

PETROLEUM INDUSTRY ORAL HISTORY PROJECT  
TRANSCRIPT

INTERVIEWEE: Matt Newell

INTERVIEWER: Jack Peach

DATE: July 1981  
[difficult to understand, has a significant Texas accent]

JP: Let's start again, this is Jack Peach in Matt Newell's office. It's July 13<sup>th</sup>, 1981 and this interview is with Matt Newell. First of all Matt I would like you to begin right back at the beginning as to how you got into the petroleum business. That's a long way back.

MN: That is quite awhile back Jack. Actually I didn't plan to go into the oil business but I was going to university and playing football so I wanted an outdoor job. And I could always get a rough necking job down where I lived, about 30 miles out of Houston. Consequently I worked each summer as a roughneck swearing I'd never go into the dirty oil business. So I specialized in cotton??? taking business administration and the year I got out of school they were paying cotton ??? with 15 years experience \$50 a month so I went back to rough necking for \$5 a day. After deciding that the oil business was better than the cotton business I decided I had to learn some facts about it, since I had not taken engineering or geology. Consequently there was less education competition in the drilling end of oil business than any other. So I chose the drilling end as I already had a little education in rough necking and worked in the field until I became a driller and a tool pusher.

JP: That was in Texas was it?

MN: Yes, that was in Texas. Then after getting satisfactory, what I considered a satisfactory education I went to work for Hughes Tool Company. They in turn sent me to Canada and I've been here most of my adult life.

JP: I think there must be a very good story Matt, away back in the Hughes Tool Company era of your life. What are some of the things you could tell us about that?

MN: Of course there are hundreds of stories about the Hughes's, most of them about Howard. Howard and I were approximately the same age, and ran around in the same crowd in Houston so I knew him back in the early days before he became famous. But there are not too many stories known about his father, Mr. Hughes. He was a very amazing sort of fellow, character himself. #1 he was a graduate of Harvard Law School.

#026 JP: Was he, a lawyer, oh?

MN: And he was also a brother of Rupert Hughes, who was a famous writer back when you and I were young people.

JP: Yes.

MN: So Mr. Hughes came from a very good family in the east. He went out to work for the Guggenheim's in the copper mines after he graduated from Harvard.

JP: That would be out in the sort of Montana area, out that way, Idaho?

MN: No, that was out in Michigan in those days.

JP: Oh, it wasn't that far away?

MN: No. That was back in 1901 when Spittlebach??? was hit. Now remember I didn't know Mr. Hughes in 1901, I'm not that old. But he went to Texas because of that being the first gusher. That well incidentally was 1,100' deep and flowed 110,000 barrels a day.

JP: Holy doodle, 110,000, that's a gusher.

MN: From 1,100'.

JP: Wow, gee whiz.

MN: So that's where the word gusher came from, that was the one that it was coined from.

JP: Yes, that was the beginning.

MN: So Mr. Hughes went to work as I say, and anybody that could read or write could get to be a driller pretty quickly in those days. That was the first rotary well ever drilled was the discovery at Spittlebach.

JP: In the world Matt, the first rotary?

MN: In the world yes. That rig was made by a man named Johnson in Corsicana, Texas. It was the first well that was drilled with rotary. So Mr. Hughes went on from there as a driller and while he gets credit for inventing the rock bit, the story about how the rock bit got started was rather amusing also. They worked from 6:00 in the evening to 6:00 in the morning on a rig in those days and he was running the night shift. An old fellow came up with something in a gunny sack. Mr Hughes asked what it was and he told him it was a rock bit. I don't know whether he said it was a rock bit, anyway it was a bit for drilling. So Mr. Hughes looked at him and the old man asked him if he would rent it. Mr. Hughes said yes, he'd rent it if he'd sell him half interest in it. He said, what did he want for half interest and the fellow said he wanted \$500. So Mr. Hughes agreed to pay him \$500 and he ran the bit during the night and the old man came back the next morning and the bit had been very successful. So Mr. Hughes, I don't know whether he told him it had been successful or not but anyway asked him what he'd take for the other half and the old man said he'd take \$5,000 for the other half. Well, Mr. Hughes didn't have the \$500 so he asked for a couple of days off and caught a train into Houston and went in and had a visit with Mr. David B. Sharp who at that time was President of Texaco and one of the founders of Texaco. Mr. Sharp loaned him the \$5,500 for half interest in Hughes Tool Company. So he started out in a blacksmith shop, making these bits and they named the company Sharp and Hughes Tool Works. Then they bought a place outside of Houston that happened to be on the way to the Houston Country Club and they put a big sign there that said Sharp and Hughes Tool Works. Some drunk wrote on the other side, so does mine.

#067 JP: Isn't that great. Isn't that a lovely thing to put on. I like that.

MN: But from that meagre beginning of course, it has become a phenomenal company. It managed to support Mr. Hughes in a manner which he liked to become accustomed, which was rather lavish for those days. And they financed, anytime they needed money they would go to the Texas Company, Gulf, and Humble and borrow money. They didn't have any credit at the back and the 3 companies would lend them the money and then

take it out in trade. For that, Mr. Hughes gave them a 10% discount on anything they bought in Hughes Tool Company. Texas Company has always been a pretty smart company and you know the name of the Texas Company all over the world, but Humble was only Humble in Texas and Gulf was only Gulf in Texas. Gulf was Gypsy??? in Oklahoma and other areas and Humble was Carter in Oklahoma and so forth. So Texas Company got the discount all over the world, but he wouldn't give it to Humble and Gulf except when they went by the name of Humble and Gulf.

JP: Isn't that amazing.

