

PETROLEUM INDUSTRY ORAL HISTORY PROJECT TRANSCRIPT

INTERVIEWEE: Alastair Ross

INTERVIEWER: Nadine Mackenzie

DATE: April 6th, 1984

Tape 1 Side 1 – 28:00

NM: This is Nadine Mackenzie speaking. Today is the 6th of April 1984. I am interviewing Mr. Al Ross. Mr. Ross, thank you for having accepted to participate in our project. When and where were you born?

AR: I was born here in Calgary in 1923, March 29, Nadine.

NM: So you are a true Calgarian.

AR: Oh, I guess so.

NM: What did your parents do?

AR: My father had a music business, it used to be called Alberta Piano Company. And he was in the retail and music business. And he was very active in the Liberal Party and was a member of the Legislative Assembly from 1933 until 1935. Was it '33? No, it would be before that because he was there until Eberhard was elected. He was a member, proud of that. He had been on the city council as well.

NM: Was he from Alberta?

AR: No, he was born in Nova Scotia.

NM: But he came here...?

AR: He came here because he developed tuberculosis and he had to come to a dry climate. So he came from Montreal to Calgary, and that's how he came here.

NM: For health reasons?

AR: For health reasons, yep.

NM: Do you have any brothers or sisters?

AR: I've got four brothers – three brothers, four boys.

NM: Are they also in the oil business?

AR: One is in the drilling business here. He's got a company called Terra Resources. One is retired, and one is living in Montreal with the Federal Reserve Bank, or whatever they call it. The Federal Business Development Bank is what it's called.

NM: Where were you educated?

AR: Well I went to private school at Mount Royal School on 14th Street and 22nd Avenue, and then I went to King Edward High School for grade nine, and then I went to Central for my high school. Then I went to University of Alberta and took a Bachelors in Science and Civil Engineering. And then I went to Harvard University and took my Master's in Business Administration.

NM: Why did you choose civil engineering?

AR: I guess probably because I was working for Calgary Power on the Minnewanka project and I...

NM: Was this a summer job or?

AR: No, I worked there all year, for a full year before I went to university. And I worked with some very fine engineers, and I guess I concluded I have to go into engineering at that point in time. Although I really have always been interested in business anyway.

NM: How many years did you spend at the University of Alberta?

AR: Four.

NM: Which year did you graduate?

AR: I graduated in 1945 from the University of Alberta.

NM: And then what did you do?

AR: Then I went to, let's see; I worked for Calgary Power up on the Kananaskis job for about a year. Then I went to Harvard in the fall of 1946. Then between semesters in Harvard, I went to Salvador for about four months in charge of the construction of a steam plant. Then I graduated from Harvard in June of 1948. And I went to work for the parent of Calgary Power – Montreal Engineering in Newfoundland. And I was worked there for ten months until the end of March 1949, and then I returned to Calgary in a company... I worked for an advertising company for about ten months, and then I joined a promoter from Moose Jaw, Walter Thorne, and I worked with him for the best part of a year. Then I went to work with a company called Hawke Drilling Company which was financed by the Hill family and there were other fellows in Regina. I worked with them for about a year, I suppose. And then I came back and worked, in effect, for Wally Thorne again in a company called Decalta Oils. And Wally Thorne was the largest shareholder at that point. He then had it financed in Toronto with Carmen King and Ted... I've forgotten his last name. But at any rate, they financed it with Darcy Pittfield, financed it to a million dollars, and that was the start of Western Decalta. It went from Decalta Oils to Canadian Decalta and then to Western Decalta.

NM: In 1947, what did you think of the discovery? Were you at Harvard at the time?

AR: Yes, I was at Harvard, and I'd heard about it but I really didn't know much about it. And of course, I had had nothing to do with the oil industry at all. You know, if you lived in Calgary, you knew what was going on in Turner Valley after a fashion, so I knew a little bit about oil. But certainly, I am fairly certain, I didn't have any idea it was a very significant discovery. By the time I came back here in 1949, though, I did. Because I came back actually to go to work for a fellow by the name of Gene Denton who was with a drilling company called General Petroleums. And he died just the same time I left Newfoundland to come back to work for him. So that's why I ended up in the advertising business because the fellow who ran the advertising business was the son-in-law of the Sr. Vice President of Montreal Engineering. And that's how I got to know him. So I really had not intended to stay in the advertising business anyway. But you have to do something while you are looking around for a job. So that's what I did.

[00:05:59] NM: Can we talk about your years at Harvard University?

AR: Sure.

NM: Was it really difficult work? Did you have to study a lot?

AR: Well anybody who goes there tells you that you have to study very hard. I don't think you have to study that hard. Or at least I didn't have to study that hard. You had to put in a lot of time, you had a lot of projects. And it was very different than taking civil engineering because really you weren't learning specific things. It wasn't like learning to read a slide rule or learning to design a bridge, or something of this nature. The first year you learned to define a problem if the problem existed. And then the second year you learned what to do about a problem. So it's fairly nebulous and fairly frustrating, if it's anything like that today, because you didn't seem to be learning anything specifically. Particularly if you've taken engineering, you are oriented to learning precise things, which we didn't do. But it was a very different type of education than I'd had up to that time. And I'm satisfied with it. It was valuable.

NM: So you think it was worthwhile?

AR: Oh yeah, I don't think there's any question about it. My other brother, the one who runs the drilling company, he also went to Harvard.

NM: After Harvard you came back to Calgary. Can you talk about the oil situation at the time?

[00:07:23] AR: Yeah. When I came back, Nadine, that was in 1949, and the significance of Leduc was much more obvious at that point in time. It was really quite a boom area and as I indicated earlier, I had a job working with Gene Denton. Well, I had been back here the prior Christmas and talked to a lot of people in Calgary, and it looked like, you know, this thing was really going to... was much more significant than perhaps we would have thought earlier. In fact, I think at that point in time we probably had, Redwater was already discovered also. So we were finding major discoveries and it looked like Alberta was going to have a good future in oil.

NM: How large was Calgary at the time?

AR: I have forgotten how many people it was, but maybe 120,000 people or something. Relatively small and certainly the oil industry was very small. Most of the senior people had been here for quite a period of time. John Galloway, who was head of Chevron, had been here for maybe ten years. The local drilling

contractors, most of them, had worked in Turner Valley for a long, long time. A lot of the small companies were financed out of Turner Valley, you know, the Northern Developments and Eastcrest and Davies Petroleum, Highwood Sarcee, all these companies, they were all established in Turner Valley. So they were the ones that were going great guns and getting leases and so on. And then there were promoters like Cliff Cross who had come from Regina. He started a number of companies here and had had a stock market background. Then there's the Nickle family, Sam Nickle, was very active in the business. And Carl had, he had started his Western Oil Examiner I think back in 1937, and so he was fairly knowledgeable about it. And of course, he had been through the boom and the bust with his father before. So most of the fellows – and Bobby Brown had taken over the, I think, let me see what was it called, It wasn't Home Oil Company, I think it was Southwest Petroleum. I guess he bought that from Imperial Oil. I can't remember. I should, too, but I can't recall off hand the name of the company that his father was... His father was head of the electric railway, electric streetcar division of the City of Calgary, but very active in Turner Valley and promoted all kinds of stuff down there. So when Bob started a distribution business of ??? radios and then ??? washing machines and this kind of stuff, they put an embargo on... the Canadian government put an embargo against American products at that time, so his business...

NM: Why? What was the reason?

AR: Well, I think they were trying to stop the flow of Canadian capital going into the United States and protect the eastern industries at that point in time that were having a hard time competing. So at any rate, Bob went out of business, his business just went down the drain. So he got into the oil business. He had had a lot of experience with his father anyway, so then there were such fellows as John ??? controls Westburne, who was one of Bob's associates, and Bill Atkinson who was also with John in Westburne, but died a number of years ago. He was there. And Scotty Schultz who never was in the oil business but was the director of Home Oil Company years later. So Bob had quite a group around him, and Bob was quite a character, without any question. I got to know him very well because he and Scotty Schultz were very close friends, and I had worked for Scotty in the advertising business, that's how I got to know Scotty. So it's a small world around here.

NM: Everybody know each other, especially at the time. So was it difficult, then, to find a post in an oil company?

AR: No, I don't think it would have been. I didn't... don't forget that I was not trained as a geologist, and I didn't have a petroleum engineering background. So I suppose I could have gotten work in a major oil company. I really never thought of it. I really wanted to work in a smaller company environment anyway. When I was at Harvard, I could have gone to work for major international companies or large companies, and I really didn't want to do that. And that's why I really came back from... left the drilling engineering group because I really didn't want to be in a big company because I felt that in a small company you had a lot more fun and you can build something you can see ??? building, and so that's probably why I didn't go into those companies. And then I got the opportunity to go into a drilling company, and that seemed like a good place to go. So I tried it.

NM: What did you do in the drilling company?

AR: Basically, I was looking for work. I was theoretically the manager of the company because we had a tool push who was the young superintendent who had no business experience at all and didn't have any interest in it either. And he didn't like going around, knocking on doors to get work.

NM: A contract.

AR: A contract. So it was up to me to find the contracts and make sure that we pay our bills and so on. It was really kind of an interesting job, really, and so I learned a lot. This drilling superintendent knew a lot of the people, so introduced me to a lot of the people.

NM: So you could make those contacts.

AR: Exactly. So it was kind of a fun time really.

NM: ??? a push to the oil patch too.

AR: Yeah, oh sure. And I got to see an awful lot of what was going on.

NM: How long did you keep this job for?

AR: I would guess, Nadine, probably a year, maybe two years, at tops, two years. And then I went back to work with Wally Thorne that I mentioned and he had this company, Decalta Oils. So when I joined them, then shortly after, Charles Lee joined them as well. Well actually, Pittfield financed this. During the financing, they wanted a seasoned oilman so they got Charles Lee who had been manager of Trinidad Leaseholds in Trinidad and then represented Trinidad Leaseholds up here in a drilling company. So they got him to join as the president of the company. So there were basically the two of us – Charles Lee as the president, myself as the general manager. And we had a couple of secretaries, I guess. And then from there, we hired a secretary/treasurer to do the accounting, and we hired an engineer.

NM: So you were expanding.

AR: So we started to expand Western Decalta, or Decalta, and then as I said, it became Canadian Decalta and Western Decalta.

[00:14:58] NM: What was your first position in management?

AR: Yeah, I was always really in the management. I didn't have that much experience. But when you don't have many people, that's about what you do.

NM: That's a good training ground.

