BOEM DEEPWATER GULF OF MEXICO HISTORY PROJECT
OFFSHORE ENERGY CENTER HALL OF FAME

Interviewee: Allan Martini

Date: September 15, 2007

Place: Houston, Texas

Interviewer: Tyler Priest

Bio

Allan Martini was born in Minneapolis, Minnesota on January 11, 1928, where he attended Minneapolis public schools. Martini served in the military and followed this with attendance at the University of Minnesota, where he received his degree in Geological Engineering in 1951. After his studies, Martini began work as an exploration geologist with the California Company, a firm which would serve as a stepping stone to the formation of Chevron. His work in the field began in Casper, Wyoming, and over the course of the next 17 years he participated in exploration assignments in the Rocky Mountains / Williston Basin, the Louisiana Gulf Coast, and in California.

After his explorations in these areas, Martini became the Vice President of Exploration at another Chevron precursor, Western Operations Inc. In 1980 Martini became the president of Chevron Overseas Petroleum Inc., responsible for the exploration and production operations in foreign locales not including Canada, Indonesia and Saudi Arabia. Allan would rise to become vice president of Chevron USA, a position he held from 1984 to 1986. After his presidency he was elected as a director of the Chevron Corporation, gaining responsibility for the company's global exploration and production. He would retire from the company in 1988.

From AAPG Foundation, http://foundation.aapg.org/gia/martini.cfm.

Summary

This interview was conducted for the Offshore Energy Center to honor Allan Martini as a 2007 inductee into the Offshore Hall of Fame. Martini was largely instrumental in helping Chevron, build the largest lease position east of the Mississippi River. Conventional wisdom led many to believe that there were few opportunities for hydrocarbon production there, but Martini proved the experts wrong.

He led the development of Main Pass Blocks 40 and 41 oilfields, then followed with Main Pass Blocks 299 and 240. Over a ten year period, fields developed by Martini were tied with those of Shell for Gulf Coast production leadership.

Martini's keen insight came into play when Chevron acquired the assets of Gulf Oil Corporation and Tenneco. His encouragement helped Chevron management recognize the potential of those assets. Chevron's continued position as a major producer in the US Gulf of Mexico coastal and shelf areas can be largely credited to the pioneering spirit of Allan Martini.

From OEC, http://www.oceanstaroec.com/fame/2007/martini.htm.

The interview covers Martini's personal and career background and focuses on his work in developing the Main Pass Blocks 40 and 41 oilfields during the 1960s. Also discussed are Chevron's exploration on the North Slope of Alaska and 1970s exploration in the North Sea, Burma, Spain, and Greenland.

File 1

TP: This is an interview with Mr. Allan Martini for the Offshore Energy Center Hall of Fame induction, 2007. The date is September 15th, 2007. Interviewer is Tyler Priest from the University of Houston.
Let's just start off with a little background. Where are you from? Where did you grow up?

AM: I was born and raised in Minneapolis and lived there until I left in 1951 when I graduated from college.

TP: University of Minnesota?

AM: University of Minnesota as a geological engineer.

TP: What pointed you toward geology and engineering?

AM: Just a general interest. I really didn't make up my mind when I started college whether I was going to study pre-med or geology, but I went off to the Army in 1946 and I was gone for a year and half and came back and decided I wanted to study geology. At that point I got transferred into the Institute of Technology. So I felt the engineering approach to the thing was a little more thorough.

I graduated in 1951, and went to work for the California Company in—

TP: Did you interview with other companies?

AM: Yes, it was kind of funny. I interviewed with John Rouse [phonetic] from Magnolia. I think that was in December of '50. He made me an offer. I was the only one they interviewed they made an offer, which I accepted. He said, "Of course, you'll have to get a physical and so on. Well, I didn't even think about that being a problem. I had just been out of the parachute troops and I was in pretty good shape. But I got to the physical and they said, well, I had a potential hernia and they couldn't accept me.

So I wrote a letter back to the medical department or personnel department and said, "Well, if I get it fixed, will that be okay?"

"Well, go ahead and get it fixed and then we'll talk about it."

