HHA # 00247
Interviewee: Kenneth Kaigler
Interviewer: Steven Wiltz and David DiTucci
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Transcriber: Lauren Penney

[Editor's Note: Some of interviewee's backchanneling and repeated words have been omitted for readability.]

Ethnographic Preface:

Born in 1929 in Weslaco, Texas, Mr. Kaigler went into the military service after he graduated high school in 1946. He then went to Texas A&M University, where he graduated with a degree in petroleum and natural gas engineering in 1952. During the last two years of college, he roughnecked for Humble Oil and Refining. Upon graduating he went to work in Venezuela as a drilling engineer for Venezuelan Atlantic Refining Company (Varco). He moved to Lafayette in 1957 to work for British American Oil Producing Company, where he worked as a drilling and production engineer until 1964. Over the next five years he was a offshore drilling engineer for ODECO in New Orleans. Not liking living in New Orleans, he came back to Lafayette to work for Signal Oil and Gas Company. In 1973, he became a manager for C and K Petroleum. In 1978 he took a job with Tenneco Oil and worked off Rhode Island and in Trinidad. After that he was transferred to Marlin Drilling Company where he worked as a rig manager in Brazil. In 1987 he formed his own consulting business that deals with oilfield-related insurance claims and litigation. During the interview he discusses the explosion of offshore drilling during the mid 1960s due to increased demand for oil and gas, as well as technological advances that made deeper water drilling possible.

TRANSCRIPTION

Interviewer Initials: [SW] and [DD]

Interviewee Initials: [KK]

[Begins by adjusting KK's microphone]

SW: This is a interview with Kenneth Kaigler. June twenty-fifth, 2002, at his office. Okay. Um, maybe we can start off with some background information about where you were born and kind of just short upbringing, and your educational background, and-

KK: Okay, I was born in Weslaco, Texas, February the fourth, 1929. Graduated from high school in Kingsville, Texas, in 1946. I went in the service '46 to '48. Came back and went to Texas A and I University in Kingsville, '48 to '52. Graduated in petroleum and natural gas engineering. [Pause] Started roughnecking for Humble Oil and Refining Company. Went there 1950 to '52, when graduated. [Pause]

SW: Did you, was your family in oil before? [Slight pause]

KK: No. [Pause; seems to be some shuffling around] [Inaudible]

SW: Just want to see how-

KK: Yeah.

SW: How you got involved in the oilfield. So you went to school for petroleum engineering, what made you do that? Was it uh, [your army service?] or?

KK: Uh, Kingsville was a oilfield town. Humble Oil and Refinery had a big office there. And uh, I had an uncle and some friends that had worked for Humble. And so I was interested in the oilfield.

SW: Okay. How did you end up coming to Louisiana?

KK: Uh, in 1957 [Pause] I went to work for British American Oil Producing Company in Lafayette. Worked there from 1964.

SW: From ’57 to ’64?

KK: Yes.

SW: Well where were they located? Here in Oil Center or?

KK: No. Yeah, yeah, they were in the Oil Center. I don’t remember what building it was, but it was here in the Oil Center. Oil Center had opened up around ’52 or ’53.

SW: Yeah. [Pause] Okay, that sounds good. Um, what uh, you said British American, I confused that for Humble for a second. Um-

KK: I had worked for Humble from ’50 to ’52.

SW: As a roughneck.

KK: Yeah.

SW: What did you do for British American?

KK: Drilling engineer and production engineer. [Pause]

SW: Production. Did you uh, did you stay at that position a long time or did you-

KK: Yes. Now in ’52 to ’56 I went to Venezuela, I worked in Venezuela as drilling engineer. [Inaudible]

SW: Oh, sure, if you don’t mind. Uh, what company was that for?

KK: Varco.

SW: Varco.

KK: Venezuelan Atlantic Refining.

SW: Venezuela. [Pause] Okay. Um, after '64, what did you, you just switched companies?

KK: I went to work for ODECO in New Orleans; '64 to '69. Offshore Drilling Engineer.

SW: That was offshore. So you went offshore?

KK: Yeah.

SW: Quite often, okay. What was your schedule like?

KK: Uh, we didn't have a set schedule. The engineers had a particular job they would perform either running casing or completing the well. We would go out 'til the casing was run and cemented, parts of the wells was completed, then we would come in. Or if we had any particular problems, we would go out there. But at that time we did not go out in just normal drilling operations.

SW: Okay. That was for men on the crews could do.

KK: That is correct.

SW: So that's exactly what you did?

KK: Yeah, [a bit?]. And the same way with British American. We didn't have a re-, regular schedule, we just went out for particular jobs to be done.

SW: You guys finished it off?

KK: Yes.

SW: Can you describe the process, what you did?

KK: Uh, usually we would go out to bring the rig in on location. And be sure that it was in the right spot. We had surveyors that would be out there and survey the location, be sure that we were in the right spot. And we would be there to be sure that the equipment was ordered for the rig, get it started. Uh, all the drill, casing, cement, mud, and all the other materials were there to get the rig started. Then we would usually stay until, through the surface pipe was set. Then we would probably come in and the rig was go ahead and drill the drilling to a certain depth. Some predetermined depth. When they got ready to log we would go out to the field and log the well, [Inaudible] the well. Then if we had set pipe, we would set the pipe and complete the well or plug and abandon it. And then we would come in and, back in. Nowadays the engineers work a seven and seven or 14 and 14 schedule. Back then we didn't work a schedule as per say.

SW: It was a job-

KK: We did, if there was a job to be done, then we'd go out and do it, then we'd come back in.

SW: Okay. So how many times were you going out, say, in a month? [Pause] Were you working all the time or did you have downtime where you weren't doing anything?