AR: Oh yeah, you see I had, we ultimately had a number of geologists and a number of engineers and so on and accounting people, and I have always had an interest in finance and administration and that type of thing. And Charles Lee had a good background in geology. But really when you are starting small companies like that, finance is probably as important as anything else. You have to have it. So we tried to run a rather conservative company, which I think we did, and we borrowed money and built our assets over time that way and got land and so on.

NM: Where were your offices?

AR: The first offices were in the basement of the Bann Building. I don't know if it's still called the Bann Building. It's over near the Uptown Theatre on 8th Avenue and 5th Street. So those were our first offices. And we were there for about a year. Then we went from there to the Hail Insurance Building which was just kitty-corner. It was on 7th Avenue and 5th Street on the southwest corner, yeah. So we were there for quite a while. Then we, Bill ??? around town promoted a, probably the first condominium building. It wasn't really a condominium as we see it today, but it was a building that was owned jointly by about ten people and each one of them took a number of floors in the building. But you actually owned the shares in the building, but it was an absolutely non-profit company. So it was really a condominium. So we took a couple of floors in that in Decalta. We actually put the bottom half of those floors into our pension plan. I think we were about the first people...

NM: That's a good idea!

AR: Who ever did that. Subsequently it turned out unbelievably well because, as you realize, the real estate values in Calgary skyrocketed and our pension plan was overfunded by a long way as a result of it. It was the best thing we ever did on the pension plan side.

NM: Can you tell me more about Charles Lee?

AR: Charles Lee?

NM: Yes.

AR: Well, I suppose you'd have to find out from him for sure, but I think he went to the School of Mines in London and graduated in geology, then went from there to work in Trinidad with Trinidad Leaseholds. He ??? a cruise down there and field operations, field geological operations, and ultimately he ran some of the fields down there as the resident manager. Then he was the... I think the president of that company was a fellow by the name of John McQueen. John left Trinidad Leaseholds and moved to Toronto. He got tied up with Pittfield somehow or other. While he was there, though, they started an operation in Alberta, with a drilling company. So then... And they had some geologists also. So then McQueen moved Charles Lee to Calgary to run this drilling company and generally oversee whatever little geology they were doing. McQueen left and then he got associated with the brokerage fellows that financed Decalta. So then he introduced Charles Lee to Leslie Forester who had run Shell in Venezuela, lived in Toronto. So then Charles Lee switched over to Decalta. Now, at the time he came from Trinidad, I think he would be in the order of 42 or something like that, he had four daughters, all young. I guess the youngest was two, I suppose, maybe three. His wife had come directly from England to Trinidad, never been to Canada. So she was taking on quite a handful moving here. You know, the business was not that stable when he jumped out of Trinidad Leaseholds, which had been at the time to take a risk on this little tiny company because it didn't really have much assets. I think we had a million dollars of cash and a hundred barrels a day in production, something like that. It wasn't really very much. But he was a really first-class geologist and a first-class manager, too. He had great ability to ask the right questions so that even if he weren't familiar with the subject, he had a very penetrating mind and could, as I say, ask the right questions. And when people explain it and they don't really understand it too well, it begins to show through, just plain old from questioning. Or you get a feeling of how confident they are and whether they have really done the work or if they haven't done the work. And he had a great ability to do that, and as a result, he had never bought production in his life, but we bought a lot of production over the years. He adapted to those things very quickly and very easily. He had a great way with people, too. Part of it was obviously training from leaseholds, but I think a lot of it was just the natural ability

that he had. But he was able to weld the staff together extremely well, so they all worked together well. And the first parties we used to hold at Christmas were always at his house. And they always had games and everybody played all these games. It was really good fun. He was a very fine chap, and his wife's very, very first class. His daughter is actually, I don't know what her title is but anyway she is Chief Economist or some such thing at Petrocan. She's got a big job over there. She's a very capable girl. Took economics, worked for Pacific Petroleum for a while and then is at Petrocan.

NM: And you worked with him for...?

AR: Oh, I worked with him for about 27 years, I guess. We worked very closely together. As a matter of fact, he was the boss, of course. But we never did anything that we both didn't agree on. If I didn't like it, we didn't do it. If he didn't like it, we didn't do it.

NM: That's a very good way to work.

AR: Yeah. So unless both of us were prepared to go along, we didn't do the things, whatever they were. I mean, we wouldn't drill oil or we wouldn't buy land, or whatever. So it was a very easy relationship for many, many years.

NM: So what did you do mostly in this 27 years? ??? discoveries?

AR: (laughter) Well, I think.. I wouldn't say that we were a terribly successful oil exploration company. I mean, we drilled lots of wells, and we drilled lots of dry holes. Some people are "wildcatters", and if you're really a terrific promoter, then it's okay to be a wildcatter. But I don't think we were any great promoters, frankly. We really felt that you had to run it like a business. So we allocated so many dollars to our exploration budget every year, and very frankly, if the exploration was dry, which it generally was, then it really didn't affect our growth anyway. We were going to have growth in that company regardless. And we generally got it because we'd bought a lot of oil and we bought it quite well.

NM: From where did you get this oil?

AR: Well, we bought, for example, we bought Carlton Oils which was a company which was run by a bunch of local people who didn't have any understanding of the oil business. However, they had made a discovery out in Drumheller, west Drumheller. Excellent discovery. They made that discovery by witching. They got a fellow who carried a wand and, you know, when it turned down, that's where they drilled the well. And they ran into oil.

NM: (laughter) It doesn't sound very scientific!

AR: It wasn't really scientific, but they believed in it. And from our point of view, you know, we were satisfied it was a good field. And I think we had done a lot of engineering, we'd purchased a lot of stuff. So I think we understood how to buy things. So when everybody in Calgary was thinking that you're going to get 35% of the oil in place out in west Drumheller, we bought it on the basis that we were going to get 50%. So consequently, we could pay more money than anybody else because we figured we were going to get 50% more oil than they thought they were going to get anyway. I think as the record turns out, they will probably get 200% more. In other words, the recovery factor will be very close to 70%. So that was an excellent field, and we bought it very reasonably.

Then other times we bought into... Chevron had a discovery on the south end of Mitsu. Imperial had a discovery on the north end of Mitsu, and those discoveries were probably seven, eight miles apart. So they put up some Crown Land for sale, and you had these two discoveries, most of which people didn't know anything about. We had scouted both of them, so we were satisfied they were in one field. So we went to the Crown sale. I remember we wrote a 53-page bid letter. There was a time here where you could put in that, I want to bid on this parcel and this parcel and this parcel, and if I don't get that, then I want to bid on this one and this one and this one. So you had combinations and permutations. Anyway, we had 57 pages. We stayed up all night writing the thing. And then it's kind of like playing the game of chess, you have to be sure that everything fits together and all this type of thing. So, as I say, Charles Lee and I and our secretary stayed up all night, and we went through this thing and wrote it and rewrote it and everything else. It was the most complicated letter, I think, the Alberta government every got. At any rate...

NM: What was the reaction to this letter?

AR: Well, we had checked it out with the government, so they had to accept it. But they were fairly surprised. And I think later they decided they would change things a bit because that was too complicated. But I think they're right. But the effects were that we got together a group, and we bid \$4.5 million dollars, and that was quite a bit of money back at that time. And our share was about half a million, and we had fellows like Jack Pearce of Ranger in it, and we had some associates in Houston that were in the bid with us. And we had Bill Kirker who's now the owner of Shaw, who was in the bid. And a bunch of fellows.

NM: Lots of competitions.

AR: Oh sure, well you see, you had to have... We had about ten partners in this thing. Well anyway, we bought about 3.5 sections, as I recall. And we were paying \$2,000/acre and it was unheard of. The only other person that paid anywhere near that amount of money was Chevron. Of course, Chevron had made the discovery, too. So everyone around town thought we were crazy. Then we drilled the first well and it got four feet of pay, and some water. And it didn't look like we had... We were a little concerned that maybe we had spent too much money. The next well we drilled on the same section of land got 30 feet of pay, and it was probably the best well that's ever been drilled in the field. All the other parcels were drilled, and they all had wells on them. So I think that really that turned out to be a superb buy. I mean, it really was first class. So ultimately the company made a lot of money out of that buy, but not without a lot of risk.

Then I guess another purchase that we made which was an interesting purchase, we bought a little interest in Turner Valley in the south end. Because we were such good friends with Bob Brown, even though he had a bigger interest in the units, we actually put a couple of units together. But he had a bigger interest than we did, but he said that, you fellas put it together, you can operate it. So we were the ??? operator, even though we were quite a small company. We operated that for a while and we did a lot of work on it. Our engineering people were pretty good.

NM: This is the end of the tape.

Tape 1 Side 2 – 30:00

AR: Well, when we bought it, ???, shortly thereafter the price of oil went up, and that [muffled] production because we put a lot of water in the field. We actually, I think was pretty innovative because prior to that time people would, they looked at putting water on the, down the side, and taking oil up ??? And Turner Valley had a very steep dip. So we weren't getting very far doing this. So we decided we would go and find the best water flood people we could find in the world and get some advice. Which we did. And we found a fellow, Buckwater was his name in the States. And he had probably done more water floods than any other man. So we got him to come up here and he said, well, you're going to get nowhere with what you're doing. You are going to have to put water up dip, and push from both sides, down dip and up dip and push the oil together in the middle. And so it had a steep dip and a lot of our partners felt that the water would just run right down the foundation and run under the oil to the water down below. Buckwater said, there's no way, it wouldn't happen and so we had to bring him up a number of times to convince our partners that this made sense. Anyway, we finally did it and it really made ??? sense, and of course, now it's happening in many other places in the province. The other thing we did in Turner Valley, we brought in some of the biggest pumps that were, by far, in the province. In fact, even today there are very few pumps that are any bigger.

NM: Where did you get them from?

AR: Oh, we bought them from the States because, you see, they pump from deeper zones and they pump much more fluid. So we really brought a lot of that stuff in. Anyway, the net effect is that Turner Valley worked out extremely well as well. It was a superb buy and still is, and still is going quite strong and probably making more oil now than when we bought it. And it's now 15 years or so since we bought it. So it really was a first class buy.

