

PETROLEUM INDUSTRY ORAL HISTORY PROJECT  
TRANSCRIPT

INTERVIEWEE: George Govier

INTERVIEWER: Jack Peach

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JP: This is a conversation with Dr. George Govier. It takes place in his office, August 6<sup>th</sup>, 1981 and my name is Jack Peach. George, what I'd like to know first of all is the background to Dr. George Govier. For example, your jobs in university.

GG: Jack I guess things start really, in 1940, when, after graduating from the University of British Columbia the previous year, I joined the staff as a junior instructor at the University of Alberta in Edmonton. I was in the engineering faculty and engaged to give instruction to the group taking chemical engineering. At that time I got to know Dr. Ed Boomer, whose name is rather important in the whole question of the Conservation Board and its history because Dr. Boomer was appointed chairman of the board in the early 1940's, I guess it would have been about '43. It was through him that I learned about the activities of the ERCB and subsequently, went to the University of Michigan and really, prepared myself for a career relating to Alberta's petroleum industry.

JP: Is that at Michigan where you met Dr. Katz???

GG: Yes. I should perhaps back up a little bit and say that during Dr. Boomer's tenure as what was then called the Petroleum and Natural Gas Conservation Board, he engaged Dr. G. G. Brown of the University of Michigan and Dr. Donald L. Katz, of the same university, to review the method of pro-rating and the method of regulation of oil production from the Turner Valley field. Dr. Katz was particularly active and he was the one who first introduced scientific and technical principals to the problem of regulating the oil industry in Alberta.

JP: You said you were preparing yourself for a Conservation Board job. Was the length of your term on the faculty of tenure on the faculty of the university of your own choice?

GG: Oh yes, it was Jack. I guess I might review it very briefly this way, to say that unfortunately Dr. Boomer, whom I admired very much, died in 1945 and the man who was his deputy chairman, Alec Baillie, succeeded him as chairman of the board in that year. The following summer, the summer of 1946, Alec Baillie, with whom I was quite friendly, having gotten to know him through Ed Boomer, asked me if I would be interested in working in the Turner Valley oilfield. So I was extremely interested and I worked that summer in the oilfield under a very fine man, whom you will remember, Dick King, R. H. King. I worked under Dick and my principal job was to try to see if there were ways in which the rather erratic production of gas could somehow or other be conserved. I was able to make a modest contribution there. But in any event, following that, my interest was so sharpened that I decided to take leave from the University of Alberta. I went to the University of Michigan and studied under Brown and Katz and received my doctor of science degree from that university in 1948. At the same time, in

1948, on the same day that Ian McKinnon was appointed chairman of the board, following Alec Baillie's resignation, I was appointed a member of the then, Petroleum and Natural Gas Conservation Board.

#050 JP: And eventually of course, you and Dick King were together, weren't you, on the board?

GG: Dick King was never a member of the board. He was a member of staff of the board. You see, I'm distinguishing between board members and the technical staff of the board. But Dick served on the technical staff for many years, I think he must have started about 1938, or '39, right after the board was first established and Dick stayed on the job until he took early retirement, at age, maybe around 58, 59.

JP: He of course, is another one who is gone now. There were some fairly distinguished people on the board over the course of time. You have seen a lot of them come and go haven't you?

GG: A great many, yes. You're referring largely I think, to the senior people in the board staff. I can't help think almost immediately of my good friend, Ted Baw???, who was an engineer for the board. I think also of Vern Horty, who was I guess, one of the board's first specialists in natural gas engineering. Vern Horty and I worked a lot together developing concepts of gas deliverability.

JP: Is this the formula that you developed, your own formula that you developed as far as pro-rationing is concerned?

GG: No, that's something else Jack. In the late 40's Ted Baw and I worked together to develop a technical basis for the regulation of oil production from the point of view of engineering considerations. This was not market pro-rating but it was regulation to ensure that there were not excessive rates of withdrawal that would lead to underground waste. Ted and I were jointly responsible for developing what was called the MPR system. Those letters stand for maximum permissible rate. It was an elementary system to form some reasonably rational basis for regulating oil production. Again, I repeat, unrelated to market demand but related only to technical considerations. Then of course, subsequently, in 1950 it was, the board was called upon to institute a system of prorating oil to market demand. The legislation gave the board the authority to do that but the board did not act on its own until industry came to the board and said, we're having problems with the voluntary kind of pro-rating production to market demand. You the board, have the statutory authority to do this, would you go ahead and do it. So after consultation with industry we devised a system, this was the first system of pro-ration of oil to market demand in Alberta. That was instituted, I happen to remember that one date, that was December 1950.

