

PETROLEUM INDUSTRY ORAL HISTORY PROJECT
TRANSCRIPT

INTERVIEWEE: Mr. A. N. Hutton

INTERVIEWER: David Finch

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DF: Today is May 2, in the year 2001 and we are with Mr. A. N. Hutton at 143 Silvercreek Green N. W. Calgary. My name is David Finch. Could you start Mr. Hutton, you go by Neil?

NH: Yes.

DF: Could you start by telling us Neil, when and where you were born?

NH: I was born in Strahven, in Scotland, which was. . .

DF: What year?

NH: That was 1934, 28th of May actually. We lived in Hamilton, southwest of Glasgow for the first five years of my life and then of course, that was the beginning of the war and my father was gone for about 7 years, over the period of the war, which only lasted five but he stayed on.

DF: What did he do?

NH: He was an insurance salesman for Sunlife of Canada actually but he was very interested in the homing pigeons and the Royal Corps of Signals had pigeon service, of which he was the principal who trained pigeons for active service but of course, they became redundant because of improved wireless communication and so on. So then he ended up working for the War Graves Commission and the reason he was away for the other two years was this cleaning up the graves all over North Africa and the Middle East.

DF: Tell us about your education.

NH: I went to the local schools, we moved around during the war years considerably in Glasgow so I went to a lot of different schools but eventually ended up going to Glasgow High School, which was [like a competitive entry fee paying]??? school, semi-private in the way, if you had the right qualifications you could get entry without paying fees. So I went there and I wasn't a particularly diligent student, I found school extremely boring until I got into the final years of high school and made a disastrous attempt at ???. They reinstated it and it came to my attention that if I wanted to go to university I better do something about it. They allowed me to actually do independent study at the school, to work on the subjects I needed to.

#026 DF: Did you catch up?

NH: Yes, I actually managed to win a prize that year, I got the geography prize and that's really what led me into geology because I came across Holmes' Physical Geology and it's a superb book. I still think it's one of the classics in geology and that really was what sparked my interest. And I decided to go on to, I did get the entrance requirements and went on to the University of Glasgow and did geology. It was a four year program with

Honours and I got 2nd Class Honours. After graduation, at that time we had National Service in Britain and I was in the School Cadet Corps and I was a Sargent at the end of my school period there and then I was in the university ??? Training Corps.

DF: What was the purpose of the School Cadet Corps?

NH: It's a good question. The military service and the military in Britain at that time was pretty pervasive and a lot of the English teachers were in the school Cadets, they were ex-army individuals and a lot of the schools did have the Cadet Corps. The other major school, Glasgow Academy, which was a similar style of school, also had a big cadet corps. I think it was pretty common. Because Britain really had a big military tradition. But anyway, it was an educational experience and by the time I had finished at university I had decided that National Service was really not something I wanted to do. So I at that time, employment in the Colonial Services was exempt, so I decided to go and work for the Colonial Geological Surveys and just be pulling a name out of a hat I ended up in Ghana and I worked in Ghana for four years. The day I stepped off the plane back in Britain, National Service was abolished. But anyway it was a very good experience, I certainly enjoyed it and it was a good time to be in Africa because it was still under British administration really and they got independence just a couple of months after I arrived. Within five years they had pretty well destroyed the economy of the country and it was in dreadful condition. It was a wealthy country, it was a crime really what happened.

#057 DF: So what kind of geology were you doing there?

NH: Mostly field reconnaissance, it's 90% shale, there's one small sedimentary basin which is protozoic, pre-Cambrian rocks and that was about it. But it was mostly mapping, just general field reconnaissance mapping, recording any significant mineral deposits or things that might have commercial value. And it wasn't particularly. . the director was a queer fellow and you were just basically, I was plunked out in the wilds you know, and it was like the traditional safari, guys with boxes on their heads, no helicopter support, no nothing. You had a truck, in fact I got into a real imbroglio with the director because he wanted me to buy a truck and I had to pay for it and the resale on these in the country was useless, you just lost a pile of money so you were really just financing the government. So I declined to do this, so they supplied me with transport, the driver and all the rest of it but it didn't promote very warm feelings between us and eventually I did actually buy a car but I just bought a conventional sedan and used that. But at least I got a decent amount of money for it when I left.

DF: So from Ghana you were back to England, then what did you do?

NH: I decided that the Foreign Service was not a particularly good long term career and I decided to go back and do a PhD Bob Cummings, who was one of the senior lecturers there that I got along well with, he agreed to take me as a research student and actually gave me some work to do on ??? from Libya, Mississippian. That's what I worked on, Mississippian. He left actually, maybe about a year after I had started and he actually became the Chairman of Robertson Research in north Wales. Anyway I started on my PhD and then about the time I was coming to the end of that I was looking for some other