The other thing we did, we didn't have much revenue of our own so we had to get partners. So we started a joint venture with Pacific Lighting from Los Angeles, and two French companies, Corexgal and Petrora. And they, Decalta invested \$1, Pacific Lighting invested \$1, and the French companies invested 50 cents each. So every deal, we went into that way: a third, a third, a sixth, and a sixth. And so we bought all kinds of land and we bought production and we drilled wells. Over the years, that relationship lasted for better than ten years and worked extremely well. But I think that most of our success was in buying production. We bought it ??? we had a superb engineering group. They did their homework and they did it really well. We took risks buying stuff, but by and large, we were able to, our engineering was good enough that we made money doing it. We bought one well, for example, for salvage value, and within about three weeks to a month, our engineering people had it making forty barrels a day, so we were making pretty good money. Yeah, we drilled a lot of... We had a lot of disappointments. We bought a lot of land up in the Northwest Territories near Great Slave Lake, and it looked like the reefs would be there the same as at Rainbow. We had, I don't know, a couple million acres, I suppose, at least. And we had really covered that thing beautifully. But it turned out the reefs were there, alright, but they were all tight. So that didn't do us much good. And we did a lot of work up and down the McKenzie Valley. We had a lot of land there. We made a discovery up there, a small discovery, East McKay. I wouldn't doubt within the next, you know, five years they'll find at least 20,000,000 barrels around that discovery. But at that time, it wasn't very economic. And we drilled a number of other areas and participated in, you know, small discoveries of one kind or another. But we never really did find the mother lode. However, we made, the company grow substantially regardless.

NM: Were you getting more and more people working for you?

AR: Oh yeah. Then ultimately, you know, our revenues... The revenues of that company today would be probably \$50,000,000 a year, and a cash flow. So it was quite a substantial company by the time that it was sold.

NM: Did you have scouts working for you?

AR: Oh yeah, oh sure. We always had scouts. That's how we bought the land at Mitsu, because we scouted both the Imperial well and the Chevron well, and I think we would be one of the few people in town who knew that they had oil in both those wells, and that it was good oil, too. I don't think we really knew ??? pretty well, too.

NM: Where did you get your scouts from?

AR: Well, at that time in the business, most companies had scouts. All the major companies had scouts. The larger companies all had scouts. So you just hired one from a major company.

NM: What about the training of the scouts?

AR: Well, training of the scout basically is a fellow who's got a lot of brass himself; he's got to be a guy who has a lot of initiative and who isn't afraid to go and do things that probably he shouldn't be doing, but he just, he is willing to take a chance. Most people will rap his knuckles, but they won't do much more than that. And he knows that and he just goes ahead and does it. And if you have a good scout – scouting is different now because they have a lot of electronic stuff that they can listen to on the rig floors and all that stuff. But in the past...

NM: At the time, it was by telephone, or ???

AR: Well, they'd drive out to the leases and, well actually, we didn't do this, but it was done. Some of the girls running the telephone exchanges would be in the pay of a scout. So she would record conversations from the field into the head office, and then they would know exactly what that company was doing. So that was one way of scouting. That was a pretty good way, too! (laughter). You had the other way, really, that you could almost do it indirectly. There were a number of companies that when they made discoveries, their senior officers all bought stock in whatever the other company was, because if they had the land in a certain area, and there were some little companies around, then those little companies' stock would go up once everybody knew they had a discovery there. Well these guys would be buying that stock, and you could tell, almost tell, if they had a discovery because the stock prices started going up.

NM: So were they looking at the stock market...with the scout too?

AR: Yeah, so that was another way you did it. But when sometimes a scout would go to work for a company that took oil into the lease for the drilling rig, so you know, the diesel fuel, and so he would be working for the other company, so he'd drive right on the lease, and while they were filling up the rig, he would look around and talk to the drillers and various people and find out exactly where they were, and probably walk up on the derrick floor – which he wasn't supposed to do – look at the book and see what depth they were, and then maybe somebody would come along and give him the ??? for doing it and he

shouldn't have been there. Well, he was very sorry but he'd already got the information he needed. Oh yeah, but scouting's good right now. In fact, actually...

NM: [inaudible]

AR: Well, yeah. And a scout check is one thing. That was really where the major oil companies, who all had scouts, they all got together and traded information. If you didn't have a scout of your own or you weren't big enough, well then you weren't part of that deal. But generally, then there were scouting services, too. Jack Orman ran a scouting service. So they had a bunch of scouts and, oh what's his name who went work for the Alberta government in New York? He was a scout. But you could hire them, and we did, and still do.

NM: Were you traveling a lot?

AR: Not really. The company, Western Decalta, in 1956 we sold a block of stock to a company called Consolidated, Central Mining and Selection Trust, and between the two of them they bought \$6 million dollars worth of securities. So they had members on our Board of Directors, of course, and they really were the largest shareholders. So about once a year I had to go over to London and generally spent a week or two weeks over there, seeing what they did and they getting to know me, and all that kind of stuff. So I did that. And periodically would go east, but not too often. Because we found that we were living off our own cash flow rather than raising equity funds. We borrowed money from time to time. And we did financing with obviously Pittfield in which, geez, I spent quite a bit of time in Toronto at that time. But on the balance, not too much. Then of course, when we entered into this joint venture, we then would go to California for a meeting once every six months to California, every other six months to Paris. So usually I was overseas once or twice a year and in California, maybe in Houston another couple of times a year, but not too much.

NM: Where did you recruit the people working for you?

AR: Well, our landman that we hired was an outstanding landman, and he had been working for Gulf. He was a scout, actually, and he came to us when we were just starting, and he really wanted to work for a small company. He was so persistent about it but he wasn't exactly what we wanted, but he was just so persistent we thought we would give him a try. And he turned out to be a superb landman. Actually, he is now President of Bonanza Resources here in Calgary. So that's where we got him. Then we got out chief engineer – Vice President of Engineering later – from, he worked for a consulting firm called Denton Spencer. I think he had worked for a number of small companies before that, but he really understood oil wells and how to operate them and was good at reservoirs and so on. So we hired him there. And then we hired a friend of his from Union Oil Company, we hired him as a geologist because he was a geologist. But at Decalta, they moved him to the engineering field and he did a great job for us there. We hired our Vice President of Exploration from a company called Miro Petroleum. Prior to that he had worked for Imperial Oil for quite a while. And then another of our geologists we got from Gulf, another one we got from Amoco, and so on. So the geologists basically came out of major companies, fundamentally.

The engineers, some of them had some major company training. Most of them didn't. Most of them came from small companies. And the land people that we got, most of them ultimately, like Joe LaFay, he had worked over at Imperial Oil. Freddy Cousins had worked for Gulf. Lloyd Willey, I forget where he

worked. Lorne ???, I don't think he had any major company training. But we had superb landmen and they all did extremely well. They have all been very successful in the business. Generally, most of them went on to run companies one way or the other. I guess our most outstanding landman was, and actually he was our first landman, was a fellow by the name of Don Love. Don, I had known all my life really. He was a very aggressive fellow, and he really liked land business. He was a good horse trader. He ultimately – well, he is now – president of Oxford Leaseholds. He certainly was the largest developer in Alberta, by far. And he bought that company back from Toronto Dominion Bank, so they built the Royal Bank building here, and they build in Winnipeg, and they built Billings ???, it's a huge company.

[00:13:42] NM: What was the work of a landman at the time? I know now they can take a course. But at the time, there was no course.

AR: No. Well, I think it depends what you wanted for a landman. You had landmen who looked after records, who kept track of all the leases that you had and made sure that they were all there, and that kind of stuff. And that was one kind. But then you had a landman who maybe took surface rights, and he would go out to the farmer and negotiate taking the surface rights in order to drill a well. Then you had land people who went out buying leases. And you had fellows like Wilbur Griffiths who went around Calgary. Wilbur ran huge, big leasing programs all over Saskatchewan and Southern Alberta. Then you also had landmen who made deals, you know, who either went to the farmer and bought the land, or went to other companies and chatted with the guys in the companies and talked to their geologists and knew where deals were available. Then he would do that. But the guys like Don Love were so curious, they knew who were doing what. So if somebody was going to drill a well in a certain area, he would suggest that we go and buy a bunch of land around there, either file it with the government or buy it or whatever. So by and large, our land people got us involved in deals. They figured out where we, you know... Talked to the geologists, talked to all their friends in town, read all the books, the bulletins and all this stuff, and knew where the activity was, and were smart in figuring out where it was going to go.

NM: Initiative.

AR: Oh yeah, very great initiative, great initiative. So really they didn't have the training of formal land courses, but the good ones knew what they were doing. They studied the land ownership of the province and the freehold, and they followed all the wells...

NM: So they had also some legal knowledge, for the titles and all of that.

AR: Oh yeah. At that time, a lot of that came from lawyers, though. In other words, we would take titles to our lawyers most of the time, and if there were ever any problems. But a lot of the time you were dealing with Crown land, you know, and really it was no big deal anyway because it's all right there and you had it for 25 years. The government looked after it and they didn't renege on a lease if you forgot to pay your rental on time. Now freeholds did, but the government didn't. So I don't think it was a terribly complicated, that part of it. The Crown Land department was always small. We generally had one landman and a girl, and that was it. The girls kept track of all the leases and filed them and made sure everything was done and paid the rentals. And the landman generally overlooked that to be sure it was done all right, but he mostly was involved in making deals. If he was sitting in the office all day, we didn't think we had a very good landman.

NM: So you were expanding but the company did not become a huge company.

AR: No. Of course, don't forget we started from a very, very small base, like almost nothing. It grew, but as I say, it grew very conservatively. We didn't, we just weren't that good promoters, I guess, that we couldn't have promoted all kinds of money and just drilled dry holes with it. But it was still a good-sized company around here, other than the majors, but it wasn't a big company. Raising capital was a big problem.

NM: Even in Alberta?

AR: All over town. You couldn't even get... It was very hard to get capital in Toronto. We finally gave up and we went to New York, like most other...

NM: ??? people were getting money from the States?

AR: Oh sure. You got it from New York. We got money from... You see, most of our money came from either Great Britain or New York, very little of it came out of Toronto.

NM: And nothing from Canada?

AR: Very little.

NM: Why is that? Was it because people were not ???

AR: Well, I think because it was a risky business, and Canadians at that point in time didn't understand the business. They were used to manufacturing and retail trade and this kind of stuff, and they weren't used to gambling pretty heavily on... They gambled in penny stocks with nickels and dimes, but when it came to real money, the only guys who had real money were a very few people in Toronto anyway. So they figured this was a too fly-by-night business for them. Whereas, the Americans had been, a) they had been much more used to the oil business, they had the ability to write off, you see, a lot of Americans personally invested in the oil business, as a lot of Canadians now do. But...

NM: Was it a tax write-off?

AR: Yeah. So that if you drilled a well, then you could write off the cost of the well against your other income. Now a lot of Americans had been doing that for years and years. So the oil business was, to an awful lot of American people, just a normal, ordinary business.

NM: So the Americans were more advanced for that?

AR: Oh yeah, because, of course, there had been a much bigger business down there for a lot longer time.

NM: And Canadians are still shy?

