

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Hoadley Mitchell

INTERVIEWER: Susan Birley

DATE: October 1984

SB: It's September 13th, 1984. This is Susan Birley interviewing Hoadley Mitchell in his office in Edmonton. Mr. Mitchell I wonder if you could start by telling us a bit about your early background, where you were born and raised?

HM: Fine Susan. My mother was the daughter of Bill Bowser who had been the Premier of British Columbia back in First World War days and she met my father who had come from eastern United States and was working in British Columbia as a surveyor and later worked for the British Columbia government. They were married and I was born in New York City in 1919 and grew up outside New York City until I was 10 years old when my father died in an automobile accident. He was at the time, the Executive Vice-President of St. Joe Lead, now St. Joe Minerals, who, up until quite recently, controlled Candel Oil and Gas, which Gus Van Willigen??? bought. My mother then, and I, moved back to Victoria where I grew up, went to Brentwood College and other schools and then I went to college at MIT in Boston.

SB: Had you decided on a major at MIT?

HM: Yes. Well, my major at MIT was Mechanical Engineering. Although I knew, having gone in 1937 and the war having started in 1939, that the United States would no doubt be involved in the war and I decided to up my mechanical engineering with as many aeronautical courses as I could get. I also became a Reserve officer in the United States Army Air Corps, which was the beginning of the United States Air Force. After I graduated I worked for Douglas Aircraft in Santa Monica, California for about 3 weeks and I was called to active duty in October 1941, a little over 2 months before Pearl Harbour. I spent a approximately 4 1/2 years in the United States Air Force, most of the time in California involved in engineering and some small time toward the end of the war and after the war was over, in the Pacific. Actually I would up at an air field called John Rogers Air Field, which was the old inter-island airport and I was involved in air transport command and responsible for getting the B-29's and the B-24's or the Liberator's back into San Francisco. I was of course, involved in the engineering side. I found that there were a great many B-24's that we had to junk and it seemed it was my responsibility, after we had sent them over to Hickam Field to confirm our findings, that I had to sign off all these airplanes. Finally I got back into the United States in late January 1946 and I decided then that I didn't want to go back into the aeronautical business. The aviation companies, after the war, suffered a great deal and I guess the change really developed after Winston Churchill made his speech in 1947 at Fulton, Missouri, when he talks about the Cold War and that was the first time that was ever mentioned. Then the United States government started pouring the money back into the aviation industry.

Meantime, my father-in-law, having a cedar shingle manufacturing operation in Victoria, British Columbia, suggested I come back there and work there. I did for almost 2 years. I learned how to scale logs and buy logs and a little bit about timber cruising. It was really his mill and while he had suggested that I should take over, nevertheless it didn't quite work out that way and I was pretty ambitious and decided that Victoria was not really the place for my wife and at that time, our two little boys and myself. Victoria was the cocktail party circuit, same people, different house, 3 days a week and that sort of operation. I started reading in the spring of 1947 about oil in Leduc. Quite frankly it fascinated me. I went to the library and bought a book called, This Fascinating Oil Business by Max Ball, I believe that was his name. That intrigued me even more so. In the summer of 1947, I took the company truck and drove to Edmonton, where I spent about a week, driving around Leduc and talking to all sorts of people. And later drove to Lloydminster where I met some people that my father-in-law knew. I decided that the oil business was something I had to learn. So to shorten the story my wife and I moved from a lovely home in Victoria to Lloydminster where there was no water or sewage and we lived there for 1 years, from the spring of 1948 till April of 1949.

#083 SB: Were you working at the time?

HM: I purchased a number of the textbooks from the University of Oklahoma on petroleum engineering and read those. I didn't have much difficulty with the books because the petroleum engineering in those days wasn't too sophisticated. The Husky people decided that it would be good to resurrect the Lloydminster Petroleum Association and I would be a good candidate to become secretary so I became secretary of the Lloydminster Petroleum Association. And I got good support from all the producers who made small donations, and Husky carried the load. The problem at the time was that we had more production than demand and Husky was continually trying to find other markets. But they themselves had been trying to prorate the production and they wanted the association to do it and so I was given the job and for they year, I prorated the oil production in the Lloydminster area.

SB: How did the producers react to the prorating?

HM: We had a very simple proration system, nothing like the one Dr. Gauvier developed. We simply asked each producer what he thought he could produce. Generally he would say that he could produce something in the order of a third more than he actually could produce. We would then say, that's fine, we'll give you 50% more than you can produce and that will be your base. And everybody got the same thing so they all were given a much higher allowable than they could produce and it was more or less what you might call a psychological proration system. Which worked pretty well. In the late winter of '48, '49 I decided that I had to move out of Lloydminster and Edmonton seemed to be a good step. I looked for a geologist and an engineer and as it happened both of them were looking for each other and for somebody like me and we formed a company known as Murray, Mitchell and Grey Ltd. in May of 1949. We all moved from Lloydminster to Edmonton. Murray and Grey had been working for a former field consulting operation known as Denton and Spencer Ltd and were eager to try something on their own. We

opened a small office on 109th St. near the provincial government buildings and in 1951 we moved to a building near the south end of the High Level Bridge. We were of course, a field organization and we looked after the drilling of wells and we endeavoured to keep the operation of the wells and build up a well operating company. At one time in I guess 1952, I can remember there were 15 wells on the morning report that were being drilled or completed. Most of our operations were in the Macleod pool area which was produced from the D-2 zone and the various promoters that drilled the wells obtained farm outs from Imperial Oil.

#141 SB: Who were some of the promoters that were involved?