Well, that was kind of frustrating. About that time Guy Daniel [phonetic] with the California Company came by and I told him the story. He said, "Oh, don't worry about that." He said, "Some of our best geologists don't pass Magnolia's physical." [laughs]

Well, John Rouse, apparently, wasn't aware all this was happening, and he was quite upset. But anyway, that's how I ended up with the California Company.

TP: Now, where did you go first?

AM: Casper, Wyoming.

TP: This was all—I guess it was during the Williston Basin play, right?

AM: Yes. Well, I actually I went to work in the field that summer doing surface geology and came back to Casper in October and then this was our first sort of permanent assignment. Well, we were there until the end of December and I got transferred to the new Williston Basin, Northwestern Division, in Bismarck, which hadn't been formed yet.

TP: Bismarck in December is not a—well, you're from Minnesota.

AM: Yes, I'm from Minnesota. So we had to go to Denver for three months. Well, they tried to build an office in Bismarck. So I did that. We went up to Bismarck in March and set up the office was—of course, the town was crammed with oil people by then. The company got a lease on a garage, an automobile showroom and an attached garage, and subdivided it with partitions inside and we moved in.

So I worked out of Bismarck until fall of 1954 and went on seismograph crew in Minot, North Dakota for the winter. They went out to western Montana and worked out of Cut Bank, Montana for the summer until the next winter started.

It was in Cut Bank that living quarters were pretty tough and we had two little kids, one two years old and the other one was six months old or something. As the summer went on and it started getting cold my wife said, "You know, the kids are getting pneumonia and it's getting cold here and I'm going to go home to your mother and when you finish this geophysics, why, call me."

So she went back to Minneapolis where it's cold, but my family had a very nice house and it was warm there. So I was expecting to stay in Cut Bank all winter, and about November they suddenly changed their mind. Headquarters for this kind of stuff was New Orleans.

TP: So New Orleans was running the Williston Basin at that time, okay.

AM: Well, that was the headquarters of the California Company.

TP: Well, California Company, right. Yes, yes.

AM: There was actually a division office in Bismarck. Anyway, they moved us in the middle of the winter to Glendive, Montana. I was there about a week and I got a call from the chief geophysicist in New Orleans and said they wanted me to come down there for a staff assignment. So I picked up and drove to Minneapolis, saw my wife and the kids for a few days, and then drove on down to New Orleans and arrived there in December. Let's see, it was right before Christmas, I guess.

I had to kind of laugh, because when I left Cut Bank the temperature was 37 below zero. When I got to New Orleans there were headlines that high in the paper, "Big Freeze Tonight." [laughs] That seemed kind of comical, but it turned out it was really a lot more of an

event than I realized, because houses down there, in those days, at least, had most of their plumbing in the attic, above the house, and if it froze they had real trouble. I mean, there was water pouring down and all this kind of stuff.

Well, anyway, so I worked as a—

TP: So this is '54, right, still?

AM: No, this is December of '55.

TP: Okay.

AM: I worked as an administrative assistant to the vice president of exploration for California Company.

TP: Now, who was that at the time?

AM: Charlie Brown. Charlie Brown was L.I. Brown, called Charlie.

Then I did that for a year and then I worked briefly in the Southwest Louisiana Division onshore. Then I went over to this so-called Southeast Division, which it was renamed Delta Division right after that. I was an area geologist there with basically the Lower Delta at the river and Main Pass, and a little bit of South Pass, South Pass and Main Pass blocks.

TP: I guess Shell had discovered South Pass 24 and 27 in the early fifties. So there was a big activity—

AM: Yes. Well, we were sort of split. We had about—I'd say at South Pass 24, we had about half the acreage that Shell had had. Then Shell had the leases on South Pass 27, which they were just beginning to develop.

TP: You guys already had Bay Marchand at this time, too.

AM: Oh, yes. Yes, that was our big move or big play at the time was Bay Marchand in development.

TP: So most of the activity was still west of the mouth?

AM: Oh, yes. And the Main Pass area didn't have—we had Main Pass 69, which you know is right in seven to ten feet of water or something like that, ten or fifteen feet of water, most of it. We were still drilling some

development wells there and they had a block of acreage out in Main Pass 41, which they had leased in 1948, I think it was. Let's see, it was about 15,000 acres, Block 41 and then half blocks and quarter blocks all the way around all three sides of it.

