

## PETROLEUM INDUSTRY ORAL HISTORY PROJECT TRANSCRIPT

INTERVIEWEE: Earle Gray

INTERVIEWER: Nadine Mackenzie

DATE: June 1984

### Tape 1 Side 1 – 27:00

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

EG: Born in Medicine Hat in May 1931. My father being a cowboy, and butcher, carpenter, bunch of other jobs; we moved out to Vancouver when I was four and then from there to a little village in the west coast between Vancouver and ??? when I was five, Sechelt where I was brought up. When I was going to high school, I started writing for the local newspaper and for the Vancouver Sun. And when I left high school, I went directly.. worked for the Vancouver Sun for a short period. And then I moved to Calgary when I was 19 looking for a job with what was then the Calgary Albertan.

NM: So, you wanted to be a journalist?

EG: Oh, yes. Yeah. Somebody at the Sun had told me that the Albertan would be a good training ground to work for, so I went to Calgary. Didn't have a job lined up. I talked to the editor the Albertan, Art Raymond, who is known as Pappy Raymond. He always hated to see reporters in his editorial offices. He figured if they were in the office they weren't working.. getting enough use. So, I asked him for a job, he said, well go on out and let's see what stories you can find. So, it was.. I remember it was Stampede time and I've never seen Calgary before. So, I went out and found some news.. some stories for them which they published. Eventually after a period of a couple months I guess, they gave me a job. They said they had this chap Vern Myers, was writing an oil column for them, and he needed an assistant and I could have that job if I wanted it. And my reaction was, well I don't want to write about anything as dull as oil, but I'll take it until something better comes along. And that was 1950, and I guess for most of the succeeding 30-odd years I've been writing about the oil industry.

NM: What type of Journalism would you have liked to do if you would have had a choice?

EG: At that time? Yeah. I don't regret at all the type of journalism I've been doing. The type when I was 19 and full of stars in my eyes and what-not I guess, I suppose Political Journalism would have appealed to me more. But it... I soon found writing about the oil industry very fascinating. I worked for the Albertan for a while, and then I worked for Vern Myers when he started an oil publication that was initially a weekly bulletin. And then converted it into a magazine, "Oil Week". One period I left Meyers for a year to start my own weekly newspaper. This must have been in 1954, I guess. Started a small weekly newspaper in Invermere, BC. Took me about a year to go broke. I went broke like a character out of a Hemingway novel. Once described that I went broke two ways, first gradually and all of a sudden. And then after that Myers asked me if I'd come back as Managing Editor of Oil Week, which I did. And I stayed with Oil Week until it was purchased by Maclean Hunter in '64, and I became Editor. And was

Editor of Oil Week until I left the in May of '71 when I became Director of Public Affairs with Canadian Oil and Gas Pipeline Project until that project was disbanded after spending something like 150 million dollars in September of '77. And I've been on my own since.

[00:04:52]

NM: How was the oil business in Calgary when you were reporting for the Calgary Albertan?

EG: Well, the excitement had just started a few years before I got into Calgary. Leduc was discovered in February of '47, and I arrived in Calgary in the summer of 1950. So, Leduc had been discovered. Redwater had been discovered. But a lot of.. other than Leduc and Redwater, most of the big fields had still to be discovered. It was a much smaller town. As I recall Calgary then at that time had a population of about 90,000. So, it hadn't grown very much as a result of the oil industry in that period of time. The oil industry was still concentrated. As I recall, in the Lancaster building, the low ??? building, and Imperial Oil building on 9th Avenue.

[00:06:04]

NM: Where the oil people in this time willingly talking to journalist?

EG: Oh, yeah. Especially all the small independents particularly. Of course the ones that wanted to promote their stocks. To get as much coverage as they could.

NM: So, where you going to the Press Club?

EG: No. I would.. we would get daily reports on all the wells that were drilling. We followed their financial statements, interviews, and cover... We didn't do an awful lot of reporting from out in the field because really you couldn't find as much in the field as you could from the company's offices. Someone that was on a well out in the field wouldn't tell you anything. Obviously they couldn't. But the information was more readily available from the company's offices in Calgary.

[00:07:16]

NM: How long did you stay with the Calgary Albertan?

EG: Well let's see. I had two jobs for a while with the Albertan. I worked days helping Myers write his daily oil column. And evenings in the Sports Department. Albertan had a two-man Sports Department. And one was the editor.. the sports editor was Frank McCool. Who later became, I think, the manager of the Albertan. And then I left the Albertan when Myers started his weekly bulletin, which would have been '52, '53, something like that. And as I say I left just shortly after he had started Oil Week for one year in '54 or '55.

[00:08:21]

NM: Can you tell me a little bit more about Oil Week?

