

PETROLEUM INDUSTRY ORAL HISTORY PROJECT TRANSCRIPT

INTERVIEWEE: Ed Lakusta

INTERVIEWER: Aubrey Kerr

DATE: March 3rd, 1993

Side 1 – 46:07

[00:00:06] AK: Okay. Today is Wednesday, March the 3rd, 1993. I'm Aubrey Kerr, and I'm in my office in the Encore Centre. 645-7th Avenue SW, and I have the real pleasure of having Ed Lakusta. L-A-K-U-S-T-A, here, and he is going to give me his background and his family history and also to give his views on his career. So Ed, let's start off by asking you where you were born, and what year.

EL: Well, thank you Aubrey. I was born on June 27th, 1930 at Opal, Alberta. And Opal is kind of at the northeast end of the Redwater oil field.

AK: Were you born on the farm?

EL: Born on the farm.

AK: With a midwife?

EL: With a midwife and all that goes with it.

AK: All the boiling water and...

EL: The whole thing. In fact, all the children were born on the farm.

AK: Right. So, you didn't use Radway Hospital.

EL: Oh, no, that only would occur if there was a real need and a problem. Otherwise, if you were healthy, you stayed home.

AK: Yeah, right. And you grew up on the farm. What was the legal subdivision there? Do you remember the...

EL: Yeah, we, my father had the south half at that time of section 10, Township 48, Range 52, west of the fourth.

AK: Right. And your father's first name was?

EL: My father's name was Michael John Lakusta. And my mother's name was Helen Lakusta. I might go back a little bit to the grandparents if that's okay.

AK: Yeah, certainly. I'd like that.

EL: Okay, my father's grandparents came to this country on June the 11th in 19... I'm sorry, let me get these dates right. My father... let's start that over again. My father's grandparents or parents came to Canada in 1899 from the Ukraine. And they settled in a place called Andrew, and their first home was a hole in the side of a hill with rails and trees thrown over it, and they had heat inside it and they lived that way for a year before they were able to build a house. My mother's parents came to this country from the Ukraine in 1903.

AK: And what was her maiden name?

EL: Her maiden name was Helen Dowhaniuk.

AK: D-O-H?

EL: D-O-W-H-A-N-I-U-K. And those were very tough times. My father arrived in June, they built this home in the side of a hill with trees over it, he, they got through the winter by living, by picking enough berries and living off of game and fish in the Redwater Creek, or Redwater River. An interesting story, I might tell you, you may want to use it or not...

AK: Well go ahead, we need more stories...

EL: But the subsequent spring, you know, spring came and no cash, no nothing other than hard work. So, he heard somewhere that there was a railway being built out of, through Fort Macleod. So, he left his bride and young kids, still on the homestead, and he walked to Fort Macleod.

AK: From where?

EL: From Redwater, from Cookeville at that time, and Andrew, Cookeville and then all the way to Fort Macleod.

AK: You mean Fort Macleod south of Calgary?

EL: That's right. He walked there. He got a job with the railway. He worked there all summer and he acquired enough money to buy a wagon, a harness, and two horses. And I think he had something like sixty dollars in his pocket. He came home in the fall, and he realized he had no feed for the horses, so, he sold them, and they got through the winter, and they had sixty dollars. And, of course, his intent was to start breaking the following spring. So, when spring came along, he bought the horses back for a discount because they were thinner. And then he started breaking the land. So, you know, things were tough in those days. They had a real hard time.

AK: Right. Then they had... probably the closest community was what? Fort Saskatchewan?

EL: Fort Saskatchewan at that point in time. Of course, Fort Saskatchewan was kind of an important point, because they had a flour mill there. So, all the people would take their wheat with wagons and oxen or horses, whatever they had, to get their wheat ground into flour.

AK: Well, how would they get across the river?

EL: There were ferries there at the time.

AK: It was really primitive.

EL: Very primitive. And I think one of the, if I remember the name, it was called the Vinca Ferry. V-I-N-C-A or something like that, Aubrey.

AK: So, there was that, long before there was any bridges.

EL: Yeah. And another interesting story I remember., he would, when he was... he moved from Andrew to Cookeville, and I don't recall the dates, but he would walk to Edmonton, buy his groceries and supplies for the winter, cut logs at the riverbank on the North Saskatchewan River, build a raft, load his stuff on the raft, and float home to Cookeville with his supplies, downstream, push that thing over on the right side of the river, and then walk home, get his team and bring his supplies home.

AK: So, a far cry from your half-ton.

EL: You're not kidding! And then of course, my dad was born on January the 11th, 1900.

AK: 1890?

EL: I'm sorry. No, 1900. January 11th, 1900. And he was born in that dugout that they lived in, in the side of the hill, and he spent his first year there. Interesting story to tell about that. In the wintertime with all the heat on, the dirt along the wall, it wasn't lined, it was just dirt, dug down vertically. And of course, it would dry, and it would form a powder, and it would kind of fall down and be dusty in the damn place, you couldn't see anybody for two feet. So, my grandmother would get up, and she'd sprinkle a little water on those walls to keep them intact, to minimize the dust inside the home. And my mother was born on May 16th, 1908, in Waugh, and she was born in a log house.

[00:07:20] AK: Right. Okay. Well, then as you moved along, you grew up on the farm. What's your first recollection of school?

EL: I guess my first, Aubrey, maybe I'd go back a bit, when they got married? Would that be okay? When my parents got married?

AK: Oh, yeah. Sure.