They had drilled—well, first the Main Pass 41 was right in the disputed area, Zone 2, Zone 3, business—

TP: This was part of the interim agreement on the tidelands, right?

AM: Yes. We couldn't do anything with it. Then they had drilled a couple of wells before I got there. Actually, they drilled two or three wells and they had little shows. Some of them had ten feet of gas, some water and sands. They had tried to develop that and finally they found a little shaley oil sand, but it didn't look like anything on the logs, down in the corner of 41, the corner where four blocks intersected. They were worried about losing the leases.

TP: The offset leases around there?

AM: No, losing the leases that we had.

TP: Oh, because you hadn't drilled them in time.

AM: Because they were running out and we hadn't established any production. So they actually drilled four, put a jacket right on the corner of four of the leases and drilled into this shaley little oil sand. Then went to the U.S.G.S. and got a unit for it to hang on. Well, it had been turned over to the production department and they drilled a couple more—well, actually we drilled a well down in the south side of the thing. The first time I'd seen a floating drilling vessel, it was the *Nola*, with a rig hanging over the side. It was kind of, you know, looking back it was a pretty big ship.

TP: What was the depth at—

AM: At the water?

TP: Yes.

AM: About sixty feet. We didn't have any other rigs that could drill in sixty feet of water.

TP: Yes.

AM: So it was another dry hole, and the producing department was tired of the thing and they were going to recommend that we farm it out and farm it out for the best override we could get, because they didn't want to face the possibility of somebody finding something we would have to put more money into. Well, I really objected to that, because it was a big structure.

TP: Big salt dome structure?

AM: No. Well, it's a deep-seated dome. There's probably salt under it someplace, but it's a big broad open structure.

So I convinced them don't send that letter. Say that you don't want to do anything more with it and turn it back to the exploration department.

TP: So you were talking to the production people?

AM: Yes, which they did. So then I had to do something about it. I thought the seismic data was terrible, but it's what we had at the time.

TP: Was it mainly refraction seismic data or it was just—

AM: No, no. No, it's reflection seismic data, but very poor, very poor record quality. This was before or just as record sections, as such, were starting to come, so most of it was done, worked with old plotted sections from paper records.

Well, I recommended a well up in the northwest corner of it, and we sent that out to San Francisco for approval, well approval. Ken Crandall [phonetic] was the corporate DP for exploration and he didn't want to drill it because—

TP: For SoCal or Cal-Cal, Crandall?

AM: For SoCal.

He didn't want to drill it because there was open acreage to the north in Breton Sound and he was afraid we wouldn't be able to get the acreage put up. So if we were going to drill, he wanted to drill it into a lease sale. But we couldn't get a lease sale, because it was in that disputed area, and the only way you could get a lease sale was to prove drainage. So that well wasn't approved at the time, and we kept looking at it and I

decided that we hadn't looked carefully enough at the shallow stuff. I finally got the producing department to drill a well what we thought was up-dip from one of these wells, one of the first wells that had about ten feet of gas on the water. They were dragging their feet because of the expense and they thought it was foolish, but they agreed to drill it, but they'd drill it to 4,000 feet, which is where they had to set this surface casing. If we didn't have something at 4,000 feet, that was it.

So we drilled. We got to 4,000 feet, grand locks, and we had about 150 feet of gas, we were high. So they ran casing and we drilled a head. By the time we got to 5,500 feet, I think it was, we had 500-and-some feet of gas sand.

Well, that sort of perked things up. Then we started drilling, so they started developing that, we drilled a well back to the north, just about where I'd wanted to drill the exploratory well. Down deeper at 8,800 feet, I think it was, we had about a hundred foot of oil sand, which was—in south Louisiana, if you get a mass of hundred foot oil sand you've really got something. Well, there we had open acreage, and of course, we were drilling this stuff just tight as—in terms of information. Our geologist who got there, they'd run the logs, the geologist would develop the film and bring the film back and so on.

TP: I remember Shell did the same thing with South Pass 27 exactly, that's exactly the same thing.

AM: I'm sure they did, yes.

TP: So your position was area geologist?

