

OFFSHORE ENERGY CENTER

ORAL HISTORY PROJECT

**Interviewee:** JOHN RANKIN

**Date:** September 30, 2000

**Place:** Houston, Texas

**Interviewer:** Tyler Priest

Side A

TP: This is an interview with John Rankin for the 2000 Hall of Fame Offshore Energy Center inductions. I will just leave it up to you to start, John, on how you got involved in this whole business.

JR: Well, I got my first taste of the offshore business in 1956 when I was sent to New Orleans as acting manager of the New Orleans BLM offshore office. It was during a period right after the Supreme Court injunction which conjoined both states of Louisiana and the federal government from any further leasing until such time as they decided, the Supreme Court, decided on the boundary line or there was an agreement reached between the state of Louisiana and the federal government.

I think I probably saw two people from industry in those two weeks, and I had come from a background of active \_\_\_\_\_ . And so, I went back home and stayed about two months. Then I went to Washington on the Board of Hearings and Appeals. I was there about eight months, then went to Denver as a land office manager. In those days, if you got a job as a land office manager, you got a lifetime job. And I lasted about a year. They called me and said, "Your next check is going to be in New

Orleans. If you want to pick it up, you'd better be there." So I went to New Orleans, needless to say, and it was the greatest thing that ever happened!

I got there, and it was already a sealed schedule for an area called Marcassis (?) at that time off of Florida - oil and gas lease sale - and it was held in \_\_\_\_\_. That was my first oil and gas lease.

TP: That would have been in what year?

JR: 1959. I came there in January of 1959, but they had already had this lease sale scheduled. It was not much of a sale. Of course, I didn't know what to expect in those days. They drilled probably 11 wells, I think, on those \_\_\_\_\_. They might have found some traces of gas. At that time, I wasn't as intimately involved in geological survey and what industry found, as I was later on.

And then, the next lease sale was a drainage sale. Now, a drainage sale, the tracts in the drainage sale had to be agreed on as drainage tract, by both the state and the federal government. Now, a drainage tract doesn't necessarily mean it is an economic entity. It just has to be subject to draining. Again, we were bring in

Shell. Shell had a bid on a partial tract of \$26 million, and I didn't even know whether I could read \$26 million!

TP: This was in 1960?

JR: That was in 1959. That was the first drainage sale under an agreement that was reached, I believe, in November of 1956, I believe, between the state and the feds, and it was approved by the Supreme Court.

There had been three previous lease sales: two off Louisiana and one off Texas, before I ever appeared on the scene. Then we get to the 1960 lease sale. It was off Texas and Louisiana. Is it all right now if I bring in companies? [REDACTED]

TP: Oh, yes. Sure.

JR: Since you are about Shell history . . . Shell particularly came in and said, "We need to look at some deeper water. We had already issued a call for nominations. That is when industry tells us specific tracts that they are interested in seeing put up at a sale.

TP: That is the way it had proceeded since the beginning of offshore drilling?

JR: Yes. And so, we actually called off the nominations, the call for nominations, and the \_\_\_\_\_ engineer then added the, what we call now, I guess, the south additions to all the old original blocks off Texas/Louisiana, and had the 1960 lease sale. Now, I guess that lease sale kind of \_\_\_\_\_ people as to what industry was interested in. It didn't really have too much effect, I would say, on the government's attitude. We held . . . well, you wouldn't call them hearings but we called each bidder who bid in the 60s sale end after the sale and said, "What would you like to see in the future?" "We want to know the frequency of sales," for example. How often, they wanted to see. How much they wanted to offer us at the time. I think we even asked them if they wanted an installment plan. Paying off with a cash bonus and \_\_\_\_\_.

Well, certainly we got diverse answers. Some of them wanted to lease sale every month. I had come from a program that had a sale of public land every week and I wanted to see the lease sale for each mapped area once a month until they slapped me aside, which was fine. \_\_\_\_\_ . The industry just couldn't have \_\_\_\_\_.

handled anything like that. But it was obvious that industry, I guess, was ready to go. And then came the 1962 sale. Now, any time you want to step in, you can.

