was settled except the Alberta government would not take the liability for accidents and the federal government said, there was no way they would let it go, it's their base and if anything happened it wasn't their fault and the Alberta government had to pay the bills. So it got to the point of discussing the ridiculous, what happens if a soldier in training, perhaps under the influence of drugs or alcohol steals a tank and drives into some of our facilities and blows himself up and injures people. Finally I saw we were at ground and I didn't know. .

NM: This is the end of the tape.

Tape 7 Side 2

DM: So there was only one way to go. I'd calculated what we could afford to pay for this block and I decided that the maximum claim we'd have if this soldier with the tank blew up the . . . I'm probably a little low but I thought it was about \$4 million. I could see a \$4 million disaster so I said, gentlemen, Alberta Energy Company will accept the liability and neither of you need to. And that was when we got Suffield. Now a lot of work and so on and we, touch wood, we have never had a fatality related to the interface between the military and the civilian operations. We regrettably have had a pipeline contractor and the military themselves, they lose people of course, and it's very unfortunate but we've never had anything related to our interface of the two, the civilian and the military. What we've had instead is a wonderful relationship with the military and they're a great bunch of people and I can confess, I've even driven one of those tanks across there and they set me up with a practical joke so I found myself literally up to my hind end in water as I drove through a slough. And a lot of exciting things have happened like that out of it all. In fact, the military, the Brigadier, now Brigadier recommended our people involved be given a special commendation, in fact a special reward and recognition for their skill in putting together the military and the civilian operations. And they say they've learned from us. I know we've learned some from them. And logistics and planning. I could talk about Suffield to use up 2 more tapes. But in a couple of sentences, and I am trying to stop, I get over enthusiastic, in a couple of sentences, can you visualize, there's now 2,300-2,500 wells there on 1,000 square miles. There are people practising live firing and night exercises and all this sort of thing and firing bullets around there. There are rattle snakes, we've had to design and install submerged well head facilities so that tanks can rumble over, we've had people try practice firing at our guards, tank guards and things like this and it's all worked. It's worked very well and we're selling gas galore out of there and the military are happy with us and we have a retired general on our payroll. We have full time safety staff monitoring everyone that goes in and out of the block and I'll tell you, it's a

sight to see. You ought to see some of the films we have and some of the pictures and visit that place. It's an exciting dramatic place and it's the foundation of AEC's cash flow. Now how am I possibly going to get through 1975. You see a picture in the 1975 report and this really happened. Here are envelopes full of money and subscriptions, that is cheques and so on to buy shares. And on the closing, you see, it's important to get all the money in at a certain time and we actually had a guard on duty in the office and they were bringing in these money and the subscriptions, they were cheques mainly, all to handle this huge issue that was so unique. I should have mentioned one thing in that start up year of '75 that caused a great deal of debate but within the government and I didn't learn of it till later. It really was just before '75 and starting up the company. They were fiercely argumentative with each other about whether this company should have to pay taxes. You see what was bothering them was that an Alberta government sponsored company would be paying taxes to the federal government. If it were a Crown company it wouldn't have to pay any taxes. That was a fundamental point that had to be settled by them apparently, in house as a government and even in later years reared its head every once in awhile and we would talk about paying deferred taxes or taxes that were liable to be payable and some of the government members never got over that you know. It could have been Crown and you wouldn't have to pay anything to Ottawa you see, dirty old Ottawa. What I'm saying with that is, we are liable to federal taxes like other companies, and have been from the start as soon as those shares went out to the public. Let's skip ahead Nadine, gosh it's fun to talk about but a lot of ground to cover. Moving now into the end of 1975, early '76 there's one story I wanted to tell and it pertains to this gold ring I've got on. It's a great ring, heavy gold, province of Alberta inscribed on it and a big E and it stands for Alberta Energy. It was one night after the share issue was all over and so successful and you'll recall, a bit traumatic because we weren't all that sure that the bravado of 75 million was going to work. We said it and we kind of believed it but it's a lot nicer to see it rather than predict. In any event one of my Board members called me, I was in Edmonton and he said, Dave, I've got to see you tonight and I said, gee, I'm sorry I'm going back on the airbus at 5 and he said, I don't ask you for many favours, I need one, I need you. Well, what could I say, I had commitments in Calgary and really, I was unhappy but what could you do, a friend . . . and the Directors are friends, they all are, and so are the senior people in the sense of our close relationship on business. He said, I want to meet you at the Petroleum Club, how about 5:30 and I said, okay. I was a little disgruntled anyway, the day or two prior I was driving from Calgary to Edmonton in a car, had spent the night in Edmonton you see, and was going to leave my car there and I'd got a ticket in Niscue for speeding. So that wasn't exactly good news. So now I get this call and I'm going out at 5:30 to the Petroleum Club to meet this fellow and try and help him with his problem. When I got there he said, come on upstairs a minute and there was a surprise party. Here were all the Directors assembled and they had this plaque. . . sorry, I've been accused of talking with my hands, I didn't realize I talked with my feet till I pulled the microphone cord. And they were assembled and they had a plaque and this ring inscribed from the Directors and it was to celebrate the successful launching of a new issue.

#070 NM: That was a very nice surprise.

DM: A very nice surprise and that's the kind of people they are. Some of us hadn't known each other all that much, say a few months or a year at that time but they are this way and that's why they're all so very close. We've seen it grow you know, you feel you've built something and that's different from just walking in and seeing it later. So come '76 goes by and '77. We were in to a great many things. Our objective still, and we said it over and over in the annual report, was to operate at a profit in the interest of shareholders. We keep emphasizing that because some people thought that the government ownership meant some other rules prevailed. But by this time a lot of development at Suffield, with all those rattlesnakes and tanks and things I mentioned, quite a bit of action on a coal project up at Coal Valley with another company. At that time, noticed Premier Bennett out in B.C. was talking about wanting an AEC type company, that became Brick, not quite the same type of company and with different history. We bought into a timber firm up at Whitecourt, a 40% interest and we were off and rolling with, I don't know, I could give you some numbers but let's just say, enough gas production to be interesting and a good crew of people. They you get into the corporate story and I don't suspect that that's sort of all broad interest to people who might be listening to this tape. There may some day be a book on AEC that can tell all the build up. Typically over the years it's sort of grown year by year in cash flow and in revenue and in income and the shareholders, I should say those shares at \$10, they dropped to 8 1/2 for awhile. Believe you me, it was not very tidy for Dave Mitchell wandering the streets of Alberta when there were a number of shareholders that had lost \$1.50 a share. People forget that but you actually could have bought an AEC share for \$8.50 at one time. Well now, having in mind they've been split and a few other things, that same share would be worth about \$60 so those that bought and stayed have made money out of it and that's what you want. I say, one of my jobs is to create capitalists. So generally it's that corporate tradition. The company's valued in the year '84 at a billion dollars plus in the market place and we have 420 people involved. It's much bigger and I guess I could say with not much modesty, I think it's done pretty well so far.

NM: Where were the office when you started?

DM: Well, I'm glad you reminded me. One of the things that I inherited in a sense and this idea was conceived as being a head office in Edmonton and another office in Calgary. The two cities have great rivalry and I was a little grumbly about that and said, that's no way to run a company. Everyone should be in the same place and they said, look, we're not putting conditions on you on most things but on this one we feel we've made a commitment that you're going to have offices in 2 cities and that's what we want you to do. In fact it was the last thing before I signed the letter of Lougheed and I thought, oh well, it's not that unreasonable. I'll tell you something, it's turned out well. In a lot of ways it's been a very good move because we have had a chance to have people in both cities that know, on the one part the large oil community in Calgary, which is important to us, on the other part the government community in Edmonton which is important to us. And if I had the Mitchell Energy Company and of course I'd love it if it were, and owned

it entirely I'm satisfied we would have a strong representation in Edmonton. Because it is important that you get to know people socially and in other ways than just going and saying, I'll fly in for a one hour appointment or half an hour appointment to talk about some business problem. Our people that live in Edmonton know and understand Edmonton people better than those of us that live in Calgary. I happen to be here, this is my headquarters. Many if not most of the executives are here in Calgary but we run pipelines out of Edmonton now and forest products out of Edmonton and such things.

#120N NM: Was it this building when you started in Calgary?

DM: Oh the building in Calgary. We first opened up in the Aquitaine Building, which is at the corner of 5th St. and 5th Ave., and had a little corner there, 2 or 3 offices. Then expanded a bit and expanded a bit, bought some tenants out and we overflowed and we had a few offices down a block away in a building and eventually moved to this present location where we're now talking, which is the Standard Life building. We have the top 2 floors on this building. We don't have that many employees you see, we're not really occupying a lot of space. We've had plenty of offers to have our own tower and put our name at the top and so on but honestly, we're too busy for that kind of thing. We need some retired Board Chairman before we start getting fancy ideas of office space. We're just good tenants. I say our credit rating is good and we keep the place tidy and we don't expect much because we're too busy to worry. So that's the story there. As we prepare to wrap up for this session there are 2 milestones about AEC's development that should be noted, particularly significant. One in 1978 was the acquisition of the rights to explore in the Primrose Range and that's another military block. It happens to be 2,000 square miles on the Alberta side and it is a block used for the planes, like the new F-18, the cruise missile that's subject to so much publicity these days. It's supposed to be tearing around there, I can't honestly say I've ever seen it. In short this huge block was another area of tremendous significance to us because here we had a situation where again, we could use what was now an expertise in working with the military. We could develop and have access and conditions of control over us that they were happy with and we managed to pull that one off. Now just a moment or two on Primrose. Bear in mind, the other one we had tanks and things thrashing around at us, in this case it's more treetop level planes and practice bombs and things. Really, I don't want to over dramatize it, as I say, we've had no casualties nor injuries and touch wood I hope that continues of course. It really isn't fraught with danger but it is a major logistics problem. We were only allowed access to Primrose, 20% of Primrose for the first 5 years. The first 5 years are now just over and we're already into over 40% of Primrose and getting access to more because they've been so pleased with the way it's worked out they've allowed us to do more things faster because we have understood them, we've worked with them. The base commander who I had dinner with this week, as a matter of fact, and who is getting promoted to Brigadier and moving to Ottawa in about a month told me of his great respect and admiration for the way in which the AEC people had understood the military problems and worked with them. And I think we're unique and I'm very proud of that. There's another benchmark in AEC and more should be said about it and its significance but I'll touch on it briefly now.

That was, in 1981, a major policy change at my request on the part of the Alberta government. In the letter exchanged between Premier Lougheed and myself there was one condition attached and that condition, I didn't mention but all of them are on public record and you're welcome to see them but the one I didn't mention of particular significance was that we were not allowed to explore for oil and gas in Alberta. When we get into the next interview I'd like to tell you a little of the flip side of AEC.

NM: That sounds so strange.

DM: And tell you why that existed, why it was people wouldn't speak to me in Calgary, why it was that there was something about the launching of AEC that had to be overcome and it took us a few years. And I'll tell you that that restriction, had it remained, would have changed our future drastically but it was there for a very good purpose. By way of introduction to the next session I'll say, the oil industry in this province viewed our arrival with enormous disfavour.

NM: This is the end of the 4th interview with Dave Mitchell.

Tape 8 Side 1

NM: This is Nadine Mackenzie speaking, this is the 5th interview with Dave Mitchell. Mr. Mitchell during the last interview you were saying that AEC was not allowed to explore for oil and gas in Alberta. Why?

