

PETROLEUM INDUSTRY ORAL HISTORY PROJECT  
TRANSCRIPT

INTERVIEWEE: Carl Nickle

INTERVIEWER: Nadine Mackenzie

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NM: This is Nadine Mackenzie speaking. I am interviewing Mr. Carl Nickle. Mr. Nickle, thank you for having accepted to participate in our project. Can we first talk about your father and your mother too?

CN: Well, the story you have on Dad in Dusters and Gushers was prepared during Dad's lifetime and brings the story up to date to about 1969. Now in 1970 Dad sold, in order to put his estate in order, sold his Canadian Grid Oil Company to a company which later became Ashton Oil Canada. That in turn became Keyser Oil of Vancouver and later became Dome Oil Petroleums. So the control of Dad's empire is now in the hands of Dome. Now after the sale of Canadian Grid Oil to Ashton, Dad paid out large sums of money to the shareholders of both companies. That left us Canadian Scenic Oil as a remnant company with very little in the way of assets and very little in the way of exploration properties. Those were taken over by Conventures Ltd. in 1973, Conventures being a successor company headed by myself. Dad of course, passed away in June 1971. He was an extraordinary man in terms of having done a great deal with his ups and downs in the Canadian oil and gas industry, he was one of the pioneers of that industry. Now he married in 1917 a lady from Winnipeg called Olga Simonson???, who was the daughter of Swedish immigrants who had come to Winnipeg before the building of the railway and Olga had become a talented violinist. As a matter of fact, in 1912 she won the Earl Grey trophy as the finest young violinist in Canada. The prize was a year of study in Belgium under an established master. Now she got married instead. So she never went to Europe at that time. She married my father in 1913.

NM: Did she go on playing the violin?

CN: She played the violin. Mother carried on in Calgary and during the Depression years, the 20's and 30's, Mother was the mainstay financially of the family. She carried on concert violin work, she played in the Calgary Symphony Orchestra as we know it now, she was a founder of that orchestra and she also took on a job promoting their concert series in western Canada.

#032 NM: So very active.

CN: She was quite active. Now Mother did her darnedest to keep the family together during a period of difficulties from our father. And she also managed to raise 4 children. Mother passed away in 1966 due to complications after her sister died in Winnipeg and she stood out in the open in wintertime in Winnipeg to see her sister passed away and of course, she wound up with diphtheria, which carried her off when she got back to Calgary.

NM: She was Swedish?

CN: She was Swedish, her origin was Swedish-Canadian. Mother was born in Winnipeg but her parents were Swedish immigrants.

NM: Did she talk Swedish?

CN: She spoke Swedish, yes.

NM: Did she teach it to you?

CN: Actually all her children spoke a little Swedish simply because we spent our holidays in Winnipeg with the family, her family and of course, we've all forgot the Swedish since. Mother finally got to Europe in 1956, after Dad had made his fortune and Mother led a group of 3 generations of her family to Europe on a bus trip, financed by my late father.

NM: Did she go to Sweden?

CN: She did, we went to Sweden.

NM: Back to her roots.

CN: Well, she went to Stockholm and her family came from Mowold???

NM: Mr. Nickle, when and where were you born?

CN: I was born in Winnipeg in 1914 and came to Calgary in 1918.

NM: Where were you educated, in Winnipeg?

CN: I was born in Winnipeg and educated in Calgary. I've lived in Calgary since 1918, as a child and of course, an adult.

NM: So you went to high school here?

CN: I went to high school and attended Mount Royal College in 1936.

NM: What were you studying at Mount Royal College?

CN: I was going to study law. Frankly I had begun my career working as a shoe man, following in my father's footsteps and during the Depression years of the dirty 30's, the outfit I was working for which ran a retail shoe store was paying me \$15 a week. Then they said, Nickle, you'll have to take on the job of shoe shiner as well as selling shoes but your salary will now be \$12 a week. Then they laid off the shoe repair shop man and said, now Nickle your job will have to be shining shoes when you're not busy selling shoes and buffing shoes in the repair department when you're not busy repairing shoes and your salary will be \$10 a week. So I quit.

NM: It did not sound like a good deal.

CN: Actually \$10 a week was a pretty fair salary back in the dirty 30's.

NM: But asking you to do more and more work.

CN: But I was asked to do more and more, it finally got to the point where I preferred to take 20 cents a day and my keep at the Department of National Defence Relief Camp, which I did do.

#064 NM: So what did you do then?

CN: At the Relief Camp?

NM: Yes.

CN: I worked with a pick and shovel on the Banff Highway. I then worked my way up, I became a project clerk on the Kananaskis River. I wound up getting \$30 a month by the way, and my keep. So I left the camps in June of '35 and went back with my savings, and I had some savings, to Mount Royal College to study law.

NM: Why were you interested in law at the time?

CN: Well, the interest in law had gone back a lot of years prior to that. But I switched at Mount Royal College from law to journalism, after being named the editor of the college paper. So I began work after that year was over, I started work in the news room of CFCN radio and then left CFCN in September 1937 to found the Daily Oil Bulletin.

NM: What were you doing at CFCN?

CN: I was the only reporter.

NM: Did you have also to read the news or to . . . ?

CN: No, I was chasing the news and writing the news. Now in those days, radio news, this was long prior to the days of television, in radio news we had an editor who was a pretty good man and a good teacher and we had myself as a cub reporter. Now in those days one man, which was me, covered City Hall, police beat, all the general news. Now of course, you have separate people covering each.

NM: So you were doing everything.

CN: Well, you worked 7 days a week, you had to, to keep up. And of course, the problem at the station, and this was typical of the times in 1937, I was making more on the side writing oil news for 2 Toronto newspapers than I was making at the station. At the station I started off working for nothing and then finally wound up getting \$80 a month, which in those days was a fair amount of money, not any more.

NM: They did not pay you at the beginning because you were in training?