form of employment and I was actually offered an assistantship at Glasgow. By this time I was married and I had three children and we were actually living with Maureen's parents and a couple of things I remember that sort of decided me on coming out to Canada was that we went to a Christmas party at the university and of course, all the professors and senior lecturers were there and half of them were wearing their "demob" suits from war time and this was 1960, early 60's, with holes in their shoes and patches on their elbows. And I thought, gee, I don't know if this is. . . actually academic staff were really poorly paid at that time. Anyway just about that time we saw an ad in the paper for a house in Hamilton and a big coincidence, the people were actually had been in Ghana and they were going back and they were going to sell the house and it was ideal. So I went to the bank, I guess I was 29 or 30 by this time and I wanted to borrow 400 pounds, which was about \$1,200 and they wouldn't give it to me. I had been banking with them for about 10 years and my father before me. So that was the last straw, I decided enough of this, I'm going to . . . a lot of my friends had come out to Calgary. My uncle was living here so we immigrated in 1966, arrived her April 14th. We thought we were going to have this wonderful trip on this trans-Atlantic line, the only problem was, a) it was very rough, it was a very stormy crossing and my son got chicken pox so they stuck us in the hospital, quarantined there, so all we had to do was entertain our three children. We read the Dr. Seuss books until we could recite them without even looking at the books. But anyway we got here safely. They were going to take Maureen and the children off in Quebec City but when the doctor saw ???, by this time he'd had a couple of spots on his face which had healed pretty much by the time we got, he had a few on his chest and he said, forget it, just go. So we crossed on the train, which was really quite a wonderful trip, which the children still vividly remember. Well, at least the wee one, he was only four months, he doesn't remember anything and I ended up in Calgary. I did have an offer of a job actually, at that time, from Hudson Bay Oil and Gas, and I think they were offering me about \$725. I think at that time Pan Canadian and Hudson Bay tended to offer British expatriats a pretty low pay. Anyway my uncle suggested I should shop around before I actually went in and started.

#121 DF: So \$725 a month.

NH: So I did look around and Texaco offered me a job at \$850 a month and that's what I did. Because of my background they started me off in a special group doing exploration research and I designed a built a lab for them and went on from there. We did a lot of carbonate sedimentology and so on. At that time I was problem solving for various districts, we were split up into districts, they weren't into the team, it was still the classical petroleum hierarchical organization.

DF: Had you done petroleum geology before this?

NH: No. Other than when I was doing my PhD. I did work on some stuff from Ireland for oil companies, but really no, I was learning on the job. I think I was in the research lab. . . it would be on my resume, I can't remember the year. Anyway all of a sudden they decided that I was far too good to waste in the lab, which may have resolved these liaison problems. Anyway they put me in a district as a district geologist with roughly 6 or 7

geologists working for me and integrating with the geophysicists and the lab people and all the rest of it. That was a bit of a shock. Particularly I remember in that group, there was a guy, Don Hagen, and Don came to Calgary from California and I'm sure he had 15 or 16 years. All of a sudden he was working for me, I was a comparative novice when it came to the real exploration activity so it was a pretty tough learning curve. Anyway I guess they liked what I did because then they moved me into the Territories, so I was District Geologist for all of the Arctic and the Northwest Territories.

DF: So did any of the work you did up there lead to some of the current developments?

NH: Texaco didn't really have any acreage in the Delta. They did have acreage around Drake Point, but south of it so we were sort of peripheral. We had acreage on Banks Island and Prince Patrick Island. We did explore these but, Texaco had a partnership with Elf on Banks Island, but nothing really developed out of the activity there. We also drilled a well on Emerald Island on a farm out from BP and found a reservoir but there appeared to have been oil through it but nothing actually ??? and the structure I guess, just wasn't large enough or the timing was wrong. So no, I wasn't involved in any major discoveries in that part of the world.

DF: What were the highlights of that time up in the north?

NH: Of course, the Delta was very active and the offshore areas. Dome made a huge play out there and I think if it had been onshore it was probably commercial but the location was offshore there with all the attendant difficulties, the ice pack was rotating around there the whole time and shifting in and out. Well, they did a lot of engineering, and they had trawl ships that could seemingly operate in those conditions but I think that. . .

DF: Production would be a problem, eh?

NH: Yes, production was a potentially big problem. Dome I think, greatly exaggerated the potential. Subsequently I was involved, the Hunt brothers got into the silver market and tried to control it themselves, they managed to pump the price up, I think to \$12, maybe it was actually \$22 but then the whole thing collapsed and they were strapped for cash and they sold . . . I mean how they managed to negotiate this was just outstanding. . . they sold it Phibbro. It's actually a very large New York resource company but primarily in minerals. Really, they were more of a broker of minerals and shipping. . . you know, coal, all sorts of mineral properties, they were more in the actual shipping of these materials. Anyway, they weren't oil industry people really but they paid a small fortune, I think \$16 million to Hunt for a small interest really, a part interest in the acreage. I had least had the pleasure of consulting on that because when I started at ??? first of all, that was one of the major jobs we did, was evaluating all these Phibbro lands, or Hunt lands.

#193 DF: So what were some of the other highlights of the 1970's for you?

NH: Going through the 70's I think, I arrived here just in the middle of the big activity up in Rainbow and that was really one of the first jobs I did was looking at all the core from Rainbow and trying to make geography of the reef basin. That was one of the first jobs. After that the next really exciting find in which Texaco was certainly materially and centrally involved was the Pembina pinnacle reef play, in the Nisku. That was a really interesting thing because Texaco had a large spread of land in there plus joint interest