DM: Well Nadine, this company was formed to give Albertans a chance to be part of the growth here, I mentioned that the other day. But one of the things in the background was rather an enormous resentment on the part of the conventional industry here toward anything that had any element of government ownership or sponsorship. This was quite understandable when you realize that above all, the oil person is an entrepreneur, he's independent, and if there's one thing he can't stand it's government. Now there are a number of reasons that the oil man can't stand government. One of them is the obvious that they're very, very conservative, right wing you might say. But something in the background is that the government's tend to interfere with their progress and oil people by and large, don't like anything that interferes with their progress. So that was the reason that it was thought necessary to exclude the company from oil and gas exploration in Alberta. Perhaps you're saying I haven't quite explained it yet. The fact is that the company, being owned as it was to be, 50% by the Alberta government, there was a fear that the Alberta government which sets most of the rules or used to, within the province of Alberta, would give sort of special favours. Or indeed there was a concern that confidential information going into government agencies would somehow come our way and we were going to become grossly unfair competition. So the idea was, okay, if this is a concern, we won't explore in the province but we can explore anywhere else. Because after all, if we're exploring in the United States or Saskatchewan or Prince Edward Island or wherever it is, offshore on the east coast, it's a different jurisdiction. That made people feel better about it although not all the way better. Because starting with the days of Pan Arctic and government ownership there, there was a growing suspicion that government

was going to do more and more to interfere with oilmen's lives. And indeed, regrettably that suspicion has grown to be proved all to true and I won't get into it because it's a rather emotional thing and much has been said already I'm sure, in many of your interviews. Culminating with the National Energy Program of 1980, there's no question the oil industry feels severely inhibited and rightly feeling that way about what governments do. So that's how it was written in and the letter says, we won't explore, from Lougheed to Mitchell, we won't explore in the conventional oil and gas business. Let me just tell you a bit, I've described some of the many fun things and positive things about Alberta Energy Company. There were others that weren't always positive and this comes from that attitude again. For example at a point I was. . . I've always been involved in industry and have been a petroleum association, this, that and the other. And basically I think, got along fairly well. When I went into the Alberta Energy Company there was a feeling that somehow I was no longer one of them you know. To this point that running for office in the Petroleum Club, I'd been on the Board of Directors at the Petroleum Club, I was voted out. I actually, and this will surprise some people that may hear it because I don't think they realize how much the animosity was there because I purposely shrugged it off. After all, you don't go around carrying negative thinking on your shoulders and do much good on the positive side. But I can tell you, I've actually had a person in the industry get on the elevator and refuse to speak with me on the elevator, he just stared at me and he wanted no more part of me because of the Alberta Energy Company.

#045 NM: That sounds very petty.

DM: There's a man, I can see him today, he's passed on but I was standing with him at a point and he turned to me like I was a dog to be kicked or something and he said, we're going to get you for this.

NM: How nice.

DM: And of course, that really promotes a bit of a challenge if you are inclined to resist pressure of that kind and so I felt a little more challenged even. Then there was the other sides to it, when the shares came out and that issue was very successful in its opening days but it dropped to \$8.50 there wasn't much sentiment for me or for the company or for its efforts. Coupled with this anti feeling towards the government ownership. I look back on those days with a smile now because after all, we've come a long way and without trying to overstate the case, I think most would say it's been an acceptable job t the year 1984 where we are today. But there is the other side to it and I just wanted to mention that. It was most severe. There were many, many times that even members of my family for example, were you might say, verbally abused over this. And it passed, it passed basically into history. Although one would be naive to expect that anyone is in favour of everything and everyone's in favour of anything in the world and certainly there are some out there that probably still look askance at the Alberta Energy Company and Dave Mitchell. But I think mostly we're accepted. Virtually everywhere they're happy to do business with us. So that's a little bit of a sidelight there.

NM: How long were these ill feelings?

DM: I would say it was worst at the start and gradually tapered off over about 2 or 3 years. As time went on and as one fellow said to me, he's active in the industry here, he said, Dave, you said you were going to do something a certain way, you've never done anything else but what you said you were going to do all the time I've known you. He said, I can't get excited about the Alberta Energy Company because you've told me what you're going to do with it and I believe you. I think gradually people settled down on it. So very tough in year 1 and 2 and not so tough in year 3 and almost in the history books now. But in some ways of course, it makes whatever we have accomplished that much sweeter because we never have to feel that it was sort of a cosy situation all around. And that basically is it. There are some other things about the start of the company I should mention and I should get on with it a bit. One of the things we did in hiring people was, I got a broad cross section of people. We didn't try to get a person in grey suits, like IBM, and everyone was the same. Different talents, we had a Czechoslovakian that I believe hijacked the first plane ever out of Czechoslovakia to escape the communists, with a pistol. He was a different kind, we had fellows from central Canada, some from all across the country and they were sort of different varieties, they were quiet and aggressive and different types. This has served us very well and that's been part of the build up that's made it fun. Well, Nadine I wonder, shall I press on with some more on the company and see where it goes?

#082 NM: Yes, please.

DM: I think perhaps, we have been speaking in a period up till about 1978 and I'll pick up from there and say, well, okay, what happened to the energy company from 1978 on. Making it brief in summary I suppose, the big event of 1978 for us was just a little more building up. We got our first money in from the Syncrude Utilities plant and we got a little coal money in but one of the things in '78 that most people don't realize as being important was the first real credit line we established with the banks. One of the things that's fundamental about AEC is a very, very strong financial position and I appear used to it in the trade, I think in 30 seconds for anyone who might like to know the details I'll say, we have very few covenants, enormous flexibility, very few requirements on pre-payment and an enormously low interest rate.

NM: How come?

DM: Because of the way it was operated. We set up and we worked extremely hard to build and financial base that we now have. For example today, with prime at what is it, 13%, our average interest costs today for this company is just under 8 3/4%. If we had to pay back every nickle that was due in the next 5 years it would only amount to 6 months of our cash flow at the present rate. These are just quick examples, for those that are technical in the business there is much more that could be said. But this was the first year, in '78 we lined up about \$300 million if we needed it on terms that were very good. So that was a big moment there along with the other thing. But let me tell you something else that happened in '78, we did manage to get the Primrose rights. The Primrose Range, 2,000 square miles up on the border of Saskatchewan and it's turned out to be a very good thing for us. This was negotiated directly with the provincial government, again, relying on our ability to work with the military we worked out a purchase price from them

and from that had a little bit of shallow gas, that's all that looked like was there. From that, later on, we got lucky and there was some heavy oil found, heavy oil that's the foundation in this year, 1984, of some of our real strengths for the future. It's a popular thing to own. And talking corporate world, the woods are full of things that went right and corporations that rise along and do well. I think it may get a little boring and people can read about it in our annual reports. For me though, it was a material step forward for the company because we got those rights after extensive negotiations, again, involving Ottawa and the Department of National Defence and all these people. And from that stemmed a lot of potential for the company, from it stemmed my first flight in a CF-104 where we went up at 39,000' and came in over the deck and it was a marvellous experience. So I'll catch a breath and say that basically, that was the big year of getting the Primrose Range. The next year, time marches on, '79. We're just doing well, that was time I made note that 85% of our shareholders own 100 shares or less and that statistic is still pretty darn good right now. That's the year, '79, when we got an interest in the Syncrude project. We had an option to buy into it and did get that. It was a large transaction and in total, we put out \$205 million net and it is doing very well indeed, thank you. It's certainly been a favourable investment for us. The plant is producing right now at all time high rates, 145,000 barrels a day. Do you want me to just keep rattling on?

#126 NM: Yes, please.

DM: See what happens. Well, we skip along through the years. One thing we did, one of my big mistakes came along in later years. I got interested in the forest products business and we bought 28% of British Columbia Forest Products in 1981. That was a fascinating story because I dealt with the owner of it which was Noranda Mines and Al Powess??? was a pretty good trader and a good fellow. Noranda wanted to expand their interest, they were buying into MacMillan Bloedel and they ran into a conflict, they couldn't own MacMillan Bloedel and British Columbia Forest Products and also MacMillan Bloedel was a bigger venture for them. So they wanted to take their money out of one company and put a lot more into another and be bigger in the forest product game. So we bought into it and I would say it was my most ill timed and well, most unprofitable of investments made over the years because, and this is the interesting part, there was nothing wrong with the forest products business that I was aware of in 1981 that couldn't be cured by lower interest rates. Lower interest rates, all the experts said, were coming along that year, that was the prevailing sentiment. So we've come into this positive cycle in forest products, we put \$214 million into these company shares and interest rates went up and Dave Mitchell had egg on his face. It's a good thing we made a lot more money in some other things to make up for the places where we lost it on that one. We're still in that company, still have the investment and also we expanded into Whitecourt forest products and other things as well. Now I'm not, Nadine, going to try and cover each of the things that went on from that time we get into. . . oh we sold some more shares, that was an interesting moment. Skipping ahead to let's see, what year am I into, that must have been 1982. Good fun.

NM: How did you go about it this time?

DM: This time was a much more organized affair and this time the underwriters believed in us

that we could sell a lot of shares. It was \$85 million worth. In fact, we weren't sure if we would sell 75 or 80 or 85, we thought 80 and at the last minute we thought we'd go 85. Sat right in this Board room as a matter of fact and debated how high to go. It was underwritten and much more conventional. But we did muster the staff and whole teams of employees went out again and talked to people about the Alberta Energy Company. Interestingly enough, the people who weren't going on it, we involved 2 or 3 dozen of them, they were a little disappointed not to be included so we had to expand it as much as possible. People wanted to go out and be involved in this share sale and be associated with the company and feel part of what it was doing on the share transaction. That one went very well. Another \$85 million in equity capital as we say in the corporate world, is very welcome. And that's one of the reasons we're in a strong position now because we built up that while things were tough, a little window where they weren't that bad and as it turned out it's kind of nice to have the money when things are so difficult right now.

#169 NM: In 1981 something very important happened, what was it?

DM: I think the most important thing in '81 from a policy standpoint was receiving clearance to explore for conventional oil and gas in Alberta. What's going on here. Only a few years earlier people were saying not to explore. What went on was kind of interesting. We were facing a gradual depletion of our reserves through normal production and so you could say, if we didn't find some oil and gas we would go out of business which is a classic problem of any oil company, you have to keep finding more. You get on the treadmill as we say, and you have to keep running or you go off the end. So I said, all right, we'll explore for more oil and gas and we can go in Saskatchewan is not a bad place, B.C., okay, and if not, frontiers, that's not quite so good for the time lag in our situation. And then we have perhaps the United States. Well, reflecting on this, here was the oil business in Alberta going down and down, there was less activity, NEP had come along. So what was happening is, the very company that had money and wanted to do business here, was by its mandate you might say, forbidden. So it took really a long time, I think it was a year and a half from the time I started on it, of dropping the idea until finally the Alberta government said, do you think that this company is now sufficiently accepted by the industry and they sort of trust you enough that this is going to be run legitimately as an arms length company. I said, yes, I thought so. So back and forth went the discussions on and off until finally the Premier agreed, at my request, that he would remove that restriction on the company's activity. So in 1981 we found ourselves able to be in business in Alberta. Interestingly the industry, by and large didn't care about that. We were settled in, we were accepted then, no longer a problem. Mostly because there seemed to be enough track record that indicated they probably were not going to be hurt that much or in a sense no one needs another competitor, we were a competitor. Maybe we were acceptable and also remember that as we do these things we were investing money with hiring drilling rigs and equipment and so on. So all those people, they were cheered up because. . .

#204 NM: So giving jobs to people.