EL: Okay. My parents got married... let me pick up the dates here. Oh my, wrote that down somewhere. Hmm, they were married on July the 14th, 1927. Interestingly, they did get out of the, off the farm to get married, they got married at the Greek Catholic Church on 97th Street in Edmonton. And that church is still there.

AK: That's that one up around about 110th Avenue?

EL: That's right. With kind of the golden dome on it. So, they got married there, and then they moved and lived with my father at Cookeville for about a year, my grandfather for about a year and a half, and

after about a year and a half of that, they moved on to Opal to that south half of section 10, where Pacific had the leases.

AK: When you use the word Opal, you refer to that as where you got your mail.

EL: Opal at that time had about two stores, it had an elevator, it had a little bit of a hotel, a blacksmith shop. It was probably a bigger town in the '35 and '40 than it is today, because...

AK: Well, you know, it's pretty well shot now.

EL: There's really nothing there.

AK: The rails have all been torn up.

EL: The rails have been lifted. So, it really, it served as kind of a centre for that farming community at the time. Of course, all transportation was by horse and wagon, or horse and sled. There were no, very few cars around at that point of time.

[00:09:25] AK: So, then you continued to live on your father's farm. And do you remember what the name of the school you attended was? Was it ???

EL: No. No, we had a school at Opal, and I went from grades 1 through grade 11 at Opal.

AK: 'Till grade 11?

EL: Grade 11. They didn't have the total components of all of grade 11, so, then I went to University High School in Edmonton to complete 11 and finish grade 12, and I graduated in June of 1949.

AK: And in that year, did you have to get some kind of recommendation to go to the University High School?

EL: No, it's a matter of paying your tuition and going. But it was kind of interesting for, you know, a farm boy going to Edmonton to school. Things were pretty tough and there wasn't much money around. I used to...

AK: Where did you board?

EL: I had a little room in a basement of house about two miles from school. The window was my refrigerator and a two-burner hot plate was my stove.

AK: Is that right? It sounds like you were in a basement.

EL: I was in the basement. But it was exciting, it was kind of... education to my father was very important, because all he had was a grade three education, he was a self-taught man. So, he really pushed us to go to school, and the routine was, I'd catch a bus on Sunday night to go to Edmonton, and I'd get a cream cheque that was about 4 dollars and 35 cents, and about a little suitcase of groceries that might last me for three days, because that window wouldn't keep things too cool too long. And I had to

sparingly use that 4 dollars and 35 cents to finish my groceries and buy a round-trip ticket Friday and come back Sunday for \$2.35. I remember that was the bus fare.

AK: And it was bus, not train?

EL: It was bus. And I remember, bread was 11 cents a loaf at that time. Things were pretty cheap, so you could get by with a lot.

[00:11:34] AK: So, let's get into 1947 when Leduc broke. Did you have any idea or any perception as to what Leduc was going to mean?

EL: Yeah. I was going to high school at University High School at the time, and we saw the smoke when the well caught fire, we could see it south of the school where I attended. The University High School, incidentally, is the old Normal School, and they had a high school there and they used that school to train and develop their graduating teachers, and the students there were guinea pigs. So, we used to watch the smoke there from Atlantic Number 3 for a long time. And of course, there was a lot of media at that time, covering the fire, so, we had some perception of what was going on.

AK: Did you ever get a chance to go out there?

EL: Yes. We drove out there one evening, and had a few beers on the road, and watched the fire.

AK: Right. So, then when... and this is '48, this was '48.

EL: That's right. Early '48, I guess.

AK: Well, it burnt for three days in September '48.

EL: Right. Okay.

AK: But we're not going to worry about details. But when you saw this, did you get any idea that you thought that oil might be your career?

EL: No, not at that time. It wasn't really 'till Imperial made a discovery in Redwater with their, I think Number One. And then subsequently, they drilled a well to the northwest and they had a... and this was getting pretty close to our property. And then as subsequent drilling occurred, Pacific moved on and drilled a well on LSEA?? of 10, and when I got out of high school, I got a job with Pacific.

AK: Right. Let's just go back to your father's perception. Did he talk much about the oil starting to boom there?

EL: Yes. He recognized very early, and particularly after the second well, that this was probably going to be a fairly significant size in terms of aerial extent to field, and with it would come lots of opportunity for the local farmers and the farming community.

AK: So, when... you see the first, the first sale was, following the discovery, was in November 1948. That was the sale at which Pacific bought a couple parcels. And then from there on, they were succession.

Well, then you were still going to high school, and when you finished, then that was when you got a job for the summer, for the summer of '49.

EL: Yeah, when I got out of high school in June, I went straight to work for Pacific at that time. It's interesting, after the second well was drilled, and then Pacific drilled one on our home place, my dad's... and there were no mineral rights, he started to recognize that even the surface rights had some value. And we only had half a section at the time, so, we were able to acquire another half section within the field perimeters, and of course, we would have acquired more, but money just was hard to come by at that time. So, he did recognize that, and he took advantage of it as best he could.

AK: You think he was able to buy it with a clear title or did he have to mortgage it?

EL: No, no, we bought with clear title. I had a little money. I was working then, and every... it was communal, and we'd all contribute to the pot, and we only paid \$6,000 a quarter at that time. So, it wasn't a lot of money in today's terms.

AK: But then you'd have an excellent crop, from the wells.

EL: Yes. I think, if I recall the numbers, we were paid the surface lease rentals for the first year were about \$1200 per well. So, after four wells, there was \$4,800 returned in the first year of the \$6,000 investment. So, it was a pretty good investment.

