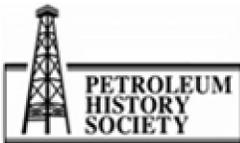




ROBERT W. ROSEN

ROBERT W. ROSEN WAS BORN ON THE 21ST JUNE, 1943, IN FLIN FLON, MANITOBA WHERE HIS PARENTS ZITA AND JACK ROSEN HAD SETTLED AS ANTI-SEMITISM SWEEPED ACROSS EUROPE IN THE 1930S. THE ROSENS STARTED A HARDWARE BUSINESS AND ALSO ESTABLISHED SOME SAWMILLS. IN 1949, THEY MOVED TO EDMONTON AND SET UP CITY LUMBER AND MILLWORK. ROSEN ATTENDED THE UNIVERSITY OF ALBERTA AND OBTAINED A BA DEGREE WITH HISTORY AND POLITICAL SCIENCE MAJORS. HE JOINED CITY LUMBER AND SAW OPPORTUNITIES FOR FURTHER DEVELOPMENT. AROUND 1974, ROSEN MET TOM HOKE, A SENIOR PROCUREMENT MANAGER FOR BECHTEL, AND WAS SUCCESSFUL IN OBTAINING A CONTRACT TO SUPPLY LUMBER FOR THE CONSTRUCTION OF THE ORIGINAL SYNCRUDE PLANT. HE WOULD USE PARTNERSHIPS TO ASSIST OTHER COMPANIES TO OBTAIN WORK IN THE OIL SANDS AND MANY ALBERTA COMPANIES BEGAN TO PROSPER. IN THE 1980S, ROSEN BECAME INVOLVED WITH THE CITY OF EDMONTON ECONOMIC AUTHORITY ULTIMATELY BECOMING THE CHAIRMAN IN 1989. HE WAS ALSO INVITED TO SERVE ON THE ALBERTA ECONOMIC DEVELOPMENT AUTHORITY THAT WAS LOOKING AT WAYS TO KICK-START THE ECONOMY. AMONG THE FIRST INITIATIVES WAS AN AGREEMENT TO HARVEST TIMBER IN NORTHERN ALBERTA PASSED IN 1989. UNDER THE LEADERSHIP OF A NUMBER OF LEADING EDMONTONIANS INCLUDING ROSEN, AND THE SUPPORT OF PREMIER DON GETTY, ALBERTA-PACIFIC FOREST INDUSTRIES LTD (AL-PAC) GOT THE CONTRACT IN 1991 AND BEGAN OPERATIONS IN 1993. A PART OF THE AGREEMENT INVOLVED THE EMPLOYMENT OF ABORIGINAL PEOPLE, A CAUSE THAT ROSEN HAS CHAMPIONED. ROSEN MET ERIC NEWELL AROUND 1989 AND BECAME PART OF THE STRATEGY THAT RESULTED IN THE NEW FEDERAL TAXATION REGIME CHAMPIONED BY THE HON. ANNE MCLELLAN, MINISTER OF NATURAL RESOURCES, AND PROVINCIAL GENERIC ROYALTY REGIME FOR THE OIL SANDS.



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CITY LUMBER CONTINUES TO MEET THE SPECIALIZED LUMBER NEEDS OF OIL SANDS OPERATORS. ROSEN ALSO DOES SOME INTERNATIONAL WORK FOR WORLEY PARSONS (FORMERLY COLT ENGINEERING).

Date and place of birth (if available): June 21st, 1943, Flin Flon, Manitoba

Date and place of interview: February 28th, 2013; Robert Rosen's Boardroom at City Lumber and Millwork

Name of interviewer: Adriana A. Davies, CM, PhD

Name of videographer: Jimmy Bustos

Full names (spelled out) of all others present: N/A

Consent form signed: Yes

Transcript reviewed by subject: Yes

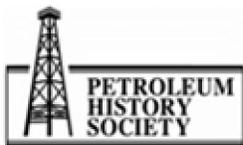
Interview Duration: 1 hour, 33 minutes

Initials of Interviewer: AD

Last name of subject: ROSEN

AD: It's 1:45 p.m. on the 28th of February and I'm in Robert Rosen's boardroom. Robert, thank you so much for agreeing to be interviewed for the Petroleum History Society Oil Sands Oral History Project. You bring a unique perspective to this oral history project. I'll begin by asking you when you were born and where. And, then, to give me a summary biography and then we'll ask specific questions relating to your involvement in the oil sands.

ROSEN: First of all, I consider it an honour to be interviewed. I'd like to thank you for the investment you have made in the people [of the oil sands], because I think we are talking about what has been a very major dynamic shift in the history of Canada, particularly in Western Canada, and of course in Alberta. I was born in 1943 in Flin Flon, Manitoba. My father was born in Russia and my mother actually in Prince Albert, and she knew people like John Diefenbaker and Mackenzie King. I



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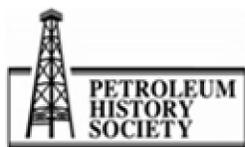
have two older sisters.

My parents chose to start a small lumber hardware operation during the Depression. My parents did this in 1937 and I was born in Flin Flon in 1943. They decided to leave Flin Flon because we are Jewish and they wanted us to get a better education; both as Canadians but also as Jewish people as well. They looked at Winnipeg - my mother chose not to move to Winnipeg. She wanted to move to Vancouver. My father had a very small operation of milling and he said the trees were too big in British Columbia. My mother was very upset about that. However, they looked at the first oil findings in 1949 and they chose Edmonton. And that has been my home ever since.

My education was at the University of Alberta and I was very fortunate to receive every leadership award, and to be involved in changing a lot of the values and systems that affect women and men at that university. [This was] with a woman by the name of Dean Sparling, I think some people remember her as an outstanding Dean of Women. I learned a lot from her. My family started a very small lumber operation at 170th Street and Stony Plain Road, which is today the home of Superstore. But, at that time, it was an area that was highly isolated and really a piece of property that nobody wanted. I spent a good part of my teenage years working with my mother and my father and my sisters in order that everybody could have a good living, and we all worked very hard together in order to support each other through school.

I did go on to university and it was only by coincidence that in 1970 I ended up working with my parents in the lumber business. Only by coincidence, because it was just too hard work at that time, in the sense that it was such a small company, and here I was a graduate with all these awards and degrees. However, the long and the short of it is I was very fortunate to be involved with the original oil sands project. I happened to be aware that the Bechtel Corporation had been awarded this contract and nobody had ever dealt in such giant projects before. So, I chose to have a meeting with them and I was very fortunate to persuade them, which is the basis of the way I run City Lumber. I wouldn't say run it. The way we operated was that we brought more than selling the material - that I would share with them the ability to utilize different types of materials that would be economical, in the best interest of the project. Therefore, it was not a price basis, it was more of sharing.

It was a great opportunity to work with really intelligent people from around the world. And, it really laid the basis for City Lumber to be a Western Canadian company dealing with not only oil sands projects, [but also] bridges, overpasses, interchanges. And, I'd like to also add the values my



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parents also believed in were to be inclusive. And, if you're fortunate enough to include those who aren't as fortunate, then I'm proud to say within my company we integrate with dignity mentally handicapped, physically handicapped, inner-city people. And, we make a concerted effort to bring in Aboriginal people as well. And, everyone is treated with absolute dignity at all times and these are the values that my family believes in. I believe this is the fundamental of why City Lumber is in their 75th year. All the companies in the business that I'm in that started no longer exist; they disappeared. I think it's about our social awareness. It was not about making money or profit. So those are my starting points.

AD: Excellent. I'd like to take you back. So, how did you find out about Bechtel's work and what was it that City Lumber contributed at that point?

ROSEN: It was a complicated project and, of course, no one had seen a project this large before; none of us really truly understood it. In the 70's, this was really very much just a rural region, basically farming, agriculture, some forestry. But, there really were not a large number of major industries; there was some oil and gas by this time, but nothing in the mining side. Drilling was one thing, a well could cost 8, 10, 20 million dollars, but now we're into a billion dollar project. So, it really was quite overwhelming. Many of the companies who are successful today, whether it be Colt which will now become Worley Parsons Engineering, PCL, any of the large companies, Graham; none of us had every dealt with anything in the magnitude of what was to come down the line.