#092 JP: The board itself, you were saying, industry came to the board, the board was created by the industry in large part was it not?

GG: I think it's fair to say it probably was. The board was originally created back in 1938. It resulted from a recognition by both government and industry that some such agency would be necessary to help resolve the problems that the industry was facing respecting

wastage of natural gas in Turner Valley in particular. Some problems in the Medicine Hat area. Generally there was a recognition that this was something that had to be done under government sponsorship but preferably, by an agency that was not subject to periodic political forces. That was the reason the board was structured as a quasi-independent agency.

JP: How was it financed George?

GG: In the early days it was financed from the provincial treasury but since about the mid 1940's it has been financed, essentially, 50-50 by direct taxation leveed by the board, on the petroleum industry and the other 50% by a grant from the provincial treasurer.

JP: That's something that would by no means place any of you in the category of civil service?

GG: No, officially the members of the board and the members of the board staff are not civil servants, although they're obligation is to serve the public interest and in the last analysis they are employees of an agency that is created by government. But the board, historically, has had a good deal of flexibility in its appointments and in its salaries. This was extremely important in the early days Jack, when technical people were not too easy to get and government salaries were not competitive. Today, government salaries are pretty good and I think there's less disparity now between the salaries of technical people engaged by government and those engaged in industry.

JP: Your role in the business of pro-rationing had to do with, was it the Dinning report?

GG: No, the Dinning Commission was established by the Alberta government back in 1948. It was a 3 man commission, Mr. Dinning, Mr. Marler, and Dr. Andrew Stuart of the University of Alberta. The Dinning Commission was charged by the government with looking into the whole question of whether or not Alberta should be exporting gas. It's got nothing to do with oil or oil pro-rating, it was related to natural gas. This was the time when it was beginning to look as though Alberta was going to have gas that was surplus to its own needs. Many people were concerned that if there was unrestricted shipment of that gas out of the province, even to neighbouring provinces, that Alberta would miss opportunities for petrochemical development, and in the long run, Alberta might even find itself short of gas. So the Dinning Commission was established to examine this whole matter and it did so and it reported back to the government that it was in the interests of Alberta that great care be taken before natural gas was allowed out of the province. The consequence of that was the government enacted a new piece of legislation, brand new legislation called the Gas Resources Preservation Act . That piece of legislation put on the, what was then the Oil and Gas Conservation Board, the responsibility of revealing any applications for the removal of gas from Alberta and determining whether or not, having regard to the supplies of gas in Alberta and the future requirements by Alberta for gas, there was a sufficient surplus to warrant the shipment of gas out of Alberta. This referred not only to shipment to the United States, but even to B.C. and Saskatchewan and particularly to all other parts of Canada.

#154 JP: Out of the province.

GG: Anything out of the province. And of course, you will remember Jack, that following the

passage of the Gas Resources Preservation Act the board was literally bombarded with applications to export gas. This was the day of the original applications of West Coast Transmission, of Northwest Natural Gas, of Trans Canada, of Montana Power, and so on.

And they were long hearings that were conducted and a series of decisions made by the board, the early ones denying all applications for export and the later ones authorizing the export subject to government approval and subject to certain conditions.

JP: How did this appeal to you, this proliferation of demands or requests for export and the boards activity getting so busy?

GG: I found it extremely exciting Jack. At this time I was still a full time member of the faculty of the University of Alberta.

JP: I was going to ask you about wearing 2 hats.

GG: And I was literally wearing 2 hats. I was normally spending 2 days a week in Calgary on Conservation Board business and the remainder of the time in Edmonton. At that time I would have been the head of the department of chemical and petroleum engineering. However, when these gas export hearings were on I had to take more time away from my university job. Incidentally, you'll remember the name Doug Craig of course, Craig was an engineer with the ERCB, having joined the board staff the same time as Jack Staubbach???. The reason I'm mentioning Doug Craig right at this point is that Doug stood in for me and gave some of my classes at the university while I was handling, with Ian McKinnon and Red Goodall, these gas export hearings. At that time Ian McKinnon was the chairman, Red Goodall was the deputy chairman and I was the third member. But I found those hearings tremendously exciting and a great education. Additionally I got to know a great many people in the industry and it was a most interesting time.