MN: And that arrangement existed until Roosevelt started ??? and they were made to pay the full price from then on. But one of the funny things was, the general manager, it was a private company and there was no Board or Directors or anything, the general manager was named . . . I'll think of his name in a minute. He went in to see Mr. Hughes one day and said, Mr. Hughes, Bert Charles was his name, he said, Mr. Hughes I have good news for us, for the first time in the history of the company we don't owe a dime. As a matter of fact, we have \$50,000 in the bank. Well Hughes said, that's fine Bert. The next morning Bert went in to see Mr. Hughes and he wasn't there. Bert got worried about the old man, thought maybe he was sick so he phoned the house and said, is Mr. Hughes sick, they said, no he's not sick, well is he there, they said, no he's not there. He said, well where is he, he's not in the office, they said, oh no, he went to New York last night. So Bert phoned the bank and found out Mr. Hughes had taken the whole \$50,000 and gone to New York. So he was gone for some time without Mr. Charles hearing from him and finally Mr. Charles got a wire from Chicago, said, wire me \$5,000, signed Howard Hughes. Bert wired back saying, the company is broke, can't wire you \$5,000. Mr. Hughes sent a telegram saying, don't bother me with details, wire me \$5,000. So he had to go to the 3 companies and borrow it to get Mr. Hughes home.

#102 JP: I'll be darned. And he'd already taken all the money. That's great.

MN: But that's enough about the old man.

JP: He must have been quite a character.

MN: He was quite a character. Mrs. Hughes was quite introspective and she cared nothing about social life. They happened to live as back neighbours of cousins of ours and I knew Howard. Howard was a very introspective person. He gets credit in most of the write ups about him being a financial genius which is, in my opinion, is erroneous. He had great help of course, in that line and he had a company that wouldn't quit making money. Howard was a genius as an inventor. If he had been a poor boy he'd have been a great inventor. He made an automobile steam engine when he was 12 years old that ran. So he did have a lot of ability in that line. He was not a student, he was not ??? person. But he was a genius as an inventor.

JP: Now would you say that his father, beside being a character, was a business man?

MN: His father was more a business man than Howard. Yes, he was and I might portray him slightly unscrupulous in spots, of course, honesty is an individual ????. My own individual opinion.

JP: A lot of the seat of the pants work in those days anyway.

MN: The reason I say that is Mr. Sharp died and Mr. Hughes went to the chief engineer and said, he wanted the design on the ringers and the bits changed a quarter of an inch and the chief engineer said that wouldn't help anything at all. Mr. Hughes said, he didn't ask for his opinion, he just wanted the drawings on how to do it and what it would cost. Well, the engineer said it would ruin the company and he said, go ahead and do it. So with that ammunition he went to Mrs. Sharp and bought her out for \$50,000. So he became sole owner.

JP: Yes, it was his own design because of the difference.

MN: He never did change the ringers or the bits.

JP: Really.

MN: Most of these stories I've gotten either from the chief engineer or the sales manager or one of the people that were working with him from. . . he started building up an organization after the First World War. As a matter of fact, the chief engineer was down there designing a bit to drill horizontal holes under the German trenches to load them with dynamite, when the war ended.

JP: For heaven's sake. What a mind.

MN: And the sales manager in Houston was a young pilot flying out of Ellington Field trying to get his wings and get overseas. So that was the basis of Mr. Hughes's organization. Another funny story was he hired Brownie as a sales manager, S. P. Brown and a fellow named Hal Walker who was also a young pilot there, he and Brownie were running around together. There used to be a dice game that ran on the 15<sup>th</sup> floor of the Rice??? Hotel year round and Jesse Jones owned the Rice Hotel and he liked to gamble a little. Of course, Mr. Hughes like to and so these 2 young fellows rented a hotel room and they got a knock on the door of the adjoining room and they opened it and Mr. Hughes was there. They didn't know Mr. Hughes, they were both young fellows. Mr. Hughes said, I heard you boys in here, I'm going to run out of whiskey and I've got a girl in here with me that needs a drink. So these boys would drink and ??? going to work for him later. But he told them to come out and see Bert Charles and they went out to see Mr. Charles the next day and Mr. Charles found out what their experience was and said, he didn't need any help. Told them they had to go over Mr. Charles's head, see Mr. Hughes, they finally got on.

#157 JP: What a bunch of mavericks in those days.

MN: Anyway, working for them I got sent up here in 1930.

JP: What was your particular job at that time with Hughes?

MN: I worked in west Texas for them and when they sent me up here they made me division manager just because there wasn't anybody else up here.

JP: You were one of the first Americans to come up here weren't you?

MN: Yes, I was. I'm probably, in years of service, I'm probably the oldest American, Ralph Will and I were talking about it the other day, I think I'm the oldest American up here that's still alive.

JP: What year was this that you came up?

MN: 1930, August 1<sup>st</sup>.

JP August 1<sup>st</sup>, 1930.

MN: Yes.

JP: So your experience up here dates from there?

MN: Yes. Naturally I was a child prodigy.

JP: We're just about to get an anniversary aren't we?

MN: Yes. So I was in and out of Canada until 1937 because I was division manager of the Canadian and Rocky Mountain division.

JP: Oh this would take you down how far?

MN: As far as Colorado, I worked through Colorado. I had lived here from '30 to '31 and then lived over the whole area, pretty much out of a suitcase. The Depression was on.

JP: Gosh that's a long time back.

MN: Yes it is.

JP: Long before Leduc or anything like that. Now what were you looking for in those days, was it Turner Valley?

MN: Well Turner Valley had some rotaries in it. Rotaries came to Turner Valley in 1929, that was in the days of Jack Palace??? and those characters. So there were still some rotaries running here but throughout the Rocky Mountain district my job was more selling rotary over cable tool. Rather than selling ??? bits against Reed, which wasn't very well known at that time. But core barrels were new then so we were trying to talk cable tool companies into using rotary instead of cable tool. And explained how you could get cores instead of passing up oil fields, which they always claimed rotaries did.

#188 JP: That was one of the criticisms of a rotary was it?

