

Interviewee: Smith, Larry

Interview Date: September 19, 2002

HHA # 00410

Interviewee: Larry Smith

Interviewer: David DiTucci and Steven Wiltz

Interview Date: September 19, 2002

Interview Site: Lafayette, LA

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Transcriber: Lauren Penney

[Transcriber's note: The majority of the interviewer's backchanneling and "uhs" and "ums" have not been transcribed for the purposes of readability. Starting at about 45 minutes into the recording the audio starts to break in and out (it occurs several times); I've recorded what I was able to make out of it, but because I am unsure whether it is correct, this portion has been bracketed off.]

Ethnographic preface:

Larry Smith was born in 1932 in Crowley, but was raised in New Iberia. His father was a drilling production superintendent for Texaco. He graduated high school in 1951 and went to Southwestern Louisiana Institute (SLI) where he was pre-medicine; he worked in the oilfields as a flunkey on his summer breaks. He decided he wanted to fly and so applied and was accepted into the Air Force cadet training school in 1954; because of problems with his eye sight, he was not allowed to fly and was instead put into the special weapons group of the Strategic Air Command. After leaving the Air Force in 1956, he roughnecked for Texaco for three years before taking advantage of the GI Bill to go back to SLI and major in electrical engineering. After graduating with his degree he accepted a job with Cathodic Protection Service (CPS) in Lafayette. He worked for CPS for four years, then consulted for a general contractor for two, before opening his own company, Corrosion Control, in 1968; he continues to do this work, mainly on a consultancy basis. Throughout the interview he discusses changes in the oil industry, particularly in who is making the decisions, approaches to work, and relationships between companies and employees. He also describes cathodic protection and how this has evolved over the years.

TRANSCRIPTION

Interviewer initials: [DD] and [SW]

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Interviewee initials: [LS]

DD: Interview with Larry Smith. It is September nineteenth, 2002, in the OCS office, one p.m.

SW: We'd just like to get a little bit of background information on you, I know you spoke with David on the phone a little bit before, but uh, are you from Lafayette originally?

LS: No, I was born in Crowley, Louisiana. I was raised in New Iberia, Louisiana. So I settled halfway between 'em. [SW and DD chuckle]

SW: You live in Lafayette now?

LS: I live, I've been in Lafayette since uh, I moved here September of 1959. Prior to that I was livin' in New Iberia. I graduated from high school, let's start at my graduation, 1951 from Saint Pete's, Saint Peter's College High School in New Iberia. It was a catholic high. I finished '51, I came to SLI at the time. And back then, in those days you either became a doctor, an attorney, or you worked in the oilfield. [SW and DD chuckle]

DD: It's all there was to do.

LS: Well yeah and engineerin' was very few people knew what engineering really was. So I came to SLI for three years, I finished about 90 hours of pre-med. I did not wanna be a doctor.

SW: Oh so you st-, you started out in pre-

LS: Yes, I started in pre-med, I had 90 hours of pre-med.

SW: Wh-, what was your, the reason behind the choice for that? Was your family in-

LS: No, my mother was a registered nurse, she finished uh, Lake Charles back in the '20s. Twenty-six or somethin' like that. I knew I didn't wanna be an attorney, I didn't want to work in the oilfields. My dad was in the oilfield and I'd been around it all my life.

SW: Ah, okay, so there's some association there.

LS: Yes, oh yeah, my dad was retired from Texaco. He started in 1932 and retired in 1965, '66, I'm sorry, September one, 1966 he retired.

SW: What did he do for Texaco?

LS: He was the drilling production superintendent in the Lake [Maurepaus/Mongoulois?] Oilfield. He started out working in the Hackberry, Louisiana Field. Worked his way up and then came to New Iberia and worked in Jefferson Island Field and from their went to Lake [Maurepaus/Mongoulois?]. And when they finished that program, the drilling program, it was strictly production. They transferred him to Berwick and he went into the Bateman Lake Field there and that's where he retired at. I had worked in and out during the, my early college days, workin' the oilfields and at that time you had to be 21 to work in the field. Prior, 18 to 21 you did, you worked in the kitchen as a flunkey. [DD chuckles] Yeah-

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SW: What'd you call it?

LS: Flunkey.

SW: Flunkey?

LS: Yeah. Uh, it's cook's helper. You did, you peeled the potatoes, you made the beds, you scrubbed the floors, you did all the dirty work.

SW: Why'd they call it flunkey?

LS: Well-

DD: Well it's just a general term.

SW: It's the term they gave?

LS: It was a term that they used, a flunkey. Uh-

SW: Wasn't 'cause you flunked out of school or things like that?

LS: No, I was, I only worked during the summer time, I, you remember 1951 the Korean War was on. I had a student visa and I don't dare drop. I was in ROTC at the time, but could not get into the advanced program because as a pre-med I want to be here three years. Well and well I decided in '53 that I was, I wanted to change my major to get back into ROTC, I wanted to fly. I went to see the commandant of cadets [Phone ringing] [fine?]. I went to see the commandant of cadets at the time. It's my [fault/phone?].

SW: Oh, if you need to take that-

LS: I'll call him later. And uh, I went to see him and I told him what I wanna do and he said, you know, I had an excellent record in ROTC and would enjoy having me back, [there was a problem?], there was such a waiting line, it would take two years to get back him.

DD: Wow.

LS: And I wanted to fly. He suggested that I apply for aviation cadet training in the Air Force, which I did in fifty-, 1954 I applied for cadet training. Took all the tests, passed, was accepted into radar navigation, entered cadet training in 1954, September '54. And spent about a year in there and my eyes started givin' me trouble and they said I couldn't see well enough to fly, so I spent the remainder of time in the Air Force, finished out a two year term. Uh-

SW: There went that dream, right? [Chuckles]

LS: I had a top secret, I had, because of bein' in the cadet I had gotten a top secret clearance, so they put me into the special weapons group of Air, Strategic Air Command, which was the nuclear weapon arm of the-

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DD: Wow.

LS: And I spent [Phone ringing] I got out, discharged in September of '59. 'Xcuse me.