KK: Uh… we would probably go out to get the well started, or the rig started up. That would take about a week or so. Then we'd usually come in for about a week or two, then we'd go out on a completion, which would be another week or two. Depending on of course how deep the well was, how much casing we had to run, or the completion, how much [it was completed?]. You may go out and stay a week or you may go out and stay two weeks. Just depend on what was goin' on.

SW: Okay. And time in between, you had a week off-

KK: Usually, well, we come in the office and work.

SW: Oh so you didn't have any real downtime.

KK: We had uh, weekends off and things like that. Or if we didn't have a lot to do in the office, we'd [come in they at work?]. But sometimes we would have people, relievers help us out.

SW: How did they pay you guys for that?

KK: We just got paid by the month.

SW: Flat salary?

KK: Just a flat salary per month.

SW: Was it good money or bad money? [Both chuckle]

KK: It was good money compared to other occupations and other work being carried on. It was pretty good money. I first got out of college… went to Venezuela… I think it was four or five hundred dollars a month. Plus a bonus [Slight pause] each month I stayed down there. And uh, I don't remember what I made a British American, but I remember when I went to ODECO I went up to eight hundred and… 800 dollars a month. And at that time that was good. That was in the early '60s, so that was pretty good for that particular time. And uh-

SW: Was that an incentive to stay with the-

KK: Oh yeah. You had bonuses, you had uh… little profit sharing plans, you had hospitalization insurance, savings plans. You had a good benefit package. I think that was one of the main things you had there was a good medical package.

SW: Was uh, was the work you d-, uh, you mentioned insurance and stuff like that. The work you did out there, was it dangerous?

KK: No not our part of it. We would just, ours was more of a supervisory capacity. We weren't actually in on the uh, ac-, running the rig or anything like that. As an engineer for the oil company, we would just go out there and go out there and supervise the operations. And see that the rig carried out the work that was being, program that was being prepared by the oil company. Out particular end of it wasn't in the dangerous part of it.

SW: Kind of tellin' the other guys what to do and they were doin' that kind of thing, okay.

KK: That is correct.

SW: I see. How did you guys get out to the rig? Was it helicopter or boat?

KK: Most of the time in those days it was by boat. Uh, we, there were some helicopters for if you went a long ways out, but for shallow, close in operations, we usually had a boat that went out there.

SW: Okay. Um, how about job security?

KK: It was pretty good in those days. Uh, the rig, the company was usually pretty well short-handed at that time. They was a pretty good demand for engineers. So you didn't have much problem with job security or anything like that. In fact there was always other companies lookin' for hands. And there wasn't a what you would call an oversupply of engineers at that time.

SW: I see.

KK: Especially with oilfield experience. And you had some that had come out of school who didn't have the oilfield experience that had take, go into a training program. But I already had oilfield experience while I was going to school.

SW: Yeah, you were roughnecking.

KK: So I roughnecked, so I pretty well knew what was goin' on.

SW: So they could always find guys to roughneck, because if you grab those guys off the streets and train 'em pretty quick, but you guys with the education and the know-how were kind of harder to come by.

KK: That is correct.

SW: I see. Okay. That's nice, it keeps you uh, keeps you in a job. [Both chuckle]

KK: Yeah.

SW: I see that you went from Humble Oil, British American, ODECO, uh, you moved around a lot it seems.

KK: Uh, yeah. I liked it, it always seemed like it was a little bit greener pasture moving. I went to, I was goin' to New Orleans with ODECO and I liked ODECO, but I didn't like livin' in New Orleans.

SW: Okay.

KK: So I came back to Lafayette with Signal Oil and Gas. Offered a pretty good job there.

SW: Signal Oil. What year was that? Um, after '69?

KK: Yeah, it was from ’69 to ’73.

SW: When did you stop working in the field? [Pause]

KK: Probably uh, in ’73 I was offered a job with C and K Petroleum. They opened up an office here. And I was a manager then for C and K Petroleum. And I opened the office here and that was, that’s when I more or less come, started working in, more or less in the office. All these other jobs you have certain office work to be done while you weren’t on the rig, but in C and K is when I actually came in and started working more or less in the office as a manager.

SW: I see. Did you prefer that or did you like working out in the field when you were out there?

KK: Oh… it’s, working the field has its good parts and bad parts. You didn’t get to pick the time you went. You wouldn’t know when you were gonna go. You just know at a certain time you’d have to go and it might come at an inconvenient time. So workin’ in the office you were home every night, stuff like that. So you only went to field when you wanted to.

SW: Oh okay. Did usually when you worked for these companies you were based in one area, like in New Orleans, and they would ship you out to separate rigs and whatnot. They weren’t, the company wasn’t moving you around to different cities a lot.

KK: That is correct. You got, you stayed in one city.

SW: I’ve noticed some people that we talk to they, company would say, “Oh you gotta go here.” [Inaudible, overlapping speech]-

KK: Well some companies, some companies were that way. But they would usually give you a choice of uh, working at different places. In ’78 I was offered a real good job with Tenneco here in Lafayette. And uh, with Tenneco I was uh, [well to?], worked in Rhode Island, which we were drilling off the east coast [of Rhode Island?]. I went over there to work for [four months?]. And then I went to Trinidad and worked uh, [but there are?] have the deal where they say, “Well we will, if you want to go, you can.” It wasn’t like you were forced to give, you were given the opportunity. And you had your regular base pay plus bonus pay for it. Which enabled you to make uh, extra money and stuff like that.

SW: [You were sent in to do it right?].

KK: Yeah.