MN: Yes, it was. And it had some foundation. Today in the States they're doing a lot of things that you couldn't do in the old days. Places that had shows with rotary, well, they're going back to redrilling them now and with fracturing and testing and all the things that they have today that they didn't have in those days, they're picking up oil fields that had been passed up. All of them had not been passed up unknowingly, a lot of them had been passed up on just not being economical at the price of oil.

JP: So anyway here you were selling rotary.

MN: So I worked with Hughes until 1937 and Turner Valley Royalties was hit in June of '36, which was actually the first crude oil ever found in Turner Valley. Now they refer to the wells before that as being oil wells.

JP: They weren't.

MN: But they were really ??? wells. Turner Valley didn't even have ??? gasoline plant until 1932. Imperial built eh first one and then subsequently BA built one at the south end of the field and Mr. ??? built one up by Hartel. But Turner Valley, after 1937 had another boom and that's when I went in the drilling business, formed Newell and Chandler.

JP: Newell and Chandler?

MN: Newell and Chandler Drilling Company.

JP: Who was Chandler?

MN: Chandler was my partner. He was a field man, he was about 15 years older than I but he was a good field man and he ran the field and I ran the contract work, the business end of it. Then every other weekend I'd relieve him in the field so he'd get out of there for

awhile.

JP: So this was a time when drilling was really beginning to pick up its speed was it?

MN: Well, rotary was coming in and of course, rotary was taking over before the war, that's the Second World War. But the Second World War killed cable tool, wiped the cable tools out completely because of the amount of pipe that had to be used. The advantage of rotary over cable tool was really that you could drill all the way to the bottom without any pipe. And with cable tool you'd have to run several strings of pipe, particularly if you ran into water sand by any shows of gas or anything else, you'd have to run it through your pipe, ???.

#222 JP: So this happened because of the shortage of steel did it?

MN: Shortage of steel, yes. So by the time the war was over cable tools were pretty much a thing of the past. I suppose Cut Bank was one of the last cable tool fields in the world.

JP: Who did you work with at that particular time Matt, who were some of the people you were working with?

MN: The drill part?

JP: Yes.

MN: Well, I started out drilling for Brown's. That's a funny story also. Brown's had found some oil in Turner Valley Royalties and then they had drilled Brown. . .not Brown but. . . what was the second well they drilled, I'll think of it in a minute. . . B & B wasn't it, yes. B & B was the second well.

JP: It was the second one that. . .

MN: That's the Brown's drilled in Turner Valley. They needed somebody to do the drilling. At that time there was no one would take a turnkey contract in Turner Valley, it was all day work, what we call day work now, it was called ??? in those days. So Brown wanted somebody to take a turnkey contract and I got a friend of mine from Denver, Fred Manning, to bid on it and that was rather amusing also. Bobby Brown and I worked out a price and he took it in and talked with his dad and Mr. ??? and they had agreed to it so they agreed to everything. I had talked to Fred Manning on the phone, he had agreed to everything. So I left here and went down to see Fred, he lived in Denver, and told him what the price was, what the deal was and everything else and he thought it was great. So I was in Casper, Wyoming, Fred was in Denver and Bobby, Mr. Brown and Mr. ??? were all in Toronto getting the money together. So Bobby phoned me in Casper and said, get Fred to wire confirming the price and the deal. So I phoned Fred and I said, wire them now, I think I said the turnkey price was 6,000' to \$150,000, something of that sort and Bobby phoned back in a little while and said, I got a wire from Fred Manning saying the price was \$135,000. ??? So I phoned Fred and said, you crazy so and so, you've got the price at 150, why did you cut it to 135. He said, I figured maybe you were a little high. I said, don't be arguing with me, I've already got you a deal, just wire him saying you'll take it for \$150,000. Another 30 minutes I got a wire back from Bob, he said, now he's raised it to \$165,000. I said, okay Bob, ??? I guarantee you, it will be \$150,000, I said, now don't pay any attention to the fact that it might not come from Denver. I said, I'll guarantee the price will be right. So I sent it from Casper and signed Fred Manning's

name to it, that it ??? at \$150,000. So everything was approved and I came back up to Canada to finalize the thing and I was sitting across the desk from Bobby when he got a telegram. He just flipped me the telegram and it said, can't take the work at any price, signed Fred Manning.

#285 JP: Was that the end of a beautiful friendship?

MN: Yes. So that put me in the drilling business, so I said, I'll take it Bob.

JP: I'll bet you did.

MN: Yes, I said, I'll take it and he said, you've got a good job, you don't want to quit and take that kind of risk and I said, yes, I can make money at that price. So he said, wait a minute I have to go in and talk to Dad and Mr. ??? so he went in and talked to them. They agreed so I took off for Dallas, bought 3 rigs on the cuff and. . .

JP: That was going to be my next question, where did you get the rigs from?

MN: Out of the blue because I didn't have any money. This was right in the middle of the Depression of course. I went down and talked with Oil Well Supply Company and I went straight to the head office, I didn't talk to any of the men up here. So we were talking in the morning, ??? about 9:00 and noon came and I told them the whole story, my old story and ??? said, let's go to lunch. I said, well, gentlemen I can't afford to go to lunch I haven't have an answer yet, I said, if you say yes I can go to lunch with you, if you say no, I've got to go to Toledo I believe was the National Supply Company headquarters. I've got to go to Toledo to see the National Supply Company because I've got to have those three rigs. So they said, well, it's a deal, if everything's the way you said it is we don't see any reason why you can't have them so that's how I got in the drilling business.

#312 JP: Oh great. Almost at the cost of a lunch. But where did you get your drillers from, the people who worked with you?

MN: That was something that presented another problem. We were allowed to bring 3 drillers up on a landed immigrant basis. We were allowed to bring 3 up on a temporary basis and the rest of them had to be hired here. They also with the labour department said that you could not work 7 days a week. So that meant we had to have a swing shift going so that gave us a start of half Canadian fellows and half American fellows.

