MMS OFFSHORE GULF OF MEXICO

ORAL HISTORY PROJECT

Interviewee: JIM BIBEE

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Bio

Mr. Bibee graduated from University of Tennessee with a degree in Geology in 1950, and immediately went to work for Gulf. After spending a couple of years with another company in Colorado, Gulf hired him again in 1956 to work offshore at their New Orleans office. He worked on the 1970 and 1972 lease sales at the time when bright spots became an indicator of reserves, and due to his success became head of E/P for Gulf. Bibee continued his service for Gulf during its merger with Chevron and retired after 34 years.

Summary

This interview dealt mainly with Gulf's use of bright spots in the 1970 and 1972 lease sales, as well as the evolution of bright spot's from a research perspective at Gulf. There was some discussion of the bad experiences in offshore Texas as well. Mention of the Gulf/Chevron Merger. Texas Eastern contract. Significant discussion of Alaska and the Muk Luk dry hole. Move to West Africa and growth of technology. Additionally, a discussion of deep water issues. Talk impact embargo had on E/P in the Gulf.

Side 1

TP: I am here with Mr. Jim Bibee. The date is May 27, 2003. The interviewer is Tyler Priest. Let's start off with a little background.

JB: Well, I started to work for Gulf in 1950 in Houston. Then, subsequent to that, I went to Durango, Colorado, on a wildcat program.

TP: Where did you go to college?

JB: I went to the University of Tennessee. I graduated in 1950 and went to work in 1950. Then, in 1954, I went up to Durango, Colorado on a wildcat program for Reynolds Mining. In 1956, Gulf wanted a larger office in New Orleans. I was contacted in Durango and went back to work for Gulf in 1956. That is where I was involved with the early stages of the offshore.

Starting in 1956, I worked onshore Louisiana. And then, in . . .

TP: In Southern Louisiana?

JB: Southwest Louisiana. We were quite active in southwest Louisiana in those fields at Church Point and St. Mary's Parish. We had Garden City and some of those efforts

were the early . . .

TP: Gulf was one of the early pioneers in the bay and marsh areas of southern Louisiana.

JB: And then later, I got involved with south Louisiana right onshore. But how I got involved with offshore Louisiana and more or less was accelerated into it . . . We had a geologist that was involved with the early stages of preparing for the large offshore venture that Gulf was going to get involved in. His name was LeBlanc.

TP: Do you remember his first name?

JB: Richard LeBlanc. It sounds like it is a Cajun name but he was from Virginia Tech! He was from that area. But it did not bother him in south Louisiana. Richard passed away with a heart attack, which gave me an opportunity to move in and kind of be at the head of the geology portion of preparing for that large sale.

TP: In geology?

JB: In geology, yes, in 1970. And, of course, there was a lot of geophysics involved, primarily geophysics. But we were trying to coordinate all the background geology we had from onshore and projecting it into the offshore, and carrying our sections. And we were still working wiggle sections.

TP: Are you still talking about when you came over in 1956 or later?

JB: This was later. LeBlanc died in . . . the sale was in 1970. LeBlanc died in the latter part of 1968. So, that is when I got heavily involved in the offshore.

TP: Gulf was extremely successful in the 1950s and 1960s. I think they were one of the leaders in offshore production.

JB: Well, sure. We were in the shallow water there in the Timbalier area and the Grand Isle area, and Main Pass. We were quite involved. And then, in the marsh areas, you know, the Black Bays, the West Bays, Quarantine Bay – all of those fields. We had all those near shore marsh fields or bay fields. We called them bay fields. That is why we were most interested in moving out.

TP: Who was the leader in some of this early success? Who was responsible for that from Gulf? Do you remember?

JB: Well, I would think that the success came really from our management. Roy Paine moved over there to head up that offshore area and he was a geologist. We started this offshore unit in Houston, but we moved it to Louisiana, to New Orleans. And Roy Paine went over there to head that up. And then, in the management in Houston

we had Funkhauser, who was Larry Funkhauser's brother. So, we had a real competitor in Chevron and our Funkhauser and their Funkhauser. His name was Lawrence. So, we had Lawrence and Larry. He was one of the management personnel that was quite involved, along with another gentleman that was in the Pittsburgh office, Mel Hill. Mel Hill retired in California.