SW: Um-

KK: They uh, then later I was with Tenneco I went over, transferred over to Marlin Drilling Company. And there worked, I worked overseas in Brazil uh, as a rig manager over there. And then in ’87 uh, formed my own company, [Inaudible] Consultant.

SW: [Inaudible] Consultant, okay

KK: The company sold out then, so I went in to form my own company and went into consulting.

SW: [Gotcha?], Kaigler.

KK: Consultant. Yeah.

SW: [So if you don't mind, but uh?], we just, I made a timeline. Just a progression. When you were uh, back, goin' back to when you were workin' offshore, um, I had a question we ask about the dangers. You never got hurt yourself? Did you?

KK: [Chuckles] Uh, one time with ODECO we had mud on the floor, I slipped, fell, and uh, sprained an ankle bone. And the weather was real rough and I had to wait awhile before I could come in. But wasn't anything real serious.

SW: It wasn't related to the equipment that you guys were working on?

KK: No, no.

SW: Did the company uh, how'd the company respond to that?

KK: Uh, very well. They ha-, went on in and the rehab and got it all straightened out. Had a cast, worked in the office there. No problems at all.

SW: Other guys that you maybe saw get hurt, the company took care of them [Inaudible, overlapping speech]?

KK: Yeah, yeah. They were, the company was very good about taking care of the employees. Uh, they would usually if some people would get hurt offshore would be scared and didn't want to work offshore, so they find office jobs for 'em. And there was always plenty work to be done in the office.

SW: But the pay was better offshore?

KK: Yeah. You, I mean, you could work offshore and then you could come in and have some days off, like that. Some people preferred getting out in the field and working, some people prefer sittin' in the office and working.

SW: Personal choice [kind of thing?].

KK: Yeah.

SW: I see. Um, and would you say, I guess you meet people in other oil companies, would you say uh, you said ODECO took care of the employees, would you say the same for other oil companies or maybe there were some that weren't as uh, willing to take care of their employees? Either with benefits or?

KK: The benefit package was usually about the same with your major companies. Some companies made bigger demands of their employees than others. Uh, some of the companies were more lenient. [Slight pause] Some required you to work more offshore time, but some didn't like that. And uh, then there was uh, lot of them wanted you to strictly work in the office and not work offshore. So.

SW: So it was just, it differed per company basically.

KK: That is correct.

SW: Okay. When you uh, when you were working offshore, were you married at the time?

KK: Yes.

SW: How did, and you have children?

KK: Yes.

SW: How did that affect your family life, you goin' out and then comin' back?

KK: It uh, luckily my wife adjusted to it very easily. And she was able to take care of the kids, stuff like that. I know there was lots of people whose wives who didn't adjust well to it. And didn't like it. But uh, my wife, we didn't, she didn't mind the moving, we moved around quite a bit. And she, she didn't mind that at all. And she didn't mind taking care of the kids when I was gone. 'Cause she knew it was something she had to do, 'cause she probably spent more time raising kids than I did. [Pause]

SW: So didn't really, didn't really affect you guys that-

KK: Not me, but I know some people it did affect, but it didn't affect me that much.

SW: I've heard some-

KK: Depends on the wife.

SW: Heard some stories of when the guy retires the wife can't stand him 'cause he's around too much.

KK: That's-

SW: She wants him to go back offshore. [Laughs]

KK: That's, that's right, too. [Chuckles] [Slight pause]

SW: Whenever you worked in there, whenever you guys moved around to different cities, uh, might be less of a, this is less of a question for you as it is for people who work on uh, land-based drills, but when they move you to a different city, how did the place where you moved uh, appeal to you or did the people welcome the oil company if there's an oil company moving in or were they uh-

KK: Usually uh, we were transferred to an area where oilfield was goin' on, ongoing.

SW: Is that, is that right?

KK: Yeah, except when we went to Tr-, uh, Rhode Island. There was some drilling up there, but not a whole lot. But overall they, the people accepted us, I mean, you know, they, everybody really wanted the oil company comin' in there because it meant more money comin' into the area and uh, we were always treated with, [had lots of hands workin'?] places like Golden Meadows and Cut Off. It, it was, it was very nice. Everybody treated you real good.

SW: Even though you were from Texas?

KK: Oh yeah. [SW chuckles] And uh, but I had lived here for quite a while. The only place that we really didn't enjoy workin' was in [New Orleans?]. And the school system over there was, where we were at wasn't that good. And our boys weren't doin' good in school. So we had the opportunity to come back to Lafayette, so we did.

SW: Different lifestyle pace.

KK: Yes.

SW: Yeah. How did you uh, shift gears a little bit here, the whole industry [Inaudible], what did you notice from when you got into it 'til now, the development or the evolution?

KK: The, I think the basic drilling equipment, procedures about the same. The main difference that I see offshore is your communication. Uh, back in the '50s and '60s the only method of communication was [Inaudible] by radio, by FM or AM radio. And your mud companies usually had a tower somewhere along the Intracoastal Canal. And they had a tower rig and you'd talk to 'em back by radio. You didn't have the telephone microwave system like you do now. So you were pretty well limited here again off-, how far you could work offshore 'cause of the radio communication. And 'course your first well drilled offshore had to be surveyed in from a land location. Now once you got platforms offshore then you could trans-, survey platforms out there. Now you have satellites surveying and all that. You, the technology of things has been the biggest change. And uh, your communications and 'course you have a lot bigger rigs now than you used to. Your same basic drilling equipment and up to '65 you were pretty well limited about 200 foot of water depth.

SW: Yeah, not able to go much deeper.