JP: It was your choice then, to place the emphasis on the board rather than the university at about that stage?

GG: No, I didn't make that choice at that time because, apart from the particular, rather temporary pressure of the gas export hearings I found that I could make a reasonable contribution to the work of the board on 2 days a week. And it wasn't until considerably later Jack, that, well, following first of all, Ian McKinnon's resignation from the Alberta board and acceptance of the chairmanship of the National Energy Board. Then Red Goodall was appointed chairman of the Alberta board. Red's health didn't stand up very well and he asked to be relieved and then I was asked to take on the chairmanship. I did this for a short while, still commuting from Edmonton. But then in the spring of 1963 I made the decision and left the University of Alberta, with many regrets of course, because I enjoyed my work there too. And by that time I was dean of the faculty of engineering and that was a very challenging position. But I made the decision and moved to Calgary full time.

#206 JP: Now around about that time George, there was a great deal of stirring in the oil patch over the proposal that atomic power be used and they were testing in Nevada. You went down there, didn't you?

GG: Yes. I'm just trying to reconstruct the situation.

JP: Maybe 1957, thereabouts.

GG: That would be about right Jack. The company, Atlantic Richfield, made a proposal to the Alberta government, that it carry out an experimental project, or a test. It was a pilot test, it wasn't a commercial project, in the Athabasca area, whereby a small yield atomic device would be discharged. The idea being that the explosion would be totally confined underground, the heat released would melt and thin out the bitumen and allow the bitumen to flow by gravity, into the cavity that would be formed and then the oil could be recovered. Naturally, the government and many environmental groups were concerned about the possible danger of such an experiment. As a result, it was agreed that it should be pretty thoroughly investigated. The government of Alberta established a committee which was called the Alberta Technical Committee. The federal government also established a technical committee and the 2 committees worked closely together. I served on the Alberta one, in fact I think I was chairman of the Alberta one, I can't quite remember. Anyway, we investigated this proposed experiment. We got a lot of backup technical information from Atlantic Richfield in Los Angeles, and also, from the Livermore Laboratory of the Atomic Energy Group in the United States. And additionally, at this same time, we actually visited some of the sites where small devices had been detonated in Nevada. The final result of this from the point of view of the 2 committees, both the federal and the Alberta were that we both committees thought that the test could be carried out quite safely and we recommended that it be approved, subject to a great number of precautions and conditions. But neither government felt inclined to act, so the matter simply died by, I guess you would say, lack of final decision on the part of the federal government and the Alberta government.

#247 JP: Do you think it was just a signature away, actually, did it reach that stage?

GG: No, I don't think it was that close Jack, because I don't think the respective federal and provincial ministers felt that it was appropriate to bring such a proposal even, to the cabinet. I don't think there was significant cabinet level discussion.

JP: This was an extraordinary proposal for an extraordinary way of procuring further oil supplies. What was the situation as far as conventional oil recovery at that time? We had Leduc by then, of course.

GG: Oh yes, we had Leduc, we had Redwater, we had quite a number of important follow-up strikes. At this time in the middle to late 50's Alberta's oil discovery rate was significantly above its oil production. So our reserves were going up every year. We were finding more oil than we were using. Now in the 1960's that situation turned around and of course, it's very much the other way today. We're using a great deal more than we are finding. And when I refer to finding Jack, I'm even including the gaining in reserves by the introduction of enhanced recovery techniques.

JP: Which didn't exist then.

GG: The only ones that were common in those days were water flooding and . . . well, there was, some of the early solvent floods were introduced in that period.

JP: This also, talking of the late 50's, we had Suez in the world picture at that time.

GG: That's right, yes.

JP: So far as the Suez was concerned, did that affect the activities of the Alberta board?

GG: It didn't affect the activities of the board directly. I'm just trying to remember whether additional demands were made on Alberta production and whether Alberta oil was actually moved into the Montreal market area. Jack, my memory is not very clear on that, I just can't remember.

JP: The Alberta board existed, at least is still in existence, but when did the federal body come into its own? Is there a date and a positioning in your activity that would fit that?