We called for nominations for the 1962 lease sale, and I believe they nominated maybe two or three million \_\_\_\_\_. I believe that is what we offered. We offered everything they wanted \_\_\_\_\_ . . . 1962 lease sale, \_\_\_\_\_, 3.7. And we got maybe \$405 million and I think that is a really \_\_\_\_\_ and leased about 50% of the tracts.

TP: So, the tracts were nominated but you just . . .

JR: We offered everything that was nominated. The Secretary of the Interior was not too happy with that, and I believe I wrote 20 pages of justification.

TP: Before that, you had to have at least more than one or at least some kind of consensus that you would offer a tract rate or you just offered . . .

JR: Everything was nominated. Stuart Yudol, who was the Secretary then, he thought that was too much. But anyway it was offered in two days. The only reason it was offered in two days . . . there were only four of us. We

knew that we couldn't handle that in one day. We would be dead physically. So we split it in two days and returned the money, the unsuccessful money, at the end of the first day. And then began the arguing about whether a split . . . the so-called split sale was the thing to do so you could retrieve your money and use it the second day. Perhaps they did. We have never been able to prove one or the other.

The average per acre bid . . . well, it is right here, I think . . . was \$185 on the first day, I believe, and \$280 on the second day. I analyzed that sale two different times - once at the end of 10 years and once at the end of 30 years. And that was from the standpoint of production and everything. There wasn't a dime's worth of difference in the quality of tracts. The tracts division was made by a civil engineer who sat down with the map and did this. No geological information whatsoever. There just was none. In those days, they liked to do things quick.

The 1962 lease sale, to me, was the historical lease sale. I am sure I don't reflect industry's viewpoint but I feel like some in industry got in so deep then, they couldn't get out without going home and trying to recoup and lay their lease sales. But anyway, that got the

attention, I think, of everybody - government . . .

TP: The interest that was in . . .

JR: Yes. Altogether, in those days, there were about four people at the Washington level. I had four people and Geological Survey had 20 people. So I think there were about 28 people in all involved in the offshore at that time. Of course, we were left pretty well alone.

One of my favorite stories about the 1962 lease sale . . . the original director then of Geological Survey and I made a map, a beautiful map, of all the tracts that were nominated - all colored. So we went up to Washington and we were going to argue about the lease sale, you know. I unrolled the map and put it out on the table. Everybody said, 'oh, that sure is a pretty map,' and immediately, everybody went off except Mr. Anderson and I. And they said, "Well, you all draw up the lease sales." Well, that was it! So we got somebody to top the tracts out. But after that, we had plenty company.

TP: Is it true that you returned a lot of the leases that Shell had gotten in the deep water from the 1962 sale because no one else had bid on them and you were worried about getting competitive bids, because from what I heard

from Shell . . .

JR: I don't recall that.

TP: You don't?

JR: No, I do not. Let's see what bears out of this . . . it doesn't tell how many tracts we rejected. Yes, it does. We rejected six tracts in the first and five in the second. That is only 11 tracts.

TP: I think they must have been Shell's in the real deep water.

JR: Well, they might have been, but I am going to tell you the truth: in those days, if somebody bid on a tract that was close to it and bid more, forget that lower bid. We used to call it the Bernie eyeball method. He was a man from Washington . . .

TP: Explain that to me.

JR: I called it the association method. If you had a tract and it brought \$1,000 an acre and the tract next to it bought 10, go buy that \$10 one. I feel sure that that was the basis of that.

TP: That is interesting.

The Shell story is that they bid on the really deep water. No one else was bidding, so they felt like they had to hold this special school for industry to bring the other companies up to speed on the technology.

JR: I am sure that didn't enter into it because I was there.

TP: Well, O.K., that's good. I am glad we got that straight.

JR: Shell, as I said, was a prime mover in that sale, especially getting it in deep water - the 60s sale. Deep water is out 600 feet - the second edition maps were. Now, tract rejection didn't begin until 1959 with the drainage sale to Louisiana, and they were adamant that some tracts be rejected because certainly, they had better data than we had. They had Leo Huff, who was a well-respected geologist. And that set the pattern, I think, for tract rejection from then on.