JP: You could find drillers here who knew their job?

MN: Of course, I knew quite a few of the boys through Hughes Tool Company that had experience. It wasn't as though I had anything against Canadians but all the drillers already had jobs. So we had to take derrick men, roughnecks and make drillers out of them. So that put us in a spot of not being able to set up any tool pushers. If we set up an American we would have trouble getting a renewal on these 3 that were in on a temporary basis. If we set up a Canadian all the Americans would leave anyway. So that meant that Shorty and I had to do all pretty much of the work. We had 2 so called jug hustlers, that means roughnecks that haven't had drilling experience enough to be tool pushers. But we could get by having them so we did have that. So whenever we had any problems, ??? jobs or anything of that sort I'd go out and relieve Shorty, spend half my time on the rigs and let him get a little sleep.

End of tape.

Tape 1 Side 2

JP: Now before we go any further, who was Shorty?

MN: I should have mentioned that back awhile ago when I mentioned a partner, he was Chandler, Shorty Chandler. The name of the company was Newell and Chandler Ltd. He was actually the field man, he was an excellent drilling man. So things went along fine until Shorty pulled a rig in on himself and became incapacitated. He had a triple compound fracture on one leg and a broken heel and metatarsal arch on the other. He was lucky to come out alive and besides that his blood pressure was so high before the accident that they didn't think he'd live through the night. So the thought the shock would kill him. However he lived through the night, I stayed in town that night because of his condition. When I went out the next day we had 13 rigs running and 4 of them were fishing. 4 of them had fishing jobs. So I touched the bed 8 times in the next 30 days.

JP: Oh, you were a tired fellow. 8 rigs you had going by that time.

MN: 13.

JP: 13 rigs at that time.

MN: And we had 4 fishing jobs.

JP: Now this was all over the valley?

MN: Yes, this was in Turner Valley, yes. But of course, the work played out in Turner Valley, all of it except Home. I drilled a very successful well in the north end for Home. They had a funny experience on the first well they drilled up there, they discovered the north end of Turner Valley and that was . . . I won't call any names in the competitor of mine at the time but they were drilling a well for Home and they got it so crooked that the bottom was rumoured to be over under the little church at Millarville.

JP: They were down by the creek weren't they, that well was really close to the 3 Point Creek, just to the south of the church?

MN: Yes, southwest.

JP: Southwest of the church. Oh yes, I remember the well.

MN: It was something like 39 degrees off or something like that and the rotary ??? wouldn't ????. Major Lowry and I had quite a session in the Palliser, Pete Sanderson was sitting in on it, he was chief geologist at Home at the time. We finally arrived at a ??? price to drill the next well, he had drilled that first one at cost plus, Lowry had drilled the first one at cost plus and he didn't want any more cost plus wells. So I boosted the price a couple of dollars a foot because it was tougher drilling in the north end of Turner Valley, largely because the dip of the formation was steeper. He finally talked me down into drilling at the same price as the south end promising an adjustment if it wasn't satisfactory and I promised to drill a 3 degree hole, which I did, 3 degrees from vertical. We drilled that hole and it made the best well in Turner Valley. And he promised me that if I drilled it that nobody else would ever drill another hole for Home Oil Company and that's the last well I ever drilled for him. So while Major Lowry was quite popular in some circles, it wasn't my circle.



#040 JP: Not yours particularly. You come up with names like Lowry and Sanderson, who were some of the other ones around there at that time.

MN: Well of course, Mr. Brown and Mr. Boyer??? were both around. Bobby was a young fellow of course, he was very much in evidence though in those days. Head and Snyder were in the drilling business and Ralph Will had come up about 6 months after I came here.

JP: He came from Texas too didn't he?

MN: Ralph came from Oklahoma. He went to Oklahoma University and was a petroleum engineer there and came up to the Rocky Mountain area, Noble Drilling Company I believe and then on up here. And of course, the old Royalite bunch were living out there in those days, ??? Houston was out there as drilling superintendent. Fred Cameron was out there. Fred. . . oh, with Triad, Fred McKinnon, I knew him in those days. Eric Harvie was my secretary and treasurer of my company and my lawyer. I think Sam Nickle was drilling some up in the north end of the field, I was doing some drilling for Sam.

JP: Was the competition very great in those days Matt, or could you hold your prices fairly high?

MN: Drilling. We were getting a satisfactory price all the way through. I had set it and everybody else pretty well fell in line. One fellow who became quite wealthy, I won't call his name but he got in the drilling business and the way he got his first contracts was, they told him to bid on it and he said he didn't know how to bid on it, he'd take it for \$5,000 less than Matt was taking it.

JP: That's one way of doing business.

MN: ??? and he died very wealthy. There were a lot of funny stories there. One I better not tell you.

JP: We can hang on to it, it doesn't have to become public property. What we can do is to put that aside. If we specify that this is on Side 2 and it's a story to be held and not used yet.

MN: Maybe we can decide for it to be stricken, is that all right?

JP: Yes.

MN: Okay. ??? Mr. Brown, he's a very loveable character, some of his family is still living so I wouldn't want to say this out loud. But there was a famous house just south of town called Stone House run by a famous lady named Pearl Miller.

JP: This was down by where [Rugger at Kingsland]??? is as of now.

MN: That's right. Just about south of Midnapore wouldn't it?

JP: No, a little bit north of Midnapore.

MN: North of Midnapore. Anyway, some of us used to drop by to have a drink occasionally and Mr. Brown knew where the house was all right. So this was years later, Mr. Brown was a pretty good drinking man and he dropped in there and we always drove around to the back door for some reason. ??? obvious back there. He didn't know the house had been sold and he walked up to the back door, at that time he was head of the street railways department, he wasn't then in the oil business. The old fellow who came to the back door in his nightshirt was a city councilman. When he opened the door Mr. Brown said, you old sanctimonious son-of-a-bitch, what are you doing in a house like this. He said, I own it.