DM: Yes, we were stimulating. And it was a question of whether we acted here or acted I think, probably the United States more than anywhere else because that was the next best place, although Saskatchewan, you know, gradually having more encouragement there. So that was the big ticket item that year. And it worked out well and people settled in. We now have a good staff, we've already been involved in some significant discoveries. In fact, I'll come along to that, things have gone pretty well in our exploration.

NM: Was the restriction suddenly removed or did you have to lobby for awhile?

DM: I'm not quite sure what you mean, the restrictions?

NM: Yes, of exploring here.

DM: In the Premier's letter, I just happen to have it here, the one that was dated 9th October, '74, it said, the Alberta Energy Company will not engage in exploration in the conventional oil and gas industry in Alberta. Then when they wrote back and I don't know if I have the right letter here, April 3rd, 1981, we confirm in response to my request of November 25, 1980, that's right after NEP came in and the bottom had dropped out, the restriction is removed. And that took a letter from the Premier to myself to do that. Does that . . .

NM: So it was nearly one year?

DM: To get it through? Well that was from the official one but the unofficial one's went on. .

NM: Longer than that.

DM: A little longer than that. Yes. It was the NEP thing that allowed the breakthrough really, so we felt we had a chance. As things go along I think most people in the industry are fairly relaxed with us. Of course, regrettably, we're hardly in the same league of problem as say, Petrocan where everything you do the government of Canada is involved. We have many areas where we're dealing with Petrocan because they bought out Phillips and Pacific and so on. I guess we don't look as bad a problem as some of the others, maybe that's one way to put it. But we found some oil and gas here and we've done some good for the province and for our shareholders. And as time goes on, as I'll explain, I think they'll become even more relaxed. What else happened, coming along quickly, in 1982. For some time we'd been looking at the possibility of an expansion that would give us greater exposure in the business. It's all in the history book but we had a very interesting negotiation with Chieftain Development Company to buy control of their company. It's a little interesting history of Chieftain. Chieftain is really the creation of a man called Stan Millner. A long time friend of mine and a great guy and a very clever entrepreneur who build Chieftain from nothing, his idea really, into a very successful organization. He himself has been very successful. Stan Millner had some thought that over a period of time his company being so much more valuable than the share value in the market, somebody was going to buy control and at some point he realized that for the continuity of Chieftain it would have to have other ownership. So he's been on the Alberta Energy Company Board since we started up and we talked awhile and over a period of a few months we got to the point where I realized perhaps, there might be the possibility of a deal. So we started to go at it and my ranch outside of town here, one of the rare occasions we used it for business and we met out there, I can particularly remember the

last days when we were trying to make the deal. 12 hours at a stretch and we sat and I have a computer out there and I would dial in on the computer or tap in on the computer from the ranch and get the stock price on Chieftain and we'd look at it and we'd talk and we walked the hills and we talked. Finally one night, outside the Four Seasons Hotel, I said to him, Stan have we got a possibility, if I make an offer, we had our Board meeting the next day, Chieftain had a Board meeting the next day. He said, if you tried 10 cents cheaper, I'll fight you. So I laughed and I went back and 10 cents cheaper would have been \$23.90, I tried \$24. Our Board went for it and his Board agreed to it and we bought 57% of the company. One of the things I haven't described, to get a little more colour into the events, I haven't described the relationship between the Alberta government, as principal shareholders of AEC and ourselves. This deal on Chieftain and the one on British Columbia Forest Products provide 2 examples of how well it's worked. When we bought over \$200 million of British Columbia Forest Products the way in which the Alberta government learned about it was through a leak in Victoria or Vancouver, we don't know which. Because the British Columbia Forest Company has its timber rights and so they advised. . . the provincial government in British Columbia learned of it and they knew about it and it was in the papers and speculated before the Alberta government even heard we were interested. Of course, they get all our press releases. They didn't know ahead of time that was going on, they had no idea. I remember later meeting with Premier Bennett, not that many months ago and chatting with him and I explained this relationship and I used the British Columbia Forest Products story as an example. I said, you see, I don't consult them if I do something like this, we just do our thing and that's that. He said, well, don't you try that on me out here, I want to know what's going on in my province. Now coming back to the Chieftain story where I started this digression, it was Wednesday, I knew I was getting close with Stan Millner, no Tuesday, and the Board meetings were coming on Wednesday, we were hammering out the thing. I called Merv Leech, the then Minister of Energy and I said, Merv, there will be some news out I think tomorrow, and you'll want to know about it first and I wondered where I could reach you. He said, am I going to get some flack and I said, probably and he said, I hope you're not going to try and rescue someone that's going bankrupt or something, where I have to take all the consequences and I laughed and I said no. Anyway, where are you going to be, I can get you the announcement I think, in the evening after the Board meetings are concluded and he said, well, why don't you just send it to the office Thursday morning. And that's when Merv Leech learned that we'd just invested \$180 million, Thursday morning, he got the press release that we'd invested \$180 million. They had no prior knowledge of this at all, didn't have a clue we were working with anyone. It was a very close deal. In fact, anyone who examines that transaction will be astounded at the fact there were no leaks on the Chieftain transaction, largely because the top guy involved Stan Millner and I were very close and we didn't have to get everybody else, you know, a lot of outside speculation. I think those two stories illustrate the way in which the Alberta government has treated this company and it's worked very, very well. So we're into 19. . . what was the Chieftain deal. . . '82, good gosh, we've drilled Suffield wells, there's stories to tell about that. We had a bitumen land pipeline started up, I'll tell you a little bit

about that pipeline because it's a bit different. It looked very likely, extremely likely that there was going to be a lot of oil lake out of Coal Lake and the NEP and a lot of things had lessened that probability but still, you know there's billions of barrels of oil and somebody is going to move it somewhere somehow with North America being energy deficient from now on, oil deficient.

NM: This is the end of the tape.

Tape 8 Side 2

DM: With North America going to be deficient in oil that would be used for transportation what we call transportation fuels. They're not really an energy shortage, there's more than enough gas for quite awhile in North America but that oil is going to move. So we sat around I guess it was the same table where we are today again, and speculated that someone was going to build a pipeline and why shouldn't it be us. So I authorized a quarter of a million dollars to go out and get ready for this pipeline not having a clue whether we'd ever get to build it or how it might work out. But to get the lead on some competitors and we did. We ran surveys, we did pipeline studies and the whole thing and we were set to move when that pipeline developed. And so it was that in 1982, we put \$65 million into the pipeline and I'll mention, last year we committed another \$100 million. That thing has gone well. And once we had the right of way and once we had the pipeline then it's much easier to build on that success. And as a matter of interest when we went into that first bitumen pipeline I said to our Board, we could lose \$40 million if I was wrong, if the company was wrong and they must realize it was a risk venture. You know, they're real pros, they listened to the pluses and minuses and said go. You see, when things go well people think you don't take risks. They only think you take risks when you lose and I can tell you, we sure have been at risk on a bunch of things out there that have worked out all right. So that year was the bitumen line, there was Chieftain, there was, oh we sold some preferred shares as well as the other share issue. It was kind of an interesting time. Every year is. Now it's about time to switch on again isn't it. And this time we're getting right up into current events. For '83, well, Syncrude expansion moving ahead, we had a lot to do with that. A very good looking oil strike in northeast B.C., put money in extraction plants, there are pilots going at Primrose. We finish up, profits up, cash flow up, all these things corporate guys like to look at, cheer on. Most of all we finish up the year in a very strong financial position with an increasing, what will I say, awareness in the industry that we're here to stay and we're not doing too badly. Others can tell you how good or bad not doing too badly is. For us, not a bad position to be in. I wonder what I should muse about that's for the public record on other aspects of AEC. I think I'll say this, one of the things we do is we let our people run as though they're running their own companies when they have their own divisions. They have a lot of authority and they sure aren't supposed to get bound up in tradition. I guess I covered a little bit of this the other day, I'm being repetitive. So there we are and it's, what's the heck the day today, July 2nd or 3rd, 1984

#036 NM: 3rd.

DM: We're at it. This year looks better than last year. We're putting that big amount of investment into that pipeline I referred to, \$100 million. We are behind the scenes very, very actively promoting an expansion of Syncrude, which will be between 3 and 4 billion dollars and I hope we can do it. I really think it has a fair chance of coming off. We've participated in must be over 80 exploratory wells this year. The Chieftain thing is doing well. Chieftain you see gives us, there's an American stock exchange listing and they're active in Louisiana and the Gulf Coast generally, so we have exposure there. Other parts of the world, they're in England offshore and so on. As a matter of fact we just agreed to sell a little more coal to Hydro, it sounds silly in this day and age but they've been having trouble with their nuclear tubes down there so they're buying a bit more coal. The lumber business still looks tough as a cob and interest rates increasing lately and we're having a good time. These guys work very hard around here, I just can't say enough about them.

NM: So you are feeling very positive about the future of AEC?

DM: Oh yes. Of course you're asking the wrong person. I have a tremendous bias. But look, allow me say, 2 or 3 minutes of commercial in the midst of this. When you have a company with very strong and growing cash flow, our cash flow is up enormously this year over last and last year was up 70-80%, the numbers are there. We have a strong base in gas, a lot of it, we have a strong base in the mining oil at Syncrude, we have a future in the heavy oil sands at Primrose, like Coal Lake. The pipelines are going, they've got gobs of pipeline ideas they're working on, the conventional oil and gas exploration is moving ahead, we're working today on some other things in forest products and you've got real good people. If you bear in mind, at least I make the case that North American needs more gas, especially, there are more gas markets developing in the United States, they only have a 10 year supply now. We're going to need all the oil we can hustle out in North American, it's pretty hard to be . . . and the debts fine. I know having said this, the good lord will punish me in the morning by some disaster of the moment but I must say that in total, if we can't be optimists who can. It's a pretty good place to be and, here's one really vital ingredient, we do have a growing feeling that the oil industry is important enough to Canada, I think we're going to get a better shake for it. I really think we're much more liable to have elements of reasoning in the administrative and government processes that have crippled this industry. I won't get into that because that's the down side, there are a lot of my friends, there are a lot of people out there that have really had a tough go. Especially if they misjudged their banking. They went in debt instead of getting out of debt at that moment and look out. Look out for sure. That's the tough part. It's not easy to make money in the oil and gas business here, it just looks that way to some. But if it's so easy I wonder why so many are going broke or so many aren't doing well. It's not entirely banking. So that's the story and can we pause a minute and reflect on. . .

NM: This is the end of the 5th interview with Dave Mitchell.

Tape 9 Side 1

NM: This is Nadine Mackenzie speaking, this is the 6th interview with Dave Mitchell. Mr.

Mitchell, can we talk about one day in the life of an oil man?

DM: Nadine, I'm not sure that's even feasible, they do vary so much. In about 2 or 3 minutes if I don't get distracted too long, I'll say this. I think it was July 3rd we met last, that's a week ago. Now, in the intervening time I went to Toronto with I had business visits for about half a day and then learned that there was a man in New York who had contacted me with a very urgent business opportunity and I can't discuss it now. But I was on the phone a good part of 3 or 4 hours, talking to my people who happened, some of them to be on holidays and some were in Vancouver. We ended up I flew from Toronto to New York last Thursday afternoon, and from there New York on Friday through Saturday. It was intense meetings, we were working at 1 and 2 in the morning and nothing came of it and I arrived back in Calgary last Sunday morning at 1:30 Mountain Standard Time. Then on Monday in the office we had a management meeting that went on through the morning, the afternoon was dedicated to a variety of clean up and this morning was a Stampede breakfast and here I am with you and I haven't really obviously said very much but they do vary a great deal. Often travel is the case for me. But they're diversified and fun. But you know, when you say what have you done in a week and I say, well, I went to Toronto and I went to New York and I came back here and we had a couple of management meetings and I met with my staff and so on. It covers a lot of ground and I wish I could tell you the story of New York and someday perhaps, in some other memoirs I would but there was a very desperate man who wanted to make a trade and in the end we said no.

