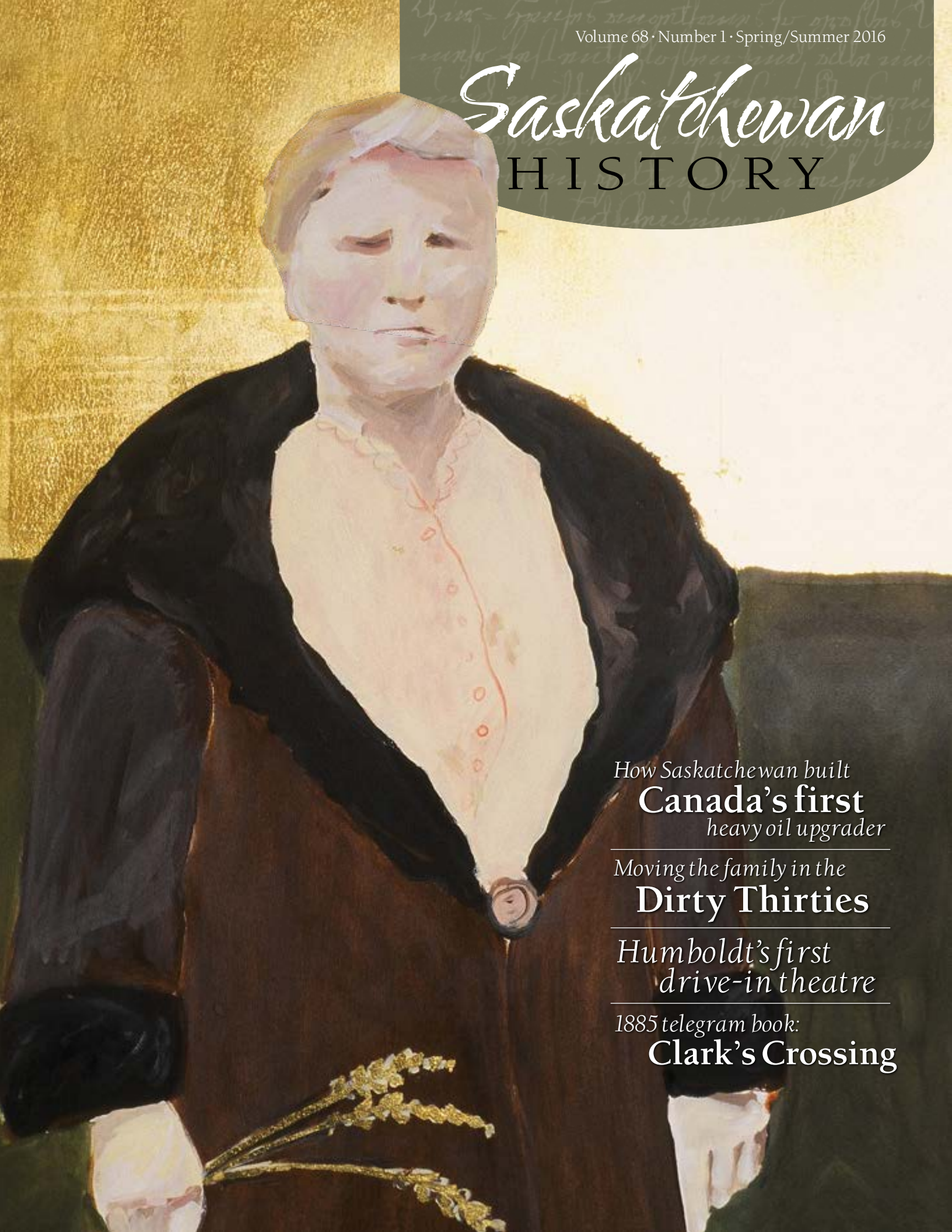


Volume 68 · Number 1 · Spring/Summer 2016

Saskatchewan HISTORY



How Saskatchewan built
Canada's first
heavy oil upgrader

Moving the family in the
Dirty Thirties

Humboldt's first
drive-in theatre

1885 telegram book:
Clark's Crossing

The Provincial Archives of Saskatchewan



This summer marks 60 years since the Provincial Archives of Saskatchewan's Saskatoon office, called the "Archives Office" at the time, moved into the then-brand new Murray Memorial Library on the University of Saskatchewan campus. Originally located in the former School for the Deaf, the Archives Office had, since 1949, occupied the third floor of the Field Husbandry Building (now called the Archaeology Building). In the early 1950s, the University of Saskatchewan began construction on a new library building that included dedicated space for the Archives Office on the ground floor, featuring secure collection storage and working space for both researchers and Archives staff. The Archives Office moved into its new space in August 1956 and, by October, was up and running. In this image, archivist Evelyn Eager is shown in the records storage area in the Murray Memorial Library, 1958. PAS photo R-A4647

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Saskatchewan HISTORY

Volume 68 · Number 1 · Spring/Summer 2016

The Provincial Archives of Saskatchewan
University of Saskatchewan, 3 Campus Drive,
Saskatoon, Saskatchewan S7N 5A4
publishes *Saskatchewan History* twice a year.

Canadian subscription rates are \$15.75 (CDN) per year,
GST included. Subscriptions outside Canada are
\$17.50 (CDN) per year.

Subscribe online using the Government of Saskatchewan's
Publication Centre, via [http://www.saskarchives.com/
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The editor of *Saskatchewan History* welcomes
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ISSN 0036-4908

PUBLICATIONS MAIL AGREEMENT NO. 1252690

RETURN UNDELIVERABLE CANADIAN ADDRESSES TO

Provincial Archives of Saskatchewan
3 Campus Drive, University of Saskatchewan
Saskatoon, SK S7N 5A4
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COVER IMAGE:

Detail of "The Mother": Belinda Harrow's original art
work of her great-grandmother during the trip described
in "The Diary of Our Trip Up North" (see page 12). In
acrylic and gold leaf on paper, 2002. Courtesy Belinda
Harrow.

DESIGN & LAYOUT:

Andrew Kaytor, Kaleidoscope Productions Inc.
www.k-scope.ca

PRINTED BY:

PrintWest Communications

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Saskatchewan's Greatest Agricultural Weekly

VOLUME 14—No. 12

SASKATOON, CANADA, FEBRUARY 19, 1916

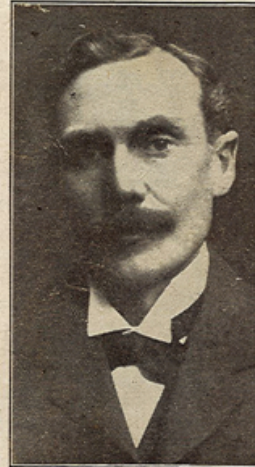
24 PAGES



YOUR President, together with the vice president and secretary, attended a meeting of the Provincial Equal Franchise Board; where, together with the representatives of other women's organisations, interested in this matter, we prepared plans for the securing of our franchise. Present indications point to the reward of our efforts. In May I was chosen to be a member of the delegation arranged by the above mentioned board, to approach Premier Scott regarding the extension of the franchise to women. Our Association was unique in that it was represented by both men and women, for our central secretary, Mr. Musselman and Mrs. S. V. Haight, our own vice-president, made equally strong appeals. This memorable visit will go down

into history; it is mentioned in the speech from the throne at the opening of parliament this session. As I sat in the House amidst the large and influential gathering, it came to me that, were it not for our Association the country women would have been unrepresented that day."—Mrs. J. McNaughton, Pres. W.G.G.A.

I HAVE to-day the unique experience in regard to petitions and delegations of being able to give a definite answer. It is not often that after listening to a delegation that it is possible for me to say yes or no. I am acquainted with the views of the legislature and therefore able to say that we have arrived at the decision that the time has come for the change for which you ask in your appeal. What I commit this government to do before it closes this session, change our franchise law to make it an equal right and privilege and responsibility to every adult in the province on the same terms, will have its effect in Canada and will likely have a more far-reaching effect than that."—Premier Scott.



EXECUTIVE OF THE WOMEN'S SECTION, S.G.G.A.



The women of Saskatchewan are to have placed in their hands a new and powerful weapon, which, if properly used, can exert a wonderful influence in making this Province a better place to live in.

