

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Lloyd Wilson

INTERVIEWER: Susan Birley

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SB: It's April 3rd, 1984, this is Susan Birley interviewing Lloyd Wilson in his office in Edmonton. I wonder Mr. Wilson if we could just start with you telling us when and where you were born and raised?

LW: I was born right here in Edmonton and spent most of my life in and around the area, although I travelled across Alberta, Saskatchewan and Manitoba in the oil boom days.

SB: What was your family background, were they involved in the oil business too?

LW: No, not at all. My father was a small contractor and had a farm and ????. I took over the farm, bought it out and ran it for some time. There's where I met a number of the farmers in the area who wanted to know what to do with their oil leases.

SB: Oh I see, so that's how you first got started in the industry?

LW: Right.

SB: Can you remember what your very first deal was?

LW: No, other than Imperial Oil were offering \$1 an acre as a bonus to sign for a 10 year period. They asked if I was going to take it and I said, no, I didn't think I would, if it was a good enough gamble for them I thought I'd hang on for awhile. They said, are you going to buy any leases and I said, sure, I'll buy your leases. I'll give you \$1.50 an acre. So this happened very quickly and I ended up with a lot of leases in a short time.

SB: Had you already formed a company at that time?

LW: No, I was strictly alone.

SB: So did you have any leases on your own land, on the farm that you had?

LW: No, I didn't have any oil rights there but I did have the oil rights on different ones that I bought outright. I held these leases for not too long a period of time. I met a fellow by the name of Glen Fisher who gave me my first education. He was going down to the old Legion building here in Edmonton to see California Standard, in those days, now it's Chevron. As I say, it was an old building and the walls paper thin and you could hear everything that went on. When I heard the figured he was using, \$100,000 for this lease and \$50,000 for this, I was thunderstruck. Because I had paid very little for mine and I performed much the same tactics and it worked. That was my initiation into the oil business.

#033 SB: And did you work with Glen Fisher after that?

LW: No, I never did work with Glen Fisher. We just became friends. He was an American that came up here and I thought that I'd learn something from him, which I rapidly did.

SB: And when these farmers were interested in finding out about their oil rights, had Leduc been discovered then or was that before Leduc?

LW: No, it was just after Leduc.

SB: So around 1948 or something like that.

LW: Yes. '47 Mr. Newburn???, Mr. McQueen and myself, Neil McQueen, Art Newburn were instrumental in having the. . .well, Art Newburn is the one that bought the lease, Central Leduc lease from Mr. Perch in Leduc. That became a very famous well. It was a little too far east and drilled off the edge, right into the ocean, stayed in the green shale continuously and Mr. McQueen called Aubrey Kerr into the scene of action and said, what do you think we should do. He said, skid the rig, I think it was about 450' back and it was back far enough that it was just on top of the highest point of the reef.

SB: So it was worth moving it over.

LW: Oh very.

SB: And how did you first meet Neil McQueen?

LW: Mr. Steve Stevens was the purchasing agent of Imperial Oil and we were members of Rotary together and we saw a lot of each other. He knew Neil McQueen's father from the early days, who was President of Imperial Oil. Knowing Neil as he did, Neil asked him if he knew anybody that could give him a hand in the oil business. So he suggested me and I was anxious to learn and earn and so away I went.

SB: So were you acting as landman then for Neil McQueen?

LW: That's right.

SB: Had he formed his company at that time?

LW: The Central Leduc Co. was formed, Del Rio was not formed. Those 2 companies later amalgamated into the name of Central Del Rio. They were in that company, when they made the discovery at Weyburn in 1950, Central Del Rio.

SB: Were you with them when they made that discovery?

LW: Yes.

SB: Can you remember any details about how it was made?

LW: Mr. McQueen was very close to a geologist who found the East Texas oilfield. He got him to come up and drive the country. Seismic had not worked very well. This 400,000 acres that we refer to in Saskatchewan was farmed out to Socony Vacuum which later became Mobil. They drilled 4 wells to earn their interest in the 400,000 acres and it was pretty well a lost cause. They had one well that had some showings but wasn't too successful. So he had this friend drive the east and west and north and south and you know how flat Saskatchewan is, it's like a table top. But there's a certain little rise in different spots and as he drove back and forth he would make a little mark on his map. Eventually he had a straight line, a definite strike along one particular line and it was there that he told Mr. McQueen to drill the first well. That was drilled in 1950. Of course, we took the farm out back from Socony Vacuum in those days and fortunately the well hit and we had gathered up a great deal more land than we had started with.

#079 SB: So you got quite a lot of capital from that well then, that you could go on and. . .

LW: Later. But the first well at Leduc, where they skidded the rig back was the one that made a lot of money. It was right on the edge and they really needed oil in those days. As cheap as it was, they could sell all they could possibly get. Hard to believe that \$2 a barrel was a high price.

SB: It would hardly be worth it now.

LW: Now at \$39 a barrel they say they can't make money.

SB: So you worked with Neil McQueen for quite a few years then I guess?

LW: We were associated together for . . . well, what happened was Central Del Rio was bought out by the CPR pension fund. Then it was turned over to the CPR Enterprises who later amalgamated with CO Oil and Gas. They're a private company. They wound up with 87% of the stock of Central Del Rio. A good many people thought that when somebody had that much stock they would really control it and go nowhere. Well, I can tell you that from \$7.50 a share, it went to \$99 a share in 1980 and has since been split 5 for 1. So it was a very, very fortunate thing for those that held on to their stocks. It was after that amalgamation that Mr. McQueen was retired and CP Oil and Gas took over.

SB: So he stayed as a managing director for all those years then, did he?

LW: He was, yes. He was president and managing director.

SB: And what about Art Newburn, when did you first meet him?