CN: I was in training at the time, I was an apprentice in other words.

NM: So when did you leave CFCN?

CN: I left in September of '37 and began the Daily Oil Bulletin on October 2<sup>nd</sup>, 1937. Now the Daily Oil Bulletin originally was designed to take the place of the 2 columns I was writing for Toronto newspapers. In other words we started off with a dozen subscribers, 6 in the industry and 6 outside the industry, being newspapers. And I charged \$10 a month so I didn't make much money. Now it took 10 years actually, from '37 to '47 for western Canada to turn into an oil boom centre. It was 1947 when Imperial Oil discovered Leduc and that really began our period of growth. We spent 10 years gaining a reputation or such, and in '47 we found that many government agencies and oil companies recommended the Daily Oil Bulletin or my report as a means of newcomers keeping tab on the industry. So we grew.

#103 NM: Where did you get your information from?

CN: Well, in those days we relied upon a combination of individual scouting, I used to travel with a Model T Ford to Turner Valley and what not. And also upon government agency workers and workers for oil companies. Now our biggest problem was determining the accuracy of what we had. And we were involved in a couple of attempted lawsuits. We refused to accept the word of 2 promoters in Lloydminster, which at that time was selling stock. Of course, in Toronto. So what we did was give the story as we knew it to be on various tests of certain wells. And Toronto immediately charged us with fraud and attempted to sue. We told them to go ahead and sue because our stories were accurate. In other words we were collecting reports which had emanated from the promoters in order

- to seel stock, they were overplaying Lloydminster.
- NM: But it would have been very tempting for the promoters to use your Daily Oil Bulletin as a way to get ???
- CN: Well, their efforts to sell a false story of course, was washed out by us at that time.
- NM: Who was working with you?
- CN: To start with I had no one, I did everything, from running a mimeograph to delivering to writing the stuff.
- NM: And for how long were you alone?
- CN: I hired a man in 1940 and he was with us for quite a few years.
- NM: Was it Larry France?
- CN: No, Larry came later.
- NM: Where was your office?
- CN: A basement suite on Centre St.
- NM: And how were you distributing the Daily Oil Bulletin?
- CN: We distributed locally by mail, or by hand delivery and by mail elsewhere. That was back in the days when you could fairly well rely on the Canada Post Office, they would get delivery in 24 hours, not anymore. Now the strangest thing was, we did have certain subscribers in Europe and after Hitler began his moves we got back what would have been mailed to Europe with a polite letter, unable to deliver because of enemy action.
- NM: And then the Daily Oil Bulletin expanded?
- CN: It expanded in the 1940's, after the discovery at Leduc. I might say by the end of 1946 we had gone from a high in the 1930's, because of Turner Valley, down to a very low point. By 1946 there were less than 12 companies still active in western Canada and they were spending all of a million dollars a month, or \$12 million a year. Leduc changed that. The number of companies active rapidly grew after Leduc and so did the spendings of the industry. It climbed quite quickly from \$12 million a year in '46 to \$50 million in '47 to \$250 million by 1950. And of course, we grew with it, fortunately.

#142 NM: And then what happened?

- CN: During that period of the war period, I had been a Scoutmaster, in '39 and my unit, I was a member of the reserve unit of the Calgary Highlanders, was called into being in September '38, which was before Canada entered the war. I immediately joined up along with others, and was turned down. In June of 1940 I was made however, an NCO of a reserve unit, a training unit of the same battalion and spent my war years as a training officer and NCO. They found actually, in '39, that I had one bad eye, which they hadn't found before. Which was fair enough I guess. Anyway the result was I was able to carry on a combination of the Bulletin and army work to a point where by 1942 or '43 I was spending time as a training officer, at the same time trying to work nights to get the Bulletin out.
- NM: So you were working. . . ?
- CN: Well, you had to work 7 days a week in those days. That was true of everyone, not me alone.
- NM: So were people working with you then?

CN: They were working with us during the war years. Frankly, when I joined up in '39, expecting to go overseas right away, I had Bill Crutcher??? working for me and he was going to carry on the Bulletin. Of course, it turned out I couldn't go overseas so he carried on with our company until he began working for a drilling contractor in later years and that was when Larry France started. And Larry became a very good man by the way. Now in 1951, this was after the war was over, I had been writing letters to my Member of Parliament complaining about certain things the Canadian government was doing, so finally in 1951 the Member of Parliament came to me and said, now Nickle, you've been sounding off, take your chance, I'm quitting. So he retired and I ran in the by-election and won as a Conservative. That's when I went to Ottawa. Well now, I won again in 1953, a general election and then made the decision that I would retire in the next election because I didn't like politics that well.

NM: What were your reasons to go into politics?

CN: Mainly to put my knowledge, such as I had, to use.

NM: Did you feel there was a conflict between the east and the west and the east did not invest in what. . .

CN: That was already beginning. Actually, eastern Canada did not at that time, have any great interest in the west. Most of our money for the oil industry came from people in the west or from outside of Canada. Eastern Canada wasn't interested and didn't become so until they saw a chance of making a profit, which of course, happened.

#183 NM: So you moved to Ottawa?

CN: Yes I did.

NM: And what were you doing there?

CN: Well, I was a Member of Parliament so we sat for 6 months of the year roughly. That meant that I would fly home periodically, back to Calgary to run the Bulletin. To revise the story or bring the story up to date, in 1954 I received an offer from an American company to buy ownership of the Daily Oil Bulletin. I declined the sale simply because it would mean transferring ownership outside of Canada. We eventually sold 10 years later to Southam Press of Toronto, who now operate ??? Publications. And at that time we spun off Conventures, from Publications, which would be 1972 or thereabouts, in preparation for the takeover by Southam of the publishing empire. By that time it had become a bit of an empire and was regarded as the most widely read authority on Canadian oil. It has grown I might say, under Southam and they've done a very good job running it.