Provincial Archives of SK, S-A1, Violet McNaughton fonds, File I.9, The Saturday Press & Prairie Farmer, 1915-1918

The front page of The Saturday Press and Prairie Farm, 19 February 1916, includes a promise from Premier Walter Scott to extend the right to vote in provincial elections to "every adult in the province on the same terms." PAS, S-A1, Violet McNaughton fonds, File I.9, The Saturday Press and Prairie Farm.



Harold Brown (right) and Jim Butterworth (left) of the 46th Battalion, known as "the Suicide Battalion," ca. 1914-1918. PAS photo R-A14139

New video in Great War series

The Provincial Archives is proud to announce the YouTube launch of *From the Prairies to the Trenches, Part III: Women's Suffrage to the Somme, December 1915 to December 1916*.

This third video of our five-part series on World War One recalls the events of 1916, as experienced by both Saskatchewan residents serving in war-torn Europe, and those remaining on the home front. The video features a rich selection of documentary material held by the Archives relating to Saskatchewan's involvement in the First World War.

The video is on display at the Legislative Building and Government House in Regina and also may be viewed online at the Provincial Archives of Saskatchewan's YouTube channel: <https://www.youtube.com/channel/UCxk8HJl3F7WkYM0MR2KDFWg?nohtml5=False>

New Great War learning packages

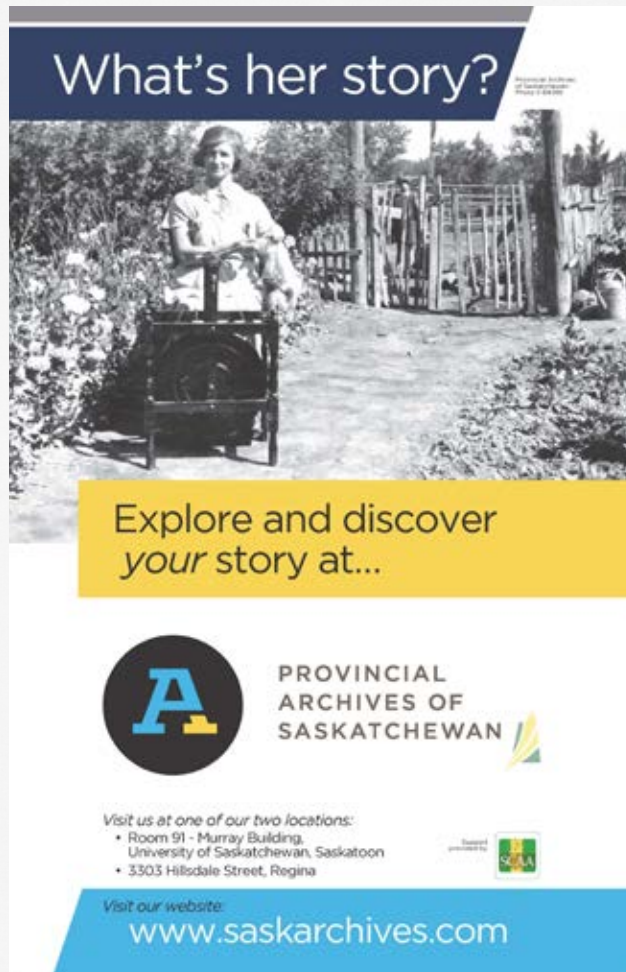
To complement the new World War One video, we also developed two new Grade 12 learning packages related to the war. These can be found in the "For Young Historians" section of the Archives' website.

One new learning package, "The Suicide Battalion and Canada's Role in World War One," focuses on the experiences of soldiers in the 46th Battalion. This package uses oral history interviews conducted with the soldiers to enable today's students to learn about the war directly from those who lived it.

Another new learning package, "Why Were Prairie Women Leaders in the Canadian Women's Suffrage Movement?" provides students with access to archival documents related to how women first won the right to vote in Saskatchewan in 1916.

New name, new logo, new posters

The Provincial Archives launched our new logo on a variety of communication materials during the past few months. These include a four-piece series of posters, each featuring unique archival images from our Permanent Collection and showcased throughout this issue. The posters were produced through funding support from the Saskatchewan Council for Archives and Archivists. Interested readers will note that our new logo consists of an abstract "P" representing "Provincial," an overall "A" representing "Archives," and the shape of our province artistically rendered in the centre of in the "A." Our new brand will help to increase our visibility and the recognition of our visual identity in order to further promote our many vital public services to the government and the citizens of Saskatchewan.



Archives' retirement

Paula Rein celebrated her retirement in September 2015 after 24 years of service with the Provincial Archives of Saskatchewan. Her long career in the provincial civil service also included stints at the Workers' Compensation Board and the Legislative Library. Paula's expertise in the history of Saskatchewan's government and the organization and use of provincial court records will be missed by clients and colleagues alike.



Paula Rein retired after 24 years with the Provincial Archives.

Voices from the past

Words mean more than what is set down on paper. It takes the human voice to infuse them with deeper meaning."

Maya Angelou

As you read this spring/summer edition, you will hear many different voices from the past, telling stories from different perspectives. Thanks to our storytellers, the contributing authors, these voices ring loud and clear, even though they tell tales from long ago.

To paraphrase Winston Churchill: events happen. If a Very Important Person is involved -- a premier or cabinet minister -- an event may be reported in the papers or on the evening newscast. People will hear about the event, talk about it, and, likely, all the papers created as a result will be saved in an archive. However, if you are just a Regular Joe, the event is likely personal and is perhaps of less significance to the masses than the premier's event: it might get discussed only in conversation or mentioned in your diary or in a letter to a friend.

It's easy to understand how well-written letters and diaries convey human voices since they are personal narratives. The voice of a World War 2 fly boy is strongly present in "David R. Hunter and Bomber Crew, Lancaster LL.724;" the article opens and closes on letters written to Hunter's mother. Letter-savers

should be thanked -- and reminded that if they donate their collection of saved letters to an archive, skilled historical authors like Ken Dahl can write articles that not only provide fascinating details of a war but that also share the individual voices of those who wrote the letters. Special thanks to the City of Saskatoon Archives for providing the wonderful photos that illustrate this article.

Going back even further, a variety of voices and activities from the 1885 North-West Resistance may be heard through a long-lost Canadian Pacific Railway telegram book. Thank you to Jeremy Mohr and other Archives' staff for putting together a terrific article and photographs that showcase this exciting, recent acquisition for the Archives, sure to attract historians searching for 'new' information about the 1885 events.



Oral history is another form that provides a personal perspective of events. Author Rose Willow recorded her Uncle Steve Besenski's voice in 1989 and used her oral history interview to write the story of Humboldt's first drive-in theatre. Steve's voice rings loud and clear throughout this biographical sketch, told with great humour; I am told his relatives are still involved in Humboldt's entertainment industry, operating the local DVD and video store.

I cannot imagine hearing a clearer voice through personal narrative than that of Laura McDonald. She was a 17-year old farm girl when she kept her trip diary: her writing is colloquial and full of character. Laura is by no means a polished writer, but she is a born storyteller. Her stories are both entertaining and instructive, providing an authentic, first-person look at what it was like for families in the Dirty Thirties to pull up stakes and move to settle elsewhere. But this is no woebegone story: no matter who or what the family runs into, Laura's sense of humour shines through her account. We are grateful to Belinda Harrow for not only introducing and sharing her grandmother's diary, but also for the use of her beautiful original painting that she created of her great-grandmother, inspired by photographs taken during the trek and by the stories in the diary, and now featured on our cover.

Since letters, diaries, and telegrams offer personal perspectives, readers are more likely to hear the human voices within. However, it is more difficult to hear the human voices contained within government documents. Nonetheless, author Mark Stobbe has given voice to government representatives from three consecutive governments, through rigorous research and finely crafted storytelling. Rarely is an article about government negotiations as conversationally engaging and fluid as "Crude Conflict: The creation of the Canada's first heavy oil upgrader."

The history of Saskatchewan is based on common experiences: stories of pre-settlement and homesteaders, of co-operatives and agriculture, of battles and boom times. This edition shows that, despite similar circumstances, stories from our past are actually as individual as the people who lived them. We trust you will enjoy this selection of stories that convey fresh, unique perspectives.