LW: He was a real character. His father was Colonel Newburn, the Colonel Newburn Hospital is named after him. When Art passed away he left a considerable amount of money to that hospital, for the work being done there in the veterans hospital. Art's brother was also a doctor. But Art was a real rough and tough driller and he loved to make a deal.

SB: So did he start with Central Del Rio as well?

LW: Yes, that's right. He became partner too. And after the first well, I should tell you, after the first well they skidded the rig and the stock was selling at 15 cents a share and they called in an old friend of Art's, Stewart Ross from Milk River, at Wildhorse, down in southern Alberta. He was a big rancher. He put the money up to drill the second well and took down stock and they struck and struck it big. Now his son bought some of that stock and also inherited some and is a big stockholder in Pan Canadian, the CPR company that followed CP Oil and Gas. Followed Central Leduc. Jack is a very highly regarded rancher and also very well known in the oil business.

#122 SB: So that well turned out to be another worthwhile investment then?

LW: Oh yes. It was a very successful well for Mr. Ross.

SB: Did you carry on working for yourself as well, at the same time that you were working for Central Del Rio?

LW: Yes.

SB: I guess, how would you find out or how would you get an idea for going out and acquiring land?

LW: We used to, what was it called, sit on the rig or sit in the bush, scout the wells. At the slightest sign of any real activity you then proceeded to see what you could buy around it.

SB: Had you ever worked on a well, so that you'd be able to tell what was going on?

LW: No, but I had some very good geologist friends, who I confided in. They taught me more about the oil business than I'd have probably learned in school.

SB: So I guess you saw a lot of activity start up then, around the late 40's and early 50's.

LW: Right. There was one particular one that we all got a kick out of. Mr. Chauncey Flint had a well down at Dewhamel on his property but he didn't own the mineral rights. Half a mile east, or the next quarter section, he owned the mineral rights and it was on his own farm and he turned down a lot of money. So we thought a plan that maybe I could go down there with a lot of money, which was a lot of money in those days, I went down

with \$100,000 in a suitcase. It was all bonded, insured. So I met Mr. Flint, I forget if it was 12 or 15 landmen standing at the gate. I knew Mr. Flint from the cattle business, I'd been in the cattle business when he was. I drove in the yard and he waved his hand, hello Lloyd, come on in. So much to the disgust of the landmen standing around, I drove right in, took my suitcase, walked in to the house. I said Chauncey, I've got a real present here for you. I opened it up, I had it all in \$20 bills and the like so it would bundle up big and fat and I thought, \$100,000 would sway him. But of course, this was a real good well, this reef well, Mobil's well just to the west of him. So I said, there's \$100,000 in there Chauncey, huh, I've got more than that stacked out behind the barn he said. And that was the end of the story, I packed my suitcase and left. Finally him and Ken Copic and Alec Gillespie and some other cattle men put money into drilling a well and they called it Flint Oil Company. Unfortunately they hit the same thing as we did, strict green shale right down into water. Missed the reef altogether.

#163 SB: They didn't think of moving it over the same way you had?

LW: I don't think they gave it a thought and I don't know if they had much room to move it. They played it as close as they could to the other quarter section.

SB: You'd mentioned that there was a well drilling down in Armena, could you go into the story about that, was that around that time?

LW: Yes, it was. '49 or '50, we had a bunch of land, we got it from the CPR in Calgary. Go file on it all you wanted and we filed on this land at 10 cents an acre and that's all the rental we paid was 10 cents an acre. Much cheaper than government land but it looked good to us. Now that CPR land went into the CP Oil and Gas eventually. But at this particular stage it was up for a bid for anyone who wanted to take it up and drill on it or whatever. So we would farm out a little portion at a time, we had about 20 some thousand acres. We'd farm out 2 or 3 thousand acres at a time. We farmed out a piece to Mr. Frank Ruben, who was instrumental in bringing the people in to build the Hinton Pulp Mill. But he was a real promoter and could raise money and he was a real joy to be around, a very interesting person. He drilled a well, he got, it's called dry hole money, that is they put up the money, a company that had land nearby would put up a small portion of the money to drill the well. Imperial Oil was one and they thought they could detect from the core that they should take a sidewall core. They did, they took a sidewall core and lo and behold they found the Viking oil there at Armena. Then came Joseph Lake and then Camrose and now they combined the names and call it Joarcam, Joseph Lake, Armena and Camrose.

SB: And you told me a story about Jack Armstrong that was tied in with that, was that the same well?

LW: Jack Armstrong, he was a manager here in Edmonton. He knew we had the land there, he finally became the Chairman of the Board for Imperial Oil, he'd been down to Standard New Jersey and all over, a very fine chap. But he was trying to deal on this land and he got down to the point of saying, how would you like a deal, 4 free wells to the D-3 and \$50 an acre. I'd been instructed by my partners to get the best deal I could and whatever I did was final. So I felt confident that they'd stand behind me. This was at 11:00 on the day before it actually happened. That night of that day, I had a phone call from a friend of mine who used to keep me well informed on some of these wells, that they'd just struck oil on our property down at Armena. So I thanked him very much and then the next

morning, bright and early, Mr. Armstrong phoned and he said, a terrible accident happened last night. I said, oh is that right, was it ???, that's his wife, no, no, she's fine, I said, any of your children, he said, no, they're fine too. Oh I said, that's fine then Jack and I hung up the phone. Within minutes he phoned back and he said, we got cut off and I said, no we didn't get cut off, I thought that if you had an accident, nobody in your family was hurt, so I could care less. He was quite suspicious of the way I said this and he said, you must have heard something. I said, yes I did. My gosh he said, how in the world would you hear about it at 2:00 in the morning. Well I said, they had the phones and they used them and they happened to remember my number and they phoned me. So he said, I suppose the whole deal is off. No, I said, I gave you my word that we'd take the 4 wells and you had 24 hours to make up your mind and you'd let me know. So he asked, are you sure we can't have any extension time, I said, no, you had 24 hours, you still have another 4 or 5 hours. Well he said, I've got to write Toronto, I've got to write New York. I said, you didn't have to write them yesterday, you were just going to make a phone call and that would be it. Bell invented the telephone, just try it and see if it works. Well he said, will they all stand behind you. I said, yes, the only thing they could ask for I suppose, is one more Viking well since you discovered this in the Viking. I was only joking but lo and behold he came right back within the required time and said, you have 4 wells to the D-3 and an extra one to the Viking and \$50 an acre for the land. I said, that's fine Jack, we'll shake hands. In those days that's what we did. We didn't have a lot of paperwork in agreements, we shook hands and that was a deal. And fellows like Jack Armstrong and Willard Longshore and fellows like that, a handshake was their bond and that's what they meant.