SW: Oh you can take that. [Few seconds break in interview as LS answers his phone]

LS: Well anyway I got out September twenty-third of '59, '56 I apologize. And came back to New Iberia. I was married then, had a couple of children. And uh, I went to roughneckerin'. And I roughnecked for Texaco from 19-, September of '56 'til September of '59. And-

SW: For three years there.

LS: Yes, I had three years of GI Bill comin' to me from my two years of active duty that would were to expire that September, so I left Texaco and came back to US-, SLI still. In September of '59, changing my major from pre-med to electrical engineering. And uh, I stayed here and went straight through. Summer. [Inaudible, overlapping speech]-

DD: Right, as fast you could possibly do it.

LS: Yeah, I was in school, if they were teachin' I was in school. And got my degree in double E in May of '62. At that time, May of '62 was a big time for aerospace. Um, and there was a lot of need for electrical engineers. I had been introduced to the electronics phase in the Air Force and really got interested in it. That's why I went back comin' into electrical engineering to get out of the oil patch. My dad told me, when I told him what I was doin', he said, "Well good luck." I thought he meant good luck in college. [All chuckle] Well I got my degree in May of '62, I had accepted a position with Cathodic Protection Service, a corrosion company that's located in Houston, Texas. He asked me, he said, "Well have you decided?" He said, he said, "You said you had all these offers." I said, "Yes sir, I accepted the one with Cathodic Protection Service. After trainin', I'm gonna open an office for him in Lafayette." He said, "Well I don't guess your luck was that good after all was it?" [DD chuckles] At that point I realized what he meant by gettin' out [Chuckling] of the oil patch. But anyway, I started here in the oil, early field and of course my primary duty with them was the offshore area. Uh, bein' from the area and bein' in and around the water all the time, it didn't bother me, seasickness, I've never been seasick, airsick anything like that. I spent a lot of time on boats goin' to and from the offshore platforms. And in the early days the boats of course are not what we know of today. Uh, they were old LSTs, landing crafts from the military, or they were shrimp boats, luggers, you name it they had it converted over. And just to get a little ways offshore was a 10 to 12 hour boat ride.

SW: I heard those LSTs didn't have a keel on them either, so they were-

LS: Oh they rocked. Rocked like crazy. The old landing crafts were probably the same, [open/you know?] with the big flat [Inaudible, overlapping speech].

DD: Yeah. And they just [Inaudible, overlapping speech].

LS: Well that was all welded shut for, for supply boats. And the crew quarters, the crew quarters and the, everything was at the back end of the ship. And uh, it was bad. I mean, you know, we were out at Eugene Island, I forget now, Blow 95, which is not all the ways out there. And started

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in one night, it was 12 and a half hours to get to Morgan City. But we hit a little front comin' through and we got 60 to 70 mile winds. We were backin' up. [All chuckle] And this big, you know, comin' in [like it?] hit it and push it back, we'd go forward and it'd push back.

SW: [Inaudible, overlapping speech]

LS: Uh, in-

DD: The bow, the flat bow and you just catch the-

LS: Yeah, just a flat bow on it. Uh, the early days of the oilfield, the biggest difference and the main difference between then and now is in the early days the field personnel ran the show. They were the ultimate boss out there. If somethin' needed doin', they called the shots.

DD: So the guys who's on the rig and is in charge of the rig takes care of everything?

LS: He was-

SW: Production foreman-

LS: The production foreman, the toolpusher, the superintendent, whatever the name they were given for that particular company. They called the shots. When they called you at the office and said, "I want you out here. I want you at the landin' at two o'clock in the morning," don't get there at five minutes after two, 'cause they wouldn't call you again. They wanted you there on the boat, ready to go. Because they had things to do to get out there in time to get the boat turned around back in again. Uh, the helicopter days, that was the old [Bells?], the [mobile h-?], mobile Bells, with no doors. Uh, and you were very fortunate if once in awhile you got to catch a helicopter ride. I mean that was not often, the crews changes that was all by ship, by boat. Uh-

SW: Was that somethin' specific to Texaco or did other companies-

LS: No, that was universal. That was universal, yeah. Texaco in back in the early days uh, was uh, they u-, they used the uh, seaplane. The big red seaplane. They had the Mallard and somethin' else I believe uh, 20 engine seaplane. That was strictly used to change the production foremens, the toolpushers out that were out on the water locations. Not offshore, but at that time, up to that time the offshore industry was kind of limited to a mile or two from, off the, out in the Gulf. When I roughnecks, I left roughnecks in '59, I was workin' on the drilling barge Rose, which was a [shore place?] at Texaco at the time. We had a 210 foot derrick on it, it pulled four joints at a time, [420?] foot stands instead of the standard 90 foot stands. And uh, we were on Last Isle drillin' a directional well and ended up about three miles offshore. We were directional drilling. About 16, 18,000 feet. You know. But uh, back then the toolpusher he was the ultimate person in charge of it.

SW: So who's that guy now? Who calls the shots now?

LS: Probably some bookkeeper or uh, paper pusher in the office.

DD: That's never been on the rig or very rarely.

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LS: That's never been, and the biggest thing that I see today is when I used to go out there on the rigs back then, 'course I was a young man, I was about 30 years old. And uh, these toolpushers were in their mid to late 50s or early 60s, just about ready to retire, they had 30 years, 40 years in the field. I went on a rig recently, the toolpusher was 22 years old. The driller was 21. And nobody on that crew was over 22.

SW: Wow.

LS: Now uh, that's dangerous.

DD: Yeah.

LS: That's dangerous, you know. You don't have the experience anymore. But the oil industry it would never make it today, in today's operation like they did in the old days. The oil industry would not be where it is today if it were not for these old people that built it. You know, they had very few, and I hate to say that, they had very few engineers at the time. They all come up through the school or hard knocks.

SW: Yeah. Roughneck school.

LS: Yeah, the roughneck school. I have a picture of my dad when he was in So-, I think it's [Searcy?] or Hope, Arkansas in the late teens, early '20s. He was a young man, he was born in 1901. Started when he was about 19 years old in the oilfields. And if you look at these pictures you can see why they call 'em roughnecks. [SW chuckles] [They're workin'?] in a drillin' rig that has a wooden derrick. When they got the location to start work, the first thing they had to do was build the derrick.