KK: Yeah, now you're [Inaudible], you can, you can go out there any depth what you want to. They're drilling four, five thousand foot water depth now. But uh, your rigs are uh, like I say bigger now. And your getting into the floating rigs and bigger jack-ups. Prior to '65 you had some jack-ups, but not very many. Your drill ships were just coming into play in deep water. But basically you had your submersible-type rig that just sat on bottom, which could work in up to about 100 feet of water. Then you had tenders-type rigs that could go into about 200 foot of water. Then you had very few drill ships that could go. And it was after '65 that you begin to come out with your floating rigs, semi-submersibles. And your bigger drill ships and stuff like that. And then your bigger jack-ups.

SW: I notice you pick the mid '60s as a date, you keep saying that-

KK: Well-

SW: Is that where there was a technological explosion that really advanced it or?

KK: I think so. I think uh, up until I think in the early '50s and '60s there was some drilling offshore but the price of oil was low and the cost to drill was expensive. In fact some people didn't think it would be economical to drill offshore. But then as the price of oil begin to come up, there was a bigger demand for oil, and you had better equipment and so then the, your, the first semis come out, yeah, '64 or '65, '66. Your first drill ships come out about that time and your first big jack-up rigs come out about that time. And I think they were [Slight pause] technology I guess. Your jack-up drilling rig was one of the biggest innovations. And then your drill ships and then the price of oil as it came up. Then they were able to spend more money to look for it.

SW: Yeah. And so they just started on land and then you keep goin' a little further offshore as technology got better, and then you're way the heck out there, 10 miles offshore or whatever drilling down deep in the water.

KK: That's right. You've got better boats nowadays than you did then, you've got better helicopters than you did then, you've got better communication systems than you did then.

SW: [They're?] able to find the oil, too.

KK: Yes. And plus the price of oil is up there to where they can afford it.

SW: So they make it work one way or another.

KK: Back in the early [Inaudible] it was maybe five, six dollars a barrel for oil or somethin' like that. [Laughing] You didn't make a lot of money off of it, so-

SW: [You get that now?].

KK: And now you're getting 25, 26 dollars a barrel, so. And there was a time when the, you, the United States produced more oil than they could use and so the government set allowables where you could only produce so much from a well. Louisiana you had depth bracket allowable. You could only produce so much. And uh, because we produced more oil than we needed and to keep the price up from just droppin' out the bottom. They, they restricted the amount of flow.

SW: When, when was that? Uh-

KK: Well it might've been [British American?]-

SW: Fifties and-

KK: Fifties. And early '60s. We had depth, what they call depth bracket allowables. But it restricted the amount of, you could produce as much gas as you wanted to, but your oil was restricted because they were trying to keep the price up by, if you produced too much oil, the price would drop down and everybody lose money.

SW: Okay. And natural gas, you mention, I noticed, I know when you're drilling they hit these pockets of natural gas and they used to burn it off the top of the rig.

KK: Yeah.

SW: But now they realize they can sell that, too.

KK: Well-

SW: When did that happen?

KK: That, that… come about in about the first of World War Two. Uh, as oil, there was not really a lot of demand for gas, plus there weren't any pipelines for gas. And the main use of gas was in the South where there was a lot of gas and people used it. And so they realized back in the '40s that they needed gas in the Northeast for the industry. And so they built what they called the Big Inch Pipeline from here to Tennessee and up in there and supply them with gas. And that was the first part of the war and stuff like that. And then they also started shipping oil up there. The war changed [a lot?] 'cause they used to ship a lot of oil by barge or by tanker. Well then during the war German submarines got to sinkin' the tankers. Then we got to ship it some other way. Railroad can ship some, but then they put in more pipeline, starting putting in more and more pipelines to the uh, East, stuff like that. Then there became a market for the gas.

SW: [Inaudible] and that's where they started to.

KK: Yeah.

SW: Okay.

KK: There was a bigger demand for it in the northern, colder climates than there was down here. Then they started developing chemical plants and things like that.

SW: Yeah. [It?] came along as well. I know uh, the oil industry, it's common knowledge, is a boom and bust kind of cycle. How, how did that affect you and-

KK: Uh… uh, you know, I think it affected all of us. I think in the, you do have cycles in there. Uh, used to… they, what a lot of companies would do, they'd have so many permanent employees. Then they would hire people j-, on a temporary basis to work for 'em. And this was consulting, this is where consultants come in. They can hire 'em for whenever they were busy, then when they weren't busy, they'd let them go and keep their own employees. And uh, in the uh, early '80s, '82 and '83 were big years and all of a sudden the bottom just kind of dropped out of it. And uh, there was an over supply of [oil company men?], so then they, then they, 'course they begin to get more and more overseas, in other countries. And uh, a lot cheaper oil. Uh, where we were maybe produce 500 or 1,000 barrels a day from a well, they produced 10,000 barrels a day from a well. In Saudi Arabia, over there in Mexico, Venezuela, from, kind of had a drop in oil prices. And uh, there were a lot of people laid off during that time, lot of rigs stacked. I was workin' for Marlin at the time and uh, I, I, and that's when I got laid off from them when they, all their rigs were stacked. And we, I was working in one rig in Venezuela, I mean in Brazil. And it was stacked. When I came back to sta-, United States and most of the rigs here were stacked. So there in those periods of time there would be, there would be layoffs and stuff.

SW: When you say "stacked," I just want to make sure-

KK: They, they weren't working anymore.

SW: Just not at all, they just-

KK: They, they, they park 'em up here somewhere offshore and then stack 'em up and just leave 'em there.

SW: They sit there, okay.

KK: But they're what they call stacking the rig is where it wasn't being used, it would just be, sit out there and shut down. Not to work. [Lose audio for about 20 seconds]

SW: Yeah it's back on.