#251 SB: Did you have very much land in the Pembina area?

LW: I had some, I sold a piece to Imperial that they were very high on, higher than I was. And it was a lot of money, it was over \$100,000 they gave me for this section of land. I said to myself, it can't come any easier than that, I only paid \$640 for it. So yes they bought that, they spent a lot of money out there along with Texaco in the early days, just after the Pembina field was discovered.

SB: So around that time was land relatively inexpensive then?

LW: That was what you'd call really high price land. The prices they got in the late 70's and just the start of the 80's, those prices were pretty wild and wooly. They're high, high prices. And of course, as the price of oil fell off and the demand for oil fell off the natural price for the land did fall off as well.

SB: I guess you'd try to keep an eye on people who had freehold land too?

LW: Oh yes.

SB: So the freeholds and the CPR, say would they be the first ones that you'd try to pick up before Crown?

LW: Well, we tried the CPR because they had so much land, all along the railroads. They had a vast amount of land which was freehold land you see. Only it was payable to them, they owned the mineral rights. Whereas if the farmer owned the mineral rights you'd have to deal with him direct. But of course, over the whole province the Crown owned about 96% of all the mineral rights. There was quite a lot of freehold land down what we called the old fairway, which went down from Edmonton to Calgary in width and straight down in a

southeast track, going down right into Saskatchewan. The old fairway they called it.

SB: So were the farmers easier to deal with than the CPR when you were trying to get land?

LW: Not in the very beginning because the CPR would give it out in tracts of several thousand acres. You'd just go and file on it and it was 10 cents an acre. Imperial had set the price at \$1 an acre with the farmers when they wanted some land. They didn't buy everywhere but where they wanted to buy it was \$1 an acre. Sometimes higher but it always started at \$1 an acre. And Imperial was very fair. There was one company that had 21 year leases, the same as the government's were. But Imperial just had a 10 year lease, stood behind it and when it was up if they wanted to renew they tried to renew. But they never welched on the deal and they paid whatever they said was right. \$1 an acre doesn't sound like very much but when you're buying half of Alberta, it's a lot of money. And they drilled many, many wells in Saskatchewan before they came up here and drilled the Leduc discovery.

#310 SB: Did that include the 12½% royalty, when they made a deal for \$1 an acre?

LW: No, if you bought that you'd be buying all the mines and minerals. No, they just bought a lease and gave the farmer 12 ½% royalty. Now, of course, with the governments the royalty has risen away high. The freehold royalty holder, his rights have increased up to 15% and then up to 16 2/3% and I've heard of them getting as much as 25% gross royalty, recently. That's still cheaper than the government.

SB: How about land in Saskatchewan, was it easier to get than land in Alberta?

LW: I'd have to say yes. They'd drilled so many dry holes down there I think the farmers were a little disenchanted. We bought hundreds of thousands of acres down there. We filed on 400,000 acres at one crack, the piece that I told you Socony Vacuum drilled on. And if it hadn't been for the discovery well in the Dakotas, by Amerata, it would never have heated up the way it did. It was just that one big well down there that set the whole country on fire.

SB: Do you remember what year that was?

LW: I think it was '49, it could have been '50 but I think it was 1949.

End of tape.

Tape 1 Side 2

SB: I understand you came across Aubrey Kerr another time on the Acheson well, would you like to elaborate on that?

LW: We, Central Del Rio in those days, had land just west of town, a short distance, just outside the present city limits. California Standard as it was known then had a lot of land and they were drilling a well in the Acheson are, Acheson #1. It was logging very high and Neil McQueen and Aubrey Kerr, a geologist with Home Oil at that time, and myself, were standing on the railway tracks with binoculars viewing the sites that we could see on the drilling platform. They were testing and all of a sudden they pulled a pipe and the black stuff came all just pouring out. And Aubrey, although he was a geologist, he was so excited to get in to buy and some stock, our stock, Central stock. I kept saying, Aubrey, that's water, that's brackish water. I said, look at the way it splashes. Aubrey wasn't stopping to listen to anything, he just kept on the run to get to the car. He got in and he bought the stock and after it was discovered that it was water it hit the street and the stock

went down. But about 4 days later we were invited out there because we were going to give the information on our well that we were about to drill out there in exchange for information on their well. Mr. Knox, the president of California Standard in those days, and quite a number of other officials were out there at 5:00 in the morning. He didn't feel at that time, it blew and I mean it was oil, really. . .it's one of the better fields in Alberta that you can get today, including Bonnie Glen, Golden Spike, it stands right up there with them. This happened at 6-6:30, in there, and they let it flow for an hour and blow. Then everybody took off to get to the brokers by 8:00 and to phone their orders in. I remember when I told Armstrong that Bell invented the telephone so I stopped at the corner store at Winterburn and I phoned my order in. By the time they got there the stock had gone up \$2 a share. I've never forgotten the tale that I heard after that happened. It was very interesting.

#049 SB: None of the other ones thought of phoning in then?

LW: Never thought, they just drove right to the broker so no one else could hear them.

SB: You were also telling me about Gordon Killick???, how did you first come across him?