DD: Right.

LS: The next thing they had to do was get all that equipment on location without the benefit of all this heavy equipment they have today. Safety was a way of life with these people. It wasn't mandated by management, it was a way of life.

DD: They would were just safe.

LS: If you looked at you understood why. I mean here was a drawwork with a steam en-, a [knee-jack?] steam engine sittin' over there about 15 feet away. And a 15 foot chain that's drivin' the drawworks, there was no barge on it.

DD: Everybody just knew, don't go near it.

LS: Everybody knew. It was a way of life. You looked after your fellow man. My dad spent, like I said he was 65 years and 15 days when he retired, he never had a lost time accident. Nobody ever workin' under his supervision ever had lost time accident nor a reportable accident.

DD: Do you think, parts of it was because they had enough experience to know what to do when, when something happened?

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LS: I think experience goes a lot towards, I see today that companies are mandatin' experience [Inaudible] safety, okay. Safety at what expense? I find that it's more verbal than it is practice. I have a-, I started my company 1968, like I told you. I worked for CPS from '62 to '64, uh, '66 I left them, I had a gentleman's agreement that I would not compete with them for two years after I left their employment. The attorney said, "Oh don't worry about that, that won't-", I said, "I don't care. That is a gentleman's agreement on my part and I will stick by it." And I did, I did consulting for a general contractor her in Lafayette in two years and in January of '68 I started this company, Corrosion Control. It was born and [Inaudible] certificate I have on January 16, 1968, so I will be 35 years old, the company will be 35 years old come January. During that time we have grown from a little one person workin' when I first started to a high of a little over 50 people workin'.

DD: Wow.

LS: And I never had a lost time accident either myself personally or anybody in my company. I've never had a lost time nor even a reportable accident. Because we don't preach safety, we've never preached it, we all practiced it. Anybody will walk on a job, if I saw anything that looked remotely as being unsafe, I'd shut the job down and we'd sit down and talk about it. "I will not see this happen anymore." Our equipment was maintained and uh, it's got to be to be safe, you've got [Inaudible], today it is required, OSHA requires it. Uh, everybody requires it, the companies are all big on safety, [WETE?], I get brochures in, you know, and I've got to fill out, I gotta take this course, I gotta take this course, that course. The la-, latest comin' down the pike is operator qualification. Been doin' a cathodic protection work for 40 years, I gotta get qualified to do this sort of thing. [DD chuckles]

SW: It's just a piece of paper basically 'cause you know it.

LS: Paper to protect somebody. I don't know, I haven't figured that one out.

DD: Probably to protect against lawsuits is-

LS: We do work for a company, every day we have to have a safety meetin'. Every morning we, before you do any task you sit down with your group, your crew or whatever, and you fill out a JSA, job safety analysis. Each person [Inaudible] safety hazards on the job, what has to be done, what are the safety equipment that you will need for this job. And you go through point by point. And then it doesn't matter it takes 30 minutes or 30, uh, an hour, you fill it out. And you better have that paper because if the supervisor comes around that's the only thing he's as-, he's gonna ask for. He doesn't care to look at the job about safety, he wants to see that paper. That is for one reason and one reason alone: insurance.

DD: Yep. And you're right.

LS: Insurance. You're to blame if you get hurt. And that's, you know, like I told him, I says, "Don't preach it, just practice it." [Inaudible] safety. This is a big thing and it's all goes back to what we said, experience in the oilfield is a big thing. I love to work with the old guys. I don't have too many of 'em left. [SW and DD chuckle] And-

SW: If you know some that liked to talk to us, we'll call 'em up.

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LS: There's just not a lot of the old guys still out there workin'. And-

DD: It's a hard life to be in.

LS: It's, it's-

DD: Once you've been doin' for awhile.

LS: The oilfield, I've, I've heard how hard it was, how dangerous it was. It's no more dangerous than drivin' in Lafayette.

DD: [Chuckling] That's true.

LS: You know? Uh, there's, it's a job. What, the biggest problem we've had and you see so many lawsuits about accidents. And uh, I mean legal people. "If you think you have been hurt, call me."

DD: [Chuckles] That's true.

LS: "If you think you've been hurt." Pardon my French, but BS. You either are or not. You don't "think." And-

SW: Along those lines, did you see maybe in recent 20 year, last 20 years or so an influx of personal injury lawyers because of anything that happened in the oilfield? Do you see that connected?

LS: Absolutely. Absolutely, because of the uh, Jones Act, the Outer Continental Shelf, the Longshoreman's Act, along with this stuff, which has nothing to do with the oilfield. That platform is not a boat, a ship, or a moving vessel by any means. It is a platform that is nailed down to the ocean floor. It is an island.

DD: Essentially, yeah.

LS: But they sue under these uh, acts that are mean for longshoremen and for men of sea, which... has run the cost up drastically that I have gotten to the point that I don't do any work. I will go out personally offshore, but I, you know, I'm me and the companies understand that.

SW: You're just a consultant [at this point?].

LS: As a consultant. Uh, you know, this is ridiculous to have, have so many uh... I call 'em "useless lawsuits"-

DD: Frivolous lawsuits.

LS: Frivolous. I, I, I would love to see the day come that when a frivolous lawsuit is filed and it goes to court and they lose. The-

DD: Paid for.

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LS: The plaintiffs are made to pay damages to the defendants. And if the plaintiff doesn't have the money than make the attorney liable. That's it.

DD: That's the English rule, just like they do it. It works.

LS: You're gonna stop this if you do this, because it's gotten out of hand. It has truly gotten out of hand.

SW: When, when do you think you noticed a shift between what you said that old practicing s-, well, well it's, it's, go back a little further. Went, went from a, the guys out in the field callin' the shots to the bean counters calling the shots? Of, of, can you bring it down to a decade that that, you saw that shift happen or was it over a long time?