AM: I was area geologist.

TP: So were you going out and doing that?

AM: I had done it on that well on the south end, the one I drilled off the *Nola*, I'd done that. But I had one of our other geologists. By that time I was not the area geologist, Larry Funkhouser had been transferred to Texas and I was the division superintendent.

TP: I didn't mean to interrupt.

AM: That's okay. Well, we drilled this well up to the north offsetting that open acreage and they had this hundred foot oil sand and we knew we really

had something big. So we stepped west right along the lease line and drilled a well right in the corner of our lease block and we still had the hundred foot oil sand and some other shallower sands. Then we drilled a couple more wells down, going down the west side of the block and they all had that.

TP: This was 41, right?

AM: Yes, block 41 and 42. Actually those wells are in the east half of 42.

By then we knew we had something big and to get the acreage put up we had to prove drainage. At that time if you wanted to, and I suppose still, you didn't have to turn the log over to the state, but if you perforated anything for production, then you had to send in a section of the log showing the sand, where the perforations were, that sort of stuff. So we looked around all up and down that log and found a little thin gas sand [unclear], and we perforated that and produced some gas, and then told them we were establishing drainage. We sort of panicked because after that thing produced gas for about forty-eight hours it started to make oil. Gas in those days was, you know, nobody wanted it. In fact, Main Pass sort of had a reputation as being gassy and people weren't very interested in it.

Well, about that time, the exact timing is off a little bit, but this was before the '62 sale, and it—

TP: So you got the acreage put up and, I think it was, there was a drainage sale in '59?

AM: No, that's why I'm saying the timing is a little confused here, because we had the information when the '62 sale came up, but we hadn't drilled the offsetting. We hadn't been able to get the offsetting acreage put up for a bid. But with the information we had we nominated all the acreage in Main Pass, basically, to the east and north.

TP: '62 was the big sale where just about everything that was nominated was actually put up for lease, right?

AM: Yes. At that time that acreage came up for lease. We had nominated all the stuff to the east, but there were four blocks out of deep water, and it's 200 and some feet of water, four leases, four blocks put up. We hadn't put them up. We had no seismic out there because we just had a rule at the

time, we shut off all seismic lines at a hundred foot water depth, because nothing out any deeper than that could be of any interest. [laughs]

TP: Hundred feet, huh?

AM: A hundred feet. All the seismic lines stopped at a hundred feet. Well, I don't remember where we got it, but we had a gravity survey from a bottom-type meter which sat on the bottom and would take gravity measurements, and it showed on this four-block thing, it showed a little tight positive anomaly, which is the sort of thing that's associated with cap rock on a salt dome.

So these nominations came in and I sent them to the area geologist and I went back to see him a couple days later and said, "What are you recommending we do about that?"

I said, "I'm not going to recommend anything. The company would never bid on anything at 200 feet of water."

TP: This was the area geologist who said that?

AM: This is the area geologist. Well, eventually we placed—we gave them another assignment. [laughs]

But I said, "Oh, I don't think so. Get the division geophysicist up here and let's talk about it."

So anyway, we went out and shot two lines, north-south line and east-west line, across that little gravity anomaly, and there was a pierce in the salt dome. So we bid on it, and I think we bid a total of a little over two million dollars on the four blocks, you know, something like four or five hundred thousand dollars per pot. Shell was the competition, and of course, they hadn't, obviously, nominated it, but we out bid them 10 to 15 percent on every lease just by sheer luck, I guess.

But then we had the leases, but we didn't have anything to drill them with.

TP: Before you tell me that, how did you put the numbers on those blocks at that time? I mean, was it—

AM: You mean the bid?

TP: Yes, were you were using more sophisticated economic analysis?

AM: Well, we did basically an economic analyst, but we just guessed it, pure guess, at how we would develop it, really, because we had built platforms for fifty feet of water, but that was it. They kind of considered Main Pass 41 as pretty deep, in fifty-so feet of water. But we looked at and we drew sort of an analogy with the Venice Salt Dome, which is onshore, not very far away. I think Tidewater had that dome. We felt that it had reserves of about eighty million barrels, which is sort of what we guessed this one might be. It turned out it was bigger than that, but that's how we put together some kind of economics and made a bid. That really got us going into deep water.

