

PETROLEUM INDUSTRY ORAL HISTORY PROJECT TRANSCRIPT

INTERVIEWEE: Fred Hildenbrand

INTERVIEWER: Robert Erickson

DATE: March 3rd, 1992

Side 1 only - 32:00

RE: This is Robert Erickson about to interview Fred Hildenbrand. Fred, what's your address, just to get your house number?

FH: 1208 Beverly Boulevard SW.

RE: That's in Calgary. The date is March 3rd. I'm going to turn this over to Fred now and we'll just start this interview. That's March 3rd, 1992. Here you are Fred. Tell us a little bit about your background.

FH: Well Bob, I was born in Southern Alberta and brought up on the Clarindale stock farm, it's a large stock farm that my father ran. It was owned by ??? Staples Lumber Company. My father was one of the few people that came up here, who had a degree in agriculture. He went to school Washington State as did my mother, they're Americans, and they hired him because they wanted to specialize in purebred stock.

RE: [inaudible]

FH: Yes. Yeah, they were from British Columbia from Skookumchuck. Yeah, the Staples family. Yeah, they're great people. Anyways, my dad raised a lot of purebred stock and became president of the Alberta Livestock Association etc., etc. And I went through great school to a little country school called New West, one teacher, one-room school grade 1 through 8, used to ride horseback to school and then high school, I went to high school at Vauxhall and one of my teachers there I remember so well is Mr. Mumbey. He later moved to Olds. He had quite an influence on all of us. And I worked on the farm like everybody does, doing all kinds of odd jobs.

And then when I graduated from high school, and incidentally when I was in high school, I was in the Royal Canadian Army Cadets and when I was there, I won the Best Shot Award for Alberta, which is why I still am an ardent hunter, and love to shoot and I... the war was on then and I was trying to enlist in the RCAF, but they weren't going to have any openings in flight crew, 'cause I wanted to go into the Air Force for about six months, so rather than just sit around for six months, I went down to Washington State and started my university training. That would have been in 1945, I guess, let me just double check it. Yes, 1945. And started out in mining engineering. And then due to my dual citizenship, being born in Canada with American parent, I had to register for the U.S. Draft across the border, and before I had finished my first semester, I was drafted by the United States. So rather than be drafted I enlisted in the U.S. Navy and went through their basic training, was overseas in China for a year or more, was in the service altogether just two years. Then I was discharged.

I came back to Washington State and continued my university work, and the head of the Geology Department taught Geology One, which was one of the first courses and I was so intrigued by it, it was Dr. Culver was the professor, that I switched from mining engineering to mining geology then to strike geology. And I worked in the summers for my dad on the farm.

RE: Can I ask you why you went to Washington State?

FH: Oh, the reason I went to Washington State is very simple. Both my parents were from Washington State and my aunt and uncle went to school in Washington State and from the time we were little children, the only University we ever heard of was Washington State and it never entered my mind to go anywhere other than Washington State. So and I worked one summer for the Howsound??? Mining Company in Washington as dynamiter, then when I was going on for my Master's Degree and had done a lot of the work for my Master's Degree when the Superior Oil Company came through interviewing, and I didn't apply for an interview but the head of the department, Dr. Culver, told him, told the Superior Oil people they should talk to me, and I was out on a survey crew and they come up, tapped me on the shoulder, wanted to know who I was and started talking to me, and told me I had permission to leave the class, for come on in and talk to them at the desk. So I did and they offered me a job and I turned it down. And I, later the next day told. Dr. Culver I turned it down, because I wanted to go on for my Master's. He said I was a damn fool, job like that seldom came along with such a good company and where they wanted me that I should take it. So I did, and I went to California, that would be in '51. Yeah, 1951. Went to California and they hired me as a geophysical trainee. However, they had me doing surface work up the San Joaquin Valley as a geologist. I don't really remember. I think it was about \$250 a month, but I'm not sure. it wasn't much. I might be wrong on that, but it was small.

Then after about six month's surface work, they started my geophysical training, sent me Pasadena for some... go through their labs, geophysics, then out to West Texas to Amarillo for, and I started on a geophysical crew and moved around west Texas. No, I worked in the, I had, I did all the work in the field, but just to learn it, not very long and spent most of my time in the office interpreting and mapping and...