TP: They said the Secretary of the Interior wasn't too happy about honoring all nominations for the . . .

JR: Well, he just thought it was too big. And not only that, the oil and gas general had an editorial too much too

soon. Later on, I think it was in the Suez crisis, that I had an economist make an analysis for me, and it is a good thing we leased those in that 1962 sale or we would have been pretty short, I think.

TP: Were you considering other types of bidding at this time other than the bonus bidding?

JR: Not at that time, no. I don't really think that we considered anything other than bonus bidding until the OCS Land Act amendment.

TP: Really? Not until then?

JR: I don't think we did.

TP: Industry was satisfied with that?

JR: I don't think industry ever wanted anything but that. We asked about . . . remember, I told you, in 1960, we asked them if they wanted . . . nobody wanted royalty bidding. And then, we did have some sales and offered royalty tracts. I would say there was very little interest in the two royalty tracts. In fact, if you've got one of these . . . if you don't, we'll get you one. Get it from MMS . . . it will tell you about when the royalty tracts

were offered.

TP: What else can you tell us about the development of leasing in the 1960s or into the early 1970s? When was the next big historic sale, in your opinion?

JR: Well, the next historic sale, in my opinion, was the sale of 1967. I don't think there was anything about the sale of 1967 that was any big departure from 1962.

In 1967, we had, before the colorful nominations, I think industry always . . . I really think that there wasn't any real schedule in those days like there was with the five-year program. With industry, the pressure got so hard on Washington, they were having trouble for nomination. And then, I had people come in and say, "We don't want to \_\_\_\_\_ for nomination. We haven't been able to drill what we have." And then, not too much later, they came in and wanted to \_\_\_\_\_ for nomination.

TP: Who were the companies that were most active and pressing for nominations?

JR: Well, Shell always . . . I'll tell you - it is funny . . . the Shell executives - let's say, the vice-

presidents, will push for a sale every day. The people who were responsible for drilling and operations said, "Oh my God, we can't do that!" And so, you don't ever get the same answer. It is just according to what level you are talking to in the company. And, of course, my contact was primarily with the land man and he will always want something. But in those days, it was Shell and it was the OCA TC group. I won't say combine because they slapped me one time.

TP: The OTC Offshore Technology Conference people?

JR: No, Continental Atlantic \_\_\_\_\_. Otis Lamb group, Signal, \_\_\_\_\_, Amerada Hess and Marathon. They were some of the prime movers in those days.

Let me go on to alternate bidding methods . . .

TP: That wasn't until the OCS Land Act amendment, right?

JR: That's right.

TP: What about some of the early 1970s sales, you know, after the . . . well, I know that the 1969-70 sales, at least from Shell's perspectives, were big ones because that is when they started developing bright spot interpretation

and they got really hot on some of those sales. And then, of course, after the embargo, everyone was interested in leasing offshore because the price structure was much more favorable. Do you have any recollections about that?

JR: Well, the only thing I can tell you about that is I remember after one sale, and I am not sure which one it was, but Shell was notably unsuccessful. And, as the sale was over, the vice-president walked out and said, "We are going to take you out until your hat floats the next time."

TP: I think it was 1972.

JR: That is what he told his competition.

TP: Yes, it was the 1972 sale. In September of 1972, they bid on 17 tracts and finished second on 13 of them.

JR: That is the first deep water map. Here is the 1962 lease sale.

TP: I didn't mean to interrupt you. Go on to the 1978 period and consideration of different types of bidding. Of course, the original act, you could offer it on a cash

bonus bid or a royalty bid, with a fixed cash bonus, or a cash bonus with a fixed royalty. And that is the way we went for years and years and years. I don't think anybody can tell you where the annual rental of \_\_\_\_\_ came from. I have never been able to find that out. The 16-2/3, we believe, came from the fact that historically, the government got 12.5%. But the state of Louisiana had some extras thrown in there which would add up to 16-2/3. And that is where we believe the 16-2/3 came from. We'd better go back to tract selection.

TP: O.K.