HM: Boy, Susan, I'm trying to think of some of them. There were a great many of them, I can't really remember all their names. I'd have to really get the book out, we had so many. I spent a great deal of time with Imperial Oil finding out who was going to get the farm outs so I could knock on their doors. And we generally got most of the business. We had some interesting stories. I can remember one time I went to Calgary and came back the next day and went upstairs, where Scotty Murray, who was running the geology had his geologists, a total of 7. The lead geologist was Roland Prather??? and sitting beside Roland Prather was Joe the Toe Ageary???, the kicker for the Edmonton Eskimos. Joe the toe was a friend of Prather's, as many other football players were and used to drop in and say hello. It didn't bother us as long as they didn't stay too long. The next day I went upstairs again and there was Joe the Toe still sitting there, this time reading a text book and I found out after talking to Murray that we had hired him. Needless to say, Joe the Toe was a good football player but not much of a geologist. In late 1952, the promotional boom collapsed and we started cutting staff and many of our geologists and engineers were able to find jobs in Calgary and different places. We had Peter Fleming, we had Dick Rousseau as engineers, Sam Bahan was a geologist. There were a great number of them and probably I should get the list out which I can get and we can talk about that later. We now got to 1953 and the 3 of us, Murray, Grey and myself had to decide what we were going to do with the company because it had shrunk. Were we going to expand into Calgary, were we going to move to Calgary, were we going to truly become a consulting firm in all phases of the industry, were we going to become involved in property evaluations on a big scale. Finally in 1954 we were approached by the principals of Luskar??? Coals Ltd., now known as Luskar Ltd. Alec Mitchell, no relation of mine, approached us through an Edmonton lawyer, Bill Parlee, and asked if we would essentially develop an oil and gas division for the Luskar companies. He explained to me that they had shut down the Mountain Park Coal Company and that day, expected to be shutting down the Luskar Underground Coal Mine in the course of the next several years. The problem of course was, that they Canadian National Railroad and also the CP were switching from steam to diesel locomotives and the coal market was shrinking. This seemed like a very good approach for our company and we agreed to start. We purchased the first land for Luskar in Pembina in 1955 and drilled the first two successful oil wells. We never actually looked back because we continued to buy land in Pembina, Swan Hills and we drilled a total of 79 successful oil wells. Alec Mitchell then decided he should

have some gas so we drilled a dry hole and he was extremely unhappy. The Mitchell brothers, Alec and Sir Harold

#218 Mitchell, had originally come from Scotland. Alec was the brother that looked after the Canadian operations and Harold looked after the international scene. Unfortunately Alec died in 1964, at which time the Luskar Directors decided that they should reenter the coal business. Meantime in 1954, Scotty Murray decided that he didn't wish to continue with our company and so Dave Grey bought him out at his price. We were sorry to see him go but he said he really would like to have a fishing lodge and he went to Vancouver Island and fooled around with the fishing industry for awhile but found out that you couldn't live on it. He subsequently returned to Alberta and since then he has been involved as a free lance well site geologist, working to a large extent for Chevron. Although some years ago he retired and now lives in Victoria. I'm not sure but I think on the odd occasion he will sit a well for some major company. Then in 1958 Dave Grey, who was a petroleum engineering graduate of the University of Oklahoma decided that he no longer wished to live in Edmonton. He wanted to return to his birthplace, Vancouver and have a sailboat. I was very sorry to see him go but he did move to Vancouver and he bought himself a 60' sloop and had a lot of fun. Meantime, the name of Murray, Mitchell and Grey first got changed to Mitchell and Grey and later to Mitchell and Associates, which is the name it is known as today. And I have never had any partners since, just associates. In 1964, after Alec Mitchell's death, we had to expand Mitchell and Associates. But I should say that prior to 1964 I had been approached by Steve Roman of the Dennison Mines group in Toronto about starting an oil and gas division for him and his company. Since we had no contract with the Luskar people and I felt that we had looked after them extremely well I indicated to them that we wanted to start working for Dennison and they really could not object. We therefore started buying land in land sales for Dennison in 1962 and built up both Luskar and Dennison at the same time. After Alec Mitchell's death in 1964 we of course, worked exclusively for Dennison and we built a rather large oil division with oil reserves in excess of 35 million barrels. Exclusive of the North Sea and offshore Spain, which we finally talked the President of Dennison into agreeing to invest. Susan, that's a long story but I don't think I necessarily want to put that all on the tape. But I might say that the North Sea turned out to be 10% of the Ninian??? oil field, which Dennison sold and the offshore Barcelona is the big oil operation of Chevron there, in which Dennison has 12 1/2%. So they do extremely well. I became increasingly unhappy with the Dennison operation because we were not paid what I considered a fair and equitable fee for our services and furthermore, since it was a verbal contract and had a lot of promises attached to it which didn't seem to materialize I decided finally that the time would be coming when we would have to find another client and build another oil division for someone else. In April of 1971 we were approached by a financial consultant in Toronto, who indicated that he had a company that wanted our services and would like to get into the oil business. His name was Len Watt.

End of tape.

Tape 1 Side 2

SB: Do you just want to repeat his name again?

HM: Am I being too detailed or not enough?

SB: No, that's good. A little more I think would be good.

HM: Len Watt had a company called Fiscal Consultants and he was an investment adviser. As it turned out he was the advisor to the Rothman's people and also Carling O'Keefe. Since that time he has started an oil company in Calgary know as Wellore Resources. So we started working for Carling O'Keefe in October of 1971 and we had purchased, by this time, a company known as Phillips Brothers Oil and Gas Ltd., which had previously been known as Joe Phillips Ltd. We had decided that there was no point in trying to build and oil company from scratch so we had to have a base and we bought this company.

SB: How about Joe Phillips background, had he been in the industry long?