Yeah, yeah, that's when you did it the old-fashioned way, no, didn't have all the computers and everything. And I wasn't sure I wanted to be a geophysicist. I liked the basic geology better because I felt that was what was behind it all, and also Superior Oil Company was a pretty tough outfit to work for, they were good to me but I saw the way they handled other people and I decided I didn't want to stay there. So I applied to several companies, one of them was the old Atlantic Refining Company and they called me to Dallas and interviewed me and offered me a job. And they started out my training as a geologist to be an oil scout in west Texas because they thought that was a good experience to learn all about the industry and wells and what went on and what other companies did. So I was an oil scout out there for about six months, and then from there they moved me through a bunch of different steps and took a lot of training programs in Dallas and they moved me to Corpus Christi to where I was just a geologist on the staff doing geological mapping, working up plays and the like, regional maps. And then I came back to Dallas for training as a research geologist.

Let's see. I came back to be a research geologist in about 1953. Yeah, 1953. And...to do regional mapping of new areas etc. And the oil industry was pretty hot in Montana in those days, so they sent me up to Billings, Montana and I did a lot of regional mapping of the Williston Basin and the different parts of central Montana ??? etc. Also did quite a bit of surface work in the summers, and did a lot of work with George Norton who is quite a famous old surface geologist, and a very unusual person in that for lunch, all he'd take would be a cucumber and a bottle of wine. And all summer, he'd never change or

wash his socks, and by the end of the summer in the hotel we were staying in they just stand up beside his boots, but he was a wonderful geologist and I learned a lot from him.

RE: What was his name?

FH: George Norton. He was an old service geologist working Mexico and South America and all through west Texas. And he was the one that said in the early days, the way you found an oil field was to drill on an old Indian graveyard. And the reason being, the Indian graveyards were always located on a hill and down in west Texas and Oklahoma and that part of the world where they didn't have the Continental glaciation, your topographic hills were frequently a structure so they would often result in an oil field.

And then...

RE: [inaudible]

FH: Yeah. Yeah. No. Then I was in Billings for a little over two and a half years and the old Atlantic Refining Company got very interested in the oil play in Canada. So they engaged Alex McCoy and Associates, who were in their prime, their hey days then in Tulsa, Oklahoma to do a study and gather all the data on western Canada.

RE: [inaudible]

FH: Yeah, Roland Voucher was in charge of it. But Alex McCoy did quite a bit of it too himself. And so Atlantic would be intimately familiar with it. They transferred me into McCoy's office and I was there for the six-month study was done where they gathered all the data and I worked with them. So I was intimately familiar with it. As a result of that study, they decided to move to Canada and, in Calgary in '57, and I came up with them and I helped open office as a senior geologist. There was just a staff of three of us, Frank Castleberry, myself and Julius Babisak. Later they added to it with more people.

[00:11:37] Then I advanced through the following positions with Atlantic Refinery: district Geologist, regional geologist, exploration manager, and during this period I took all kinds of courses and the company sent me to different management schools etc. Then I became regional manager and then Atlantic...

RE: Can you talk about some of the people you were working with ???

FH: Well some of the people I remember so well was certainly Frank Castleberry, the manager, he only was here for about a year and a half and then Julius Babisak, he was only here about a year and a half, and Chuck ??? who was gone, and when I got in the position where I had more to say such as exploration manager and then regional manager in charge of it all, I was very sold on having a Canadian staff. I thought it was the proper thing to do. They knew the area, they knew the country and I just... politically it was the right thing to do. So we hired an all-Canadian staff and the first person that I employed was Ron Hartwell. And that was because we were part of the Tidewater Group in Saskatchewan, we had an interest in it, and Ron Hartwell was one of their geologists, and I used to be so impressed with his work that he was doing over there and his presentations that we hired him. And he was started out, he was their first geologist and did a wonderful job, found Atlantic Richfield a lot of oil.