AR: And they didn't have the tax advantages. So the Americans had the tax advantages. The Canadians, well, we argued with the federal government for sixteen years to get the thing changed. We finally got it changed, but it took an awful lot of effort. But the Americans could write it off, and there's a big difference if you spend \$100,000 on a well and it's all capital, that's one thing. But if half of it, the

federal government's paying for it, well you're not paying taxes on it, let's put it a different way, then of course you'll take a chance. But it took Canada a long time to learn that lesson. Had they learned that lesson at that time, then you wouldn't have had all this great hub-bub about greater Canadian ownership because you would have had all kinds of Canadians who would have invested when the price of oil was \$2 and the price of gas was 10 cents. And they would have all made a lot of money and the ownership would be there and they would have kept building on it. You see it around Calgary. There are fellows like Jack McKenzie, he started out buying leases down around Medicine Hat and ??? his money back and so on. And he had a little company and he had a lot of faith in the oil business, and he has done very well. And that would have happened to many, many people, but the Canadian government, and generally the Minister of Finance didn't feel that he wanted to let Canadians do that. As a result, we ended up with the NEP finally, to increase Canadian ownership. And they could have done it much easier than what they should have done, and it wasn't as if they weren't told. They were told many, many times.

[00:21:09] NM: What has happened during this 27 years?

AR: Well, I guess what really happened – you mean in the oil business?

NM: Yes.

AR: Well, I think it's happened in stages, of course. You had big discoveries in the Leduc, Redwater, Bonnie Glen, Wizard Lake, San Big Valley, all those D-3 reefs were big fields. So there was a lot of opportunity there for small companies to start because you could buy preliminary reserves, you could buy income, and you could get the money to go into exploration and start companies and so on. And of course, you had the drilling contractors who started up, a lot of whom were Americans but they all became naturalized Canadians and their business was pretty much 100% owned in Canada. So you started from a small base, and then you got to the point where you had a terrific number of highly technical people. And then spread out through the legal fraternity and the accounting fraternity, tax experts, all this kind of stuff, so that you had that change. Then you went through, where gas, you couldn't care less if you found gas, really it was better than water but not much. So then you had a wave of discoveries. You'd have a wave of discoveries in the Devonian, and everything for about four or five years would be Devonian discoveries of one kind or another. Then seismic didn't seem to work finding any more of them, so you'd have a dry spell for a few years. Then you might have a wave of discoveries along the Mississippian trend, up here north and west of Calgary where Home Oil made their first big discovery. Then you had that bunch. Then you had the Cardium discoveries out in the ??? area, and subsequent follow-up to that. Then you ended up with the Swan Hills discoveries which Home made again in that area. Then you ended up with the Gilla discoveries up in Mitsu and Nipisi, and more recently the discoveries around Rainbow, in that area. But they all came in waves. You might have really no new type of discovery for three, four, five years...

NM: Then suddenly, something...

AR: Then all of a sudden, something. I think that the, I've forgotten exactly the date, but I think that Nipisi was found, or Mitsu and Nipisi were found in kind '68. But there was a long dry spell through all the 1970s when there were no oil discoveries, not of size anyway, until Westpona [??] came along. I guess until Rainbow, and then Westpona. But then we were making gas discoveries all over every place. There was no money for the gas and we were getting 10 and 20 cents/thousand, it really was hardly worth it. But then, of course, with the first OPEC price in 1973, 1974, all of a sudden the price of oil

moved up pretty rapidly. And that was really the start of a real boom. Then that got going very well. It slowed down a little bit. Then you'd have the other price increase in 1979 which really fueled a terrific boom. So you went from quite a conservative industry where it took a lot of experience, a lot of time and a lot of training, to in the early 80s money was being thrown around, you know, willy nilly. The people that were spending it really didn't understand either how hard it was to get or didn't understand, you know, what to spend it on. As a result, a terrific amount was wasted. But the economy has really heated up, and of course then we ended up with all these huge buildings and various other things that were great to have but which are, you know, a problem for the time being.

NM: Those buildings are now empty now.

AR: Yeah, a lot of them are empty. But I think the strides in the 1970s were really amazing and quite a different oil business. In the early 1970s, the economics were getting pretty tough in the oil business, actually, because getting \$2.50 for oil was hard to find, and it was beginning to cost \$5 a barrel to find it. And you were going to get \$2 for it when you sold it. So it was hardly worth it at that rate. The gas prices were still pretty low and so you had to get a decent gas discovery and there wasn't a great market for it either. So it was pretty slim there for... in the early 70s. But once the price started to increase, then the whole thing took off again. Then all of a sudden, small fields became quite economic. Gas fields became very economic. So the cash shares of the companies started to go up and up and up.

[00:26:30] NM: After these 27 years with Charles Lee, what did you do?

AR: Well, see, Western Decalta was sold to the Mannix family.

NM: What were the reasons for that?

AR: Well, the reason was really that the control of Decalta had passed from... Central Mining became a subsidiary of Anglo American, through a company called Charter Consolidated, and therefore Decalta was now owned by part of the Anglo-American group. Well that was fine for a while, but then they switched it over so that the control really rested with Hudson Bay Mining & Smelting in Toronto. They controlled Hudson Bay Mining & Smelting also, but there was quite a difference because the fellow in Toronto really decided that they would expand the company and merge it. They were going to merge it with Francana and oh, I've forgotten the name of the other one – it doesn't really make any difference. But anyway, they were going to merge it with these two companies. The basis of merging was really not, in our opinion, favourable to the shareholder. So there was a great deal of discussion about it for about a year and a half. However, they were determined they were going to sell it or merge it or do something. So the net effect was that we talked to Brascan but that merger fell apart because they got too much accounting-wise, they were concerned about the effect on their bottom line rather than the effect of the assets they were getting. Anyway, the Mannix family came along and they wanted to buy something, and we concluded a deal with them really in about three days. It was a very quick deal. And I think they made a very good acquisition. I don't think there's any question about it.

NM: This is the end of the tape.

Tape 2 Side 1 only – 30:00

AR: So at any rate, as I say, in three days the deal was done. And Charles Lee was slightly beyond retirement age at that time. He determined that he really wanted to retire, which he did. The two French companies were not sure where Decalta was going anymore, so they decided that they would start up their own organizations in Calgary, and Charles Lee went over as president of PetroRep which was a subsidiary of PetroFrance. Art Patterson, who had been our vice president of exploration, went over to run Corexcal. I had indicated to the Mannix family that I would stay with the operation for a while, so I went over to work for them. They also had another company called Pembina Pipeline. Since Decalta was now a wholly-owned subsidiary of the Mannix's themselves, Pembina Pipeline was about 54% owned by the Mannix's. We couldn't manage Pembina Pipeline out of Western Decalta, even though Western Decalta was much larger and had much more staff. So we moved the staff from Western Decalta into Pembina Pipeline, and then managed the non-public company through its own staff and managed the private company with the staff of the public company. That way we were not about to have any criticism from the shareholders. Otherwise they would wonder why we didn't bill the management company properly in the operating company which we should have done. So Charles went to run PetroRep, and I stayed back and I was president of both Western Decalta and Pembina Pipeline, and reported directly to, at that particular time, it was Stan Waters who was president of Loram, which was the Mannix holding company. I stayed there about three years, I guess. Something in that order. At that point in time, when you run a company yourself, it is very difficult to come back to where you really aren't running the company. You may be running the day to day, but you're not running the policy. And I think it's fair enough, I mean, it was their money and I don't blame them. But that really wasn't what I had done, and that wasn't what I was paid to be doing. So we had a very amicable parting of the ways. I went on my own and they got other people to run the company.

NM: And then what did you do?

AR: Well, like everybody does when you don't have anything to do, I became a consultant. So I was a consultant although I really had not intended to be a consultant at any period of time. But you've got to do something, so I was called a consultant. I did a few little jobs for some people here and there. But when I left the Western Decalta Pembina Group...

NM: Which year was that?

AR: About 1979. I guess it was in June of 1979. The Pacific Lighting that had been one of our partners all along, they came to me and said, they'd like me to look after their operations in Canada for them so I could do that on a consulting basis, which I did, and I still am, the, I have the Power of Attorney on the Pacific Lighting interests in Canada, and I determine whether we are going to drill wells, or farm out land, or buy land or whatever. So I did that. Then in the next, I suppose, seven or eight months, I got together a group of people, of joint venture partners, and we formed a group of which Allaro Resources became a manager of this group of joint venture partners. So each one of these partners puts up so much money, and we spend the money for them. We make all the decisions for them. We have the regular couple of meeting a year at which we tell them what we're doing and what they put up the money and we look for oil and gas. So that's what we've been doing ever since. And it's turned out quite well.

NM: Where is the name Allaro coming from?

AR: Well, it's very difficult to get a name at this point in time. And we tried about forty names and we didn't have any success. So finally I talked to our lawyer and I said, well we've got to do something. And

he said, yeah but I don't know what to do now because we've tried everything we could think of. So I said, well look, why don't you try A-L-A-R-O-S? (Now that's pretty well my name.)

NM: So Alastair Ross Resources?

AR: Yes, exactly. So he put that in. He figured we would get that alright. Well anyway, the registrar companies came back and he said, Look, if you will take A-L-L-A-R-O, you can have it. So the lawyer said, what do you think?

NM: They wanted two LLs?

AR: Yeah, they wanted two LLs. I don't know why they did, but anyway they did. So I said, Sure, let's take it. So we took it. That's how we got it. Of course, very shortly after we got it, we realized that it was very close to Allarco, because that's A-L-L-A-R-C-O. The only difference was the C. However, the registrar didn't bother us, so we took what we got. That's where we got Allaro Resources.

NM: Mr. Ross, you are the Director of Acrofund Ltd. What is it?

AR: Yes. That's a mutual fund run out of Montreal, managed by a Calvin Bullock group, and they basically are investing in securities that are probably, we would call, growth securities, so they are relatively smaller companies that we would hope would have higher appreciation than some of the larger companies.

NM: And what is R. Angus Alberta Limited?

AR: Well, R. Angus Alberta Limited is the Caterpillar distributor for the province of Alberta, located in Edmonton. They sell Cats and tractors and scrapers, all the Caterpillar products, so that they're a retail dealer of Caterpillar.

NM: Commercial Union of Canada Holdings?

AR: Commercial Union is the second largest British insurance company, and that is a Canadian subsidiary and they are basically in the casualty insurance business and the life insurance business in Toronto. But they are across the whole country. It's a \$5-\$600,000,000 operation.

NM: And what is Indol Limited?