It was in that environment, but pushed by the fact that Gulf had, and I am sure you heard of this, a contract, corporate contract with Texas Eastern.

TP: Right, the warranty contract.

JB: That is right, which demanded . . . it was a very onerous contract. We paid for the difference in the gas or else find it and deliver it at a very low price. I believe the price was about twenty-one cents. So, that was the prime factor that gave us support to be quite involved and to have the funding out of the Pittsburgh home office for the big sale. That is the big push that we took because of the contract, to get involved in the 1970 sale.

It was in the 1970 sale that our partner was Mobil. And as I remember, I believe we bought 10 or 11 blocks jointly. And all of them were commercial except one. One was marginal. It was productive but it was marginally commercial. As I recall, some of those would be South Marsh Island 23, South Marsh 48. We had quite a

few leases. There was Grand Isle. I believe it was 89. So, we had quite a few blocks that we purchased. And this was the first place that we utilized what we called bright spots or direct detection technology for gas. It was in our technical meetings with Mobil that, one day specifically, we saw some gas presence controlled more by stratigraphy than by structure away from the main structure of the block 89 dome.

TP: Block 89 Grand Isle?

JB: It was there that we, on a technical review . . . we worked many hours in the evening and we said, "you know," We kind of had . . . they talked to their management and we talked to ours. They said, “You know, we think that you are utilizing something that we are too. Do you have something just besides structural that you feel is important to you?” And we said, “Well, we do, and that is why we wanted to bid on this block.” And they were kind of hiding it and did not want to say that they would be a partner in that particular block. But when we said, “Yes, we want to bid on this because of something other than structural.” They said, “Well, is it seismic data?” I said, “Yes, it is definitely seismic data.” So then, we got together and we got permission from our management just to open our books and see if we could have the same limits. So, we started putting the limit on our maps, on what we thought was potentially gas productive. And from that, we developed our bids to go to that sale together.

TP: And so, Bob Hirsch was your counterpart?

JB: Bob Hirsch was a counterpart in that work session, and was the head exploration person in New Orleans. Of course, their management was in New York. Holland and several other of their people were involved and would come down for the bid sessions. But Bob Hirsch was the local person who was head of that team.

TP: Was this something Gulf's research might have been working on?

JB: That is right. We had been working on this for several years. In our lab, we would make these tests on our seismic records. We would inject a certain amount of gas and then, we would see the model. And then, we would model and put it back against the records that we were shooting in the field and pretty well had laydowns. So, we felt like it was a gas intrusion. Now, there was some complexities and still are. You can have a gas sand with a water level in it. And sometimes, that will compound the event to where you think it is completely full but it is not. It is just a strong event, and it compounds itself because of the thickness of the sand filled with gas and the thickness of the sand filled with water.

TP: That is what they call phony bright spots?

JB: Yes, and, of course, you can also get a bright spot with a hard section, you know. So not all bright spots are . . . but now, you have a lot better calibration. You have a lot of newer tools, and you can reverse polarities. You can AVO things and you have a lot of different looks that you did not have in the 1970 sale.

TP: Who lit upon this at Gulf? I know at Shell, people were saying, 'there is something to these anomalies,' and there were other people saying, 'well, you are crazy. It is too good to be true.' So, was it difficult to try to bring this into a serious research agenda?

JB: Well, you know, we were pretty close with our lab at Harmarville which was about 30-35 miles from Pittsburgh where our home office . . . That is where our main lab was. So, our geophysicists would go up there at particular times and we would catch up on what we were doing in research. And then, they would come down and tell us, 'this is what we have been seeing,' and we would try to work it in. And then, we started working with the data. Then, for a while, we had a few people down here working with our people in the operating office in New Orleans. Bob Brodine and those type people would come down from our research lab and stay with us several months, trying to see how our mapping would progress and what it was due to, in the sense of the research.

TP: But it was something that came out of research and not out of operations?

JB: No, I think it came out of research. That is right. We were already seeing some, but we did not know exactly what they meant, you know. I mean, we could see them structurally controlled and we knew that we had . . . We had even gone back and seen where we had some production in some of our fields, but we did not attune it to the fact that it was a bright spot. And, you know, you can get a very thick sand and sometimes, if it is just encased in a big shale, it will also give you a big wall up which sometimes is filled and sometimes it is not with hydrocarbons.