NM: Why did you sell the Oil Bulletin?

CN: Primarily because I wanted to get into exploration and development.

NM: So a new challenge?

CN: A new challenge is right, yes.

NM: Can we talk about your career in politics?

CN: In Ottawa I was there from late '51 until the middle of '57 and I sat as a Conservative member. Of course, we were in opposition during that period. Now we improved some things so far as the oil and gas industry was concerned but we faced a wall of ignorance in

parliament.

NM: So it must have been very frustrating.

CN: That was natural of course, because people cannot be experts in all things. You elect a farmer and he knows farming but he doesn't know oil. Or you can elect an eastern executive and he knows about that but he doesn't know about western energy. Now we expressed our concerns and did, as a result, bring about some changes in Canadian policy, we hope. But it took its toll. Frankly in those days a Member of Parliament earned \$4,000 a year and he could make one trip a year to his home constituency. Now I was finding and largely because I had the Bulletin to fall back on, that it was costing me far more to serve in Ottawa than I was getting out of it. So I quit. For other reasons too. But financially the reason was I was paying my own way or charging it to the company, my travels, which I travelled back west at least once a month, perhaps oftener. And of course, \$4,000 a year was peanuts compared to what I could earn elsewhere.

#227 NM: So after selling the Daily Oil Bulletin what did you do?

CN: I ran Conventures Ltd. Which was the oil exploration and development arm of what had been a publishing company.

NM: What is the story of Conventures?

CN: The story of Conventures really is that it began as a private company. It began because we were earning money through the Daily Oil Bulletin and in order to spend it we set up a company called Connick Petroleums Ltd., as a wholly owned sub, which engaged as a participant in oil and gas exploration. That became Conventures Ltd. when we sold the publishing company. So it was a natural changeover from publishing to Canadian exploration and development.

NM: It must have been a challenge.

CN: It was a change in some ways but a very natural one.

NM: And it was the next step?

CN: It was the next step, yes.

NM: So you started Conventures, who was working with you?

CN: Larry France. And of course, a small staff other than Larry.

NM: And then you expanded?

CN: We grew gradually.

NM: Mr. Nickle, what were the activities of Conventures at the beginning?

CN: At the beginning, we began in the Arctic Islands in 1960. We shared in a small way, this was through the subsidiary, what became Conventures, we shared in the drilling of 2 of the 3 wells drilled in 1960-'62 and we were a charter member therefore, of Pan Arctic, which began in 1968. And we've been interested in the Arctic ever since.

NM: What made you interested in the Arctic?

CN: If you want a blunt answer it was because the Russians were there ahead of us. The only way we could keep, or exercise sovereignty of the Arctic was to get active in it. Now during our years up there in the Arctic, in the 1960's, we were brought in by Cam Sproule, who was a geologist in Calgary at the time. He was the father of Pan Arctic Oils later. In the early 1960's a company called Dome Petroleums, which was young, began drilling a

well at Winter Harbour in 1961. That was on Melville Island. A British group and a Canadian group, of which we were a member, began drilling on Bathurst Island and Little Cornwallis Island in 1962. Those were 2 of the wells we entered into and as a result earned land interest. They were dry holes by the way. But in 1970 we expanded our operations in Alberta by taking a stake in what is now the Saddle Lake oil and gas field near Edmonton, near St. Paul. We learned the hard way that it takes time to sell gas. It took us 6 years from the start of spending it till we got our first dollar of revenue. Now that was possible in the 1970's, it isn't possible today. At the same time we ventured into what is now called Bonnie Glen where we had bought a royalty back in the 1950's, ahead of the drill and it turned out to be part of the Wizard Lake, Bonnie Glen oil field. So that panned out well in Conventures now. We also began in such areas as, well, Princess, where a discover had been made by a major American oil company back in 1940, never found a market. And we began at Elk Point, which is a heavy oil area as it turned out. And we began taking bits and pieces of various plays in western Canada, of which other companies were the operators. Our choice then was a logical one. We invested directly in oil companies ourselves, including our principal holding, which was Alberta Natural Gas Co., which we got into in 1972. Simply at that time, because we could see a growth ahead for that company that a lot of others couldn't. So we arranged to buy 20 odd percent of it in 1972, using borrowed capital to do it. Well, at that time we were paying \$21 U.S., which of course, was about \$21 Canadian. Well the stock has been split, it's now trading for 1/6 of the share, at \$11. So we made money on it. But the reason we made money of course, was that we had more faith in the future than a lot of others did. In order to buy in 1972 we took out a large mutual fund in Canada which had stock it wanted to sell, they'd bought in in 1984, back in again for a much higher price in the same company. More power to them. It's a good investment but not as good as it should have been had they kept their holding. Now our base of operation for Conventures was one, portfolio, such as Alberta Natural and others and two, direct participation in exploration and development, where we'd leave others to operate and we'd take a piece of the action. That was changed by the Natural Energy Policy of course, because it became necessary then for even non-operators to keep a close tab, because of changing tax rules, of anything that they were the non-operator of. And it became necessary to, under the National Energy Policy to look at PIP and tax rules as revised by the federal government before you could do anything. And then of course, on portfolio the problem we faced was that our banks had originally been willing to advance monies regardless of what we bought. So in other words we treated market value of portfolio items at 100% of value for ???loan??? purposes. Then they cut it, in '83, to 80%. This year they cut it to 50%.

NM: This is the end of the tape.

CN: In other words, we can't buy. . .

Tape 1 Side 2

NM: Mr. Nickle, you knew Cam Sproule very well, can we talk about him?