AR: Indol? Indol is a manufacturing company. It is a public company but it is controlled by RTZ in Britain, and this company has sales of about \$600,000,000 a year. They make aluminum doors and windows. They make [tape pauses] ...automobile business, they have an engineering subsidiary called DAF that makes what are called helicopter haul-down systems so that you can bring a helicopter down on to the rolling deck of a destroyer, that type of thing. They make aluminum extrusions of one kind or another.

NM: And what is Natwest Canada Limited?

AR: That is the Canadian National Westminster Bank of Canada and it is a wholly owned subsidiary of the National Westminster Bank of Britain, which is a very, very large bank. It's what is called a Schedule "B"

bank. They have established offices in about five Canadian cities. They will be a large bank in Canada one of these days.

NM: Phillips Petroleum Canada Limited?

AR: Phillips Petroleum Canada Limited is a wholly owned subsidiary of Phillips Petroleum from Bartlesville [Oklahoma]. And that company has all the holdings of Phillips in the Arctic islands. So they are in the oil and gas exploration business in the Arctic islands primarily.

NM: And you are a member of the Calgary Advisory Board of the Royal Trust Corporation of Canada?

AR: That's right.

NM: What do you do there?

AR: What do I do with that? Sometimes I wonder. No, I think that, uh... this is a Board that is made up of local business people that know the local scene. So Royal Trust has advisory boards in pretty well every major city in Canada. So if they are going to put a mortgage on a piece of property, they would generally phone up the advisory members and tell them where it is and how much it is and what they are planning to do. And hopefully if there is something that the advisory people don't like about the deal, or if they approve the deal, then they go ahead or they don't go ahead, as the case may be. The advisory people are supposed to also keep the company informed of what is going on in the marketplace, jobs that they think that the company would do well, and jobs that they think that they aren't doing well that they should improve with. So we have a monthly meeting and review all the mortgages and various trust situations over there and so on.

NM: But being the director of all these companies, do you have to travel a lot?

AR: I travel a lot now, yeah. I travel down east every two weeks, pretty well, and down to the States two or three times a year.

NM: You are the chairman of the Canadian Energy Research Institute?

AR: Yes, that's right.

[00:11:00] NM: Can you talk about this Canadian Energy Research Institute?

AR: Yeah. This was an institute that we set up about eight years ago. The reason we set it up was because anytime the Canadian Petroleum Industry was going to make a submission on economics to one level of the government or another level of government, we always had to go outside the country to hire economists, either New York or San Francisco or wherever, but not here. So Canadian economists didn't have that much training in oil and gas. The object was to be two things: one was to develop a capability in Canada to deal with energy economics; the second thing was to train economists in energy economics for the Canadian industry. So we financed it with the federal government putting up part of the money, the Alberta government putting up part of the money, and industry putting up part of the money. We then set up a Board of Directors which reflected those three funding bodies, and the University of Calgary. We established that at the University of Calgary. The University of Calgary, actually

their contribution was some free space up at the university, the use of the university accounting facilities and a computer and so on. Initially we started with those basic core funds, and we did various economic studies. More recently we have branched into doing quite a bit of contract studying as well. Ultimately, we will go the route of the Stanford Research Institute, for example, which was originally under the wing of Stanford but now is completely separate. And I think we will go that route where this will be ultimately a free-standing institute, funded completely by its contract work. I think that we now have about fourteen economists and are doing some, I believe, very exciting work.

NM: And you are also the Chairman of the Calgary Research & Development Authority.

AR: That's right. This is another authority that we've set up here in Calgary. The basic thrust of that deal is that oil and gas, over time, will decrease in importance in the province, and particularly in Calgary. So as they say, "What do you do for an encore when the oil is gone?" So I think that what we are looking at is trying to diversify the economy of the City of Calgary so it is not, in the future, as dependent upon oil and gas as it is currently. So we think that one of the best areas to do that is in the research area, developing new products so we can develop secondary industries here. We've got an eleven-hundred-acre research park on the northwest part of the city up near Spy Hill. We would hope to get a number of companies to develop this park with us. Modeled very much on the Stanford research park which started out at about, well it has about 880 acres, and it's taken about thirty years to get that park filled. But as a result of it, they've spun off the whole Silicon Valley down there. So if we can develop a lot of research capability and biotechnology and electronics...

NM: Which is really missing here.

AR: Oh sure. And a lot of it will be tied to the oil industry as well. Needs out of the oil industry, the seismic business, computers, heavy computers and so on. If we can do that, then I think we can diversify the economy. So I think it's a very exciting thing and it's coming along slowly, but it's coming along.

[00:15:08] NM: What are the projects for the next future?

AR: For the research park?

NM: Yes.

AR: Right at the moment we are working on a number of things. One is called the Canadian Long Base Array, and this is a series of telescopes across the... from Penticton through Lethbridge, Saskatchewan into Manitoba, and as far east as Newfoundland. And these telescopes will bring back images from space which will then go through the computers, and hopefully we will be able to improve our knowledge of astronomy and what's out there in space. But from the city's point of view, the fact that we will be using very large, handling a terrific amount of data through computers, means that we'll develop a much larger computing capacity in this area. The fact that we can resolve very faint images from space has very large application in the seismic arenas. Which means that the very weak reflections that we get from seismic, we can resolve those so that we can hopefully find newer hydrocarbon accumulations, one place or another. So that's one project.

Another project that I think probably will go even before that one, will be what we call either an incubator or a greenhouse or whatever, which is really getting a building which has a lot of facilities that

small high-tech companies need but which they can't afford. So you get them all together in one place and hopefully you develop some new products out of their research that they do. This is being done in a number of cities, and in some cases quite successfully. So that would be housed in what we call a multi-tenant building. In other words, we would have a lot of different tenants in the building, all doing research of one kind or another, interacting with the university, interacting with the business community here...

NM: So it's really a team work.

AR: Yeah. Yeah. And out of that hopefully you can get yourself on the forefront of some scientific endeavours. Therefore the city can expand in those areas.

NM: Very interesting. Very advanced.

AR: It is really very interesting, frankly. So I just hope we can get our funds successfully.

NM: You are also a member of the Economic Council of Canada.

AR: That's right.

NM: And what does this Economic Council of Canada do?

AR: Well, the Economic Council of Canada theoretically reports directly to the Prime Minister on economic matters. And once a year, they bring out what they call an annual review, in which case they look at the total Canadian economy and they point out where it is going and where it has been and the problems that they see with it. This review is read by all the economists in the country and the government. Hopefully it has some impact on policy considerations of both the federal and provincial governments. In addition, the council brings out special reports. They brought out a report on productivity and the problems with Canadian productivity and what could be done about improving it. They brought out reports on the healthcare situation in Canada, the problems with it, the improvements that need to be done, getting the costs under control and that type of thing. They brought out a report on Newfoundland to share the problems of Newfoundland and what can be done. Currently we are working on two subjects. One is an energy report which should be out this fall and which will deal with recommendations with regard to how energy ought to be handled in Canada. This is electrical energy, oil and gas, coal, biomass and so on. And the other one is called the Western Report, which is a report on the outlook for the western economies – Alberta, Saskatchewan, BC and Manitoba – for the next twenty years or so, and where their problems are and what needs to be done about them, and suggestions that we may have and so on. So it is an economic reporting body to inform not only the Prime Minister but to governments and to industry. And I think it does a lot of very good research. It has a sizeable budget so it employs a lot of research people in its own staff but also hires a lot of outside consultants to do special reports of one kind or another.

NM: You were the past president of the Calgary Chamber of Commerce, and that was in 1978, 1979. As an oil man, what do you think of this position?

AR: Of that position?

NM: Mmm.

AR: Well, I think that “as an oil man” (laughter) if you’re dealing with, strictly from an oil point of view, I suppose there are other things, you know, that probably are more effective for helping oil directly. But I think from a city point of view, and living here, this is where you make your living and this is where you should make some contribution back to the community which has been very, very good to you, I think that the Chamber can and does do a terrific job. I think that... There are two views of the chamber: one is that it is a lovely organization for business, and there is no question it has to be that. I think that if that’s all it does, then it’s got problems because it doesn’t have much credibility, any more than anybody who’s always grinding their own axe or trying to...

NM: Like a little club.

AR: Yeah. Well, but it's people who are self-seeking, really you know, who don't do too well in lots of ways. I think if the Chamber, if that's all they are is self-seeking for business, then I think they will be suspect and they won't have the credibility that they require. On the other hand, if the Chamber does a lot of community things as well, then it builds up its credibility, and I think it has a much stronger voice in the total community. It has a stronger voice in the Alberta government; it has a stronger voice with the federal government. I think that the Calgary Chamber has, in the last while, done a lot of very, very innovative things. All the trees going up and down 6th Avenue, which very frankly is just replacing trees that were there twenty years ago, you know, tends to beautify the city. I think it makes it a better place to live and really is a big help. Now this last year, the Chamber has formed a new association called the Calgary Economic Authority. This is a merging of the promotion activities of the city through what used to be known as the Business Development Office, with the promotion of the city by the Chamber. So you are getting Chamber experience, a lot of top-grade businessmen working with the city to improve the inflow of new industries, new businesses into the city and to search them out and to diversity the economy again, much as we did in the Calgary Research & Development Authority. From the oil business' point of view, the oil business can do a certain amount of effective lobbying on its own. But it's very suspect in government. The Chamber can actually lobby better for the oil business, in a lot of cases, than the oil business can itself. And the reason is because the membership of the Chamber are not just oil people. So consequently, if the farming people and the retail people and the financial people make up the Chamber, if they believe that the oil industry has a good case, they can present the case which is not as biased as an oil company making the case itself. So there will be times when the Chamber will not adopt a position that some oil companies want adopted because in their opinion it is not in the best interest of the country. And I think they have credibility which the oil companies themselves don't directly have.

I think really, over all, I enjoyed the Chamber work. I had a great time doing it. It gets you an awareness of the city, and you live in the city rather than just living around the city. It is great to work downtown and go home and play golf or go to the mountains and ski or go to the operas or whatever. But you don't really get involved in the city. When you are on the Chamber, you sure do. You get to learn... all the politicians, you get to know them all, but you also get to learn their problems. And their problems are different problems than the business problems. If you can't appreciate those problems, then, you know, you are at cross-purposes with the politicians. Then you can't understand why they do things, you don't understand that they need help in certain things. You know, it just doesn't work. So I think the Chamber work is very important, and it's not dominated by oil people by a long shot. I mean, there are relatively few oil people active in the Chamber. But they always have some.

NM: Why is that? Is it because they are so busy with different things?

AR: No. I think part of it is because the Chamber itself does not want to be dominated by oil people. I mean, they make a very determined effort to have some oil people, some manufacturing people, some agricultural people, all types of business because they've got to represent all parts of the business.