Myrna Williams
Editor, Saskatchewan History

Enjoy the Saskatchewan summer! In this photo, taken in 1911, we see "land seekers" enjoying a summer excursion to Arlington Beach in the Last Mountain Valley. PAS photo GM-PH-1432(1)



1885 Canadian Pacific Railway telegrams

Jeremy Mohr

Most Saskatchewan history buffs recognize 1885 as the year of the North-West Resistance. In 2015, 130 years after the Resistance, the Provincial Archives was excited to add a ledger of telegraphs from the Canadian Pacific Railway (CPR) telegraph station at Clark's Crossing near Saskatoon, dated from April 18 - June 26, 1885.

This long-lost record contains approximately 1,000 handwritten telegrams sent and received at the station during the final months of the North-West Resistance. Staff at the Archives believes that the ledger was created by John M. Egan, General Superintendent of the Canadian Pacific Railway's Western Division, who likely kept the ledger with him and later passed it down to family members in Florida.

Many of the telegrams discuss the battles around Batoche and Battleford, including references to strategies, casualties, requests for supplies, and the capture of Louis Riel. Telegram senders and recipients referenced within the ledger include notable names such as: Major General Frederick D. Middleton; Mrs. Middleton; Lieutenant Governor and Indian Commissioner of the North-West Territories, Edgar Dewdney; federal Minister of Militia and Defence, A.P. Caron; Quartermaster William R. Bell; General Thomas Bland Strange; Chief Pasqua; Chief Poundmaker; Prime Minister John A. Macdonald; Chief Big Bear; and Louis Riel.

This ledger matches a similar one from March 2 to April 18, 1885, that is located at the Glenbow Museum and offers a valuable continuation of the story of the Resistance. Unfortunately, the telegrams are presently in very fragile condition. However, thanks to a generous grant from the Saskatchewan Council of Archives and Archivists, the Provincial Archives will soon feature this great resource online for all to see. Every page and every telegram from the ledger will be digitized for preservation and access purposes. The Provincial Archives will not only be making the digitized images available within its online searchable database, but will also create a small exhibit highlighting the telegram book and the North-West Resistance. Watch for an announcement of the exhibit later this fall.

Jeremy Mohr is Manager of the Archives' Records Processing Unit.

Lieutenant Governor and Indian Commissioner of the North-West Territories, Edgar Dewdney, is mentioned in the CPR telegram book. In this 1885 photograph taken in Regina after the Resistance, Dewdney is seen to the left, with mutton chop whiskers; Chief Piapot is second from the right in the grey blanket with a green stripe; and the Montreal Garrison is pictured in formation behind Dewdney and his guests. PAS photo R-B741a

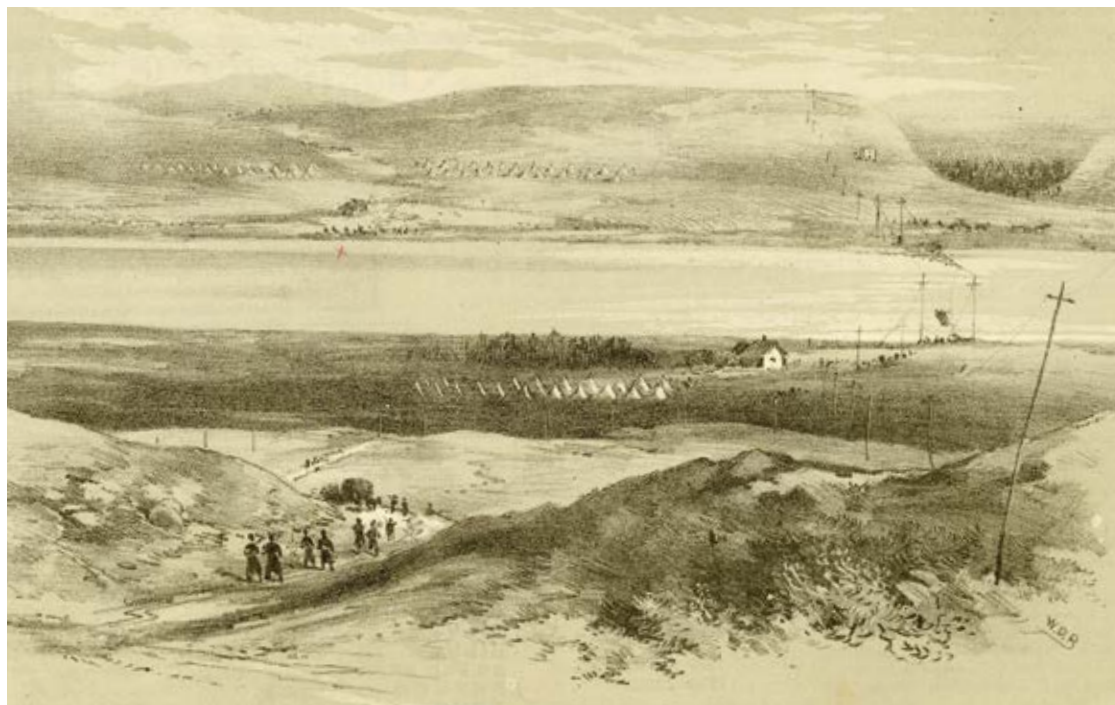




Top left: Chief Piapot was one of the key leaders of the Plains Cree. He declared his loyalty to the government during the events of 1885. His name comes up in the telegram book. PAS photo R-B1444

Top right: Cree Chief Poundmaker was convicted of treason and sentenced to serve three years at Stony Mountain Penitentiary. Poundmaker died in 1886, age 44, after serving only seven months of his sentence. PAS photo R-B8775

Bottom: The Clark's Crossing telegraph station is shown in this image, titled "Scenes with the North-West Field Force ... (2) View of Clarke's [sic] Crossing shewing Telegraph Station, Ferry, and site of proposed redoubt." From The Canadian Pictorial and Illustrated War News (Toronto: Grip Printing and Publishing Company, 1885). PAS, R-N207, Vol. I, No. 7, p. 52b





Top: "The Fight at Duck Lake" from Harper's Weekly, May 9, 1885, Vol. XXIX – No. 1481, p.296. PAS image R-D1772-3

Bottom: Cree Chiefs Big Bear (front row, second from left) and Poundmaker (front row, far right) both had involvement in the Resistance. Although Big Bear had tried to stop the Frog Lake Massacre, he was arrested for treason and subjected to a confusing trial held in English and translated into Cree. Evidence showed Big Bear had not participated in killings at Frog Lake or the looting and prisoner-taking at Fort Pitt; nevertheless, he was found guilty and sentenced to three years at Stony Mountain Penitentiary in Manitoba. Big Bear was released in 1887 due to failing health conditions after serving two years of his sentence, and died on the Poundmaker Reserve soon after being released in January 1888 at 62 years of age. Chief Poundmaker also was sent to Stony Mountain but died after serving only seven months. He is remembered as a peaceful chief and defender of his people. PAS photo R-A2146

Batoche 12th Ma
 Mrs Middleton
 428 Lewis St
 Ottawa

Our victory yesterday
 was most complete
 not a sign of the
 enemy anywhere - No
 firing into bivouacs
 or camp last night
 The officers & men
 have done their work
 & behaved splendidly
 I have got about
 hundred & fifty women
 & children on my
 hands now? Poor things.

I am sorry for them
 The Steamer with Wire
 on board turned up
 all right yesterday evening
 Just as the fight was
 over Beautiful weather
 and warm sleeping in
 open air without tents
 I am very well &
 hope I have broken
 the back of the rising
 Have sent to Riel to
 surrender by a priest
 who thinks he will
 I do not - Best
 love to all
 Fred Middleton
 Maj Genl

Dated 12 May [1885]: From Major General Frederick Middleton, commander of the Canadian militia during the North-West Resistance, to his wife, shortly after the Battle of Batoche, which occurred from May 9th to May 12th, 1885. This telegram provides a more personal view of Middleton, as he comments not only on his victory but also writes about feeling sorry for a group of women and children in his care.