From our point of view, it was a matter of there was an opportunity and I thought let's see what can be made available for our lumber company. At the time, we had this modest lumber company in the Edmonton region at that point. But, it was again about listening to the customer; it's all about the customer and those rules have never changed in our company. It's not about the company, it is about the customer and what are their needs.

As you may recall, originally when the project got started, Bechtel was awarded it. We were awarded a contract for a substantial amount of building materials. I committed the entire assets of my company to buy this material and, of course, the project nearly came to an end. And, of that would have been quite devastating for my family because I pretty well put everything on the line to support a project of this magnitude. But, in the end, it turned around and we were able to build. They developed a whole number of added value areas for us. Particularly, in areas like small buildings and building these giant crane maps which today we are probably the largest probably in Canada in building these materials. They're all done with local people, local content and again we're very proud



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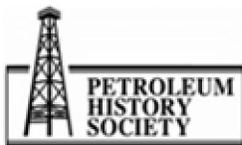
that we've reinvested in universities, museums and hospitals as the journey [went on]. But the original journey, we were very small. We had hardly enough money to cover our overheads and I often did the work of many people in order just to keep the operations going at that time. My parents were pretty well close to retirement at that point.

AD: So, thinking of the Great Canadian Oil Sands, GCOS, later Suncor plant, your building materials were used for?

ROSEN: They were actually a variety of things because nobody understood the needs of these plants. Even the people of the plants never understood them. So, they were looking to buy things they didn't even understand. Again, one of the strengths of the company has been to ask the customer what is the end use and to make sure what they got was economic as well as reflected their needs. So often, we'd be requested for very expensive products. As an example, things like scaffold plank; they would order up clear 2 x 12's. A piece of clear 2 x 12 could be worth \$100 each, and they would order a thousand of them and just issue a purchase order. We'd go back to the buyers and say, "We don't think you need this. We think you need some material of a certain grade for maybe a third of the price." And, that really became the basis of our partnerships and relationships; this was to listen to the customer and offer them alternative products.

One has to bear in mind that many companies, like ourselves in the 70s, believed this was the beginning of a very long and exciting treasure chest of opportunities. Many of us invested in new infrastructure, buildings, people as well as quality of life. Then came the early 80s and everything else collapsed. Many fine companies and many fine men and women saw their lives destroyed because of the collapse, and not because they didn't work hard. But, a market that seemed to be there disappeared. This was heartbreaking as I saw many companies go bankrupt, many fine people lose everything including their marriages and their homes. We were fortunate that we survived, but only through our willingness to live on almost nothing for a number of years to keep our companies alive. It was a very painful time from the 70s going through to the 80s. And, probably, almost up to 2003 before it was really a rebirth here. Because, oil up until 2003 was only about \$30 or \$40 a barrel and then the changes came. So, we lost a lot of very fine men and women and companies in Alberta, through what became a very difficult time following the original construction of the Syncrude organization.

AD: So, basically you went through a ten year period of relative boom? Then comes the economic downturn of 1981? Very little money was being made in the oil sands?



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ROSEN: Oil was only about \$10.00 a barrel and, in the late 70s, early 80s when the situation was determined that there would be no longer development. That's the history between Lougheed and Trudeau and the National Energy Board. The nationalization of the oil and gas industry and the banks also withdrew entirely from Western Canada. I can remember going to see the banks in the early 80s, who two years before thought I was a hero and said, "You know Mr. Rosen, we now wish to call every loan you've had. The interest rates are now 20% and we give you 30 days to cover these loans otherwise we will not hesitate to put you into bankruptcy."

A lot of people just couldn't take the stress. We were fortunate that my parents stood by me and it meant everything they had saved was put on the line as well. Actually, the building we're in today we built in anticipation of growth and opportunity. And, a number of times we nearly lost that as the banks put exceedingly great pressure on us and everyone in the area. Many companies were lucky to survive and, of course, many did not survive. It was a very stressful time for all of us and, again, today we all are seeing wonderful opportunities. But, the 80s were painful; very, very painful at that time.

AD: Now, you persevered and I think that it was a combination of the upbringing you had and your parents' moral and ethical values. But, also at university you studied philosophy, so...

ROSEN: My degrees are not in business. I never took a business course in my life. My degrees were in anthropology, the history of political thought and history itself. But, I never took a course in economics or business. It drove the banks crazy because what they called business plans were not the way I saw the world. And so, that was a very difficult time for me. But, we did persevere.

AD: Now, you did something interesting at that point. Well, two things that I'd like you to talk about. I think that you did make some representations to the federal government and took part in some hearings around...

ROSEN: Well, I was very, very fortunate to get to know people like Eric Newell and Jim Carter and Anne McLellan. Really, I think as history is written, Jim Carter and Eric Newell will really be seen as the great champions normally of the oil sands, but also of what I call the supply chain system. Because, what they made a considered effort to do was not to grind the last penny out of everybody. They worked really hard with Aboriginals and probably began the case study for all of Canada in the way they integrated them with dignity. Aboriginal peoples, men and women; I might add there, also inclusion of women at absolute equal level.



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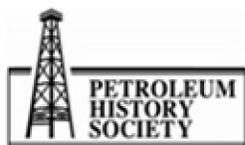


But, what they also did is they reached out to many companies in Alberta and in Western Canada and helped them understand how to be a part of this great opportunity. Now, the complexity of that was that these people who were Canadians and wanted to build, again, a supply chain which meant the future for children and grandchildren on an added value basis, would be there. As national companies are now moving in, and I'll reflect on the purchase of Nexen later, the supply chain concept is deeply threatened now, in my opinion, in Alberta and Canada. But, people like him [Jim Carter] and Eric educated and helped a lot of companies who were willing to learn how to be a part of it. Many of those companies, including ourselves, now span Western Canada; many of them span North America; and some of them of course are today worldwide. But, had we not had that quality of men and women in the oil sands, the companies today out of Alberta that are globally successful, would not have accomplished that situation. This is a fundamental point that shouldn't be neglected.

AD: Now, you also did some interesting things. You decided, I gather in the early 80s (you'll give me the right date) that you were going to involve yourself with economic development in Edmonton and a provincial advisory group that was looking at economic development. Do you want to talk about that?

ROSEN: I do. And, I do want to touch on one other point that is very important. Anne McLellan who was the Associate Dean of Law at the University of Alberta, hardly known by most of us, and as you know, I think she's been the one Liberal federally elected [in Edmonton]. Anne was able to identify for many of us that she could bring something unique if we could support her. It was a complex issue but, the long and the short of it is I would put her right up there with Jim and Eric. Anne was a superstar in her ability to get the rest of Canada, particularly the Government of Canada, Jean Chretien and Paul Martin to understand that the royalty changes were good for Canada. They weren't only good for Alberta. Her skilled subtlety and comprehension, which of course became part of the oil sands strategy along with people like D'Arcy Levesque who today is with Enbridge, a very talented man who helped put together the strategy for this plan working for Syncrude, and Guy Boutilier, then the mayor for Fort McMurray.

There was a very unique coming together and understanding of why this was a treasure not just for Alberta, but for Canada. Again, I would like to underline the efforts of Anne McLellan, because clearly she proved this to Canada, and became a superstar in her own right. So, it would have been remiss of me to leave her out. What happened in the late 80s was the economy of Alberta was going through great difficulty. The oil and gas industry was in great trouble and somebody offered me the opportunity to be the Chairman of the City of Edmonton's Economic Development Authority. A



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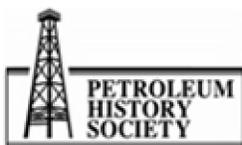
job, an opportunity, that nobody else really wanted, to be honest. But, I believed if you don't get involved, you can't make things happen, and I happened to have gotten to know Mr. Ralph Klein who was the mayor of Calgary, as I represented the City of Edmonton travelling around the world. Selling to the Edmonton region or communicating to the Edmonton region. Though Ralph Klein and I didn't get along (we were competing), he did have a very unique personality for getting along well with people.