EG: Well, there were two weekly oil publications at that time. There was Oil Week that was published by Vern Myers. And there was Oil in Canada that was published by ??? press out of Winnipeg. And they were both competing very aggressively.

NM: Which is a good thing.

EG: Well, yes it.. but it was very clear that in that field, Oil in Canada was the weekly that had started before Oil Week. Oil in Canada had started publication in about.. perhaps in '48. A few years before Oil Week certainly. And it was the type of competition where it was... there wouldn't really be room for two weekly magazines in the field. So, that it was the type of competition where one was going to put the other out of business. I remember when Oil Week started, Oil in Canada had far more advertising than Oil Week had. There were times Oil Week came out with hardly enough advertising to fill its back pages. But by '64 when Maclean-Hunter purchased both Oil in Canada and Oil Week and merged the two, long before then, Oil Week had overtaken Oil in Canada in readership and advertising. And Maclean-Hunter paid \$400,000 for Oil Week and \$100,000 for Oil in Canada and merged the two publications.

[00:10:08] NM: So, then what did you do?

EG: I stayed on at Oil Week as Editor. I had been Managing Editor until the time of the purchase when Vern Myers was Publisher and Editor and I was Managing Editor. And then after the purchase, Myers retired of course from Oil Week, and I became Editor. And I stayed as Editor. And during that time I, in addition to learning about the oil industry for Oil Week, I did a little bit of freelancing and wrote my first two books about the oil industry. 'The Impact of Oil' which was published in, I believe 1969. And 'The Great Canadian Oil Patch' which was a history of the oil industry right from the very beginning, which was published by Maclean-Hunter in, I think it was 1970 or '71. It was a history of the oil industry right from the time of the development of kerosene by Abraham Gesler in the early 1850's, perhaps late 1840's, which was really a forerunner of the oil industry.

NM: What were your reasons for writing this book?

EG: Well, I had written a lot about the oil industry by that time and it was a fascinating subject. It seemed to me that the history of the industry was a colorful history that needed to be told. And I... it was a pretty substantial task to do when I had a full-time job.

NM: Right, yes. Where did you do your research?

EG: Most of the research I did in Calgary. Part of the research I was able to do to some extent is, in my job with Oil Week, for instance, we wrote a... at Oil Week we carried a series of profiles of different companies. We must have covered maybe 20 companies one at a time. And that would give me an opportunity to interview the people involved. I remember going to Petrolia to do some of the research, Toronto, and Calgary. That's where I discovered how much material you can get on inter-library loans from all over the world.

NM: Did you have any difficulties to have your book published? Or was it accepted straight away?

EG: No, I didn't have any difficulty in fact, but it wasn't quite the way I had planned it. When I was writing, working on The Great Canadian Oil Patch, I thought I should offer it to Maclean-Hunter since they were the people I was working for, although they were not in the book publishing business at that time. And I didn't expect that they would take it. But I felt an obligation to offer it to them. And at that stage, I had nearly all of... I suppose, all of the research done and perhaps a third of it written. And they said yes, they were interested. They were thinking of getting in the book publishing business. But in the meantime, they were working with Ryerson on a series of resource books, and would I do a little resource book first, they were doing books on different industries, and would I do a little book on the oil industry. So, at that stage I stopped writing The Great Canadian Oil Patch and produced 'The Impact of Oil' which was a shorter book, about 40,000 words. It was sort of a layman's explanation on how the oil industry functions, how oil is formed, how it's found, how it's transported, find, produced, and the effect that the oil industry had had on the economy of Canada. And it was, I think, a pretty good description of the economic implications of the petroleum industry for Canada at that point in time. Of course a lot has happened to the economics since 1969. So, it's no longer a valid description of the economic impact, but it is a valid description of the impact the industry had at that time. So, then when I finished doing the little book on the impact of oil, then I returned to finish The Great Canadian Oil Patch and Maclean-Hunter did publish it. Unfortunately, from my point of view, that was their first and last effort in book publishing. After that they purchased a book publishing company, MacMillan's of Canada. And I feel... well I suppose every author feels that they weren't really geared to market the book as well as it might have been marketed, but it was well received.

NM: Where did you get your photos from for illustrating the books?

EG: Well, for The Great Canadian Oil Patch, some of them came from the Glenbow Archives. And some of them came from the companies involved. I guess those were the primary sources. I think I may have gotten a few from the Oil Museum in Petrolia. Have you been there? Have you seen that?

NM: No. I have not been in ...

EG: Oh you should go see that. That would be fascinating.

NM: And how was the Great Canadian Oil Patch received?

EG: Well, it seemed to have been received quite well. And by Canadian standards for a hardcover book, it did reasonably well. Reviews were certainly all good. But it, you know, it, like 99.9% of Canadian books it didn't make any fortune.