HM: Joe Phillips had come up from the United States. He had originally decided to become a CPA and he had gone that route until the last year he changed his mind and became a geologist. He came to Canada and he had small drilling funds with Americans and he developed quite successfully, oil in Saskatchewan and oil in Alberta. He, at the time, couldn't decide whether he was going to go public or whether he wanted to sell. And after a good deal of negotiations we finally decided that we would buy at his price and he agreed to sell. This formed the basis of a company now known as Star Oil and Gas Ltd., 100% owned by Carling O'Keefe. At this time we had a contract for 6 1/2 years or should I say, just under 6 years, to June 1977 to manage and build Star Oil and Gas Ltd. My vice-President at the time, and number 2 man in our organization was Ralph Estelle, who now is the President of Star Oil and Gas Ltd. in Calgary. When the contract expired in June 1977 Carling O'Keefe asked me if I would care to renew it but I said, no. I thought the time had come to move Star to Calgary because it had grown tremendously and if they wanted Ralph Estelle, fine, and Ralph wanted to go with them and he's been very successful and so has the company ever since. For awhile I stayed on as a Director and Chairman of Star, Chairman of the Board that is, until I was satisfied that all was well. After that I retired as a Director because I didn't wish to have any conflict. That tells you briefly, the story of Star Oil and Gas. I haven't touched very much Susan, on personalities and I suppose this is the thing you're after.

#066 SB: Yes, it's interesting to know who different characters were that you worked with.

HM: I guess in all honesty, in the 35 years that we've had Mitchell and Associates, there have been a great many people go through here. I'm thinking more recently of Murray Berg, who started with us, I'm not sure just when but maybe we can turn off the machine and I can get some records and we can talk a little more about things like that. But Murray Berg left about 2 1/2 years ago and he is now the President of Erskine Resources in Calgary, which has been a very successful company.

SB: Did you want to look those up?

HM: Yes. Well, I have here a list of all the employees that have been involved with Murray, Mitchell and Grey and its new names, Mitchell and Grey and Mitchell and Associates. In looking over the list, I'll just comment on some of the individuals. The first two at the top show as E. H. Murray, who left in December 1954 and D. P. Grey in August of 1958. Joe the Toe Ageary lasted from September 1952 to 1953 and we've talked about him. Sam Bahan is a geologist in Calgary and I don't know who he works for right now. He was here from March '52 to October '52, a short spell. Jack Curra is involved still in Calgary in the oil business, he was here from April '52 to May of '53. Gordon Dodds is a geologist, he was here from November '62 to April '65 and he's involved in Calgary in the oil business. Ralph Estelle we've discussed, he was here from January 1970 to June 1977 and he's now the President of Star Oil and Gas in Calgary. Peter Fleming is an engineer and I believe he went with Mobil and he went overseas and he was here from February '52 to October '52. Is this the sort of thing that interests you? There are of course, a great many people on this list Susan, that wouldn't be still in the oil business, secretaries and different things on the list. John Holland was a Vice-President of the company from May of '73 until October of '73. He moved to Calgary and he's involved in the oil business in Vancouver and has recently started a drilling fund operation with Norm Clark, who used to be with Skelly many years ago and the geologist who was with Ashland.

#116 SB: What was the maximum number of employees that you had?

HM: We've always run in the range of 40-70. In the old days of course, everyone was an employee. Now we sometimes find that people don't want to be employees, they want to be contract operators but they operate for us on a full time basis. So essentially they're employees but they're really contractors. At the moment I think we're around 60. We operate somewhere in the neighbourhood of 700 [tape stopped] . . . old time employees who have moved on and up the ladder into Calgary. Bear in mind, I'm looking at a list Susan, where there are a lot of well operators because as I mentioned just a minute ago, we really look after, one way or another and are responsible, indirectly or directly, for almost 700 oil and gas wells and about 15 gas plants and so forth. And that is a big part of the business of Mitchell and Associates. The other part of Mitchell and Associates is running the oil company which is part of our family operation, Corbear??? Oils Ltd. and Corbear Oils has grown rather dramatically since we terminated. . . since the contract with Carling O'Keefe expired in June of 1977. John Peake, he was a Vice-President of engineering from October '59 to January '63 and he then went to Calgary and he became involved with Canadian Superior as their Chief Engineer. Here's Roland Prather, he was here from December '51 until July of 1955 when he was playing football for the Eskimos and he of course, was one successful fellow. And he has gone on and is in Calgary running, I guess it's still Columbia that he runs, the Columbia operation, which is owned by the Americans. Here's Dick Rousseau who is an engineer in Calgary, he's March '51 to October '52. I'm not quite sure what Dick's title is, he must be Chief Engineer of some company in Calgary. Neil Story, October 1950 to January 1954. He left and he was very successful and involved in a lot of different oil and gas operations. I've more or less lost

track of him but I have a feeling he moved to the United States. Fred Wickman was one of our long time employees, from June of '49 to January of '77. He is now a very successful free lance well siter. Well, that's some of them. I guess there's more that I've missed here but . . .

#167 SB: Well, that probably covers most of the long term employees.

HM: I think so, yes. Arthur Anchon??? was our manager of production for many years and he now lives on Vancouver Island, in Victoria actually but he spends a bit of time on the island up north, fishing.

SB: You mentioned a lot of them have gone on to Calgary. How do you feel about the role of the 2 cities in the oil and gas industry. For instance, why did you decide to stay in Edmonton, were there certain advantages do you feel?