I do want to share with you that I think that Ralph Klein is one of the great premiers of Alberta and Canada. Anybody who is perfect may walk on water. But, to the credit of Premier Klein, I worked with him first on the Aboriginal side and on the environmental side relating to forestry when he was the Minister of Environment. Initially, he was from Southern Alberta; there are no trees in Southern Alberta. But, we were able to work with him and Premier Don Getty. And, we did build a forestry industry in Alberta that created many jobs, particularly, in Northern Alberta in the Athabasca northern regions where the Aboriginal unemployment was 80% to 90%.

It was during that period that we developed projects with Daishawa up in Peace River. We also developed projects; one I was deeply involved with was Alberta-Pacific which ended up being the largest one-line pulp mill in the world.

Companies like Stantec were struggling at that time and companies like Waiward Steel did not exist at that time. Through that project, to the credit to Don Getty, I might add, we were able to create jobs at a time when there were no jobs at a lot of companies, just to cover their overhead. The interesting part there was just as we're struggling with the carbon dioxide issues in the environment, we were dealing with the issue of chlorine in the water, which was the process used for most pulp plants. Alberta has a large amount of salt and to the credit of the number of very wise people (not me I might add), they came up with the concept of using sodium chloride to replace the chlorine. So, we ended up having the cleanest pulp mills in the entire world here. That was an alliance with the Japanese.

But, I'm going to come back to supply chains, because one of the areas that Alberta and Canada suffer for is we build these giant projects for natural resources but we're neglecting, in many ways, to put brains on planes. The added components that build these plants are the secret to our future in countries like China, Russia and India. And, time and time again, we neglect to keep those patents for ourselves. We will come back to the oil sands later and there has been certainly more progress there than ever before.



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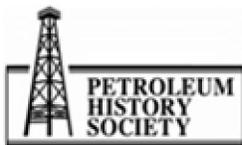


I will share with you that working with British Columbia and Alberta we developed another product called Oriented Strand Board, which really didn't exist when I was younger. A very unique man by the name of Al Owens (who most people would never have heard of) initiated the idea with help from the Peter Lougheed Government, I believe at the time. It's made up of resins and chips. But, the chips are made from Aspen, which up until the early 80s had no value. What we were able to develop was that Alberta would become (and this came out of a joint conference that I was fortunate enough to chair through the Economic and Development Authority of British Columbia and Alberta) the centre of research for an Oriented Strand Board. Today, Oriented Strand Board is the key building block in the world and it came right out of Alberta. A big part of it are resins and through the oil and gas industry companies like Momentive have built a giant industry and many jobs for Albertans out of the resin industry coming out of wood.

The reason I raise this as being important, along with Agriculture, is that Alberta gets lost in oil and gas. We neglect showing the respect for other industries and, then, when oil and gas has difficulty we then return. Between the period of neglect and returning, we lose the research, the opportunity and the added value. Even though I own no forestry companies, those forestry projects in Northern Alberta employ Aboriginal people and provide a sense of dignity in the logging of areas that they're very proud of. They also allow a lot of young men and women to stay in a rural environment, keep alive small cities and towns and they become educated working in sawmills, whether it be in Whitecourt or whether it be in Grand Prairie or Drayton Valley. And, from there, they get interested in engineering, mechanics and they then become part of the oil and gas industry. So, to neglect the other components of our industries, particularly unfortunately in Alberta, we lose what we call all the time, another alternative. And, one of the issues that we have here is that we get lost in oil and gas, and it's something that I think once again, we're learning that we've got to be aware.

AD: Well you've got a foot in both camps, because in terms of lumber products, at least at that point, you hadn't specialized to the degree that you have today and supplying oil sands and other industries with particular products. At that point, of course, the health of the foresting industry was primary to you. Your involvement in Alberta-Pacific and other initiatives is part of that. Now, you've referenced: Eric Newell, Jim Carter and Anne McLellan. And, of course, we're into the era of the Oil Sands Task Force led by the Alberta Chamber of Resources working with economists within the energy department, working on the generic regime, royalty regime, and tax strategies and so on. So, you were a part of that re-birth, as it were ...

ROSEN: Let me just pick up on that, if you don't mind. I was at a Forestry and Environment event,



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actually. I met a gentleman at my table that I had never seen before, a very nice man, he and his wife. I turned to him (this would have been about 1990) and I said, "What do you do for a living, sir?" He said to me, "Well, my name is Eric Newell. I've been seconded from Imperial Oil to deal with that funny stuff called, oil sands." I said, "Oh, that's interesting." At that time, oil was about \$10.00 a barrel. It was a non-profit situation and we were all wondering how long -- at that time Suncor was on the verge of bankruptcy and Syncrude was kept alive because it had these other partners, and whatever. Anyways, I then turned to a very close friend of mine who had worked with me (that has since passed away from cancer, wonderful man), who had helped work with me on the forestry industry. His name was Paul Wacko, he was the president of Inland Cement and somebody who was actually very close to Ralph Klein and knew him very well. Nobody in Edmonton really knew Ralph, to be very honest. He was pretty well a Southern Alberta person and, when he won the election, there were no Conservative MLAs in the Edmonton region. They were all defeated. So, it gave us a very unique partnership opportunity to the provincial government.

There's another interesting man by the name of Art Smith who I will refer to who was a very major player in the Ralph Klein vision; certainly a southern Alberta personality. Anyways, I turned to Paul and I said, 'You know Paul, you know what? These oil sands, if we don't get something going here, we're all in trouble.' Not that I was going to make a difference, but if business entrepreneurs don't pursue and partner with large industry, things just don't happen. And, governments, as important as they are, are often not that creative. It's a partnership between all of us. So, anyways Paul and I flew up to meet with Eric Newell and he didn't know who we were. And, he didn't even know why we were coming up, because I had met him at that event. I was chairing the city's authority and Paul was a member of that. So, we said to Eric, "Come on to Edmonton. We're going to begin the ball rolling here." So, Eric came to Edmonton and we introduced him to the board. And, along about that time, came UE1 or the starting of UE1. And, Eric and Jim were just getting started on that. We began to build a bridge right here in Edmonton for Eric and then Jim who came in later.

The basis of the issue was we had to find an opportunity because none of our businesses were going to make it under the current situation. The whole oil sands regime, and I'm sure in previous interviews this was shared with you, that oil sands were being defined as regular conventional drilling, not as mining. Though mining concessions were given to hard rock mining throughout Canada, particularly Ontario and Quebec, which meant they could write off their front-end costs immediately and deduct them from their royalties from other areas. To get Imperial Oil and other companies to commit a billion dollars and not be assured of where they were going, they were not prepared to do it and not have some deferral opportunities. So, that was really the heart of what



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Anne McLellan really pieced it together very well. And, to Eric Newell's credit, there were several different royalty agreements in the oil sands and Eric brought together every oil company and they all signed off. I was at the supper that Eric organized after it happened and it was staggering that all these giant oil companies would agree. I don't know what kind of magic Eric had, but he certainly accomplished that.

So, we now go forward and oil is beginning to rise, strangely enough. As UE1 proceeded, the price of oil went up along with it. Suncor Millennium was the same way and there is another man by the name of Mike Asher, beautiful man, came from Ontario and was originally from India. He was the man who Suncor put in charge of building the Millennium project, which started at 2 billion and went to 3 billion. But, by the time they finished the project (they call it the Millennium Rainbow) the price of oil got to about \$40, otherwise the project would have gone broke. Mike, also a Canadian, was very committed to working with Canadians. So, what we are seeing here is the evolution of these giant projects.