Above: Major General Frederick D. Middleton in uniform, 1884. PAS photo R-B2199



Right: "Major-General Middleton and Capt. Wise, A.D.C." From The Canadian Pictorial and Illustrated War News (Toronto: Grip Printing and Publishing Company, 1885). PAS, R-N207, Vol. I, No. 5, p. 33



Top: "Clarke's Crossing on the South Saskatchewan, where General Middleton's expedition is expected to cross." From *The Canadian Pictorial and Illustrated War News* (Toronto: Grip Printing and Publishing Company, 1885). PAS, R-N207, Vol. I, No. 1, p. 12
 Left Top: The schoolroom of the Hudson's Bay Post, Fort Qu'Appelle, used by General Middleton as his office while stationed there in 1885. PAS photo R-A33171-2
 Left middle: "The Fish Lake Fight - Rebels under Dumont firing on Middleton's Advance." From *Harper's Weekly*, May 9, 1885, Vol. XXIX - No. 1481, p.296. PAS photo R-D1772-4
 Left middle: Illustration entitled, "Louis Riel taking his daily constitutional at Regina." From *The Canadian Pictorial and Illustrated War News* (Toronto: Grip Printing and Publishing Company, 1885). PAS, R-N207, Vol. I, No. 14, p. 112
 Right: Frederick Middleton, Major General commanding Canadian militia. PAS photo R-A33171-1

Form 167.
Canadian Pacific Railway Co

WESTERN DIVISION.

The following message received at Winnipeg Time 3:50 P.M.

By Telegraph from Ottawa ont
Date May 21st 1885

To The Officer in Command
Clark's Crossing
Send Riel and other
prisoners to Regina
instead of Winnipeg
If escort and prisoners
have left Crossing
repeat this order
without delay

A P Caron
Minister Militia



Top left: In this telegram, federal Minister of Militia and Defence, A.P. Caron, orders the officer in command at Clark's Crossing to send Riel and the other prisoners to Regina. Riel had surrendered on May 15th, 1885.

Top right: Illustration titled, "Capture of Louis Riel by the scouts Armstrong and Howie, May 15th, 1885," from The Canadian Pictorial and Illustrated War News (Toronto: Grip Printing and Publishing Company, 1885). PAS, R-N207, Souvenir No., Part II, p. 32b

Bottom left: Louis Riel was leader of the Resistance forces; he was convicted for high treason and hanged in Regina on November 16th, 1885. PAS photo R-A5680

Bottom right: Theresa Gowanlock, pictured here at age 19, is mentioned in the telegram book. She was kidnapped and held captive in Big Bear's camp for two months during the Resistance with another young woman, Theresa Delaney. Together, they published a memoir entitled, Two Months in the Camp of Big Bear: The Life and Adventures of Theresa Gowanlock and Theresa Delaney. PAS photo S-B6023



The Diary of Our Trip Up North: Zelma to Mullingar via Saskatoon

185 miles by caravan in three weeks - July 3rd to July 23rd 1934

Laura McDonald - Introduced by Belinda Harrow

I never had the opportunity to know my maternal grandmother, Laura McDonald Fox. When I was growing up in Young, Saskatchewan, she lived far away in New Zealand. I looked at old photographs and asked questions to her sisters, Clara and Dorothy, but despite living just down the road from where they all grew up, I never felt a bond.



Diarist Laura McDonald and family, ready for their trip north, 1934: (back, left to right) Earl, Alice, John, Fred, Dorothy, Laura and Clara; (front, left to right) Art, George and Bill. Courtesy the author.

It wasn't until my early 20s when I took my first trip to New Zealand, a number of years after she had passed away, that I connected to Laura. I was visiting my Auntie Norma in New Zealand when she brought out an old leather suitcase that was full of my grandmother's things: poems, photographs, hand-written songs, diaries from her Saskatchewan childhood, and souvenirs from her time in the Women's Auxiliary Air Force during World War Two. As I read through Laura's writing, I discovered her humour, creativity, and adventurous spirit. Finally, I had connected with my grandmother through her writing.

In that suitcase, I found Laura's 12-page trip diary, "Our Trip Up North," which

describes the 185-mile journey her family took in search of viable farmland during the Depression. Laura's family included: her parents, Earl and Alice; her brothers, John, Fred, George, Art, and Bill; and her sisters, Dorothy and Clara.

What happened to the family once they arrived and settled in Mullingar? Poor land, bad health and the loss of income due to "black leg," which decimated the cattle, led to the children all going to work for neighbours. By 1942, all of the family had returned to the Young-Zelma district. Laura's father, Earl, died shortly after their return; her mother, Alice, spent her remaining years living with her married children.

The family diarist, Laura, worked as a labourer on neighbouring farms until joining the Women's Auxiliary Air force to work as a nurse's assistant. She met and married Len Fox, a navigator in the Royal New Zealand Air Force, in Calgary in 1943. After the war, Laura travelled to New Zealand to join Len, where they raised five children.

Laura's diary reflects her family's three-week journey from Zelma to Mullingar (although the diary states they are heading for Turtleford, Mullingar is mentioned in both the title and is indeed the family's final destination). Laura herself revised her 1934 trip diary in 1936: it is the 1936 edition, lightly edited, that is published here.

Editor's note: Laura McDonald's voice is so refreshing and humorous that we wanted you to hear it with all of its authenticity. Therefore, while lightly edited, her trip diary is presented here as is, with all of Laura's colloquial expressions (and the occasional spelling error) intact. The irrepressible Laura may have been short on apostrophes, but her personality shines through so strongly that we did not want to interrupt her words with a déluge of [sic]s. One note of correction: on July 6, Laura wrote that the family was "now 10 miles west of Saskatoon" when in fact they were clearly east of Saskatoon and traveling westward.

The trip diary

First of all we decided to go to Turtleford. "We" consists of my dad and mother, five brothers, two sisters, and myself, 21 cattle, 11 horses, five pigs, four turkeys, 24 hens and two dogs.

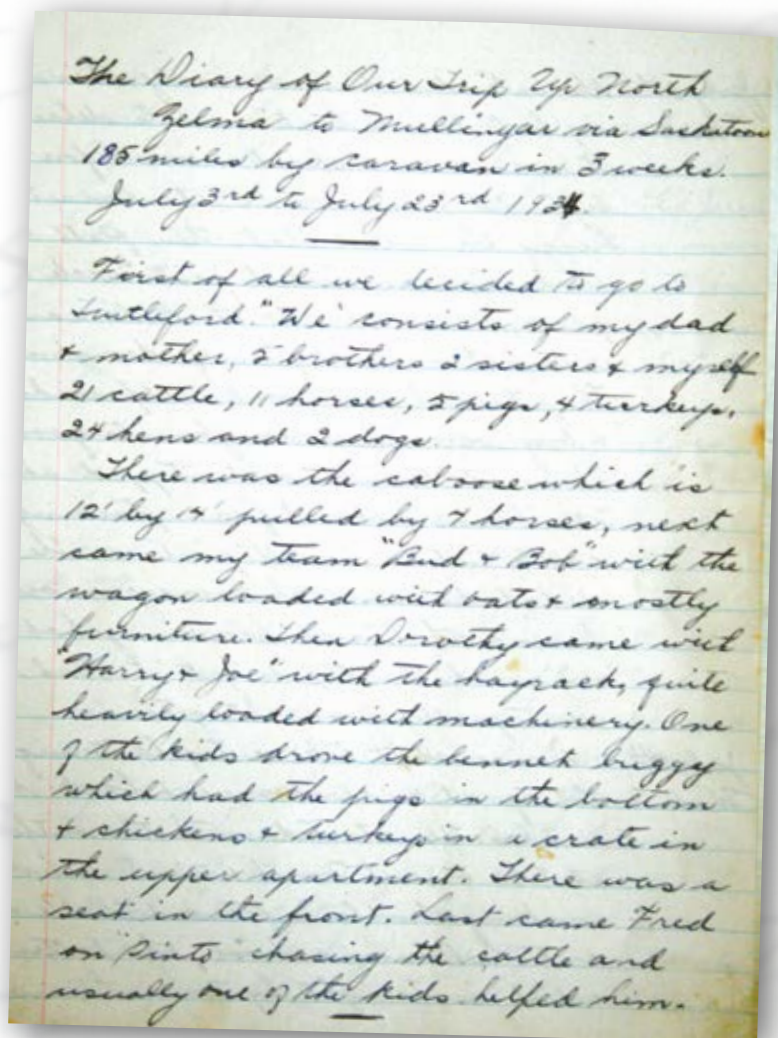
There was the caboose which is 12' by 14' pulled by four horses, next came my team "Bud and Bob" with the wagon loaded with oats and mostly furniture. Then Dorothy came with "Harry and Joe" with the hayrack, quite heavily loaded with machinery. One of the kids drove the Bennett buggy which had the pigs in the bottom and chickens and turkeys in a crate in the upper apartment. There was a seat in the front. Last came Fred on "Pinto" chasing the cattle and usually one of the kids helped him.