NM: It's tough to be a writer.

[00:17:12] And what about your book Super Pipe?

EG: That was published by a small house, publishing house in Toronto. And Super Pipe was certainly... it was an account of the Arctic Gas project, for which I'd been involved, had been involved since, well almost at the start until the thing was wound up. So, it was really a labor of love. Just something that I thought... an account that I thought needed to be said. I had something that I thought I wanted to say. It was, the early gas project was a fascinating project to be involved in. I think that the in the whole, between what Arctic Gas spent on its research studies, its regulatory hearings, applications, and what

the competing applicants spent, and the government spent, and the intervener spent, it was something...

NM: Would take ages!

EG: Took ages. It must have been... total cost must have been approaching a quarter of a billion dollars of which Arctic Gas spent certainly the most. And all for nothing but paper. The Arctic Gas project, as you know, was turned down. The competing project was approved, but has not been built, can't be financed. And in the Arctic Gas Pipeline I, was written in '77-'78, predicted it would be, the competing project which was approved would be either dead or dormant for at least a year, and that's the way it's turned out to be. It's just not a feasible route that they selected to move the gas.

NM: But the idea was great.

EG: The idea for the Arctic Gas pipeline project was great, I think. Arctic Gas proposed to move natural gas from both the North slope of Alaska and the Mackenzie Delta, across Canada to markets in southern Canada and in the United States by a single pipeline system. The alternative proposal was to move only North Slope gas by single pipeline. Which, if it had been built, would have meant then that a second connecting pipeline of several hundred miles would have been required to move the Canadian gas. So, the alternative system involved building two pipelines to do the job where one pipeline could have done the job. And it just didn't make any sense to me. Why two pipelines should be built instead of one. The primary reason the Arctic Gas project was turned down was that recommendation of... Justice Berger, in the Berger hearings, that no pipeline should be built along the Mackenzie Valley for a period of 10 years. Well, it's kind of ironic now we are building an oil pipeline down in Mackenzie Valley anyhow. So, I really don't know what was accomplished by the outcome of the regulatory hearings in Mr. Berger's recommendations. The only thing I can see that was accomplished, was that a feasible project was cancelled, and an unfeasible project was approved, and an oil pipeline rather than a gas pipeline was built down in Mackenzie Valley anyhow.

NM: That's right. They talked a lot at the time about the problems of the environment.

EG: Mmm hmm. Well, they seemed to be building the pipeline without encountering any great environmental problems. Arctic Gas spent an enormous sum of money studying the environmental problems. Studying all aspects. The effects of the Caribou.... in fact, at the time our studies were launched, no one really knew how large the Porcupine caribou herd was. The environmental studies that Arctic Gas completed, and it's... donated it to... they wound up in University libraries. If nothing else it has to be a monumental series of environmental studies. Contributed an awful lot to the environmental knowledge of the Arctic and sub-Arctic areas...

NM: Was a good way to get information then?

EG: Sure. But rather expensive.

[00:22:33] NM: You must have interviewed a lot of people for this book.

EG: Well, yeah. I've interviewed an awful lot of people in the oil industry, not only for the books that I've written, but also for the Oil Week. I suppose up until 1970 I interviewed an awful lot of people in the oil

industry. From the small companies to Standard Oil of New Jersey. I was quite impressed when I interviewed Tim Jameson. He was then President of Standard Oil of New Jersey. Jameson was also born in Medicine Hat, and this must have been I suppose in the early '60s that I went down to New York to interview him. He was most generous with his time. And I'd always found that Imperial and Exxon were always very open with their information. Most companies have, some haven't, some were very closed.

NM: On the whole, people were willing to help?

EG: Oh, yes. Sure.

[00:24:03] NM: Can we go back to the ??? subject? Why did you start the newspaper?

EG: I had... I thought I knew the newspaper business. I had worked on a weekly newspaper when I was in high school. And I'd always thought it would be great to publish a weekly newspaper. There was an awful lot of newsmen at that time, I thought it would be an ideal thing and I was one of them, thought it would be great to publish a weekly newspaper. I've since been cured of that disease. I suppose the primary reason why the paper didn't succeed was that I started out with virtually no capital. And I was Editor, Publisher, Advertising, Sales, everything. In a small town.

NM: Did you have anybody to help you?

EG: My wife. And I imagine typical in every small town newspaper, you used part-time correspondence to help with local news and what-not. But that was all. I think that what really killed it was... well, I bought some, we printed it ourselves. Initially we didn't print it, we had it printed in Calgary. We assembled it and then had it printed in Calgary. And then I bought some equipment to print it ourselves. I didn't get the right equipment. It's too bad because the paper right away was getting national advertising, and...

NM: That's a pity.