- #088 JP: That's great. That we won't use for publication, that's very interesting.
- MN: And another one. When I was drilling for Sam Nickle, he had some wells he called North End Country, out in the north end of Turner Valley. Imperial were drilling some up there too and Imperial got one so far off that it was over on Sam's property. So Sam had a right to make them [play it back]???, ??? the regulation was you could only go half the distance from your location to the line, I believe in those days. They couldn't get together. Eric Harvie was Sam Nickle's lawyer.
- JP: As well as yours?
- MN: Yes. Mr. Hanlon??? was Royalite's or Imperial's lawyer, it was Imperial not Royalite. Mr. McClellan was head man for Imperial in those days. So they decided that they could have a meeting and Mr. Hanlon would be on one side and Eric would be on the other side and the two principals were with their lawyers of course and I could be the arbitrator. And we met over in what was called the Conservation Board then and they talked and talked and talked and got nowhere. The arbitrator didn't have any power to rule, I didn't want the power anyway. So Sam though, we'd run into an anomalous condition in a well I'd drilled for Sam. We found the Mississippian limestone had turned completely over in an S form and we had gone through the top of the lime and got nothing and Sam had to have a well. We kept going, we picked up the second limestone but then Sam didn't have any pipe. So I was pulling for Sam because he owed me \$85,000. So we had two guys on his side. So they talked and talked and talked and they got nowhere, so finally we left and I walked out with Bob Heard and Mr. Macleod. And Bob Heard and I were walking, Mr. Macleod was walking by himself, he wasn't speaking to anybody then. He was walking ahead. I told Bob, Sam had agreed not to make any moves if he would lend him this string of pipe and if he got a well, well he'd ????. So I mentioned to Bob Heard, I said, Bob, I don't see why that isn't a good deal, I think we're going to get a well, we've got enough show there to indicate a well and you get paid for the pipe, I'd take that well if I were you. Bob said, I think it's all right also. Mr. Macleod was walking ahead of us, he said, if it was any other son-of-a-bitch in the country I'd take it but not from that bastard. We said, Mr. Macleod you don't feel that way about Sam do you, he said, I'm not talking about Sam I'm talking about Eric Harvie. ???
- JP: Matt, I get the impression there was a lot of horse trading done.
- MN: A lot of what?
- JP: Horse trading, where you have the pipe, I have the. . .you owe me the money. . .
- MN: Well there wasn't many dollars and . . .
- JP: ???
- MN: This was in 1937, money was awful tight. There just wasn't any money and Laborde tells the story on Swede Hanson selling one string of pipe 10 times. The only string of pipe in the country and he'd sell it and then he'd have to take it back because they drilled a dry hole. ???.
- #141 JP: There must have been an awful lot of that really, going on.
- MN: There was.
- JP: Everybody striving to survive.

- MN: That's right. Just trying to keep going. Things were just as bad about in the States as they were up here. Everybody was broke up here, there was only one outfit that wasn't broke ??? and that was Home. They got the good well up in the north end of Turner Valley, so they were all right. Then Ralph Will got the drilling at Major Lowry's ??? and so Ralph got along all right in those days. The rest of us all went broke drilling dry holes around the country. Remember Imperial drilled 114 straight dry holes in those days. California company came in and got a little stuff out in the Taber, Princess area. Tom Burton??? and Neil McQueen and Art ??? and a bunch of us drilled a whole bunch of wells out there. They were gas wells and you couldn't give it away so we had to leave them ???. We got black oil and gas, the geology was all right but the product wasn't any good.
- JP: Yes. And this would apply in Turner Valley, is that what drove you away from Turner Valley eventually, you were looking. . .
- MN: Beg your pardon.
- JP: You were eventually driven away from Turner Valley because. . .
- MN: Yes, well, Turner Valley was pretty well drilled out as was proven later. It was drilled down, they knew where the water line was. You see, Turner Valley had more closure??? than any other oil field that's ever been found in North America, maybe in the world but definitely in North America. It was over 5,000' from where they got the first gas in 1914 to where they got the water on the west side. That's tremendous closure???. It fell off about 50' every quarter of a mile, no, 500' every quarter of a mile.
- JP: So you did go afield then, you looked elsewhere, Princess you say for example, out that way?
- MN: Yes, we drilled a bunch of wildcats out in Princess, Duchess, Taber area. Of course, they have a lot of oil fields out there now, and a hell of a lot of gas fields.
- JP: Did you have any success at all?
- MN: Well no, not saleable success. My saddest story, whether it was success and failure or not, a bunch of us drilled down in Montana, northeast of Cutbank. We drilled a well down there, about a 3,500' hole and got a 40 million foot gas well. You could ??? from here to Texas on one of those today but in those days, I went down to see the President of ???, Mr. Bird, and I said Mr. Bird I've got a gas well up northeast of Cutbank. He said, I heard you have Matt, I said, it's a pretty good well, about a 40 million foot well, I'd like to sell you some gas. He said, sorry I can't buy it from you, I'll buy your well and I said, what will you give me for it. He said, what have you got in it and I said, no thank you. Anyway, he said, I can't buy it because if I buy one foot of gas from you I'll become a common carrier. He had the pipeline from Cutbank to Anaconda, Butte, and he said, if I buy one foot of gas from you I'll become a common carrier and I'll have to buy that damn Texas company gas and I'm already getting it free. He was ???. So we didn't sell any gas and the saddest part of the story is years later we got J. M. Huber??? in to deal with us because they wanted cheap gas for carbon ??? so we started stepping out and trying to make a gas area out of it and every time we'd step out a mile or so we'd hit a black oil well and you couldn't sell it, couldn't give it away. Finally they got tired and they gave up and we eventually gave up on it. We had to sell that black oil to Glen Nielsen, he had a little teapot refinery down in Cutbank. ??? any money so we were selling the oil then

we'd have to use his lousy gasoline to get even with him. The sad part of the story is I looked at the map years later and saw our well right in the middle of an oil field, ??? Pool, northeast of Cutbank. They had about 25 producing wells, all of them good wells. So we were geologically too perfect, we got the highest well in the field.