CN: Yes. Cam Sproule was a man, as a geologist in Calgary, who had a dream back in the 50's

of the Arctic Islands being a great treasure house of oil and gas. He began, in 1960 by interesting various Canadian and foreign mining and oil companies, in taking out permits from the federal government in the north. Now at the same time the Russians were busily engaged in the north and I can tell you rather bluntly that we discovered our first gas field in 1969, we followed that up with discoveries of gas in the Arctic Islands in 1970-'72. We discovered oil at Bent Horn in 1972. We then discovered oil in 1983 offshore at Cisco and other points in the Arctic Islands. We don't yet, after 15 years, have a single dollar revenue. So Pan Arctic is having trouble raising money simply because the banks are getting tougher, of necessity, and Ottawa in its wisdom is now saying that we don't know whether we should allow any movement of oil or gas out of the Arctic Islands until after we settle the hash with the natives of the north and after we determine whether or not it's safe for the environmentalists to allow oil to move through the Northwest Passage. Now we have 2 applications before Ottawa now. One is for movement of gas from Drake Point, Melville Island, where we have a major gas field, it's the biggest in Canada. And that has been going since 1976, it still has no approval. Ottawa says we will not allow you to liquefy that gas or ship it through the Northwest Passage. So we then attempted a year ago, to go with something else. We decided we'd step up production, or start production at the onshore oil field of Bent Horn on Cameron Island. We applied to Ottawa a few months ago to get permission to produce oil from Bent Horn, ship it out through the Northwest Passage by the same tankers that had been, for 15 years, bringing in oil every year. They were bringing in oil for drilling purposes and we'd use the same tankers to ship out oil during the summer months only, through the Northwest Passage. Ottawa hasn't yet made up its mind on that and the application is before them still.

#030 NM: What do you think of all this environment problems?

CN: The Arctic Islands will come into their own in time. So will Beaufort Sea and so will offshore Newfoundland and Nova Scotia. But the thing to bear in mind, and this is probably attributable to PIP and FIRA and so on, offshore Hibernia, offshore Newfoundland, is the biggest oil field yet found in Canada. Discovery, 1979, first production, 1992. Cost \$8 billion. Who will put up the money? The Canadian taxpayer, no, he's broke. Canadian investor, no he doesn't have faith enough. Foreign investors, not with FIRA, so FIRA will change. Now on the Atlantic offshore, again you have a situation where the principal owner is Mobil oil, controlled in the U.S. They will not subscribe funds for development under existing rules, under FIRA and so on. So again, FIRA will change. The same with Beaufort Sea, your principal players are Dome, Gulf and Imperial. Gulf and Imperial are foreign companies according to Ottawa. It will cost several billion dollars to get their first oil out, how long will it take.

NM: This seems to be a vicious circle.

CN: It is. That's why I said earlier that PIP or NEP and FIRA, and all that went with it were a sad disaster for Canada and they are. Now frankly, several years ago, before PIP or before NEP we had several mega-projects in being. Mega-projects, the tar sands and so on. Every one of those flopped. Why? They couldn't finance after NEP. Now what happened then? Now I had argued in Toronto in January '82 that to kill the mega-project, it didn't



matter who was back of them, it would destroyed the chances of jobs in Ontario and Quebec as well as western Canada. Now the mega-projects would have added 15,000 construction jobs in the west and at least that number of manufacturing jobs in Ontario and Quebec. So part of the reason for a recession in Canada is the failure of the mega-projects and the decline of spending that has taken place in the oil and gas industry. Now the next problem we face, unfortunately, is that sometime over the next few days we could have a blow-up in the Middle East, I think we will have. Now if there's a blow-up, say that Iran, with half a million troops poised on the borders of Iraq and Kuwait moves in by land to Kuwait. They can take over the oil fields there and in neighbouring Saudi Arabia. They can do so because the PLO is split several ways now with one large wing, because of Lebanon, subservient to Syria. Syria you recall, is the one Arab nation along with Libya, which said no to supporting Iraq in the war with Iran. They support Iran.

NM: What did you think of the OPEC crisis?

CN: Well the OPEC I don't like in some ways, and yet we forced it on them. We are just as responsible as the nations of OPEC. And yet we are going into the same situation again because we don't see it. Now, let's take what will happen in the 1970's, 1980's, should there be a blow-up in the Middle East. Frankly I doubt whether U.S. Congress will say, we'll embark in a land war in Kuwait or Saudi Arabia. The U.S. Congress will say no after Lebanon and ???

#073 NM: What will happen then?

CN: The Iranians will take over. The oil flow we fell, will be shut off by pipeline and by tanker which will affect 20% of the world oil supply.

NM: So it's a potential disaster.

CN: Well, it's a potential disaster. Now under the International Energy Agreement to which Canada and the U.S. are signatories, along with western European nations and Japan, any shortfall of 7% of any nations oil supply of the signatory nations will trigger a deal under which we share the shortage. Which means in essence, contrary to public opinion, that Mexican oil and Venezuelan oil will go to Europe and Japan, not to the United States and Canada.

NM: So it's going to be exported.

CN: It'll have to be exported under the International Energy Agreement, or else we'll renege on that agreement. Now if we renege of course, which Canada is unlikely to do, because we depend upon our trade of other things with Europe and Japan, then we'll go short, just as short as Europe and Japan. Now can we survive with a cut off. Frankly the U.S. opted, several years ago, through Congress, in favour of stockpiling oil in the ??? coal mines. So it cost the American taxpayer \$5 billion, they've got 90 day supply. Under a scheme that will take 3 years to get the oil out. So what good is 90 days stock, they will have a shortage long before us. So the U.S. government is seeing us so they have started a system of loaning money, or giving guarantees to start the first programs in the oil shales of Colorado and Wyoming and to start or complete the first coal to gas project in North Dakota. Now those are government guarantees which Canada opted in favour of giving money away through PIP, which is wrong I think, even though we're a beneficiary. Now

in recent days Ottawa and Alberta and Saskatchewan have encouraged the redevelopment of the tar sands project, being the Husky upgrader. There they have provided a billion dollars in guarantees to help make the thing financable. In other words they have done as the U.S. has done, realizing that Canada will go awfully short. Now the problem is with tar sands or heavy oil, which I believe could be the saviour of Canada, if we move fast enough, I recognize it will take 4-5 years to get things on production. We won't have 4 or 5 years to wait.