JR: After the 1962 lease sale, there wasn't another one, of course, until 1967, and in five years, you have lots of time to sit around and contemplate your navel. I got to tinkering with the idea that there was some definite relationship between the number of times the tract was nominated, the number of bids it would receive, and the amount of the cash bonus. And so, I played with that and I came up with what I call a "having" doctrine, and that is if you get 10 bids on a tract . . . a high number of nominations on a tract is 10. Then you offer everything that's got five or more. That cut down the site of the sale. And we did that. \_\_\_\_\_ there it was.

TP: It started in 1967, you said.

JR: Now, we didn't refine it all that year. I believe it was after . . . oh, don't ask me which sale.

TP: That was the way to maximize the revenues for the government?

JR: After a while, in the Gulf of Mexico, you didn't have all those nominations. You would have maybe four \_\_\_\_\_ on a tract. And so, you could be down to two. And then Shell, Exxon. And the big ones came in and said, "Hey, you didn't get ours \_\_\_\_\_ tract." We thought we just had the one nominee, naturally. Now understand, this probably is a product of deep water. So we said, "O.K., if you are not getting your good prospect, let us look at your geology," and they did.

TP: Now you are talking about the late 1970s, right?

JR: Yes. That eased up some of the pressure. Now, we had terrible battles . . . I would never make public the amount of nominations a tract received. But evidently, California did. And they would have a high of 23 nominations a tract. And then, of course, somebody at the Washington level \_\_\_\_\_ and then all of our

critics in the United States were just not sufficient interest to want a sale in the Gulf of Mexico. We at least got more tracts than California got \_\_\_\_\_ and Alaska, too. And so, we fought that battle.

TP: So you were restricting a number of tracts compared to California or Alaska?

JR: Yes. At this time, I don't remember who was the Secretary . . . he said, "We are just going to offer so many acres a year. And so, that was another cutback in the tracts, and that is when it really called for better cooperation between government and industry, so we would be sure and offer something that worth bidding on.

TP: But industry was probably still wanting to have sales like you had in 1962 where everything they nominated . . .

JR: Well, I didn't feel that pressure. I really never did feel that pressure. I never did feel that pressure at all. I think any time you have a change in administration, they are going to do something new. Now, I never had any problems working for any of the administration.

TP: Can you talk about the consideration of different types of bids and the move for area-wide leasing?

JR: Can we go to the effect of Blood pressure 1980?

TP: Oh, yes. Anything you want to talk about.

JR: Well, of course, the Environmental Protection Act came along after Santa Barbara. Nothing I have ever seen that was done on the study of Santa Barbara could attribute much damage \_\_\_\_\_ except for the sewage that pulled around during the flood. That destroyed several sewage systems. But anyway, this bought the huge cry about offshore. And then they passed the Environmental Protection Act.

The first impact statement that BLM put out for an offshore second was done in Washington and it consisted of 30 pages. And, of course, the opponents took it to court, and we lost. And, of course, we didn't consider the alternatives of uranium, I believe, of which the Department of the Interior had no control, and they didn't think it necessary. But anyway, we lost that case. And after that, certainly, we paid more attention to The Environmental Protection Agency. The result of that and the changes in the leasing . . . I like to use this

thing. Remember, this is 15 years old, so probably 3 times this volume now. Each one of these represents two actions that are necessary for a lease sale . . .

When I first started, it took four: you called for nominations; you published the order for sale; you held a sale; and you issued the leases. That is four. And I am sure that it was at least three times \_\_\_\_\_.

The original act in the regulations was about 29 pages long. The amenables were 78 pages long, and I would hate to see the regulations put on the table here. You might not be able to stand it. So this is what goes . . . time has a way of complicating things. No matter what it is. And that is just what happens in a \_\_\_\_\_. That is why I was just so lucky to get in the \_\_\_\_\_ that had no precedent to amount to a \_\_\_\_\_ beans. No procedures. And when you did something, you could see your fingerprint on it. It was great.

TP: So it complicated your life immensely? I mean, you probably needed a huge new staff to help deal with all these actions.