#025 NM: Once when you were in New York you went to visit Harlem.

DM: Oh yes. That was an interesting session. I went there for 3 days. We lived in the normal part of Manhattan but were taken early each day and stayed through the day in virtually, the slums of New York. We visited Harlem which most people know as being a rather depressed area. Bedford, Stuyvesant of New York is to my mind much worse in terms of conditions. We went in groups of 6, this was organized by an organization I'm associated with and as we went through the Bedford, Stuyvesant area, in each block we would be greeted by the block captain. He would be the head of the gang for that block to make sure that we were not in too much trouble because if you were. . .

NM: It's a very dangerous part of the city.

DM: I don't know what would happen. I know that there were 6 of us together, we stayed together, we had the block captain and each block captain handed us to the next block captain. That's our term not theirs, I don't know what they call themselves, gang leaders I guess. Now let me tell you what we saw. First of all we had some private sessions with some of the leaders there and they talked. I had dinner with a drug addict who had just been out of jail on the Friday, this was a Wednesday and while we were sitting there having dinner in a restaurant that even now turns my stomach to think about it, a most shocking place I won't even describe it, but while we were having this coffee and whatever they call food he was literally selling stolen driver's licenses over the next booth, back and forth. We knew what he was doing.

NM: How interesting.

DM: And he said, we were talking to him, of course, he lied a great deal, that was obvious but we knew he was out of jail because that fact had been ascertained. He said, he was trying to go straight but drugs had been his problem and we asked him what it cost for drugs. That was a long time ago, in those days you could survive on drugs for \$110-\$130 a day so it was pretty cheap then. I said, how do you get the money for drugs and he said, well, we stole. I said, what would you steal and he said, absolutely anything you can steal anywhere. And then I talked to him, this is an interesting bit of character, if you know New York and Time Square is a little ways from Bedford, Stuyvesant. Not much geographically, a couple of miles or whatever it is. And I said to him, you're just telling me you could buy the same drugs \$20 a day cheaper in Times Square than you can here, why would you not go there? He looked at me sort of shocked and he said, you don't understand, this is my home, I'm comfortable here. When he told me he was comfortable here and I looked at the environment, oh my god. And we met another fellow, he was 21 and he'd been in jail and I verified this by the way, I said, what for and he said, I've been in jail for most anything you can think of but no sexual crimes. So they're very proud, you know, this is a distinguishing mark, never any sexual crimes, but he said, you know, robberies, hold-ups, anything you want to name, I've been in. And now let me tell you the story of this district in a short time because I could really spend an evening describing it. In this district at that time, and it's as bad now I think, when a call was made for the police they would come if there's a gun, they would come if there's a body and they would not come for anything else. When they arrived they would come with 2 police cars and 2 policemen would stand back to back, draw their revolvers and face the buildings on either side to watch for snipers while the other 2 policemen tried to go about their job. That literally is the way they operated. I met a woman there, a Puerto Rican woman, and we're in this little apartment. She must have 6 or 8 bolts and bars and things on it and she was trying to raise a family and I said, you must have problems. Then I got her talking for a while and about 3 weeks earlier someone had been pushed or fallen off the balcony and landed in the courtyard below and the body sits out there. This is the way they live, this is almost unbelievable but I saw it.

#066 NM: A completely different world.

DM: And you see a man taking a mainline shot of heroin out in the hallway in the dark and she's trying to raise, she's got daughters and sons in this environment, it's virtually hopeless. We went into a supermarket, now you visualize what we'd have, a Loblaws or a Safeway or something here. Okay, it was basically the same store but it was so dirty and it smelled so poorly that your stomach just flips as you go in. We went in, a man met us there and I can see him yet. He had a red nose, he obviously was a pretty heavy on the alcoholic, his eyes, everything about him, he had that shaky look and he looked up and if you've ever seen an Alfred Hitchcock movie, this man looked like the eyes of terror and he had them. And he looked and we said why we were there and his shoulders sank back and he let out a sigh and he said, come on in. One of the fellows with me was involved in the grocery business in the Midwest United States so he had a lot of interesting questions to ask this fellow. But those weren't the fascinating part at all, what was fascinating was

getting him to talk about the people. He used to drive his car to work but he couldn't anymore because it was always stripped, you just couldn't find a way to guard it properly. So he had to take the subway. He rode the subway and he ran the danger of being mugged and so on. He said, on days when they had the relief cheques as we call them, food stamps and so on, he would watch and old ladies and they'd rob them, they'd take their purse and push them in the gutter. And he said, they throw the purse up on the roof, come on up I'll show you, I'll bet there's 3 or 4, we always have some, we clean them about every 2 weeks. Throw the purses and the wallets and they take the money and they run down the street and these poor old people, I see them go out to cash their little cheque at our place, we've got an armed guard and so on. I said, speaking of armed guards what do you do. He said, see that fellow over there and he had a long white apron, New York style they sometimes did that in the grocery stores you know, and he said, look at the side carefully and this fellow has got a great big, I suppose it was a 38 or a 45 I couldn't tell. He's going around as a clerk and he said, he's an off duty policeman and I hire him here at policeman's wages to double his salary and he guards. Since that time it hasn't been so bad but we were running 3 hold-ups a month. Now these are only samples but what we have to face is, and you wonder why these people are upset, why they burn cars on the streets in the summer. And by the way the streets were littered with garbage and decaying stripped cars and it was awful, it was unbelievable. You wonder why they're desperate. Well, what's this. . . that daughter and son of the Puerto Rican woman, they're out there now, probably they're teenagers, what are they like, how can they be. .

#097 NM: And what is their life going to be?

DM: ??? but you asked me a leading question. That's only a short version of an extremely interesting time. We were in Harlem and we had a Harlem business man explain how you bought protection, if you want to sell gasoline in Harlem there are ways to sell it and if you don't cooperate and pay your toll your station has problems.

NM: So it's the Mafia?

DM; Not necessarily the Mafia. I don't know, I have some general awareness of the Mafia but I think probably just organized people. It's a living. Well, I'll get away from that, we're supposed to be. . .

NM: Come back to Alberta. Can we talk about the Manning Foundation?

DM: Sure. The Manning Foundation is a pet of mine. It started off with an idea at the time of Alberta's 75th Anniversary party and Alberta had \$75 million and was getting ready to celebrate. It bothered me that we weren't recognizing Canadians. Canadians after all, are our big thing and Albertans. Why is we always have what I call a Davy Crockett syndrome that if it's from the States and Davy Crockett it's great and if it's Canadian by definition it's got to be terrible. We're not as good as anybody else. Canadians have an inferiority complex, many. I think it's going away a bit. So anyway I started thinking about this and I thought, why doesn't someone honour a guy like Manning on Alberta's 75th birthday. The Premier for so many years, did such an outstanding job. Even people in the other parties recognize him as being a man of unusual talent and calibre. So I thought, we should honour Manning. I worked with his son for awhile, quietly, swore him to

secrecy and what might interest his father and so on. Out of this came the thought, we were chatting one day and he said, you know, what we should look at is how we're recognizing other people. Then we thought, well, what about recognizing innovators. Because his father would not want to be recognized as such, he's too modest a man, he didn't want to win a prize. And if we could do something where he felt other people being recognized, that was his ministerial nature, the character of the man, he would feel better. So we decided to recognize Canadians who were great innovators. Then there was a meeting held, I managed to weedle a few of my oil friends out of Toronto to come to a luncheon here. We had a luncheon in Calgary, one in Edmonton and one in Toronto and we began to put together this idea of a foundation. Well, it rapidly shifted from being an Alberta thing to a national one which was great, the country needs more national things. And getting to the point, we now award, this year we're at \$100,000 in cash. There will be one \$75,000 cash award, one \$25,000 cash award to innovators who are selected by an independent selection committee of Canadians from coast to coast. They upon receipt of nominations, consider who has the best talent, make a decision as to who the best person or persons might be and we have a dinner on September 20th, which is Ernest Manning's birthday and make the awards. September 20th, 1984 will be the 3rd year for the presentations. It's a lot of work, it goes on year round, we have 2 full time staff, paid members, everyone else works voluntarily. We have trustees from coast to coast, they are prominent persons. I think it's working real well but I'm biased. But let me tell you this year for example, something that won't be publicized for another about, 2 months, the winner of the \$75,000 award, he doesn't know it yet, I've just received word from the selection committee. And the very final screening is going on but we're satisfied this fellow is all right. He's not from Calgary, not even from Alberta, you know more than others do on that now. It's a particular sparkle and when you see that name on September 21 if you look at the paper and you see the age and you see what he's done you can't help but be enthused, he's a great Canadian guy. Now you can go conversely into another deal. . . I'm sorry for that interruption. Then there's another one and this is the award of merit. This one's \$25,000, this is the first year to have it. And you know, when you see who wins that award you're going to feel good because someone has done something extraordinarily innovative in a way that's really contributing to a lot of Canadians. And you feel good about it. Now when they're given these awards there are no strings attached at all. When I saw the one, the first man for example, and the second one, there have been 2 so far that have won the \$75,000 awards, they happen to be men, they could be women, and they both said the same thing within minutes of being told. It was sort of, are you for real, I'm really winning \$75,000 cash, tax free, and the second thing emerged within a few minutes while they were still adjusting in their thought process and it was, may I use the money for more research, or more of their field. When you see that and you realize, here are these people, they've just been recognized with an award, their very first thought is how they can do more, then you know you've got winners. And these are Canadian winners.

#161 NM: That's right. So they are good choices.

DM: The fellow that won the first time, came up with an idea for earlier detection of cancer. And he tried all over Canada to get people interested, he couldn't. He finally went to the States, he gave it away for a dollar. Had he kept it the royalty on that would probably be now between \$3 and \$4 million a year for these cancer detection things, they're using worldwide, hundreds and hundreds of thousands of people are using them. He's a Canadian in Montreal, now a few people know him but he's not all that well known and we've got them by gobs out in Canada. They're really super people and what we try and do, you have this book here, Innovators in the News, that's a sampling of hundreds and hundreds of press clippings that go out every year. What we try and do, the award is one thing and the balance is, we give them local publicity. We'll say to a person, okay, if you've been nominated, we give it to the local press, here is the kind of person that's been nominated for the foundation. We can't give them, there are hundreds, we can't give them all an award but we can give them all positive attention. We're saying, you're great, you're a good Canadian, you're doing something by the way, by definition of wide spread benefit to Canada, it can't be narrow to win this award and we're proud of you. We think it's time you were given positive encouragement and recognition and we're going to do our best at our end and you know, they respond and they love it. Of course, they do, who wouldn't, human nature. And Canada too long has discouraged people. Somebody has a good idea, go to the States, go anywhere but don't bother us. Not our foundation, our foundation like so many things in life, you all think you're terribly important in our own little orbits. We're maybe like, I don't know a bucket of sand on a beach but it's a little better for having the bucket of sand. And we're working on it. By the way the money is all privately raised. We had about a million, eight last year, we're raising some more money now. It's from private people and corporations, roughly we're pointed towards \$2 million and we use the interest for these awards and to for all the publicity. You've got me warmed up on this. I'm really proud of it, I created it and I'm the head of it and have been since it started and it's been a thoroughly rewarding experience. I've had lunches, dinners, evening meetings, any time I have some spare time there's always an innovator out there. I've had people come round at night with turkey lifters that work, believe it or not they really work. I had a meeting with a fellow in Hackett's Cove who hasn't even been nominated yet whose innovative idea is making safer plane travel for you. If you fly to Paris I assure you that this man in Hackett's Cove mind you, out in Nova Scotia, is helping you to fly more safely to your destination. And the world, I don't think they even know him in Halifax, let alone in Calgary or Toronto. And we've got him and Canada's got some enormously talented people. Our problem is partly psychological, it's that blend of the Brits and a little bit of French, we're a little maybe too subdued by ourselves. And overwhelmed by the large presence of the United States and Britain or whatever the case may be. Partly it's that and partly I think, the enormous amount of government action here has tended to cloud it a bit. You see, you take an innovator and this happens sometimes and he's working with nothing in his back shop. He's got no money, he's got nobody behind him and then the first thing you know, some government somewhere says, here's a million dollars here for this slush fund, of which maybe only 50 or 100 thousand is effective. But he's overwhelmed by it you know. So there's a little of that and I don't