GG: Yes, it was 1961. I know because that was the year that Ian McKinnon left the Alberta board to become the first chairman of the National Energy Board.

JP: He was a man who agonized a good deal over decisions wasn't he?

GG: I don't like the word agonized. I think it's fair to say that Ian was an extremely thorough, meticulous, conscientious man and he wanted to be absolutely as sure as he could that decisions were right. So he didn't make decisions lightly, he thought a great deal about them and he discussed matters a great deal and in much detail, with all of his colleagues. I very much enjoyed my relationship with Ian McKinnon. He provided, from his background in previous government service and his background in accounting he provided one point of view on things and I was able to provide a complimentary point of view from the technical side. We worked well together Jack and I often think that the decisions were pretty good because McKinnon and Goodall and I all had different and complimentary backgrounds.

#312 JP: That would be to a great advantage to the board. Is this perhaps, with all due modesty, is this perhaps the reason why the board has been imitated and envied in many circles? I've heard it's so.

GG: I think so Jack. I think the board, first it had an excellent situation in which to develop. The government of that day, like the government of today, gave the board an opportunity to do a good job. Secondly I think the government and again, I have to say, with all due modesty, I think the government selected reasonably suitable people to head up the board, people with complimentary backgrounds. And thirdly, there's no doubt that McKinnon and I in particular, recognized the essential need of getting well qualified, technically competent staff. I think if we made a contribution in those days it was in recognizing the need for good staff and hiring people like Baw, like Staubbach, like Horty, like Craig, like Mallard, he was engaged at that same time.

JP: How many staff did you have, this would be interesting to historians years and years from now, do you remember, it doesn't have to be exact?

GG: I can remember roughly. Let me answer the question by starting this way. When I first knew of the ERCB, which was back in 1943, '44, when Boomer was chairman, and it was then the Petroleum and Natural Gas Board, the board was housed at 504 - 11<sup>th</sup> Ave. S. W. in a red brick warehouse building. The board occupied a floor and a half in that building and now, I'm just guessing, but I would say the staff might have been 30 people. The chief engineer was a chap that you will remember, Goldie Leasmer, I'm not sure if Goldie is still around.

JP: I don't know if he's still around or not, I haven't heard his name in a long time.

GG: I haven't either Jack. But anyway, the technical staff was 2 or 3 people, there was a

geologist, Micky Crockford. Do you remember Micky Crockford's name?

JP: The name I remember but I don't. . .

GG: And I would guess the staff would be 30-35 people. Well, then the board moved to a new building later on, I don't remember the date, '55, '58. That was 603 - 6<sup>th</sup> Ave. W. As you probably know, this year, 1981, the board is now in its new building on 5<sup>th</sup> Ave. S.W. So I have seen it move from the warehouse to the nice modest 603 building, to a very, very attractive modern building.

End of tape.

### Tape 1 Side 2

#060 GG: I was referring to the board having moved in to these new quarters on 5<sup>th</sup> Ave., Jack. They are first class quarters and it's nice to see the board in a single building again because for the past 2 or 3 years, the board has been scattered into, I guess, half a dozen or more building. But the present staff of the board is about 650 people, which means that in the time since 1948 the board has grown almost 20 fold, which is enormous. But an interesting thing, and I always like to mention this when I'm speaking about the size of the board organization, is that the cost of operating the board, when reduced to an amount per barrel of oil produced in Alberta, is really very, very modest. It's somewhere around 2-3 cents per barrel. So even though the board image is through a large building with 650 people, the board's responsibilities are very substantial over a major industry. When the costs are seen in perspective, I think they're really quite reasonably.

JP: So it's not a proliferation for bureaucracy sake at all.

GG: No, I would say definitely not.

JP: Now you were talking of responsibilities, those have increased because it's no longer the Oil and Gas Conservation Board, it's much more than that isn't it?

GG: That's right. And I should perhaps expand a bit on that. If I can just recall my dates correctly. It was in 1971 that the government, at that time, suggested that the board should take over the government management and administrative responsibilities relating to hydro and electric energy. Subsequently the same suggestion relating to coal. So those 2 responsibilities were assigned to the board and the first one was assigned by the writing of an entirely new piece of legislation, the Hydro and Electric Energy Act. The board, and I was personally much involved here, had a lot of fun in devising this legislation or preparing the initial draft for approval of the government. And then subsequently, the legislation was passed and the board was given responsibilities there. A similar situation occurred respecting coal. And the name of the board was then changed to Energy Resources Conservation Board, ERCB. And today, the board's responsibilities cover oil and gas, and oil sands, and hydro and electric energy and pipelines and electric transmission lines and power plants and coal mines and coal processing plants. And of course, all of the various facilities relating to the oil industry itself, such as gas processing plants, batteries and all of the supplementary facilities of the industry.