Now, the piece we cannot neglect is Venezuela. Venezuela has everything that Alberta has in heavy oil. It's actually less expensive because it's very warm in South America and that oil oozes up like tar. So, it's about a third of the price. The oil in Alberta is the most expensive oil in the world, but what transpired of course is national companies now control most of the oil resources of the world. So, the Exxon's cannot go to the Middle East anymore. They cannot go to Russia anymore and buy reserves. They can only buy joint venture partners and they can only buy the actual oil, which is not the way they make their fortunes. Venezuela decided to privatize and drive out all the oil companies. Now we're jumping a fair distance ahead into 2000 and that's what made all the difference. But, my warning to everybody is very clear, one day the rules will change in Venezuela and, if we don't keep our costs down here, as quickly as oil companies came in, though they may have assets here, they will flee quickly if they get into Venezuela for a third of the price. They are of course on water. Alberta is not on water.

This is an issue, a signal warning that cannot be neglected by the province or by the Government of Canada. Coming back to the oil sands companies, what we saw was an opportunity for Albertans and Western Canadians and Canadians to participate in these areas. One of the fundamental agreements was with Premier Klein, but I am going to go back to one piece. In order for Anne McLellan and Eric Newell to get these arrangements, there had to be a partnership sign off not only by the province, but by the federal government. Of course, one is a Conservative government and one is a Liberal government, and you will always have these political machinations going on.



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Without going into detail, had it not been for Ralph Klein, the whole thing would have collapsed. Many of his cabinet ministers were opposed to the sale of the Syncrude shares. In the provincial government a lot of cabinet ministers just didn't want to deal with Anne McLellan and the federal government, though they all eventually joined the party to solidify the deal. But, it was Ralph Klein that stood up to his cabinet members after a very interesting meeting with Eric Newell, who shared with him the importance of the opportunity. And, he said to a number of his cabinet ministers, "We're in. Either you sign or I sign." I will not name the ministers, but a number of them to this day I'm sure are very nervous about their unwillingness at the time. So, without Ralph, we would not have the opportunities we have today. Without Eric Newell, we wouldn't have them. Without Anne McLellan, we wouldn't have them. So, it was really a very unique opportunity. But, had those pieces not come together, we wouldn't have them today. They were so close to being lost, it was quite amazing. And, to Paul Martin, goes some credit, I must say. He played a super role with Anne to get this across the line federally. A lot of Eastern MPs, just like in Alberta, cabinet ministers, just as a matter of known politics, didn't want to come to the movie at all.

AD: Now, you've also talked to me about the good corporate citizenship in terms of both -- well, because they're the first, Suncor and Syncrude, with respect to support for education, the arts, etc. Do you want to talk a bit about that, the community investment?

ROSEN: Thank you. I think when we were all sitting together, one of the areas of focus were the environmental impacts of these projects. They're giant projects; the impact on vegetation, Aborigines, wildlife and whatever. For the people of Alberta to be willing to take a chance on this, there were certain assurances that the people at the Syncrude of the day (which were people like Eric and Jim, Mike Asher and other people) was that there would be a commitment to the quality of life of all Albertans. That there would be a commitment to the arts; there would be a commitment to the universities, technical schools and in the city of Fort McMurray. Again, to Eric and Jim's credit, they took it from being a mining town of just having no culture or arts, to insisting that people wear suits and ties when they went to work in an appropriate way; to have major official events there that had great dignity; to bring in the arts and the theatre; and work with Keyano College to build a first-class university; and, again, to make it into a first class city.

To Melissa's credit [Melissa Blake], she's working hard, the current mayor of Fort McMurray. I give her great credit to what she's accomplishing. So, this was part of the initial commitment. Now, unfortunately, the rules got skewed later on and the internationals took over their companies, and they chose not to make as major a commitment, whatever. But, to those companies that stayed the



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line with their employees and retained them, because one of the treasures in Fort McMurray is, of course, the oil sands, but the other is people. And, people have a certain expectation for themselves and their families. The companies that respected that retained their employees. I clearly will not mention names. The companies that didn't lost a lot of employees, because they didn't respect that you just couldn't go in with money and buy people.

Fort McMurray is very different that way because it's their lives, quality of life. So, there is today a re-birth of the realization of the importance of the arts and the importance of the partnerships with Aboriginal people. That is being reborn again, particularly now as we get into the pipeline issues and other issues where these partnerships become more and more important. Unfortunately five years ago, when the issue of the environment and CO2 were coming down the line the Province of Alberta missed the boat at that time. It was very, very sad. So, did the oil companies. They were no better. They somehow believed that the world, particularly the United States, would be dependent on their oil. Up to five years ago, everyone just made that assumption. But, the rules relating to supply and demand and relating to the environment, did not allow the industry and the Government of Alberta to be disinterested. And, today, we are suffering for that even though, in some ways, the province was made aware that we had to deal with it, and decisions were made not to deal with it. We are playing catch up today on these issues. Of course, there's now shale oil and other things being found in gas, but the Province of Alberta did miss the boat five years ago when they were aware, but chose not to respond and be proactive to the environmental [issues]. And then, of course, the Aboriginal response, and now the issues of building pipelines have become an issue globally, in particular, in the United States.

AD: Returning to your own company's history. So, basically you were aware and involved in terms of the Oil Sands Task Force; the selling that it did with the election of Anne McLellan and the rapprochement with Premier Klein. What did these things mean in terms of your company? In terms of products and services you provided to the specific projects, if you could tell me a bit...

ROSEN: What it allowed us to do -- now there's another piece here that's got to be added. That is, we talk about productivity in Canada. One of the issues, and I do travel extensively as I was very much involved in the Young Presidents Organization, and fortunately became the President of that organization. I visited countries like India and China in the last three to five years. And, I saw that we weren't aware of the amount of money they were investing, as was Taiwan and Indonesia and other countries, because we are so isolated in Alberta and Canada from the rest of the world. South Korea's another case study; they were investing in the newest technology and their governments



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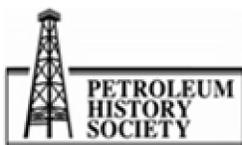


were funding it, in the R&D. Our federal government at that time had chosen to hold us all to what I call an Amortization Rule. Now, if you're a giant company like a GM or a Ford, or whatever, you can play the game. But, for medium-sized companies, I'd say 50 million dollars or less, amortization is important because, when you buy products, now the case study would of course be computers. Today, if you buy a computer, it's out of date in, say, maybe, six months.

Up until four years ago, we had to amortize those over a five to eight year period for as long as the machinery would exist. Of course, the machinery would become worthless because of technology [change]. Under the previous governments, Liberal and Conservative, everything was stuck to amortization. So, I think a number of business people (I think in Western Canada - I can only speak for that) shared with the government, and I was in a meeting alone with Jim Flaherty and Minister Ambrose, and, I said to them, four of five years ago, "We're going to go broke in Canada if we don't change all these rules on amortization." Because, you can't expect small business to go out and buy manufactured equipment to be overly competitive and it's out of date in three years. So, they've got to amortize it over five years and it doesn't work. Of course, it has an income tax impact to the government as it doesn't get to collect as much cash off the top if you can reinvest your money into your equipment. So, there's a complex balance here. But, I think many people did share with the government that, if we don't get this turned around fast, we're just going to be left out of everything.

To the credit of the current government, they did go into a program that allowed companies in manufacturing, whether it be clothing wear or steel products, or whether it be forest products or meat products, that if you go to manufacturing the equipment that you buy, you can go to your banks, you can write it off in two years. In two years, if it isn't right, go buy new equipment. If we don't do that, we'd be sinking very quickly in this country. Without proper technology, proper equipment, we do not stand a chance on the global marketplace.

There are other issues that the governments get trapped on, but clearly if you want to have productivity, you've got to have the best equipment in the world. We do not properly finance small business, by the way. City Lumber is strong enough that we went out, and today we are capable of shipping just about anywhere (and we do ship to the United States today) because we bought the best equipment, and were able to be globally competitive. But, if we were smaller and didn't have the assets we had, we couldn't have gone out and bought this equipment. I sincerely believe the government has got to set up a special banking system to help the young men and women who've got good plans to be able to finance this equipment, because the banks today do not lend.



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AD: When did the turnaround begin for your company? I mean, we're talking about the bleak 80s, where you, I suppose you sold your lumber products to...