TP: But it was not until shortly before the 1970 sale, you said, okay, this is . . .

JB: We are going to utilize this. That is right . . . we are going to utilize this along with our structural mapping. And we tried to still, as much as we could, use structure. We would take our cutouts, that is the limits of the production, and try to fit it into what we felt was the structural mapping. And, you know, a difference compared with today's deeper fields, our fields were fairly complex. That is, they were greatly faulted which limited our reservoirs. And that was another thing where you would see a bright spot and come across a fault, and you would see another bright spot at a different level, you tried to match and see if it was the same sand. Sometimes, it was a different sand. That was true of Grand Isle Block 89 because it was controlled a lot by faulting and by stratigraphy. So, we found that to be pretty enlightening once we started drilling some wells there, which was after the fact, after the bidding and

after we started our exploration program.

TP: Wasn't it in the 1970 sale that companies also started working the Plio-pleistocene geologic trend, whereas the other shelf fields were in the Miocene? Was this related to bright spots?

JB: Well, we find it nowadays in various age beds, even the older beds, you know, Miocene, or even in the Frio. But in the offshore and in the marsh, we were down in the deeper Miocene, and then we were moving out to the younger beds being deposited, the Plio-pleistocene. To the end of the shelf, that is about where we were concentrating, in the Pliocene and the Pleistocene. So, we pretty well worked as much data as we could, both from a proprietary standpoint in which we did a lot of shooting. We had our own boat and we were out there shooting our own data in addition to all the spec data that we could buy. And everybody was buying the spec data, those that were involved in the offshore. And then, whoever was able to supplement it or hire a crew for their own account did so. If they saw something and wanted to get more detail on it, then they would go ahead and hire a crew.

TP: How many boats did Gulf have?

JB: We just had the Rex.

TP: I think Shell had three.

JB: Well, later they had another boat.

TP: The *Shell America*.

JB: Yes, but we just had one for that 1970 sale that we were doing some of our only shooting from. It was a busy time for the seismic companies because they were tying up every seismic crew that had offshore experience. You could hardly get them. And they had shut down the spec data nearly because they were hired, you know, and could not get the . . . Well, they did not need to do any spec. They were hired, and had their full budget, by private companies.

TP: So, the Westerns and the Geoseis were having trouble getting crews to do the spec data?

JB: That is right.

TP: The Gulfs and the Shells had tied up all the . . .

JB: Well, any of them that were out there were tying them up. Right.

TP: So, the 1970 sale had 9 out of . . .

JB: Well, it seems to me it was like 10 out of 11, but it has been so long ago. That is a figure that I remember. Whatever it was, we had one marginal and the rest were commercial of that particular sale.

TP: Mostly gas?

JB: Well, no, we had gas and oil, but we were utilizing the HCIs or bright spot technology.

TP: What was it that Mobil called them? Hydrocarbon . . .

JB: Hydrocarbon Indicators. That is what they called them. We called them bright spots. Even between us, that was something. We would look at something from the record in our technical sessions, and they would say, "HCI." We would have to think back and wonder, "Well, what is he talking about?" Then we would say bright spot and they would say, "What are you talking about?"

TP: You called them bright spots, too? Did you call them that name independently of Shell?

JB: Well, it was just brighter. Yes, we just felt like it was brighter than any other on the record so we called it bright spots, too.

TP: The same thing as Shell?

JB: Yes.

TP: That is interesting. What was the next important sale you geared up for? 1972?

JB: The 1972 sale. If I am not incorrect on that, this was a block . . . I cannot remember but I think it was Eugene Island 238, or 338. And I believe there was one block in there that we bid on it with Texaco. This was kind of a late partnership for that block. Texaco called us and asked us, "If they told us the block, would we agree to join them or not bid against us if we were not committed?" And so, we said, 'well, yes, we will.'

They gave us the block and in that sale, there were many, many bids. It was a lot of money at that time, from about $40,000,000 to $50,000,000+ on that block. It was already a producing field and we were buying a flank block. We bought that block. The second high bidder was Exxon. I think we won that block for $50,000,000+ by about $50,000. And then, we had several other bids just one million or two beneath us. So, everybody was using bright spots by then and mapping. Part of their

evaluation was how thick was the sand, you know.