July 3rd, Tuesday

We intended to leave early this morning but due to last minute details it was 12 o'clock at noon before we left. At John's corner, the Bennett buggy tire went flat, then Pat's harness broke. When we went past Uncle Dick's place, Aunt Carrie and the kids came out with a great pan of donuts. They talked for about a half an hour and boy were those donuts good! We made eight miles and stopped at Mrs. Swan's vacant farm, turning the cattle into a small pasture. The sun didn't have much mercy on our faces and the wind blew my hat off and I couldn't stop to get it. But things went pretty good altogether.

July 4th, Wednesday

I sure slept like a log last night. I got up at 4 o'clock and went back to bed until 6. We started with the outfit at 8:30 and went North and West all day, making 14 miles. Passed Belle Lake and LeBaron School, the latter which is taught by Miss Lilian Bobiash. She came out and shook hands with us, for we used to go to school together. The farms are large around here and have nice buildings. Geo. Joran also passed us and the Watkins man. We had a flat tire and I'm sure all in tonight. Camped by a slough 6 1/2 miles south of Bradwell. There are a lot of large poplar trees around and George climbed up a high one but just as he got almost to the top the limb broke and he almost knocked himself out. But maybe he'll learn better.



The first page of Laura McDonald's diary about her family's journey. Courtesy the author.

July 5th, Thursday

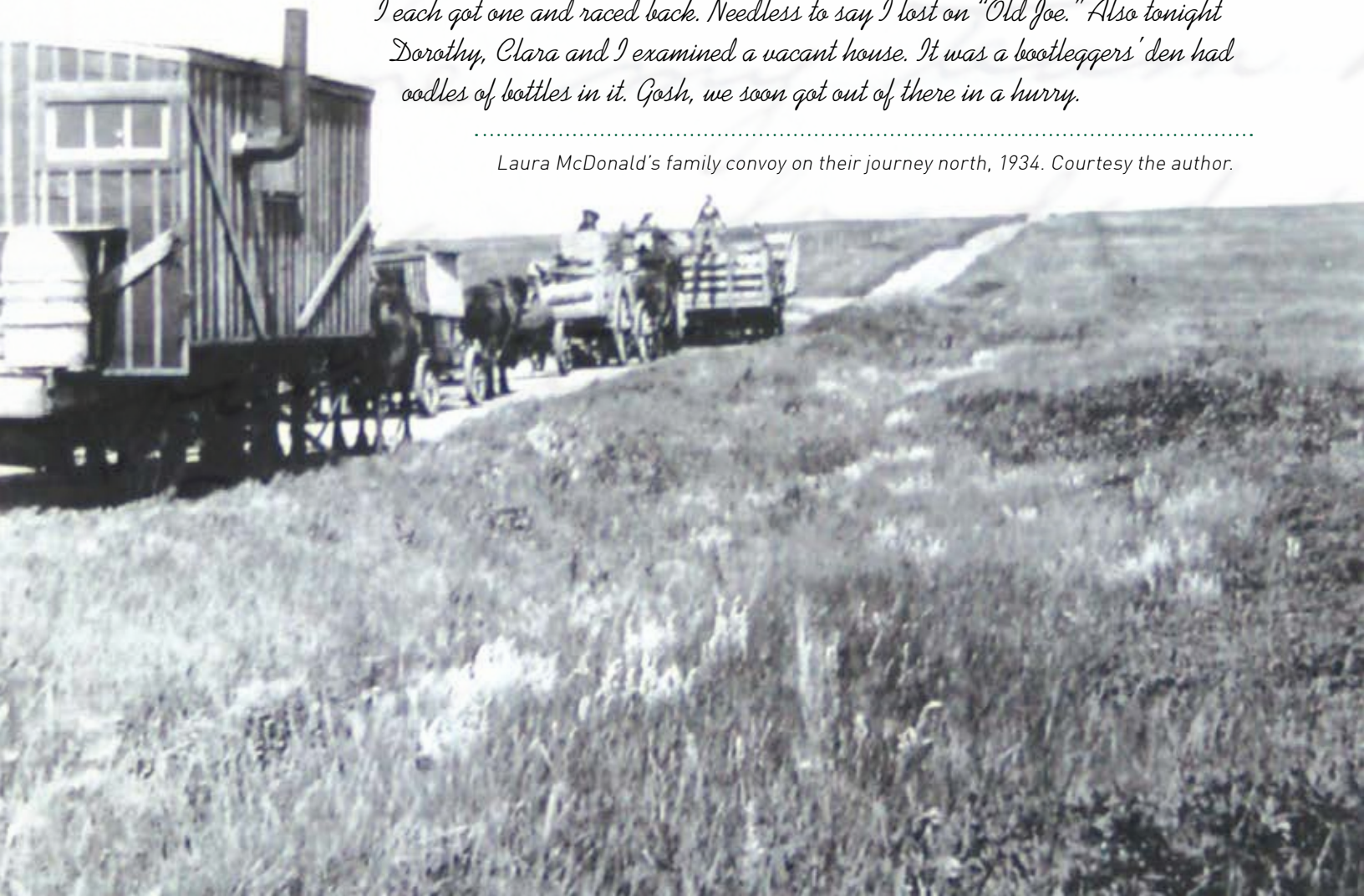
The wind was blowing from the North and we almost froze until it warmed up at noon. We reached Bradwell at noon and ate our dinner camped just outside. John went back home after dinner. We then went on three miles north, where we turned the horses into a farmer's yard to water and eat until 3:30. After two miles more, we struck #14 highway. You certainly need your life insured travelling on those highways. Those stream-lines never slow down: all of a sudden you'll hear a rush and one of them will have seen how close they could get without hitting you. My "Buddy" horse pranced and whinnied all the time. He doesn't like stream-lined cars either. We made 13 miles today and camped on an old vacant farm belonging to Mr. Gertz. The cars passed on the highway all night. There was one little red Austin car rushing madly along.

July 6th, Friday

We left #14 highway this morning and I for one breathed a sigh of relief. It was hotter too. We went one-and-a-half miles north and then followed the railroad west as far as Cheviot. At noon we watered the horses at Mr. Rose's place. He has a pump on one side of the road and the water runs through an underground pipe across the road into a trough. We passed Lone Star School and are now ten miles east of Saskatoon. We met a fellow who I nicknamed "John Longface" with a mower. I think his great grandfather must have recently died. The horses got away after supper and, led by Sam, started home.

Boy did we run, chased them a mile before we caught them. Fred, Clara, Art and I each got one and raced back. Needless to say I lost on "Old Joe." Also tonight Dorothy, Clara and I examined a vacant house. It was a bootleggers' den had oodles of bottles in it. Gosh, we soon got out of there in a hurry.

Laura McDonald's family convoy on their journey north, 1934. Courtesy the author.



July 7th, Saturday

Clara and I walked a mile up the road to milk the cows this morning and carried the milk back. It was sure hot. Last night after we got back with the horses Fred strung a wire across the road allowance and put a flag on it, so Dad and him had to take turns keeping watch to see that no cars came through. The object was to keep the horses from running away again. We started up at 9:45 this morning and went west five miles, north two, west one, and north three and are now within the Saskatoon city limit camped on the camping ground. We watered the horses and cattle at a Mr. Brown's place who is a brother-in-law of Mr. Currie and Mr. Dupont of Young, Sask. Dad bought some vegetables at a man's place. He raises them to sell in the city. There was a pretty girl riding around on a byc [bike]. She was teasin' the young fellow who sells the vegetables. He also has a filling station. I wouldn't have minded being teased by her either. We're going to pick saskatoons tomorrow and go through the city on Monday. We got enough berries today for a couple of pies.