HM: I guess many people like living in Edmonton. On the other hand, let's be honest, the head offices are all in Calgary and as we may have discussed before, there's only really 3 oil companies in Edmonton, private oil companies that is. . . well, not really necessarily private because Chieftain and Newmac aren't but. . . of any size. There may be some small promotions I think, is it Tristar or something like that, there's a few of these little ones around. And what's it called, Bashaw Leduc and some of the little small ones around but quite frankly, you have to go where the business is. If you're in the oil business, in the producing end of it, you certainly have to be in Calgary or you have to be represented in Calgary. We have an office in Calgary with 2 geologists in it. That's where the exploration takes place and where we make a lot of decisions. Needless to say, it involves a lot of travelling on the airbus and that's what goes on with our staff. Back and forth and back and forth. I think I've kind of covered basically, the staff. Now we're talking about some of the old days, some of the old time clients that we had in our consulting company. For many years we looked after National Bulk Carriers of New York City, who had production in the Hamilton Lake area, now known as the Provost area. They drilled a number of wells there and they were very unhappy and came to us and we actually put the first water flood into the Hamilton Lake or the Provost area. The very first flood. We put a pilot flood in and it proved to be very successful and we got response in about 9 months and as a result of that we expanded the flood and drilled more wells for National Bulk. They subsequently sold them as strippers about 5 years ago. Some of the old time companies that we worked with, Armicee??? Oils Ltd. This was started by Ann Produrski??? and Darrel Armstrong and they drilled a well which we looked after, out in west Edmonton. Close to Edmonton, as a matter of fact, the well is now in the city limits of Edmonton. So many people we worked for, Shank Oils Ltd., I can't remember. Barrens Oils Ltd., Castle Leduc Alberta, Dempsey, Dundee, Golden Spike, Calley Ltd., Keeno Oils, L. B., that was Lee Britnel. Lee Mac, Locksley, Luskar. Bill McGregor's original company was not Newmac, it was Micmac originally and then changed to Consolidated Micmac and I believe he sold that to Amoco years ago. Marjack Oils Ltd. was owned by the Cohen's of Vancouver, the Army and Navy stores. Sam Cohen was the brains of the operation and Harry Cohen lived in the Macdonald Hotel in Edmonton. They had some wells in Leduc, D-2 wells and they were quite an interesting pair. One time we were

sitting in our office discussing the wells and Harry said to Sam, Sam I want to show you my new brick plant again, because I've expanded it. Sam said, but you're already shown it to me, all you showed me was how beautiful the bricks were, I want to know whether it makes

#249 any money or not. Milton Petroleum, Sam Milton started that years ago and it was only reasonably successful. Pan Western Oils, Panalta, that was a group from Vancouver. Quintas, that was Harris Cox of Calgary and Quintas I think, still is a company that's alive today. Stanwell, that was an operation out of Toronto actually, promoters in Toronto. S&T Drilling. S&T Drilling I guess, is still going today and S stands for Salter and T for Tinker. They were Montreal businessmen primarily involved in the textile industry who became very successful with Lloyd McCallum in the drilling business. Sapphire Petroleum, Sturgeon Petroleum, Trans Canada Explorations. Trans Canada Explorations was a company controlled by Steve Roman of Toronto and eventually he changed the name to Roman Corporation and used Roman corporation as the holding company for his Dennison Mines shares. This has been a very successful arrangement because it made sure that there was nobody that could attack his ownership of Dennison. Ullida Oils Ltd, Dempsey Western Warner was an oil company owned by some people in the general Lethbridge area, I can't remember their names now. Susan, I haven't been very helpful in names you know, I just can't remember them.

#281 SB: I like going through the companies, you know, and whatever you can. . I know there's quite a few of them. . .and what year were most of those ones?

HM: Well, we're talking about, this particular list is December '57. Now I'm going to go back a little earlier and see what she's got here. This one is taken from a list of our receivables in 1951, November '51. Canada West Drilling. Allanby Petroleum. Allanby was a company run by a fellow called Babe Rossard, a promoter in Vancouver. He died a couple of years ago. We've talked about Armassy before. Here's Great Plains Development Company of Canada, we must have done some work for them and they of course, were started by the Degroyer, McNaughton firm of Texas and I think you'll probably have information. Here's Northern Development Company. Northern Development is and was wholly owned by Paul Boland, although of course, he may have passed it over to the kids, I don't know. Leduc Consolidated, I can't remember the name. Francis Petroleum, Royal Arch Oils, Funalta Ltd. of Vancouver, Wagner Oils, Big Five Petroleum Ltd. We looked after a couple of wells for them in Leduc, D-2's and Harold Smith of Edmonton who was in the poultry and egg business was responsible for them. I can't remember the other 4 names but that's the way they got their name, Big Five. Kenno Oils Ltd., Locksley Petroleum, Bill Buchner. Bill Buchner was a high flying promoter who had 2 drilling companies and he had Locksley Petroleum and he drilled the 4 Locksley wells which we looked after and eventually they all were abandoned because they didn't produce a lot of oil. They were on an Imperial farm out. In those days, Imperial, back in the early 50's they're the ones that developed a sliding scale royalty, from 5-15%, depending on the volume of the oil that you produced.

End of tape.

Tape 2 Side 1

- HM: Yesky Petroleums. Sam Yesky acquired at a Crown sale, a lease on the very northeastern edge of the Leduc, Woodbend D-3 oil reservoir and we looked after a very nice well that he drilled there back in 1950, known as Yesky #1. I don't know whether it's still producing or not. He was quite a character and he had a good friend that was involved in the well known as . . . I wish I could remember his name. His uncle was Nathan Tanner who was a Minister in Ernest Manning's government at the time. Cliff. . . he went to Calgary and built a great big house, Cliff. . . I'm sorry. I see we've got some work for Joe Shocter, Joe's pretty active still in Edmonton, in the Citadel and building a new downtown Edmonton and things.
- SB: So most of these companies in 1951 were probably trying to get acreage around Leduc, in the Leduc field would they?
- HM: These were mostly all, primarily farm outs from Imperial Oil in the so-called Macleod pool, in the southeastern part of Leduc. I'm sorry about the names, I'm not very good on some of them. I'd have to do some reviewing to get them all. I'm trying to think of Cliff's last name, I'm sure that his name would come up, he was a red hot promoter.
- SB: Someone else who listens to it will probably be able to you know, remember. You mentioned that in 9152 there was sort of a collapse in a lot of the promotional companies, what do you think brought that about?
- HM: What had happened was, of course, as time goes, our industry is quite cyclical so as a result there were a lot of people that jumped into the oil business and invested in these little companies and pretty soon they found out most of them were not very successful. So the money dried up and I cannot remember at the time whether there was a bit of a recession or not, I just don't remember. But there certainly there were no more people very interested in farm outs and Imperial didn't have very many more farm outs and the thing gradually slowed down. However we've been through that before. Unfortunately in those days when we operated, our business was operated under the laws of supply and demand. Now the oil business operates under the laws of the government of Canada etc. etc. etc. And we find that we have lots of interference and it's not so much fun anymore. It used to be great fun in those days. I don't know Susan, I haven't really given you all these names and I know that's what interests you and I'm sorry I can't do it right now without digging more.
- SB: No, that's good. It gives an idea of the breadth of the companies and your activity. Did you hire drilling contractors at any time?
- HM: Yes, we would hire the drilling contractors, we would put out tenders and get bids and select them on behalf of the owners and we still do that.
- SB: Were there any in the early days that you remember as being your favourites or better at their jobs than others?