mean to overlay it. But without being too repetitive, recognizing tapes are finite and we've got to get on to other things, I'm very, very proud of what's been happening there. I hope it will be around a long, long time, we've created it to be that way, we've got outstanding Canadians involved. Whether it's the ???, the head of Bell, or Bill Morrow out on the east coast or Ian Grey on the west coast or ??? or Ernest Manning, these are great people. And the selection committee which is autonomous, by the way Mr. Manning went over to Nobel headquarters and checked the system so we could see how to do it well and I sponsored getting this start-up and so on going. And he went over there and we've got an autonomous selection committee and even though I'm the founder and the President of it, the selection committee says, this is the winner I must accept that, that's written into our mandate so we don't have political meddling, we have men of skill and integrity picking it and other people can't interfere. And if you have Touso Wilson in the Ontario Science Centre saying something is right, you've got integrity and you've got talent and you've got a bunch more, I could name them all but they're all out in the record. So that's the Manning foundation.

#224 NM: That's fantastic. You know personally Ernest Manning?

DM: Yes.

NM: Can you tell me a bit more about him?

DM: I say I personally know him. I should qualify first, as a political leader I met on some occasions and then through the Manning Foundation and as any Albertan would, from occasional contact. He's a man of absolute 100% integrity, a very high skill and an analytical mind. He at one time, you know, had 3 portfolios in the province of Alberta. He was criticized for that and indeed he should have been but he handled all 3 very well, that was the kind of remarkable thing. He had that ability to grasp the important. And of course, the most puzzling thing about him is that a minister out of Saskatchewan emerges in Alberta with his life and his future and he has more talent than most anybody around and certainly more than thousands of people that have gone to business schools and all sorts of these educational processes. He just had an instinctive thing to say, what's important through it all. I can sit with Ernest Manning in the Manning Foundation and things, you know you have decisions to make and almost now, I know him well enough and you can think it isn't quite the way it would be his choice but he sees through the small things you know. Okay, this is the way to go because this is going to get on track and if someone else isn't doing it quite the way he thinks is right he can adapt to that. The one thing he couldn't adapt to of course, were those things that were contrary to his religious and moral upbringings and he found it very hard. You know, we've got to have a little humour in here, I grew up in an era when the powers that be said you couldn't drink vodka in Alberta and you couldn't drink it because everyone knew you could sneak it in a girl's Coca-cola in my era or you know, or their orange juice. Now I guess they worry about sliding LSD in or whatever, and therefore you would get her in this bewildered condition and take advantage of her. So we couldn't have vodka. So you know what happened of course, is everyone had vodka parties. They'd arrive, your friends would come from Saskatchewan, they'd bring 2 or 3 bottles of it and more vodka was

consumed in the province than you could imagine because it was illegal and we had a lot of fun drinking vodka. But that he was rigid on. But intelligence, integrity. A sense of, not just vision, a lot of people have vision, some of it's kind of obscure to me, but he really understands what's important and he has a way of getting through it. He articulates well.

#263 NM: He's a very bright man.

DM: Oh, he's a very bright man. And a nice guy. Ernest Manning isn't the kind of person, you walk out of the room you know he's going to turn around and say, I'm glad that clunk's gone or something. Whatever your short comings, if they're intolerable he'll work away from you and get out of your orbit but if they're tolerable he'll work not with what's bad but with what's good. And that's his style. Let me tell you a quick story, I do get wound up on you don't I. Ernest Manning attended the Lougheed Dinner a while back. The Lougheed Dinner is a regular fund raising event, they hold it in Calgary and Edmonton. Several hundred dollars a plate and Lougheed speaks and answers questions. And Ernest Manning was there, he attended quite unexpectedly, he was sitting right at this table near where you are right now and said, I think I'm going to the dinner tonight. That surprised me because he's never gone before. Premier Lougheed stood up there and he said, I'd like to particularly note my predecessor is here in the crowd and you know that whole crowd, and there were 900 people I think, in the room, it was packed, stood up to a man almost. You know, there are standing ovations and there are standing ovations, there are those that begin with the fellows in the front row that . . . this thing was as though someone waved a wand. And that's Ernest Manning, great guy.

NM: Let us go back to your career. You have been a witness to the ups and downs of the oil business, can you comment on that?

DM: In what way were you thinking of sort of?

NM: Well, the oil business has been going down and then up again and then down. You have seen that being an oil man here naturally.

DM: Yes, I've seen a lot of cycles of up and down. Of course, oil men tend to be, whether they acknowledge it or not, very emotional. They have emotional highs about the business, emotional lows. The trick is if you can find them when they're low and buy what they have and when they're high sell them what they need. There's a good living in being in the oil business if you can sense that. And of course, as always, timing being right. The ups and downs have had a variety of factors, normal cycles, whatever normal means in that. Mostly you know, in the oil business we've had up. Who is that fellow, one of the entertainers, he has an expression, I've been down so long it looks like up to me. In some ways we've been up so long it looks like down to us. Now that's hardly fair since 1980 but pre 1980. You know the Arabs have raised prices, you see the history of them, gas prices are up or oil prices are up, you could do quite well. Now the cycles are in terms of what's being found. I could turn the whole mode of the oil industry around if you give me a wand I could wave. By next Monday I'll have people cheering in the streets figuratively speaking if you'll show me a new 500 million barrel field in Alberta, that somebody's found. The fact that somebody found it doesn't mean that everybody else immediately has a piece of it because they don't. But it would change the mood so much. And the cycles

as we were in the early part of exploring this basin as we call it, were, well, there was a big discovery. Leduc was the start, there was Redwater and there was Bonnie Glen. In later years along came the big discoveries up in Rainbow and Zama and so on. And everybody gets terribly enthused and they're all going to do more of the same, if he can do it I can do it better and they charge but then there's sometimes when regrettably, not much is found for quite awhile. And there's where your cycles take place. Now those are quite understandable and if you happen to get 2 big finds in a row you have a real big cycle, if you happen to go a long time without you have a poor cycle. But if you look over a period of years, every year there is a steady finding. It just came in different years or it was lumped together. Now along with that cycle came some cycles related to whether you could sell the stuff so to speak, especially with gas. Mr. Manning was held back on gas sales for quite awhile, people forget that but he did. So you have times when ??? we found it, now we can't sell it, well that's enough to make you desperate so you have a down cycle there. Then came I think, the most overwhelming cycle of all, you know by nature I tend to be an optimist, I don't enjoy dwelling on all the rottenness so I pause on this last, 1980 is now a 1984 interval, with a bit of a shudder because in all my experience this undoubtedly is the worst. I've mentioned, I think, on an earlier tape, a couple of months ago my thoughts on NEP so I won't go into it.

NM: This is the end of the tape.

Tape 9 Side 2

DM: So I'll bet every interview you've had you've heard the story, I'm going to make my comments very succinct. The National Energy Policy had many, many wrong things about it but the fundamental that was wrong was that the government, by virtue of the policy, was removing a lot of money in a way that had never been done before. That is, they were taxing before you made any money. They called it a tax, it was like another royalty. That was wrong and that removed a lot of cash and when you remove a lot of cash from an oil man's jeans and he's going out to try and invest it of course, you've got a depression for sure. But more than that it killed the spirit and I think that's really the fundamental that hasn't been addressed. Because it said, if you spend \$1 in the north we'll give you 70, 80 cents back or 90 cents back depending on your numbers. If you spend it somewhere else we'll give you this much back and so it caused some planners, or the system so to speak, to override what would be logical or much more logical decisions on where to invest the money and where to find more energy for Canada. Then they swamped us in forms and literally, we have people here that would not be needed because they're form fillers. It's hard to inspire real entrepreneurs by asking them to fill out forms, by asking them to get government clearances and so on and that's the problem with NEP. You know, I could just as easily talk to you and my voice get lower and lower and I get sadder and sadder and madder and madder. I could use up 2 more tapes or as much as you'd allow so I'll just say this, there's nothing that's been more disgusting in the history of the oil business than from 1980 on. I do sense that as of now, there is an awareness that maybe after all, maybe after all, the energy business is important and better if it's much less encumbered.

I think we're coming out, I believe I see it. We're already doing better in our attitude a bit. But now we've got another phase coming and just to go on the record, the fact NEP, if it were waved away with a wand, goodness knows maybe it will be, not a wand but a club I guess. If it were, this is a basin that's had a great deal of exploration and many thousands of wells, it is not easy to make money here, being in the oil business is not easy on a profitable basis. We're going to have our hands full to make it tick well and do well in finding energy. In fact, at this moment as we're talking in July '84, clearly the liquid fuel that we need, transportation fuel is much more liable to come out of the heavy oils, like Coal Lake and Primrose or the mining type like in Syncrude than it is to come out of conventional discoveries because frankly we've punched a lot of holes down this part of the world. And it's not as easy to find here as it has been in other areas and I could tell you why technically but I'll skip it unless you want to hear.

#030 NM: Can you comment on the contribution of Alberta to the development of the Canadian oil industry, especially you being a Calgarian?

DM: In 1947 we hardly had an oil person around here that knew which end was up. That's. . . we didn't have really the basis for an oil but it's because no special reason, Turner Valley was a different era and sure, I can think of several names that were really good oilmen in '47 but we didn't have very many, we didn't have much expertise, we had very little experience and so along came a good influx of American capital. Because of their tax laws by the way. And despite the fact Ernest Manning had visited Toronto and other areas to try and get money to come out here and he did try. The Americans came in, they invested capital, they brought about the discoveries, many of them that we all know about now. And they trained the people and what's developed in Alberta or what was developed from '47 on was I think, a leading, worldwide centre of expertise in exploration and in some forms of production and in many aspects of management and we should be as proud as punch of what was created there in going so strong pre 1980. It was a super effort and we still have of course, a great residual of talent to work on as times change.

NM: Could you compare the training of the oil people in your time to what it is nowadays because it changes as we know?

DM: Well, sure, I suppose the changes are similar to some that have occurred in other places. There's a different attitude towards work and work ethic and what should be done. In my era an engineer for example, my background, you would go out and you would work in the field. You might work with what they call a roustabout gang, cleaning well heads and so on, you did that for awhile, then you were promoted into something else. You might be a year or two before you ever got seriously to what you thought you might be doing as an engineer. Nowadays we find, the industry finds, you don't very often get people that want to even go out and sit at the well and work, you hire consultants and so on because you can't get the young people to do that. They'd rather be in the city and go to the football game or the arts or whatever the thing is. I'm not going to go out and work for 2 months around the clock or 2 years around the clock. We did. So there is a vast difference there, practical experience was much more a prerequisite and a normal evolution for new people. Similarly geologists, I don't mean to pick on just the engineers, geologists the

same thing. You went and worked on a well site, you were up there 24 hours a day looking at core samples and all this sort of thing. Now similarly it's done by more remote control. That's a big one. And we tend now to, of course, plunge much more into what I call meaningful work. Now as you know with the recent recession, there's a surplus of people or there has been. So you can have people do whatever you want, if they're so anxious to get a job. But in what I'd call normal times you can't say to a person coming in the door, well, this is it, like it or lump it, we're going to develop you into something. They look for meaningful work. And I think that's good. And that causes then, I think, at least in our company, you give people more responsibilities sooner and see whether they drown or swim in the deep end of the pool. Maybe that's the fundamental you know.