[00:13:15] Then in 1966 Atlantic Refining merged with Richfield Oil Corporation, and then in 1969 with Sinclair and in each case in Canada, I was the surviving manager when the companies were put together, and then Atlantic formed the Canadian company, Atlantic Richfield Canada, and I was elected president of it, in a position I occupied up to the sale of our Arco?? to Petro Canada in 1976. And that's rather interesting, how I... Atlantic Richfield decided to sell to Petro Canada and it came about, several things influenced it. One was the big discovery on the North Slope of Alaska. And they had a place where they could put a lot of money and big opportunities. Also at that time the size of the plays we were developing in Canada had started to decrease the reserves, they were getting harder to find, etc. And then that was the Trudeau years when they had the Canadianization policies and they were very strict and very anti-foreign investment, and Atlantic the parent began to cool on Canada as a result of all that. So as, by then PetroCan announced they were forming it and they'd start by buying a company. So we initiated the sale to Petro Canada unlike a lot of them, the later ones they made and I made a trip back to Ottawa on talk to MacDonald who was the Minister of Energy about Arco article and they were very interested. So we set up a meeting and we, end result was we sold to Petro Canada.

RE: Do you remember the price range?

FH: I don't remember it exactly and I'd rather not quote it for the record since I don't have it handy, but I do remember that it was the press, it was misleading from what the government and Petro Canada had announced. Atlantic Richfield, when we formed it, all the stock was owned by the parent company. It was a redeemable preferred. And as we made excess money here beyond what we felt we could spend, we would buy that preferred stock back from the parent and then return it to Canada. Well, then when the company was sold to Petro Canada all that was announced was the cash but on that was a rider that with the revenue they would buy back the remaining preferred stock, redeemable preferred, from the parent which was never made public. And also in the price it was quoted was not all the deposits and everything we had to work in the Territories and all that was came back too, to Arco.

And Atlantic Richfield's history was quite interesting. We started with a three-man office as I said in 1957 and by 1976 we were producing 38,000 barrels a day and 85 million cubic feet a day and our employees had gone from 3 up to 325.

RE: [inaudible] question about key people

FH: Yes, there was... the ones that played a big role was certainly George Terriault. He was the lawyer and the head of our land department and did a wonderful job keeping us straight legally and every other way. In the Land Department in those times was Lloyd Torfison, Bernie Wiley, outstanding people. They were District landmen. In the exploration side, we had a number of exploration managers. One of the last ones was Tom Hitchcock. And of course as I said, there was Ron Hartwell, Jim McDonald, they were very key people and district geologists. Harold Cowan also was one. No, we had quite a crew.

[00:18:12] Then after we sold Atlantic Richfield, I resigned, I went with PetroCan just a very short time because they, automatically I went with them because they bought the company, but I only stayed a very short time, then I resigned. That would be in 1977. So in 1977, I formed a small company called Lancia??? Oil and Gas. George Terriault and I, and we didn't have very much funding. We were not overly successful and we wrapped the company up in 1983. It wasn't a loss by any means, but the operation was too small to offer an adequate challenge. And I essentially for all practical purposes resigned from a real active role in the oil business then, however, I was Director of many companies, of several companies, and did some consulting and...

RE: [inaudible]

FH: Yeah, yeah. Oh Cliff DeMatric. Cliff DeMatric was a great guy. Cliff is running a company and I can't remember the name of it, out of Arkansas here. It's doing very well. Then in the industry, I was active in the Petroleum Club as a director and a president. Actually, I was president when the second story was added, it went from one to two-story building. I was active in the Canadian Petroleum Association, governor of the main body, director of the BC Division. I was also quite active in the University of Calgary, on the Senate, I was Chairman of the Senate Reorganization Committee, I was Chairman of the Long-Range Planning Committee, and I was also, when I was there I was Chairman of the Honorary Degrees Committee. I was on the senate four years and I don't have the exact date here. It was when I was with Arco, during that period of time. And like most people, I was active in the Chamber of Commerce, registered professional geologist, member of the American Association of Petroleum Geologists, Community Association, Parent-Teachers, member of the Glencoe Club, Zoological Society, etc.

[00:20:58] So since then I've just been a director of some smaller companies and, latest ones was Pocos??, two subsidiaries, Bonanza Oil and GAs, and Central Exploration, Central Explorers. And another company that's unrelated called Pension Energy Resources. And I'm an advisor to them as well.

RE: [inaudible]

FH: Oh, yes. Yes. Pension Energy Resources is quite interesting because it's pension money they're putting into the oil business and they've put in about \$150M by now, and being a pension fund, they're not taxable, and yet they get all the advantages that Lannister?? gets like these royalty free periods and bonuses. So when you combine those they've got quite a leg up.