AK: Yeah, that would be. [00:16:11] Okay, who hired you at Pacific?

EL: When I came back after completing high school, I really didn't know what I wanted to do. I had, prior to that I had all kind of perceptions of what I thought I might do, but it was pretty clear there was a lot of activity going on in oil field, the wages were pretty good. Pacific were right on our property, so we got to know a lot of the land people, and I guess the people that I remember were Buster Boyd and Bert Frew and Lyle Caspell, and I remember a fellow called Scottie Tosh who was with...

AK: He was very visible.

EL: Very visible, but I guess the guy that hired me was Buster Boyd.

AK: And do you remember what your starting salary was?

EL: Yeah, my starting salary was \$1.08 an hour. And I started working on the bull gang, and I guess in three months I was foreman of the whole crew, and nine months, I was kind of running their maintenance operations. I think my salary got up to about \$1.35 an hour. And it's kind of interesting, I remember living on the farm, you not only worked for Pacific, when you got home, you worked on the tractor 'till midnight. So, I had free room and board, I had the car to run at home, and I didn't need any money. And I'd get a call occasionally from them or from their accountant, their financial group saying, hey, would you cash those cheques because they're about six months behind, and we want to close the books on them.

AK: Yeah, they become stale-dated. So, well that sounds like you weren't hurting for finances?

EL: No, and then Pacific's mode of operation was somewhat like Turner Valley, they had to have boilers all over, and they did things kind of the hard way. And then I started to recognize as I worked in the oil field, there were other people did things in different ways, and then Gulf came along on one of the quarters that we acquired, and that's the northwest quarter of section 16, Township 58, Range 22.

AK: 16-58-22?

EL: Yeah 16. Northwest quarter 16-58-22. And it's called the M.J. Lakusta Lease and Gulf... that's the quarter that Gulf purchased. I think...

AK: Well when they purchased that, the Crown returned...

EL: Yes, they did. I think they'd pay some...

AK: There it is. M.J. Lakusta, right there.

EL: Yeah, and I think they, as far as I...

AK: And was that your home place?

EL: No, that was one quarter that we acquired.

AK: Oh yeah. Alright. But you didn't live on it?

EL: Nope. Never did. I still own the land.

AK: Oh, you have the property.

EL: Yeah.

AK: So that was an occasion for...

EL: And that's where I got my introduction to Gulf. I liked the way they did business, I got to know some of the people, and they made me an offer, so I accepted that, and I went switching and operating their wells for them in the area.

AK: Well, now, what happened in the fall of '49? Did you decide to go to university?

EL: No, I worked for Gulf... see, Pacific, I worked for them from June until April... let's see, Pacific was June of '49 'till April of 1950 I worked for Pacific. And then in April, I went to work for Gulf, and I worked with Gulf from April 1950 'till about September '52, and by then I'd, switching became a little boring, Aubrey. I would, I could go up there in the morning and throw a rock at the tank and I knew how much oil was in it. I got lazy, I got so I didn't need to gauge them, I knew exactly what was in them, because you got to know the wells, you knew how they behaved, and I talked to Gulf and pursued with them the possibility of going back to university and getting leave of absence. And they were gracious enough, and kind enough to see me through, and they let me go back to university, and they employed me during the summers, in between terms, to generate enough cash, I'd go back university again.

AK: Well now, some of that time, was that spent in Stettler?

EL: No, Stettler came after I graduated. So, I essentially worked for them... oh, during the summer, yes, I should comment. I went back to school in September of '52 and then I went to Stettler in the...when the term was out in May of '53, and I roughnecked with Glenn Hannigan on Gulf 's rig number 3 for the summer.

AK: At where?

EL: On Gulf's rig number 3 in Stettler. I roughnecked that whole summer,1953. Then the summer of '54, I well-tested and ran bottom-hole pressure gauges and all those kind of things in Stettler, and then of course, I graduated in 1955.

AK: And what university did you go to?

EL: I started at Mount Royal in 1952, went one year here, and then I went to the University of Oklahoma for two years and graduated in 1955. Norman, Oklahoma.

AK: You had some classmates there at that time, ??? famous. What about old Mel Grey, was he... no, he went here, didn't he?

EL: Yeah. Bob Laidlaw, Floyd Airing, I think the year I was there, there were about 27 Canadian students there. It was pretty popular to go there, because you couldn't get petroleum engineering here, you had to take chemical in Alberta. And whether we were right or wrong, but the perception was if we were going to be the oil business, we should take petroleum engineering.

AK: Well did you get any subsidy from Gulf?

EL: No, but I got the, my total time got counted for service purposes, and then of course, I had employment during the summers. And the year I roughnecked, I think I walked away with a net of about \$3,500. I worked 16's every second day, it's vacation time in the summer, and I was just a young follow and I could, 16's were nothing for me.

AK: Yeah, you could just back to back.

EL: So, I walked away with a back?? that year and I was able to go back to school and finance myself.

AK: Well sure you would. And at that time, what were the roughnecks getting? About two dollars an hour?

EL: Aubrey, I really can't recall. But it was good money. You know, all the roughnecks at that time had big cars and a good lifestyle.

AK: [imperceptible]

EL: That's right. So, the wages were very good. And of course, the overtime was very substantial so.

AK: So, when you graduated then, did you have any idea that you'd like to work in the States instead of Canada? Was there any...