LS: Probably [Inaudible, overlapping speech]. The end of '70s, beginning of the '80s is when it really, at ti-, a lot of this took, took place with the m-, with the big m-, mega mergers. You know, with the, the oil industry lo-, the small independents are slowly becomin' a thing of the past. Uh... it, you know, it's, we're not gonna have the very large independent oil companies that we had in the past. You know, we had Superior Oil, [it was?] a very large uh, independent. Getty was a very large independent. Gulf was a very large independent. Those three companies got to the point that they owned more oil in the ground than all of the majors combined.

DD: Wow.

LS: So when you own that reserves and nobody else can control the domestic oil.

DD: Right. [Pause]

LS: And, you know, you, so you've got to learn, the big people start to get rid of it. Gotta get rid of these big, and they've all got the little, but we won't let the small companies get back to where it was then.

DD: Won't let 'em compete anymore.

LS: No, and it, it's all grown, you know. Uh, my dad worked for Texaco. At one time the president and CEO when they started workin' for Texaco, started workin', worked under my dad in the field. He knew him personally. And they went right on up and became one was president, one was CEO of the board. And they would visit the outer offices at least once or twice a year. When they came in to the New Iberia area they would visit with my dad.

DD: Wow.

LS: They knew him by name, they knew all of the guys out there by name. They'd go visit. When I roughnecked at Lake Pelto that was the uh, the little area, well party camp so to speak for Texaco. And, and the board directors and the big shots would come out there. We got to meet 'em, they'd come to eat dinner with us, you know. And the men-

SW: There was a different hierarchy at that time. Different ways things were done.

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LS: Well it was men that came up through the ranks. Today your CEOs and presidents are [move along?] guys.

SW: Yeah, you can't touch 'em.

LS: No, they come up, they make a few changes, they make, and then the head hunter is always out there lookin' for somebody that's on the move. So they take 'em and make a big offer, they get a big, big offer to move this company. So when they come into the company everybody in that company's just numbers on the computer to them. There are no faces.

DD: They're not gonna be there very long, so-

LS: No, and they're not because, and, and we're seein' the collapse of the big companies uh, because of what took, what has taken place with head hunters huntin' for move along guys. They come in to make as much money on paper as they can because they expect to be gone and if the company falls on its face it's not their fault. They're not there no more.

SW: Right. Because for calendar year, yeah, they fired 500 people and their profits went up for that year-

LS: That's right.

SW: And they jump ship.

LS: Or they did these deals and the bottom line came up to so many million dollars. It looked good on their resume uh, and the next year when accounting catches up and says, "Hey, that there, oh, that's not [Inaudible]."

DD: [Chuckling] And you're not even there anymore, so.

LS: That's right. And so, [hell?], until you get back into a company that cares about its people. You know, I think we, all industry is in trouble. All industries. You know, just like this university, if, if the people in the university don't care about its people, it's not gonna be here too long.

SW: What I'm hearin' from you is that uh, some people don't want to believe this because they only have recent memories of oil companies. What I'm hearin' from you is just like it was in the old days you had oil companies that cared about its employees.

LS: The employee was the company. Okay.

SW: That changed over time. Just like-

LS: When my dad first started he, he used to laugh about that. He said, "When I first started it was The Texas Company." He said, "We didn't know if we'd get paid from one pay day to the next." He said, "Many times people would come out to the office and say, 'Look, we can't make payroll this week, but in a week we'll be able to pay you if y'all will stay with us.'" And he said, "Texaco uh, The Texas Company made its mark at Lake Barre, south of Houma, Louisiana. Until

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that point Tex-, The Texas Company was in the reds."

SW: And this was in the '30s?

LS: Yeah-

SW: The Depression ear, yeah.

LS: Well comin' out of the Depression, you know what I mean. Thirty-four, '35, '36. [In late '30s?] when Lake Barre was discovered. You know, and then, then Texaco at that time had the whole south part of Louisiana sewed up so to speak. Vermillion Bay, East Co-, West Cote Blanche Bay had over 700 producin' oil wells.

DD: Wow. [Chuckles]

LS: God only knows how many were in the Houma, south of the Houma area. You know, but this would never happen today. Because management won't do that. And labor today, I see no loyalty in labor today. It, it, you know, it's-

SW: There's no loyalty either way.

LS: It's a two-edge sword, you know. "You don't care about me, I don't care about you."

DD: Exactly.

LS: When I first started my business, I first started gettin' equipment and everything. If I went on a Texaco job before my equipment left to go on the job, we went through it and we removed any and every oil can that did not have Texaco on it. We removed all the receipts for gasoline or fuel that didn't have Texaco. Because if I showed up on a Texaco location with a Humble Oil or Shell or PanAm or somethin' like that oil can, they'd flat run me off.

DD: Oh yeah.

LS: It was loyalty. I was 18 years old before I realized there was other oil companies beside Texaco. [DD chuckles] I asked my dad one day, "Man, I never see Texaco advertised like the other companies." He said, "Son, when you are the best, you don't have to advertise." This was an attitude then. I'm ridin' with a com-, in a company car with a, from a major company not long ago and the engineer said, "I gotta stop and get some gas." And he pulled us into a competitive station. My god, look at this. And I ask him, I said, "You don't deal with your own, why?" He says, "Look at my credit card." He said, "I got a credit card for every major oil company, every credit card that's issued, we've got 'em." Made out to the company, not him personally.

DD: So the company, so to say Exxon owns a Texaco oil card, gas card?

LS: And Texaco has Exxon.

DD: And the same way, yeah.

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LS: Shell has Texaco, Exxon, they have all of 'em.

SW: [Inaudible, overlapping speech]

DD: That just sounds fishy.

SW: Yeah.

LS: It's all comin' the same refineries.

SW: Yeah.

DD: Yeah.

LS: You know-

SW: It doesn't make a difference.

LS: Yeah. I'm gonna tell you something and this is my personal opinion. The Saudis, the Middle East, Africa, these people they, does not control the price of oil. [Pause] Major companies control it. Who owns the refineries? Who owns the distribution? Who has the big chemical companies? You know, the amount of gasoline that's made is a very small portion of what a barrel of oil product comes out of.