with Amoco and Hudson Bay and various other companies. As it turned out they had all the acreage that covered you know, the central portion of the play but Chevron had actually found it. This was during the period when they had all these incentive grants and so Chevron took advantage of these grants and shot regional seismic data right through the whole Alberta basin. During the course of that they saw these pinnacles on the seismic data and they weren't really sure what they were but it looked not unlike the small pinnacle Leduc reef at New Norway. So that's what they felt they were drilling when they drilled the first well on the reef play. They were successful but they were actually a mile and half from Texaco's acreage. What they did was they got this little company, I'm not sure I can remember the name of them, at any rate, it was a very small operation but they presented Texaco a proposal to farm in on an entire township and drill a well of course, to the basement or to the Cambrian, whichever. We were astonished that this company had the resources to drill, we were scratching our heads a bit, wondering what this was all about. So anyway we did have I think, 12 sections, no, it was 7 sections in the northwest corner of this acreage and so we mulled this over and puzzled over what we were doing and went and looked at all the logs and the whole stuff and really couldn't think what this was all about. I can remember looking at some of the Nisku wells in there and I couldn't really see anything that looked significant. How dumb I was. Anyway we offered them a farm out on the sections that were going to expire because we didn't have any Cardium production to support the acreage and they declined. So then Home Oil approached us and we actually farmed out to Home Oil and they drilled a successful well. Of course, we knew what we were doing then. But the geologist, I can't remember his name, Chevron sued him actually because they claimed he had ??? knowledge of the acreage. From where I'm coming from, they had their opportunity to do that and didn't. So that was a pretty exciting time, a lot of activity. By this time I was now the Assistant Chief Geologist. So I was looking at a broader scheme of all that Texaco was doing. So as it turned out and just by serendipity as anything else, Texaco probably was the company who made out best of all in that play, although I have to admit we didn't see it very good, we just were led into it.

#254 DF: But you had all the land?

NH: Yes.

DF: Great. So this brings us up to 1980 and you were President of the CSPG in 1981, but what were you doing just as 1980 started?

NH: I left Texaco in 1979.

DF: Why?

NH: At that particular time I knew that I was very well thought of with Texaco and I actually spent 1978, 7 or 8 months working on a task force. The Chairman of Texaco went to the New York analysts and they challenged him on his reserve base and said that his reserve, production indexes were all totally out of whack. But the division managers in Texaco were actually rewarded for their reserve base and so he went to these guys and said, you're going to have to take some reserve cuts, we don't believe your numbers. They

were very reluctant to chop their reserves because really, their remuneration was related. So I think the Chairman had twice gone to the divisions and said, look you guys really need to look seriously at these reserves, they don't make sense, they don't add up. Your life indexes are just totally out of whack, there were over 15 years or something like that. So in the end the Chairman decided enough is enough, we're going to vet??? all of these reserves and so they sent these teams into each division and we went over all the fields. I mean, it was terrible actually, they had made estimates on water floods before they even knew what water flood performance was about and they just left the reserves even though the actual performance in some cases was almost zero, some of them were a complete disaster. So yes, we knocked about 40% off the midland divisions reserves. So that was a very interesting experience and I think, much broadened my perspective of the oil business and got me much more into the engineering mentality, which I was poorly aware of until I went there. But really, actually developed, in some of these old fields you had no porosity logs, very little information and so we worked out a pretty effective empirical method of estimating the reserves and these flood performances. That was a pretty rewarding time. But when I got back to Calgary I was chafing about my salary which I didn't think was industry standard because I knew people at Amoco and some of the other majors that were of my status. Then I discovered that I was sort of bumping up against, not just the Chief Geologist but the Exploration Manager's position in salary. I was getting frustrated with the bureaucracy in Texaco and we had gone through some, the first thing was refineries. The EPA required all sorts of environmental upgrades, so all of a sudden our budgets were just. . if that Pembina play hadn't developed, I don't think we would have had any money out of New York. We went through one year where we had \$250,000, that was the exploration budget, ridiculous. So these things were bothersome. And when I discovered that the Exploration Manager wasn't making all that much more than I was and I thought about the grief he had to suffer and the responsibility and everything else, I thought gee, I'm not sure I want to do that. Corporate Texaco, onward and upward doesn't work like a look like a lot of fun. And that was the other thing of course, they had this training program for their executives where they wanted you to go to New York or to Denver and you were a staff geologist working for senior management there and it was a sort of gofer job but you know, the recommendations would come in, you would vet them and go and make the recommendations and so on and so forth. At that time, my kids were in critical school patterns and I just didn't want to do it. So that was one thing, I knew that when you said no, they probably wouldn't take no for an answer for very long. So then, also they amalgamated, there were two Texaco companies, Texaco Exploration, which was directly out of New York, wholly owned by Texaco Incorporated and then there was Texaco Canada Inc., which had been developed in Canada by a takeover of another company during the Leduc phase. So they decided to put them together and I went through the amalgamation and they wanted me to go to Toronto for the new head office for the joint company and I said, no, I didn't want to do that. And in the meantime I had been talking to some friends of mine, another Scot, also a Glasgow graduate, Easton Wren and Don Crane. So we had backing to start a consulting company. So I decided to do that and setting up the structure. Easton had left Pan Canadian and

started and I had agreed I think it was the end of February I would join him. Of course, in December they promoted me. So they offered me another more senior position, it was an interesting position, it was certainly a good opportunity but I decided no, I didn't change my view of what Texaco had to offer so I left.

#358 DF: So why did you go to a brand new consulting firm, rather than say, to another oil company, what was it that attracted you?