KK: Uh-

SW: I thought that was-

KK: Some people would just cut down the work load for their hands. And, or cut their wages. Some people just lay off hands. So it's uh, it, it was a uh, kind of a feast or famine deal. That uh, I guess you would kind of see in just about any kind of industry really.

SW: Sure. Did you ever get laid off for a time?

KK: Yeah, yeah, I got from uh, Marlin when they, when they shut everything down over there. I got laid off from them and that's when I went ahead and started my own company.

SW: Right, you mentioned that earlier.

KK: Yeah.

SW: Okay. Was it, was it rough in the beginning with your own company? With uh, the downturn?

KK: Yeah, they, Marlin had given us a severance package. Which uh, allowed me, you had so many months pay for every year you had with the company. So I had about six or seven months pay comin' to me. Plus I had saved some money and had some o-, saving plan and stuff like that. So then I was able to get into [Speaking slowly] other business that was oilfield-related, but was not actually not in the oilfield operation.

SW: Okay.

KK: Uh, I worked for insurance companies, 'cause they have claims in rigs, accidents and things like that.

SW: You're still connected to the industry, but not-

KK: Yes. But not in a, in a indirect way. [Pause] Also I work for legal firms on litigation where oilfield equipment-

SW: Personal injury litigation?

KK: Personal injury litigation and also property damage.

SW: Ah yeah, right. Okay.

KK: Rig would come along, move in, and sit up, sit down on a pipeline [Chuckling] and bust the pipeline.

SW: Yeah, so they got to pay for it. [Inaudible, overlapping speech]

KK: They got to pay for litigation here. Plus pers-, I would say most of my work is personal injury litigation, though, with legal firms.

SW: Did you see a lot of that uh, maybe not so much in the beginning, did you see the evolvement of insurance companies and, and personal injury litigation as the injury g-, as the industry grew?

KK: Uh… ye-, used to when a person would get hurt for drilling contractor, they would find somebody else, some other job for him. Either he may come in the office and work, and maybe work in the warehouse, he may drive a truck for 'em or something like that. But they usually find something else for him. And then as times got leaner, they found out they couldn't afford to keep these type people. And a lot of times the insurance company wouldn't let you keep somebody on the payroll that may have a bad back. So they, "Hey, you can't keep him." So then uh, they would just have to be fired out. Uh, some of 'em were able to go and find jobs elsewhere doin' somethin' else, some of 'em weren't. He had a bad back and all you done all your life is work in the oilfield, where there's [Chuckles] not much else you can do, so.

SW: Did, did they get a payout from the insurance companies-

KK: Yeah.

SW: From the oil company?

KK: Then they would, they would give 'em t-, a severance package or something like that in the severance package would be based on what kind of salary they had drawn and what kind of work life expectancy they had left. If a older person was injured, he wouldn't maybe draw as much as a younger person, because your claims would be made on how much would you make the rest of your life. Uh, if he was say 25, 30 years old, they figured he could work 'til 60 or 70 years old, well then he would have work life expectancy for long. And if he had kids, married and had kids, stuff like that, then that was taken into consideration. His future medical benefits would be taken into consideration. And uh, if he was an older person, he probably wouldn't be workin' much longer, then, I worked on one here awhile back, here in Lafayette, the person was injured offshore, but accidentally his legs were mashed off. A young guy, engineer, gettin' ready to go to work and uh, he had a very good settlement out of that because with those legs there would be lots of medical attention there, his loss of income was gonna be very high, his suffering and pain was gonna be quite [a lot?]. So he may get a larger settlement than somebody would be say older. And this guy maybe had 30, 40 years left to work. But a guy only has maybe five or six more years to work, well then he wouldn't be losing as much.

SW: They'll assume he'll retire soon.

KK: That is correct.

SW: Okay. These guys that did get hurt didn't lose their leg, that maybe just hurt their back or something, and they, the company couldn't allow them to work because of insurance purposes, what did they go do? [Chuckles]

KK: Some of them they would give 'em a severance package. Say, "We will, we will give you so much per year you had with the company." If he was a long-term employee or somethin' like that, he'd get a pretty good severance package. Uh, some of 'em who'd missed, hadn't been with the company very long, they wouldn't uh, or they'd say, "Well you can't drive a truck for us, but if you wanna go ahead and buy your truck, then we'll let you do some trucking for us," you know. Somethin' [on like that on?].

SW: Okay, um, contract basis.

KK: Yeah, yeah.

SW: Type of work so they weren't really workin' for the company, but then they worked, but for the insurance company they weren't on the payroll.

KK: That's right.

SW: I see, okay, it's a good little trick. [Laughs]

KK: But you know they try to help 'em out, stuff like that. But now it's got to where the, they don't do as much of that now as they used to.

SW: Would you say, uh, in what ways would you say the industry is maybe better now than before? And what ways would you say it's worse?

KK: I uh, better now because of technology. Your computers and stuff like that. You can work out problems a lot easier now than you used to be able to. You've got a lot better communication now. You pick up a telephone and call a rig workin' halfway around the world, talk to 'em by telephone, where used to you couldn't. Uh, the only [Speaking slowly] bad part about the r-, industry there, it's not as personalized as much as it used to be. Used to, we used to have company picnics or company barbeques or company parties. I don't think they have those anymore.

SW: Too much work.

KK: [Chuckling] Well, somebody might get drunk and cuss out the boss or somethin' like that. [Laughs]

SW: Oh, yeah, yeah.

KK: Things like that, but you know, they don't seem to be as personally involved with their employees now they, they used to.

SW: I see.

KK: More or a, more business.

SW: More business, yeah.