#103 JP: Small wonder the staff has had to increase.

GG: Well that's true.

JP: This is why you can say that the cost per man, per person, is still very reasonable.

GG: The cost per barrel of oil, yes.

JP: A couple of things too, I think it means backtracking a bit George, is to ask you about your ability which has been, I think fairly widely bandied about, not in vain, your ability to keep 3 balls in the air at one time which you have a reputation of being able to do. The academic and the public administrator and the head of a regulatory tribunal.

GG: Jack, I don't know that I can say a great deal about that. I found that my work with the university and my work with the conservation board were complimentary. On the one hand I was teaching engineering principals and on the other hand, I was in a situation where I had an opportunity to apply some of those same principals. So it wasn't quite as different as it might appear. I guess too, the role of a university professor or teacher is not entirely dissimilar from the role of a board member sitting on a bench hearing an application. I did not find the transition from one to the other difficult and I really did enjoy it. If I appeared to have the knack of keeping a number of balls in the air at one time Jack, it was probably because I was fortunate in having good colleagues and good staff and they made it all possible.

JP: I ask you to be immodest at this stage. Where do you think your great strengths have been lying all this time?

GG: I think I have an ability to analyze situations relating to the interface between the industry and the public interest and the government and find solutions that are rational. Particularly when the solutions involved technical and engineering considerations.

JP: You would say you have the strength of the background of engineering would you?

GG: Yes.

JP: It would be a great thing to have I should think. Now I wonder if this is one of the reasons why you achieved the position with the extraordinary title of Chief Deputy Minister. I've never heard of that before.

GG: Well, Jack, it's now used in quite a number of instances but just let me explain the particular situation. In I guess it was, the spring of 1975, the government of Alberta decided that it would be appropriate for it to coalesce 2 of its major resource departments. One was the department of mines and minerals and the other one was the department of lands and forests. The cabinet made the decision that these 2 departments of government should be put together and operated as a single department under a single minister. Each of the departments of course, had its own deputy minister originally. The minister who was charged with putting these 2 departments together was Don Getty. Don I think, believed that the Energy Resources Conservation Board was a well administered organization and he asked me if I would be prepared to move from the board to Edmonton and serve as a deputy minister over the combined departments, the new department formed out of the 2 old ones. I said to Mr. Getty that I would be happy to do that for a couple of years on a leave of absence arrangement but that I really did not want to sever my connection with the ERCB. So that was agreed on. I worked for 2 years in Edmonton, I was on leave of absence from the ERCB. I found the 2 deputy ministers that I worked with to be very, very fine people. I enjoyed it and I completed as much as I

could of providing assistance to them in putting the 2 departments together in the 2 year period and then I went back to the ERCB.

#168 JP: What years were those George?

GG: The years I was in Edmonton were from the fall of '75 to the fall of '77. Then from the fall of '77 to the fall of '78 I was back in Calgary with the ERCB. At that time I made the personal decision that I would like to be on my own for a few years so I took early retirement. I was not at retirement age but I was at an age where I could elect early retirement. I don't consider myself retired Jack, now. I consider that I'm embarked on another and very interesting facet of my career.

JP: I wanted to come back to a couple of other points but this is a great jumping off point George, to ask you, what you are tied up in? We have to go back again I suppose, because there was a World Petroleum Congress, you were involved in that were you not to quite an extent?

GG: Yes. I've been quite active in the organization called the World Petroleum Congress. I should explain that this is an organization supported by some 30 different nations, including Canada. Each country has its own national committee. So Canada has a Canadian national committee of the World petroleum Congress and I have served on that committee for many years. Through that I then became a member of the Scientific Program Committee of the World Petroleum Congress. That committee, called the SPC, is a 10 man committee that is responsible for developing the technical programs for the congress. I served on that committee for a 4 year term, then subsequently I was named chairman of the committee for a further 4 year term. I am now midway into my second term as chairman of that committee. The committee is now preparing for the 11<sup>th</sup> World petroleum Congress which will be in London, England in 1983. My job, as chairman of the Scientific Program Committee is to, with my committee member of course, to arrange for the technical program. So this is something that I've been doing for quite a number of years and enjoying and I hope, making a contribution on behalf of Canada as a whole.