#101 NM: And the cost is going to be astronomical.

CN: the cost will be high yes, but the cost will be less than developing the frontiers through PIP. Under the rules actually, on PIP, taking all frontiers, we have had, in recent years, a great increase in the Canadian spendings through PIP on frontiers. In other words people are going into the frontier areas rather than into western Canada. And yet western Canada offers the best bet to provide the oil and gas we will need. Which Ottawa couldn't see because of their jealousy over the growth of Alberta, which is tragedy.

NM: So in fact here we have huge reserves.

CN: Well, we'll suffer. We'll have to. But we'll also change a good deal quicker when the oil flow is cut down or cut off from the Middle East.

NM: It's an incredible situation.

CN: It is, it's a tragic circumstance. Now I might say that back in 1969, 4 years before the OPEC crisis, I travelled to Ottawa as head of a delegation from the Independent Petroleum Association to argue before Mr. Trudeau and his full cabinet exactly what was going to happen in the 70's and why. And we were correct. Canada and the U.S. and Europe failed to recognize that OPEC was increasing its power and would, inevitably in the 1970's, take steps to squeeze the west and it did of course. And we weren't ready for it. The other thing we have know about Russia in recent months has been that Russia has had scientists aboard an ice sheet floating through the North Pole are, through areas that we call the Canadian Arctic. Now the scientists are working for a good purpose we hope. But back in the 1960's when we began up there, Russia knew far more about the geology of the Arctic Islands in Canada than we did. And they produced a series of maps, geological maps of which there's a set now in Calgary, which were better than anything Canada possessed.

NM: So they really did their homework.

CN: They did their homework because they had to. Now here's the one today and this is why I dislike our present system of defence, our total Canadian defence in the Arctic consists of one aircraft flying once every 24 hours over the Arctic Islands. We depend on the Americans to defend us.

NM: One?

CN: One aircraft once every 24 hours. That's our total Canadian defence in the Arctic Islands.

NM: A lot of things can happen in 24 hours.

CN: I know that. And that is part of the tragedy. Now the Atlantic Seaboard, you may recall last year, a French destroyer moved in on St. Pierre and Martinique, Canada could not defend itself with any Navy force because we could not defend our self against one single

destroyer from France. What would happen if the Russians moved in? We'd depend on the U.S. again.

#138 NM: So do you think the Russians are going to get more and more involved in the Arctic?

CN: I think they will of necessity. We follow the Russian development fairly closely in oil and gas. Now Russia, fortunately, has been able to greatly expand its gas reserves in Siberia. They have failed on each of their 5 year programs to get enough oil to offset what they're producing. At the present time Russia, last year exported 2 ½ billion barrels of oil a day to western Europe and Japan. That export will cease by the end of the decade.

NM: So you think that's why they are so interested in Iran?

CN: Well, they will have to turn then, to them at least. But before that time Europe will have to turn to the Middle East.

NM: What about the Russian technology for oil. Is it really advanced?

CN: The Russians are using oil now as a means of providing the hard currency to pay for oil and gas, to pay for western Canadian wheat, American wheat. Now they will lose oil as a source of export revenue. That's inevitable now. They will replace it, they hope, with Siberian gas which is the reason why they have built pipelines into Europe recently. From our point of view, or the U.S. ??? and I supported it, the U.S. took the grounds that they were using American technology to produce the pipe in Europe and therefore it should be opposed on principal. But were the U.S. wrong or right, I think they were wrong. Because inevitably as Russia changes from oil to gas in exports, to keep earning dollars or hard currency with which to buy American and Canadian wheat, if they don't export they can't buy. Now western Europe in turn, hopes to get Siberian gas roughly equivalent to the bulk of what they're importing in the way of oil from Russia, so any shortfall they will have to turn to the Middle East. By turning to the Middle East of course, we all go short. By the end of the decade Russia inevitably has to turn to the Middle East too. Because 2/3 of your world oil reserves are located there, in the deserts.

NM: There's a real threat there.

CN: Now ??? literally that, now looking at it coldly, Russia is now poised on the borders of Iraq and Iran. Russia is providing most of the aircraft and whatnot used by Iraq in its war with Iran. Russia has moved into Afghanistan, Russia is poised on the borders of Iran, so as soon as ??? kicks off which he'll do of course, not ??? but the present leader of Iran.

NM: So how do you foresee the future?

CN: Well, I see war in the Middle East. And we're not going to be ready for it.

NM: And what about the future of the oil patch here in Calgary?

CN: Western Canada will come into its own again of necessity. In other words the easterner will realize, and so will the Ottawa government, that you cannot depend immediately on the frontiers. I mentioned earlier that it would take 8 years and \$8 billion to develop Hibernia. Well, we won't have that time. If we develop a tar sands plant we could have the oil from that plant going in 5 years. But what do we do in the meantime, do without because we can't import. Now this means that western Canada really, will come up in the estimation of Ottawa and instead of being a weak sister we discriminate against, as it is

under the NEP, it will have to become an area where we will develop wherever possible, every possible oil and gas source and coal source in Canada. Now you might say, as some of us remember, years ago the Alberta coal industry was in the same boat as our gas industry is today. And we had a Royal Commission. It recommended we keep coal in the ground because it might someday be needed in Canada, as we've done with gas. Okay, we've shut down coal mines. Then came a deal under which Ontario, as the largest consumer of coal, began to buy Pennsylvania coal rather than Alberta coal. So coal mines in Alberta shut down completely, threw people out of work, this was in the dirty 30's, because it was cheaper to buy Pennsylvania coal than to ship coal from Alberta. Actually B.C. and Alberta, between them, have roughly 40 billion tons of coal, which should make our coal a vital factor in world commerce.

#203 NM: It's not.