JR: There were 28 of us altogether. And when we combined BLM and the offshore conservation division, geological

survey, I had 40 employees from four of us originally. But that is what it took. Now they have 550.

TP: You probably had no idea when you were being transferred from Denver what you were getting into!

JR: I think I had 70 then.

TP: You mentioned pipeline permits and cooperation with state governments. Is there anything you want to talk about in conjunction with that and the environmental regulations?

JR: Well, pipeline permits come under two categories: there is one they call flow lines, and a flow line is a line that is permitted by MMS which is kind of one company's production or a joint effort. But a pipeline, strictly a pipeline permit issued by MMS, has all the connotations of a common carrier. Until Betsy (?), we just issued permits. That is all there was to it. But after Betsy moving some pipelines, then I required that pipelines be buried out to 200 feet. One company asked their lawyer, they said, "Does he have the authority to do that?" He said, "He probably doesn't but he doesn't have to sign it, and you have already got the loan ready to sign and everything." He said, "It will be six months in court, at least, before you get \_\_\_\_\_. I believe you'd

better bury it!" But anyway, it is still a requirement. Of course, they require proof now . . . it is harder to cancel an order than it is to bury it.

The \_\_\_\_\_ burial was unbelievable. We would have the fishermen in, and one shrimper would say, "It is the worst thing that ever happened. You just can't do anything." The next person would say, "Shoot, we would hang one door over in that pipeline ditch and you would be surprised at what we would catch. We would catch shrimp and red snapper."

I always had a soft spot in my heart for Governor Egbert. He was in one of those discussions when the state and we were considering those burials of the pipelines. Of course, he knew all those Cajuns by first name. He would say, "What are you griping about? You made more money last year than you ever did." He could just dismiss him. He was fast on his feet. I'd like to be on a \_\_\_\_\_ and took it off of him.

TP: Is there anything else you want to say about the environmental impact statements and that period?

JR: I don't believe that we have lost a case since that original case. I think I was responsible for 30, and I

don't think the department has ever had the nerve to do what the law provides - that they can reference another impact statement to one that they are just now doing because they do the whole thing all over again.

TP: Who was making most of the legal challenges?

JR: The solicitor, the departmental solicitor. Unfortunately, you get the feeling that the judges \_\_\_\_\_ pick up the impact statement. It doesn't win.

TP: So, the more you could stick in there, the better off you were?

JR: Well, we've kept ours down. I don't know if you know that the Alaska pipeline was 4-1/2 feet high. But we kept ours down to around 400 pages. In my time, we issued 15 maps with them, and these maps probably had as many as 27 legends on them. And that, we figured, saved us 300-400 pages on the impact statement, because you could present the facts visually and not have to . . .

Now, it is quite a challenge to write one impact statement after another for the same area and not be able to reference, because you have to change the language, no matter how insignificant it is. It gives the \_\_\_\_\_

a good workout. I am sure the people who have to rewrite it would like to put in a little profanity, but it is really a challenge to come up with something that is just a little bit . . . sounds a little bit different. It sounds like you are doing it fresh. Maybe have new data, maybe not. But along with that APA came all the studies that had been done.

It was my good fortune to be in Norway three years ago when there was all this hassle about sinking a platform offshore there that was no longer being used. And, of course, everybody in Norway speaks English much better than I do.

TP: Is this the \_\_\_\_\_?

JR: Yes. I talked to several people about it. I said, "Man, you all don't know what you are objecting to. You are going to ruin the best fishing place there ever was in this world! Why don't you ride over to the United States and get their study on \_\_\_\_\_?" I don't know whether they did or not but anyway, I thought I was lucky to be there at that time. I don't know whether it had any effect or not.

TP: Were you part of the Rigs to Reef study at all?

JR: Yes. It was done when I was still the manager there.

But now, when we get over to the different methods of leasing, as I told you, we tried royalty . . .

TP: And the reason why you went to this was because the bonuses were getting so high that people were complaining?

JR: Yes. Absolutely. And the fact is, there were several articles on "Cash Bonus Barriers to Offshore Leasing Production." I believe that was the title of it. And it was funny because no one in the industry ever said they wanted it. But anyway, I never did understand why all this came out because I didn't think it was bulletin. I didn't think the system was bulletin. Of course, you know, I like a cash bonus. It is easy to interpret!