HM: Commonwealth Drilling was big. I'm sure you've heard quite a bit about Commonwealth Drilling and the people that owned it. Then Regent Drilling has always been very active. S&T Drilling came along later. There were a great number of companies through the years. People like Peter Bawden came quite a lot later because he's younger. Clare Nabors, he came reasonably early, not as early as some of the others. And then the service rigs and so forth, they all came, Redwell Service owned by . . . I guess he sold it out, Jim . . . you know how it is sometimes, the names get blank on you. I guess we should have done this 5 years ago.

#060 SB: I guess Lloydminster, when you first started there, it was originally the first oil and gas area in Alberta. I imagine a lot of the people that you worked with had been involved with it for quite a time had they?

HM: Yes. Mel Coombs was very active. He had a geological firm along with the Dean of. . . I guess I don't know whether he was the Dean but he was involved with the University of Saskatchewan at Saskatoon, Dr. Edmonds. And Mel Coombs looked after practically all the wells that were drilled and called the shots on running pipe and where we perforated or whether we said, open hole and so forth. And after awhile I guess Mel ended up working in the government in Regina and Dr. Edmonds was the authority on oil in Saskatchewan at the time.

SB: Do you remember Elmer Birley at that time, he was working for them, I don't know if you ever ran across him there?

HM: No. Well, I probably did. One of the people I dealt a lot with was Art Knight of Husky. He was trying to sell the oil and that was his job. We used to go out occasionally, he'd get me to try to help him and we'd go out on the old North Star airplanes and he'd pull the curtains and the flames would be shooting at you. Out to Vancouver and things.

SB: Did you have a very good response from the people that you'd go and visit?

HM: Yes. Everybody was always very helpful. There's a lot of little anecdotes and things I can talk to you about. I remember how the Royal Bank really built their business in Calgary. Have you ever heard that story?

SB: No.

HM: There was a couple of fellows, one called Jack Banks who had originally come from Victoria and Don Anderson who was from Toronto. Don Anderson I think, is still a Director of the Royal Bank. Jack Banks now lives in Toronto and he's actually Chairman of Majestic Contractors. Anyway, Don Anderson was the manager of the Royal Bank at 4th St., which is now I think, a Montreal Trust building or something like that, I can't remember. Jack Banks worked with him and he spent most of his time in the Palliser Hotel. He had a list every night of who had checked in from the room clerks and they were well looked after and anybody that had checked in from Texas, the next morning they checked it all out and found out who he was and that afternoon Jack Banks would get into the elevator with all his bottles of bourbon that he had, special bourbon and run up and down the elevator and introduce himself to these people and then they would run over, he'd get them over to Don Anderson and get them to open up, if they were moving up to Canada, to open up the account with the Royal Bank. This was the beginning, this

started out, I first met Jack Banks, well, I'd met him in Victoria years ago but I first ran across them in early 1950 when they were doing this. They built quite an empire for the Royal Bank. So the Royal Bank always has been the leader in the oil and gas industry and it started right there.

#109 SB: Did you find much trouble with convincing the Canadian investment community to invest in oil and gas at different times?

HM: Oh yes, we had a lot of trouble. I'm sure you've heard that before. I was talking about the very early days when there just were small little companies, the ones that we were dealing with were just little companies. Later we had great problems and we were always going down east or groups were going down east to try to get people down east interested in putting money into the oil and gas industry. And we were always having trouble with that. I'll tell you a little story that'll be of some interest. Bobby Brown, Home Oil, quite an operator. He decided that the thing we needed was the Montreal Pipeline and Bobby Brown really was one of the main sponsors of the Independent Petroleum Association, which I guess I was on that as a Director about twice, for about 3 years each time in the earlier days. All of us have had a shot at it one way or another and for a long time we were anti the majors and now we're all in the same boat with the government trying to hammer us too hard. So we sort of see things, basically eye to eye. Now, but we didn't then. We couldn't market our oil and we wanted a pipeline to Montreal. Finally Diefenbaker was in power and so Diefenbaker said to the Chamber of Commerce, which in those days was important to Canada. Trudeau really ruined it in many ways in my view, because he didn't listen to them. And after all, this is the business voice of Canada, the various Chambers and the Canadian Chamber. Diefenbaker said, all right, what does the Chamber think so the Chamber had an ad hoc committee formed and they said to each one of the cities, will you please send 2 representatives to Ottawa, to this meeting that we are going to have. So from Vancouver was supposed to be a representative of West Coast Transmission who didn't come. From Edmonton there was Bill McGregor and myself, from Calgary there were Carl Nickle and Alec Bailey and from Regina was Bob McLean who's now in charge of Inland Cement Operations here in Edmonton. I can't remember Winnipeg and the eastern cities. But the interesting thing I remember was that Bill McGregor flew down on a DC-3 to Calgary and we got on the inaugural flight of Air Canada's DC-8 from Calgary to Toronto. It must have been in February 1961. We met, we all got to Ottawa and the next day we met and it became very obvious to us that the easterners were scared to death of a Montreal pipeline and they would settle for anything. Frankly what we didn't need was a Montreal pipeline, what we needed was some guarantee that we could sell oil into the eastern market and that the eastern market would take it. Remember always that the cheap foreign oil used to come up in tankers to Portland, Maine and then be pumped over into Montreal at pipelines and those are still there operating. And they could also then put her back on tankers and they could move it any way they wanted in the St. Lawrence and also there was a pipeline from that terminus down into Toronto to supply oil to Toronto which was foreign oil, which was cheap. We wanted that market. So finally the Chamber of Commerce committee came up with a compromise that we would back off from the Montreal pipeline, those of us in the west,