ROSEN: Well, the whole market was pretty depressed, though try to bear in mind the US economy was very different to the Canadian one. A lot of lumber products went across the border under the housing market of the US, and that's the basis of our situation. So, the forestry industry as a whole did not too badly. But, our turnarounds here, and I believe in Canada, I think Free Trade, whether people like it or not, without it we would have just become a lost third-world country. I have to share with you, very honestly, I dislike marketing boards entirely. I think they're ridiculous. It takes away the entrepreneurial skills of Canadians. That's why I think Americans and Australians go around the world and sell their products. We've jammed up people here that if you've produced too much milk or too much wheat or too many eggs, that we won't let you do it. I think it's a ridiculous process and one that I think working with the EU is complex, will have to go by the boards. You've got to be entrepreneurial to be global today.

But, on the forestry side, the US housing market collapsed and it broke in about 2004, actually I'm wrong, in about 2008. What we realized here was that "added value" is the only way you can survive. You cannot survive without taking products to another level. So, we committed ourselves to a lot of equipment and we pursued on a globally competitive basis, how do we take 2 x 4s and make wedges out of them? How do we build the giant crane mats that go underneath the cranes? But, at the same time, we also went out of our way to include Albertans. We felt this was very important, where we could. So, the biggest part of our business today is added value; we couldn't survive just selling normal products. We can't compete against the Home Depot or a Lowe's. They give it away. They make their money on hardware. Today, we are basically an added value company that runs right across Western Canada building buildings, building boxes. Whatever the customer wants, we'll do for them and, as I say, this is what allowed us to survive. We couldn't survive in today's world marketplace.

I do want to come back to supply chains; it's critical. As we see the Chinese investing in assets, here the largest one they've been allowed to make in North America is the procurement of Nexen. What one has to bear in mind, and I'm fortunate, when I was in University I studied Chinese/Japanese history. I'm not a scholar so I'm not trying to attempt to go there. But, they see the world differently than we do. Though the Chinese and Japanese are different, they do work on long horizons; we work on short horizons. Their governments have great influence on the direction of their industry, and subsidize it, in many cases. The supply chains are the secret to the future for our children and



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grandchildren. If we do not challenge the way, particularly China, does supply chain systems, we will slowly but surely see the deterioration of much of the added value that goes on in this country. Because, they will slowly but surely work to make all the vessels, all the modules, all the key components in China in order to employ their own people.

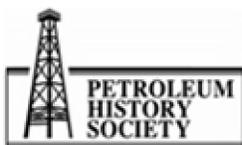
My suggestion to both the provincial and federal governments has been that, on a yearly basis, there should be a meeting; a committee struck federally made up of government and industry men and women who are retired so you don't have a conflict of interest. And, they're there to sit down yearly to meet with key representatives of these Chinese companies (particularly the group that has bought Nexen) to talk to them about their ongoing commitment to the added value and supply chain system. I have observed the Japanese on the supply chain system and I'm reticent to give examples. But, here in Canada, in many of their plants, they do not go to tender. They simply ship from Japan, quietly, and all the added value equipment is all totally from Japan.

AD: So, what you're saying, put simplistically, is all these companies that have flourished as a result of the development of the oil sands and have now been built to capacity, not only in Alberta but nationally and internationally, that that could be lost if the ownership of companies changes so the work that has been done in Alberta and other parts of Canada goes abroad?

ROSEN: We live in a global market place. We all know that. We know that we've got to be competitive, but what we have to be very careful of is certain countries subsidize competitiveness. Though we are fair traders here, we can't neglect that other countries and other companies do not follow those rules. So, if we don't hold them accountable at the federal and provincial level, and we just simply initially define what we expect (of what is fair), and often what happens within government is the flavour of the day, and then it disappears.

I'll give you an example, we have these forest management agreements and I was involved with Don Getty in developing those. Part of it was, the major forestry companies in Alberta, when they came from other parts of North America and Europe, would work on community programs: added value, university partnerships, culture. Slowly but surely, those forestry management agreements just sort of lost interest. The minister chose not to include meaningful committees and today those forestry companies do little in this province because we haven't held them accountable.

I tread carefully here, some of them are better than others, but governments are not capable of monitoring. It is not what they're meant for. Governments are meant to govern, not to evaluate



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performances. I have made this recommendation to both the federal and provincial governments. I'm not looking for a job. I want to be clear. It is of no interest to me. There are many qualified men and women who will do it, not for money. But, they will do it because they want children and grandchildren, not only for themselves, of all Canadians to have a long-term future. If we do not watch the supply chain system, we don't observe the "brain on plane" strategy, we will find in 50 years that all our resources belong to someone else and all the jobs are going to be in Beijing, or they're going to be in Tokyo, or they're going to be in Moscow or wherever. Not that I'm for building barriers, but I think that we have to observe the fairness of the rules, and not be good sports and slowly but surely see our long-term opportunities for our children and grandchildren deteriorate.

AD: Now, we've talked a little bit about your own company and how you worked with partners and perhaps you might give me some examples too, so, that you were able to purchase the equipment necessary to provide specialized products to, for example, the industry and others that you've mentioned specifically: the pads specially designed for heavy equipment, bridges and so on. How did that come about? What did you do?

ROSEN: Well, I think, again, I'd like to come back to the point. My company doesn't sell anything. We look to see what the customer needs and then we talk to them about not the price; we talk to them about being good citizens. We talk to them about integrating all levels of the community into our system. Many international companies that come here that we talk to, we explain to them, if they really want to be successful, they can't just come here to make money. I'm reticent to give examples, but they're very large international companies that I know. I've been able to sit down with them and explain to them that, in Alberta (I can only speak for Western Canada), people respect those that give back not those that just take. That comes right back from the oil sands partnerships and those that respect all people, not just certain groups. This has really been our ability to get to know our customers and get them to share with us what they may have imported from other parts of the world, and be able to say, "Well look, City Lumber is a good company of good values. We're having these built in on its faith. We're having these built in other parts of the world. Can you be competitive, because you have been a good friend and you are returning?" I believe that's the heart to any company today. I believe that any company that's just out to make money will go broke. You've got to have values. You've got to return to the community.

AD: The last 30 years, you've been part of this group of companies that thrived in this atmosphere of development in the oil sands. Can you talk about some of those other companies? I think you've



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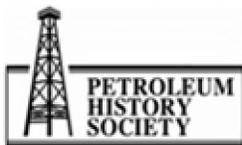
mentioned PCL, you've mentioned...

ROSEN: Worley Parsons...

AD: Inland Cement, in passing...

ROSEN: Let me pick up on that, again, because we're hard-working people in the west. Many of us felt if we just worked hard, we'd get there. I think what we learned in the oil sands is price is clearly important. But, there's also a need to be a good partner in the community. I believe companies like what used to be Colt Engineering (which is now Worley Parsons today) are active in the United Way. They're active in literacy. I think partly, and I take very little credit for it, but to share with people. The old days of just saying, you're going to do this at a competitive price, is not what partnerships are. Large companies today like Shell, Syncrude and Enbridge are looking at companies that bring values, respect for all peoples, whether it be Aboriginal, women or everybody and return to the community. Because, when you go before the community today, and you are transparent today, the rules have all changed. And, you want to proceed with a project. You have to have companies on board that have excellent values. As an example, if I might share with you, in our 75th year in business last year we chose as one of our important projects to return to the North, particularly to the oil sands region. Working with Jim Carter, who happened to have been the chairman of the Symphony, we were able to fly the entire Edmonton Symphony to Fort McMurray in partnership with Enbridge, in partnership with Worley Parsons, in partnership with Syncrude. But, our commitment was to show respect to people in that community, that we're not interested in just making money and taking. A big part of our request was that aboriginals be included, women in shelters and children be included at no cost. We arranged for both the Symphony and the Alberta Art Gallery to have programs on the Friday and the Monday before, at no charge, at our expense, to reflect values. I believe that is the platform today that successful companies must follow. It isn't about making money. It isn't about being the best at it. You need to go the extra distance and prove that you are an excellent corporate citizen, and that you care about people. I think this is really what will bring success.