July 8th, Sunday

This morning we took the horses over to the exhibition ground to water and saw all the exhibition barns, etc., and also the grandstand. There certainly are a lot of people camped on these commons. Everywhere there is a slough is a tiny house. I guess it's because they don't have to pay taxes. This morning, Mr. Westfall and daughter Audrey (nine) came to visit us and last night Stewart family were over. They have eight children, three pairs of twins. Talk about safety pins, you'd sure need to send her a lot. By the way, we've now decided to go to Meadow Lake but "Grandpa Stewart" strongly advised us against it for reasons too numerous to mention. "Father Stewart" exclaimed over everything and when he came to the pigs he says "Mama, mama, come and see they even have pigs" and the "ohs" and "ahs" began all over again. After dinner the whole Westfall family came over again until supper. Then they came back again after supper. Audrey likes riding horse back extremely well. They live in a caboose on blocks no larger than ours and how they ever keep warm in winter is more than I can tell. They are the proud possess-

ors of 12 dogs, three goats, some geese, chickens and guinea hens. I never hope to see such crazy people again until I get to Battleford. After supper we took the livestock over to the exhibition grounds again. It's about a mile from where we're camped. The horses were frightened at the automobiles and lights of the city and although I get a thrill out of hearing a train whistle I sure got more than enough of them that night and next morning. They sure blow off steam.

July 9th, Monday

This morning we got up at 4:30 had a cup of coffee and went through the city. "Bud" doesn't like the city and a streetcar scared "Chubby" so that he almost ran away. We had a "flat" halfway through which held up the whole works. Went down Clarence Ave, crossed 25th St. Bridge, then went north under the sub-way, then watered at the river. All along the river you could look down from the bridge and see "bums" fishing. One fellow had three "chubs" which are about 6" long. Fred bought two and we had them for breakfast which was after we camped at (10:30). Everyone swims in the river.

At noon, Dad and all us kids went downtown and I actually had my first experience riding on a streetcar. Dorothy got her glasses at Dr. Cluff's. Then we all went to a show at the Daylight [Theatre]. It was a dandy one. Then we went shopping but I couldn't get either a mouth-organ or a bathing suit, which was all I wanted. After supper about eight kids came over so we played softball. They also had a byc, and that's where my longing for a bycycle began but as "Bill Williamson" one of the kids told me; it's no use learning to ride a bycycle unless you can get one because then your always wanting one. There was an aeroplane doing "stunt" flying up in the air.

July 10th, Tuesday

We stayed camped today too. Maw and I baked bread and put down 12 quarts of saskatoons. Dorothy, Paw and Fred went downtown. Dorothy got her specs she ordered yesterday also my bathing suit and one for her and Clara. After dinner we jumped in the river. Fred, Roy Boothroyd and Bill Williamson went fishing. They only got one. After supper the kids all came back to play ball. Fred showed them how to spin a road and do they like horse back riding! They almost fought over the horses. One kid says to George "which would you rather have, a horse or a byc?" and of course George says "a byc." "Gosh!" he says, "that's shows how much you know." Well George's pony was worth about two bits so that shows how much neither of them knew. We never got to bed until 10:30.

Laura's siblings George and Bill, and her mother, Alice, on the Bennett buggy, 1934. Courtesy the author.



July 11th, Wednesday

We were all set to go this morning and then had to waste a whole hour looking for Molly's calf, which was born on the camping grounds so we called it "Loony." Jack McCurin and "Dibby" rode with the kids as far as the city dump ground. The city kids took turns riding horse back yesterday and one bunch came down, caught George's pony to ride her. The other bunch chased them off and a couple of them got into a fight over her. We made seven miles this morning travelling some on the highway. A man offered Fred \$40.00 for "Pinto." We made six miles this afternoon and camped beside a rye field. One of the city kids gave Art a softball, a lady gave Bill a tennis ball, and George traded a rope to Jack McCurin for a baseball. Therefore we can sure play ball.

July 12th, Thursday

We left at 9:15 this morning after hunting half an hour for Molly's calf. She takes a delight in hiding it every night. When we were watering up "Pinto" got his legs caught in the wire of a gate. He bucked until he threw himself. Fred was on him. They had to cut the wire with the pliers. Made 12 1/2 miles today and camped at a Lutheran church. It was just the basement with a roof on it. The church had been burned. A Mennonite family lives up the road. After supper, three of the boys came down to play ball but before we could get started another one of them came down and told them they had to go home to plant something or other that their six sisters couldn't. I poked my foot through the window the other night and didn't even know it. Us girls sleep in the top bunk. Dorothy woke me up and told me to get my foot out of the window.





Brother Bill on the horse, sisters Dorothy (left) and Clara (right) sitting in front of the caboose; the man holding the horses and the man entering the caboose are unidentified, 1934. Courtesy the author.

July 13th, Friday

We watered at the Mennonites and made six miles before dinner. We met two cowboys taking 12 horses east. They came originally from Medicine Hat and are going to Bruno via Saskatoon. We crossed a creek with awfully steep banks; also passed an outfit three times. When we were camped tonight, an old fat Mennonite drove up. He stopped and when he talked he yelled. When he left he bawled back at Dad for miles almost. He says "goot caboose" "goot water" "goot Missus" "whoa!" "giddap!" "goot peeqs!" "whoa!" "giddap!" until we almost died laughing at him.

The crops are good here but were better at Langham. We passed a nice school with a teacherage, telephone and everything. The kids were let out as we went by. There were only 13.

July 14th, Saturday

Well, I coughed almost all night so Dorothy let me sleep almost an hour longer. While I was in bed a Doukabour man and wife came by in a buggy. He got out and led the horse by because it was frightened. But just when he got by it jumped and the harness fell half off. The old lady hung onto the lines and screamed. When he got it stopped she got out over the wheel. But one shaft broke. Fred went out to help and she gave him "hail hallelujah" in Doukabour language. She'd sit down and bawl and then get up and yell at the old man. He cut another shaft from the trees nearby but when they left she walked behind. This country is overrun with Mennonites and Doukabours. Past Eagle Point School at 11:30. Have been travelling west since Thursday. At noon we came to Eagle Creek, where we are now camped. Talk about hills. We put on our brakes and wound all around until we hit the bottom. By that time, you're so dizzy you don't know where you're going to sleep

tonight. At the bottom there is a steel and wood bridge with a sign that reads "beware of a bad bull which might kill. Owner Mr. Comboy." The hills are covered with saskatoon, pincherry, and chokecherry bushes. The creek runs about a rod from the door and is 10' deep in places. Fred went fishing at the north of the Saskatchewan River which is a mile off, where the creek flows into it, but didn't get anything. Us kids went in for a swim. I don't think I will ever learn to swim though. Seems hopeless. At 4 o'clock we went picking berries. I can't look a saskatoon in the eye tonight. The mosquitoes are bad tonight.

July 15th, Sunday

Never got up until 7 o'clock. We always bake bread, scrub the floor and wash clothes on Sunday. There's a smart alec city kid visiting some of his Doukubour relations. Can he swear! He brought about 11 kids with him so we played softball. The boys against the girls. We lost. This was after dinner. Then we went for a dip. There were about 25 people at the place where they swim. 99% of them were Doukabours. There's only one thing that is smarter than a Doukabour, that's two of them. One guy could duck pretty good so he'd duck and dive and every time he'd come up he looked like a drowned rat with a grin like a monkey. I was trying to catch the cows and they sure were provoking at times. Anyhow I just get her across the creek and she'd run in the bushes. Then I'd get her out and back she'd go. I'd have to take off my shoes again and wade across the creek with about 15 smart alec Doukabours looking on. One of them says, "Say, where are you from? Your sister says one thing and your brother another." I says, "We came from Helena, Montana and are going to Alaska. Do you want to come along?" Because everyone you'd meet never failed to ask, "Where'd you come from? Where are you going?" and, "How's the hoppers down your way?" Mr. Comboy, owner of the bull, came down after supper with just his underwear on for a shirt. So I afterward said to dad, we saw one white man out of 100 Dukabours and he has to be walking around with no shirt on. After supper about 15 young men came and played ball. Us girls had a game among ourselves and my side won for once.