provided that we got the market of Toronto at some reasonable price. In those days things moved fast. Diefenbaker bought the thing and in 3 weeks later, we had what was called a National Oil Policy. Has anybody talked to you about that before?

#176 SB: No.

HM: That's a rather important one. That's important. And that was the beginning of our marketing oil into the Toronto area. And of course, you've heard from people about the pipeline that was eventually built from Toronto to Montreal and all this business. That's inter-provincial and that's all a lot later. But this is in the early days, 1961. And the National Oil Policy said that Canadian oil must be used west of the Ottawa Valley. You've never heard anything about that before?

SB: Yes, I've heard of the Ottawa Valley.

HM: Well, this is where it started, right there at that meeting. And so the 4 of us, being the 4 oil people, McGregor, Nickle, Alec Bailey and myself, we bought that pretty nicely and we got what we wanted. And it was about 5 years, I remember that I was asked to make a speech and I made it and I don't know where the hell it is but I remember projecting that in 5 years our production would double and it did, in the west.

SB: Did you have the support of the provincial government behind you?

HM: Oh sure. No problem with Mr. Manning. Mr. Manning was great and everybody loved him. The problem with Mr. Manning, you know, Susan, when you have a very strong leader and set up a government like that, there's only 2 things that can happen eventually. One, the leader leaves, like Mr. Manning did. And unfortunately from Mr. Manning's viewpoint he didn't leave the government in strong hands. He left it in Harry Strom. Harry is a great guy, just a great fellow but he's not a big leader you know, and so the government failed. You take a look at British Columbia and you take a look at Wacky Bennett. He played it the other way, there's only the two ways, he said, I'm going to stay in power till I die. But he stayed a little too long and got chucked out by Barrett. So now his son is there. Well, we have to make sure that our government in Alberta stays strong in the free enterprise system or the people that love socialism. . . where do you vote?

#218 SB: I keep that a secret. I understand the attitude of the oilmen in Alberta. With the coal companies that you were working for, did you find any problem with them understanding the expenses and the approach of an exploration company?

HM: No, not really. I spent a lot of time education people, the senior people. Because in the Luskar operation there were no oil people until after we left. There were no oil people in Dennison until after we left in 1973, there were no oil people at all. So I used to talk to them about oil and go down to Toronto every 6 weeks and talk and discuss what we were going to do and so forth. Carling O'Keefe, the same thing, we sometimes used to go down and one time we were down there to the Board. . . As a matter of fact, Ralph Estelle and I did it, I think on 2 occasions, we had show and tells. And there was a couple of old Directors so we started with the basics, like what is the derivation of the word petroleum. What is it, well, it's petros which is Greek for rock and oleum, which is Latin for oil, so it's rock oil. Oil in the rocks, you know. And in the old days everybody thought

it was lake of oil down there, you remember that. So it was a matter of educating them. We've had good relationships and still have with all the old clients. I see Steve Roman periodically. Harold Mitchell unfortunately, that's Alec's brother, he died a year ago April. He was a great gentleman, a great authority on the Carribean, had investments, coffee in Brazil and sugar here and all sorts of things, all over the Caribbean.

SB: Did he have the same interests as his brother in the petroleum side?

HM: Yes, after his brother died, he took over the Canadian interests too. And he has a daughter, the one daughter, only one child and her name is Mary Jane and she married Peter Green and her name is now Mary Jane Mitchell-Green. She is the owner of the Luskar empire. She's I guess, about 33, she's a charming person and very clever and has been extremely well coached by her father. And a real business lady, I like her very much.

#266 SB: When you bought out Phillips Brothers Oil and Gas, did you inherit much production from them?

HM: It's public what Carling O'Keefe paid for it, it was \$13,500,000. Unfortunately we had to buy half of what he had in Alaska and he'd gone into the big Alaska sale. I'm sure there's been some discussion about the big Alaska sale and Bobby Brown's train.

SB: The Blue. . .

HM: Back and forth between Edmonton and Calgary.

SB: Oh, the Blue Train, yes.

HM: Yes. And they were figuring out their bids and kept the trains running. That was the sale where Joe Phillips jumped in. He didn't actually jump in then, he bought Forest Oils interest and he put up \$2 million for their interest because he thought he was going to go public and he needed, in those days, everybody talked about window dressing. Has that word come up before.

SB: No.

HM: Oh. Window dressing. In those days when you had a public company or you were going to go public, you had your production but you had to have some glamour. So why not have a big interest in Alaska, they just sold the leases for \$920 million and I've got a piece of it. Well, Joe Phillips jumped in there and then of course, we had to buy that. We didn't want it but that was part of the deal, we had to take it. So we got a fair amount of production, I can't remember exactly how much but we've built it up a lot since then and Ralph Estelle has built it since 1977 some more. And the company which we bought for \$13 million, I haven't looked at Star for a long time but I suppose it's \$125-150 million, something like that. I'm guessing but generally over 100. And Carling O'Keefe's been successful on that and now they're very successful with their beer now that they've got lovely new management and changes and things. A lot of your people that you've interviewed have been Directors of different things. You notice that. And I was a Director of Roman Corporation for quite a while and a mutual fund in Toronto and all sorts of different things.