TP: I think that must have been the sale where other companies who were not using bright spots saying, wait a minute . . .

JB: Shell was there.

TP: Yes, but others who had maybe not caught on were saying, 'wait a minute, these companies are working with something that we are not aware of.'

JB: Well, they cannot bid that kind of money on just structural mapping. You are correct. You are right. Well, I think there was a suspicion of that after the 1970 sale because some people . . . I think several companies really got involved and tried to follow up on that after the 1970 sale because they did not know or did not bid, or did not bid significantly on some blocks that we bid substantially on. And so, they knew there was something there. I believe in the 1970 and the 1972 sale was a block that you were more or less buying production. See, you were evaluating . . . Nowadays, you can go into 4D. Instead of 3D, you can go into 4D and pretty well come close to mapping. If you have enough oil data put into the seismic, you can just about tell what your reserves are within the technical limits. But you do a wonderful job with 4D today of zeroing in, closer control, and taking that bright spot. Even if it has been watered out on the lower load, you will get a difference in the brightness. And

then, if you AVO it, you will see that water level come in. So, you can see particular sands that had been partially depleted or you thought they were partially depleted. Maybe they had a break, a barrier, and then you can pick them up again. So, there are a lot of sands that, because of recent technology, that they have gone in and redrilled because you thought probably you had captured all the reserve, but with your new data, you had to go back in and redrill the field.

TP: And created a whole new province for some of these companies that were here early in 3D and 4D.

JB: Sure.

TP: Which sale was it . . . was it offshore Texas, 1972, where people bid on bright spots and got burned pretty badly?

JB: Well, you know, that was some of these large thick sands that were along a big hinge fault that was out in the offshore Texas. And you could see these big spots and they were brighter in a sense. But they were very thick sands, sands that had been dumped over that hinge on the downthrowing side of that fault, and stacked up in hundreds of foot of sand. And those gave you . . . so if you felt like you could get any kind of structure or fault closure in there, that you could have a tremendous field. Well, actually, those sands were the reason for the apparent bright spot but

they were not productive. But associated with that sense, then, there have been some nice fields discovered offshore Texas – not in the magnitude that we envisioned but some fairly nice fields. In that particular age sediments that we were following in the early stages, moving from West Cameron over in Louisiana into the Texas, some of those sands were fairly thin. We diminuated the potential as we moved towards Texas because we thought it was further from the sand source. But now, we have found some of those old deltas have moved over into Texas and you do have some consistency with some of the sand deposits.

TP: Did you bid a lot on those thick sands in 1972?

JB: Well, we did bid on those, but we were not the big players in that sale. We did bid in some of the Texas blocks.

TP: The embargo and the spike in oil prices, how did that affect exploration offshore?

JB: You cannot really anticipate . . . there was an impetus, both from . . . we actually had projections of $30, $35, $40 oil. Of course, that makes a great difference. When you can get prices like that, even if you have a gas obligation warranty contract, you can pay that off with prices like that. So, sure it gave us an impetus to find some big reserves. And I have to say that the entire industry was pushed for a period of time when everybody was projecting $30, $40 oil prices. That is when oil was jumping

from about $7 or $8 up to $19, $20, and then jumped on up above $30. Management and budgets were easy to acquire. Money for exploration, particularly in the offshore was available. So, it did have . . . but it was not long-lived because that was not a long life thing. You always had an inventory of leases that you had to be drilling.

TP: Both bonus prices just soared. It seems obvious that the embargo and spike in prices had an effect on that. But bright spots must have had an effect on . . .

JB: Oh, sure they did. That is what gave us the courage to bid substantially higher than anybody else in the 1970 sale. And then, the 1972 sale, that was even more apparent. You were actually bidding on what you thought were real reserves instead of potential reserves. And we also had other fault blocks that were already productive at Eugene Island 338. I believe that block we bought was 330, Eugene Island 330.

TP: I thought Pennzoil had 330.

JB: Well, it was 330 field. Maybe we bought 338.

TP: I think Pennzoil had 331 and then you must have had 338.

JB: It was that complex, but it was the Texaco Gulf block that we bought in that sale.

TP: But by the late 1970s, I mean, looking at just the amount of money that was laid out . . .