NH: At the time the idea of having an integrated exploration company, geology, geophysics, data processing and so on was pretty attractive. Of course, the industry was really booming at the time. To be honest you had to be really stupid in 1979 not to be able to make money. Although the first year, I can remember being over at Petrel and all of a sudden, somebody asked you a question about something and when you were at Texaco of course, there were racks and file upon file upon file of maps and studies and everything else, a huge information base and all of a sudden the only information base is what you've got in your head. That was pretty scary. But we learned pretty fast and we got some good contracts. We worked for Esso in the Peace River Arch. That was one of the major projects I mentioned, the Hunt acreage, the Placid acreage actually, it would be in the Beaufort Sea. We got a whole bunch of work from Petro Canada, some of it involving local efforts, but also in the South China Sea, a huge project in the South China Sea. And a big project from Alberta Energy, shooting 3-D seismic in Suffield. So we were . . . but then, I mean it was just a roller coaster, you'd no sooner. . . Well, by '82 of course, and '82 wasn't so much an oil industry recession, because the industry was reasonably healthy and prices were okay. But the big problem was everyone had taken on debt like you wouldn't believe and then interest rates just went through the roof and people couldn't finance the debt. A lot of other people got into real estate big time. So they were very profitable but they bought buildings downtown and film studios, you couldn't believe the stuff that was going on. And just boom, down it went. Well, a lot of companies went out of business, not because it wasn't a good business but because they had gotten themselves tangled up in all sorts of other schemes. So a lot of people lost their jobs because the companies just went belly up. But it was reasonably healthy, most of the people got other jobs but it started the big erosion on young people coming into the business because companies stopped hiring. You know, the traditional cycle had been, the majors trained you and then the smaller companies hired you. They weren't interested in training you, they wanted people who could work independently and go from the beginning. So that caused a big dent and it sort of bobbled around until 1986 and then from '86 to '89, it just really went down. But good people continued to get employment. But a lot of people left the industry, some out of frustration and some who never really had their bits and pieces together to really perform well. But there were, I think we were pretty plain sailing into '81 and then there was the National Energy Program and there were the royalty battles and then all the incentive schemes, which were just crazy. You wouldn't believe how ingenious people are when there's free money around. I mean, one of the things that was done was, the Alberta Seismic Incentives, which paid you, they had divided up into foothills, which would be the most intense operating conditions, they had the plains and

then the forest. And they you got an incentive of so much a mile. Well, certain companies were out there just shooting the cheapest possible junk, it was really totally useless but they made money. They just went down the road shooting the stuff. They probably had some ridiculous shot point length and minimal recording, really they were just making a gesture to get the money. And it got even worse when the National Energy Program came in and then you had an 80% grant. Well, you betcha. Forward Resources I think, was the classic there, where they . . . of course, their principal ended up in jail. What they did was they shot. . . actually, we got quite involved with them and were a little nervous about the whole thing. But what happened was, Al Langard came to us and he was a real character I'll tell you. Anyway Al came to us and he tried to get us involved with the company and on his Board and all sorts of stuff like this and we declined because at that particular juncture, well, if we had any inkling of what the guy was really like we would most assuredly have done nothing. But he wanted to shoot this huge seismic program and he got a farm out from Esso. We were working for Esso as I mentioned, in the Peace River Arch. And then to make matters worse, he put out this prospectus in which our name figured prominently, no discussion, no approval, nothing. So we were mad as hell about this and we told him we wouldn't work for him. However it transpired that Esso had told him that they would allow him this farm out, only on condition that Petrel did the work. So we vacillated and naively went into this thing. So he shot a heliportable program in the Iverson Range that must have been the world's record. . .

DF: What range is that?

NH: It's in the southern Territories, Fort Liard area. Anyway this thing cost about \$32,000 a mile, compared to conventional shooting which was maybe, well, at that time, \$3,200 a mile. And of course, what he was doing in this, he was inflating all these figures, then he gets these 80% incentive and of course, he was making a small fortune. I mean, the things he did, his brother-in-law was involved with shipping and they built this special barge. Again, it was just all into their back pocket when they got the 80%. They inflated all these invoices and everything else. So we were pretty nervous about all this stuff but because of these farm outs and so on, we continued working for him. But we were always worrying about getting paid and how long he would remain. . . and sure enough, of course, he went belly up and left us with about \$75,000 worth of unpaid invoices. That was during those years, that started to be a hazard, especially on towards 1986. We worked for another small company and again, same thing, belly up, owing us \$75,000. We were introduced to a guy from Toronto who had one of these, that was the other thing that was going on at the time were these tax incentive schemes that were going on, where you could buy a seismic program and write off 90% of the taxes and pay 10 cents on the dollar for the stuff. That was going big time and then there were the funding programs, so anyway, this guy comes in from Toronto. He was introduced to us by a landman that we knew well and was a pretty straight up guy, anyway he did all this work and took this guy around to all the companies, and he just disappeared from the scene, again, leaving us with time and invoices that were never paid.

#533 DF: Amazing times eh?

NH: Yes. And actually during those years we did very well. But you had to be constantly reinventing how you did business because there was always some shift of change. And in '86 of course, the price dropped to \$10 between December and June and our business just disappeared. So by June we had no revenue, basically no business and we all had to go on half pay. We lost some of the better staff at that time, because things were . . . half pay is not good fun. I was a little ticked off because one of our clients actually hired one of them but anyway, that's life. So in the later part of our consulting years we started to realize that in order to make money you really had to have something that you could sell over and over again. You know, if you just go and do direct consulting for somebody you're providing them a product and the only margin you can make is time. A sort of sweat shop. So we started to appreciate that if you could do a study and sell it. . .

End of tape.

Side 2

NH: So anyway, as I was saying, this was part of the learning curve that we went through, that you start realizing you're working like hell.