EL: Well, I had an understanding with Gulf. And because they were so good to me and giving me a leave of absence. I just went where they sent me. And I started here in Calgary, and then I went to Edmonton. I think my wife and I had a large number of moves over the period where we worked... I was Calgary initially, then we went to Edmonton, and then we went to Pincher Creek. And then went to Stettler, went to Edmonton, to Calgary. Spent some time in Toronto in the marketing department. Then I spent some time in the U.S. in downstream operations.

[00:23:50] AK: Yeah, right. Well let's just go back to, I didn't get the record of when you and Gloria were married.

EL: We were married on June the 12th, 1954. Year before I graduated.

AK: Oh. So, you were still an undergraduate?

EL: Yeah. I had all this money from roughnecking and I could afford to get married.

AK: Sure you could. And did Gloria go with you down to...

EL: Yes. Gloria went with me for my last year at Oklahoma. And we had a great time there.

AK: You would. And did you have, who were you basically reporting to? Were you reporting to the old, well, they called him Crock in Stettler...

EL: Kelly Gibson.

AK: Kelly Gibson.

EL: When I decided to go back to school, I had talked to people like Paul Evans and Floyd Aaring. And Floyd Aaring was kind of my mentor, and I kept in touch with him as I went through university and the summer work programs. I didn't get introduced to Kelly 'till, well 'till the year I was roughnecking, but I had very little contact with him. I saw more of him when we were well testing. Kelly was a tough taskmaster, but those were tough old days, and he came up the hard school of knocks, so he got it done. He did it his way, and that was the day of the oil field. You know, that was the day when you were told you were transferred, and you were also told that your next cheque was going to be at that new location. And if you didn't want to move, you didn't get your cheque.

AK: The cheque didn't hold.

EL: That's right.

AK: Well that was part of it. And I'm sure that a lot of this moving around that they were doing to you was getting you better informed, was the idea of it. You know, greater things down the road.

EL: Oh certainly. Gulf had a very good program at the time to develop engineers, in fact, if you look around the industry, you'll find that Gulf trained and developed a lot of engineers that subsequently went to work for other people and did very well. That's true for all the majors, Esso and Shell, they were, at that point in time, the oil industry was growing very rapidly. They had a large demand for people and they recognized a need that developing people was very important. And naturally, they couldn't hold them all, because there were just so many opportunities, there was so much growth in the business. But I think they did a great job for, you know, for the country, for the province in terms of developing people and giving them opportunity.

AK: Right. Well as an interesting aside, you might recall Evans, well he got some of the same treatment, when he was told down below there that (???) was on their way.

EL: Yeah, I think Paul was in that category. Floyd. There were a lot of people on the exploration side...

AK: He come quite a bit earlier.

EL: That's right. Paul was mature in the business when I arrived on the scene and so was Floyd.

AK: Oh yeah. He graduated in what, '37?

EL: Somewhere in there. And we had some very colourful people then, like George May and Orville Wall, if you'll recall from British American.

AK: Well Orville was something else.

EL: Paul Gasset, if you recall in Pincher Creek.

AK: Well the records show that Paul Gasset was kind of the drilling superintendent when Ray Tull, he reported to Paul.

EL: To Paul Gasset. That's right.

AK: His story about coming up is very interesting. It's going to be in the book.

EL: Paul Gasset's? Or Ray Tull's?

AK: Well, Ray Tull's.

EL: Yeah, okay.

AK: So, what would you say about, say, Redwater? Had you started to get the idea that there was going to be a need for unitizing? Or did you get the [inaudible]

EL: No, I didn't get... the unitization discussions were held pre-me getting involved at the engineering levels. But I know there was a lot of dialogue, and there were really a lot of issues that needed resolution. That was pretty early in, kind of the development of the industry here in Alberta, and there were some real problems to be solved, because every well had an allowable, but the pay sections were

very different. Some wells would water out sooner, and there was real difficulty in how you would sort that out to get a participation interest for your land.

AK: Well this was... I just wondered whether you'd recall that the stepping?? gauge rates, was up on the back reef, and they were wanting to use productivity...

EL: That's right. Productivity at the time.

AK: (Inaudible). They wanted it to last forever.

EL: That's right. And that's not the real world, and that's not the way it turned out.

AK: But by the same token, ironically, the wells, say, down where the Royalite section was, were off real quick. They watered out...

EL: Very quickly, yes. There were some very strange things happened as the pool was being depleted where water occurred, and particularly along that northeast flank, just along the edge there. And of course, some of the wells watered out on the southwest flank too very early. Some of these wells here, Aubrey, kind of did...

[tape jump]

[00:29:57] EL: You know, the subsequent payments were based on X dollars per acre with no minimum acreage clause. And he went to see his lawyer and he said, oh, to hell was that crap, those guys will cut back to half an acre someday and I'll get zero, and I will not put up with their goddamn road and their well. So, he was the first person in the area to get minimum acreage prescribed for the duration of the lease.

AK: There was a clause in the...

EL: There was a minimum of four acres.

AK: Yeah, well that's something that they hadn't...

EL: Hadn't thought about.

AK: No. Well the perception was that your dad was a pretty tough son of a bitch and he was pretty hard to get along with, but maybe this was because he was that type of person, that he was tough, ??? shooter...

EL: He was tough, but you know, he recognized he was signing a lease, for probably... would last beyond his livelihood, and he recognized that if he signed it and didn't cross all the t's and dot all the i's, that somebody could come along, and the lease was open-end they could cut back to half an acre, and instead of, and let's assume, at that time I think they were paying a hundred per acre for subsequent years, cut back to half an acre, you get fifty dollars. He didn't want them on the property for fifty dollars.