In the meantime, when we bought that thing, then we didn't have a rig to drill, but we borrowed or leased from Shell, the *Bluewater*, which was, I think, the first semi-submersible in the Gulf of Mexico.

TP: *Bluewater One*?

AM: *Bluewater One*. They didn't call it one then, they didn't—

TP: Yes, because they hadn't built two yet.

AM: They hadn't built two yet.

But anyway, we bought it or we leased it, and we had an appropriation for the well, I've forgotten how much it was, but it wasn't a lot, it was a few hundred thousand dollars. In those days things that cost a million dollars were really strange. But anyway, we had an appropriation, but working with that brand-new equipment and everything, I think we'd used up the whole appropriation by the time we had the rig anchored on location.

Of course, we were going to drill it tight in terms of information. We started drilling, and I had just moved over across the lake to Covington, Louisiana, at that time, and they were going to drill to, I think it was 3,000 feet and run logs and casing. I got a phone call in the middle of the night, it was from Bill Crane [phonetic], who was in my unit, and he was out on the well. He said he had gone into Venice, because he didn't want to use the radio, to call on the phone, and told me that we were at 1,200 feet and we had drilled into cap rock and there was oil on the pits and lots of shows, and there we were 1,200 feet into cap rock.

So I told him to see me the next morning in the office in downtown New Orleans. We went back over all the seismic and everything and realized that we had not interpreted the stuff properly and thought that the salt was deeper than it was. So we told the engineers to back up to the

surface conductor, which is about 600 feet, and kick it to the south well to the southwest and built angle as fast as they could and we'd look at it again on Monday.

Well, about Monday they clipped the cap rock again and they went off back into sediments, and by Tuesday we told them to straighten it up. So we straightened the well up and drilled it straight down. We got to grand logs about eight or nine thousand feet and we had a few oil sands and a lot of shows, and the depth meter showed, of course, the depth was away from the salt dome. So we backed up again and kicked the well back toward the rig. So it went down and out and then back under, and actually the bottom hole location ended up right under the rig. We had, I don't know, two or three hundred feet of oil sand.

So I don't remember whether we drilled another well or not, but that set up, the engineers, they said, "Well, what are you going to do with it?"

We said, "Well, it's your problem. Build a platform," you know.

So they did, they figured it out. They really made a big deal out of it, they thought it was going to have to be Eiffel Tower-shaped sort of thing, you know, with splayed out legs and all. Of course, it turned out they just built a—

TP: Who did you have build it, either probably Brown & Root or McDermott, right?

AM: I would guess it was probably McDermott, but I don't know that. I don't remember.

Well, in the meantime, we still had—we hadn't gotten the acreage at Main Pass 41 up for bid, but we'd finally got it up for bid in 1964.

TP: That was a drainage sale?

AM: Yes, that was where we got the drainage sale. We bid, we got the west half of Block 42 up, 2,500 acres. Of course, the information we had we really had to bid. We had worried about people figuring out what was going on. Previously, when Shell was drilling South Pass 27, we had studied it carefully, because they had to release all the perforations and stuff. We had gone through and carefully analyzed all the depths of perforations and that sort of stuff, and had actually drawn a pretty good map of the structure and made quite a good guess as to how much they had and how thick the sands were and all that kind of stuff.

Well, our president then of Calco in New Orleans was Ken Shaffer [phonetic], and he felt that we had drilled that thing so tight at 41 that we didn't really have to—we could not have to get the bid up too high, you know. Well, we were kind of worried about losing it. So we had a geologist, one of our geologists with another division that had done this kind of work, do the same type of analysis as we had done on 27, and he came up with some pretty big numbers, possibilities, and that sort of sobered Mr. Shaffer up.

Anyway, we bid, I think it was $10.7 billion for that 2,500 acres and we got it. We had almost no competition. I think that there might have been a bid for $100,000 or so.

But anyway, the chief engineer producing department didn't know what we were doing out there. He was the guy that had turned it back to us. He came charging down at my office, he was kind of livid, "You guys are crazy. What are you doing bidding $10 million?"