DF: Okay, but this particular thing about doing a program where you could sell it to more than one client.

NH: So this started to filter into our thinking that we really needed to be doing these studies. One of the issues, all the partners were not seeing eye to eye on this but at any rate we did start to initiate these and these were life savers in 1986 because Home drilled a well in the Winnipegosis in Saskatchewan. In fact, there was one situation where they drilled 32 straight dry holes on Winnipegosis reefs and every one of them was wet and there was nothing in them, or they were tight. So the play was considered to be a total dog and Home Oil drilled this well and they got 2 or 3 thousand barrels a day out of this thing so all of a sudden, whew, there was real interest. So we went and shot a seismic template and did a regional geological study. Because we were desperate for money we sold that real cheap and we sold it lots and lots of times and that just kept our head above water. But from that we then learned that that was a very good business model. We summarily did one on, Texaco had some 3,000 barrel a day wells out of the Cardium, which was just astonishing for a play that would only usually produce 150-200 barrels. So we realized then, that by allying new technologies and taking the integrated approach, working with the geophysicists and the geologists we had a nice formula for putting together innovative new technology and study packages. So we did that on the Cardium and then of course, out of that was, you identified an area that looked very interesting from the look, and then you set up a regional seismic program in there. And that really set up the model that made Petrel as successful as it was. However Dan always felt that, gee, we're not just a spec seismic company, because he didn't like that idea that he wasn't really a scientist. But actually from the business point of view, that turned out to be where we really made very good money.

#029 DF: Did it give you stability too, over the long term?

NH: Yes, because what happened was it took these, once you build up a decent data bases, people are all doing different things and they're burying new data and things come and go but as your data base expanded, there was always someone poking around somewhere in your data base, so you started to get this relatively steady stream of buying. So that really got us through some really bad years. The big crisis in the company came, actually in 1989, 1990. Easton and Don Crane wanted to leave the business. Don had had his vision of retiring when he was 55 and I think we actually negotiated an arrangement with him in 1986 or maybe I should actually say December 1985 because . . . and also we had an arrangement with Easton, but you know, by June 1986 the whole thing was nonsense and there was no possible way that we could go ahead with it. And they didn't like that way and actually they did a thing that I've not really talked to anyone about before but they went to a man called Sudir Jane, who is a geophysicist in the business, I don't know if you're aware of him. He was a friend of Easton's and they offered to sell their shares to Sudir and put me in a position of having Sudir as my major partner, instead of having an equal distribution. So I was pretty aghast and not too happy about the way they'd done this and I knew I couldn't work with Sudir, that would have been impossible. In retrospect, at that time I might have been better off just to walk out the door and say, okay you guys can have it. But anyway what I did was, I mentioned Bob Cummings, he was the Chairman of Robertson Research, so I knew all of the ??? fellows at Robertson, some of them I'd gone to school with and so on. So I went to them and suggested that maybe they would like to merge their company here with us or come to some sort of an arrangement. That would allow the two partners to go and they would come in. What I didn't realize at the time was that Robertson had been taking a bath in North America. Their Houston and Calgary operations were losing money and in fact, they had pretty much abandoned doing the sedimentology palaeontology and palaeontology of course, the big offshore boom had started to collapse. The drilling activity was gone, so their palaeontological effort, which was a large part of their business, went down the drain. And they didn't have a particularly strong staff here and we did some studies along the same kind of thing we were doing, although they had no geophysical integration. And they turned out a couple of really bad ones. So the industry were not too warm to them. And I think there had been delays in getting them delivered and so on. So they were pretty much down to doing core analysis, so they set up this core lab but they were like the 5th core lab into business. At any rate we did consummate a deal and Easton was satisfied and Don was satisfied, but then I guess I was pretty naive about the willingness of this partner to invest in our business. We felt that by financing, it was always difficult to put these speculative seismic programs together because you've got to try and shoot 10 lines and someone wants half of line 10 and a little bit of this and a little bit of that, so you've maybe got 2/3 of the money you need to do the job so you have to invest the remaining amount. But most of these programs, if they're well thought out and we usually had done all kinds of geological investigation before hand and so we had a sensible exploration plan that made sense, but we could never get them to part with their dollars to support these programs. It

was really frustrating. The truth was they didn't want to invest another penny in North America. They were just damn glad to see us with the business. So I was involved in their operation in the States and we opened an office in Denver. It was the same basic formula, we looked at a play in the Rocky Mountain Basin and said, hey the thing to do on this is to use these, there was a new technology seismically, using Vibraseis and these new big vibrators had a tremendous thrust and were able to get high resolution data much deeper than had been previously impossible. If you were clever with your processing you could actually identify a lot of these plays and so we did this field study in Denver. I wish I could remember, here we were setting up all these meetings in hotels and standing up among all the relatively senior people in Denver, telling them how to do their job. I must have been a pretty arrogant young bugger at the time. Anyway it worked like gangbusters and we made a small fortune down there. But unfortunately all of a sudden the industry just collapsed, oil prices were low, prices weren't good, all the big companies went through this centralization, they pulled all their people out of Denver and the decision makers were all now in Houston, they were in Oklahoma City, they were in Dallas. So our ability to do business, you know, you couldn't just go downtown and talk to people, you had to go all over the damn place. At any rate, we went from having the most successful business year to having 6 months of having no revenue, it just died. I had to lay everybody off, shut the office.

#108 DF: What year was that?