LW: Gordon was an old friend of mine, he was a geologist with Texaco. He left them and had gone with Cody Spencer who owned the General Petroleum Drilling Co. and he was also interested in oil companies and oil plays. So Gordon and I ran into each other at Lacombe. I was going down to a well called Nevis, drilled by Gulf and he was going to some other place. I don't know how I persuaded him to come with me but I thought his knowledge would help me a great deal. We went down and took turns sitting on this well at Nevis. They were in the D-2 and it looked like they were just ready any time to get it but all of a sudden, they were out of that and into green shale. But the D-3 came in loud and clear, it was a very, very big gas well and it's been producing for 32 years. So we bought royalties and leases and anything we could buy around there. We had a great day, we didn't go home for . . . Gordon had an electric razor that he could plug into his lighter in his car and that's where we shaved. We lived at Delburne in the hotel there. We didn't have a change of clothes, we just stayed out there till the job was done.

SB: How were accommodations in those days, were people going around from town to town staying in hotels, was it easy to get accommodation?

LW: Well, at a place like that it was, but once they've discovered some oil or gas it was very difficult. The time Leduc hit the hotel dining room was cleared out every night to lay cots out for people. They didn't have room then, it was just absolutely full in the dining room and they cleaned them out before they had breakfast in the morning.

SB: Where was that at?

LW: That was the Macdonald Hotel in Edmonton. Just to show you, when a strike hit it would fill a place up in no time. Much the same as Saskatchewan is today. Weyburn and some of these places that were discovered years ago are getting a new play, new life and it's hard to get a hotel room down there.

SB: So did Edmonton have a hard time to begin with, when Leduc first came in as far as . . .?

LW: The only unfortunate thing was that they didn't have the hotel rooms or the office space or there wouldn't have been any Calgary today. Because all the oil play was right up there at Leduc and the area around it.

SB: Do you think there was a different attitude between Edmonton and Calgary towards the

oilfields?

LW: There was a different. . . yes. There was a gambling spirit, they'd gone through the Turner Valley days down in Calgary. They knew what it was to make a buck. C. C. Croft was a broker and others that had seen it before and knew it. Some of the people in Edmonton couldn't visualize it and couldn't dream about it and even with the oil flowing out of the ground couldn't believe it was going to happen right here in Edmonton. No, it was a whole lot different there. The Palliser Hotel had more hotel rooms than all the hotel rooms in Edmonton. It was a big huge CPR hotel, ours didn't compare.

#095 SB: So it took these people around Edmonton a few years before they really believed that there was a future in oil I guess?

LW: Well, I wouldn't say that it took them a few years but it took a little while to sink in, yes.

SB: Did the service companies start up here right away?

LW: Oh yes.

SB: So Edmonton's always been. . .

LW: The service centre, yes. They wanted it close to where the wells were so they could test them, service them, cement them in, everything they had to do around the well.

SB: I wonder if you could talk about the formation of your own company, Futurity Drilling and how you decided to start that up?

LW: Mr. McQueen's brother-in-law was Bob Heard, former president of Royalite. We decided to put the money up for a drilling rig and he would run it. Mr. Heard was running it then they wanted to get some land and be an oil company. We picked up quite a bit of land and Mr. Heard stayed at the job till '53. We had a drilling rig, we sold it to Reedy and Bates, to a fellow called Charlie Thornton, who lives in Tulsa. They are a very well known drilling company. We drilled a lot of wells, we farmed out to Tennessee Oil and Gas, which is Tenneco now and they drilled within a mile and a half of the Mitsuhonda??? field, on our land and our land continued over on to the Mitsuhonda field. But unfortunately they drilled a little too far east so we didn't make the discovery there. But we did make the discovery at the Majors ??? in Vern??? Creek, gas wells.

SB: Do you remember what year it was started up?

LW: 1952.

SB: And did you sell shares in it?

LW: Yes. C. M. Aldebright??? Co. in Vancouver, they're quite prominent in underwriting and they wrote the shares in that.

SB: I wonder if you could tell us about your drillers, did you hire a drilling contractor or. . .?

LW: No, when we had the drilling company we had Archie Miller and Mel Pope and some of the old time hands, and Floyd Welker, old hands of the Royalite company, which was later sold to the Bronfman's, the Royalite company. It was a sidekick of Imperial Oil.

SB: Did you ever hire Duke Drilling, I guess that was Archie Miller's company?

LW: That was later.

SB: Oh I see, yes, so it wasn't formed then. And that was the company that you leased the 400,000 acres in Saskatchewan with, was it, Futurity?

LW: No, Central.

SB: Oh it was Central, oh yes, right. But did you have any involvement in Saskatchewan with your own company?

LW: With Futurity. Yes, we had quite a lot of acreage actually. Unfortunately we didn't get any of it drilled. It was all too ahead of ourselves. 50% of it would be drilled and good today but we were just a little too much ahead of the times.

#144 SB: Did you ever hit gas or have to close in any wells because of gas in the early days?

LW: Oh yes, Amoco, Pan American, drilled a big gas well for us up at, just south of the Berland River, a big gas well. On the Wild Hay River. It was a very big gas well, shut in up there yet. There's a lot of gas well shut in because of no market.

SB: Yes. I wonder if you could talk about some of the other people that started up around the same time. I was thinking of Bill McGregor for instance, did you come across him?

LW: Bill McGregor I met a long, long time ago. Right in the very early days of Leduc, I consider Bill a great friend, he's very highly regarded and always has been. There's a man who's word is his bond. He wasn't a geologist but probably knew as much as most geologists. He knew a good deal when he saw one, he was a businessman, he was just a born and bred dealer, businessman, oilman, whatever you want to call him. I wouldn't call him as much an oilman as I would a businessman because he combined his knowledge of business with having the fact of hiring good men around him. They helped find the oil, that's why I say, he was an exceptionally good businessman and a good dealer and a square dealer.