#210 JP: Isn't that something. This is the sort of thing that you of all people would have seen lots of though, of the changes of this kind and rediscoveries and stuff.

MN: Well, there have been so many changes, yes, in the whole thing. The whole business has been interesting and exciting, I'm glad I was too broke to go to work in the cotton business because . . .

JP: Isn't that great, being in cotton, it could be very dull. Matt what about legislation through all of this time, when did the government first start to get in the picture?

MN: When I first came up here it was still federal land, in 1930, that was the year it changed I believe, it became provincial land after that. And of course, the government didn't get into it, they never get into anything until it's good. They didn't get into any of the expensive end of it until after Leduc was hit. While they owned the land, no one paid much attention to whether it was government land or free hold land because it all went for about the same price and all carried the same royalty and all that sort of stuff. So they didn't get into it until after Leduc. I missed 6 years, I was gone from here when Leduc was discovered.

JP: Oh, were you? I didn't realize that.

MN: Yes, my timing was perfect, I closed my doors 4 months to the day before Leduc was discovered.

JP: Oh gosh, where had you been working up until that time?

MN: Well, we all ran out of work. That was the reason I left. I went to Montana with a couple of rigs. As I say, the government hadn't gotten into it, they hadn't but you'll remember they did have a Foreign Exchange Control Board during the war which made it a little difficult to travel. So the year they took that off was when I took 2 rigs to Montana. Then I stayed down there for 6 years.

JP: That was the exact time. . .

MN: Well, that was the time I should have been here. I came back when they lifted it January 1<sup>st</sup>, 1952, the Foreign Exchange Control Board. They only had it off a year then they put it back on and I swore I'd never come back until it was lifted and it was lifted on January '52 and I came back May 24<sup>th</sup>, '52. And I've been here ever since. There's been ??? in industry now, it's billed by the town, it's billed by the province.

#249 JP: The business of rigs crossing the border, how do you feel about the way they're doing it today. This is going to reverse again and . . .

MN: Well Jack I went to work 2 years ago for a mining group in the east. They asked me if I would be interested in trying to build an energy company for them and I said I would. So we started out and we drilled 2 dry holes up here in those 2 years. The rest of our money has been down in the States. They asked me, they said why don't we spend more money in Canada, I said, did you ever get through 1<sup>st</sup> grade arithmetic. They said, yes and I said,

well, it shouldn't be hard to figure the difference between \$38 oil and \$18 oil. Well, I said, it's greater than that, your \$50??? oil down there, after windfall profit tax and after Mr. Trudeau's energy program, you get 4 ½ dollar oil. I just don't think you can drill wells at these costs for 4 ½ dollar oil. And I said, if you're sure of hitting a pinnacle reef every time that would be one thing but you certainly can't drill these other wells, small producers for that. So that is my feeling on it. I am afraid Jack, first thing, I don't think it's going to change as long as Mr. Trudeau is in there and they can get another three years, possibly more. Then with the entire attitude of taking over the larger??? companies, which I think he'll keep doing as long as he can print money. I think he's driving them out here, I think it would take an awful long time to reverse the trend. I think it would take years. I have a lot of friends that think it's going to happen quicker than that but I see no reason for the federal government changing things around when they have it going the way they want to, until Trudeau gets out of there. Because I think he's dedicated to socialism.

JP: Do you think another party is apt to reverse the trend?

MN: That's what I'm afraid of. Jack, as a rule, when these things have gone into effect you don't see the new government reversing it.

JP: No, there's rarely a complete turn. . .

MN: Yes, every seldom do you ever see it. I don't care in what country it's in, you just don't see a turnaround after there's been a definite change like that made.

#298 JP: What do you think the Matt of the. . . obviously you feel a bit timid about the future of independence, what about independence as such. You were an independent, independent obviously all the way through your career at this point?

MN: I have been. Of course, I like the independents. Well, they've always played a tremendous role in the exploration business. They have still found more of the oil fields than all majors put together. I think they will continue to play a role in these token things that they're talking about now. When Peter came in they were talking about the things that were going to be done to the independents. All of these fringe benefits now of course, there's a difference in independents. An independent like Dome, an independent like Home and those can profit by these things that have been done by the government. But small independents, they don't, they can't go out and shoot the whole country with seismograph and get credits for them. In other words very few of the fringe benefits go down to the small independents. So there can still be some independents up here . . . those independents die hard. . . but. . .

JP: The Home and Dome for example, are not the independents as we used to know them.

MN: No, they are pretty substantial companies. And companies that can do the things that major companies are doing, I don't really class as independents that we are talking about. When we first formed the. . . I was one of the founding fathers of the Independent Petroleum Association. Our thoughts at that time were that as independents, we could have maybe some say in delaying the take over. I remember we sent Gordon Burton back to Ottawa about changing the tax laws. I was very insistent that they change the intangible write offs to the same as in the States. Because if you remember at that time there was a

bunch of American money coming up here getting full benefit of write offs where we in Canada got no write offs for intangible spendings.

JP: Right. I must stop this again.

End of tape.

Tape 2 Side 1

MN: . . . need to put that in his brief and he did but Gordon said, you got turned down and I said, as long as I'm the Director on the Independent Petroleum Association I wanted it in the brief every time the application went down. Well it didn't do any good but if 45 years ago, we had given the Canadian tax payer the same break that the American tax payer had, we would have some excellent independent oil companies up here now.