CN: It's not now. It has started to become so because of Japan which badly needs energy and must import 90 odd percent of its energy supplies from various parts of the world, Indonesia, Australia and so on. So they began making a deal for Alberta oil and gas and B.C. coal. Ottawa in its wisdom said no, you're a foreigner. So under FIRA you'll have to come to us first. They have recently turned down a coal deal from Mitsubishi of Japan in B.C. Now I say it's stupid because they are catering to the Ontario consumer on the grounds that the Ontario consumer is saying, that coal is Canadian and we want it for us, so to hell with anybody else meantime. Even though it might create jobs in western Canada or Canada as a whole, or improve the economy of the country. Now that will change I think, of necessity.

NM: Yes, it will have to change.

CN: No, there's to me, a job anywhere in Canada improves the prospect for jobs everywhere in Canada. Just the same as say, the Atlantic offshore play is developing jobs in Alberta and B.C. as well as elsewhere. In addition to the jobs that are created on the offshore rigs. Just the same as jobs in B.C. coal require Ontario made equipment, or Quebec made equipment to turn the coal field into something that is useful. And the coal we sell, regardless of where we sell it, earns dollars in Canada, and creates jobs in Canada.

NM: You have been a witness to the ups and downs of the oil business.

CN: Well, we've seen ups and downs yes, through the years. And of course, this is an industry which has become used to ups and downs. We did receive, in the 70's and early 80's, nothing but ups. But of course, it was bound to end, just as other booms have ended.

NM: That's right, it's like a yo-yo.

CN: But my fear is that really, in ending, we are ending for political and economic reasons. For example, the NEP, it's been known for years to many of us that the best hope for energy security in Canada lay in western Canada. Ottawa said no, it lies in the frontiers under Canada lands, so we'll discriminate based on Canadian content and based upon where you spend your money.

NM: So what's going to happen?

CN: We'll go through the ringer, we'll pay a high price. Now frankly, let's say the price of OPEC oil goes up, we will have to pay it, we have no alternative. But it's better to pay out

monies now that will be returned to government, let's say by guarantees of loans, such as the Husky upgrader, rather than pay it out and lose it in ??? PIP's. Now the industry doesn't like taking handouts from government, nor do I. I believe that PIP is a form of handout and yet a very necessary one because government itself has made it uneconomic to explore and develop. One of the things that we dealt with a couple of years ago was a difficult choice for our company, whether we should spend the money to drill a wildcat well in British Columbia or one in the Arctic. We opted for the one in the Arctic because the government of Canada would pay 80% of the cost under PIP. In the case of B.C. they would pay 25%.

#258 NM: So of course everybody the goes. . .

CN: So it made sense to step out in the Arctic.

NM: And at the same time it's a loss for British Columbia.

CN: Well, British Columbia was ???, so was Alberta at the time. But from the viewpoint of Canada, would an oil field in B.C. or a gas field in B.C. or Alberta be more valuable to Canada than an oil field in the Arctic. I think it would be. Because it could come faster. We have an argument now underway, should we build a pipeline up into Tuktoyaktuk to tap the Mackenzie Delta. I think we should. But how soon could it be ready, 1990. Can we survive till 1990 without paying through the nose for the product we get. Now frankly I'm very much afraid the world price of oil will move up and with it will move up the price of everything else we buy overseas, which will increase the cost to the Canadian consumer. So we're better to pay out a little less now or a little more now, as a burden on the taxpayer, such as guarantees or pay a lot more as a consumer, to buy the things, if we can still get them, that we will need in the future. As you can see I'm a bit of a . . . well, I dislike what Ottawa and Alberta are doing. And I feel, with good reason, that they are making a mistake.

NM: Can we talk about the contribution of the province of Alberta to the development of the Canadian oil industry?

CN: Alberta began its role in the Canadian oil industry because it was the site of most of the oil and gas found in the 1930's and 40's and 50's and 60's. And it kept its word, up until 1974. In 1974 Alberta, in its wisdom, said we will scrap the agreements that exist in royalties and increase the royalty payable to Alberta, which they did do. And that was followed by action in the same line by B.C. and Saskatchewan and Manitoba and on minerals by Ontario and Quebec. Then the federal government stepped in and said, okay, now the provinces are getting too greedy, so to curb their greed we will extract PIP or NEP and PGRT tax for Ottawa. That meant really, that between provincial and federal governments they were taking too much off the top to make it possible to encourage explorers. As a Canadian I would far rather see Ottawa and Alberta reach agreement, as I think they will do in time now, to share whatever governments take but leave enough for the explorer to ensure that the incentive will exist for exploration.

#308 NM: That would make sense.

CN: In other words it's better to have, say x% of something that was really producing than

double x% of something that never gets off the ground. And that's the problem with Ottawa and Alberta now, they will never get it off the ground. And yet Ottawa will turn to Alberta because, in Alberta we have the world's largest known reserve of heavy oil in the Athabasca tar sands. And we could, in Alberta, change in time, to self sufficiency again for Canada. That's the only hope we have. That will mean there will have to be a recognition on the part of Alberta that excessive greed is wrong and on the part of Ottawa that excessive greed is wrong. There will have to be a sharing by the two levels of government of what governments will take. And I have no objection at all to governments taking a fair share of profit. I do object to taking anything off the top, or too much off the top.

NM: Being too greedy.

CN: Well, being too greedy, in other words. Now that Alberta and Ottawa are changing became evident last year in '83, when Alberta said okay, we'll cut our royalty down to 1/4 on heavy oil plants or enhanced oil recovery projects for BP, Petrocan, Wolf Creek, Esso, Cold Lake and in '84 they extended that to Amoco, Elk Point. Then of course, Alberta, Saskatchewan and Ottawa all came in with a billion dollars in guarantees of loans for the Husky upgrader in Lloydminster this year.

NM: This is the end of the tape.