NM: When you were President in 1978, 1979, did any major events take place?

[00:25:33] AR: Well, I'm trying to think about... you forget. At that particular time, they were all "major." But when you look back on them, maybe they weren't so major. I guess at that particular time, we actually built and moved into the Commerce building. But while it happened during my year, and I suppose my name is on a plaque, the facts are that Norman Green, the prior president, was the one responsible for it. During my year, we spent a lot of time with the building, but as I say, and I suppose that you would say that that was a big thing, but in fact it was Norman who did it. Norman ran the thing and Norman did an absolutely first-class job. That's one of the best things that they've ever done in the Chamber. But in terms of... I think it was just a progression, one year to the next. One thing that you've got to do with the Chamber, you must have a high profile. You've got to talk to the newspaper people when they want to talk to you. If you don't do that, then you lose credibility in the community. I think there's no question during the year that I was there, we did a lot of work with the newspaper people. We had an extremely good rapport with them. I think we had relatively high profile in the city. I think that that is extremely important. We did a lot of other things, too, but I think that actually we got the Calgary Research & Development Authority pretty well started at that time. I guess, really, that we did.

NM: This is the end of the first interview with Al Ross.

Tape 3 Side 1 – 30:00

NM: This is the second interview with Mr. Al Ross. This is Nadine McKenzie speaking. Mr. Ross, you have been the past president of the Independent Petroleum Association of Canada. Can you talk about this association? What is it?

AR: What is it? Well, I thought you would know that, Nadine. Anyway.

NM: (laughter) I know what it is, but I want you to explain to us.

AR: It is an association, fundamentally, of small to medium-sized oil and gas producers in Canada. Fundamentally in western Canada. As contrasted with the Canadian Petroleum Association which represents, in many cases, the same companies, but also represents most of the large companies. So IPAC, in theory, has different concerns because of its members than the CPA might have. For example, years ago, we were dealing with a thing called the minimal allowances, outflow allowances. This was where the Conservation Board allowed any well in the province to produce, I've forgotten the number, twenty barrels a day, as a minimum. The larger wells produced on the basis of their reserves. Well, you know, that's fine if you have an interest in large fields, but most of the small companies had an interest in small fields. So therefore, in order to make a well economic, they had to have a minimal production of twenty or thirty barrels per day. So this was one great difference between the two associations.

NM: What is the story of this association?

AR: Well, the association was... I wouldn't absolutely guarantee the history of it, to be frank with you, but... It was founded, really, by a number of companies. I think probably spearheaded by Bob Brown, of Home Oil Company. At that time, it was Federated. But Bob was, I would think, would be fairly instrumental in wanting an organization like this to be formed. And he worked with Alec Bailey, with Becel??, and Charles Lee of Western Decalta, Jack Gallagher of Dome, and Charley Hay of Royalite at that particular time. The burning issue at that point in time really was the markets for Canadian crude because there was a lot of shut-in oil capacity and basically no markets at that point in time. The American markets were not opening up, and Canadian crude couldn't penetrate the Quebec market. So it really started as a move to broaden the markets for Canadian crude and, I think, resulted in... Well, actually one of the first things was the Berger Commission Hearings in 1958. This examined the whole marketing strategy and pricing strategy of Canadian oil and I guess was the first major hearing ever in that regard. As a result of that, they set up the Ottawa Valley Line which was an imaginary line going through more or less Ottawa, and markets to the west of that line were supposed to be reserved for Canadian crude; markets east could be supplied by foreign crude. By the time this thing was fairly well along, actually the markets in the United States started opening up anyway in Chicago. So we ultimately had enough markets for our Canadian crude in the United States anyway. The Quebec market became of less importance at that particular point in time. However, having IPAC having started in that mode, then represented the producers and many, many other issues. One of the issues, as I mentioned, was the minimal outflow allowances. There was a large hearing of the Conservation Board with regard to that issue.

Then there were a number of other issues that came up with regard to land, for example. The large companies held large blocks of land, basically held them for long periods of time. So the land was not available for small companies. So there was a lot of lobbying to the government to get the land tenure changed, the term shortened from 21 years down to ten years, ultimately to five years, and finally to split leases, where you had the deeper rights reverted back to the Crown. Other areas where the Independent Petroleum Association was active was with regard to drilling incentives. I think that they really promoted the idea of these incentives for exploratory wells. As a result of that, a great number of wells, particularly in the deep base, were drilled. The other areas that they worked on, not with very much success for a long time, were to get the principal business test applied to so that individuals and companies other than companies just in the oil industry could write off exploratory and development cost in the oil industry. As a result of this – we finally did, after sixteen years of working on the federal government – we finally got that done. Really, everybody was surprised by the amount of capital, Canadian capital that came into the oil industry. Had that been done when I, in fact, wanted it done, probably twenty odd years ago, then I think we wouldn't have had the great problem with the Canadian ownership that we had in the NEP because Canadians would have owned a large chunk of the reserves, which they would have found at relatively cheap costs and way before the major price increases of the 1970s. So I think that it would have been very beneficial to the country as a whole, but however, sometimes it takes a long time to convince the people in the government that those things make sense. They really were opposed to it to a great degree simply because the Americans had it and therefore they really didn't want to be seen copying the Americans, even though it had been very effective in the United States.

There are a number of other issues that IPAC worked on over the years, and I think they have been, I believe, really very effective with their representations to government. The big difference between IPAC and CPA has always been that each director of IPAC fundamentally headed a committee himself. While he had other people work on the committee, he was responsible for the committee. In CPA, the committee heads are not necessarily directors, and in most cases are not. I think you lose a little in the

translation when that happens. The other thing about IPAC is that regardless of the amount of annual dues that any company paid, they really to a great degree had about the same amount of voice in the organization. There were always small producers, medium-size producers, and larger producers represented on the board of IPAC. I think that that's still the situation today. The staff at IPAC was always small. They didn't have too much money, so the companies had to pay for their own time and their own research and so on. I think that, as a result, they got much more dedication into the briefs that they submitted. And of course, the fellows who were appearing on behalf of the brief that they submitted were people that were actually making decisions in the oil business and who had a stake in the oil business, rather than merely being an employee of some large company. So I think it did have an effect on the government people, too. They felt they were closer to the actual decision makers.

NM: As a president of IPAC, what were your activities?

[00:08:43] AR: Well, I guess the basic thing that you did as the president was to sit in on all the committee hearings pretty well or committee meetings, and it was your responsibility to appear before various government bodies on items that you felt were of importance to the association. It always seemed that every year there were a new set of fires to put out so you had to get out there and really work on some projects. Over the years, there has been more and more government intervention in the oil business, federal and provincial both. So there were always these problems of anticipating where the government was going and trying to educate them with regard to your point of view and hopefully get them to modify their position with regard to certain initiatives that they were taking. That really meant that you spent an awful lot of your time on building relations, talking to the various ministers and deputy ministers of both the federal and the provincial governments. So you spent about half your time working on IPAC business.

NM: Did you find that frustrating?

AR: No, I found it anything but frustrating. I think that really, it was amazing the impact that you could have on the government and that you could get policies changed and modified. I believe that it was extremely effective. I think without that interaction with government we could have had a lot worse petroleum laws to operate under than we have. Now, that may not be true in the latter years when we finally got the NEP and really nobody listened to anybody in the industry. But certainly the time that I was there, governments were very receptive. During that period of time, I was on the National Advisory Committee on Petroleum in the federal government, firstly under Joe (I can't remember his name, I should but I don't), anyway, and more recently under Don McDonald. Jack Austin was the first deputy minister and then Gordon McNabb was the deputy minister also under McDonald. I think that those meetings were extremely effective. The government, I don't say they did what we asked them to do, but at least they listened and they weighed their policies in relationship to the advice that they were getting. So I think that back at that time, the associations were effective. They were in dialogue with the government. More recently it has been tougher, but I think if you had not had the associations, I am sure that you would have had probably a lot more problems. Government has gotten to where they want to deal with the associations because they can't deal with two or three hundred individual companies. Of course most of the small companies would feel they had no voice anyway. So I think that the government... oh from time to time they get unhappy about things as Mark Lalonde did a couple of years ago. But by enlarge they basically listen to both associations. But I believe IPAC has a more effective voice because most of the companies are Canadian companies.

NM: How long were you the president for? Was it one year?

AR: One year. Just one year. That's enough, too!

NM: (laughter) What about the publications of IPAC? Does it have any publications?

AR: Oh yeah, they bring out kind of newsletters practically anytime there's anything of importance, but it seems to me at least it's once a month now anyway. Then you can generally get a copy of their submissions to the various government bodies, whether it's the National Energy Board of the Alberta government or the federal government, taxation committees and this type of thing. I think those publications are available. They are not widely distributed as an ordinary publication you might think of, but you can always get that material. And all members do get a copy of the material. So it is really a function of whether they want to read it or not.

(0:13:17) NM: You are also the past Campaign Chairman and Director of the United Way of Calgary. How did you become involved with that?

AR: I guess I got involved like everybody gets involved. Somebody that I knew came by and wanted me to contribute to the United fund when I was working in the company. And then the next thing that happened is that they asked me to canvas just a few people, and then I had to canvas all the oil executives, and the next thing that I was being asked to be the chairman of the drive for funds. So you seem to kind of work your way up over the years.

NM: You were also the past president of the Calgary Petroleum Club.

AR: Yes, you'll find a lot of fellows in the industry, they're all members of the Calgary Petroleum Club. So once a year they elect the Board, so I got on that Board and after about five or six years, I guess, I got to be president of it. It was really a very interesting situation. It had nothing to do with politics or economics or anything else. That's where all the oil people go, so what you are is a club that they would all feel at home at. So we did a few things. We had a few changes. I can't remember who did it – either I did it or Rob McDaniels did it. We changed the... prior to our coming in there, you could be a director on there forever if you wanted to be, I guess. But we put a limit on it. You couldn't be a director longer than six years unless you were the president or first vice president. I think that gave a greater turnover and I think that was important. Then I think the other change that we made was that if you were the past president, you didn't have to stand for election. You were automatically the ex-officio member of the Board, which really meant... In my particular year, I was the president, and then the next year I had to run to get elected to be the past president and then also stayed on the Board for two more years. It would have been much better if I had just been automatically an ex-officio member and hadn't stayed on the subsequent year. I think you want those things to turn over. But we had a lot of fun, and the club, of course, grew over the years. It's a very effective club, really, for oil people, because most of our people meet there.

NM: Mostly for business?

AR: Oh sure, it's pretty well all business. I mean, whether you're entertaining people at night or whether you're going to lunch there, I suppose that I'm no different than most people, but I eat there probably four days a week.

NM: And it's business.