#066 NM: What do you think of nationalized companies, for example, like Petro Canada?

DM: Well, they shouldn't have been. The problem with any nationalized company and I'm not talking now of an oil company, it could be an airline company, it could be somewhere else, is the lack of accountability about capital. Way back when you know, on these tapes I recall expounding a bit about the fact that just because you understand what a dollar bill looks like or you can have some fundamental knowledge of business because like watching a football game, you can see some of the action. It doesn't mean you're a good coach in the football game or a good player, just because you can sit in the stands. The trouble with business is that so many people think that they're capable of going out on the playing field and being part of it. When a politician feels he's capable and then he starts to supervise others who think they're capable and then you don't have the check and balance on how the stock progresses and how the profits go you've got problems. And most of the ??? on corporations in the corporate end. . . in the government end, is done by the use of money. Far too few citizens pay attention to what you do if say, well Petro Canada has an ownership tax which allowed them to buy Petrofina, there was great discussion whether they paid too much money. But all our capital is there, where did it come from, it came out of taxpayers pockets. There's no real check and balance. If that had come because you went to banks and borrowed it and you had to pay it back, if it came from shareholders that put up money and they expect the shares to go up or get dividends, you have a different attitude towards that investment. And that's the problem with nationalized companies in a nutshell I think. Canada, you write of a billion dollars, well, my gosh, if you write off a billion dollars in some places the management is tied to the town whipping post and you're out of luck. In there it's just a book transfer. So it's there. Now let me say this, the great asset of Petro Canada, I mean the great intangible asset, they have many tangible ones is it's Canadian owned and there's nothing wrong with having Canadian ownership in the business. In fact I think it's a very necessary thing. The point is this should have been done by encouragement by a positive, on my same theme rather than discouragement on the negative. All that really took, well there were a lot of ways this could have been done but what it would take now for Petro Canada is to develop a public ownership, which is by the way, what I recommended 2 governments ago. What I recommended they do and they should get public ownership and get an element of accountability in the thing. It's great to be able to buy Canadian gas

if that's your thing, you go to France you can buy French gas and other countries. I don't see that's wrong but gosh, we surely didn't need to do it by government piling in money the way they did. And unquestionably in my mind they paid some monies that were ill advised. But you try and get an accountability for it. As a matter of fact, to make my point and I'll get away from it, we're not in debate, I'm supposed to be philosophizing, you will note that in July 1984 the Auditor General has launched a court action against the government of Canada to obtain access to the Petro Canada documents in regard to the purchase of Fina???

NM: That's right. And the document seems to be top secret.

DM: Yes. Now if that isn't proof positive of the difficulty of checks and balances in a democracy, my gosh, the Auditor General can't even find out what's happening, you know . . .

#105 NM: There's something wrong then, yes. Mr. Mitchell, who were the most influential persons in your career?

DM: There's no doubt that the most influential persons once I started were those I worked for and with closely and I'll enumerate those. Looking back more influential in a subtle sort of way were those that sort of put me in the environment where I took on this career. And that became a matter of family and being associated with the oil fields of Turner Valley and they influenced me tremendously because I believed and I still do, that the energy business is a very good thing and the oil business is a good thing and an exciting thing. So that was the influence that started it all. I mention that because I think so many young people nowadays need some sort of influence in a given direction. Hopefully always the right one. Or some choices, something to help them to focus where their lives may go. In the business world, well the first fellow I worked for was a fellow named Norville Nicholls and he influenced me because I learned a lot from his in geology and his attitudes. He was a very forceful man. The second one I worked for was Lewis McNaughton and above all he would be the #1. He raised me. I worked for him a long, long time and he gave me whatever sense of values I have for the oil business. And boy, did he raise me on integrity I'll tell you, you look out around Lewis McNaughton. I can remember deals where there was a mix up and the other party was wrong and he said, give it to them. I said, what for and he said, because they thing you're wrong. I said, I know but . . . and he said, it's a deal, it's a hand shake over the telephone, it's better we lose here, we'll make a lot more later. It was a deal with Chevron I think at the time. But in a lot of ways a very brilliant man and he exerted a tremendous influence on me. I think those are the biggest ones. Except one shouldn't forget an influence that I think is often overlooked, the influence of my wife with whom I'll be celebrating my 35th anniversary this September.

NM: They say behind every successful man there's a very supportive wife.

DM: There's no question that as things are happening and especially as you get further up in the corporate pyramid and there's fewer people to talk to, because it's not that easy, there's the balance point that sort of says, wait a minute now, don't go off the deep end here. And I don't mean specifically on technical decisions but on just general. . .

NM: Moral support?

DM: It was more than moral support. Just sometimes bouncing things, there was tremendous influence there. There's a bunch of others, I don't want to hurt any feelings, or anything else for that matter, there's a whole bunch of people out there in various respects. It's just the McNaughton was so much overshadowed, there wasn't a day I wasn't in touch with him including most Saturdays and a lot of Sundays.

#139 NM: What type of man was he?

DM: He was born in the Isle of ???, his native tongue was Spanish, grew up in New York, he was a geologist, brilliant. He had a mind that was . . . it was like having a computer in your head all the time, he would pull facts out of the air that were 10 years old and we'd just sit there wide eyed. Things that we should know and he didn't and we'd all been part of them 10 years earlier. He had an enormous memory and a categorized mind.

Enormously intelligent, he had a great deal of vision. In the positive sense he would sit and he'd say, you have a curve, he was always doodling and he'd say, look Dave, here's the rate of growth of energy in the United States is 5 1/2% a year, I started this back in 1890 and . . . he'd do this in the evening for a hobby. And that's the trend we ought to be working on because that's the way it's going, once this happens or that happens, he had this kind of vision. And he loved to tinker with numbers, he loved to sit down. If the tape were running like it is for me, and I've got a couple of minutes left, if you shut it off he'd say, now I've got 3 subjects and 2 things to go and I can do them each in 2 1/3. I don't mean he was a time management man but he just loved the challenge of trying to make something fit. And he loved to develop people and he'd sit them around the table and ask questions. As you can see, obviously I am deeply. . .

NM: So he was your guru.

DM: Oh yes. And he ran a consulting firm, I would say the world's outstanding consulting firm, DeGaulier, McNaughton and Doss. Everything that happened in the world during his active career he was involved in, in the oil business. For example he would have a visit with King ???, consulting with the Arabs, he would be over in England talking to the British government, he would be here. Anywhere he went, once they knew who the name was, Lewis McNaughton could see virtually anybody he wanted in the world in the oil business, he was respected. He was a consultant to Mobil Oil, he was a consultant ???.

So he was a great guy. Yes, a tremendous influence.

NM: This is the end of the 6th interview with Dave Mitchell.

Tape 10 Side 1

NM: This is Nadine Mackenzie speaking, this is the 7th interview with Dave Mitchell. Mr. Mitchell do you have any anecdotes to tell about anything?

DM; Sure do. There are many a story out there now. Just reflecting for a minute first Nadine, it's been what 2 weeks since we met and I sometimes look back and reflect on what happens over a 2 week period. It's always something different and always full. Just before plunging into those stories, wanted to say that in the last 2 weeks I've been to the

Hamilow??? Gold Mine, which is a very exciting thing to do, the biggest gold mine to come in Canada. Attended a reception the Premier held and I think the first one I've known of, of quite its kind in Calgary. He was honouring a departing government employee and invited senior industry people to that. Spent a day fishing with 3 friends during holidays and got a new horse and managed to sneak a few days away at the ranch, doing some farming. You look back at 2 weeks and you say, my gosh did it all happen and it really has. And that's the way it's been going for a good part of my life. Anyway, let me talk about some of the funny stories of AEC. By the way, we are trying to put together a history of the company, now getting to its 10th year when we'll do a much better job on the early days. But I think that what we have to talk about is the particularly interesting shareholders, our new shareholders. And talk about that early days of selling shares, and the first issue in 1975. Let me tell you a few, we actually had a truck load of our prospectuses hijacked when a Loomis truck was stolen. We're trying to sell these shares, \$75 million worth and away went the truck. The truck was found abandoned a day later, the tops are ripped off all the boxes, not one of them was stolen because obviously they thought these boxes must have contained securities or other valuables that were enormously more important to the underworld than our prospectus. That always tickled me. Another sort of related incident during this first issue back in '75. There was an employee working late one night and he tried to put an envelope in the bank's night deposit vault. The envelope got stuck and a police squad car passed by, saw this fellow with his hand in the slot and he had to explain what it was and they got the bank manager out of bed, and a locksmith and they had to actually do a little torching and so on to get this thing unjammed. The stories go on. There was a fellow from Three Hills dropped into the office one day and he wanted to know why he hadn't got the interest on the shares he had bought in the recent history. He was told they were common shares and he didn't get interest on common shares. So we ended up, we got out the evening paper, at that time I guess they had the Calgary Herald at the reception desk and showed him the stock page and showed him what they were worth and he had made money on paper and he said, that was okay and he went away happy. I think I may have mentioned earlier about the cab driver, one fellow pulled up and he actually left his metre running, we weren't sure who paid for it later, someone observed this one when he got back in the cab. He came all the way up to the floor of the building, we were on the 10th floor of the building at that time and said, he wanted to know what was going on with his shares and got a report from the receptionist and he left happy. Things went on and on, let me see if I can. . . oh, there was another interesting one one time. We get shareholders very angry at times, over things that are based on misinformation. We had a call from the east on one occasion and someone wanted to know what was doing with a Candu reactor. Here we were involved in this and got quite worked up about the thing and after listening and the public relations department, they were trying to sort out what it was, they discovered that the Atomic Energy Commission of Canada, the AEC was being given the same name as us and we were taking the rap for everything the Atomic Energy Commission was doing or not doing. So we had to get over that one. Then during this sale there were some funny things. I should put this all together in a little better fashion but I mention the sale took