JB: I left the Gulf Shore and went up to head up an enlarged Rocky Mountain office in 1976. So, my last sale was the 1976 sale. And then, I went on up . . . I knew I was only going to be there for 15 months; then I would be coming back to Houston. So it was in 1976 that I left and went to Casper, Wyoming.

I would have to say, and I will be real frank with you, that the success that we had in the offshore was probably the thing that helped me. In a big company you have to have a lot of politics or luck or something, but I would say in my case, it might have been the success of the offshore that really helped my career.

TP: Their top management came from the geology and engineering parts of the company. I mean, I know that was not the case in all the companies. So, how long were you with Gulf?

JB: Well, I was with Gulf 34 years. When the merger came in 1984 I stayed 6 months, and was on the merger team with Larry Funkhauser. My boss . . . We kind of tried to put the personnel together. We were evaluating both and I think Chevron was

very fair about that. They were evaluating the best people we had from a technology standpoint and from a performance standpoint, from the compensation standpoint. And, of course, a lot of people were offered programs to retire after the evaluations. And both companies, I think, benefited from retaining the best people. And I think you could see that with Ray Galvan being the head of the U.S. Chevron company and Jim Hooks being one of the head geologists. We were ex-Gulf people at the time that went with the merger.

TP: So, you were at Casper for just a couple of years?

JB: Fifteen months, and then came back to the . . .

TP: What were your areas of responsibility?

JB: Well then, I had U.S. exploration when I came back. Well actually, I was on the staff for a little over one year. And then became . . . Gulf never had that title, but kind of the head geologist of Gulf in charge of U.S. exploration. And then, I became vice-president of worldwide exploration before I retired.

TP: When you were head of U.S. exploration . . .

JB: Well, it covered all of the lower 48 and Alaska. There, again, we were active in the

offshore sales of Alaska, too. Aleutian Islands.

TP: That is an interesting story, too. What I am mainly interested is the Gulf of Mexico, but we are trying to get the whole offshore story including Atlantic, Pacific and Alaska. I mean, Alaska is very interesting.

JB: It is. Well, you know, there has been some production out there on the Ice Islands, and Sand Islands that they built. We were involved in a couple, but mainly onshore in Alaska. Prudhoe Bay.

TP: Was Gulf part of the Mukluk, I hate to call it "fiasco," but it was a big dry hole.

JB: Yes, we were. We were the successful bidder and drilled the dry hole. It was a seismic problem because we were not taking the ice consideration into our seismic evaluation, which made a high into a low! But we were one of the companies that were allowed to look at some of the Prudhoe Bay cores that influenced us, too, because we thought the silo (?) would have been the prime objective. So we were able to go out and look at their cores.

TP: It looked a lot like another Prudhoe Bay, is that right?

JB: Right. Exactly. And so, we did actually carry them for an interest.

TP: Alaska has been tough. Other than Prudhoe Bay . . .

JB: That is right. Well, Cook Inlet is a tough place, too, on the other side. That is a tough place to operate because of the tide reflux.

TP: Did you get into the Chuckchi Sea and Beaufort Sea?

JB: Yes, we did.

TP: I think I recall Shell had some discoveries up there.

JB: Well, we had a discovery but we did not actually did not complete it. Later, we dropped and somebody went in and did use our same little . . . we extended an island off from shore, built kind of a spit out there and drilled our well. But later, somebody went in and established production there and tied it in to Prudhoe Bay.

TP: It was just a harsh operating environment.

JB: Oh, yes. I am sure if they open NPR, we are going to have the same thing -- you know, a harsh environment and environmental concerns, but I think they can operate. They have many years of operating the Alaskan Pipeline so I think it . . .

TP: Yes, it is just a matter of cost.

JB: And the longer you wait, the costlier it gets.

TP: Are there any other names of people?

JB: Well, I would talk to if I could Bob Hirsch. I am trying to think of the Texaco man because he lives in Mississippi. I do not know if he is still living. I have not seen a lot of these people for 20-30 years. But Texaco was involved in the offshore.

TP: We have not talked to many Texaco people. So, there is a guy in Mississippi that you partnered with?

JB: Well, he has retired in Mississippi, out by Popperville up there.

TP: You mentioned Jim Hooks who was a geologist?

JB: Jim was a geologist with Gulf. Jim has passed away.

TP: Lawrence Funkhauser?