AD: Now, as in so many areas in our society, the Boomers are aging. And, with the forces of globalization and the purchase of oil sands companies by foreign governments and so on, do you think that that is what has been built -this social capital, this community investment perspective - is threatened?

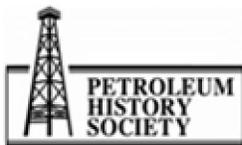


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ROSEN: I think you've touched on a very critical point. When I first got into business there was mostly what I would call, founders of companies. People like Stan Milner, who I have a great respect for, who played a giant role. We have the Milner Library here. But, he was a leader across Canada with visions of dealing with global issues. Many of these people now have sold their companies or been bought out, and the founders are now being bought out. And, they're being run by professional managers. The real challenge is how do we educate these professional managers? Not just to make money for the company, not just to make money for themselves or their employees, but to return to the community when their head offices are not even in Western Canada. I give you an example, Weston and Loblaws. I mean these are giant corporations and they're good companies. They have their own foundations, but they are essentially centered where their families are, which are in Toronto. But then, I don't want to be seen picking on them. But, I think there has to be a more sophisticated level by the communities and the governments. But, I think there is another very important point here, governments in Alberta are pretty free enterprise. I support that, I mean our family has always worked hard. We pay our bills. We don't look to governments to subsidize what we do. We don't even want it. But, because of the complexity of what goes on in the magnitude of these projects, there has to be a different partnership I think than ever before. Indeed, the large engineering firms like Worley Parsons, Stantec, AMEC and many others are only a piece to a puzzle, the construction companies. But, if at the very starting point, whether it be Husky or Shell or Conoco, if the government does not (and I expect this to be the role of the government) sit down and talk about the community, the partnership, the environment, the Aboriginal piece to the puzzle at the very forefront of the project, and educate these large companies, these owners, that, if we don't invest in the community, in their surrounding reserves and invest to prepare these men and women to participate rather than to award a project to a PCL or to a Worley Parsons at a fixed price and then say to them, "By the way, in your contract try to include the surrounding community or try to include the Aboriginals," well, it doesn't work. It's got to fail. I think this is a missing piece and, again, I have shared it with provincial and federal governments.

I think there has to be at the front end, an education as to why this is the only way to go if we're going to build large projects today, and we're going to build pipelines today. There has to be more at ground level, a sense of participation and a sense of respectfulness, otherwise we're going to have a real dilemma. But the government in this place is in a position that no company is to sit down with an Exxon and a Shell, or whoever, and say to them, "This is part of the way we do business. You invest. We, the government, invest and industry will invest too." There has got to be a different way because where we are today, we are failing unfortunately.



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AD: I get a very strong sense of the end of an era.

ROSEN: Because, the world is changing and because we are in the global marketplaces. Individual companies, even like my own, because my own children like many people's children, do not want to be involved in the businesses their parents built. Whether it be trucking companies, whether it be construction companies or operational companies like these that we have built through our networking, through our values and through a lot of hard work. And, the pride of what we have built. My own children will never be involved in this business. It's just of no interest to them. Some people are fortunate enough that their children do stay involved, but it's very uncommon today. So, the question is: "Where are we all heading for when these companies are no longer centered here?" And, that's a question that is yet to be written. Also, the ethics that it took to build these companies is another very complex piece. I've seen people's children take control of very big companies and destroy them. Not that they don't mean well, that they weren't prepared to go at the head of a company of 50 or 1000 and it's all by example, all by example. You don't leave early to go golfing and you don't not show up to work on time; simple little things. You don't drive an expensive car to work and you go out of your way. Our own company, we've chosen to feed our employees all day long for no charge, with no government subsidies, because we believe that, in order to be effective and productive and to keep good people, you have to do more than pay them. Now, other people do other things. They do sports and athletics, whatever. I believe in the health of people and that if we're interested in them and they come to work -- we don't have cooks here, but if we have fresh fruit, vegetables, milk, juice, only really excellent food and offer it to them at no charge, all day long. Or, the ability to take it home if they so choose. I believe we're defining a standard. I might add, I eat what they eat. I do not bring in my own food nor do I do other silly things. Our rules about drinking, smoking are 100% standard; nobody does it from the top down. The language we use is polite. I believe in the words, "please" and "thank you." I was brought up with those. Our standards are very simple here. They're no different than my parents. Everybody is treated with dignity; nobody is better; nobody is worse; everybody is treated with dignity. Other people have taken responsibility, so let's not be naive. But, that doesn't mean you can't treat everybody with good manners and consideration.

AD: You know you've observed that before, that this desire of the provincial government and other provincial governments to diversify from being drawers of water and hewers of wood. What you've drawn to my attention is the fact that Alberta may not have diversified in creating an IT, sector which was the flavour of the month awhile ago. But, in fact, with all of these industries that in some way are involved in/with the oil sands that we have diversified. That you have created a whole range



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of industries that show excellence in engineering, in manufacturing of a range of goods and services, all of those things....

ROSEN: Again our universities, in many ways have grown with them. Industry has partnered, I mean, the fact that we have engineering here at the University of Alberta is absolutely world class today on the whole mining and engineering side. All of those are critical. Indeed, we have been able, through education, to create more opportunities. But, we are struggling because of the supply chain system. Because, we have such a small population to be able to do these added value areas and because the governments struggle to not pick winners and losers, which I agree with, but there's got to be a balance here. And, indeed, Alberta's suffered dramatically because they got into areas that it shouldn't be in, like building telephones. It really wasn't meant to be there. Or, 15 years ago, it was going to start building chips. We're not set up for that. But, we are masters in certain areas: forestry, oil and gas; there's phenomenal added value. Often, what we do is that we always wanted something that's more different and sexier than what we're doing. We neglect what we have and how the world would benefit from cold weather technology that is existent in oil and gas - everything from the drilling equipment right through to the clothes. I do believe the environmental industry will be the biggest industry in the world. I believe it should be embraced in balance. The danger is to simplify it from one side to the other. But, the rules are changing daily, industry has to change daily; the government cannot do it. Government is not capable of responding to the global marketplace. All they can do is create the environment.

We're fortunate in Canada and Alberta because we have tiny populations so that we're not facing the problems that exist in Italy and in Greece, and in other areas where they are older and they don't have the resources, and they have aging populations. We still stand a chance here on the research and development side. We still stand a chance here in order to bring on Aboriginals in a positive way and partnerships. But, I think our days are going to be very threatened if we don't respond to these fairly soon and invest, and see the world differently than what we have. Again, if I was that wise I'd run for politics, which I never have. I've just chosen to quietly be involved in the background. But, I do believe in good ethics, good values and dignity. And, I do believe that we all have a social responsibility as business leaders who have been reasonably successful, to return to the Arts and Culture which creates values to help people.

I'm going to work diligently with the government to find a better way to integrate mentally and physically handicapped men and women within companies that I know will treat them with dignity, rather than sitting at home and having no sense of personal worth. We do have a number of



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outstanding companies in this province, who I believe would be willing, if they understand the rules and responsibilities, to integrate people. I think that would help us with our whole social structure because, right now, many of these people are isolated and there's not a mystery about them, but there's a mystique about them. And, I believe that that should be the case.