AK: No, it wasn't worth his while.

EL: But he could live with 400, he could work around it. I think the other thing he recognized that bothered him, you know, in those days, the agriculture and farming machinery was relatively small. We were pulling 10-foot discs, 12-foot cultivators. What he saw coming on was, you know, 30, 40-foot disks, cultivators, big machine, and he really saw a well on every 40 acres as a nuisance, significant.

AK: To get around it.

EL: To get around it for efficient farming operations. He could see all this, and he was wondering how he's going to get compensated for it if he signed the leases today. So, with all these visions, he wanted to protect himself, and I guess people thought he was tough. Yeah, I guess he was, but he knew what he wanted, and he got it.

AK: Well, that's fair ball. Was there any occasion when the companies wanted to buy his quarter out, and then he could farm it? That was what happened to some farmers, like Imperial would buy the quarter for an amount and then let them use the land. Did you ever have any experience that way?

EL: No. We heard of people doing that. He wouldn't consider it, because it's not very hard to do the math to calculate that that wasn't an effective way to do it.

[00:32:41] AK: The other thing pertaining to land up there, I want to develop this a little more, and maybe this is as good a time as any, is the spillage of water on... was there much spillage on any of your properties that you recall?

EL: In the early days, there was all kinds of stories. There was oil spillage, we used to, the oil companies used to dump tank bottoms on the road to dispose of them. But you know, it wasn't really viewed as a major concern for damage. And I think that all the oil that was dumped in the early days, you don't see much evidence of damage there now. There were some significant oil spills, and I guess the worst situations were where people had wells starting to cut salt water, and they were disposing off into earthen pits where there were sand bottoms, you know, Redwater does have lot of areas with sandy loam and sandy soils. And there was quite a bit of water that got away in the early days, until the Board clamped down and started to raise the issue where you couldn't use pits, and they started putting limits on how much water you could dump in a pit. And I think that became the evolution of water disposal systems.

AK: Yeah. Well, that's right. I think you're right, and here was some, I'm sure there were some accidental ones, and then there was others down in those sand hills that...

EL: There was some water disposed of off convenience, and people they didn't address to the province. But that was a rare incident. Basically, I would have to say that the oil companies behaved rather responsibly. You know, there were some oil field practices that occurred in the U.S. and other places in the world that weren't very good, for a long period of time. And I must give credit to the Conservation Board, they did a real good job in bringing order to production methods, production techniques, equity and minimizing the damage to the environment and ecology. They're to be commended on that job, they did a great job on that.

AK: Yeah, and of course that's been carried on forward with this new Board and Natural Resources. But there must have been some point at which the Board said, enough, and that must have been early on, when they saw... or do you think, maybe I'll put it this way, do you think the Haukhausen, project, (???) and his Redwater saltwater disposal company, was something that came from within, they didn't have to be told. In other words, they said, we got a water problem here.

EL: Well, I think in Redwater, they recognized some of those wells would start pulling a lot of water. Some of those flank wells were pulling a lot of water. To get allowables, people were driving the wells hard. But I think we saw it across Alberta, when I was in Stettler, from '59 to '65, they were, on a yearly basis, clamping the amount of water, clamping down on the amount of water you could put into a pit. And that really, before too long you went to temporary storage, and hauled by truck, and that became too costly and then water systems were put in, in most places, to deal with the problem.

AK: Right, to get rid of the water.

EL: So, I think it was an evolution as the field started to produce water. You know, initially there were probably some bad practices that could have been averted, but there wasn't enough water to make it economic to do anything else. So, I don't think there was too much damage in total, I think the oil companies did a fairly good job.

AK: Yeah. Well, there has been some publicity in the Edmonton Journal about people complaining about water even now. I don't know whether you'd seen any of that.

EL: No, I haven't seen any of that. But I'm sure there might be isolated cases. But you know, everybody uses water there from wells, and always have been. I haven't heard of any serious problems, and there may be some local problems. Yeah, I guess I was aware there were some problems just north of Redwater, along that flank, that some water got away. I don't remember the details.

AK: Can I just turn this... May I just go and get the... I just thought I'd...

[tape jump]

[00:37:02] AK: Ed, we were talking about the water spills and the oil spills and as you said... [tape jump] but as you were also saying that one of the things that's happening now is that the old threaded flow-lines are starting to rust out. Did they have much cathodic protection on those?

EL: No, I think, Aubrey in the early days, in most cases bare plate was put in the ground, it wasn't buried very deep. But getting back to the whole problem, it is a problem, and the oil companies are going to have to deal with it. I would guess after these fields are abandoned, in terms of road cleanup, lease clean up, tank battery clean-up, where there were old batteries in pits, there'll be damage claims and damages and cleanup and restoration will last probably for some long period of time. [tape jump] will have to be dealt with. And I would, I know that the oil companies will be there to clean it up, because you know, they have that obligation, they have that responsibility, they have the service leases. So that will get sorted out.

AK: Well, I think it's a matter of considerable concern to the Board, because you know, what are you going to call, a lot of those wells that we see on the map there, they haven't produced any oil for years.

And yet, it looks as if the companies are hiding a little bit behind the suspended status. As long as a well is suspended, you don't have to necessarily, you're not forced to abandon it. But the abandonment cost, I mean over and above the surface clean-up, is going to be horrendous.

EL: Yes, the abandonment cost...

AK: Where's that money going to come from? I think a lot of the government people don't understand this.

EL: I hope, and I know some of the companies are setting aside funds for abandonment of oil fields and wells.