SB: Are there any others that you can think of that started up around that time?

LW: There was the . . .

SB: Stan Milner?

LW: Oh yes, Stan Milner and his brothers were very active here in the early days. One of his brothers passed away but Stan continued on with Chieftain and has been very successful with it. As you probably know he sold the biggest share of Chieftain to Alberta Energy, making it a very strong company now.

SB: There were also quite a few promoters that were successful in the early days, you knew the McMahan's for instance. Could you tell us a bit about what they were like and how they started out?

LW: Well, yes. Frank McMahan was the more prominent of the 2 brothers. He was running Pacific. At one time Neil McQueen worked for him as manager of Pacific. Then they got together with Ted Link, a prominent geologist and they formed Bear Oil. A lot of deals went on in the early days that were quite fascinating. Frank McMahan had a great friend, S. R. Smith, Reg Smith who was a Canadian but had lived in the States for quite a number of years and had made a lot of valuable connections in the financial world in San Francisco and Los Angeles. He helped Frank raise quite a bit of his money. It was through these efforts that Frank was able to hang on and finally got the franchise to export gas. That was a long tedious struggle.

#205 SB: He started out, I guess the thing that really got his company going was discoveries up in northeastern B.C.?

LW: Yes, in Pouce Coupe, right. On the gas, that's right. Then he had Buzz Lacey working for him, they used to call him his outrider. He was a landman and he got some valuable land for Frank in Leduc. And a foot in the door at Redwater and from then, after they got the gas franchise they never looked back.

SB: Did you ever see the Atlantic 3 well when it was blowing out?
LW: Yes.
SB: Do you remember what that was like?
LW: It was a wild turnout, yes.
SB: I guess you went out and saw the site and everything did you?
LW: Oh yes.
SB: I guess it was sort of an attraction at that time?
LW: Oh yes, it got to be such an attraction the police had to stop the traffic from going out there except local traffic. You'd get down and you couldn't get turned around.
SB: You also belonged to the Canadian Association of Petroleum Landmen did you?
LW: Yes.
SB: Could you tell us why that came about, was there a need for that kind of society starting up among the landmen?
LW: Yes. Landmen, in dealing with farmers and the government and the like, are, I would say, more knowledgeable than lawyers in that respective field because they have a defined field that they are dealing with all the time. Whereas lawyers deal with more of the legal end and not some of the practical things that confront a farmer or the government with land people or with oil companies. They ran up a great code of ethics and it has some pretty rigid rules. The government makes all landmen in Alberta be licensed now. I don't know that that was really necessary. I don't think there's any more dishonest landmen than there are anything else. As I say, when I broke into the business it was a handshake and a \$10 bill for a down payment and you saw the fellow later and signed the papers. Nobody broke any. . . there was very few in those days that would break their word.

#249 SB: Did they have to go through any kind of training to become a landman now or is it something you can just pick up as you go along?
LW: You pick it up and work for a company, gain knowledge that way.
SB: I guess it would help if you had some kind of background in dealing with documents or something to do with land leasing?
LW: Oh yes, but you get that with any oil company today.
SB: Did the association help the government in putting out any new regulations on land?
LW: Oh yes. I should say they were represented. Governments were quite interested to have them give their input into all the new legislation that was coming forth.
SB: Do you remember any new legislation that came out while you were working in the 1950's that changed the way you had to do things? I was thinking for instance, when the government made the requirement that when you made a discovery you had to give back half of the land.
LW: Mr. Manning and Mr. Tanner have to really be complimented in bringing the oil companies into Alberta and Canada. Those 2 men went to Texas and Oklahoma and places that, and New York, and defined the rules of how it would be done. We used to be able to pick up 10,000; 20,000; 40,000; 50,000; 60,000; 100,000 acre reservations. Or you could pick up 100,000 but you could only hold 2 reservations, 200,000 in your own name. So what we did, in our company we would get the drilling superintendent to get 2 and I'd get 2 and Neil would get 2 and ??? would get 2 and whoever was in the company. Then you've got a good sized block of land. Now you had only a certain length of time to

work that and you had to do so much work every year, seismic or some type of geophysical. Even geology at one stage. Then at the end of a certain period you had to go to lease or if you drilled, then you had a period of time to pick your leases around that. Then they were 3 x 3 or 4 x 2 miles. Afterwards, you interspaced them so that the government got as fair a shake as you did. These are the rules that were made up in conjunction with the oil companies and Mr. Manning and Mr. Tanner and Mr. Somerville. Those were the most prominent ones I believe. That lured the oil companies in here. When you could only keep half of it, that meant the other half went back to the government for them to resell to other oil companies. Naturally they bid 10, 20, 50 times as much as they would have if they had not known there was oil there. So it meant a great deal to the government. And of course, as prices progressed, in the last 12-15 years since Mr. Lougheed has been in there, prices have escalated and they're able to put more pressure on oil companies for higher royalties. I think to a point that they're going to have to reduce them because it's making it very difficult for many of these oil companies to operate. The only saving grace is that they have a royalty free period on new discoveries. That gives a break. And that's the thing that's started the oil business up in Saskatchewan, from a have-not to a have. They give them a year royalty free, or what they call a holiday, for the first year on a step-out well. But on a discovery or a new pool, they get a 3 year royalty free. That means once you get your money in there you're glad to put some more in because you're going to get that other back without paying the royalty on it. The royalty starts after the end of the first year or after the third year if it's a discovery.

SB: I guess by changing the legislation the other companies had a fair shake at new discoveries too. You know when they had to give half back, it made everybody happy.

LW: Yes, that's right.

End of tape.

Tape 2 Side 1

SB: It's April 4th, 1984, this is the second interview with Lloyd Wilson. Mr. Wilson I wonder if today we could start by you telling me a bit more about Neil McQueen and what you know about his beginnings in the oil industry?