I do want to share with you, though, that I do believe in a work ethic. I am not into the idea that, if somebody doesn't work they shouldn't have to work and they should still get employment insurance. It's not acceptable to me. If you want a good living, you work for it. If you have a social issue, we'll support you. But, if you don't want to be productive, I don't believe we should be taking care of people who just want to take advantage of the system. I believe in helping people. I believe we're doing very good jobs for the homeless people here and educating them. I support those things. I don't mind my taxes going towards helping people that need help. I resent supporting people that don't want to work. This is a real issue for me. So, I believe that we're in changes beyond our imaginations. I think we're highly isolated in Canada, particularly in Alberta, because we're not on water. We don't see the Pacific Rim. We don't see the Atlantic Rim. We sit in a "treasure" in Canada and in Saskatchewan and in Alberta. I'm tired of going abroad and hearing associates saying, "It's so cold in Alberta!" Would you rather live in Syria today where people are being slaughtered in a warm climate? I don't want to get too esoteric here. We sit on a treasure here. The partnership between government and industry is critical. If industry doesn't step in and demand wiser things, then they too will be lost; it's up to all of us to accept responsibility as leaders. The oil sands are a treasure, but a vulnerable one as I mentioned in Venezuela. So, there's a balance here somewhere and it takes all of us working together to get there. My family are fortunate that we got into an industry and that we were at the right place at the right time. We worked hard to get to where we are. We believe in being generous. But, I do share with you, if it wasn't for the oil sands this company and just about every other major company that I know here in Alberta, and in Western Canada, would still be struggling and being thankful just to earn a living. Instead, many people have gotten very successful and wealthy. But, we shouldn't forget those who have not been able to benefit, and we should go out of our way to reach out to others and help them benefit. If we don't do that, we really aren't successful.

AD: Now, we've seen this era of development of the oil sands, which is now coming to an end. We're on a cusp of change, that it's basically to do with the mining and extraction and those activities happening in the province and requiring goods and services that Alberta companies can provide; employment not only for Albertans, but Canadians and others from abroad, the guest workers, etc. But, that is all presupposed in these activities happening in the province. Now, we're at



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the beginning of an era where pipelines that lead to water that then will take diluted bitumen elsewhere, to China, India, whatever, for processing to add value. We are also talking about a pipeline to the United States that will then, again, take the diluted bitumen to Texas and other refineries. Now, finally, there seems to be some discussion on the part of other premiers: "Well, wait a minute. We could be doing this work in British Columbia, in Ontario, in the Maritimes or wherever."

ROSEN: These issues are cracked and it comes back to the added value and supply chain concepts. The cost to build enough upgraders to take it to the next level, the federal and provincial governments could never afford to do and the taxpayers. So, there is what we call a strategic balance here. I know the current premier of Alberta has talked about it and this has been coming for some time, an energy plan. Of course, in Alberta we jump up and down when we hear that because we think of the historical National Energy Plan and it makes everybody very nervous. But, I think the overall energy strategy probably is a must. But, one has got to be careful that investment moves at the movement of a finger. Our oil sands are the most expensive to do. Our labour costs are the highest; our maintenance is the highest. So, even though Nigeria is a difficult place to deal with, as is Indonesia, when the margins don't show correctly, business is business. It will go wherever the best opportunities are. The balance is how do you work in partnerships on the upgrading? Now, there is something called the Northwest Upgrader, where the government of Alberta has committed the bitumen to do that.

But, I do want to come back to something that I always find quite entertaining - that when we look at developing our cities or even major mining projects, we neglect Canadian companies. There's always a strange flavour that, if they come from Germany or they come from Italy, they've got something we don't have here. There's a balance to this too and the more we sort of look at this sort of activity, we're neglecting our own. So, I'm not simplistically saying you should only hire Alberta architects or Alberta engineers, but there should be a concerted effort to be aware of that, because if we don't support these people, then the national companies will swallow them up. Again, the cost to build upgraders, and the upgraders are very small that exist currently in Eastern Canada. I think the largest one would probably be in Nova Scotia where the Irvings are. And, the small one is in Quebec. So, the opportunity to move them and to upgrade them, but those upgraders themselves will only produce oil. They will not produce the added value components.

Again, I think there's a real thinking process required here but it comes back to the basics. There has to be a different way of dealing with people, of dealing with the environment so people are assured



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that their quality of life will not be negatively impacted with the pipeline. The other very difficult piece here is that the National Energy Board used to be able to prove something and the industry just got the pipeline. Those rules don't work anymore. We're seeing that currently. So, again, this has got to be a very significant awareness that the Government of Canada has to get into the pipeline companies that what was, is not. If you're going to succeed, you're going to have to see things on a more community basis than just on a government approval basis. These are complex issues. The upgrading is a difficult one because it's so expensive. You know, again, there are people who are more specialized in this. But, I will come back to the point that there's got to be a concerted effort to get companies to be committed to the communities. If not, in 25 or 50 years, all we'll have are a bunch of pipelines and no jobs.

The other difficulty is that Canadians' expectations are very high and our cost of labour is very high. The question is, are we able to build these upgraders and be able to man them at a competitive level? This is a giant issue that we're dealing with today. Fort McMurray today is losing most of their added value content. The modules are now completed here in the Edmonton region because the cost of labour is so expensive, the cost of living is so expensive and the productivity is not so good that they no longer do the added value to these modules. They're all done in Edmonton now.

AD: Do you think that the SAGD technologies are going to change what happens? Because, I mean, there is only a limited amount of the mineable stuff that is available and so we're technologically moving into a different era.

ROSEN: Well, I think the project bought by the Chinese - Nexen - is a very interesting case study because these are based on (and again, I'm not a reservoir engineer so I tread very carefully here) the ability for those SAG-D projects to work is to hit the reservoirs properly. The whole basis of the Nexen project was to find the proper reservoirs. We're going to have to stop for a second because I need a glass of water here; can we do that, please?

AD: Okay, let's stop, yes. Good, good.

ROSEN: Is there anything I haven't touched on? You're taking me actually beyond...

AD: OK. So, Robert, are there summative remarks you'd like to make, focusing on your company?

ROSEN: What I'd like to share with you is that I believe....



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[INAUDIBLE – the videographer is having a problem with the sound.]

ROSEN: I'm sorry, take your time. Take your time...

VIDEOGRAPHER: Every time I power down, it resets everything. Can you just, give me a couple of words?

ROSEN: Sure. I hope you're having a great day and I hope that....

VIDEOGRAPHER: There it is. Perfect, yeah. Thanks for that. It resets the audio for some reason.

ROSEN: Ok, are you ok?

VIDEOGRAPHER: Yes, good.

ROSEN: I think the points that I think are very, very important is the supply chain concept. It's critical, because if we do not observe these supply chains and we allow, slowly but surely, a deterioration of the added value work we do here in piping and designing and engineering, and, we don't have what I consider a monitoring process, which the government cannot do it (this has got to be a partnership with the third parties that are the owners of these projects). If we don't look to educating our young people with the added value sides, we will end up with very empty hands in the long term. I believe the men and women here are very much aware of that. I believe that our need to integrate with dignity, with the Aboriginal people is critical, but it has got to be two-sided. It can't just be their way. There's got to be a peace in there and it's not going to be an easy peace.

The other thing this country is missing very badly is an agreement from province to province of flow of products and people. It's the only country in the world that does not allow free movement of materials and people. I don't know where the courage comes from, probably the federal government, to take this issue on. If it isn't dealt with, it is a threat to our whole infrastructure system and job opportunities system. We all agree in education and we do have to be much more proactive in building partnerships with world-class companies that exist in Alberta to tell our story. I can go tell the story, but I'm from Alberta. The Minister of Environment can go tell the story, she's from Alberta. We need our partners, the giant crane companies, the giant cement companies, on a global basis, to say, "By the way, we're involved in the oil sands and here is the progress we're making." Our governments are reticent to doing that. They don't quite understand how to educate people that way while other countries are masters of it. So, I believe that is a critical piece of the



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puzzle. I believe a pipeline across Canada is an excellent idea so all Canadians feel that they're participating in the wealth, because it is a Canadian wealth.