DD: Plastics, you've got any type of lubricants, oil itself.

LS: Oil itself.

DD: Motor oil.

LS: But it, it's a very small percentage of it. Natural gas, back in the '50s, late '50s there was twenty-five hundred byproducts for natural gas. The amount that is burned is very little. But change the oil patch, why is our industry so unstable? It's my opinion, which may, might be worth a damn, but when they put oil and natural gas on the stock market price where you can go and buy a contract for a million barrels of oil and the price fluctuates based on that, nothin' to do with the actual, with barrels that are comin' and goin'. And you watch the price of oil, it's been, it's up around 30 dollars a barrel right now. 'Bout 29, 30. There's a hurricane fixin' to enter the Gulf of Mexico, so it runs the price of gas and oil up. Why? We don't shut anything down out there because of that.

DD: No.

LS: We pull the platform, we pull the people of the platform, but production goes on. If that platform is damaged or it gets too bad, it's automatic, it shuts itself down.

DD: So you're not losing anything really.

LS: It's not losing production even if it lost 24 hours of production, it's not gonna affect it.

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DD: And it wouldn't lose 24 hours of production unless it was damaged.

LS: Yes. But, you know, so the subsea stuff never even knows there's a hurricane goin' on. So, you know, [our?] instability of this chosen field that I'm in is strictly left up to the whims of Wall Street. [OPEC?]-

DD: Wall Street will be panicking if there's a hurricane and they think they're-

LS: They get panicked. Well stop and think about it, you could buy, I've got, I've got a letter of credit up there for x million dollars. And I'm thinkin', you know, [Inaudible] gonna go up, it's sittin' at 28, 29 dollars a barrel. I'm gonna take a contract, a 90 day contract on a million barrels of oil. It takes 10 percent of my revenue up there. [I take?], and oil jumps a dollar a barrel, I sell it, I make a million dollars overnight. Gas-

SW: 'Cause it's connected to the stock market like that, [the bean counters?]-

LS: [Inaudible] price. The Henry Hub, you look at natural gas prices are based on the Henry Hub just out of Erath, Louisiana. [That's the dis-, collection distribution point, that's the price of gas?]. It has nothin' to do with the gas flowin' through those pipelines.

SW: Just the amount of money that Wall Street assigned it that day.

LS: But what does that do? That affects the oil industry, the middle man down here.

DD: 'Cause when someone s-, like you said they go and sell it when they can make it buck from a million barrels, price goes back down again. So there's less demand and then it back and forth.

LS: It's back and forth, back and forth. I see where the government has asked OPEC to increase the production of oil so it'll drop the price of a barrel of oil. That ain't gonna happen until major oil wants it to happen. And OPEC knows that. They dance, I mean there's, their income is controlled by big business. Yeah, it used to be the oil industry was just [Inaudible] oil anyway.

DD: Someone in, stockholders actually.

LS: Great Britain.

DD: Great Britain?

LS: BP, Shell [Internat?].

SW: Yeah, they've been buyin' up everything.

LS: They're buyin' up everything. You look at who controls the biggest part of our domestic.

SW: And they've got the North Sea, too.

LS: Yeah.

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SW: I'm gonna have to sneak out of here, but I'll tell you what, I'm gonna watch the rest of this tape when I come back. [Chuckles]

LS: Well anytime you have questions. Yeah, I just needed to get out of jail. [Both chuckle]

DD: Okay, um, anyway, get back onto the time line of what you did in the oilfield. You said you opened your own business Corrosion Control in '68.

DD: Tell us what you did with Corrosion Control.

LS: Cathodic protection, of course we're cathodic protection, corrosion engineers, we protect buried and or submerged metals from electrolysis. It is the installation of sacrificial metals that will sacrifice itself to protect the steel, preventin' the steel from goin' into solution.

DD: Okay, that makes sense. I know you put something on top of the steel to prevent it from, the steel itself from corroding.

LS: No no, that's a coating. We do not coat.

DD: Okay. So how does it work?

LS: This is, cathodic protection is, we do it either galvanically or impress current. It is, we'll take any offshore industry, let's go, the early days in '62 when I first started the pla-, the industry was really just gettin' started in the Intercontinental Shelf, not far out. Usually waters uh, from the shore out to 150, 200 feet. That was the deep water then. At that time we hung magnesium and 200, 250 blocks of magnesium anodes suspended from wire ropes at the plus 10 elevation, hangin' down in different depths to give current flow to the steel. As long as we can flow current to the steel from a source, no current is allowed to leave the steel surface. If the current does not leave it, then you have no corrosion.

DD: That makes sense.

LS: Okay. So for the first two years that was the way, you hang magnesium. The biggest problem with that was that it was susceptible to storm damage. A storm came and it tore the cables off, I mean we'd use five-eighths to three-quarter inch steel wire rope to support these 200 pound blocks. But when a storm with a lot of wave action and a lot of current action just pull and it would rip 'em loose or would, I phone out there and found 'em all hangin' up in the air. [DD chuckles] I mean from rough water. Then Alcoa started developin' aluminum anodes. And that was in the '60s, early '60s that they really started gettin', doin' it. Uh, the first anodes were not the best in the world, the chemical composition was not the best. They would work for awhile and then they would fail. And uh, the uh, improvements kept goin' to the point that we, we were able to stop usin' the magnesium anodes and go strictly to the aluminums. The problem there is that we wanted to design for longer life. Now we would usually design it to two year life on these structures, replace them every two years because of damages.

DD: You were replacin' the rigs every two years?

LS: No no.

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DD: Or just-

LS: Just the anodes.

DD: Just the anodes, okay.

LS: Yeah, the o-, the structure will last forever as long as they're cathodically protected. From the water line down there and [Inaudible].

DD: They're probably in better shape than the water line uh-

LS: Yes, it's easier to take care of than the above water or the atmospheric type of corrosion. Well we started design for 10 year. Well with 10 year life now we're gonna use divers. We bring divers into the picture and we install di-, these large anodes underwater usin' divers. And uh, we design a platform bein' built at McDermott's for example, we design it to last 10 years. The system, they would weld it all in there and at the end of 10 years we'd have to go out with divers and replace 'em. Then as material got better we started designin' for 20 year life. Uh, North Sea anodes for example are, are designed for 40 plus years, for the simple reason that this deep water stuff where it's at you don't wanna have to replace 'em.