I said, "Okay, come on." I put him in a room and put all the logs in there and said, "Just look at it."

He was in there for maybe forty-five minutes and he came out, "Well, looked pretty good."

TP: You've got to bid what you think it's worth and not what you think someone else was going to bid.

AM: Yes, yes. Well, that's what we did, yes.

All of this came at about the time I was—in 1965, summer of '65, I was transferred to California, to Bakersfield. So the final development of both of those fields and actually the leasing of block, we bought leases on the basis of Main Pass 299, we bought leases up at Block 144, I think it was, Main Pass 144. It's another pierce in the dome, just eight or nine miles to the east-northeast of 299. So eventually that led to the discovery up there, too. I don't think we got the whole field at 144.

We bought in that '62 sale, we bought, I don't know, twenty-some, seventeen leases, I think, seventeen blocks to the east. As it turned out I don't believe there was anything really big found beyond 41 and 299 in terms of those other leases, little stuff, but nothing major.

But Block 41 turned out, I've been retired now for almost twenty years, but I look at the—I got on the Internet and I looked up the Bureau of Land Management figures and it turned out there's leases and reserves and producing history and all those. Main Pass 41 has produced 540 million barrels BOE, about 270 oil and a trillion and a half feet of gas, which we ran—we were just building the Pascagoula refinery at the time

and that gas went straight into the refinery, pipelined directly from the field to the refinery. So that was pretty exciting stuff.

TP: Nice little chunk for Calco, yes.

AM: Yes, it really was. 41 was the, I think it was the eighth largest field in the Gulf of Mexico out of 1,500 or something. So it was pretty substantial.

TP: Well, that's a great story.

AM: It was a lot of fun, it really was.

TP: It took some cajoling on your part, it sounds like.

AM: Yes, yes. Well, once we found 41, why, the management's enthusiasm became—I can remember we had the logs from 41, you know, with 500 feet of gas and other wells with hundreds of feet of oil, and we'd color it. We'd use the five-inch scale logs and color green and red for all the producing sands. And Ken Crandall and the corporate VP guy from San Francisco came down, and we rolled these—of course, a very private meeting, but at a long conference table rolled those logs out and he kind of looked at them for a while and he said, "What a vulgar display of wealth." [laughs]

TP: So where did you go from there? You went to California, so you were no longer in the Gulf, but were you working still on offshore exploration?

AM: Well, no, for two years I had the Northern California Division, and we were responsible for offshore north of the Santa Barbara Channel, but there was nothing happening out there. Shell had drilled several dry holes out there.

TP: And all up and down the Pacific Coast.

AM: All up and down the coast. So I was really not involved in offshore for a couple of years. But then I became vice president of exploration for what we called Western Operations at the time, which was Western U.S. and Alaska. So I was involved in the drilling, early drilling, in Santa Barbara Channel. We drilled several wildcat wells and made several discoveries. I've forgotten now, three or four. They were all joint with Humble or Exxon and Arco, we were joint, at least either three of us or maybe just

Chevron and Exxon and drilled in the channel. I don't think we got, I don't remember whether we got any of those actually on production at the time I was there.

But I was in that slot and got very much involved in the Prudhoe Bay sale in Alaska. I became a VP in 1968—

TP: The sales were '67 and '68, at Prudhoe Bay?

AM: No, the sale was, the big sale was '69. But I was in the job about three days when the first Arco well tested, or they announced it. I don't know whether they tested it. I guess they tested it. We knew that they had thick gas sand and heard that they had 30 feet of oil at the bottom. It was in the so-called Sadlerochit formation, which is a thick plastic sand and a very broad structure. Their confirmation well was seven miles from the discovery down dip. We had enough seismic that we knew it was probably down about 150 feet level and assumed that it was full of oil.

TP: But you didn't have the leases in there?

AM: No. We had a scattering of 2,500-acre leases, blocks of stuff, that we picked up much earlier than that before the discovery had been made. You know, we paid two dollars an acre or something for them. Well, they gave us a leg up on drilling. We had some locations we could drill that would pretty well tell where the oil/water contact was, for example. We drilled a well, which encountered the down dip edge of the oil column and water, and that saved us a lot of money, because if it was Union—Union and Amoco, I think, bid together along the south flank of that structure and we knew they were going to be down dip, but they really piled the money in it, bought a lot of wet sand.