EG: Yeah. It wasn't a bad paper. But, it was a great experience. As I say, it lasted a year. Right now, I wouldn't... publishing a small town weekly newspaper is about the last thing I'd want to do in any event.

NM: It's quite tough.

EG: Sure it is. And it's kind of isolated and parochial I suppose.

NM: That's right.

EG: Involved in a small... although I enjoyed it for that year.

[00:26:21] NM: Can you tell me a bit more about Vern Myers?

EG: Vern Myers was a geologist. He... I'm not sure, I think he may have been a hard rock geologist as opposed to a petroleum geologist, he got his degree from the University in Brandon.

NM: This is the end of the tape.

EG: Okay.

**Tape 1 Side 2 –27:06**

EG: Vern had written, had been the Oil Editor for the Calgary Herald. And then as I say, he was the Oil Editor for the Calgary Albertan when I met him in 1950. He was also investing in oil stocks, speculating in oil stocks and very astutely, and did quite well. Put all the money he had into Oil Week. And Oil Week was a very... we worked really long hours at Oil Week. It was a very, as I mentioned before, it was a tough competitive battle. We typically would work 60 hours a week, 60-70 hours a week. And then he didn't particularly want to sell Oil Week, but when he got offers, he was getting offers from both Maclean-Hunter in Toronto and the Oil and Gas Journal in Tulsa. And the offers kept going up and up and up until they reached the figure that in the end he could hardly refuse. Then he left Oil Week and he started a financial newsletter. And he got into some difficulties over that. And I don't know all the details. I know that... because I wasn't working for him at that time, and I didn't keep in that close touch with him. I followed his publication. I know he did financially very well because he was, his letter was recommending the purchase of gold at the time, and gold was around maybe forty dollars an ounce. And I'm sure he followed his own advice in gold. He was... at the time that he was publishing his letter, I know that it was illegal for Americans to buy and own gold. And there was some objection to him writing this letter urging investors to buy gold. But his attitude was, I'm not an American citizen, I'm writing in Canada and American laws don't apply to me. But then he got involved in some tax problem, the details of which I don't know.

[00:02:51] NM: Can we talk about some of the people you've interviewed?

EG: Well, golly, there have really been so many that it's hard to... there's hundreds literally. But one of the ones that was fascinating that I always enjoyed talking to was late Dr. Cam Sproule. And, when did he die, about five or six years ago? At the time he was really the father of Panarctic. He was the one whose idea was that oil could be found in the Mackenzie Delta in the Arctic Isles.

NM: ???

EG: That's right. And I remember interviewing him. Told me a little anecdote about how he became interested in geology. His father was a dentist in the Peace River area. I'm not sure which town. But he would go from town to town with his dental practice. And as a young boy Cam Sproule would accompany his father. And on one trip, it was in the spring, he was walking along the banks of the Peace River. The river was very low just before the spring flood, and there were a lot of potholes along the river bed. And of course that would make it like a natural sluice for any gold that had been washed down the river. So Cam reached into one of these potholes and found some nuggets of gold. And he was all excited. He thought he had his fortune and he went to stake some claims. Came back a week later and the river by that time had flooded, and these potholes were covered with 10 feet of water. And now they're covered with, I don't know how many feet of water, they're covered by the Bennett Dam. I don't know. You know, I wouldn't get to know these people except, like yourself as a journalist, you get their story but you're always an outsider, you know.

NM: Oh yes.

EG: You know, you're not part of it. So, I'm just doing the same thing that you're doing. And most of the interviews have been so long ago that it's hard to recall them.

NM: What about Frank McMahon?

EG: Well, I wrote a book. My most recent book was a history of Pacific Petroleums in Westcoast Transmission. And of course, Frank McMahon, he... it was book that was commissioned by Petro-Canada, but it was not about Petro-Canada. It was commissioned by them because they had purchased Pacific. And through their purchase of Pacific they thus became a major shareholder in Westcoast Transmission. I had known Frank McMahon, not well, but I had known him through Oil Week, and had met him quite a few times and talked to him. But I did get to know much better when, of course, I was writing the book. I interviewed him quite extensively. I interviewed him in Vancouver, I interviewed him in Calgary. And my wife and I, he invited us down, we spent about 10 days at his place in Acapulco. And his story is certainly a fascinating story. How he founded Pacific Petroleums with a hundred dollars.

NM: That's very incredible.

EG: Yes. It is an incredible story. Do you want me to try and summarize the story?

NM: Yes, please.