JP: So a lot of that damage was done a long time ago.

MN: Yes it was, by. . .

JP: By omission.

MN: Yes, by omission really. And the federal government I think felt, that by giving them those tax write offs that they were losing income. Where I think it has been proven in the United States, that tax write off has made a tremendous number of multi-millionaires that have paid pretty fair taxes. So my contention was that they would make more by it than they would lose by not collecting, because there were no royalties.

JP: This fetish about being afraid of creating millionaires is a dangerous thing isn't it?

MN: It is. There wouldn't be the wealth in the United States, if it hadn't been for tax dodgers. Look at the multi-millionaires that ???, ??? they'd have all been happy with 2 million or something like that if it hadn't been that they were going to pay tax on it so they might as well reinvest it and by reinvesting it, they've paid more taxes but they've earned more to pay it.

JP: Yes, it's generated more.

MN: Generated more, yes. So no, I think that's one of the shortages and going to be the failure of socialism, of the socialistic approach.

JP: To the petroleum industry particularly.

MN: Yes, that's right.

JP: I was going to branch right off into something else. Matt, do you think that some of these areas that have already been thoroughly explored and fairly thoroughly drilled are still going to be good for more production under new standards.

MN: The easiest answer to it Jack, is to look at what's going on in the States now. For instance, let's take in east Texas where none of us. . . I literally didn't know up until a couple of years ago that east Texas still had any appeal. I knew about the whole east Texas oil field, it was the biggest in North America and then they had a tremendous gas field, called ??? gas field, right on the Louisiana, Texas border, between Shreveport and Longview. So I knew about those two things but I didn't. . . and I knew about ???, which was the first oil ever found in Texas, in Navarro County. But I was truly amazed, I went over there a little over a year ago and I was truly amazed at what has been going on over

there and what is still available. For instance, we just got a report now from a very favourable well that we have an interest in over there. We have 5 wells, 4 of them completed and one of them being drilled, 10,000' down. But this is 11,000'. Now you couldn't look at this stuff, it's gas, you couldn't look at this stuff for less than two fifty a thousand and because of how you have to go about getting it we're getting five twenty a thousand. Well, the ??? alone cost a quarter of a million dollars. It's that tight. So those kind of things will still be found up here. But there's a lot of gas in the States being sold for \$9 a thousand, where it's over 15,000' deep. So you put the price up we get it. The same thing with these ??? plains, I think what the government is doing now is losing a project like Coal Lake. There will be no more oil sand development unless they do have world price. Sun went in there and they lost money for years on that Great Canadian Oil Sands and there's just no way you can make money on those kind plants, they tell me, less than \$32 or \$33.

#050 JP: And they can't just keep on losing money forever.

MN: No, you can't.

JP: ???

MN: That's right. And we know that we have a terrific supply, think of what would happen to our economy. I'm talking about for all of Canada and I think that's where the eastern Canadian is a little short sighted. We could have a stronger economy and I think this next century was ours in Calgary, if we don't go socialistic. As was said earlier, I think that the pendulum has swung so far that it'll take a long time to swing back to. . .

JP: Even part way.

MN: Yes, even part way.

JP: Now to go right on back to the very beginning, what was the atmosphere when you first started out here. Was it absolutely free wheeling with no holds barred.

MN: It was laughable Jack, it was so free wheeling. In fact one of the things that impressed me when I first came to Canada was bellhops and people with very low income were interested in ???, they were interested in betting on Canada. They were betting on the oil business and all that sort of thing. Every one of them, I don't care what it was, they had some stake in it. Well, to me that's building a country. I used to have some awful arguments with some of my banker friends and I hope they don't hear this now but in those days, right after ??? Bank had gone broke in the States they used to get very proud of themselves. I'd say, well to me it's no wonder you don't go broke up here, you're not banks. Oh, what do you mean by that, I said, you're depositories, you're not banks, the bank lends money and I do think complete involvement. That's another thing that helps the banking thing in the States over this is, the banker down there wants to help develop that area that he's in, he's part of it. Whereas up until recently, we don't now, Calgary is a city now and people plan on living here the rest of their lives but when I first came here everybody was a transient. All the bankers were going to move to Victoria when they retired. Consequently they weren't trying to build. . .

JP: And the banks of course, being national, they were all absentee owned weren't they?

MN: That's right. Absentee owned companies. And in the States where they have chain

banking you'd run into exactly the same thing there. The banker wasn't interested in trying to develop that country, he was interested in holding a job until he retired.

JP: Yes, but the First Bank of Odessa for example, was trying to develop Odessa.

MN: That's right.

JP: Were you, as an American, when you first came up here, welcomed or what was the feeling towards you and your colleagues, do you remember?

MN: There was never. . . Jack, I can live here for 204 years and not be a Canadian in the minds of most people because as long as I talk like I do nobody is going to accept me as a Canadian. I didn't feel that there was any true resentment about me being here when I first came up. Of course, there were very few Americans. I don't think the resentment came until after Leduc when there was a great influx of Americans.

#090 JP: Yes. But before that you weren't considered a buccaneer?

MN: No, I wasn't. I was just another free ??? trying to get along. I was pretty much accepted that way and I just didn't feel it. I don't think people felt that way much until, as I say, after Leduc, when house prices, you may have been renting a house for \$100 a month for 10 years, that has become his home, here comes an American buyer and offers \$35,000 for a \$5,000 house at the time, people are going to resent it.

JP: It was understandable.

MN: It was understandable.

JP: Did you feel somewhat of a resident, not a Canadian but somewhat of a resident by that time?