DD: Exactly. 'Cause they're expensive to replace.

LS: Very, very expensive because a diver can, can work, you can work down several hundred feet without any problems. You know, and, and get a few hours, you know, out of 24 of work. But once you get too deep, you know, you had to go into saturation divin' and everything else, it gets very expensive, so. Uh, we just designed for longer and longer. We've gotten to the point we've designed ourselves out of replacement work. [DD chuckles]

DD: Yeah, because there's no one else to-

LS: Well, you don't ever have to do it again.

DD: Exactly. Because the rig won't, probably won't last 20 or 40 years.

LS: That's the big thing, 'cause a lot of these fields are, are, you know, 10 year, 15 year life fields.

DD: And even if the rig did last, would they need it to last that long or?

LS: Well they-

DD: Technologically.

LS: It will last because if we design for 20 and if they, it will-

DD: I mean the rest of the rig.

LS: Uh, the above water-

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DD: Yeah.

LS: Oh yeah, it'll last. I mean they paint 'em, they sandblast 'em and coat 'em.

DD: But technologically is there a great deal of change that goes on where they would wanna replace rigs every 20 years or-

LS: No no, no. Not the offshore structures. I mean they're basically just a fixed platform. You can change all of the equipment on top of the platform, but and see so much of the stuff now in the deep and ultra deep waters uh, it's not feasible to set a platform in two or three thousand feet of water. Five thousand feet, 7,000 feet, you're not gonna build a mile high platform. Well they're sittin' out there and they're drillin' 'em from a floatin' ship. And then they complete it and they install underwater completion. Everyth-, everything is set on bottom. They're usin' basically noncorrodin' material mostly it's stainless and of this nature that's not gonna give 'em any problems. So that's the big change. You know, we've seen it go from inland or from onshore, to near shore, to just offshore, and now we're out in the-

DD: Way out there.

LS: W-, way out and [growin'?] and it's just unconceivable, other world, you know. They're drillin' 15,000 feet, well actually only 8,000 feet is actual drillin'. The first seventy-five hundred is-

DD: Is water.

LS: It's water.

DD: It's a big [Inaudible], area to drill.

LS: So it, yeah, you know, the change that I see in the oilfield, you know, from, from how it was done it's just, it, it, it's amazing to me. I watched a drillin' rig here in Lafayette one day there on Ambassador Caffery, you may have seen that drilling rig set up there. And I couldn't get over that, you know, it's a, they don't have [Inaudible] to really work too much anymore, some of these rigs. I mean, they've got air slips and they've got ha-, pipe handlin' equipment and everything else. We all did that all by hand.

DD: You did everything by hand back-

LS: Everything was done by hand. [Pause, sounds like a tape is being changed]

DD: Sorry it just takes a second here.

LS: But I do enjoy the, and I love the oilfield. It's, it's like no other business where you get out in, into the field. Uh, I'm doin' 99 percent of my work now is [Audio breaks in and out] [consultant work. We're registered engineering company?] way back when it first was mandated by the state that you, you have to license your company if you're engineering. And my license is 0200. So in the first 200 I got license. [DD chuckles] And uh, it's, it's a big education, you know. It used to be that uh, people did it because they wanted to do it. Uh, nowadays I find that CP doin'

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our work is uh, is a matter of, "Well, how long can we get away without havin' a leak?" Yeah.

DD: Do you think there's a different attitude towards the work now among people that are ge-, starting to get into it or?

LS: Yeah, it, it's not among the field people, no. Field people recognize it. But it's b-, in the office people. That they uh-

DD: Right. [Audio breaks in and out] [The bean counters?]

LS: [Inaudible] counters. Bottom line people. Uh, [Audio breaks in and out] ["Can we make it?] a 12 month without a major leak?" Or the next thing I hear, "Well we are not governed by Department of Transportation pipeline safety." See these are interstate pipelines [in the government?]. The gatherin' lines are not, do not fall into that classification, so uh, "Well a field is marginal and we're not gonna do that." So it, you know, it's, it's no longer, "We wanna do it because it's, it's good practice." Now, you know-

DD: It's we do it because we have to.

LS: "We're gonna do it only because we have to." And I started before the days of pipeline safety, you know. Pipeline safety was made effective in '70, '71, '72, '73 when it became law. So from '62 to that time uh, it was not mandated by anybody other than a good operation procedure. You did it to protect your people and you're environment. So I find, I find that attitude to be changed a lot too.

DD: You think it's really detrimental to the business in general or even the entire surrounding area in general or?

LS: Well I think, I think this attitude affects everything. I've seen 'em shut down a location, they're drillin' a well, they had budgeted x dollars to complete and bring this well in. They spend the budget, they need x plus five to complete it. They will shut it down, move the rig off a location.

DD: For that five.

LS: They'll wait for a new budget to come out instead of completin' it. Now see in the old days man in the field would call the boss, "Hey," he said, "I need another 25,000 to complete this well." "Well, you think that'll do it?" "Oh yes, it'll, it'll bring it in within or less than." "Fine, get after it." That was it.

DD: Non-, no question.

LS: No questions asked because that man had the knowledge and the ability to make judgment.

DD: And now?

LS: Now when they call up, "I need 5,000 dollars to complete this and bring the well in." "Well I'm sorry but the budget has been spent. Shut it, move the rig down, we'll get some additional

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money on the next budget and move back on." Move off, you know, 15,000 dollars, move back on, 15 to 20,000 dollars. Plus another five to bring it in if you can get back to that point again. So now you're lookin' at roughly 50,000 dollars when they could've done it for five. But see that doesn't come off of this year's bottom line.

DD: It comes off next years.

LS: It comes off of next year's bottom line.

DD: You think that uh, where a-, where people used to go to make decisions like that on their own and now they're being told to do things without knowing why they're doing them. Used to be because it was good practice, now they're just doin' things because they're told. You think that kind of affects the way things work out in the field now?