KK: Yeah. Which I think all companies are getting more that way now.

SW: Well yeah, I, I agree with you on that one. Um… in terms of the oil industry itself here in Louisiana, why Lafayette? What, what is it about this place that, why are we sitting here in the Oil Center?

KK: Uh, actually Heymann I think brought more, did more to bring the oil to Lafayette. The original companies were starting in New Iberia. Uh, Texaco had started over there and some of the supply stores [had been/begin?] New Iberia. But they wanted an oil complex and nobody in New Iberia would build it for 'em. So it came to Heymann, Heymann had all the land here. He owned all this land.

SW: Was all his gardens.

KK: All his gardens, his nursery. So he said yeah. So the companies came to him, said, "Look," they said, "we need some office, you know, a complex where all oil companies can work together. You have us scattered out downtown, here and there, over different places." And it made it hard communicating with each other and gettin' together on deals. So he started the Oil Center with these three buildings. It was Building Number 1 across the hall, Number 2 has been tore down, and this one's Number 3. And the Oil Center was the originally oil center. And by the time he had 'em built, they were already filled up, so he just started building more and more and more. And so, and so in the Oil Center here, well then more people would come. And your oil companies would come in and it's central Louisiana. It's uh-

SW: That was one of the questions, location.

KK: Location was real good. Uh, some of your major companies are in New Orleans. But Houston I guess is the major company office place for the South. But that's where your corporate offices [Inaudible]. Your operational offices, Lafayette would be centrally located uh, [back?] in the Gulf of Mexico. Or, of course, in Louisiana it would be centrally located. It's close to the Intracoastal Canal. It's uh, not that far from most of your offshore operations are out of Cameron, which is not too far from here. Intracoastal City, which is not too far from here. Or Venice, which is not too far from here. We're, we're centrally located. And there was lots of room to build and you would be within walking distance.

SW: Of each other, yeah.

KK: Other, yeah. And then you had the Petroleum Club where you could meet other people and talk, talk to 'em like that, so.

SW: [Inaudible, overlapping speech]

KK: I think that would be the main part, you might have a head office in New Orleans or Houston, but your operational office-

SW: Was here.

KK: Would, would be here in.

SW: He made it, Herbert Heymann made it attractive for the companies to come in here.

KK: Yeah, he uh, had the bank right here in close. Uh, then he had the post office here fairly close.

SW: That's right.

KK: So then you have all your oil companies, you're within walkin' distance of the post office and bank.

SW: And each other. [Chuckles]

KK: And each other, you know, you could just get out, walk down over here to see somebody or somethin' like that. So it, that is what the oilfield wanted. You didn't have to get out, get in the car, and drive halfway across town or across country to go see somebody. So I'd say as far as Lafayette is concerned, and the, not only the land, but also the inland water, and your offshore, well Lafayette was the ideal spot and Heymann accommodated the oilfield people so they could come in and work here.

SW: You said these companies could walk right there and deal with each other even though they were in competition with each other, they still worked with each other? Was it acrimonious or-

KK: [Chuckling] I don't think your, a lot of your oil companies really in the producing end and drilling not really competing that much because three or four companies will go together to drill one lease. It will be too much cost for one company to say go out here and buy a lease offshore and drill these wells, because uh, so they, three or four of 'em would go together. And uh, uh, it would've been common for four or five or, to go together to form a, a complex for people, not a complex but a uh, group. Group. And uh-

SW: Split, split the, the revenue.

KK: Split the cost that way they wouldn't, each one wouldn't cost as much. But you have so much to put into production, if you were in with somebody else then you could all pool your money together and drill more leases and have a better chance of finding something. So you all worked together on that.

SW: Yeah, weren't, they weren't, it wasn't uh, dog-eat-dog kind of thing.

KK: That's right. And a lot of your major companies would have something that they wouldn't want to develop and then your independents would come in and want to develop there. Plus all your oil companies here, your service companies would want to settle here too. 'Cause they wanted to call on the oil companies.

SW: Yeah, the support industry, the production crews and if you drive down uh, I-90, yeah, to New Iberia.

KK: Yeah.

SW: And see all these production crews and everything.

KK: Oh yeah.

SW: So that blew up the Oil Center and all the companies locating here, and brought all those other guys, too.

KK: Yes. Yeah.

SW: And-

KK: Because your service companies, Halliburton, Schlumberger, Baker, they want to call on these people, contact 'em, try to get their business. And that's where the cutthroat business comes in.

SW: Yeah, it's when those guys are-

KK: And they're, so they're after the business, so therefore they wanna office in the area where the oil companies are.

SW: But the actual drilling companies are not trying to cut each other's throats. Workin' with each other more or less.

KK: The oil companies. Yeah, the drilling companies, now they're, they're competing against each other. The drilling contractor.

SW: That's what I meant, I'm sorry. I'm, my-

KK: Your oil companies themselves will work together on these deals. Whereas your drilling contractor would be working against each other. And also the service companies.

SW: 'Cause they want the bid.

KK: That-

SW: They wanna get the job.

KK: That is correct. And they wanna representative in the area where the oil companies are operating. So all your drilling contractors would have an office in Lafayette so that they could call on these people and try to get the work from 'em.

SW: Right. So those, they were hustling the jobs.

KK: That is correct.

SW: Okay, that makes sense. Yeah, you just drive down towards New Iberia and you see all those companies out there. Can't-

KK: You [had/have?] a lot of room to expand here, too.

SW: Yeah.

KK: Your labor force is not real high, you're not troubled by unions like a lot of places are, and uh, your land is not too expensive to grow and stuff like that. So you, it's, it's a good environment.