SB: I noticed you were Director of Interprovincial Steel and Pipe.

HM: I've been a Director of that one now for about 17 years I guess. And Director of the Bank of British Columbia for about 13. I was a Director and Vice-Chairman of Pacific Western

Airlines for about 6 1/2 years. That is an extremely well run airline. There's no fat in it like Air Canada. The problem that I found was when I was 60 years old I decided that I was spending too damn much time travelling around. My secretary, whom you met a little while ago, Mrs. O'Neil said to me, you know, I'm not seeing much of you anymore. I said, why, she said, you're flying 15 days a month. This is in Canada, back and forth and back and forth and all over the place. So I said, that's not right and I looked it up and sure enough, anywhere from 13 - 16. So I thought, I'm going to stop this. So I did and I got off about 4 Boards. The one that was really taking the time was Pacific Western because not only did we have homework to do but we had a Board meeting every month and we always had it in different cities where the airline operated.

End of tape.

Tape 2 Side 2

HM: Well, in the case of IPSCO, Jack Tervey??? showed up on my doorstep one day in 1967 and said that they needed an oil fellow on the Board that was an independent and would I be interested. I found out later that the reason I was asked was because David Weldon, who is still . . . well, he was the boss of Midland, Doherty, the investment firm and I guess he still calls the shots, had suggested my name. When I joined IPSCO I guess the sales that year were about \$15 million. And we had our problems with IPSCO but it managed to survive and Stelco wasn't able to put us out of business, which they tried pretty hard. Now of course, it's strong. Tervey retired quite some time ago, he did a great job with IPSCO but it's got bigger now and it's no longer a little operation and you've got to spend some money and get the modern equipment and that's what they're doing now. It's always made very good product and the oil industry in Calgary buys IPSCO product and they can always rely on them and they're good. And we've never compromised quality. You asked me about Northwestern Utilities, I guess I was asked to be the Director of Northwestern Utilities only because I was a citizen of Edmonton and I knew some of the people involved. It's changed a bit since Ron Southern has taken control of Canadian utilities and Northwestern is a wholly owned sub of Canadian Utilities. And it's a much more active operation now than it used to be. It's a utility company and utility companies are a little different than other companies in that they're regulated. If you want to charge more for your products or you gas or whatever, you've got to go and get an okay from some government agency. Anyway Northwestern Utilities is a nice, going, growing concern. The other one I'm a Director of is the Bank of British Columbia. Banks have all had their difficulties and especially that bank and other banks that deal primarily in Alberta and British Columbia, where the economy has been hit so hard. To a large extent, by Trudeau and his philosophies.

#048 SB: I was wondering also, if you could just touch on, you mentioned in the early years the independents felt that they were in a conflict with the majors. Was there a direct conflict or was it just a conflict of interest?

HM: Between the independents and the majors? Well, the majors always took the view that they knew what was best for everybody in the oil business. And what was best for them wasn't necessarily best for us. For an example, if the government of Alberta said, do you think we should change the land policies, the majors would say no because we like to keep all the land for 21 years under a big lease and do nothing with it, sit on it. In other words, we'll run the business the way we see it should be run. And as you now know, leases are 5 years. Not only are they 5 years but if you drill a producing well on your lease, say, on the 5th year and then you own everything to that depth but after another year or whatever, you don't own what's below it. They put that for sale again, or they deal it off. And the Independent Petroleum Association has always been responsible for 70% or so, of the exploration wells. I suppose you've talked to Gwynn Morgan. If you have, he's one great guy, he'll tell you all about IPAC, he's the President of IPAC and he's very articulate, he's good. You've talked to a lot of people.

SB: Yes, he hasn't come up yet, his name hasn't come up.

HM: Gwynn Morgan, he's younger. But you're getting into policies now and these are more current of course, he's talking more current. Let's see who you have talked to here, oh you've talked to a lot of people.

SB: Oh yes, I was also going to ask you, I interviewed Dallas Hawkins and he mentioned that you helped with the formation of Oakwood. Did you want to talk a little bit about that?

HM: You did talk to Dallas eh. The way we did that was Dallas and I got to know each other, he was kind of basically a broker in many ways. You know, he'd look for deals and bring them to people and say, I'll take a little piece of it or whatever, how about a little commission or something. He was always very honourable and fair, nothing wrong with everything he did. And the one day he said, I'd like to get this company going and I'd like you to be a Director. I was a Director of Oakwood for awhile. I said, okay and he said, what I've got to do is get some money together so that we can buy the old Okalta Oils which was started by the Herron's in Calgary. I think they were horse people out of Okotoks and he was in the oil business for a long time, Okalta. It was owned by, I guess at that time it was called, CIGOL, Canadian Industrial Oil and Gas, which eventually went into Norcen. Eddie Galvin didn't want it anymore so they wanted to deal it off so Dallas wanted to buy it. Well, the question was how do we do the money. I guess that's where I helped him, I went down east to my friends in the Toronto Dominion Bank, we all put up some guarantees and got the money. And Jack Wall was actually involved, has his name come up.

#097 SB: Yes.

HM: Yes, he was also involved and helped. And that was the beginning of Oakwood. And Dallas has done a great job with it, he's never looked back. And of course, he's moved back and forth to Spokane and all that business because of the Canadian ownership and things like that but I guess he lives in Calgary officially now, when he isn't in Spokane.

SB: Do you feel that your role as an executive officer has changed from what it would have been in the 50's, is there a lot more activities that you're involved in now that you wouldn't have been then, you know, say President of an oil company?