That was a real marathon, because we heard all this in March of '68, and you could only work up there in the winter. Well, I tried to get approval to take a seismic crew up there before it really thawed, so we might have gotten a month's work. The chairman was not very enthralled with the whole idea and I didn't get it approved. Well, by that summer he was a member of the so-called Bohemian Club in Northern California.

TP: Who was the chairman?

AM: Otto Miller. I understand that he went up to the grove and chatted with Anderson and found out we were telling him the truth, it was really big. So by the next fall we had a—we flew heavy equipment, graders and that

kind of stuff into an airstrip which is about seventy miles south of Prudhoe Bay. It had been built when some wells had been drilled there. I think they were drilled by the USGS. I can't remember the name of that strip. But anyway, we flew the stuff in there, and then they followed the river down to the coast, and anyway, we built an airstrip that fall.

It's kind of interesting that the name is still up there. It was built by a construction company that for some reason, the story I got, I don't know how true it was, they changed their corporate name every year as they reorganized their finances. But anyway, at that point they were called Dead Horse Construction Company, and so the airstrip we built became known as the Dead Horse Strip, and it's still there, I think. I was sort of the private strip.

Actually, I was involved in the negotiations with BP. They called us and said they'd like to talk to us about that airstrip. It was kind of a touchy situation because we had secretly had formed a joint venture with Mobil Phillips to drill some wells. Mobil would drill some wells and we'd drill some wells on our leases, they had a scattering of leases like we had, but we'd share the information and then bid on the acreage around Prudhoe Bay jointly. We didn't really want the general industry to know that, because it would help them realize that there was more information than you'd think flowing back and forth.

But anyway, we negotiated a long time with BP on how they would pay for this or pay for part of this strip and use it and so on. It dragged out and finally they said, they called me one day and said, "Well, forget it." I think he said, "We found another string for my bow," or something like that. Anyway, he was out of it.

TP: Now, were you working toward the Mukluk sale at this time or is that a little bit later?

AM: No, that was later, that was after I was in the—I was the VP in western operations from '68 to '73.

TP: Early '73.

AM: Yes.

TP: Wasn't that in '74, Mukluk, '74-'75?

AM: Yes, '74, '75. I'd gone to Chevron Overseas. I was a VP for Chevron Overseas, BP Exploration. So I was out of the domestic thing by then.

TP: Were you looking at a lot of offshore prospects when you went overseas?

AM: Yes. Yes.

TP: I guess you were looking at everything.

AM: We were looking at everything. We were involved, when I arrived at Chevron Overseas we were involved in the North Sea primarily in Ninian and we were just getting to drill. I came in February and I think about December, the following December, we drilled the discovery well at Ninian.

At that time, Burma was the operator, and by 1975 we were talking about development, and BP was involved, Chevron, Murphy, Burma, I've forgotten who else. Yes, Murphy and Burma. Well, Burma got involved in some kind of speculation on tankers and bet wrong and basically went bankrupt. So there was a question of who was going to be operator for the development of the Ninian field. BP was really up to their ears in other developments, forties and others. So Chevron became the operator for the development of Ninian, which we did.

It finally came on production in '78, I think. It came on production just as the oil prices went through the roof and actually it was one of those offshore fields where the economics came out even better than they were when we went in, but it was because the price of oil went from, I don't know it was, $12 to $40 or something like that. Ninian turned out to be a great asset.

TP: A great asset for Chevron.

AM: We also had an interesting play in Spain. We took a farm in from a little group called Northwest Land. They had a lease in the Gulf of Valencia in about four or five hundred feet of water. We had a semi-submersible, the Bideford Dolphin, under contract. We found out they had this thing and we took a look at the—they were looking for money, because they didn't have any to speak of. We took a farm out and we drilled—the play was an unconformity play with Miocene on top of Jurassic carbonates, and we drilled the first well and it through the tertiary section and then into volcanics, which we thought was a live stone bump, but it turned out to be a volcanic bump, so we had a dry hole.