MN: Well, I never thought of becoming a Canadian citizen Jack, until I came back in 1952. When I came back in 1952 I had decided that this was going to be home for the rest of my life. My oldest boy was a Canadian, he was born in B.C., my wife was a Canadian and my youngest boy was born in Wyoming during that 6 years or so we were away from here. But I knew, as a matter of fact, I applied when I first came back in '52 for a citizenship. I went over to see Gordon Allen and I said, Gordon, I've got enough accrued time to put in without waiting 5 years I think and he said, let's not confuse Ottawa. He said, as many times and as long as you've been here and in and out, we'd get them so confused they'd never get it straightened out, you'd better wait 5 years. So I decided to wait 5 years and at the end of 5 years I went down to get it and found out then, that the first year I had been back, in '52, because of an automobile thing, that I had temporary status for the first year instead of being a landed immigrant. So I had to wait until 6 years which was 1958 before I got my citizenship. I have felt, actually, more feeling on the American thing, since I've been back than I did in those early days.

JP: Who were some of your real pals from a long time back Matt, do you remember some of them?

MN: Well of course, Bobby Brown and I have been friends ever since '37 but Swede Hanson and I were friends before that. Swede, when I first came up here for Hughes, was with the Continental Supply Company. So he and I were both working the field together down there. Oh Bob Lee, that's Andy Lee's brother was then working for Mr. Mayland??? down in the south end, and of course, I knew Mr. Mayland in those days. I knew Bob



Heard as I said, I knew Neil McQueen and Art ????. Most of my cronies are dead now Jack, you shouldn't ask that question.

#128 JP: No, this is a little bit true because when you get up into our bracket it's amazing and a little distressing how thin the ranks get.

MN: Yes, they do thin out. Of course, Tom Brooks??? is still around and he and I have been friends for a long time, Eddie Laborde and I have been friends since the war. ??? and I were friends, Red Dutton and I have been friends a long time and Bob Burns and I. Then Gordon Allen and I have been friends a long time, he's still alive.

JP: It sounds as though most of them were fairly close to your particular line of activity.

MN: Either that or lawyers, of course Red. . .

JP: Construction people.

MN: . . . was in the construction business and so was Bob Burns. I knew a bunch of these younger fellows, I coached football for the West End Tornadoes during the war when all those young people went overseas.

JP: The West End Tornadoes, that was a Calgary team?

MN: Yes, it was a Calgary team. It was in the south end, in Elbow Park. They used to work out in the field right next to Christ Church, that was our practice field. They had Bill ???, he played end for me, Freddie Wilmot played end, Harry Hobbs was my captain and fullback. ??? played for me, Rod McDaniels played. I'm really dating myself now. Then Harry Irvin and Peter Loughheed and that bunch were just a little bit young, they were the water boys. I told Peter not long ago that I should have coached a few more years, I'd have been Attorney General now.

JP: Instead of that, you've got a whole new career that you're involved now, the energy company that you ???.

MN: Also when I first came up here, I knew Red Tanner, he's still alive, lives in Vancouver now. Harold Tanner is still here. Then from '37 on I knew Jim Cross, ????. I practically knew everybody in town in those days Jack.

JP: This was a possibility wasn't it because if you went around the streets you did . . .

MN: Yes, you knew everybody.

#163 JP: How did they feel about you as one of the pioneers of Turner Valley? What was your status, you were well regarded as a person who was helping to drill this brand new industry that we didn't even. . .well, we didn't know very much about?

MN: I don't think in those times. . . we were thinking more of survival than we were building industry.

JP: They were the toughest times to be here weren't they?

MN: Yes, they were tough times, yes. We were all hoping and we were all trying to find new fields. We all knew that if we found one new field. . .there is always, in the oil business, you have a chain reaction. But finding that first one is difficult. They were drilling wells up and down the foothills in those days. The Canadian people were good gamblers in those days, they were gambling favourably with very long odds.

JP: Did you drill at all deep in the foothills?

- MN: I drilled one well for the Texas Company up in ???, it wasn't deep but it was in the old formation because [it was starting out in the limestone]???. Of course, 8,000' was a deep well in those days too, Jack. The north end of Turner Valley were some deep wells.
- JP: What were some of the great industrial developments in those days? Of course, the rotary bit and the idea of rotary drilling was the big thing. Were there any other innovations. . .?
- MN: There were a few things. . . they were coming along, you know, gradually. . . nothing earth shaking. . .
- JP: Nothing spectacular.
- MN: No. but for instance, one of the reasons I went into the contracting business up here was because of mud and crooked holes. I'd say that if you change the mud and you drill straight holes you could get away from a lot of trouble they were having, which turned out right. When Ralph Will came, I brought the first straight hole ???, the first ??? for instance. I couldn't ??? drill collars, so when Ralph came up 6 months later he brought in a whole bunch of drill collars so that became the right way to drill. So you had multiple changes like that. I went up to see Clare Nabors, a new 25,000' rig of his. . .
- JP: ???
- MN: That was a couple of years ago now. Clare was there when I got there so he was nice enough to show me around. When I got through I said, Clare this is not a drilling rig, this is a factory. Because there's that much difference between rigs when I first came up here and those kind of rigs. There's been a lot of changes but the principle is all still pretty much the same. Turn it to the right, pump it out.
- #206 JP: And if you had it to do again, you wouldn't go into cotton, you would still go into. . . .
- MN: Anybody that's missed the oil business has missed a life in my opinion. It's hard to think of any other business that's as fascinating and as exciting.
- JP: And it's something that you can keep on going till you drop eh?
- MN: Well that's right. That's one of the good things about being an independent, you don't have to retire. I was asked when I took this job, I was asked by my boss, Lance White???, he's 35 years old. After he was nice enough to hire me he said, now tell me why you're taking this job and I said, man, what do you do when you retire and don't drink, if I was still drinking I wouldn't have time for working.
- JP: You can keep right on going. All you need to do now Matt is really, to go into that coaching business and become Attorney General and you've got it made. Thanks ever so much.
- MN: Well, I hope I haven't ???.
- JP: This has just been great.