#204 JP: That's a thoroughly global activity?

GG: Yes, it is.

JP: Among the continental activities, you've been tied up with what else, the CIM?

GG: I've been fairly active in a number of professional organizations Jack. These would included the Chemical Institute of Canada, the Engineering Institute of Canada, the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Canadian Institute of Mining and Metallurgy. And I've been active in one U.S. organization, the American Institute of Chemical Engineers. I was national president of the Canadian Institute of Mining and Metallurgy and I was president of the Alberta Association of Professional Engineers, Geologists and Geophysicists.

JP: You have a marvellous ability to spread yourself very thinly and yet make an impact, I admire that very much indeed. One of the items I'd like to discuss, and this has to do not necessarily with an organization but, you have been, I think, lauded for your insistence on

setting aside office space for these societies. Perhaps this is because you found they never did have enough.

GG: Jack, maybe I'm being given more credit than I should here. I was involved during the initial planning of the present ERCB building. At that time I thought it might be a good idea to see whether or not the professional societies that had any relationship whatsoever to the oil and gas industry and that had or wanted office space in Calgary, would be interested in having office space provided with some sort of central facilities in the new ERCB building. So inquiries were made a number of the associations responded yes, they thought it was a great idea and they would like to have office space. So a business arrangement was made between the board and these various organizations and they now have office space and I think it's working out very well.

JP: Good. I'm sure nobody else every came up with such a thing because it's usually a scramble to find office space. Everything is scattered instead of being under one roof.

GG: I think there's a lot of mutual benefits to the societies this way because they have certain needs in common. Receptionists, xerox facilities, you know. . . So I hope it's working out well.

#244 JP: Absolutely. Now among the changes you've seen, and here we go backtracking a bit, one of them was created I should imagine, when in 1948 you were involved with Atlantic #3. Now we have backtracked quite a bit for this.

GG: That is going back a bit Jack. That was in many ways, a most unfortunate accident and yet, in many ways, it turned out very, very well. It occurred in 1961, I don't remember the precise dates and months but after the accident oil was flowing uncontrolled from the well. The operator of the well, Atlantic Petroleum, did not have a large technical staff of its own. It made its best efforts to regain control but after a relatively short period of time the company agreed with the Conservation Board that it really didn't have the experienced personnel and the capability to handle the situation. So the Oil and Gas Conservation Board literally took legal possession of the well. This was possible under the legislation.

JP: It took time to bring this about thought didn't it?

GG: I expect it was a matter of 2 or 3 or 4 weeks, I don't remember, but it was not a long period of time. I'm talking about the time between the accident itself and the time that the board stepped in. Now the board stepped in and the board, like Atlantic Richfield, also didn't have experienced people. So the board went to Imperial Oil Ltd. and it asked if it could borrow the services of Mr. Tip Maroney of Imperial Oil. Imperial was most cooperative so Tip Maroney became a temporary employee of the board. Tip devised the plan for the eventual regaining of control. I'm trying to think of the name of the man from Texas that we had. . .not Myron Kinley???, who was his predecessor Jack, before Kinley? I'm sorry, it was Myron Kinley that was engaged, I think had been brought up originally by Atlantic Petroleum. That's right. Myron Kinley, after the ERCB took charge, Myron Kinley and Tip Maroney tried to plan out the way to regain control. Eventually, on Tip's advice, the board became satisfied that control was never going to be achieved by trying to fight the situation at the wellhead. By this time craters had occurred and oil was

spilling in large quantities. Fortunately there was no fire at this time. So it was decided that 2 relief wells would be drilled, one from the south and one from the west. These 2 wells were both started and I've forgotten which one was completed but one of them was successfully completed to intersect the well bore of the Atlantic 3 in the producing formation. Mud was injected and the well was killed off. But, a couple of days, if I remember correctly, maybe it was 3 or 4 days before, the well caught fire. I think many people thought it was rather spectacular that just a very short time after the well caught fire control was achieved because the directional well was nearly completed by that time. One of the interesting things was that a great deal of the oil that was produced and that flowed out on to the surface of the land was salvaged and sold and the board had a very substantial bank account of monies from the sale of this oil. Those monies were used to pay all of the costs of regaining control, the costs of reclaiming the land and there were some residual monies that were returned to Atlantic Petroleum.