[00:06:58] EG: Well, Frank McMahon was born in Moyie B.C., small mining town in the southeast corner of British Columbia. His father had been a prospector, I suppose a bit of a gambler, had been a hotel man, and he owned a small hotel in Moyie. Not much more than a mining camp at that time I suppose, where Frank was born. Frank's father left the family when Frank was a very young boy, I don't know six or seven something like that. The family moved to Kimberly, not far from Moyie where Frank was brought up. He went to school in Kimberly, and in Calgary, and then in Spokane. He dropped out of college in Spokane to work as a hard rock driller in the mining companies. Saved his money and bought a few drilling rigs and drilled under contract all up and down the coast of Canada, and...

(Pause in Audio)

[00:08:32] I guess... during the Depression he.. his...

(Pause in Audio)

EG: Keep his rigs busy. One of the contracts he got was drilling for oil in the Flathead area of Southeastern BC, not far from Kimberly. And I suppose the company he was drilling for as it turned out really couldn't afford to pay. So, Frank wound up taking over the company trying to promote shares, raise some money, talk to some investors into backing him. And they backed him on a number of unsuccessful ventures. He also got involved in, at about the same time maybe even before the Flathead venture I guess, in drilling for natural gas in the Fraser Valley not far from Vancouver. Got involved in American with that. And it was unsuccessful. He really got involved in the oil business as a means of trying to keep these few drilling, these hard rock drilling rigs of his busy. And wound up promoting, as I say, some oil ventures. Most of which.. all of which, the initial ones, were unsuccessful. The thing that amazed me was that he would talk the backers, people like Victor Spencer of Vancouver, his principal backer, he would talk these people into putting up money for a venture. He'd drill a dry hole and he'd go



back to them and talk them into putting in more money. Which indicates that the people who were putting up the money had faith in him. They knew that the venture they backed was a long shot, but at least it was an honest attempt to try and find something.

NM: Was a gamble too.

EG: Yeah, it wasn't a promotion that was aimed at making money out of promoting stock. It was a promotion aimed at making money out of finding resources. So, it was an honest effort. There were of course an awful lot of ventures that were never intended to find any oil or gas. They just... all they were concerned with was pushing up the price of their shares. Well, the fact that Frank could go back to the same backers and get more money, to me was an indication that at least it was an honest effort to find resources. It was in 1936, oh, let me go back a bit. His venture in drilling for gas in the Fraser Valley led him to believe that natural gas could be developed and pipelined from the Peace River area into Vancouver. It took him two and a half decades to actually accomplish that. But it was that initial drilling in Vancouver that gave him the concept.

His first successful break in the oil business came in 1936. Shortly after the oil column at Turner Valley had been discovered. Turner Valley had, as you know, had about three phases of development. There was a little bit of very small amount of shallow oil found in 1914. Then there was a large gas cap found in 1924. But for 12 years between 1924 and 1936, no one realized that under this huge reservoir of natural gas was a large oil column. Until Bobby Brown Senior and Max Bell's father and some others drilled the well, Turner Valley Royalties #1, that found the oil section. So, when that happened, Frank was intrigued about the possibilities of getting into that play. And he found out about a retired CPR Railway agent living in Abbotsford who owned a quarter of a section of oil and gas rights, freehold mineral rights, quite close to the Turner Valley Royalties #1 well. So, say this was in the midst of the depression, Frank was practically broke. Remember his wife, his first wife, telling me that they didn't have any money at all. But they managed to scrape up a hundred dollars. They managed to scrape it up by holding their creditors at bay a little longer. And they got... with this hundred dollars they got an option, Frank got an option, on this quarter section at Turner Valley. And the option was then exercisable for \$20,000. So, after he put down the hundred dollars, he then had to raise the remaining \$19,900 to exercise the option. So, of course, he went back to Victor Spencer and his other backers in Vancouver, raised the money to exercise the option, raised enough money to start drilling, with great difficulty. In fact, I believe they had to stop drilling a few times while they scrounged around for more money. But eventually they completed a well, and that was the foundation of Pacific Petroleums.

Frank was not President of the Pacific Petroleums, but he was Managing Director. Victor Spencer was President. And Pacific was a moderately successful oil company in Turner Valley during the War years. From '36 on, it drilled a number of wells, had a modest amount of production and profits. Frank left Pacific, I suppose, in the early '40s. And then got involved in the Leduc oil field, after Leduc, in much the same manner that he had got into the Turner Valley play. His venture, he formed a company called Atlantic Oil Company, spectacularly successful by obtaining a lease in Leduc. And merged Atlantic then with Pacific, and then so Frank became, was back involved in Pacific Petroleums, this time as President of Pacific. His control of Pacific was always tenuous because he was using other people's money while he was building up his own. And then with the success of Pacific he was able to have accumulated enough resources to promote the West Coast Pipeline project, which was another dramatic struggle.

NM: It was, really.

EG: Yeah.

NM: Was it true that he was so poor at the beginning that his office was on the balcony of his apartment in Calgary?