NH: That was '89. These were all people I knew really well, really liked enjoyed working with. I just loved that operation, we had so much fun, that just was a killer.

DF: So when did you get out of Petrel or Petrel Robertson I guess?

NH: In 1993, the junior partners here, Michael Doyle and Peter Putnam, he's actually a past President also, you'll probably meet him. So Peter and Michael bought us out and the British operation, we bought out the Robertson interest as well. Basically it was a bought deal, we had enough money in the company to do that. I didn't entirely see eye to eye with our junior partners but anyway I have no regrets, it all worked out fine. What we did was they paid me out over two years and I worked for them during that period. There were two years related to the actual agreement and I worked for another year and then I just went off and did free lance consulting and I worked for Pan Canadian and I worked for Canadian Hunter and I worked for Hunt. Then I decided, to hell, I've had enough of this, I'm not going to do it anymore.

DF: So can we take you back to the early 1980's or late 70's, when you got involved with the CSPG and became President. How did you come to be involved with the CSPG to begin with?

NH: Actually it was Easton Wren who got me involved. At that time they had their first joint convention with the CSEG. Easton asked me if I would work on one of the committees and I said, sure. So we worked on that and that was a highly successful conference and made a lot of money for both societies. At that time the CSPG was going through a little bit of a philosophical debate on the business of making money on these conferences. Certain individuals felt that it shouldn't be profit. But when you're a business man you

realize that if you're not working for profit, if you're not running the business so it will make money the chances are you're going to lose it and lose it big time. So that's exactly what happened. After that conference Jack Browning ran a conference whose title I forget right now. It was a very large one that was . . . I can't think. Jack was of the view that you shouldn't be making money, it should all be a wash, well, of course, what happened was they dug a very big hole and the Society was in real problems. I actually worked on that conference also. So then I can't remember the cycle, it would be four years I think. So it would be '79 I just started when I was with Petrel and Easton and I became co-Chairmen of the next CSPG-CSEG conference and we just made a pile of money and got the Society out of its difficulties. So that was my third conference I think and at that time I was asked if I'd be willing to run as the Vice-President and then the President and past President. So I agreed and . . .

#158 DF: So what were the highlights of your year as President, what stands out in your mind?

NH: There are several things. Of course, it was the AAPG convention was in town, Jim Macdonald was the Chairman. That was a pretty exciting conference, it was one of the biggest and certainly the biggest conference of that style in Calgary. We utilized the Stampede grounds. The funny incident there was they had this mini rodeo at the Stampede ground for all these people and so they decided that they'd have all the key committee people of the Societies mounted on horses to greet the crowd. I'm no horseman to say the least, you know, I've been on a horses back but anyway, I was a little late getting down there and I ended up on Jim Macdonald's horse. So when we got out there to greet the crowd my horse turned around with his backside to the audience, I couldn't get the stupid beast to face them. So anyway I think my famous statement there was I hope you like my backside. But that was certainly a big highlight, a lot of responsibility in a lot of ways.

DF: Well, right in the middle of you starting a new company too. That could be quite the year.

NH: Yes, it was quite a year. The other things, I mean I'm sure that everyone you talk to will talk about APEGGA, the geologists are never very comfortable with the professional association and registration and at that time APEGGA had started in on a much more rigorous requirement to be licensed and registered. And I remember one of our past Presidents, Jim Law phoning me up, highly indignant because Jim was being required to not only pay his own \$100 registration fee but he had a little company that he had to register for business purposes and they were requiring you to register that company as well. So now he was looking at \$250 and he was far from pleased. Geologists really felt that APEGGA didn't do anything for them whatsoever. The nature of the business, they don't take you out and hang you if you drill a dry hole so it's not like building bridges, if your bridge falls down people get pretty excited about it. So the business was very different but they really started putting the heat on and going after the majors to get all their staff licensed and registered and the whole thing. So that caused a lot of controversy and heat at the time. And so we started to liaise more with APEGGA and get them to come around more to our point of view. But I must say, I still get highly irritated and of

course, they're latest thing is, and it worries me about CSPG too actually, is this business of you get professional staff. Professional staff have to do something, so they create work and oftentimes the institution is its own priority rather than really the membership. The latest thing was they want to pay the President and that's just ridiculous. But anyway, I mean they're wrestling with that now. Of course, CSPG has gone to having an Executive Director professional. I know there's a lot of pressure in the industry and certainly job security and it seems time is the most precious commodity there is but at the same time I was President of CSPG, I was the Chairman of the Learning Disabilities Association and the joint project with the hospital and the school boards and all this thing, all at this time. I think it's the only story, if you want to get a job done get a busy person. So I'm not sure that moving away from volunteerism is a good thing.

#216 DF: The year you were President there was an NEP committee, can you tell me about the National Energy Program, the effect it had on the industry and then this special committee that was set up.