JB: I do not know if Lawrence is living or not.

TP: He might not be.

JB: He was quite involved in all those sales. I am talking about the 1970, 1972, 1976 sales. Larry Funkhauser who was involved in all those from the Chevron standpoint.

TP: Two brothers – Lawrence and Larry!

JB: Yes. I think they went to Mamie, Ohio to college, I believe, as I remember.

TP: Well, this is very helpful. Can you think of any other stories or anecdotes?

JB: Well, I will tell you, we were talking about Scotty Holland one time, and I am trying to think of the Texaco guy.

TP: This is the one who is retired in Mississippi?

JB: No, this was the manager down there at the time. He was an engineer. He had this geologist with him at the meeting. Gosh, I nearly had his name there. Anyway, we were bidding on a block there in South Timbalier and we got around to him. Superior was there and so was Joe Foster. They would join Texaco as partners.

TP: When Foster was with Tenneco?

JB: Yes.

TP: What sale would this have been?

JB: I am trying to think what sale. It must have been the 1972. But it was a block in South Timbalier offsetting production. We got up to a certain amount of the bid and we got around to this Texaco person. He said, "Well, I am going to have to eat." He chewed a cigar all the time . . . He said, "I have already eaten one cigar when you passed me the first time." He said, "I am going to have to have a break! I have got to have some air." He went to call his manager . . . it got around to Foster . . . they said, "Well, we are a silent partner but I am beyond my authority. Right now, if he goes, I have agreed to join him!" It was just kind of a merry-go-round. It is interesting when you get into some of the bid leads because you cannot chill a bid, you know. You cannot say, 'whoa, I want you to stop.' You cannot keep somebody from going higher. And what that does is it tells you you are sincere.

TP: It is like a poker game but you cannot fold, right?

JB: No. It just says, 'Well, I think, by God, I want to get it up there. And if you all do

not want to go, we are going alone or we will get another partner. But if you are out, you are out. If you cannot come up to that bid . . .' so that is where we were on that Timbalier. It was in a substantial bid. I mean, I think it was $50,000,000, $60,000,000. In those days, that was a lot of money.

TP: In those days, there were a lot of companies that were just along for the ride.

JB: Well, yes. And I think that was true of that time period. Of course, Tenneco caught up real fast. They hired a lot of people from different companies. That is where their personnel came from. They became viable competitors in the early days. And then, of course, Chevron, you know, later when they merged with them, they merged the offshore into their part and let the onshore go.

TP: The guys at Tenneco sold off the best parts of it and Tenneco kept the worst parts.

JB: That is right. They were in everything: involved in ship building and cement, and I do not know what all. They were in real estate!

TP: That is funny. There were a lot of good stories about the bid meetings but also the sales themselves.

JB: Yes, that is right. The sales were quite interesting and really exciting to be there

because if you were bidding on them, boy, you might be blasted out the first or the last bid! It did not make any difference!

TP: Have you heard the story about opening the bids and hearing gasps and cheers?

JB: Yes. We have eight bids and you think, "Wow, we will never get this one! And it was kind of a suspenseful thing but it was always . . . and you had a lot of conversation. At times, there would be follow-up phone calls to see whether you would be interested in taking in a partner, you know. Oh, we would get a phone call wanting to know if we wanted a partner. Somebody that really liked the block wanted to know whether they could buy in. And we have done that, too.

TP: I know Pennzoil bought a whole bunch of blocks in the 1972 sale, because of that 1972 Texas sale, and got it all under . . . Bill Gipson told me he came back from the sale and he said, “All right, sell half of it.”

JB: That is right.

TP: He had to get on the phone . . .

JB: Both of those were good people. We bid with them several times. They were both good explorationists. And they had hired some good people. Most of those type

companies . . . I say, "type" – the smaller companies. Tenneco had become quite a significant company by then, but to get in to the offshore, they hired people that were primarily geophysicists to help them get up-to-date in a hurry. POGO and Pennzoil did the same thing.

TP: Right. They put together a pretty good team, and on a crash basis to get ready for . . .

JB: Ted Christian was another man that you might have heard about that was involved. He is not living either, but he was with Sun Oil. He was involved in the early offshore. They never took a big piece, but they took a smaller percentage.