#### Tape 2 Side 1

CN: Now a sign this year, that Alberta, along with Saskatchewan and Ottawa are realizing they've been too damn greedy, covers in the recent announcement of the Husky oil upgrader. That has involved government guarantees of a billion dollars, to make the thing financially feasible. And also an agreement by Alberta and Saskatchewan to cut their royalty take way down until the project earns a profit. And Ottawa to scrap the tax off the top called PGRT, until the project gets its money back. Now those are things that should be extended I think, and will be in time, to all projects in western Canada and the frontiers, and they should be. They're also a recognition on Ottawa's part, that they realize now at long last, that western Canada, particularly Alberta, is the source of most of the oil and gas in Canada which can be produced more rapidly than oil or gas from the frontiers. So Alberta will come back into its own, as I see it.

NM: Mr. Nickle, what do you think of nationalized oil companies?

CN: They are bad for Canada in this respect, that Petrocan began as a concept of a window into the industry and that was good and we would support that. But what I object to, and so do a lot of others, is the use of government money and the Canadian compensation charge, under which all consumers in Canada pay a gasoline tax to Ottawa, which are being used by Ottawa to fund growth of Petrocan. To a degree where now, nobody can take it over. There just isn't that money in Canada.

NM: It's like a white elephant.

CN: It is. And it will last, it will stay. But I think its role will be changed by Ottawa into one again, of a window into the industry. It will not get in future, monies from Ottawa at the expense of the Canadian tax payer or consumer to the degree they did before. In other

words, its role will change and I don't think that Ottawa will attempt to build anymore super companies like Petrocan.

NM: Once was enough maybe.

CN: Once was enough.

#029 NM: Mr. Nickle, let's go back to your career. Who were the most influential persons?

CN: My father would be the first. Simply because we learned a great deal from him which you put to use in later life. The same would be true of my late mother, she inspired myself and others in the family to do many of the things we learned to do as part and parcel of every day life. Now in the energy industries, really there were no great influences or particular influences, although there were a lot of individual influences on my life, other than those I've mentioned. Those were interesting experiences as a newsman.

NM: What was the most exciting experiences in your career?

CN: Well of course, I've mentioned, we were the source of Imperial Oil's learning of their discovery of Leduc. Which was good, simply because our man, who was an employee of the government at the time, went into a telephone ahead of the man from Imperial who waited until he got the pipe out of the hole. So the result was we had a break of several hours ahead of Imperial being notified officially.

NM: So you knew before them.

CN: We did, and we advised Imperial of it.

NM: That's really historical.

CN: We did not publish until after Imperial, as the operator, confirmed that they had a discovery.

NM: Is there any other experience like that?

CN: The same applied to Hibernia, offshore Newfoundland. We were the first to make the discovery, ahead of the government announcements, that there was an oil field offshore Newfoundland. Those are 2 events in a news way. In operations, I think our first experience of note would be getting. . . operating a gas plant at Saddle Lake on stream in 1966. Now the first experience other than that would be the drilling of wells and the travelling into the Arctic Islands in 1968. Where we travelled incidentally, with the late Jean Chretien or the late Cam Sproule. Jean Chretien being at that time, the Minister of Northern Affairs, and of course, unable to speak English too well and at that time, who has done an outstanding job since, we think, in various posts. We're sorry to see that he's not the leader of the Liberal party now. That's speaking as a Tory.

NM: What do you consider your achievements Mr. Nickle?

CN: It depends on what you're referring to but I don't talk about achievements. I don't think we've done anything more than anyone else would do under the same circumstances.

NM: You have been very involved in the community.

CN: Yes, and that of course, goes back to again, what my late parents were doing.

NM: So you went on with what. . .

CN: Now speaking off the record, I used to play the cello. I played in the symphony many years ago.

NM: So you are an artist too.

CN: Well, of course, I gave up the cello for football, so I no longer had an interest in the symphony until Mother began of course, as a violinist to take a deep interest in starting a symphony in Calgary and continuing it, which she did during her lifetime. So we now have, of course, a concert in Mother's name, the Calgary Philharmonic. I mentioned earlier that we had turned down an offer from the U.S., from a foreign buyer of our publishing company back in the early 50's. That prompted a survey at the time of what we had in the way of assets and it came to over a million dollars and I had no desire to be a millionaire. So we promptly set up the Nickle Family Foundation. Now the foundation got assets from me in '56, which I spoke of course, to the Minister of National Revenue at the time, who was a Liberal and had his approval to put everything we had together and to give the bulk of it to the foundation, which we did. In other words that ended our hopes of being a millionaire if we had any hopes. It also began the setting up of a system of scholarships and bursaries and whatnot. I mentioned earlier being at Mount Royal College, I was there in 1936. But I carried on, after relief camps, by spending what money I had saved and the going back to the Principal of Mount Royal College, Dr. Kirby, in 1936 and saying, I no longer had any money and couldn't afford to go back for the next semester. So Dr. Kirby, in 1936 said, Nickle, we're in trouble too at the Mount Royal College, so carry on and pay us back when you can, which I did. I wasn't prepared to live with my parents, who couldn't afford to keep my anyway at that time so I paid back Mount Royal College years later, when I could afford to and then we set up our first scholarship program which has now been going for 30 odd years at Mount Royal College. We are determined that other Albertans will have the same opportunity that I had, through Dr. Kirby. So we now have scholarships in accounting and petroleum engineering and whatnot, business admin., at Mount Royal College. And they will continue for a long time we hope, through the Nickel Foundation.

#092 NM: What about the Nickel Arts Museum?

CN: That again, was a combination of 2 things, first of all, my father gave \$1 million towards it, I matched it by giving our ancient coin collection. Now the ancient coin collection actually wound up a collection of about 13,000 Greek and Byzantine or Roman coins, which was the best in Canada, which was gifted to the university through the Nickle Foundation.

NM: And this was your father's. . . ?