RE: [inaudible]

FH: Yeah, and so they've done well in... but it's mostly been fairly conservative things, buying production, started out just buying unitized production because it was much safer. They've expanded that now to where they're in exploration and land funds doing quite well.

For hobbies, I love to fish and hunt, got a good hunting dog, always had one, do a lot of planned bird shooting, ski, play tennis. Just enjoy life, go on good vacations every year. Oh different places. This year we just got back now from Costa Rica. Yeah, we were down there for three weeks.

So I think Bob that's sort of a summary of it, to... one thing I didn't mention, and I don't whether you want me to, should have mentioned it at the very beginning about some of my university work.

RE: [inaudible]

[00:23:21] FH: Okay. Well, I was quite active in extracurricular activities and I was president of my fraternity. Kappa Sigma. Is that right? And I was also in the senior men's ??? and I won the national scholarship leadership award for the Pacific Northwest Kappa Sigma, I was on the boxing and baseball teams, and all this resulted me in being graduated an outstanding senior in the class '51. I just wanted to mention that.

Bob, you were asking about some of the fields we did and some of the work we did in the early days with the Lag ?? Refining Company then later Atlantic Richfield. And the one thing I want to emphasize is that we were an oil exploration-oriented company and the big emphasis was on geology. We weren't buying production, we didn't buy any production of any type. It was all exploration. And some of the discoveries, we participated in a lot of discoveries after somebody else found them. But some of the ones that we played a major role in was we were the, we found, you took them alike??? And that was an interesting play because it was Ron Hartwell had worked it up and he'd had a stratigraphic trap, map of the Slave Point porosity, and when we drilled the well, the geologist was on the well, I think it was Ron, said, well, I'm through the Slave Point, there's nothing here, and my son's got a birthday coming up. Do you think it's alright to leave the well? And I said, yeah just make sure that it's logged properly and everything. I went to the Land Department to get permission to abandon and they said, oh we have to drill so much deeper. So they went ahead and drilled deeper and the young engineer called in said I don't what's going on out here, but my mud's really heavily oil cut and everything. So we sent a geologist immediately back out, flew him out, and that was Utica Masand??? and that was the discovery. So that's an example of how scientifically brilliant we were. It flowed oil.

We also had a big spread in the northeastern part of Swan Hills with Mobil Oil. We bought four townships in there and much of it proved to be productive. Yes. Yes, and that certainly helped Arco. And we were very active in Gold Creek and, oh, many many fields. Then later, we became very gas-oriented and bought a lot of shallow gas and discovered a lot in the Medicine Hat area, all through there. Frank Vetch was a big pusher on that and he did very well. Is there anything else you'd like to touch on Bob?

RE: [inaudible]

FH: In the early days with the Atlantic Refining Company, we were very fortunate in that when we opened the operation in Canada, the parent company was completely unfamiliar with the government regulations, the laws and rules, the oil and gas industry up here, the land system. They didn't know the geology. So nobody was second-guessing us and we pretty much ran the show as we saw it, the way we did it. We weren't bound by a bunch of regulation and procedures like many other segments of the company were in the United States and other parts of the world. And that was a great environment to work in, and it was one of the reasons that we were as successful as we were. We could do our own thing.

RE: [inaudible]

FH: He was with, George Terriault was with Pacific before us. I might mention some of the people that played a role in making the decision to come to Canada, of course W. Delham, who was very well known was one of... Lewis Davis was the person I reported to and he was a great person to work for, very straightforward, called a spade a spade and really just let me run the show pretty much as I wanted to, which I certainly appreciated.

Oh, yes. Oh, yes. We had certain authority limits beyond which we couldn't go. Our budget, we had approved each year and we could do everything within our budget but anything new that was an excess of one or two million dollar, we had to go get special permission for. And those meetings were very short. No, no, no long show and tells, I mean we'd have a show and tell but it might last 15 minutes.

It was later in Los Angeles, but initially it was in Dallas, Texas, and you're talking about how long they took, I remember one big one we presented, and I was presenting it to the Board of Directors, they arranged to have me present it at that time because they'd all be there. And I gave the introduction to it, which was about five minutes and what we would recommend, and now go into the detail, and Robert O. Anderson said, we've heard enough. You've got it. That meeting lasted about three minutes.

RE: ??? Those were hard to handle.

FH: Yeah.

RE: This concludes the interview with Fred Hildenbrand.

End of interview