TP: I think before we turned on the tape, you mentioned Gulf, and a lot of other companies stood back from the deep water . . .

JB: Well, we did. We were amazed that Shell was in there at the drop-off. Like you were going to drown! We actually wanted to build . . .

TP: Did Gulf build any big platforms out in the deeper shelf areas?

JB: No.

TP: Nothing compared to like Cognac or Lena?

JB: No, and we had some experiences. In Main Pass, we lost a platform there in a hurricane. And when we went after the hurricane and assessed the damage, the water was 90 feet shallower than pre-hurricane. And what it did, it just laid the platform down and covered it up with about 90 feet of mud, and the platform was intact. It did not break it up. But then, in Vermilion 176, we had the *Blue Water* rig working at the time, and we found one of those legs wrapped around another one on our platform. The other one was about 50 some miles from there when we finally located it.

TP: Was this in the mid 1960s? Is this when the *Blue Water I* crashed?

JB: Yes. I imagine it was in the 1960s.

TP: I know there was a story about when Hurricane Hilda, *Blue Water I* was capsized. And then, the hurricane that came through the next year wrenched its moorings, and it sailed across the Gulf . . .

JB: Right. And they found it rammed into another . . .

TP: It slammed into one of Shell's properties.

JB: Yes, right. We had that under contract at the time. Vermilion 176, yes.

TP: When it was first capsized or when they were trying to right it?

JB: We were on location and just abandoned it. And then, when we found it, it was 50-60 miles . . .

TP: So, you were the ones that had it under contract when it was capsized?

JB: Right.

TP: Who was operating it then?

JB: We were operating it. We were operating the rig.

TP: That is interesting.

JB: So, you asked about jumping in the deeper water. We were about the limits of our technology then. You could design structures to hold, you thought but when the Main Pass went over and when the *Blue Water* went, boy, management said, 'We just cannot handle this environment.'

TP: So, that Main Pass, was that during Hurricane Camille in 1969?

JB: I think it was. I am trying to think was it Main Pass 115? We drilled two or three . . .

End of Side 1

Side 2

JB: They could get them on production faster. So, we would go in and set a platform if it was a reasonable depth platform. Because, it would cost you that much to come back and redrill them and at that time, we were not really subseaing them. So if we felt like we could drill two, we would just come on out, set a platform, drill, get them on production a lot faster. Some companies, and I think that is true of Shell at the time . . .

TP: They would call them expendable wells.

JB: Expendable wells. They would drill a number of expendable wells before they would warrant designing and finishing their platform setting. But sometimes, we would go ahead, if we thought we had a good chance and we would set the platform, and we could get them on production a lot sooner. And the cost of money was so high that you are better off doing that new, some people do not like to drill while they are producing. That is another mentality which . . . actually, I think our buyer, Chevron, did not like to do that. They did not like to drill wells while producing. They thought it was too big a hazard, but we did it all the time.

TP: I know Pennzoil, actually at that 1970 sale, they had platforms under construction before they even drilled.

JB: That is right. Yes. Well, we did that too, sometimes. If you thought of time and money, you would do everything you could to get it on production. And it is true now, if you drill on a flank block. If you can make a deal with the operator, get into his producing facilities, and pay him some fee, you are better off than waiting, and getting yours designed, getting it built, and set and then drilling it. Now, if they want to drain you or if they think they can drain you, they do not want to make a deal with you.

TP: Well, this is very helpful. The Gulf story has to be in here.

JB: Well, we were there early and stayed until the merger with Chevron. So, we were in the offshore from its infancy. But I give credit to Shell for being the leaper into deeper water, starting with Cognac right there at the shelf edge. When they set that . . . they finally did set the platform there at Cognac, but it was the deepest platform ever set. I believe it was in about 1,000 feet of water.

TP: Three pieces . . . That was amazing.

JB: It was. It was quite an undertaking, but, you know, at the time and even today. We have various designs whether you have a floating platform, an anchored platform, you actually set it on bottom, or you are going to get you a tanker and run out there

and drill them from subsea completion wells. I think the future is going to be tanker.

TP: Tanker and subsea. Shell had a good strategy of getting some of those TLPs out there and using them as hubs for other people to produce to from subsea wells.