NH: Well, you know, this is another contentious area. A lot of people in this Society feel that they're not political and they should not be lobbying government and they shouldn't be represented. And there are some pretty strong minded people with that perspective. But we find ourselves with the NEP, policies being made with no consultation. They actually used a completely, what shall we say, we had started a petroleum group with the Survey and none of these guys were petroleum industry experienced people. So they came up with the idea that where the emphasis should be was the frontiers. That's how we really ended up with that 80% PIP program. It was a staggering cost to taxpayers and I think certain industry, companies, came out of it like bandits. Husky and who else, they've been taken over now, but they were actually able to finance a drill ship and pay for it. Whereas in the normal course of events there was no way they would have done that. They'd have left that to the people who were professionally in the offshore drilling business. And same, Gulf built this amazing esoteric ship for exploration in the Beaufort Sea which is, I don't know where it is, it's mothballed. And of course, I mentioned Forward Resources. It was a huge mistake. The priority and the emphasis was completely in the wrong place. I suppose if you're the federal government, federal lands being explored is not a bad thing. But in reality it's 20 years on and they're just beginning to figure out how they're going to build a pipeline or if they're going to build a pipeline. So the NEP was an effort to perhaps influence the destiny but it was kind of a horse was out of the barn before we got around to doing anything about it. This has come up several times. The Society has always developed a bit of a chill when it comes to really lobbying or advocating with government. There are pros and cons. I certainly felt that we should be more vocal and we should perhaps be having meetings, just an information meeting with the Ministers and so on. That really wasn't the view of the executives that I worked with. I don't think the majority of them would think that were appropriate. The other I guess, APEGGA. . I mean, APEGGA is just always, it's just always in there. And one of the frustrations about this time was a lot of other jurisdictions were starting into licensing, you know, in B.C. A good friend of mine that worked at Texaco, he went over to B.C.

and was practising and they just laid a whole pile of exams on him in order to get registered. Geology has no boundaries, there's geology everywhere and this idea that you couldn't practise in Saskatchewan or you couldn't practise in Ontario or wherever, California and so on. It's getting worse, people keep trying to box things in. So at that time we had tried to get the other groups in Canada towards making it, what shall we say, if you were registered say in Alberta, that would cover you for the whole country. But it's amazing how difficult it is to get all these people on side and get it done. Here we are 20 years later and it still hasn't happened. Except that what has happened really is the engineers have sort of increasingly are controlling the actual scene, because of course, the geological professions are relatively small. It's big in Alberta but nowhere else. Not to the same degree anyway. There's probably more geologists and geophysicists in Calgary than any other city except Houston.

#282 DF: But that's been an ongoing struggle with APEGGA then?

NH: Yes. And of course, Society members themselves, there's divisions in opinion there. Some people like bureaucracy I guess and some don't. I pay my \$130 or whatever it is and I really wonder what I get for it. Except that, they have the power now that in order to practise as a consultant you don't want to be without it. But I got involved in a couple of situations with them that just made me mad. We had a Vice-President, one of the Robertson people, who quit. He was a member of the executive committee of the Board and all the rest of it. So he goes off and starts independently peddling this study that he had really started working for Petrel. So we complained, we went to the lawyers and they said, your best course of action is to go to APEGGA. So we thought, okay, we wrote a complaint to APEGGA. So then they had this business where they appoint somebody to arbitrate. So this arbitrator comes to me and say, why don't you write a letter to Smith and lay out the terms under which you'd be prepared to forget about your complaint. So I wrote the letter and the next thing I get the letter from APEGGA complaining about me. They figured that what I'd done was, I can't remember, they had some funny phrase like, I was using influence to get work. So I had to go to a hearing myself. They called the hearing and I wrote a letter and I guess the guy who did the arbitration probably went and said, well, I did tell him to do this. So they let it drop. I thought gee, this is there. . . meantime Smith gets off scot free. They said, he had some technology that was unique. But the fact is, that technology came out of his period with Robertson and Petrel and we owned it, not him.

#315 DF: Anything else about the CSPG, do you go to these past Presidents dinners, any stories come up at those?

NH: You get huge arguments on topics such as, should you have paid staff or not. A lot of the older Presidents like me are not that warm about it. APEGGA is a good one, we've had some really stormy dinners, if you bring up APEGGA you usually get people pretty worked up about things. Sometimes Presidents are worrying about policy and so on, so you get a good sounding board so I think it's useful for that. And then of course, it's lovely to see all the guys and see what they're all up to. And of course, you realize that

time is passing and you're not getting any younger, along with the rest of them.

DF: How about the boom and bust cycles, do you think there's anything the CSPG can do to help out, especially its new members, the young ones?

NH: Some of the things we've done, I think actually the CSPG does an excellent job of professional development and keeping people updated and on top of their profession. That was one of the things that I used to get really irritated with APEGGA was, you'd get first class people who were really bright and who cares if had a first class degree from some place right, like University of Edmonton or Calgary. And whose working experience demonstrated their skills and yet they couldn't get licensed or else they wanted them to sit all pile of exams. I always felt the experiential part of your career is what matters, not . . . I mean, offshore exploration wasn't even thought of when I was in school. The fact that there were sedimentary basins out there under the sea, it just wasn't on. Which seems ridiculous now but that's how it was. So I think the CSPG does an outstanding job and did. And on top of that, they started into providing, once things got tough in the business, they started putting on a lot of educational seminars at nominal cost. Which was taken advantage of in a big way and a lot of these were extremely good and quite original in thought and focus, there's nothing commercially on that sort of scale. But the industry also has been, even though things were tough, they've been quite aggressive about educating their people and you know, quite innovative in putting together seminars for their staff. So APEGGA did wake up to the fact that the experiential side of the business was pretty important and so they came up with these forms that you have to fill in on how many hours of educational and practical experience and so on, but it was kind of mickey mouse. And from my perspective at least, from the geological side, they put on seminars about business and about ethics and they ??? not very fundamental if you know what you're doing. I think sometimes, you know, the steam roller to swat a fly. Mind you, I haven't seen some of the worst of the disciplinary. . there are people, there are always crooks and crooks and crooks and it's very hard to deal with crooks because they do things that you would never dream of doing when you're in normal practise.