AK: Oh, they should. Yeah.

EL: Because that's going to be a significant cost, and just the restoration of, you know, all the roads, and I think the worst one is going to be those old tank batteries that have been around for a long time, that's going to take a long time to clean up. And then any major spills, and there's been a lot of them. And as I mentioned earlier, you know, as these fields matured and as water production increased, percentage wise, and I guess Redwater was running about 98%, you know, if you get a spill from a flow line or a failure in a flow line between a well and a battery, you're not getting an oil spill, you're getting a water spill. And that's something that these people need to be, they have to be very careful about, because you know, someday that's going to have to be cleaned up, and that land's going to... get back to agriculture, and agriculture is very important in this country.

[00:40:17] AK: Okay, now, let's see what... have you got any other subjects there that...?

EL: I don't think so. I've given you my background, my parents... my father has died since then. He died in 1970, Aubrey.

AK: Oh, yeah, that was the other question. I was going to ask you about your uncle because I mentioned here, he was, was that the one? 101? Still alive?

EL: Yes. We went to his hundredth birthday last fall, Uncle Jim. He's about, I guess two years older than my dad. Now let's sort this out. My dad was born in 1900 so, he'd be 92 had he lived 'till today, and this uncle should be approaching 101 this fall.

AK: Yeah. You know, I was just wondering, I got more than enough to do, but of course, apropos of your project, has your uncle been taped? Has your uncle ever been interviewed?

EL: No, he hasn't.

AK: Do you think he has the mental ability?

EL: Yeah, he... with a little help I think he could do... It's interesting, that half section of 10, my dad owned, about 1920, my father bought that half section and he gave my dad the southeast quarter, and he gave that 101-year-old uncle the southwest quarter.

AK: Of 10?

EL: Of 10. This is the south half. And then my uncle sold it, his quarter, to somebody in the area, and I don't remember the name. And then after my dad got married, he bought it back. So that's how he came to owning the whole half section. So, my uncle was originally one time an owner of the west quarter.

AK: Was he not the farmer that your dad was?

EL: Well, he went farming... when my dad got married and decided that he wanted to settle in Opal, my uncle decided he would go elsewhere to farm. And he farmed in the Ross Creek area, just east of Edmonton.

AK: Well, that was the point that... what about your mother? Is she still alive?

EL: Yes. My mother is alive. She's very healthy, mentally, she's very astute and alert. Don't bet hockey or football because she'll clean you, she knows all about it. She's got a little difficulty with her knees, but other than that, she's very alert, drives a car.

AK: Where does she live?

EL: She lives in Edmonton and runs her own house and looks after herself.

AK: Is that right? Independent.

EL: Yes, and if the oil payments are late on the leases, she calls them up and she tells them that they're late, and they're not in the bank in time. She's very alert and sharp and she manages the whole thing for us.

AK: Is that right? That's wonderful. I was just wondering, there again, you know, but I don't know where I'm going to find this. But what I'm trying to do is to wrap up a lot of this, so that I can get on with the editing part, you know.

EL: You asked a question, Aubrey, about community and individual reaction to the influx of roughnecks. I might want, I could comment on that.

AK: Well, I'd be very glad if you did.

EL: Okay. Aubrey, I think when the oil field really came into Redwater in the early stages, and as you know, once the first few wells were drilled, the rigs just moved in all over the place, and there wasn't enough accommodation, there wasn't enough food, there wasn't a place for people to stay. There was a little tension initially between the new people moving in and the people in the area who were living on an agricultural background. But that sorted out very quickly, and as the local young boys started working in the oil field, they started to understand the oil field, they started to understand the people, then they saw the opportunity. It flushed itself out and I guess today, you know, I look at Redwater as kind of an example on how you can have a coexistence between an industry trying to get oil and an agricultural community trying to do its thing, and they both support each other. They're important, you know, the

oil companies need access to the farmer's land, the farmer doesn't mind them being there if they pay properly for it, and the compensation is right. So, it's mutually beneficial, and if you look at the benefits to Redwater and the community, it's been significant. Now that doesn't go that there hasn't been problems and oil spills and so forth, but that will get sorted out over time, and when I look back at the whole experience over the last 40 years, I think it's been great for that whole area.

AK: Right. Well it's generated money that would otherwise not...

EL: Never got there.

AK: No, because that land, let's face it, all of that land wasn't worth breaking.

EL: No. That's marginal land, a lot of it, and I'm sure you know, that wasn't straight grain farming land, that's really mixed farming, a mixed farming area, and to survive there, you had to do everything. You had to raise cattle and run hogs and you had to generate the cash flow. Did you shut it off?

AK: No, it's okay. I'm just going to turn the tape over.

EL: Okay.

Side 2- 17:30

[00:00:07] AK: And, we've talked about the wealth that, I guess I should talk into this, that accrued... I guess as in any other community you had people who husbanded their resources, and there were others that blew it. I think that comes out in some of these interviews that I've done. Looking back on the sociological side of Redwater, there was the strong influence of the Ukrainian Church in the community. Is that, would that be a fair statement?

EL: Yes, there was a large prominence of Ukrainian people, but I think if you look at the mixture of peoples there originally, there were all nationalities, and particularly in the area that I grew up in, we had displaced people from World War II, Japanese from the Pacific coast, we had people like the Shells and the MacDonalds, Scots and English. We had a very heterogeneous community in terms of nationalities. Well, I guess predominantly Ukrainian, because they came out to farm from Ukraine, they came over early in the 1900s and they settled in that area. There has been quite a transformation over the years in the nationality mix, and that's really been occurring the last 20 years. But you, that's correct, they were primarily Ukrainian, a lot of Polish, a lot of German, French, English, a real mix of people.