LS: Oh absolutely, absolutely. It, it affects moral in the field, it affects the, you know, the ability to do the work.

DD: Yeah.

LS: You know, used to be that if anything was fixin' to happen the boss would call the toolpusher and tell him, "Look, we're fixin' to do this, this, this, this." He'd go back and he said, "Okay crew, this is what's gonna be happenin' for the next year." Everybody knew. Today nobody knows nothin'.

DD: Yeah, it's micromanaged to the point where they tell you each order.

LS: They tell you, or they will put out a rumor. Management. "We're going to cut 25 people from this field." Now, this is done month in advance. Now you've got field people with 15, 20 years out there that, "Oh my god, I'm fixin' to lose my job and I'm in my 40s." You see accidents start to rise because they lose focus on what they are supposed to be doin', worrying about their job. That's not good management.

DD: You're right.

LS: But there again, you know, we're, we're, we're not talkin' about people that give a damn about the company in the first place.

DD: That's true because they have no loyalty, so.

LS: Well I'm talkin' about the management.

DD: Either way.

LS: They don't care. I don't care how much the field people care; they are demoralized and disheartened by management.

DD: Yeah, it makes sense, I mean, I can see that.

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LS: You can go and get people to change jobs like [Snaps] that today.

DD: Whereas back when you started it didn't happen.

LS: Uh uh. You didn't, it didn't happen. No, it didn't happen. A man went to work for the company and he kept his nose clean and he did his work. He was assured a job 'til he was 65 years old.

DD: Yeah. And now you don't know if you have a job next week.

LS: You don't have a job today, tomorrow. You never know.

DD: That's true.

LS: And I, I think this is the biggest change that I see personally in the oil patch. In the early, like I said, it used to be a lot of fun. You got out there and everybody worked, everybody hustled, everybody cared.

DD: So if you were 20 years, 25 years old today, would you get back into it?

LS: Never.

DD: Never?

LS: Never. I talk to young people all the time, engineers. And I, I try to steer 'em away.

DD: Really?

LS: It's, it, there's no future in it. Where is the future? I will be 70 years old December sixth. [Pause] And it's just, you know, it's a way of life for me.

DD: Well you've been doin' it all your life.

LS: And, you know, it's too late to jump ship now. [Both laugh]

DD: A little bit.

LS: I passed that port. [Chuckles]

DD: You might as well just let the ship sail away if you had to jump ship.

LS: Oh yeah, you know, I'm gonna ride the ship. If it goes down, I go down. I went down in '80, in the mid '80s.

DD: Everyone did.

LS: Everybody did. I was a poor manager. That's basically what it b-, I thought too much of my people.

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DD: Ah.

LS: My people made my company.

DD: You did it the old way.

LS: I had full-time employees, I paid insurance, I pa-, I guaranteed 'em hours. When the oil industry started crashin' I never dreamed that it would go all the way down. It was just a slow down and we'd pick back up. I wanted these people with me. And I paid 'em. I took it out of my pocket to keep 'em. To the point that I didn't, I had nothin' left-

DD: Nothing left to-

LS: Pay 'em with. And like I told 'em, I said, "I'm sorry, but I, I can't do it." I had one company that called me in the mid '80s. I was fixin' to shut it down.

DD: How did you ride out the mid '80s? How did you ride that out in the mid '80s?

LS: I was fixin' to shut it down and a customer of mind called me and asked me if I was thinkin', contemplatin', he'd heard that it was gettin' tough and he was wonderin' about where I stood. I told him, I said, "Well I appreciate your concern," I said, "but we have cut back to the point that," I says, "you know," I said, "I, I can get out, I still can find a job outside of this industry." He said, "Well, I'm gonna tell you this right now." He says, "I don't know what your overhead is," he said, "I'd like for you to talk to our field people and just give 'em some idea, a rough idea." He says, "You will have enough work to keep you open." He says, "I guarantee you that that you will have enough to keep your doors open." He said, "Because your company has turned out to be one of the good companies around. We do not want you out of business, we want you here if and when the oil industry picks up again." He said that. We did a survey of oil companies and he says, "Your prices has not changed even during the boom time, the prices didn't go up. Maintain a steady pace." And he says, "Nobody understands how you were able to do it." I said, "Well I had good people. We found better ways to do it for the same price." He said, "Well that's why we want you here." And they kept me.

DD: Wow.

LS: They kept me in business.

DD: That's, that's, that's wonderful.

LS: [I know?]. And uh, I don't know if it's a good thing or not. [Both laugh]

DD: Well you would've had to go look for a job then and-

LS: Yeah, and I mean uh-

DD: It's always good to own your own company.

LS: We cut back and it ended up as just my son and I.

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DD: So you did the work that the company contracted you to do, just you and your son?

LS: Just my son and I, but basically we cut back and primarily doin' engineering and we do field surveys, design work, and uh, supervision. Uh, construction supervision for him. We, we get the, the people that need to put a job in to work, you know, [handle?] stuff like that. And we will find the material for 'em and they procure the material. So you know, it's, it, I don't have to work as hard as I used to. I don't have the mental strain that I did. Uh, the big bucks that we were makin' are not there today, but [Clears throat] I'm havin' more fun doin' it.

DD: Yeah, [Inaudible]. Now with less stress and uh-

LS: A lot less stress.

DD: Less work.

LS: And I don't have to worry about those big monthly bills comin' due.

DD: Yeah. That's true.

LS: You know, it, it, everything works for the best I guess. I don't... I never cry over spilled milk. Somebody asked me, "Would you do any different?" I said, "I doubt it. I doubt it 'cause I thought too much of my people."

DD: How do you think when, when, or you said earlier when you first started working you wanted to do everything you could to stay out of oil. [Slight pause] What changed your mind to get in when you finally did get in?