But anyway, here came all these new bidding systems. Now, the system came up with, of course, this same one: cash bonus with a royalty of not less than 12-1/2%. Royalty rate bid, fixed work commitment. Royalty rate bid, fixed cash bonus. Royalty rate bid, fixed cash bonus and fixed work commitment. And also, divisible into cash bonus with sliding scale royalty. Thank goodness we never did get it! But we had them worked out

based on production - you know, sliding scale . . . work commitment bid with sliding scale royalty. And on and on and on.

Now, those last provisions I believe had a two-year limit. And the Secretary could try them, or he wasn't compelled to it. Those were put in at the behest of EPA. And so, I tried the royalty bidding. But thank goodness, even in the wildest one that EPA \_\_\_\_\_ came up with a system that just had just the one variable. That is all you could have. So they got around that.

TP: The cash bonus still predominating?

JR: Yes. But I think two years and that thing expired.

TP: How about \_\_\_\_\_ the Reagan Administration comes in, and the decision to go to area-wide leasing? Where did the idea for that originate?

JR: I really think it came from industry. Of course, that is what I wanted to do in the first place. I didn't want to do it area-wide - I wanted to do map area-wide, you know, but I thought it was great.

TP: Area-wide means a large planning area?

JR: Yes. You know how the Gulf was divided in the planning area. Eastern, western and central.

TP: And then, industry could nominate on any tract they want within that area?

JR: No. You could bid on any tract if it is not leased.

TP: I meant bid on any tract.

JR: Yes. That is another interesting thing. Washington wanted to publish all the tracts you could bid on, and I said, "Man, it would take a whole issue on the Federal Register. We can publish those that are leased." Finally, we just put out a map that showed the tract had been leased.

TP: Now, there was some controversy about this, too, about area-wide leasing? The smaller companies, you know, felt they were going to be leased up?

JR: Yes.

TP: Were you kind of in the firing line on this?

JR: There has always been that controversy whether the small

companies had any business in the offshore or not. But you look at the ownership offshore now, or at least the last ownership I saw, there are sure lots of them there.

TP: They were brought in on partner deals?

JR: Joint deals. Maybe farm-ins.

TP: But were you in the firing line of the controversy?

JR: No, I didn't catch any hassle over that, because I said I would really like it clean, that nobody can hollar favoritism or \_\_\_\_\_.

TP: But before you moved to this system, this is when you asked the companies for them to show you their geology, right?

JR: Yes.

TP: And were most of them coming about then?

JR: Oh, yes. Industry has always been . . .

TP: It was the first time they had done that?

JR: It was always good to me. One Secretary, and he wasn't Secretary very long . . . he was the man who . . . I can't think of his name . . . he had been Secretary of something else. He called me and said, "What is the big deal in Florida? I am going down there." I said, "Well, Dusty Dawn." He called back a little later and said, "I've got to know something about Dusty Dawn. Where is it located?" and on and on and on. So I called Rochelle at Exxon and said, "Bill, I am in trouble. Come over here and tell me what you can." And they did. They brought maps and everything. I satisfied him. And then, of course, it was sold in the \_\_\_\_\_ sale. It was the greatest disappointment of my life, I do believe, was the Dusty Dawn. Our geologists kept telling me it is another Kuwait. It is another Kuwait.

TP: What was wrong geologically about that area?

JR: Well, after it was all over, everybody said, it was there. It was there. It moved. I said, "Well, where did it move?" \_\_\_\_\_ but everybody I talked to . . . of course, I haven't talked to anybody in 15 years now but they all just about were so sure that there was something there. And, of course, the bright spots and everything else . . . nice water, I understand!

TP: How about the creation of MMS? Is there anything you want to comment on about that?