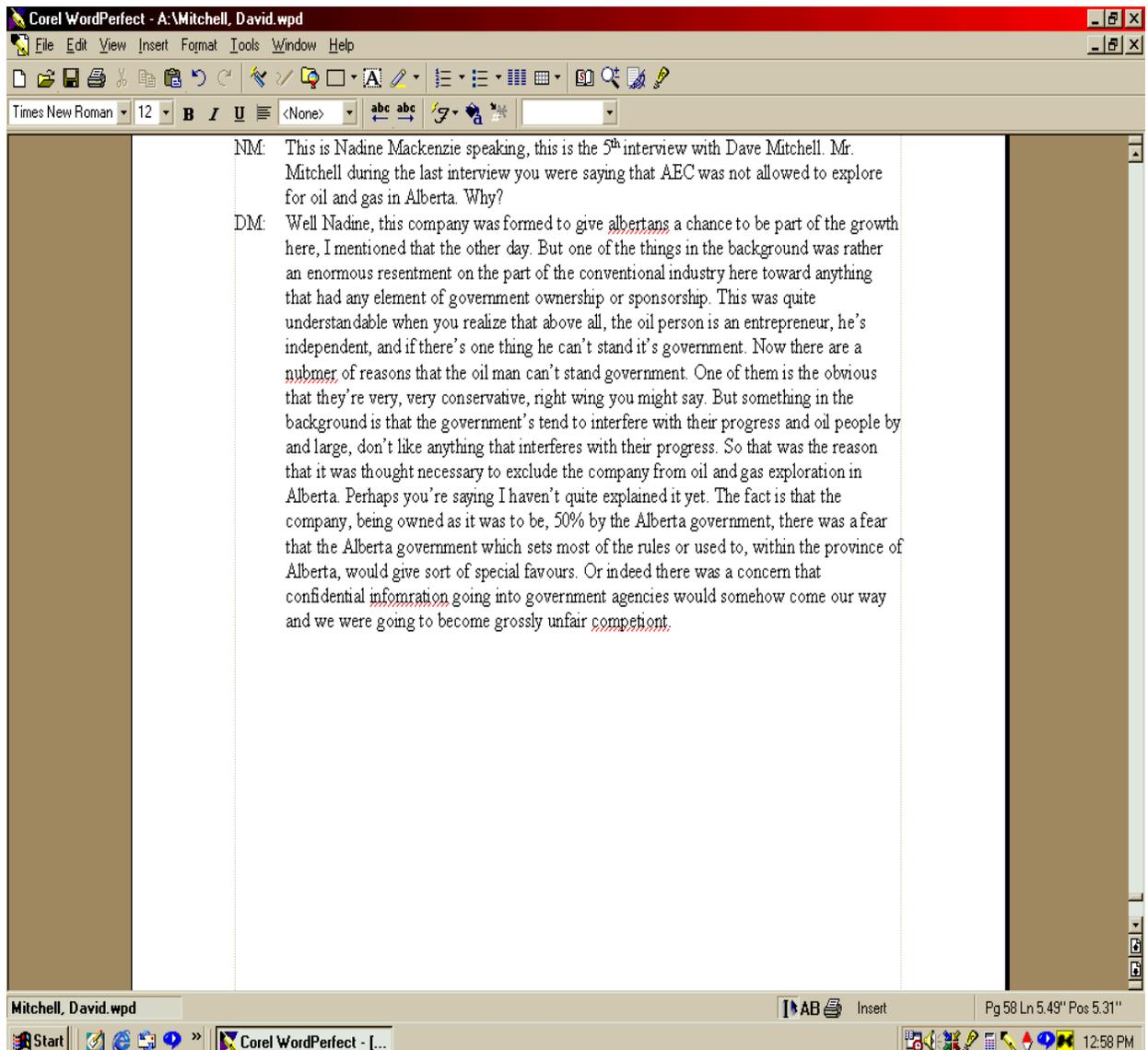
place just before Christmas, the first sale of shares. People wanted them for their Christmas stockings to give to their children but what I didn't say to you there was actually some inquiry made as to whether there would be sales around just after Christmas on the shares.

#053 NM: Half price.

DM; Yes, obviously there must be a discount when the season is over. One favourite of mine about the share issue is the people that went to Drumheller. They were being interviewed by a reporter at the Drumheller newspaper. Fundamentally they were explaining the shares and how it would work and they went through the routine they had, explaining the whole concept and they noticed the reporter getting more and more fidgety as the time went on and they thought, well, we've spent too long and they said, perhaps we should wrap up and he said, sorry I don't mean to be rude, I've got to get back over to the Drumheller Institution, I'm on day parole and if I don't get back on time I'll be in trouble. So they were dealing with that. Another time during the share issue, the money came in, at one point there were envelopes lying around on the floor of the office like with \$100,000 or so. That was part of the scene too. So we really had a wild start in a lot of ways. When these are put together in another format perhaps Glenbow would like to see them for reference, they can be told in a more elaborate fashion. You know we had real dedication there. At one point there was one of our employees on vacation and he was camping. He used to drive for 2-3 hours each day to a pay phone to call in and see what was going on on some of our transactions because he really felt guilty being away at all. Then he'd go back out to the camping spot and get back with his family. This wasn't because anyone told him, it was simply the atmosphere in which they were working. It was so exciting and you felt such a sense of participation that you simple couldn't let everybody down, you had to get in the middle of it. Eventually I think he gave up on his holidays and came back anyway, which only reminds me of another thing about this Board room table where we sit. This is known as the sandwich bar around here and it's a tradition of our company. We live on sandwiches, through the lunch hour and so on, they're always working away. Even now, virtually getting near the end of. . .

#077 NM: It's a tradition now then.

DM: Well, just you don't want to leave and take too much time. And it sounds like I crack the whip and I don't. These fellows set their own standards in a sense, I suppose I work hard and maybe they tend to follow it but it is the spirit with which they're going at it. They take great pride that they know and this tape will be awhile getting released so I don't mind mentioning it but we've just had the best 6 months in our history. It's up way over 1983. Terrific, and the stock has dropped about \$3 due to the Dow Jones and interest rates and confusion in July 1984. They're sitting here and they're really concerned about this, how come we're doing so well and the stock is going down, it's that kind of spirit. Another thing I want to mention about AEC, we've been doing a lot of work on reducing the government ownership and did in fact, get it to 44% as I probably mentioned in a earlier tape. It is our thought and our belief that the government ownership will go down. There is an indication we'll have it lower still in the what I call relative near term ahead in a way that will not be disadvantageous to our shareholders. Because we are really on the course of believing that lesser government ownership is the answer. We never



intended to have this as a Crown corporation and it isn't. It was at 50%, we don't intend that it go on at as high government ownership as it is now. If we can convince the government to drop down and I have a feeling we will. We're going to end up then, and this is sort of my dream, with a company with much lesser government ownership that's solid, we've got a billion dollar company more or less on the market, give or take the last fall off in share price the last day or two. And it will be there with Canadian ownership. We're very proud of the Canadian part. But I feel that lesser government ownership is the answer, I think I'm getting support for that. In fact, it isn't so much a new idea as just one that's taking a long time to put together the way we believe.

#101 NM: So things are working very well.

DM: It's working pretty well. I touch wood as I say it because after all, one never knows. But yes, so far so good. And those people that have stayed with this company have made money with their share investment and I think they're going to make a lot more. And that's on record and somebody can remind me later. With the stock price at \$18 in July '84 my hunch is there's going to be a good deal of profit made by those that are in today at that price.

NM: Will the government decrease every year from now?

DM: Well, it is their decision, not the company's because they are the owners. It is something I have to wait and see. They go through their caucus and their Cabinet and their procedures. My instinct is we're going to see a fairly significant drop in the next year or two then we'll worry about it from there. Bit by bit I believe we're going to see it lower. I have great faith in that. If I could sign the piece of paper it would be done now but I think the process is working properly. So that's AEC in a quick pick up. A lot more to be said and there will be some good background written, we have a person going around collecting stories and so on and I don't want to labour your tapes with a lot more. There will be other references for time.

NM: Mr. Mitchell, what were the most exciting experiences in our career?

DM: I guess Nadine, the most exciting ones are usually the first times you're doing things. It was tremendously exciting for me to be all alone on a drilling rig the first time as an engineer. There you are and all this equipment is there and the crew is there and they're doing what you say and you think, I wonder what will happen if the mud gets light because the gas is coming in. All these sort of things you lie and think about, the responsibility there. After you've done that 20 or 30 times then that looks kind of ho hum. Then with a smile as I look back now, I realize that probably those old tool pushers and hands around there were running it a lot more than I was and I didn't have anything to worry about at all. But it was exciting, it was terribly exciting. And it was exciting to be out in the field. You know, the younger you are the more you enjoy the confusion and the tough times. Working in a field where you can hardly move except with what they call the 4 x 4 of that era and you could hardly get across for the mud and rivers overflowed their banks and we had to walk out on the bridges. All those things in the field, they were terribly exciting. It's exciting when you get a new job. When I first started to do some of the finance work and see all that was there now, a whole new world, my word, that was

terribly exciting. And each promotion along the way was exciting. I suppose one has to say when you get to be the President that's a special kind of excitement because then you realize that there's hardly anybody left to blame anymore. The only thing to do is curse the government and so on and that only lasts so long if you're honest with yourself. There's the excitement of finding something, of going out to a well and there comes the oil, carefully controlled now, not the gushers you hear about or used to hear about, carefully controlled, there's oil coming out and you look at each other and you say, you know you've got something that's important that's going to do well and create opportunities. And create jobs we think of these days and create profits and all that was there. I can remember, I can see that oil coming out now from that Pembina oil field right as though it was before my eyes this moment. And similarly on some other wells. Then the excitement of a big gas well. A gas well is so powerful, it shook under your foot as you turned it you know. That's real excitement. The excitement of going in to see some people, I talked a lot about these but I'll just touch on it, you're going to see the Premier of British Columbia, you're having lunch with the Prime Minister of Canada, dinner with the leader of the opposition or it's dinner with the Prime Minister. Not alone but in small groups, groups where you can have a rapport. Those things were terribly exciting. One of the continuing excitements for me is the excitement of seeing really good talent that you can help bring along, you can give him some guidance. That's my real excitement today is I see, say, a bright capable person that you can help along with some advice, you can help along with some comments and criticism if it's the right kind of criticism in the right way and bring them along and see them blossom. And that's been one of my greatest. . .

#158 NM: It would be very rewarding too.

DM: Oh, that is my real fun. I tell my fellows now, I've got anywhere I need to go or have an enormous desire to go in terms of corporate headings and so on, being in on the ground floor of this company and so on. I don't have to prove anything to myself now, what I want to do is I get the joy of seeing others make it. And I've got them here and the excitement, I can see them around this table in my mind now and the way they've developed and how they've grown. From being capable people without much authority into tremendously capable people with a lot of authority. These fellows think nothing now that work around here of making decisions and saying, hey Dave, I was speaking to one of them yesterday, I got a phone slip saying, I just committed us to a million, six for so and so. And he said, I hope you didn't mind. There's no procedures for this except after the fact and I said, I admire you all the more for it. That's excitement, seeing them grow, that is real fun. I think you're referring to the excitement in a business sense and I tend, that's the tenor of these interviews. Let us not forget the even more exciting aspects of seeing family developments, your first home together and your first and second child, after many tries, regrettably, of losing children and so on along the way. You know, what is life about. The excitement of a fresh day in the country. I could go on and on. Life to me is so exciting, how do you rate the excitement of having a dinner with Dennis Thatcher in January versus the excitement of my new horse versus the excitement of a super business deal versus the excitement of seeing my wife happy about something or

other. The world to me is just so full of it. I'm trying not to overdo this because it will lack credibility but to me it's a rare day where the excitement level isn't tremendously high. It's only a question of what kind of excitement comes into your life. A few weeks ago it was a balloon ride, my first one. Last Thursday it was drifting down the river on a fishing trip. You've asked a big question. In business life it's these bench marks, the new excitement of a break through. You make a really big deal, we made one deal we made \$200 million in this company, okay. That was exciting, I want you to know it was exciting. And the excitement of getting Suffield, some of the ground I've covered. Each step in itself, the first time you ever raise money and you suddenly realize, somebody ???, \$200 million, you look at it, that's pretty exciting. Now it may end up that the next day is more exciting on a personal front or some other one. I hope I haven't been too long on this but how do I convey to you. If I had a diary I'd probably list 100 or 500. . .

NM: That would be marvellous.

DM: My life goes like this.

#199 NM: What do you consider your achievements? You have been doing so many things, you have been involved with so many things.