LW: Neil McQueen was well known through western Canada in the oil business. He started in the teens of the 1900's, where he worked at Turner Valley. His dad was president of Imperial Oil and I presume that Neil got on to learn more of the business as he was going to university. For it was not too many years later, around 1921, that Ted Link had chosen to go with him. Ted Link was chief geologist for Imperial Oil and he went and drilled the wells at Norman Wells. I believe that was 1921. Neil was 21 years old at the time and I always remember his birthday. He had high regard for Ted Link and they were friends until his passing. It was after he left Imperial Oil he went into the mining business in B.C. and joined forces with Mr. Austin Taylor and they discovered the Bralorne Mine, which was a very successful gold mine and took on a deep interest there. But when the lure of oil came about again he managed the Pacific Petroleum for Frank McMahan for a period of time but soon after, formed Central Leduc. You mentioned about Art Newburn, asked more about him, as I mentioned previously he was very much an individualist, he was on his own, he was a driller. His father and his brother were doctors but he had a great love

for oil wells and buying and selling leases. He was a real character. One of his famous expressions was, if I could reveal to you all the underlying secrets of this and just how much we know and what we are about to drill into, this would amaze you. Things like this used to be Art's favourite expressions and he could lure anybody into a love for the oilfield. He and Neil were great buddies, and worked together very well. It was my good fortune to have been able to work with them for considerable years until Art passed away and then, just a few years ago, eventually, Neil.

#040 SB: And Art Newburn had started out in Lloydminster?

LW: Yes, Art of course, he started in Lloydminster and Wainwright and down the heavy oil. It was cheap drilling. Of course, Leduc had not been discovered then and they had no concept that there would be such vast amounts of oil. First Leduc was figured to be a life of 20 years, well right now it's, what is it, pretty close to 40. And many more fields the same will be producing long after the 40 year mark. Although they may be reducing somewhat new field practices have brought them into greater production. But to mention Art again, he was so close to drilling the discovery well at Redwater. He owned the land adjoining Eric Harvie's land just to the east. It was Crown land but he had it filed on. It would have been unfortunate if he had drilled it and just missed, as would have been the case but he was so close to being right on top of a big field like Redwater. There are many things we can say about Art and Neil but I'm sure other interviewers that you are going to approach will give you some background of them. Because they, along with Cody Spencer, Bobby Brown, just to mention a few were the real characters and oil finders that gambled and won. Many gambled and lost but they were sincere about their work and continued to keep trying and did. Of course, Central Leduc went on to find the biggest area oilfield in Saskatchewan at Weyburn, which is mark I think, a credit to these 2 gentlemen. When they hired an old friend to traverse the land by car to find a geological rise in the ground where they thought they'd be able to spot a well. Which they did and which was successful and found the Weyburn field.

SB: I don't think you mentioned the name of the geologist that they hired.

LW: Oh, well, a great friend of Neil McQueen, Sam Marshall actually was the one that spent the whole summer driving back and forth and back and forth. He had found a big field in Texas with his partner, Don Wincent of Los Angeles. He was very interested in finding oil. The money didn't bother him, he just had a great desire and it was a marked success when he did discover the original well at Weyburn.

SB: So in the 50's the people's outlook in Alberta was good as far as the oil industry went, there were a lot of people starting up new companies?

LW: Oh yes. It was a very wild and wonderful time.

#080 SB: Do you remember any other companies that started up around that time that you were associated with?

LW: Well, we formed Yankee Princess. Of course, that was a popular one, with Frank McMahan and Norman Widdall, a broker in Vancouver and Mr. S. R. Smith. Mr. S. R. Smith who also found a lot of money for Mr. McMahan in his ventures in Bear Oil and also the gas pipeline.

SB: I was wondering if you could say how you got the name, Yankee Princess, the story

behind the name?

LW: I didn't have anything to do with it but it was the time of Mr. Truman who was president of the United States. His daughter was unmarried and they had the story around that she was the Yankee Princess. I know that it was said many times but I really don't know who started it or what the rumour was but they sold thousands of shares of stock over that joke.

SB: Did they get involved in any exploration or anything like that?

LW: Oh yes, they drilled in Manitoba, Saskatchewan and places in Alberta. They did quite well.

SB: In the 50's, could you tell me a bit about the drilling programs, how the contracts were paid. I understand for awhile you were paid by the foot.

LW: Yes, it was paid by the foot and it increased in price as it went along. There was a lull in the 50's, it was pretty slow actually. But then it came back and that was the time they closed the Suez Canal and different events took place that caused these changes and more demand for oil and the prices rose. From \$2 a barrel on up the ladder, and now as you know it's in the 30's.

SB: Do they still charge by the foot when they're drilling?

LW: They charge by the foot now but for awhile it was on an hourly rate and a day rate. That's when it was very expensive. But they're back to drilling by the foot now in most cases, except in the remote areas.

SB: I wonder if you could mention some other landmen that you would usually deal with, with other companies or. . .you know, people you'd come across in your work? Are there any others that you can think of that we haven't mentioned yet?

LW: There were a lot of good ones. It would take me awhile to recollect a lot of them because a lot of the ones that I knew have since retired or moved to other parts and the names don't come before me immediately. They had an old-timers night, the landmen here 2 or 3 years ago and it was a vast turnout. Many, many lies were told that night.

#121 SB: Did the land picture change very much throughout the 50's, say comparing the beginning of the 50's with the end of the 50's, did things change that much?

LW: Not really. There were some new regulations come in from time to time, to review the royalty or review the amount of land held around a well. Some changes that way. I don't think the format really changed greatly. There was one thing, when you were dealing with the government, with Mr. Somerville and Mr. Patrick and Mr. Seaton you knew where you stood at all times. They spoke for Mr. Tanner and Mr. Manning and their word was their bond and it was really a pleasure to go in and talk with them. Not be dictated to but discuss things on a business basis.