#321 JP: When did the board relinquish control then, of the well? Sometime after that?

GG: It would not have been until all aspects of the matter had been settled Jack, but I can't remember any more closely. . .

JP: What did that do for the board, apart from the financial end of it George, as far as prestige is concerned?

GG: let me say first, I think it did a great deal for the Alberta petroleum industry, because it was know almost worldwide that Alberta must have enormous oil and gas resources in that one field at any rate. So Alberta was on the map, our industry was on the map. I don't know that it did a great deal for the ERCB. Perhaps it gave the public and the government some confidence that even in the event of something that could have been a disaster there was an agency that was prepared to take hold. I would hope that it might have given confidence.

JP: John Public saw this as a spectacular affair and there was as you say, so much publicity. The oilmen saw it as a team effort to bring something under control because everybody cared.

GG: Yes, indeed.

JP: Moving on to something else, what about the oil sands, the involvement of the board?

GG: The board has been involved in the oil sands developments from the beginning. The legislation provides that no project for the recovery of bitumen from the oil sands may proceed without the approval of the board. Incidentally, the legislation also provides that synthetic oil produced from the oil sands is not subject to pro-rating which is an interesting little aside. But thinking back on the oil sands projects of course, the first one was the proposal made by Great Canadian Oil Sands Ltd. as it was known at that time. This proposal was for a very modest sized project, 31,500 barrels per day originally. The board considered it at a public hearing, the board took the position that it was an uneconomic size and Great Canadian Oil Sands were in effect, invited to reapply with a larger scale project, which they did, applying for a project of 45,000 barrels per day. The board, with the approval of the cabinet, approved that project and as you know, it went ahead. You also know that it faced some very, very difficult problems in the early days.

Interestingly enough, many of the worst problems were not problems that needed to involve new technology or that were directly related to the problems of the tar sands. What I'm thinking of Jack is that, one of the big problems that was faced by Great Canadian was steam generation. They had very serious problems with their boilers. Then following that, you may remember that the Syncrude group and the Shell group both applied to the board to build projects.. The Syncrude project was rejected by the board on its first round because it was feared by the industry at large, that since the synthetic oil would not be subject to pro-rating, the proposed 100,000 barrels a day or so of production entering the market at a time when all other producers were heavily pro-rated, would take away a market share such that it would leave the industry in economic trouble. So the first Syncrude application was rejected on the grounds of market displacement, literally. However, on a later round of applications the Syncrude was approved, as you know, constructed, and is now in operation.

#406 JP: The Syncrude plant, that was City Service wasn't it, in behind it?

GG: No, it's a group. The original group included City Service, Gulf, Imperial and Atlantic Richfield. Then Atlantic Richfield bowed out and you will recall that the government of Canada, the government of Alberta and the government of Ontario took the piece that Atlantic Richfield gave up. Then the government of Ontario subsequently sold its piece of the action and the Canadian government portion is now held by Petro Canada of course.

JP: The development of that of course, is inevitable isn't it?

GG: Of the oil sands? I think it is Jack. I think Alberta's oil sands represent one of our greatest resources and I think the further development is inevitable.

JP: Do you think nuclear recovery is apt to come around again?

GG: I think it's possible that there will be further consideration of some application of nuclear energy. I think it would only be on an experimental basis at first. I would be surprised if it would include any explosive device though. I think it is more likely to include some quiet??? device, through which nuclear energy would be converted to heat, without explosion.

JP: Rather ruefully amusing that this goes back to old Absher???, who years and years ago, tried putting kerosene down the hole and setting it on fire and all he got was a column of smoke.

GG: I'm not surprised.

JP: Yes, he tried that way back, in the very early 1900's.

GG: Is that right.

JP: Yes, he made the sky black with smoke and he had to keep relighting the kerosene. His idea being that if he could get some heat down at the bottom it would soften the oil enough to separate it and bring it up.

GG: There's nothing wrong with the idea of getting the heat there, that's what's needed.  
End of tape.

13 George Govier

August 1981

Tape 1 Side 2