EG: Well, I'm not sure about the beginning. He had an office... I don't remember an office in the balcony of his house or his apartment, but, and that would have been before I met him. His offices were located, at the time he was starting West Coast Transmission, this would have been in about '49, '50, something like that, was located in the balcony of an office building, kind of sort of on the mezzanine floor. On the same floor that a brokerage firm was located, I believe, Richardson Securities. That may have been...

NM: I got this information from Charles Hetherington.

EG: Yeah. But it wasn't the apartment. It was on a mezzanine, it was a mezzanine office, but not a residential apartment. It was a mezzanine office in an office building.

[00:18:31] NM: Can we talk about your book, The Uranium Cartel?

EG: Well, it was a book that described the operations of what was a classical cartel, instigated largely by the Government of Canada. While it was organized and operated as a cartel, it wasn't a very successful cartel. Its origins go really right back to the beginning of the nuclear power industry, or even before that to the development of uranium for atomic bombs. After the war when the United States had developed the Manhattan Project and was getting into building up a stockpile of atomic bombs, the US did not have a supply of domestic uranium. And it called, they wanted all the uranium they could get from wherever they could get it. And Canada was one of the principal suppliers of uranium. So, the uranium industry was developed in Canada. Initially to meet the needs, the U.S. government needs, for uranium for their atomic arsenal and subsequently U.S. requirements for nuclear power.

Subsequently the United States did develop their own uranium reserves. It was largely as the result of incentives that the U.S. Government established for the search for uranium in the United States. They developed large supplies, and they didn't need foreign supplies. So, they established an embargo on the import of foreign uranium. By this time the uranium market was by this time essentially all for nuclear power. This embargo threatened to drive the industries, the other uranium industries, right out of business because at the time the embargo was applied, the United States represented about 80% of the non-communist world demand for uranium. So, here we had in Canada a very large industry. I think at one time, it was just before the embargo was established, it was the second largest mineral producing sector in Canada. And it was going to be driven right out of business because of this U.S. embargo. And the price of uranium was driven down, the mines were shut down. Moreover, the embargo was in clear violation of U.S. commitments under GATT, the General Agreement on Tariffs and Trade, but regardless of that the United States applied the embargo.

NM: What made you write the book?

EG: Because it was such a fascinating subject. It was to try and keep these mines in business that the government of Canada was the instigator in establishing a cartel amongst non-U.S. uranium producers to prorate the demand, the market share of uranium, and keep the price up. The time the embargo was... the time the cartel was formed, about 1970-71, the price for uranium was in the order of four or

five dollars a pound. However, and the cartel managed to increase that price by perhaps a dollar a pound. And then suddenly the price of uranium shot up. Went up to eventually as high as 40 dollars a pound. But not because of anything that the cartel had done. The price of uranium went skyrocketing up after the OPEC oil crisis of '73 and all energy prices went shooting up. And then the cartel in fact could not change its prices fast enough to keep pace with the rapid increases in prices, and the cartel kind of fell apart. And about the same time Westinghouse Corporation had become the largest purchaser, the world's largest purchaser of uranium. Up until 1964, all of the U.S., all of the uranium for the nuclear power industry in the United States was purchased by the government, by the Atomic Energy Commission, and distributed to the utilities. In '64 they freed the market so that the power utilities could buy their own uranium supply. Westinghouse was the largest supplier of atomic nuclear power reactors. And it bought and sold uranium sort of as an adjunct to its sales of nuclear power reactors. Westinghouse had committed to purchase something like 20 million pounds of uranium at a fixed price of around \$9 a pound, but had not covered its sales commitments, it didn't have the, it had not contracted to buy the uranium that it had contracted to supply. It's just as if General Motors before the OPEC oil price, it's just as if General Motors had guaranteed with each Chevrolet you bought that you can get gasoline at 25 cents a gallon sort of thing. So, Westinghouse was in a an extremely financial bind. It had contracted to supply 20... I think it was 20 million pounds of uranium at a fixed price, but in order to supply it when the price went up they would have had to pay twenty-thirty dollars a pound. Enough to potentially bankrupt Westinghouse. So, Westinghouse alleged that the price increase was the result of the cartel. And there were Congressional investigations, and civil lawsuits involving Canadian companies and their alleged conspiracy under the cartel. It was very hypocritical of U.S. policy because they had instigated the whole thing in the first place by their establishment of the embargo on uranium supplies. But there were literally billions of dollars at stake in the lawsuits.

NM: Where did you find your information? Reading the newspapers?