HM: You see, Susan, after it became obvious to me that we could build an oil company if we wanted to on our own, we could have gone and financed one. And I could have had a public company. And if I look what I have done after Luskar, forget Luskar, then take Dennison and then take Carling O'Keefe and then take our own family oil company and do it more rapidly. Carling O'Keefe we didn't get a chance to go as fast as we wanted to because they always thought, we've got to put more money in the Montreal brewery and things like this. However, we could have had a great big public company but some people don't like to operate that way, they're more private and they want to operate as a private company. And that's the road I chose. So I could have gone either way but we chose the private company route and I'm happy.

SB: Saves a lot of headaches in some ways.

HM: Does that sort of answer your question?

SB: Yes, it does.

HM: Paul Boland's always been private, he's got a private oil company and the drilling company. Atco has a drilling operation, it's a public company. John Thompson's outfit, etc., etc. You had to go one or the other. I'm glad we went this way. If I were your age and starting over again, maybe later, when the marketplace changes I might do it differently but I'm happy with what I did.

#129 SB: I guess looking back over your career, what do you see as your significant moves or the significant events that took place that changed things for you?

HM: I'm trying to think of my career, I've never really thought of it much to tell you the truth. I think the most important of a career is to have a happy life. If you don't have a happy life then you may have ups and downs in your career. Mine has been a rather stable career, engineers usually are relatively stable. And what I'm leading to is, it's a very important thing to have a great, helpful permanent girlfriend. And there she is and we've been married 43 years next month. That's #1 in the career, okay. #2 I guess, I've always worked hard, I don't work hard anymore. I'm more or less semi-retired because we spend time in California and time on Vancouver Island. I guess I don't have an particular highs or lows in the career. We built the Luskar, we were happy with the Luskar people, we built one for Dennison, I was not very happy at the end with the way the promises didn't show up from Steve Roman. I was extremely happy with the Carling O'Keefe arrangements and connections and we did a great job for us and they did a very fair, honourable job for us and for me. I guess the worst thing that's happened to me, is the National Energy Program. The federal government in 1974, decided to change the system and decided that we would pay taxes, income taxes on royalties. I objected to that on general principals and of course, in the United States, it's unconstitutional. If one government is taking money from you, another government can't tax it. There's no double taxation in the United States. We almost have a triple up here now. That wasn't quite so bad because Peter Lougheed made arrangements with his exploration program and his Alberta Royalty Tax Credits, to help the small guy on that. But on October 28th, 1980, the National Energy Program arrived. Now, I knew that we were going to have trouble and I knew that in the summer of 1980. Maybe I'll tell you why later. So we just

stopped doing everything. Nobody in Alberta, I mean, nobody in Alberta had any idea it would be that bad. But basically, it was in a sense, confiscation of 30% of the value of your oil company. Has anybody talked to you about this before, 30%. I don't know what percentages you get but that's my figure. It only took my 24 hours to figure it out. Everybody's cash flow, whoosh. And you know, PGRT, IORT and all this stuff with those damn socialists that came out of Saskatchewan and British Columbia and went down there. Now Mulroney's got to get rid of them, it's going to take him a little while but he'll move them out of there. Anyway, that's the worst thing that's ever happened, in the business career. And I've never forgiven Trudeau for that. Because you know, that was always his game plan. Even before Lougheed came forth with our big Heritage Fund, etc., etc., Trudeau had in mind moving in on the industry. Well, some of his books indicated.

#200 SB: So you feel it was a deliberate attempt to undermine Alberta's power?

HM: Oh sure. The one thing Trudeau missed out on, he was desperate, and I won't tell you how I know but he really wanted to be the Chief of State when the Pope came. He tried everything, couldn't do it. I'll tell you a few things after we get off the tape.

SB: Are there any things that you remember in the field or when you were working that really stood out in your mind as a big event?

HM: I suppose there are Susan. I haven't thought about them. Actually, I guess my job in the original Murray, Mitchell and Grey, I always thought I was going to do some engineering but I was the guy who worried about the money and took out the jobs and collected the money, I got to be pretty good at that. And I've always been involved in the business end more than the engineering end, although I like the engineering end. But you know, now, details don't interest me anymore, naturally. I guess there's nothing really, there probably are some things, I just haven't thought about them you know. I probably should have done a little thinking before you came and I guess I didn't. Thrashing around with phone calls and different thing.

SB: How do you feel about the future of the industry in Alberta or western Canada now, do you think it's going to recover?

HM: I think the future right now looks brighter than it has for some time. Primarily because we got rid of frog-face. He looks like a frog too you know, that's what I think of him. I'm sorry but that's the only person I speak to with that much disrespect. He could care less about anybody other than himself. I think our industry is going to recover. It'll never be like it was in the olden days but I think #3 son, is the President of Mitchell and Associates and I think that he's going to have a good, happy life. You've got to be involved in the political arena, take a look behind you, to be successful in our industry. In most industries you must be a bit of a political animal. Because you take a look at a lot of our industries, take a look at the airline industry for example, it's capital intensive, it's labour intensive and it's politically intensive. Our industry is not so labour intensive, at least, certainly not in our phase but it is very capital intensive and we are loaded with politicians. But I do think that in the long run, free enterprise, I hope free enterprise wins out but it's a struggle. I wonder what we can do to get Mr. Reagan to move to Ottawa.

SB: Are there any other comments you'd like to make before we finish up?

HM: I don't think I've got any unless you have some.

SB: No, I think we've covered quite a few things.

HM: I hope there were a few things that were new in there, that's all. The National Oil Policy, you want to check into that some more. That was the beginning of selling more oil. And markets are so important, look at our gas now, shut in gas, no market. And we've got ourselves priced in the position where the Americans will take as little as they can from us and use everything of their own first.

SB: Well, it's been interesting. I'd like to thank you for taking part in it, and taking the time.

HM: Not at all, I'm glad to give it a hand.