SW: Did you see a lot of unions when you worked offshore? [Inaudible, overlapping speech]-

KK: No, they didn't, they didn't get offshore. Um, you, now when I was workin' in Rhode Island on the East Coast, there was a lot of unions up there that tried to get into it. Say like the Crane Operators Union and stuff like that. There have been companies came in and tried to get into the drilling business. In fact there were the company ba- [Phone rings] Excuse me just a minute. [Recording turned off] The drilling unions try to, try to come in. And they ask him, "So what do you want?" And he said, "Well we want these demands." He said, "There's no way that I can operate under these conditions and compete with other drilling contractors, they're not union." So they voted to go union and he just shut her down and sold out the company. So it really didn't work out, plus your drilling crews come from so many different areas, especially offshore. Offshore you have people from north Louisiana, Mississippi, from Alabama, Texas, all comin' in.

SW: Okla-, Oklahoma.

KK: Oklahoma. All comin' down here to catch a rig out to go to work. And so it's, it's hard to organize people like that. Now, some of your land deals they try, but then here again they, they have a pretty good turnover in hands on land drilling. 'Cause the rig might work for two or three months and it might shut down. That was one of the advantages of the offshore drilling is a company would lease a rig, they may lease it for a year or two. So that you know that when you went to work for 'em you'd have a job for about a year or longer. Whereas uh, now there are more rigs than there is a supply. The supply is more than the demand. So you have a lot of rigs stacked. Lot of rigs shut down, not workin'. So when they do that you have to lay the hands off. So there's a movement. So in the, long time ago you had uh, more rigs than you, than they needed. I mean, they didn't have enough rigs, so the rig was always working steady all the time. So you could live in uh, and you worked a seven and seven schedule, you worked seven days, had seven days off. Now you worked 14 days and have 14 days off. And you can live in Mississippi or north Louisiana, have a little farm or do somethin' up there. And-

SW: You wouldn't have to, to relocate to Louisiana.

KK: That's right.

SW: Just, you could drive in for the 14 days and then drive back.

KK: That is correct. That was one of the big, I think, advantages of it, is that you, you were able to live wherever you wanted to.

SW: Yeah. As long as it was within proximity.

KK: That's right. And you could get here to go to work or wherever you supposed to go out of. [Slight pause]

SW: Yeah. When, you mentioned leases a couple of times, just wanna make sure I understand completely. You said companies would, couple of oil companies get together and buy a lease for a year. When you say "buy a lease," you mean a plot of area to drill in?

KK: Uh, we're talkin' about land or offshore?

SW: Either one.

KK: Okay-

SW: Offshore preferably.

KK: Okay, offshore belongs to the federal government. Three, after three miles out. And they will put certain blocks, it's all divided up into blocks, 5,000 acre blocks. And they will put certain blocks up for lease. And the companies will form consortiums, groups, to bid on this. Uh, uh, and before, maybe it might be four or five smaller companies who by themselves couldn't afford, they might spend two or three million dollars just to get the lease to drill on. Then when you start drilling it costs a lot of money. So they couldn't do it by themselves, but by a bunch of 'em goin' together they could do it. And on this lease you have so many years to drill and develop production. You drill on there, but if you don't drill on there, say it's a five-year lease. If you don't drill it in five years, you lose the lease. If you drill on there and find production, then, then there, you keep that lease and continue to drill and operate on there as long as you're producing oil and paying the government a certain part. Uh, you pay them to lease the land, plus you pay them a certain percent of your production in royalty. So the government's makin' pretty good money off of it.

SW: Yeah, basically they're renting the area to use it from the government for certain period of time. And in addition to giving them money for the rent, they're also paying them some royalties from whatever they find, minerals and oil and whatnot.

KK: That is correct.

SW: Okay. How, seems kind of risky. Why, does the government allow you to test in an area before you lease it?

KK: No. [Laughs] You can do seismic work. You can go in and do seismic surveys over the area. Which will tell you where certain structures are. And then your geologist will look at these structure maps and say, "Hey, this area looks good here." Or, "This area looks good here." Or you may have a lease right next to where you're producing already. You might have a lease producing. [You hey?], says, "Our, our field runs over into this other block, so we, we want to buy, lease that also."

SW: I see. I see, okay.

KK: Or somebody else may say, "Hey, I think this, we can get in there and get part of their oil," or somethin' like that.

SW: I see. But sometimes it's a risk.

KK: Yes. There's a very big risk.

SW: You'd be taking a chance that, looking at those structures and saying, "There could be some oil there." You plunk down three million dollars and drillin' dry.

KK: That's right. That's why you have a lot of people get involved in it.

SW: Yeah.

KK: And sometimes uh, you'll lease some land and you'll drill some wells and you get dry hole, you don't think it's any good. But somebody else may think it is good. They're geologist looks at it in a different way than what you do. So their geologist, "Hey this looks good to us, so we're gonna drill on it." When I was workin' for ODECO, that's what they did. They took a lot of farm-outs. They wouldn't have to put up the initial lease on it and they would farm it out from these people and if they discovered oil, well then the, these other people would get so much. "We'll, if you'll let us drill over here, we'll give you 10 percent," or somethin' like-

SW: But they would buy it to farm on it? [Pause] You say-

KK: They, they would take a farm-out. What they call a farm-out. In other words, ABC Oil Company has a lease here, 5,000 acres. Their geologist says, “Hey let’s drill in the north side.” They drill in the north side and get a dry hole. The ODECO or independent, they say, “Hey, let’s drill in the south side. We know there’s not any oil in north side. We don’t have to put up the big lease here to get it in the first place. We know where it’s now. So we’ll come down and we think there’s oil in the south side.” So then they’ll drill in the south side and they may earn that lease by drilling and finding oil on that.