July 16th, Monday

We left Eagle Creek at 9:15 this morning and making nine miles camped at a town called Struan at noon. I mailed some letters. Dorothy got stuck coming up a hill. There was too much sand and then "Harry's" tug broke. They had to hook my team on ahead. My team are the best of course. When we were ready to pull out, Dad noticed the front bunk was broke so he and Fred jacked it up and when they let it down again, it sure did break. The end of the caboose went down a foot. So I guess we may have to camp here until tomorrow noon anyhow. Dorothy and Mother did down 30 quarts of saskatoons and us kids herded the cattle and horses. The flies almost drive them loco in the daytime and the mosquitoes at night. The sand is drifted four or five feet deep along the road allowances.

July 17th, Tuesday

The men worked with fresnos [scrapers] in the schoolyard this morning removing the drifted dirt and sand. There were three four-horse teams and four odd men. One fellow was imitating a rooster and chickens and other fowls. He was pretty good at it. I rather fell

for him. While Clara and I were herding this morning, I thought I would ride "Pinto" and save myself many weary steps, so I caught him; Fred always had him saddled with the reins down, so's he could get him when he needed him, and I at last mounted when he started to buck. I didn't do as good as the kid that road the Strawberry Roan.* Anyhow, as Clara told me when the dust cleared she saw me get up and walk over and pick up my straw hat. She was at one end of the herd and me at the other. I never told Fred but the kids did and he sure teased me because I'd always been coaxing to chase the cattle for a day and change off. We set out about 2:30 and caught up to the cattle a mile up the road where Fred looked at least an hour for the calf. In the meantime, a kid that lives somewhere around came and looked us all over and then he climbed up on my wagon and asked at least 999 questions, telling me all his family history, some of it was that we'd likely meet his two brothers in Meadow Lake, that one of them had got into a fight with an Indian and shot him with a gun, that his father and mother were separated and that he had six sisters but he lived with the neighbours cause he didn't like his dad and N.B. that I was prettier than any of his sisters. Gosh how they must have looked! Then we started up he rode about 1/2 mile on my wagon. I was beginning to think perhaps he intended to visit his honourable brothers. The girls thought he was a joke. He was only about 14. Even asked all our ages etc etc etc. We only made 4 miles before we camped. A farmer let us put our stuff in a pasture with a spring on it but the horse didn't like the water it was awfully dirty.

July 18th, Wednesday

It is no use getting up early anymore because we have to waste so much time hunting the cattle out of the bushes. It was 10:30 before we got going this morning. Dad filled the water barrel at Henry Corrigan's place. He knows "Gilchrist" the rancher Fred worked for last spring at Robsart. We passed through Sonningdale at noon, and we camped for dinner on the other side. I had a good old sleep after dinner. The road crosses the R.R. about 7 times just outside of Sonningdale. After we had travelled about an hour we met an outfit from Medstead going harvesting down south with 3 teams and some odd horses. They told us to cross the Maymont Ferry instead of going through Battleford thus saving some 30 miles, so we did. So dad and Fred had to chain all the loads going down the road to the ferry. I rode "Pinto" down twice. They took the caboose across first, then the wagon and Bennett

buggy, and lastly "Pinto" and the cattle. It was 8:45 pm when the last load went over then we watered at the river, hitched up again and went up onto the hill where we camped. Cars were coming down to the ferry every so often and the bright lights would flash around a curve and your heart would jump into your mouth 'cause the light just scairt "Bud" into convulsions. It was 10 before we had supper and 11:30 when I hit the hay.

July 19th, Thursday

I never milked last night so I had to do it for breakfast. Dorothy and Clara picked a gallon of saskatoons before we ate even. Yesterday when Clara was driving the Bennett buggy the wheel worked loose and Fred was riding along beside me behind. He says "the wheel is coming off the Bennett buggy." So he yells at Clara. She was there but her mind was 175 miles away,

so she calmly goes on. The wheel wobbles along until it comes right off and then Clara came to consciousness. Did we laugh. The flies sure bother the cattle. They gallop into the bushes to escape. Fred never missed one of them (Agnes) until he'd gone a mile so he had to go back and then he couldn't make her come so he had to rope her. Making four and a half miles this morning we arrived at Maymont. It's larger than Zelma. Has a bank, hotel, restaurant, drugstore and is the largest town we've come through. It sure makes a person feel silly to come to a place and have the people come to the doors and windows and stare at you. Sometimes I make a face at them. If everything goes okay we will be at Richard tonight. The cattle were too tired so we camped by the road. Fred and I got some dry poplar wood out of the bluff. We made 10 miles today and camped three and a half miles south of Richard pronounced Rischard. It's named after a Frenchman. Pup got run over by a car but didn't get hurt very bad.

July 20th, Friday

We went through Richard about 11 o'clock. It isn't as large as Maymont. The wind blew all afternoon and it started to rain about 5 o'clock and we had to stop right where we were on the road. Fred, Art and I took the horses and cattle a mile up the road where there was a fence on each side of the road allowances. We made 10 miles today.

July 21, Saturday

The roads weren't dry enough to travel until 10 o'clock but we made eight miles before we ate dinner, which was at a creek. After dinner we took it easy and all had a sleep 'cause it was so

hot. Then we played our usual game of hide-and-go-seek with that calf. It almost had us stumped for an hour but then Molly, it's mother, took pity on us and brought it out. We camped after making two miles. A farmer came up the road half a mile and told us we could put the stock into a pasture. Dorothy, Clara and I made a smudge to keep off the mosquitoes. They are very bad in this country. It is raining now so it is a good thing tomorrow's Sunday.

July 22, Sunday

Dorothy almost had to throw me out of bed this morning and when I barely got out, along came a woman going visiting, carrying a pup. She talked to Dad who was outside and said the people around here got up at 3 o'clock and worked until 10 at night pulling bush and breaking with a tractor. On Sunday they actually slept until 5. It was about 9:30 when she went by. Us girls washed two lines full of clothes. Mother baked 32 loaves of bread. We sure eat like nobody's business. A lot of people went to Meeting Lake, which is about 30 miles north of here. One car ran over our largest turkey. After dinner, when I was having a good sleep outside, Dorothy suddenly wakes me and says, "We've got to get the clothes in, it's going to rain." Well it sure did. Cats and dogs and pitchforks. The water was one inch deep in the road. I guess we will have to call off travelling for a day. Dad, Fred and the kids played ball nearly all morning. We're about four miles east of Redfield.

July 23rd, Monday

It rained so much we didn't travel today. After dinner Fred and Dad came back from Redfield

where they traded "Eric" a steer for a cow to the shoemaker (Nick Willy Kershanks). He has a bull neck/moose face. The new cow's name is "Gloria." Fred mailed a card to Don McLean because Redfield isn't on the map so Don wouldn't know where we are.

July 24th, Tuesday

Mr. Brown, who's pasture he so kindly lent us, came up to bid us adieu this morning. We passed Redfield School. At noon, Mr. Scott from Speers caught up to us with a cow. And he told Dad about this "raunch," took him up to see it

so when we got here we just naturally fell absolutely in love with it and tumbled exhausted to the ground. To be frank, we are settled northeast of Mullingar, which has a store, two elevators and one street. There's oceans of bush and I get lost (also Clara and Dorothy) every time I go to get the cows. We went to look the town over and I'm disappointed. Not one theatre: but they have a nice hall. I haven't run into any good-looking people, sheiks or otherwise. Well I guess that is all there is to tell so adieu.

The end.

* "Strawberry Roan" refers to a popular country song first recorded by Bill Boyd & His Cowboy Wranglers in 1934 and rerecorded numerous times by many artists, including Wilf Carter and Marty Robbins.

Belinda Harrow was born in Christchurch, New Zealand, but came to Saskatchewan with her family at the age of three. She holds a Bachelor of Arts from the University of Saskatchewan, a Bachelor of Fine Arts from the Nova Scotia College of Art & Design, and a Master of Fine Arts from Canterbury University in Christchurch, New Zealand. Harrow has worked in a variety of media, including painting, installations, sculpture, printmaking, drawing, and fabric. Her work has been exhibited in group and solo exhibitions in Canada, New Zealand, the United Kingdom, China, and Thailand. Belinda Harrow lives and works in Regina and is represented by Slate Gallery.

The final page of Laura McDonald's diary. Courtesy the author.

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THE END.