EG: On the uranium cartel? No, most of the information, two sources, one, interviews of course, the other source was all the proceedings and evidence and documents that were produced as a result of the Congressional investigations and the lawsuits. And remember these went on for a period of years. Now all this is in the public domain in the court houses scattered throughout the U.S. but kind of difficult to get at. So, I contacted Jerry McAfee who had been president of Gulf Oil Canada and at this time was chairman of Gulf Oil in Pittsburgh.

NM: This is the end of the tape.

## **Tape 2 Side 1 – 18:22**

EG: I knew Jerry McAfee both through Oil Week and through the Arctic Gas project, Gulf was one of the participating companies in the Arctic Gas Project. So, I had a request for Gulf, asked them if they would make available to me, all in the public domain, all of the transcripts of the hearings, and all of the documents, and all of the proceedings. Now you could get them by going to the courthouse, but you'd have to go to court houses all over the place and they would be very awkward to work in, sort of in their warehouses. But Gulf, of course, because it was involved, it was one of the companies that was being sued for billions of dollars by Westinghouse. I knew that Gulf would have all of these documents, so I asked Mr. McAfee if he would make this available to me. And I told him I didn't want anything other than stuff that was in the public domain. So, he was very helpful. I went down to Pittsburgh and they just gave me access to all the material.

NM: That is . And what was the response to this book?

EG: Well, again the reviews were very good. I got very favorable reviews. Saturday Night had a lead feature on it. All the reviews, I don't recall any that were negative. And it sold not too badly.

NM: That's great.

[00:01:52] Why did you move to Toronto? And when did you leave Alberta?

EG: Okay. I left Oil Week Magazine in May 1971. I can remember, to join Arctic Gas Pipeline. I can remember because I started work on my 40th birthday, new career. Leaving journalism to join the public affairs field. And in '72 Arctic Gas transferred me to Toronto. So, I moved to Toronto as a result of a transfer with Arctic Gas. And as I say, I was with Arctic Gas until Arctic Gas... until after the government's decision on Arctic Gas in the summer of '77. When I joined Arctic Gas it had a staff, in Calgary it had a staff of maybe four people. When I left the number of people working on Arctic Gas including its staff of Canadian Arctic Gas, the staff of its American affiliate, Alaskan Arctic Gas, and all the engineering contractors and consultants, there would be a few hundred people involved in the project.

NM: And what did you do exactly?

EG: I was in charge of their public relations.

NM: And how did you like it compared to journalism?

EG: Well, it... it was fascinating. I really enjoyed it. It was a very demanding type of thing. I think public relations is great if you really believe in what you're doing. It must be hell if you have to tout something that you don't believe in. But I really believed in the project and that's why I enjoyed it.

NM: And how long did you keep this post for?

EG: Well, from May of '71 until Arctic Gas went out of business in August of '77. So, a little over six years. And then I've been on my own freelancing since '77.

[00:03:59] NM: How do you write? Do you decide every day to write for a few hours?

EG: No.

NM: No? How do you do it?

EG: The way... I suppose everybody works differently. I spend two-thirds of my time roughly I guess, researching and gathering material, and one-third writing. So, when I'm gathering material and collecting information I'm not writing.

NM: But do you find you write better at night, or better in the morning?

EG: Oh, I'm an early person. I get started pretty early. I get up anywhere between five and seven in the morning. When I write, I like to write all day.

NM: So, do you sit just in front of your typewriter?

EG: Yeah. That's right. Yeah. And my files.

NM: And what else do you do?

EG: Well, I spend part of my... because it is a very difficult task to live by writing books in Canada, and I haven't yet reached that stage, maybe I will. I hope so. I have to do something to, I divide my time between writing for money and writing books. And I have a small number of major clients that I do a bit of corporate writing for. Speeches, brochures and presentations and things of that nature. Write a quarterly publication for Canadian Standards Association. And this gives me an income and leaves me enough time to work on some books.

NM: And some free time for your family as well. You give speeches also at universities?

EG: Well, I have given a few. But not very many.

NM: What do you project for the future?

EG: Well, I have a large number of books that I want to write.

NM: And all on oil and gas?

EG: No, no, no, no. I'd like to write a book on the Crown corporations in Canada. There's a few biographies that I'd like to write. And there's a possibility of... I'm doing some research on an oil company that may evolve into a book, into another corporate history.

NM: That would be good. Interesting.

[00:06:46] What do you think of the ups and downs of the oil business as a journalist?

EG: Well, it seems that there is this, the only time that there is not a shortage of oil and gas is when there's a surplus. During the '50s, a period when oil companies were producing oil at about a third of the capacity to produce oil. Of course, now they're producing essentially the maximum rate under good conservation practice, they are limited not by market demand now, but by conservation. But even, we've seen even that. Even since OPEC, we've seen oil demand going up and down. It seemed terribly ironic to me now that to see the government subsidizing other fuels to try and, as Mark Long said, to wean the country off of oil, and at the same time that oil is such a major source of public revenue. It just doesn't make economic sense to me to try and reduce the demand for oil by subsidizing other sources of fuel. I think the market mechanism is a much more effective means to regulate the supply and demand.