LS: Well actually when I went into college I went as a double, I'd graduated as a double E with the idea that I'm gonna get out of the oil industry, get in a different industry. I always had it in my mind that I wanted to be in business for myself. Because I felt that times would change from what they were and I wanted to be able to control my life. I was workin' for this company out of Houston and I did go to work for them, it was CP. And I looked at it, when I looked at everything, I had offers from Boeing and GE and Westinghouse and NASA, you name it, I had offers from. I knew I couldn't compete in any of those businesses. So I looked at everything and I looked at what business in there would allow me to go into business if things didn't work out right.

DD: So it wasn't oil, it was your own business?

LS: It was my business that got me back into the oilfield. It was my being in business. Uh, eventually. If they, now I didn't leave them to go into business. I left them because I wasn't gettin' anywhere fast. I mean, you know, I was doin' accordin' to them, management, their management, the owners, I was doin' an excellent job for them. My net, although I was a one engineer in the office, my net receipts was third behind the two biggest offices the company had. And both of the those office, one of 'em had like 10 or 12 engineers, the other had five or six engineers, and I was by myself.

DD: You were doin' the work of four, three or four people.

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LS: Well and the reason for that I was in the offshore.

DD: That's true too.

LS: You make more money offshore. The jobs were worth more. Less overhead. You know, so there was a reason for that some, but I was not bein' compensated for the amount of work I was doin'. The, you know, I sent in a letter of resignation, the wanna know why, and I told 'em. Well they said, "Well, we'll do this, we'll do that." I said, "No, you should've done it before." [DD chuckles] "I don't threaten to get a raise. If I was not worth it before this letter, I'm not worth it today." So I left and I stayed out two years.

DD: Because you agreed to.

LS: And, because I agreed to it, it was a gentleman's agreement, but, you know, I've always taught that you make an agreement, you shake the hand, and that-

DD: That's your word.

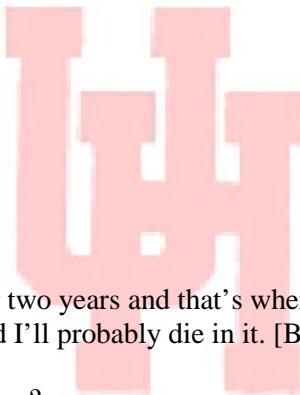
LS: That's a contract.

DD: Exactly.

LS: If your word is not good-

DD: What good are you?

LS: [Nothin' is?]. So I stayed out for two years and that's when I started this company. [Chuckling] Been in it ever since and I'll probably die in it. [Both chuckle]



DD: Anything else you'd like to add or?

LS: No. Uh... I don't, you know, I just, I'd love to be able to see the oil industry go back, but it'll never do it.

DD: It'd be real difficult if it did. Very difficult.

LS: I tell you, only way to stabilize the price of oil. Very easy, you can do it tomorrow.

DD: Take it off the market.

LS: Take it off the market. Take it off the market. Take energy out of the stock market. You will not have the Enron fiasco or any of the other fiascos [Inaudible, overlapping speech]-

DD: The California fiasco.

LS: If energy wasn't on the stock prices. Wouldn't have that. You wouldn't have Enron up there havin' a fiasco if those people had come up through the ranks.

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DD: Right.

LS: I'm workin' with a gentleman right now that had retired from Florida Gas. [Phone ringing] He had his own investment in there. [Phone ringing] [DD laughs] And uh, but you wouldn't have that problem if those people, and this poor man had retired from Florida Gas. He had 17, 18,000 shares of Enron stock, that's what they were invested in.

DD: And now he has nothing.

LS: He retired and was enjoyin' life, he's been retired [in a/many a?] year when it crashed. When he retired it was over 90 dollars a share and they were predictin' it to go to 120. When it crashed he still got 17, 18,000 shares at 10 cents a share. And he's back at work. You know?

DD: It's horrible.

LS: And he's bitter, you know.

DD: I'm sure he is.

LS: Well, you know, and I tell him all the time, I say, "You know, don't be bitter about it." I says, "If '85, if oil industry hadn't crashed I'd probably be retired today."

DD: That's true.

LS: But it did and I'm not, so. If I'da retired I may be dead too.

DD: That's true too.

LS: I said, "But I'm still in relatively good health. I'm still able to work. You are too, so just be thankful for that." [Both chuckle] Anyway. If you have any other questions-

DD: I will let you know.

LS: You know, if I run into any of the guys-

DD: Yeah, if you run into any of the guys, uh, show 'em this. [Show him a web site]

LS: Yeah, I did some of the first work on these Laturno Rigs, the jack-ups.

DD: Yeah, the jack-ups.

LS: In the early '60s.

DD: Wow.

LS: At Laturno Shipyard, they [Inaudible].

DD: Wow.

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LS: Yeah, installed a lot of the cathodic protection on those jack-ups. Probably one of the most interesting men I'd ever know. And I didn't know him personally, but I knew his philosophies.

DD: Really?

LS: He shut his entire operation down for one hour everyday.

DD: For what reason?

LS: Just for every person to pray, reflect, do what you want. He had a church on his place, a nondenominational church. The employees would go to it if they wanted to. Did that everyday.

DD: Wow.

LS: But that, he says, "You deserve, you's, you should give one hour a day to your god. Not to mine, to your god."

DD: Yours, yes.

LS: Which I thought was just remarkable.

DD: Yeah.

LS: But you see Laturno in everything today. You know, I just saw something on this magnificent equipment, or extreme equipment on Discovery Channel. These large dump trucks that are as big as this building, the tires are 12 feet in diameter. They're run by Laturno somethin' motors.

DD: They're in everything.

LS: He was the first innovator of DC motors.

DD: Oh.

LS: All of his equipment was run by DC motors. [Inaudible] motors. Those big rigs, these big jack-ups are lifted by five horse power electric motor.

DD: Five horse power?

LS: Five horse power electric motor.

DD: Whew. [Chuckles]

LS: He had dozers, he had uh, forklifts. Forklifts capable of 150,000 pound lift. That was controlled by DC motors. He had a diesel electric power plant on the thing. Diesel engine drivin' a DC generator. Everything was motorized. Man sit up there in the cabin with a little joystick.

DD: [Chuckling] Yeah, and that's all he has to do. [Both laugh]

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LS: No shiftin', no nothin'. And uh, but like I said that-

[END OF RECORDING]