CN: No. I built the collection. Dad gave the million dollars in cash.

NM: Why did you get interested in collecting . . . ?

CN: Back in childhood days there were 2 things in Canada that most kids collected. There were stamps, there were a lot of them in Canada, my brother collected stamps. And there were shin plasters, which were 25 cent bills which parents and grandparents gave to kids on birthdays and Christmas. Two bits was a lot of money in those days. So I collected shin plasters and I also collected little silver nickles, which used to exist in Canada. They were changed of course, to the nickle we have today. So that interest in shin plasters and little silver nickles grew into a collection of the complete coins of Canada, which I gave to Glenbow in 1966. It was the only complete collection of Canadian coinage and bills on



display anywhere in Canada in Canada's centennial year, which I liked.

NM: How did you go about collecting, while you were travelling or. . . ?

CN: Actually in collecting we began of course, a long time ago with the shin plasters and little silver nickles. Then in the early 60's, when I could afford to, we began seriously to collect a Canadian collection for the purpose I just mentioned. Of having it on display somewhere in Canada. We acquired then, individual coins, through coin auctions and coin sales, as well as some collections. Now we completed the Canadian collection which we turned over the Glenbow and then went into British and French coinage because they were the forefathers of coinage in Canada and we collected a British and French collection, going back in the case of Britain, to the beginnings of Roman times. Well, that increased our interest in the Roman and becoming interested in Roman we had to become interested in Greek, because Roman began with the Greeks. So we finally wound up building a collection that spanned the centuries from 700 B.C., the beginning of coinage, through the present time. We felt that frankly, the university should have the ancient collection because they have, incidentally, the University of Calgary, the only degree earning courses in pneumismatics??? in Canada. And that stems directly from the contribution of the ancient coins.

#127 NM: Can you compare the training of the oil people in your time to what it is nowadays?

CN: When I was young and starting in the oil business most oil people were amateurs and they were small in number.

NM: And self taught too.

CN: And they were not geologists, they were oil promoters as such. Many of them were good. For example the man who drilled the Turner Valley Royalties well in 1936 in Turner Valley at that time was the superintendent of the Street Railways in Calgary, Bob Brown Sr. Other men were involved in other practices, other businesses. They got into oil and gas like my father did, as a part time occupation because it seemed to be a good thing. As it turned out to be it was, in time. Nowadays we have a much larger oil and gas industry with a much larger proportion of scientifically trained people. In other words the day of the geologist has come, the day of the engineer has come and so on. So we no longer have as many of the old type of breed of oilman as we used to have, quite naturally. Most of them have died off and others find they're out of place in a world which is dominated by scientific studies.

NM: Do you think this is a good thing?

CN: I do yes. A very necessary thing. Now when I was young most wells were drilled on the basis of hunch or by guess and by god. Nowadays they're drilled on the basis of scientific information, which is not necessarily an assurance that you'll find production but at least it narrows the odds down, or reduces the odds against discovery or for discovery. It used to be that we used to think that one well in fifty might get oil or gas, nowadays it's one well in five.

NM: The technology has changed also so much?

CN: Well, the change in performance is a natural thing because you have much more

information to go on now before you drill a well than you used to have. Now at one stage, for example in Alberta, we used to think of what are now called seismograph and gravity metre as doodle bugs. They were regarded as non-scientific means which were not yet proved, of finding oil or gas. We of course, had in western Canada, the old willow wand or the doodlebug, which was used originally to find water then used to find oil. So many of us in the oil game, a great many of us, the old timers, supported research into doodlebugs. We like doodlebugs. I know that I for example, 30 odd years ago, I helped finance a search for oil and gas using a doodlebug which is a willow wand. Just the same as others in the States and Canada underwrote the research that finally moved the seismograph and the gravity metre from instruments in the doodlebug class to instruments that proved useful in finding oil or gas. Now any geologist or any geophysical instrument can only tell you where not to drill and it can tell you where conditions are favourable to discovery or accumulation of oil or gas. But they cannot tell you there will be oil or gas there. So you still have a large element of luck in this business.

#172 NM: What are your plans for retirement?

CN: At my age, which is almost 70 as of now and will be 70 in July '84, we have turned over control of our company to Oakwood Petroleum, which is a very active Canadian independent, much larger than we are, and it's undervalued in our view, is active in western Canada and the frontiers. We feel this is a good plan for the shareholders of our company Conventures. As to retirement I plan to ease things up during the next few months and eventually slow down considerably and concentrate on the things outside of oil and gas that interest me, particularly.

NM: What type of things?

CN: Collecting and the arts and so on.

NM: Looking back at your career, Mr. Nickle, what do you think of it, is there anything you would do differently?

CN: No.

NM: That's a very good positive attitude.

CN: We have done what we felt was right at the time.

NM: And this is the last question, on the whole Mr. Nickle, what do you think of the oil patch?

CN: Well, the oil and gas patch is a part of the energy supply of a country which I happen to believe in. But energy is only as useful if it can be produced. I believe that in time Canada will become one of the richest nations on earth, with a high proportion of people working in the energy industries. And the energy I think, of oil and gas, of course, first, coal, nuclear power and hydro-electric power and of course, renewable energy forms. For example, I can look forward to the day when Canada will undoubtedly be doing conversion of garbage to produce energy, as is now being done in China and Japan and elsewhere.

NM: That's right, some parts of Europe I believe too.

CN: I would see coal being used as a conversion form, into gas and oil, as it is in South Africa today and was in Germany during the last two wars. I can see oil and gas, through enhanced oil recovery of heavy oils and development of such things as the tar sands

becoming increasingly important to Canada and the world. I can see our coal coming once again, into its own. And on all, I just see energy in Canada as being the means of making Canada great again. It's not now.

NM: Mr. Nickle I have really enjoyed interviewing you.

CN: Thank you.

NM: Thank you very much.

CN: I'm very glad you came in.