AR: Oh sure, sure.

(0:16: 10) NM: Can you talk about the story of the Calgary Petroleum Club?

AR: Yeah. Mind you I'm no expert on it, but as I recall, probably back in about 1948, '49 I would guess, there used to be a lot of oil people who lived at the Palliser Hotel, and everything revolved around the Palliser Hotel at that particular time. All the oil people that came into town stayed there and all the meetings were always there, and so on. So they had a club up on the, I think it was on the eleventh floor, I'm not sure but I think it was the eleventh floor. At any rate, they had a club there, they formed a club there and all these oil people used to go there and meet them and have a drink and so on. Well then, they got together with the Renfrew Club, and the Renfrew Club had an office, I think it was about 6th Avenue here, between 2nd and 3rd, above an automobile parts company. They put these two clubs together and called it the Calgary Petroleum Club and built the building over on 5th Avenue there. Now I wouldn't guarantee that they didn't meet at the old Renfrew Club for a while before they got the Petroleum Club built. But after that, then it's been in that location for a long time. I'm not sure exactly how long, but you'll find the plaque of the original Board, and you'll find there are quite a number of non-oil people on that board. So I think they were the fellows who came from the Renfrew Club really.

NM: And then they were getting more and more members?

AR: Well, they got a lot more members by joining up with the oil group. Then they got many, many more members as the oil fraternity grew in this area. Ultimately, it got to the point, I think in my time, we had about a two-year waiting list to get into the Petroleum Club. When I joined the Petroleum Club, I think it cost \$50; I don't know what it costs now but I guess it's probably a couple of thousand dollars.

NM: What do you have to do to join the Calgary Petroleum Club now?

AR: Well, you have to just make an application, send in your money, and they'll put you on the waiting list and then, unless there's some real reason why you shouldn't get in there, I mean, for example, if you were a known criminal, then I guess you wouldn't get in. But other than that, it's pretty automatic. As long as you're sponsored by a couple of people in the oil business and you have a reason really for being there, it's... I mean, nobody would really want to join the club unless they were going to be in a senior position in the oil business.

NM: That's right, there'd be no use for them.

AR: There's no point in being there, no.

NM: Do some oil companies give automatic membership to their...

AR: Oh yeah. A lot do. They have corporate memberships, as they call them. That makes an awful lot of sense because if you have the manager of an oil company up here and he'd moved up from the States and then he leaves and goes back to the States and you move somebody up, either from the States or bring in somebody else, if you didn't have a corporate membership, then that fellow might have to wait a couple of years to get in to the Petroleum Club.

NM: It would be a waste of time.

AR: Well, he wouldn't be making the contacts that he should be making. So the corporate memberships are a very important part of the membership of the club. So there are both corporate memberships and personal memberships. I don't know what the breakdown is, but it is probably 50/50 or close to that, I suppose.

(0:20:10) NM: Mr. Ross, can you talk about the training of the oil people in your time and compare it to what it is nowadays?

AR: Well, I suppose, Nadine, when I first started in the oil business that there seemed to be a lot, for example for geologists, there seemed to be a lot more field work. They went into the mountains, looked at the rocks, examined the rocks, and worked in the field quite a bit more. And they did it after graduation, too. And the engineers, by enlarge, worked in the field an awful lot. Now, I don't suppose in a major oil company there's probably too much change, although there's some, because they put them on a training course, by enlarge, for a couple of years anyway and train them in various fields. Of course, it depends on one company vs. another company, each one has a different training program. I don't think the geologists do as much field work now as they used to do, at least that's certainly been my experience in visiting with them. But I think that when you get to the actual training, I would guess that the more recent graduates have had a lot more access to computers and a lot more log work than they used to have, because of course electric logs are now so sophisticated compared with the old logs that they had years ago...

NM: There's far more technology nowadays.

AR: Oh yeah, I think it is more technological now than it was then. And they rely upon the logs a lot more because there is a lot more information on them. I guess in terms of seismic, there's no question that the use of the computer has changed from the old paper log where you had probably a five-inch wide log from each 24 traces, I guess, and then you had to put them all together and work it all out that way. Well, you couldn't do that today. I mean, it's all so much changed that you'd have to have a much better conception of what a computer will do, the problems with it, and also the greater potential of the whole thing. So I think there's just... I agree with you that technology has really moved a long way, and probably they are better skilled in the technology. But that's an evolving situation anyway. The older geologists, engineers have picked up most of that anyway because just working in their business every day they are used to the new logs and so on. I would guess probably there's less emphasis, really, on looking at the rocks now than there used to be. And I'm not sure whether that's good or bad, but I would think you do lose something just using logs instead of using cores and using samples and soon. I am satisfied that in the big companies, of course, they do a lot of micropaleontology and this type of thing. They look at the rocks even perhaps more than they used to. But on average, I doubt if they do. The young geologists, young engineers that you get now are... they go through stages like everything else. Five or six years ago they didn't have any problems finding jobs. They expected to advance much more quickly than they did before, or than they do now. So I think that probably that group might have some problems with training. The more recent ones, they won't have any problems because they are really very anxious to get jobs.

NM: You were a witness to the ups and downs of the oil patch here in Calgary. What do you think of that?

AR: What I think really, Nadine, it's a very normal thing in the oil business because...

NM: It's a cycle, no?

AR: Yeah, you have cycles... What seems to happen is you make a discovery and then everybody copies what you did to make the discovery. It may be a seismic discovery like Leduc was. Well then everybody learns how to do that seismic and they learn what to look for and so they're all busy looking for the same thing. So as a result, you have quite a number of follow-up discoveries relatively quickly. Then, of course, when that technique doesn't work anymore, then there's a lull, and that gives you one of your cycles. Then somebody will discover another pool and it might be a Mississippian pool, and when you run a pinch-out play for a long time and you make a whole bunch of them because you are playing right along the pinch-out of the Mississippian, and that goes along for a while. Then you can switch over to another cycle like the Swan Hill cycle where you were using a completely different technique. Then the Rainbow cycle was another cycle in seismic which was a different technique again. So it's always been that way. You drill all the obvious anomalies first, then you start drilling more subtle ones and more subtle ones and more subtle ones and more subtle ones. Generally, it seems, most of your discoveries are smaller in size, harder to find, and so you have somewhat extended cycle periods, really, between these things. Now sometimes you get a reinforcing of cycles that you develop new seismic techniques which are useful in many different ways. They show you up reservoirs that you hadn't seen before, so when you have a new technique like they had in this ??? technique, well then you were finding colony gas sands and oil sands and basal cretaceous oil and gas sands, and then the use of that type of technique led into Nisku discoveries and Mississippian discoveries and soon. And a lot of other cretaceous discoveries, a great deal of which may be very doubtful that the seismic really was definitive when you started with it. But when you found something, then you could figure out what happened. So it's a constant cycle problem. You have a cycle... on top of that cycle you have a situation at the moment where you can't sell gas. So that gives not a geological cycle, but it gives a market cycle which affects the exploration tempo completely as well. So we had that back again, of course, when we were trying to expand markets for oil. I mean, there was a slowdown then because there were no markets. Well then, when we got the markets, then it speeded up again. So you have different cycles reinforcing or dampening other cycles. But I think the business is always cycles.

NM: This is the end of the tape.

Tape 3 Side 2 – 25 minutes

NM: Mr. Ross, what do you think of the National Energy Program?

AR: Well, Nadine, I guess that, you know you can get any kind of opinion you want on the National Energy Program. But basically, I don't think anybody can find any fault with the objectives of the National Energy Program because really they will increase Canadian self-sufficiency which everybody wants. I mean, increase Canadian ownership which, as I've said to you earlier, we were trying to do that twenty years ago, with allowing everybody to write off the exploratory and development costs. So that's a normal thing, normal in any country. And then a fair revenue share, that's pretty normal, too. I mean, we were always discussing with Government how much of the dollar we needed and how much they needed, so those are very normal things. So we have no problem, as far as I'm concerned, with the objectives. I think the objectives are very straightforward and very plausible. It becomes a problem of when you implement them and how you implement them. I think it's pretty obvious that the National Energy Program was founded on a deal made by two governments, neither one of whom really understood the oil business and so they were so myopic with regard to perpetually increasing prices, that prices were going up forever that they were just intent upon solving many other problems in

Canada rather than just oil and gas with all the money that they were going to get from the oil and gas industry. So under their scenarios, which would be that there was tons of money to go around and it was just going to be an unbelievable bonanza for everybody, I suppose you could make a case that they were leaving a reasonable amount for the oil companies. But of course, their basic assumptions were all wrong. Now, had they consulted with the companies, I am sure that they could have achieved the objectives of the NEP...

NM: It was a lack of communication?

AR: Yeah, well it was more than lack of communication. It was a confrontation problem.

NM: And lack of knowledge, too.

AR: A lack of knowledge and confrontation. You know, they were going to have their way, period. And to hell with everybody else. That was really their attitudes. So it got to the point where they hardly even talked to each other, let alone anybody else. So they were so determined that they were going to get their share, and at minimum their share, that they really could care less what happened to anybody else. The next effect was, of course, that that's exactly what happened. They overstepped the bounds so far that they discouraged the industry completely. Of course, it couldn't have happened at a worse time when they had a downturn in the world economies in general. So you had a less...

NM: The timing was wrong.

AR: The timing was horrible. There got to be less demand for oil and gas, and because of the weak economies in the world, and then the fact that so much money was being spent on oil and gas in a weak economy caused a terrific amount of conservation. So you had a weak economy, and conservation, conservation forced on by price increases to a great degree, so that the whole thing came apart. Then the very nationalistic appearance of the NEP discouraged people that would normally put capital in anyway, so you had that effect. Then you had the other effect, of course, the dome effect where they thought they had some kind of mandate from government to go and make fantastic purchases at unrealistic prices. I think the banks really expected the government to bail them out anyway if something went wrong. So it was a very false situation that was created, and I think completely unnecessary. I'm not arguing that you're going to have to negotiate pretty hard, but if you have all the people in the room negotiating, you probably will end up with something that everybody can live with. But the NEP, it obviously had to be changed. The Alberta government, you know, gave ??? back 5.4 billion dollars, the federal government a couple of billion dollars, and they've still been making changes ever since. And they will continue to make changes. So it wasn't a terribly successful policy, really. I think, you know, it's not all from hindsight. I think you could have seen it right from the start. In fact I know that I, myself, felt that once I read the paper, I could hardly believe that they were really going to go on that kind of a route, and when they did, it was obvious that, sure, the price was going up like mad, but the oil industry wasn't getting anything, it was mostly going to, practically all going to governments. So we were being blamed for it all, but the governments were taking the money. So I think it was a poor policy overall, or badly implemented, let me put it that way.