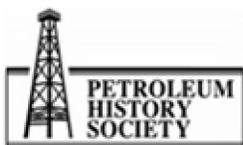
My summary thoughts are: living in Alberta is an honour. Being able to return to your community is an honour. Hopefully, we will get all Canadians to see the benefit of what we're doing, but we'll also hold accountable the owners of these companies and the countries that are involved in benefiting, to understand they too have a responsibility to Canada beyond just removing the resource. I think this is fundamental to where we're going. But, we do live in a global marketplace, things move so quickly. The one thing I believe that Alberta could do and I do want to add this, is that Alberta has got the money. And, I'll come back to the environment, to invite the brightest men and women from across all of Canada, the brightest men and women from around the world, and build proper facilities for research, literally, hotels for them to stay in. So, globally people can say: Alberta isn't just talking the game. They are bringing in the wisest and best people in the world to participate in the research. So they can write home and be interviewed when they go home; whether it be in England or Germany or wherever to say, "Yes, I've been to Alberta. I've worked on research projects. They're really developing fabulous areas." It isn't good enough just to write letters and make posters and wave signs. If we can use the brains of those men and women from around the world, and they too can benefit and come up with new technology that is developed in Alberta and Canada, that's the treasure. Because, we can afford it today; most other countries can't. If we don't become proactive, it will be a very difficult battle for both the oil sands, but also for Canadians to benefit on the global marketplace. So, those are my thoughts. I hope they've been of interest.

AD: Thank you so much, Robert, fascinating stuff.

ROSEN: Thank you. No, it's an honour.

AD: Good. Now, I'm thinking that... I'll make an observation; tell me when I can talk. You know this workplace is amazing. It's like a mini museum or archives. You've got the company history. You've got oil sands history on the walls. Do you want to talk a bit about...

ROSEN: Thank you. This is in the 30s during the Depression. This is my father and how fundamental things were at that time. There were no forklifts. There were handsaws that we can look at later. These were just hard-working Canadians, mostly immigrants, who are really the basis of this country and who started by just working very hard every day. Those are the values I grew up with, which was you were at work every day and you work hard and, hopefully, something will



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follow from that.

AD: And first, you now have the oil sands area tour map and other stuff. Do you want to talk about it?

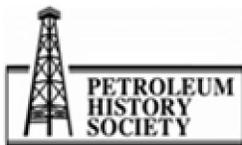
ROSEN: This is quite an old map. This is really before a lot of the SAGD got going and many of these companies don't even exist anymore. But, these were the original mining projects like Suncor. Of course, there is no Petro-Canada anymore. It was bought by Suncor. We have Nexen there, which has recently been bought. Companies like Deer Creek don't exist anymore and "old style" doesn't exist anymore. They've been bought by world-class companies like Statoil and like Athena, so, companies that were started by Canadians or Albertans don't exist anymore. Today, they're essentially owned by the Shells and the Exons. CNRL, which is the only Canadian owned company, is the only one that we still see here. Most of them don't exist; they've all been swallowed up and are no longer in the hands of people that would be committed to the quality of life as we would know it as founders in this country.

AD: And, City Lumber did business with these companies?

ROSEN: City Lumber did business with every project. The only one we weren't at the beginning of was Suncor. Other than that, we've been involved with Shell. We've been involved with Syncrude, of course, from the very beginning. We're very involved at the Exxon project which could probably come in at 15 billion dollars. We were involved with the Nexen project. We've been involved with the CNRL offer. We've been literally involved in every project that has been built in the oil sands after the original Suncor projects that were built.

AD: Now, this photograph. Do you want to talk a bit about that?

ROSEN: Now, this was a project reflecting on Eric Newell's being received and identified as the first of the Edmonton Chamber Special Awards, ever since the second one. The first one went to my friend, Paul Wacko who died. It reflects the vision and we have a picture of Syncrude here, of the importance for Albertans to realize that the oil sands projects affect all of their lives, and, if they don't stand up to be counted, the projects which are globally challenged will suffer no matter what they do. Most Canadians and Albertans do not realize that, eventually, they are a piece of the oil sands one way or the other. Do we want to touch on this, our support of women here? It's up to you...



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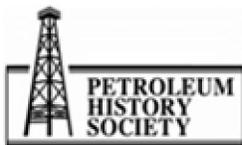
AD: Yes, let's do it. So here's another aspect of the history of City Lumber and leadership. Do you want to talk a bit about that?

ROSEN: Thank you. This company was founded really by my mother, not by my father. This is a great gift I was given, because my mother, at a very young age, allowed me to appreciate that women are absolute equals. What they can give to a major company, very few men seem to understand based on some of the past values that we had. In honour of my mother, and in honour of what she educated me in, now if you notice all of our major projects that are named always had my mother's name before my father's. We're fortunate we have a street named Rosen Way; you cannot buy it, it goes through a general program where all citizens identify that a street should be named after them. That's on 170th Street where we first started and it's called Zita and John [Way], founders of City Lumber. But the point is that we have invested in women, mentoring women, and this is done in honour of my mother who really taught me more about business than my father. Wonderful values, but it's my mother and through that I've been able to work very closely with people like Anne McLellan, Shirley McClellan, Betty Hughes and other really outstanding people, and women who have really made an outstanding difference to our country and to our province. It's an honour to have been introduced to them.

AD: [INAUDIBLE]

ROSEN: What we're looking at here is a poster that reflects City Lumber's interest and return to the community. I believe in order to be successful and to survive as a company (we're fortunate that we're in our 75th year) is that we have a responsibility to return. This particular project was to fly the entire 84 piece members of the Edmonton Symphony, as well as the Alberta Art Gallery to the Fort McMurray/Wood Buffalo region. With our partners, who have the same value as we do, companies like Enbridge, Syncrude, Worley Parsons and the city of Fort McMurray themselves, as an industry and community with no government support, federal or provincial, we felt it was important to show our respect. And, as part of our 75 years in business, we felt this would be a wonderful way to show our respect to all members of the community in the oil sands Wood Buffalo region. It's an honour to do it, but this again reflects the values of companies who have survived, because they care about more than just making money. Now these are the original tools. Do you want it with or without the light?

VIDEOGRAPHER: Yeah. No, it's perfect.



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ROSEN: Now, this is a picture of my mother and father and, in doing so, is recognition that we made a substantial commitment. I call it an investment not a donation to Fort Edmonton, because everybody at every level of finances can go to Fort Edmonton and be proud of their history. Therefore, we thought it was important to do that. I might add that City Lumber Mills had milled a vast amount of the majority of the material on that site through our millwork operation. But, the tools you see here, are the tools that were used in the 30s by my father, and the people that worked with him, to cut down trees. And, to think this is only about 80 years ago that we've gone from there to the equipment we have today. The shifts in technologically are staggering. But, literally those are the saws that we used to bring down trees right up until the late 40s.

My parents reflect upon other people who were immigrants who came here looking for opportunities to earn a living. Nobody thought about trips to Hawaii or whatever else. It was a matter of how do you give your children a proper education and opportunity? I'd like to reflect on this one as well. This is the Scotford Refinery. This is actually, truly, an added value project and they are actually now doing another project called, Quest for about 2 billion dollars. It's for my friend Jim Carter, who is chairman, and Eric Newell as well, are working on what we call carbon capture and storage projects. And, Shell's the first project to go ahead, of substance. We were part of the original building of Scotford. It was in 1981 and we've done all the additions. Again, we've had a long-term relationship with Shell and it's not about money. It's about performance, attitude, meeting their needs and always being professional when our people are on site. But, we are their partner and we respect the trust that has been given. These have created jobs for Western Canadians and Albertans through these projects. So, this is a reflection for what we consider success.

AD: Where would you like to go next?

ROSEN: I think we should maybe just go to the sculptures.

AD: Okay, actually...

ROSEN: Where would you like -- just, just... Why don't we stand just above them?

AD: Now, this is a really interesting sculptural piece. Do you want to talk about it?

ROSEN: This piece was produced in British Columbia. It was produced by an Aboriginal sculptor on the Island. What I invested in this, it reflects my company's respect and the values of the region of which much of the wood (as much of our wood is very large fir-hemmed timbers) that we use on



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projects right across Western Canada. I felt it's all wood as you can see and I felt it was important that we show our respect to the Aboriginal people right across Western Canada. Whenever a guest comes to our company and our own employees, we looked at the art and it causes us to be aware of the partnership we have with nature, with Aboriginals and with the industry that we are a part of.

AD: Good. That's it?

ROSEN: I think for...

AD: Good, that was a nice analogy.

[END OF RECORDING]



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