JB: That is right. A lot of people have tied in to Shell, and they are making . . . they are cutting their costs by full utilization of their . . . and as their facilities are underutilized as the field declines, they are still making good money out of somebody else's production. So, I give credit to BP and Shell, the two leaders.

TP: BP is going to surpass Shell in production fairly soon.

JB: Well, they are both pretty darned strong. I do not know which one is going to end up eventually producing more but they are both involved in some good fields. I guess it depends on really some of the newer discoveries. It depends on how fast they get them on, and when they put them on production. They will get them on, but they might be a few years.

TP: One question I just thought of: As someone who had experience in the Gulf and then went to head of worldwide E&P for Gulf, did you apply your knowledge and experience from the Gulf to the offshore environments elsewhere? Did Gulf get into West Africa?

JB: Well, you know, when the merger came, actually, Chevron was not involved in Africa. So, we gave them . . . well, at that time, we were producing in excess of 300,000 barrels a day. Here we are 30 years later, and they are producing over 500,000 barrels a day and have been in Nigeria alone. And then, when you give them Cabinda, that was about 200,000-300,000 barrels a day. They are producing that at about 500,000 barrels a day. So, those two big offshore, both of those offshore, properties were real big in Chevron's foreign income. And then, we had a big platform in the North Sea that I guess was the biggest expenditure that we ever had, over $100,000,000 at that time. We had just paid for it and Chevron took over and started producing. So, you know, they just went to the candy shop and picked out what they wanted out of there. So, I would say yes to the offshore technology that we had carried from the U.S.

That is kind of something that I feel, like we have lost some of our technology to foreigners – the Norwegians, the Danish, the Dutch, and the Brits. A lot of them have acquired our technology in the early days and have carried it forward. It is only for one reason, is that the environmental movement has slowed us down in some of our permitting process. Which, sometimes, it allows the researchers and those, like in Norway, Denmark, to jump ahead of you. So now, you know, the bottom line is more important than the research. So some of these other countries have taken over a part of that and we are now buying the . . .

TP: Industry has sort of lost its research function in the U.S.?

JB: Well, still great service capacity, but we are having to depend on some of that from foreign countries. I hate to see that. When we move out of this environment we are in now and fully utilize our deep water drilling, we are going to drill in deep water basins all over the world. And the same thing has happened in the atomic energy end of it. Many countries around the world are safely having smaller plants – not the big plants like we have or the Russians have, but smaller atomic energy plants. Whether you talk about Japan, the Scandinavian countries, or French, many of them have atomic energy. But we cannot even get permits, you know! We cannot do things anymore because of the governmental or the environmental intervention. But we will do that someday. We will come back to coal. We are using coal now but I mean, in a big way. We only have one open pit in Alaska. Look at the coal reserve we have in Alaska! One open pit and it goes to Japan. We do not even use it. It is terrible. So, somehow, we have to encourage and be allowed to move forward in our research. And I think we can only do that through incentives. If not, the bottom line is going to rule again and you will not put it into research.

TP: That is interesting.

JB: But we will have a lot of reserves and a lot more reserves come from the deep water

around the world including our Gulf of Mexico. If we could ever get off of California, we might find something out there! But I do not know when we will go out there again. The industry, I am talking about.

TP: Chevron has . . .

JB: All down in the Florida area, we are still off limits there.

TP: Or off North Carolina.

JB: That whole area.

TP: I hear different varying estimates of reserves in the deep water Gulf of Mexico. What kind of numbers do you think are capable or accurate from what is out there?

JB: I really have not kept up enough to be accurate with it. You can read some reserves that the government comes out with, or you can read reserves that you hear industry reserves. They vary two to one. Well, there has got to be better accuracy than that.

TP: It is hard, and it all depends on price and technology.

JB: Well, you know, you have one field out there that is probably one billion barrels or

more.

TP: That is Thunderhorse?

JB: Yes. And so, you can get a couple of those . . . you get into some serious reserves.

TP: In the other deep water environments you see – mainly West Africa . . .

JB: Well, right now, that is what we see. I think you will see some, whether we have the structures, I will not say, but you will see some deeper drilling in Indonesia, Malaysia and Australian provinces over there, too.

TP: Interesting. Well, all right, I do not want to take up too much of your time but I appreciate . . .

JB: Well, I hate that we took so long to get together.

TP: Oh, that is all right. I will shut the tape off now.

THE END