SB: So they had the interests of the oilman in their minds?

LW: Yes, they had the interests of the oilmen but they had the interests of all the citizens of Alberta, and the government. Mr. Somerville did a great deal in writing the act for the provincial government, so he was fully aware and he helped many provinces after that write their oil and tax department.

SB: Had any of them had a beginning in the oil industry or were they civil servants their whole career?

LW: I think they were just real smart civil servants. I don't think any of them worked on an oil

rig but they were very knowledgeable and very receptive to change in policy, change in ideas. And they were interested in listening to the oil companies and the landmen discuss changes that would be beneficial to both.

SB: How about Mr. Manning, did you feel that he was pre-industry all the way?

LW: Mr. Manning and Mr. Tanner worked for this province, they're never repaid for. Their great work in bringing in the Texas and Oklahoma oilmen and the money people from New York to gamble in our oilfields. Sure, they gave them what you may say a break, but somebody had to have a bit of a break in order to be induced into Alberta to drill on the wide open plains, where only one well was really found at that time, it was at Leduc. Then followed Redwater and of course, with these things, the excitement really grew. Many fields were discovered since but Mr. Manning was a man devoted to Alberta and he was a great premier as well as being a very sharp businessman for a man who was really not in business itself. But he understood it and was keen to listen.

#163 SB: Was it difficult to get money interested, or people interested in investing, say Canadian money interested in investing in Alberta?

LW: They tried to get the Englishmen over, the Englishmen own all of Redwater. Eric Harvie wound up getting it for a ????. They are great people but they wouldn't pay a dime to see an earthquake. Thank god we had the American people coming in here putting their money in it. For that incentive, finally inspired a few people in western Canada, and investors. But it took some time to get the money out of Bay Street. That was like pulling teeth, it was difficult. They just didn't believe it, wouldn't believe it was here and not in Ontario. They drilled a number of oil wells in Lake Erie and all the rest to find what they could. They got some gas wells and they had a little oil at Sarnia in the early days and they thought it was all there and nothing out west. I have to say it that way because it was very difficult to get money. Then it did open up about 1955 or '56, I'd say somewhere in there. They finally got a little interest up. But I was very surprised at the English people, who needed oil badly, that they didn't just come in with both feet.

SB: I guess the Americans had had a lot of involvement in their own oilfields so they recognized. . .

LW: They had an involvement in their own oilfields, they had it in Kuwait, they had it in different areas around the world and they knew what oil was worth. When they were getting it for \$2 a barrel they were very happy to get it. That's why they put the money in here, knowing that the oil would go up and eventually they would reap great profits. They were injured tremendously by Mr. Trudeau in all the things he did to put taxes and a heavy burden on the American investor and American companies, who had to pull out or did pull out and left themselves with a lot less money than they came to Canada with. They were condemned for taking money back to the States and not leaving it here to work all the time. Well, they had investors, they had shareholders, they had to pay a few bits of pin money back in the way of dividends. But I must say that when you're a big company no investor is going to leave his money sitting there is he's not getting some kind of investment. He doesn't care if it's small as long as he can see the rest of the company growing.

#203 SB: Was there a lot more competition for land with all the new companies forming in

the 50's? Did you find that, it was harder to get land?

LW: Yes, it got in short supply. There weren't as many reservations taken out in the late 50's as there were in the early years because the momentum built up and they got in the hands of a few . . . not a few, that's not really fair to say but maybe 1 company may own. . .they could only hold 2 reservations in their own name but they had various people in the company holding 2's and 2's and 2's and they added up till they had several million acres. When you started adding these up between 10-15 companies, that controls a lot of land. That's basically why the land kind of dried up for a period. That's Crown land I'm speaking of. Not the freehold, the freehold was still there and there's lots of it out there yet.

SB: Did the government enact any legislation to prevent people from doing that, from forming a lot of subsidiaries to hold more land? Was that ever changed?

LW: No, not to my memory.

SB: So you can still do that then?

LW: Well, no, not now. It's changed now. Since this new government came in, they changed the royalty structure. You buy a piece of land and you have to drill on it immediately. It's quite a changed program, it's a lot tougher now.

SB: I was wondering if you could think of some other people, there were a lot of people that were promoting development of the oil lands and things like that. Are there other people that you can remember that were involved in promoting, some entrepreneurs that you can think of that really started out in Alberta and became really successful?

LW: There are indeed a lot. Carl Nickle is one, C. C. Cross another, the book is full of them. Jack Gallagher was an Imperial Oil geologist and he went out on his own and gambled until he found a little oil in the, or some oil up in the Arctic, on the Delta. It was just unfortunate that the banks are so free with giving away money that he thought there was a never-ending pump and as a result he and others got carried away with that thought, that they'd never be cut off. When they were cut off a lot of well known companies met their Waterloo.

SB: Do you think that Alberta was unique in providing an environment where people could do that, could start off in the industry and just by gambling on the right kinds of things make a go of it?

LW: Alberta was unique definitely. It was Mr. Tanner and Mr. Manning that went to the States and brought these people back to view it. They showed them the countryside and it looked not a lot like Oklahoma or a lot like Texas, although Saskatchewan might be. But Alberta was unique and it started it all off right here. This was the starting point for all the provinces in Alberta, to learn about the oil business after a few years of drilling. But they saw the policy work, they saw it brought people in. They tried it in Saskatchewan but unfortunately they had a government there that was adverse to private industry. But now that Saskatchewan government has learned so much that they're a leader in the oil patch today. Mr. Devine is doing a great job for Saskatchewan and he's got drilling rigs coming in there like it used to be in Alberta.

#269 SB: Do you think you can still make money the same way, can you still use the same formula in Alberta in the oil industry?