JR: Well, it had been rumored ever since I was at OCS, and there never was any reason we shouldn't have been doing it. I guess one reason was, until 1972, the New Orleans BLM office had service disposition and management of all the public domain lands in the eastern United States, and the first-tier states west of the Mississippi. And that was fine when we were having lease sales once every five years because we could work on the land. There is a lot of public land. Of course, I had sold most of it, but there is all kind of public land that requires examination because it had been patented to states or counties or cities under recreation and public \_\_\_\_\_ and you had to examine those once a year and try to keep them from doing something they shouldn't, like building a sewage plant on a recreation . . . So that kept us busy.

End of Side A

Side B

JR: When we got there, \_\_\_\_\_. You've been combined with geological \_\_\_\_\_. " And I said, "Well, well. I believe I will just check it out." So I went on vacation. I was sitting on the \_\_\_\_\_ there. I said, "I am going to buy this house up here \_\_\_\_\_." He said, "What, are you going to retire?" I said, "Yes." The telephone rang and they said, "You have been appointed Regional Director \_\_\_\_\_." I said, "Oh my God!" So, I don't know . . .

This program . . . any time you have an opportunity to participate in something brand new, it is a challenge. But something brand new attracts the best people. And boy, you get them! I got young people, all kinds of Ph.D.s that had their feet on the ground and really could go. And wanted to go. It was a great thing.

TP: Mainly geologists?

JR: Geologists. Marine biologists. The whole study group. We called it a doctor's office. They all had Ph.D.s and man, they were . . . you probably know \_\_\_\_\_. Bill is the man behind \_\_\_\_\_ Reef. These guys are

absolutely . . . it just attracted people. First, we had the grades to go with it. If he had a graduate degree, we had the money to go with it. It attracted the best people. I think there is no question it attracted the same quality of people - geologists, geophysicists, paleo people, and my goodness, the petroleum engineers! I think \_\_\_\_\_.

TP: Were you competing with industry for these people because it was a boom period . . .

JR: Yes. Now, we went through that where they got \$100,000 and a Cadillac. And then, they all came back one year later and wanted a job. I hired most of them back when I had the vacancy. But we all went through that. We all were offered things.

TP: How about yourself?

JR: Oh, I was. But I had 20 years in. You just get to a point where you have to decide . . . and the perks for the government are not bad.

TP: How did you ever get involved with BLM at the very beginning? We didn't talk about that . . .

JR: Well, I came out of the cotton patch to the oil patch. I was a farmer and I was also the major of \_\_\_\_\_. BLM had an office there and they couldn't get a lawyer to move to Arkansas. And they had to have a lawyer. One of the members of the office there, he went to the same church I did and he said, "Are you a lawyer?" I said, "Yes, but I don't practice. I could \_\_\_\_\_ judge every once in a while but I don't practice law." And he said, "Well, why don't you come work for us temporarily for two years and we will be done here." I said, "Well, all right. I will do that. But now, I may be late some mornings because I've got to go to the farm and get them all started!" And he said, "That will be all right. Just stay late in the afternoon." And so, I worked for two years there.

I had a horrible accident on the farm. My family burned up. I was offered the managership there in New Orleans. I only stayed two weeks but it was just . . . as I say, nobody came in to see you. I sat there with a secretary for two weeks. I did some visiting around, you know, but nobody had ever heard of me. The man who opened that office was a brilliant young man named Sidney \_\_\_\_\_. He later was counsel for Mobil. The second one was a friend of the Secretary. He had some problems. That is one of the reasons that I got . . . you know, where "your

next check will be there," because I turned it down and the director had another person he wanted in but the Secretary stepped in and put his man in. And he didn't turn out so well. So that was one of the reasons I thought I'd better go even though Denver is a wonderful place.

TP: So you spent a total of how many years there?

JR: I spent a total of two years there in the \_\_\_\_\_ office and then I spent about one year in . . .

TP: But your whole career with OCS and NMS spanned from 1959 to 1985, is that right?

JR: Yes. In OCS. That's right.

TP: That is quite an illustrious career. You have seen it all happen offshore.

JR: Well, the only things that has ever really bothered me in the whole thing were some of those Congressional hearings, where the congressmen are not interested in, in my opinion, they are not interested in the program. They are interested in what kind of showing they can make personally. I saw Doc Laborde's name the other day. We

bred a select committee on OCAS. I was allowed five minutes.