DM: I think you start with the family. I was lucky enough to find a fine wife, I've still got her, god knows why she put up with me. We've been lucky with our family, they're both here, they're both in good health, they're both nice outgoing people and we enjoy them. Some of that's luck rather than achievement and some of it's . . . oh, a bunch of things. I think putting the old Great Plains as far as we did, into being a great outfit and I guess what I call an achievement is the feeling that those people have that worked for and that I worked with, that it was a great show. That they had many of them, 25 years or 20 years or so of working in conditions that by and large, they enjoyed and they profited from. That's an achievement to me, for all those people. There were only 137 of them. Whether they were battery operators or whether they were executives I think by and large, I've got a lot of friends out there. I don't see much of them, but that's an achievement to me. And our directors enjoyed themselves and we had good work and we added to Canada's energy supply and we had good fun and people made money at it.

NM: It couldn't have been better.

DM: I can't take credit for Great Plains. Guys like McNaughton and a whole bunch of people were more important to it than I was but I was part of that achievement. I guess all good achievements was a bunch of people want to share it and say it's mine. I feel my share of it is pretty big in Great Plains, I was head of it for 10 years. On other fronts, I've had a lot of fun and achievements with community things. Whether it was the United Fund that we put over the top when it hadn't done so for a couple or three years prior and we had a lot of good people and I enjoyed that. It had failed a couple of years prior to that in Calgary and it came through and we went over the top and on time. I had a lot of satisfaction of going out to the places where the blind are looked after and the crippled children and so on and seeing where the money went. And I thought, okay, I helped a little, there is a sense of accomplishment. In the university, participating in that, a sense of some achievement and helping out but not having the top job, I had about the second job in a

couple of places, not quite as important there but in my own way I chipped in a bit and I feel kind of good about it. For what it was worth, the set up. . well, not what it's worth, the set up of the Manning Foundation I consider an achievement because it was Canadian and I'm happy with that. My the way, wait till you see our winner, September 20 you watch for the announcements, \$100,000 and two awards, you're going to love them, you watch for the background. Because these are good Canadians. And setting that whole thing up and creating it, it's been a lot of work and I feel a great deal of excitement and achievement about that. It's pretty apparent what I had to get to because it's current, when I opened the doors on AEC. I'm not quite the founder in the words that some people use it but yes, I guess you could see I feel in my bones I've created AEC. What it is today is in some measure what I've done, in a lot of measure what other people have done with me. But I feel a tremendous sense of achievement I've been able to have them do it with me and I've been part of, if not all, all the leadership initially and part of it now. So that's important. I guess I've got a lot of satisfaction out of stirring people up in different ways. We created family reunion for example, it had never been done, set up the whole thing and took it out there and I got a member of my family all stirred up to write the family history and all this sort of thing. If anything I get satisfaction out of, it's stirring people that seem to be getting lethargic or disinterested or losing out on life, if they've got ability. I get daily kicks of achievement out of that.

#262 NM: Pushing people to do something.

DM: Just encouraging them, it's not quite. . . in the last hour just before I saw you I encouraged someone in this firm to do something they have not tried before and which I know they're going to enjoy because they've got the talent and which I know we'll all benefit from. And that's one way. . .

NM: So it's a challenge.

DM; But it's there, it's so clear, there's something you can do. Well, obviously one thing I suffer from is too much wind and your tape is grinding away.

NM: It's all right. You were made also honorary chief of the Sarcee tribe, called Chief Generous Heart, how come?

DM: Oh, that goes back to a marvellous time we had with the United Fund. Because it was, for its time, unusually successful after what had been a not so good performance it was thought that I should be made an honorary chief. So they had the ceremony and I had to do the chicken dance and my daughter and son and wife all assured me they were sure I was going to die of a heart attack because I started getting so red in the face doing the chicken dance and they gave me the name, Chief Generous Heart.

NM: It is a very nice name.

DM: It's a nice name. I enjoy the Indian people. I talked about them a big earlier in the tapes. It was quite unrelated to this chieftainship because it's another tribe and so on but they really are nice people and I appreciate that title. I used to see some of them come around and ring my doorbell, they don't quite so much anymore after this title. So that was how that one came about.

NM: And recently also you received the Order of Canada. Can we talk about that?

DM: It just happened I guess. I'm not sure how the Order of Canada works, I haven't been of course, even to receive the formal award. I've got a pin to wear and so on but in October, the first time I guess, our woman Governor General, the first time ever for a woman Governor General will make the presentation with of course, the famous hockey star, Wayne Gretzky. People say to me, how do you feel about Gretzky and the Order of Canada and I say, if I do my thing as well as Gretzky fires that puck I should be okay and I'm happy to be in his company and I hope he might be in mine if he knows anything about me at all, which I doubt. So it's just one of those things, whatever they do to go through their process. The only thing I have formally denied to my friends, this does not make me a closet Liberal and it is an award that's given irrespective of your political beliefs, as its well known. It's nice to be appointed an officer, a nice notch up. I don't know why, somebody must have felt I earned it. I guess you should ask them. It's nice to have, I'm very appreciative of it and I don't know, I guess they figured I'd done something right somewhere along the way. I don't know. I don't know the system, I know they have people from across Canada involved in it.

NM: This is the end of the tape.

Tape 10 Side 2

NM: Do you have any plans for retirement? I know that business people and oilmen especially don't retire completely, they slow down?

DM: I won't be retiring. As long as my health permits I'll be working. Now the type of work is dependent upon circumstances. I'm 58 in September and so I'm not thinking about it particularly. If and when I retire, I can't say it because we're all mortal or something, I'll hope that I could be associated a great deal with this company in various ways perhaps. I would expect to do more work on the Manning Foundation that's there. I could certainly pitch in and do more on the university if circumstances were right there and anybody wanted me. It's only a question of how you use the life. I'll certainly try and do a little more ranching when the weather is good. It's only 30 miles from where we sit so I can nip out there and commute a bit as I often do in the summer anyway. I wouldn't mind at all, working with people that figure they'd like to hear what I have to say, at the university community or in . . . I might even set up my own oil company. I think in the end that one sort of has a bit of lure. The difficulty is if there's any conflict with something else you couldn't do it. I see a whole variety of things that might open up and as long as health permits I'll just drive on and do the best of what's in sight right then. I'm not going to be an artist or a writer because those talents have been denied me. But I'll certainly be active on things. I'm very active and if I could, it might not be a bad idea to have a little oil company or something.

NM: For a change.

DM: Something like that. Well, it's fun you know.

NM: Looking back at your career, is there anything you would do differently?

DM: In terms of basic trends, would I have changed my job, would I have changed my geographic location, things like this, no. For example many of these people went in

foreign service and I've seen a lot of the world on my own and through association with international companies. I don't envy one bit, and I sit here at age 58 and I say, thank god I didn't do it because I came close. No, not in terms of any trends. There's lots of decisions I'd turn back or made judgements that were not correct, gobs of them. But not basically, I'd still marry the same woman and I'd still have the same kids and I'd still live in Calgary. I would be in the oil business, the energy business. I started off in the belief that finding and developing energy had to be almost like being a doctor, it was so good and so obviously good that one could feel warm inside and feel good about yourself. What I call the inner serenity, to go with outward discontent, which I think is rather desirable. And it didn't turn out that way, because of the wealth of the industry and all of the things with the Arabs and so on. So it didn't have quite that magic pedestal of being good, quote, unquote, that I anticipated. But in my soul, in my inner serenity I still feel very good indeed about being involved in delivering energy, which is lifestyle, which is more grounds for happiness and prosperity to people out there. No, I wouldn't shift it one bit. I wouldn't want to be a doctor, I wouldn't want to be a lawyer. And yet had fate delivered any of them to me I probably would have had a rip snorting time with some of them.

#042 NM: Before I ask you the last question, Mr. Mitchell, is there anything else you'd like to add?

DM: Well, this, we've had a lot of tapes and a lot of fun with them. And you're lucky I really have restrained at least another 6 hours. I think there's one thing that needs much more emphasis and I know our orientation here is on business on tape and on Dave Mitchell and that's why you're here. But the role of a wife with a person like me is so great and so important. I would like to tip my hat at her and say that there is just no way that a person can, I think, adequately do a life of an oilman's style and an executive's style, that can be as fulfilling if you don't have that enormously important person alongside. I've been very, very fortunate to have that. It's that ability to say yes, the phone rings at 2 in the morning because you're an engineer and there's trouble at a well and smile it off, to say, sorry, these are actual incidents, there's 40 people coming for a Boxing Day reception and I left on the plane that morning for High Prairie to run some casing and left her on her own to greet everyone. ??? young wife, a mature woman with 20 years or so of handling this kind of thing, willingness to get in the car and travel with me as I went around at times when I couldn't be home that much or now, by plane the same thing. And to be a friend and an understanding one, I think it's very, very important and I want to tip my hat at that.

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

DM: A very good business. One that has meant a great deal to me and provided me with a very happy life, or the opportunity for a happy life, it doesn't automatically give you one. It's one that has to reexamine its role in a way now deeper than I think most people visualize. The oil business has more potential for financial profit than many other business, I don't think many of us appreciate that. If you're trying to sell goods at the Hudson's Bay store or cement to some operation or all these thousands of other things that go on in the world, in many ways it's a tougher, tougher role than making it in the oil business. The

difference in the oil business is that you sometimes also lose it, so that justifies the higher reward. Now I think we have to now assess the business in western Canada as being one where a lot of good discoveries have been made and there are others to be made too but they will tend to have a narrower economic profit than the big things have gone before. Tend to, there's always the chance the sweepstake ticket will be bought but it'll tend to be a tougher business. We're going to be a lot tougher managers, a lot more selective in how we use our funds. I think one lesson we've learned and it took us about 10 years, we're always going to have to be political. We ignored that to our peril and to our loss for a long, long time. I don't think we'll ever be unpolitical again. What is it, it's a business with a lot of marvellous people. A lot of people with extra talent and drive and that's what makes it exciting and a few complainers which makes it unexciting. Mostly its one failing is a feeling on the part of many oil men that their's is the not just the real world, it's the only world. And there's a lot of other world out there and we'd all be better off if we interface more. If they realized and we realized that Calgary and the Calgary Petroleum Club is extremely important and great guys and nice guys but it would behoove us to get out to Lloydminster and to Saskatoon and to Toronto and all the other places around where there are more people of average nature. Because we've got to deal with those average people, those other people, average isn't the right word, some of them are brilliant. We've got to deal with those other people out there and have them understand us better in order to have the political environment to make it tick the way it can. It's been a traumatic experience for the old timers the last 3 or 4 years and some of them I guess, are better off out of it as they've been going. But there's still a good future in energy, in gas and in oil and coal and uranium, electrical and this oil business is going to go quite a ways yet. I would not sell it short. In fact, I think it's a heck of a time to buy right today.

NM: Mr. Mitchell, I have really enjoyed interviewing you, thank you very much.

DM: Thank you, it's been fun and you're a very understanding and patient listener, as well as providing just that beautiful blend of raised eyebrows or a twinkle or a smile that kind of makes you feel we're sharing something. I'll tell you a secret, I tried to talk into the tape, I do have some stories that I haven't yet revealed because they may hurt people out there and I don't mean to. Even laughing at them may hurt them for the moment and there's a bunch to be told. I tried to put some of them on tape by myself and I hadn't realized, without your presence, it made a big difference. You're talking to yourself into a machine and it isn't the same. The way you ask questions and the way you look and the way you respond has helped bring it all alive and I've had a really good time at it and I thank you.

NM: Thank you.