#377 DF: Any other comments on the history of the CSPG or its development?

NH: Over the years that I've been involved in it, in the early years when I first came to Calgary, the Society was much more of a debating Society. You'd go to a luncheon and the question and answer part of it was really as informative and entertaining as the talk. I don't know, I think it was a smaller group of course, there weren't so many people and there were a few Ken Speckle characters who had strong opinions and expressed them. Ken Speckle is just a term for idiosyncratic.

DF: Okay.

NH: Peter Moore would be one of them. He was the mayor of Bowness when it was a separate entity. These guys used to really get after each other about their geology and so on, but as it got bigger and bigger, like 1,000 people at a CSPG luncheon now. People were less time conscious. If they were still arguing at 2:00 that was fine with them. But nowadays, there's seldom a question from the floor and the tendency is, maybe for some people to

go and meet the speaker and talk about things. So there's much less of that kind of exchange, which is a pity I think but maybe just a function of size. There's no doubt that it's a very efficient Society, it's quite remarkable. I've been heavily involved in the not for profit, volunteer sector and it's so different. When I was President of the Learning Disability Association, you'd ask volunteers to do things and you'd meet them again and ask them about it and they'd say, oh yes, I forgot, or this happened and that happened and it just didn't happen. But working with CSPG volunteers, they treated you like you were the exploration manager or something, ask them to do something, it got done. There were a lot of bright and able people and they did things well. There's no doubt the Society has streamlined itself, become far more financially accountable. These are a lot of the things that are happening in the industry, it kind of parallels to some degree. It's like, I was talking about the business of losing a pile of money on the conference, now the guys are very focussed, they know that the money from the conference is vital to the organization and the running of the Society so they really do a superb job. And most of the committees are like that, it's quite unusual to have a non performer. It happens occasionally, some of the big conferences you'll get problems. Sometimes because guys are under pressure and they've agreed to do it and then don't realize just how much time is involved and the boss just told them that he had to have this done by x and he's already been in there morning, noon and night. But it's a great group and I think that the other thing that CSPG was fantastic for and which I personally benefited hugely was the network. When you're a consultant the network is absolutely vital. If you're not involved, I mean, you develop some network, but you work for Texaco for 14 years, you know all the Texaco people but that really doesn't do you a hell of a lot of good. When you're a consultant you need to know people all through. So of course, all the contracts that I had from CSPG and people knew me, I was well known. That was an invaluable thing. One of the reasons I would suggest to a young geologist why he should be a member as much as anything, because of the people. It's an important part of your career, especially nowadays, where there's a lot of fluidity out there. I remember a long time Shell employee telling me that he'd been with Shell for about 9 years and he decided to quit and go off and do something else, his mother was just aghast. How could you think of leaving, you'll never do any good. So that has changed completely. It was like that when I went to Texaco, it was a long term career, the pension plan, the benefits and all of that. And that has totally changed, there's no security no matter who you're with anymore. I think that has been. . . and then there have been some sore??? things for me in the business, some of those years were just miserable, especially '89, '90. You'd go down to the Petroleum Club and it's like a great vault. You know I'd be taking clients out to lunch and I was having a miserable time and I really needed something good to cheer me up and you'd have to listen to somebody crying the blues about how bad things were and worrying about where they were going to be there next week. It just wasn't very much fun. But fortunately those were. . . But after my career I was pretty glad to step out, especially the responsibility and the stress and managing Petrel and trying to. . . I guess we did extremely well and I came out of it nicely. But twice in my career we were facing bankruptcy. In '89 one of the things, we really had a crisis then because we shot a large seismic program, on one of the hot plays in central

Alberta. The crew acquired the data and the bank??? and we also, we stuck our neck out a bit I guess and we acquired another bunch of data up in northeast B.C. We hadn't drawn on our line of credit, we didn't owe the bank a penny but they looked at the receivables and said, you owe this money and the majors. . they were looking through the seismic company to the people who had put money into this program and decided we were insolvent and just jerked our line of credit. I mean, if you can't pay your payroll. This was one of the points where I went to Robertson in north Wales and said, we need some cash and they said forget it, no cash. So anyway, but dent of what we did actually, was the company who shot the data for us, we just gave them an interest in the data so that they would get paid through time. And a lot of these crews, rather than have down time they were better to be actually doing something because they crew was up there in the area and. .

#521 DF: Keep them working.

NH: Keep them working. So we came out of it just fine but man, that was not fun.

DF: Do you have any regrets from your career, things that you would like to have done? It sounds like you have lots of adventures along the way.

NH: Oh yes. I've been really lucky, I had a great time. One of the things that in retrospect was probably a boondoggle was we tried to develop business overseas. And of course, you were trying to diverse yourself against this sort of stuff. So we went off, I was in China, all over Latin America. We did actually get business but a lot of it was being done in the Denver office and just when the Denver office went down that whole business just disappeared. And that was a sorry place all right because I had a lot of fun out of that, a lot of adventure.

DF: Well, we're just about out of tape here, so on behalf of the CSPG and the Petroleum Industry Oral History Project, I'd like to thank you for this opportunity to spend part of this morning with you and to get your story down on tape, thank you so very much.

NH: Thank you, I enjoyed my chance to talk about it.