AK: Right. Well, I've gotten into that. And one of the things that has been very intriguing is the accounts of two Japanese families. The Kimuras?

EL: Kimuras? Jim...

AK: Did you know the Kimuras? Jim and...

EL: And Bruce.

AK: Jim. Yeah, Jim and Chiska. That's her name.

EL: Oh, his wife.

AK: Yes.

EL: Yes, I know... I saw them two months ago. Very nice people. They still live on the homeplace, and he has a brother here called Bruce.

AK: Oh, where does he live?

EL: He lives here in Calgary and I think he worked for Cameron (???) Geological at one time. He's retired now.

AK: Is that right? Well, the interesting part is, and maybe you can comment on this with your knowledge of Pacific, is that Jim and his family moved right out onto a lease, and they lived in a dwelling that was provided by Pacific Peak while they were, while these wells were being produced. And he was a battery operator, and there was no shifts, there was nothing. He was just permanent there. Do you remember any of that sort of an arrangement?

EL: I remember him, working for him. But you know, at that time, it was fashionable to have the oil come into a battery, you pulled the gas off to flare, you pulled a little off to a house that was on the lease, where the battery operator lived, and he was kind of responsible for the operation 24 hours a day.

AK: Well, that's the way this seemed to work.

EL: And we used to burn that sour gas, and everything got kind of got tarnished in the house, and in fact, I remember in the early years, we had to produce wells overnight, and flare some of the oil so we could get enough gas to keep the house warm.

AK: Oh. So, oil production depended, at least, keeping warm depended on oil production.

EL: No question. You had to have that gas.

[00:04:09] AK: Well, when you were with Gulf, did the question of Imperial being forced to gather the gas and build a plant, did that come across your desk at all?

EL: No, but I remember some of those details. It was fairly, it was necessary. And of course, they thought... in the early gas wasn't worth very much, and it was difficult to make it economic. But there was also an issue within the... you know, there was a lot of gas being flared and there was sulfur dioxide being generated, and there were flares going out, and hydrogen sulphide. And that was a bit of a problem, you know, if you look at the fences in the area, you see a real corrosion of wire, you see a lot of corrosion on machinery, and that had to be addressed too, and fortunately, gas prices started to move upward, and it became economic to gather the gas. And that's been really... you know, we just removed that glow in the dark we had from continual flaring, to kind of a nice peaceful environment.

AK: Well, I think too that there were an awful lot of liquids went up in the flares.

EL: Oh sure. Propane and butane and all those...

AK: All those good stuff.

EL: That's right., all the juicy stuff, that was lost, you'd get a buck or two for.

AK: But the story that I seem to get is that Imperial were not very anxious to do this because they claimed that there was no economics, so there probably wasn't any economics to it.

EL: No, there wasn't economics. And, you know, I faced those same problems in Stettler, but if it was a question of producing the oil, you had to use some of the oil economics to justify gathering the gas. It almost got to that point for many years, and I remember being in Stettler when gas was selling for 8, 12 cents a thousand. Well, you couldn't put in much investment to gather gas and particularly process sour gas with those kind of economics. On the other hand, if you were creating a problem in the area, and wasting all this resource, then maybe you had to allocate a bit of your oil production revenue to subsidize the disposal of gas. And I think there was a trade-off and a saw-off on that area, I think that happened in many of the fields, and the Board clamped down. And I think that was good.

AK: Yeah, well the Board I think issued an ultimatum, and then there was word that Imperial said, you're bankrupting us. And of course, you know, that goes on anyway.

EL: Oh, good negotiating strategy.

AK: Sure, sure it is. Good negotiating strategy, that's a good way of putting it. Well, let's see. We've covered water disposal, unitization, gas gathering.

[00:06:57] And the decline now it's 7000, about 7000 barrels a day. And there have been probably more wells all the time being shut in and suspended and waiting for this evil day to, you know, when the Board with all its regulations says, all right, start abandoning. Do you think they'll hold off on that or do you think they'll...? How do you think they're going to handle that?

EL: One of these days, it's going to become uneconomic to produce in Redwater.

AK: Well, that's what I'm leading up to. 7000 barrels a day and all that water, you know...

EL: Of course, the water costs, they've got a very efficient system. Very efficient system, lots of vision, goes back in cheaply.

AK: The water goes on a vacuum?

EL: Vacuum. So, the water costs there aren't very high, other than the treating cost to separate. But there will come a day when it becomes totally uneconomic, and when it does, they're going to have to face the liabilities of abandonment and clean up. And that's the reality and it's going to occur. And with, you know, the world as it's... current thinking is, in respect to the environment, and what constitutes clean up, both liabilities are there, and they're going to need to be dealt with.

AK: Yeah. Well, you know, you look at a company, say a maverick company like Amerada. I call them a maverick because they were always out around the edge there. You know, they'd say to themselves, well gee, we're going to keep on producing our wells, sure, they're cutting 95% water, but we want that last drop, sort of thing. Are you going to get different perceptions of economics from different operators?

EL: Oh, I'm sure you will. But you know, somewhere they're going to have to gather, because they're totally reliant on the common gathering system for gas, they're totally reliant on common facilities for handling the salt water. So, there's going to have to be some accommodation by many parties.

AK: Do you think that there will be a unitization of a sort? Do you think they'll all get the wagons in a circle and...?