TP: Was it a Senate selected committee?

JR: Yes. I just recited the statistics, you know, about we've only offered two percent out of Continental Shell and so on. And they gave industry three minutes. And Doc had something to say about it. He said, "Well, gentlemen, it is obvious that you want the government to go in the oil business." And he said, "That's fine. I've got the drilling rigs. You're not going to find one drop of oil up the east coast." And this chairman said, "Well, why didn't you tell us that?" He said, "Well, why didn't you ask me?" I always had a great respect for Doc, not only for that but for his ability and his design of the ocean driller.

TP: Who else was a memorable figure?

JR: Oh, George Schoenberg with Shell. George Schoenberg with Shell probably wrote the original regulations. I don't think there is any question about that. At the 1960 hearings when we called in to people to find out what they wanted, you know, and we had rejected the bids, and that was a sore subject - George said, "Well, I don't

want to deprive the secretary of his obvious rights and duties to reject bidding, but I just don't want him to reject the bid because he doesn't like the color of my hair!"

TP: Do you remember a character named Beaux Dykstra?

JR: Oh, I remember Beaux Dykstra well. The old Dutchman. He was a fine gentleman. He sure was.

TP: He was close to Laborde in developing "Mr. Charlie."

JR: There were some fine gentlemen in those days. I had come out of the upland leasing, you know. My God, you talk about rough. They would even rent a hotel room over at the Brown palace and get a telescope and look in the window, look through the windows at where our tract books were kept. And they would see where the clerks were going.

TP: Who did this?

JR: The land men. Gosh, I was accused of having people that were selling information, you know. And finally, the kingpin of them all, and you talk about sharp - buddy, he was sharp - he said, "John, they're not selling

information. Someone over there who wears a red and black sports shirt, they can key in on him and they can tell the very tract book he goes to, and then they know what day that lease expires. They see him and they know he is noting it." And see, you couldn't file an order until it was noted. And so, the next morning, they would file. He said, "If you will close the blinds, you will stop all that! And then, you go over to this where it is competitive bidding. If you ain't got the money, there is nothing I can do for you!" And it was so nice and clean, you know. And in the mornings, it was so bad that the man that opened the door, I had a place for him to jump behind the door to keep from getting run over by the crowd! And to change from that to something that was nice and quiet at this OCS leasing, it was absolutely out of this world.

TP: But the OCS auctions were quite a scene, too, themselves, weren't they?

JR: Oh, yes. I don't know what is the political controversy today. Certainly, it is the same as it has always been as far as I am concerned - California and Florida, and Alaska \_\_\_\_\_. So, in 15 years, that hasn't changed. And I am pretty sure it is not going to change in the next 15 years.

TP: Well, is there anything else you feel a need to mention?

JR: I have just been out of it so long that it is just hard to recall anything else.

TP: Well, you have provided some good information containing anecdotes.

JR: I just think about all the time, all the controversy we had. When the federal/state boundary lines were being kicked around.

I think Austin Lewis is another powerhouse. He represented \_\_\_\_\_ Liscomb Lewis. He also represented the state of Louisiana. He was trusted by the federal government. Any time they had a meeting and they couldn't agree, both the state and the feds would say, "Austin, go back and fix us up something." He would. And not only that, he represented \_\_\_\_\_ the industry. I thought he and George Schoenberg were the real powerhouses in the early stages. George's death was untimely. So, was Austin's.

TP: That is interesting. I have heard George Schoenberg's name but he isn't talked about as much, from the Shell perspective . . . you hear more about the people who were

developing the technology rather than helping create the leasing system.

JR: Well, I hesitate to use the word "pride." I take comfort in the fact that the Gulf of Mexico has over 25% of the natural gas production. And now, I think it is about 15% of oil production.

TP: Well, it is probably the key story, along with Prudhoe Bay, of the post-1945 history of U.S. oil. You should take pride in that.

JR: A lot of interesting things and silly things that happened.

TP: Well, I would like to maybe talk to you again some time, but we can end our conversation here.

JR: That would be fine.

THE END