SW: Just on that side.

KK: That-

SW: [They farm-out?]. Okay.

KK: Yes.

SW: So what they’re kind of doin’ is somebody else makes a mistake and doesn’t find anything, you can play off of them and increase your odds of actually striking.

KK: That’s right and not having to put up that initial lease in the first place.

SW: [Inaudible]. Who’s makin’ the money is that guy who has the land, because if the first oil company strikes out the second one’ll come in and drill in a different spot.

KK: That’s right.

SW: But then how much is the land damaged by-

KK: Uh, not, it’s not that much. It’s, if you offshore it’s not damaged at all. But even on land there’s a, there’s a big misconception about damage to land. And uh, I kind of blame the oil industry a little in their, they’re not having a very good public relations deal. I’ve, I’ve worked on, in areas here in south Louisiana and they’re beautiful places and it’s an oilfield. In uh… Kilgore, Texas. You got oilfield right in the middle of town. Derricks right in the middle of town. Hundreds of oil wells right in the middle of town. It’s not, it’s a pretty [little town?] [Inaudible]. And even in south Louisiana.

SW: Yeah, there’s one right off Ambassador Caffery they started producing.

KK: Yeah. Yeah.

SW: Not long ago.

KK: You know, they [worried?] about it, they take everything off, you go back to the way the land was before. I-10 around Crowley they was one built right along the highway there.

SW: Saw that.

KK: And now I think it’s a rice field or somethin’ like that. You know, it, it doesn’t, doesn’t-

SW: There’s not as much damage-

KK: The, the environmentalists who have had some places on the West Coast when they had a blowout and caused some problems. But generally speaking if you watch the old movies about when they bring a well in, the oil gushes up, well that's[Chuckling] not the way they do 'em anymore. Everybody's-

SW: So they got it completely wrong, Hollywood's got it wrong with the oil just spurtin' out the top.

KK: There was a, a good piece on History Channel here awhile back about oil. That was real good. I thought it was a real good [segment?]. On the History Channel. About how they developed oil and brought it in and the newer deals and stuff like that. It was very interesting.

SW: Well that, that's good. Sounds to me like the oil, oil companies just have bad PR.

KK: I think so.

SW: But I think once, sometimes when people get it in their head that's somethin's being done wrong, you can hardly change their minds.

KK: There was, there was a time when they let saltwater run out underground and oil would ride out, and they did create some big mess, but that's way gone, long time ago.

SW: 'Cause now-

KK: Drillin' offshore now and off the coast of Alabama, you don't even let rainwater run off your rig. The rainwater's collected and put in the barge and hauled off. All your mud, you don't dump any stuff over the sides anymore like you used to. So it's, the oil companies have really cleaned up their act. Doin' a lot better now. And the, there's very little if any damage even in Alaska up there. You know, when they was gonna put the pipeline in. Oh my gosh, the environmentalist raisin' all kind of Cain then. Then they found out that it doesn't affect it at all. In fact, the Caribou like it better 'cause they-

SW: Yeah, they-

KK: [Warm rest?].

SW: They warm their bellies on the pipe.

KK: [Chuckles] And they come up there and there's grass growing in this area where it wasn't before. And uh, the thing, another thing about it is you can drill so many wells from one particular area by directional drilling.

SW: Yeah, that's another technological advancement that has made it cleaner and safer.

KK: You can have a platform offshore and drill anywhere from 10 to 15, 20 wells from that one thing.

SW: Yeah, [Inaudible, overlapping speech] side.

KK: You just, you just go out to the side there. And cover some pretty wide areas.

SW: That's a good thing. [Pause]

KK: Then you can do the same thing on land. 'Fact that well over there on Ambassador Caffery, I think it was drilled up underneath the town somewhere. But you can't come up in somebody's yard [Chuckling], in parking lot and try to drill a well. So they drill it out there and directional drilled it up underneath the city. I don't know where it was bottomed up at, it was [nowhere?].

SW: Okay, um-

KK: Technology I think is the big thing. They're more safety conscious now, too. I think so. They're more environmentally uh, conscious now.

SW: People [Inaudible] now.

KK: Yeah.

SW: So they, they've, you know, they feel it's economically viable for them to pay more attention to it.

KK: Yeah. And, and the safety things are. Not only are you getting fewer people hurt, their valuable people who have been well-trained and you really need 'em, you're not getting them hurt. Plus you're not getting in lawsuits. And it's a hell of a lot cheaper to take care of 'em and prevent the accidents in the first place rather than end up with a lawsuit or somethin' like that.

SW: Have to pay his hospital bills for the next 30 years or worse. Yeah.

KK: You get involved in lawsuit, you don't know what the juries gonna do.

SW: Sure.

KK: Juries liable to give 'em all kinds of money and you can't [Inaudible]. [Pause]

SW: Well. That's about all I can think of right now. [Chuckles]

KK: Okay.

SW: If uh, if we would come up with some other questions, I'm gonna transcribe the tape, will you mind if we came back?

KK: No, not at all.

SW: [It's good?], you've given us a lot of good information. This is uh, this is a lot of technical stuff that you cleared up. One other thing, do you know of anybody else that we could talk to?

KK: I'll check around and see.

SW: Okay.

KK: Sure. Give me one of your cards.

SW: Yeah. And uh, you can contact us and we'll come and talk to 'em-

KK: A lot of the old people I used to work with are not around anymore, but I, I'll be glad to. Yeah, here's-

SW: Yeah, yeah, I'll take that from you. I appreciate that, that helps, we make a timeline and um-

[END OF RECORDING]