Then we had a commitment down in Uruguay. So we dragged the—moving a semi-submersible that far is not something you try to do,

but that's the rig we had, so we moved it down there. By the time they'd got it back we'd done some more seismic work in Spain and another bump, which we drilled, called the Casablanca. We drilled into the objective reservoir one Friday afternoon and they lost circulation. Didn't have any shows, but they lost circulation. Carbonate reservoirs are sort of famous for, if you lose circulation, you'd better be sure you test it, because there often isn't much a show, but once you get the mud back the oil will come behind it, which it did. They tested it over the weekend.

I heard about this later, they didn't tell me what was happening. They got a flow of about five, six hundred barrels a day, but they left it, just kept it flowing, and by Monday morning it was flowing 8,000 barrels a day. So we completed the well and put a subsea tree on it. We drilled, I can't remember if it was one or two more wells, put subsea trees on them and flow lines back to tanker, and we were producing sixteen or seventeen thousand barrels a day out of two wells. Well, we could have drained that field with two or three wells. It turned out to be about 150 million barrel field.

But the Spanish government was really pushing us to build a platform to get the steelworkers working up in—I can't think of that town. It's right on the northwest corner of Spain. There's a big shipyard up there. So we built a platform and floated it all the way around to the Mediterranean side of Spain and put it in, and then put a pipeline to shore and put that field in production. It was in about 400 feet of water. It was producing at, as I recall, around forty or fifty thousand barrels a day for most of its life.

Then at that time, we were contracted to build a rig with Odeco and Ben Lines in Scotland. It was *Ben Ocean Lancer* was the drill ship, dynamically positioned drill ship. We got into a—the president of Chevron Overseas, got into a—he got in a snit about the rig being late. We really intended to use it to drill offshore at Greenland, which we had taken a deal there in offshore Greenland that included BP. This was in '74. There were lots of troubles in Iran and BP got the Iranian National Oil Company in as a partner. A guy from BP came over to San Francisco and we put together a partnership in a couple of days.

Of course, Greenland was a Danish colony, if you will. So BP brought in Iranian National Oil Company, because the Danes liked the idea of a tie to Iran, because of the oil embargo business that had started the year before. So they figured if they got on the good side of Iran, why, they'd more likely get oil into Denmark.

So anyway, that's kind of getting out of—I've forgotten what ship we got to drill, but we had commitments on time and the *Ben Ocean*

Lancer was late and late and late and late. Finally, the president of Chevron Overseas decided he would cancel the contract for nonperformance, because it was so late. We ended up in an arbitration hearing in London, the Royal Automobile Club on Pall Mall in London, with this arbitration thing. That lasted for a week.

It was a really interesting event, because there were people lined on both sides of this table, Ben Ocean Lines and Odeco on one side and we're on the other side. These two queens, councils, that's our lawyer, their lawyer, in fact, are at the head of the table, and no one else could speak. They just talked to each other back and forth. They'd gone through this discovery process. If you ever want a really feel completely frustrated, have some—

TP: Okay. So can you just hold the thought for a second?

AM: Yes.

TP: We'll have to finish—

AM: We're going to have to finish this up pretty quick.

TP: Yes, we'll finish this up here and then I—well, I'll let you finish this story and then we'll sort of conclude.

AM: Okay.

TP: See, I knew you could talk longer than you thought. [laughs] Okay, we're back on.

AM: It's really terrible when you hear—when other people have done discovery on your files. They've got all your files and they go through and pick out papers at their choice, everything is out of context and the story they build up. Well, we watched this for about a week and both sides were—I mean, Odeco and ourselves were just—had had enough. Friday came and they said, "We'll reconvene on Monday."

We got up and walked around the table and talked to Odeco and said, "Why don't we just go to New Orleans and talk this over?" We got out of it.

Well, the other big offshore thing that we really did that was great was with the Northwest Shelf, starting way back in the early seventies up until I retired, and actually we made the first discoveries in 1971. The first

gas was shipped in 1989. It was on and on all the time. Trillions of cubic feet of gas out there.

TP: Well, very good. Why don't we conclude here? I thank you for your time and congratulations again on your honor.

AM: Thank you very much.

TP: I hope we get a chance to talk again.

AM: All right.

[End of interview]