EL: It's possible.

AK: Say, alright, let's...

EL: You know, there's pretty good decline curves on those wells now. It should be pretty, should be easy to develop, you know, some rational formula for splitting the interest, and that's possible to make it more efficient, to make one operator for the whole area, to cut the overhead.

AK: See that young lady there in the picture, she's running samples for four different companies, not just Gulf. It was Gulf, Petro-Can, Imperial and... I wonder who the other outfit was. There was one other company. So, she's having to report the cuts, you see.

EL: Two different places. Well, I would guess if you looked at the overall operation, Aubrey, there's got to be some duplication of management. Overhead, office facilities, real estate, that if you were some, if you were able to unitize that, there's got to be some efficiencies that can be implemented.

AK: Well, you look at Gord's operation. Gord is, in my view, a very efficient person, but, he's on the run, he's got a couple fellows out in half-tons running around, and they're nursing these wells along and trying to get the last barrel out of them. And you wonder, now, looking at Gulf for instance, to not want you to commit yourself, but there's Gulf, they're looking at these wells, you know, is there a morning going to come along, in the morning there's a call and it's, all right, that's it fellows. We've had it.

EL: If current prices stay at 20 bucks, that time will come sooner than if crude prices slide to 30 bucks, Aubrey. So, you know in the heyday, we were getting 30-35 dollars, it looked pretty good.

AK: Well that's it, people were talking 60 and 80 and all that nonsense...

EL: Right. So, who knows? But it's interesting, it just occurred to me, you know, you talk about 7000 barrels a day from Redwater, and those wells producing 95% water. When I went to work for Gulf, the first day I went to work, they told me to go on the Lakusta lease, it hadn't been producing for a while. There were four wells: 11, 12, 13 and 14. They told me, just turn them in the morning and go on to Redwater and look after your other trolley wells, and maybe one of them will come on, the other three will be dead. I get back about four o'clock and lo and behold they were all on, and I had the tanks all full, and I had the firewalls full. I checked the rates, and you know, those wells would produce 100 barrels an

hour in the early days. And it's kind of interesting to see you know, what's happened to that field over time.

AK: Oh yeah. Because they were some real... and those were without pump.

EL: Without pump. Those were flowing wells with two and a half inch tubing.

AK: Two and a half inch.

EL: Two and a half tubing and they'd go 100 barrels an hour. So, they were very... and they were clean.

AK: Yeah. That's amazing. Well, no wonder the payouts were so fast, and no wonder the bonuses were so high for those.

EL: At that time.

AK: Yeah, they could see it, because the way Gordon Connell talked, as if, that first section that they bought, he figured they were buying it for about 17 cents a barrel in the ground. So that's not bad.

EL: That's not bad. Pretty good turn on that.

AK: Well, I just wondered if it was anything else that you'd like to mention here, because after, you were right there from the beginning and...

[00:13:16] EL: Well, I think in closing, Aubrey, I think I'd like to say that the Redwater oil field has been good for the total community within the field and a large peripheral community around it. The province in terms of royalties, the municipality in terms of taxes, the spin-off to other municipalities, and sure, there are some problems that are going to have to be dealt with, and the whole cleanup, and all the salt water spills. But I'm sure that the Board will hold firm in ensuring that that occurs. I'm sure the farmers through their leases have some recourses to deal with that with the oil companies. And I would hope and I'm sure the oil companies will behave responsibly. And I think it's been a good experience, it's really enhanced that area, and look what it's done for a lot of people. It's given them opportunity, when things were pretty gloomy at the time. So, very, very beneficial.

AK: Well now, what about, what influence did Redwater have in the decision to put that fertilizer plant in there, to the south of town? Was that...?

EL: I think that... the Esso people could comment much better on it, but the supply of a low-cost solution gas became a very relevant metric. Now, there probably were some other decisions, and the prospects of agriculture and demand for fertilizers and the food...

AK: Well, you know, the way that whole area kind of became Chemical Valley, you had Fort Saskatchewan, you had Shell in there, you have the other outfits that...

EL: Yeah, you look at the spin-offs that have occurred directly or indirectly in and around Fort Saskatchewan, which has been a great benefit.

AK: And Fort Saskatchewan is not a disaster area. It looks pretty healthy. Nobody's saying very much there, but I think the other thing too, Ed, if I could get you to comment about the Redwater community itself, it's changed quite a bit. You have little industries, small industries working within that, but they are industries that kind of feed off the wells, like machine shops... did you see that sort of thing as being an important factor?

EL: Oh, I think that's been an important factor in terms of creating jobs and revenue during the life of the oil field. Some of those operations will come to a close as that field gets shut down, and unfortunately for some of those people who have knowledge and skills and equipment, there are no new fields being developed that they could move and relocate to, you know, in the early days, as one field got finished, they moved on to another, and people were imported continually in different geographic areas. That probably is not going to occur for a while.

AK: No. And, you know, on to the Tar Sands, like the Oslo thing, they were hoping they'd have an Oslo set up there.

EL: You get \$30 crude, that might occur. But who knows when we'll get \$30 crude out of this.

AK: I'll say. Well, it's been a real pleasure having you come in, Ed, and I want to thank you. And it's now twenty to 11. We've had a good run at it, and I wanted to wish you well in your operations, and as you say, you're going to get, look at other things now that you're a free spirit, shall we say?

AK: Yeah.

AK: Right. Okay. It's now 10:45, and we'll sign off. Thank you. Over and out.

End of Interview