LW: No, it's changed considerably. I think there's got to be an incentive program such as

Saskatchewan has. They have a 1 year holiday, a royalty free period. They don't pay any royalty. And if you drill a new pool or a wildcat we'll say that is separated from another area, you get 3 years royalty free on that particular well, and then a year on each of the subsequent wells. Mr. Devine has got it figured out pretty smart I think. He gives everybody a chance. They put their money up, you take your chances, you drill the well. You get your oil, you get it royalty free and you can pay for the well in a year, or usually do. So after that you don't think about the taxes that he might levy or that you may have to pay your royalty. But you're quite willing to pay that royalty on that when you got the well for nothing. So you party that money on to another well and that's why the drilling program in Saskatchewan is going so well. There's a lot of oil still here in Alberta that has not been tapped. Look at that Weyburn field in Saskatchewan, we drilled that in 1950. That's over 20 years ago and we're going around the edge and we've got, the group I am with, have got 8 wells around the Weyburn field in the last 6 months. Now they're off the edge a bit but they're there and the oil's coming out and they're economical. This is how they're going to find more oil here, give the incentive to go out and look for it. Sure they may be drilling up against some field right close, but they're taking the chance to drill if they get royalty free for that period. Now we have royalty free here on outright wildcats but not the same as the development wells in Saskatchewan.

SB: Did you ever work very closely with any geologists when you were figuring out the land picture or did you mostly just go by scouting?

LW: A lot by scouting but I had some very good friends in Texaco, Gulf, Imperial, who were friends that I could discuss plays with. They weren't giving away any trade secrets, they were just telling me whether I was right or wrong in my decision in certain plays in this oilfield.

#320 SB: I guess when you're looking back over your career in the industry, do you feel that things have changed that much from when you first started out?

LW: Oh yes, they've changed. They got better and they've got worse and they got better again. It was a gambler's field at one time, now it's an investors field. Newmac recently found a lot of wells in this Peace River Arch that they talked about 30 years ago. It was just timing. They came into it now and they followed it up and I think Bill McGregor and his crew have done a marvellous job. That's not the only spot they're going to find oil, they'll find it all over. But I don't think we have to go to the Northwest Territories, North Pole to look for the oil here yet. They can still use some of that money and I hope that some government cuts down Petrocan and not spend all of the tax payers money building high rise buildings that remain empty and leave the exploration work to independent oil companies that know what they're doing.

End of tape.

Tape 2 Side 2

SB: I guess it's become more formal in a way, like you were saying that in the old days you could just shake hands and agree on something and not worry about filling out forms. Do you think that's happened all the way through the industry, it's become more regularized?

LW: Yes, I'd have to say that, yes. It's not just in the last year or two at all. When government

regulations change and companies change and they're amalgamated, something has to be really on record because that person you shook hands with is not going to be here forever. We did those deals that last for, maybe they only lasted a year but that's what we shook hands for. a great many deals were done that. . .well, that deal with Mr. Perch that Art Newburn made was just with a handshake and Mr. Perch kept his word and Art did. Thank the lord we were able to skid that rig and find him one of the biggest oil wells in Leduc. Yes, things have changed and they employ a lot more people to do what fewer people did a few years ago. There's nothing wrong with that. It takes more people and more money to do business today, it's a more complex system.

SB: Are there any things that you look back on as being your most significant accomplishment do you think, in the business? Any deals that were your favourite or anything like that?

LW: No, I think I've told you about my deal with Imperial, Pembina, Armena, they were interesting days and full of fun. I parlayed my bets, I bought some pretty good land to farm and it turned out to be quite valuable. When the oil business was slow something else would take it's place. I just wish that I was 30 years younger because I think the oil business is just as much a go ahead today as it was back in '48.

SB: And you're still involved with your company, in Saskatchewan. . .?

LW: Oh yes, I have a family company, actually 3 family companies. We've taken an interest in plays down there and we've been. . .well, this year we've got 6 for 6 so that's not bad. Last year we drilled 10 wells and we got 7 wells. That's a pretty high batting average. Really high, when you consider that Imperial drilled several hundred wells before they found Leduc. And thank god they found Leduc or there would be no oil field here today, or at least it would have been a long time coming. But they nearly gave up in Saskatchewan. That's where they drilled so many wells. It looked like the plains of Texas or Oklahoma, flat and very much comparison. Finally they got into the Turner Valley field, this was before that of course, but then they followed up. And why they ever drilled Leduc is beyond me. I've never been told exactly why they picked that spot and Leduc was the starting point of the oil business as we know it today. Not Turner Valley or Norman Wells. There's Redwater, there's Big Valley, Acheson, you name it, there's so many fields around the country, Swan Hills, they're all over the place. We're a very, very fortunate country and the people should be very happy that they live here. As long as they don't throw the money away and don't ask to have big dividends on the Heritage Funds or whatever they keep the money for. Just leave it there, it won't rot.

#063 SB: I was just wondering also, with the Futurity Drilling Co., does it still exist now?

LW: No.

SB: Oh, when did it. . .?

LW: I sold out to Thornton, ???.

SB: What year was that?

LW: Late 50's. The drilling business was very slow, Charlie Thornton and ??? Bates bought it.

SB: Was there any reserves that went along with it?

LW: No, just the drilling company, just a bunch of steel.

SB: I was also wondering if there were any people that you can think about, you've already

mentioned Neil McQueen and Art Newburn, but people that impressed you in the business that you think really contributed a lot to it. I guess you've mentioned quite a few of them but just any closing remarks?

LW: Yes, I've mentioned Carl Nickle and Cody Spencer, Bobby Brown. It would be unfair for me to try and pick too many of them because you'll probably miss out the most important one. There's a lot of people that contributed a lot to the oil business, to the investment business, to the overall gamble of looking and finding that rare commodity called oil.

SB: It's been a good interview, I'd like to thank you for participating.

LW: Thank you very much, I hope it's some use to you.