[00:05:25] NM: How do you foresee the future of the oil patch?

AR: Oh, I think it's going to change, which it always has changed, so I don't think there's anything new about that. I think that provided that there are reasonable price increases in the future, which I expect that there will be, then I think that we will find a lot more oil in the province here, really. In terms of gas, once the American market opens up, which I am sure it will do that within five years anyway, and perhaps less, then I think you'll see exploration pick up because I think there's a lot of potential gas around. So I think that the mature western basin will yield a lot more oil and gas. Now sure, it's not going to be at the big amounts that it was in the past. But when you're getting ten times or twenty times as much money per barrel or MCF as you were before, you don't have to have as large discoveries. I think that the industry will continue on, perhaps with more technical work being done because now you've got to make small wells produce. A well making five barrels a day, getting \$40 a barrel, is the same as it used to be at \$100 a day at \$2/barrel. But it takes more engineering work and it takes more supervision. So I think that you will see growth of service companies in that regard, growth of small oil companies who can pay attention to little wells. The majors will probably not be as active as they were in the early 1960s and '70s, particularly the 1960s with regard to looking for new reserves. I think they'll switch more into the heavy oils, more into the tar sands, the frontiers. They've been to the frontiers and they're coming back, but they'll probably go back there again for a while. But I think heavy oils will develop a lot, and upgraders and this kind of stuff. So the province isn't going to take the same amount of money out of the oil business as it has in the past because when you get into tar sands and soon, there plain isn't that much profit. So we're going to see different kinds of taxation out of the people of the province and so on.

But I think the oil industry will... It's going to grow at a slower speed than it has by a darn sight. But I think we'll still see, you know, activity and quite a bit of activity. I'm not too discouraged with regard to the oil industry. It's not going to stop tomorrow morning, I'll tell you. Twenty years from now we'll be amazed how much is being done. And I think a typical illustration is an oil field we used to work with, was Turner Valley. I would say twenty years ago most people thought Turner Valley was pretty well all over, and I would guess right now that Turner Valley is producing more oil than it was twenty years ago. So sure, it's not as profitable on a per barrel basis, as a percentage of the price, but in terms of dollars, it's more profitable because you're now getting \$30/barrel and maybe your costs are \$20 I would expect, probably, so you're maybe making \$8 and \$10/barrel. But twenty years ago you were probably getting \$3 or \$4/barrel and you were making maybe a dollar a barrel. Well, mind you I know inflation's coming in on all those things, but still, here it is twenty years later, and we're producing more oil. Now it's going to be true in the oil fields like Nipisi and Mitsu and Swan Hills and so on, they will produce a lot of future oil, granted more costly, more engineering-wise, more technically intensive work will have to go into it. But it's going to be a darn sight cheaper than buying foreign crude, I'll tell you.

[00:09:29] NM: Let's go back to your career. Who was the most influential person? Was it one person or several?

AR: Well, I've been involved with so many people, it's hard to get the one "most" really. Probably, I guess my father had more to do with influencing me than a lot of people might have had. He was always very interested in economics and politics. So I guess I developed an interest in both of those areas. So a lot of things that I've done have been involved with politics of one kind or another. When I was president of IPAC, we dealt with the governments all the time. And the Chamber, we dealt with the governments. And the Research Authority, we dealt with the governments...

NM: So your father gave you a good training.

AR: Well, I used to have to listen to all the political speeches. Every time there was a political speech, I had to listen to them all, so after a while you get to the point where you are involved. And at home, that's what we heard all the time we listened to anything. So I think that there's a big influence there, frankly. My mother, interestingly enough, was the reason I went to Harvard Business School. I didn't think I could afford to go, and she told me I couldn't afford *not* to go. We really couldn't afford to go there at that time, but somehow or another we got enough money together to go ahead and do it. And I doubt if I would have done it without her pushing. So I think, those are two big influences on my life, without any question.

In terms of people not in the family, I think really that Charles Lee unquestionably had a big influence in my career because, as I indicated to you earlier, he is an absolutely first-class fellow, terribly honest, very responsible in every way. So when it comes to dealing and making a deal and this type of thing, he was just a better approach. And there's no question that that's a big influence on how you approach the business yourself. I'm sure we lost some deals because we weren't willing to turn a few corners, but it's important that you don't do it. I think when you're in an atmosphere where there's no question that there's no way you could do it, I mean, that reinforces what your own beliefs are anyway. I think that that's probably one of the most important things that I did with him. The other thing is, of course, he had a great belief that you don't just take out of a community without giving back to the community. My father felt the same way. So I think perhaps this is one of the reasons that I've spent a fair amount of my time really in the community. You don't do it for a reward; the only reward is the reward you personally [get from] the satisfaction you get knowing you have put back something into the community. I think that came from both of them, really. There have been other people that have influenced me one way or another. But I think that perhaps those two are probably the most influential, really, in my approach to business.

(0:13:16) NM: What were your most exciting experiences in your career?

AR: Oh I guess really, probably Nadine, one of the most exciting ones was when I was building a hydroelectric dam in Newfoundland. We were going to save a little money so we went... We had to get some stuff away from some stop logs in order to take the stop logs out and let the water go through. So rather than hire a diver, we went and we rented a diving suit. And I had never been in a diving suit in my life. So anyway, I went down in the water with a big suit on with this big bell and all the???

NM: It was the first time?

AR: First time in my life. And he was pumping the air down to me, of course, and I was way under the water clearing out these logs. The air wasn't coming fast enough so that was fairly exciting, I'll tell you. So we had a lot of fun at that time. And it worked. And we got it done. But by the time they haul you out on the ground and, you know, you can hardly breathe, that's a fairly exciting time. I think that was probably one of the most exciting times that I can remember.

Another very interesting time was when I was in Salvador. We were building a steam plant. I think I told you I had never seen a steam plant in my life before. I couldn't even read the drawings, I didn't know what they meant, really. But I was in charge of building it, so...

NM: You managed.

AR: Well yeah. And we were pouring concrete foundations for the power house. Trees or lumber was in very short supply, or was at that time in Salvador, so we had metal plates that you could put down and hold the... as a form on one side. The dirt was the form on the other side. We had some oil pipe that we stuck in the ground and put behind these steel forms and put ropes on the top of them. So then we started pouring the concrete. Of course I hadn't been out of university very long. We got about two thirds of the way up and the thing started to go apart. It was stuck in the ground nicely, but the upper part wasn't that well. So we had to rush around and get some cables and then pull the pipes back into the vertical position again. It was a little touchy for a while there until we got that done. But everything worked out alright.

Those were areas outside the oil industry. I guess probably in the oil industry, one of the most exciting times that we had was... we didn't have much money and we bought a lease out at Jorcam, and then we drilled the first well on it. So Charles Lee and I were out there all night, waiting for the core to come in so we could see whether we had a well or didn't have a well because it really meant an awful lot to us. Fortunately, we got a well, so we were quite happy with the whole thing. But that was really rather an interesting time. It wasn't exciting from the point of view of a well blowing out, but I'll tell you it was exciting to us. There have been a lot of other incidents, of course, as you go through. Most of them seemed to turn on ultimately. The first Mitsu bid, as I told you, we spent all night on that bid, and the first well we drilled was fundamentally a dry hole. It didn't look like we were so smart. It turned out all right, though.

[00:17:22] NM: What do you consider your achievements?

AR: Oh I don't suppose really, Nadine, I haven't really achieved that much when you really get down to it. I've been involved in a lot of things and a lot of the jury's out on a lot of the achievements, I guess. I think one thing, though, Charles Lee and I built a first-class company out of Western Decalta. We started with practically nothing and we didn't have any fantastic luck, and we just built it, conservatively built it, and over time we made a good company out of it. I think really when I was with IPAC, I think we achieved a certain amount as we went along that year and just added to the total growth of the organization. I would hope that the Calgary Research & Development will be an achievement, but it isn't at the moment. I think it is a very good idea, but whether it will be there, who knows? I think you just build, piece by piece, Nadine. There's been nothing that's fantastically successful in a short period of time. Over time, things have grown but there's been no overnight great success.

NM: Looking back at your career, is there anything you would do differently?

AR: I guess... I've thought about it, Nadine, from time to time. I suppose really that if you were to look back, you might say that probably I would have changed the ownership of Western Decalta somehow and diversified it much broader so that the company in effect wasn't absorbed the way it was. I think we could have perhaps done that with a broadening of ownership. I guess I would like to have seen that happen because we had really a first-class organization which all broke up and went some other place. That would be about the only thing. I've enjoyed everything I've done. Things have worked out well over all, so I really have no regrets there. I like living in this area. I'd rather live here than any place I can think of. You know, you often wonder should I have taken law, or should I have taken something else? But really, I basically like business and that's what I'm doing and that's what I've done. So, no, I'm fairly happy with the way things have turned out.

NM: Do you have any plans for retirement?

AR: No, I don't think, Nadine, in the way of plans because I really don't have many interests that aren't tied in with business someplace or other. I may be on lots of Boards and I'm involved in a lot of community things and so on, but there really is not reading for reading's sake, or music or art or stuff. I have very little knowledge of those things, and I guess I only have a passing interest, too. Really I'm interested in the activities that are doing something and accomplishing something. I think I find it exciting to build things and to find oil and build companies and build on ideas. So, I don't know. I really never thought about just plain doing nothing, or gardening or something. I guess my wife would just as soon I don't, too.

[00:21:20] NM: And here is the last question. On the whole, what do you think of the oil patch?

AR: Oh, I think the oil patch is great. I think really, Nadine, it's a very tightly knit group that have a lot of fun together. The things like the Oilmen's Golf Tournament are really a superb type of situation. And I don't think it could have kept going for 34 years if there weren't... A lot of people think it's a social deal, and it is a social deal. But it's a social deal where you really get to know a lot of oil people, all over the country, and you exchange ideas and you get to know them well. They become life-long friends. I think that that's typical of the oil business.

NM: Like a big family.

AR: It's like a big family, yeah, and in Calgary here, you know, the oil people all know each other and deals are easy to do. You don't have to have a ton of paper. You know what you've said and they know what you've said. If you can't trust them, you don't deal with them again. But most people, you know, you can do a deal with practically very, very little written down. You don't have a bunch of fights, normally. I mean, sometimes you do and there's certain companies you do. But by and large, oil people are very easy to deal with, very straightforward, and they're just a lot of fun. I think it's a great profession, personally. I've enjoyed it.

NM: Mr. Ross, I have enjoyed very much interviewing you. Thank you very much.

AR: Thank you, Nadine.

End of interview