[00:08:34] NM: What do you think of the National Energy Program?

EG: Oh, I think it has been a disaster. It's an absolute disaster. It's cost the country an awful lot in terms of national income. It's resulted in Canadians buying American foreign oil interests at very inflated prices at the peak of the market. I think it's been absolutely great for some of the foreign oil investors that have sold out to Canadians at such high prices. I'm sure that it's been a wonderful thing for Petrofina

Belgium. I think we've been pumping our money, the Petro-Canada slogan of pump your money into Canada, I think it's much a case of pump your money into Belgium.

[00:09:44] NM: How do you foresee the future of the oil business in Canada? Do you think things improve now, or do you think it is going to get worse?

EG: Well, I'm not as close to it as I used to be of course, when I was with Oil Week. But with the discoveries off the east coast, I think the future is promising. I suppose a lot more depends on what happens to world oil prices, and whether the reserves in Hibernia and the other fields off the east coast, whether they will be profitable to produce them at the market prices. But I think they will be. The prospects are encouraging anyway.

[00:10:42] NM: Can we talk about the contribution of the province of Alberta to the development of the Canadian industry?

EG: Or the Canadian economy. Well, prior to the discovery of Leduc in '47, Canada imported ninety percent approximately of all its oil requirements and had very little natural gas supply. And this was an enormous drain on the country's resources to pay for these imports. The development of an Indigenous source of energy, one of the largest commodities that are in business, development of Indigenous supply of that has created all sorts of economic wealth, and it's just trickled throughout the whole country from one end of the country to the other. Manufacturers, suppliers, not just the governments that own the resources, or the oil companies that developed them, but all their suppliers.

[00:12:08] NM: Have you seen a change in reporting about an oil business from what it was in your time to what it is nowadays?

EG: I think perhaps the most significant change is that it's become more national. The Calgary newspapers have always actively reporting on the oil developments, Calgary Herald, as long as I can remember, has always had a full-time oil reporter. Or oil editor. But I think outside of Alberta, of course particularly since '73, since the oil crisis of '73, there's been much more national attention. And the major newspapers and journals in Toronto have been devoting much more manpower and resources to cover, in particular, the Globe and Mail and Toronto Star. But basically... and perhaps they've become much more knowledgeable about oil. And I've noticed that they rely, or they turn very much more now to oil analysts with investment houses for interpretation... if there's a new discovery, they go to an oil analyst and say hey. I don't... that's something that was different. I think perhaps because the investment houses have become perhaps more sophisticated, more knowledgeable, and more informed, have developed more expertise in this area. But other than that, there hasn't been a great change.

[00:14:11] NM: Who was the most influential person in your career?

EG: I would have to say Vern Myers was, because it was he who gave me the opportunity to get involved in writing about the oil business. And it was from he who I learned a lot, quite a bit about the oil business. Particularly a small, a little bit about the geology. Not that I know very much about the geology, but what little I do know. But mostly because he gave me a free hand to go and do it. Not so much...

NM: It's good training.

EG: Yeah. Yeah, just go do it.

[00:15:04] NM: Exactly. On the whole, what do you think of the oil business?

EG: I think it's probably not quite as dramatic and exciting now as it was in the '50s. It's more a business of large corporations, less a business of opportunities for small new corporations now. Although there certainly have been a number in the '70s, particularly after '73, but I think it's becoming much more the domain of large corporations and that era of the Frank McMahons, the era of people who start out with a hundred dollars, the era of Eric Harvey that suddenly amasses a great fortune, I think that era has passed. Partly because it takes so much capital, partly because for so long after the Second World War, the oil industry was a rapidly growing industry in the sense that it was filling a larger and larger share of the total energy market. Today it's past its peak in terms of the percentage of the total energy market that it supplies. As you know, in the last decade I suppose, oil share of the energy market has declined and the forecasts I've seen indicate that it might decline somewhat further. I don't know, but even if it stays at the same level it doesn't have the same dynamic force then as an industry that is burgeoning. You know, oil was by far the cheapest source of energy and there were so many economic advantages of turning from coal and wood and everything else to oil all over the world. And that was one of the many dynamic burgeoning industries. Whereas today it's past that peak, like the automobile industry. It's past its most, I think, it's most dynamic phase. Perhaps that's why I find, like you, I suppose that the fascination now is kind of looking back.

NM: History.

EG: That's right. That's right. At those formative periods.

NM: Well thank you very much for this very interesting interview Mr. Gray.

EG: You're more than welcome.

End of Interview