Written by - Laura McDonald,
Mullingar, Sask.
Box 7734.



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Crude conflict: The creation of Canada's first heavy oil upgrader

Mark Stobbe

People driving into Regina from the north pass near an impressive-looking petrochemical complex as they enter the city. In almost every town they have passed through, they will have passed gas stations in 500 communities owned by a local retail co-operative. Regina's massive refinery complex and the extensive chain of retail gas stations form the cornerstone of western Canada's extensive retail co-operative network. In the 1980s, it was also the emblem of hope for a new era of Saskatchewan prosperity. In the 1990s, it was the focus of one of the largest and most acrimonious public fights in the province's history. The leadership of the retail co-operative movement challenged the provincial government for the hearts and minds of hundreds of thousands of Saskatchewan citizens who were members of retail co-operatives. In a very real sense, the fight became a question of whether people saw themselves first and foremost as co-op members or citizens.

Co-op (NewGrade) upgrader in the evening, March 13, 1989. PAS photo R-PS88-2460-05.



The co-operative part of the story begins in 1934, when a small number of co-operative members undertook the ambitious task of creating and operating an oil refinery. The Consumers Co-operative Refinery Limited (CCRL) was a successful combination of large-scale dreams and practical pragmatism. By the early 1980s, a series of expansions resulted in a refinery complex processing 50,000 barrels per day (bpd) of crude oil into gasoline and diesel sold by retail co-operatives across western Canada.¹ CCRL was owned by Federated Co-operatives Limited (FCL), the “co-operative of co-operatives” for retail co-operatives in Canada’s four western provinces. The CCRL refinery had become the very heart of western Canada’s retail co-operative movement. It both supplied the most important product sold by member co-ops and generated profits that were essential in keeping these co-ops viable. Between 1970 and 1982, 76.2 per cent of FCL’s profits had come from CCRL and the petroleum wholesaling it made possible.²

The Saskatchewan government part of the story begins millions of years ago, when dinosaurs and plant matter were being turned into oil. The western area of what became Saskatchewan became the repository of vast quantities of crude oil. To the chagrin of both 20th century oilmen and provincial politicians, much of this crude was “heavy.” Oil molecules are composed of carbon and hydrogen: the higher the ratio of carbon, the “heavier” the oil. Heavy oil is harder to pump, harder to transport, and harder to refine. It cannot be used for making high-value gasoline or diesel. Instead, heavy crude can only be refined into bunker heating oil and asphalt.³ Until 1980, when Husky Oil opened a small asphalt refinery in Lloydminster, there were no Canadian refineries capable of doing anything with Saskatchewan’s heavy crude. A small amount was exported to refineries in the United States but, without the additions of expensive diluents, primarily pentene, it clogged pipelines.

By 1980, higher oil prices and new technology combined to offer hope that Saskatchewan’s heavy crude could help create Alberta-style prosperity for Saskatchewan. The creation of the Organization of the Petroleum Exporting Countries (OPEC) and the Iranian revolution resulted in increased oil prices. Technological improvements in oil extraction, such as horizontal drilling, increased the ability of oil producers to get the heavy oil out of the ground in an economically viable way. Unfortunately, just as it was becoming economically viable to pump heavy oil, the demand for asphalt and heating oil was dropping. Even more disastrous was a drop in the supply of diluents. The National Energy Board was predicting that Alberta production of diluents would drop by 28.5 per cent by 2005, with Saskatchewan production dropping by 50 per cent.⁴ To Saskatchewan political leaders, it seemed like a cruel joke. Just as oil prices were reaching a level that made expanded production viable, markets were disappearing and diluent shortages meant heavy oil would remain useless, pipeline-clogging gunk.

There was a solution at hand. Technological developments in oil processing created the possibility of changing the molecular structure of heavy oil by either adding hydrogen atoms or removing carbon. This “upgraded” or “synthetic” crude could then be processed in Canadian refineries to produce gasoline and diesel.⁵ Upgrading within the province would also reduce the distance that the heavy oil needed to be transported. Keeping the pentene in Saskatchewan would allow for recycling and reuse.

As the 1980s dawned, there was hope that Saskatchewan’s heavy crude could deliver prosperity rather than frustration. However, there were still problems. Constructing an upgrader involved a huge capital expenditure: roughly \$1.5 billion for a 50,000 bpd upgrader. While the technology existed, the venture was risky. Upgrading involved heating flammable material under pressure, which carries inherent risks of catastrophic technical failure. Further, the commercial viability of an upgrader depended on the differential between the prices of heavy and light crude. By 1980, the differential made upgrading commercially viable -- barely. The price of heavy crude also had to be high enough that producers would explore, develop, and pump the oil. If oil prices were too low, an upgrader’s feedstock would be left in the ground and the room for an adequate differential would disappear. This complex mix of economic and technological risk factors combined with a projected low rate of return and the need for a massive capital investment made it clear to everyone that no upgrader would be built in the foreseeable future by a private company raising its money according to commercial terms. If an upgrader was to be built in Saskatchewan, the government had to be involved in a substantial way.⁶

Government turns to the co-op movement

In 1980, when oil prices rose high enough to make an upgrader even marginally viable, the New Democratic Party (NDP) government led by Premier Allan Blakeney launched Saskatchewan on its quest to build an upgrader. A consortium of five oil producers, including the provincial Crown corporation, SaskOil, and the federal Crown corporation, Petro-Canada, was assembled to build an upgrader. By the time of the electoral defeat of the Blakeney government in 1982, little progress was made by the consortium. It quietly dissolved a short time later.

The new Progressive Conservative government led by Premier Grant Devine immediately took up the challenge of getting an upgrader built. The government realized that if an upgrader was integrated into an existing refinery, capital costs would be cut in half from \$1.5 billion to about \$700 million. FCL/CCRL owned and operated Saskatchewan’s only oil refinery. From the government’s point of view, this made FCL/CCRL an obvious partner.⁷ The government had also identified a threat to the long-term viability of the refinery itself: FCL/CCRL’s

feedstock was light crude purchased from Alberta. The reserves and output of this crude were declining. The government argued that building an upgrader would assure the future of the refinery by giving it a secure, long-term supply of feedstock.⁸

FCL/CCRL management was not impressed by the offer of a role in building an upgrader. Constructing an upgrader integrated into the refinery would increase the complexity of their operation. If the upgrader failed to operate properly, the operation of the refinery could be threatened. The refinery managers were more confident than the government about their ability to secure light crude oil into the foreseeable future. Even if it worked, the upgrader was projected to generate only a marginal rate of return.⁹

FCL/CCRL management saw nothing in the proposed upgrader but a risk to the viability of their existing refinery. Since the refinery created both their major product and the majority of their profits, a risk to the refinery was seen as a risk to the entire retail co-op network. It was a system already in some difficulty. In the 1970s, many member co-ops had built new facilities, resulting in a 272 per cent increase in debt owed by retail co-operatives between 1974 and 1981. Thirty-six co-operatives were identified as being in serious financial trouble. Many had used their equity in FCL/CCRL to secure loans for their capital expansion. A rise in interest rates put these co-ops in jeopardy. Any undermining of the value of their equity in FCL/CCRL could push the co-ops into bankruptcy. FCL's response to the bleak fiscal situation was to cut employment by 20 per cent and close business units ranging from a sawmill to the newspaper distributed to co-op members. Neither the elected nor management leadership of the retail co-operative movement was in the mood for a massive, risky venture affecting their core viable asset.¹⁰

FCL management responded to the government's proposal by launching an extensive consultation program with the members of retail co-operatives across western Canada. The membership shared the leadership's reluctance. Participation was authorized only if:

1. The Co-op refinery, its operations and assets must not be placed at risk;
2. System dollars must not be used for the upgrader project;
3. There must be no risk of direct financial loss; and
4. Consumer's Co-operative Refinery Limited (CCRL) must manage the project.¹¹

In any normal commercial partnership negotiation, these conditions would have ended discussions. No risk, no investment, and operational control are an unusual combination for one side of a partnership to achieve. However, the Saskatchewan government wanted an upgrader so badly that it agreed to these terms. An agreement in principle was signed on August 23, 1983.¹² In the announcement,

Saskatchewan Energy and Mines Minister Paul Schoenhals stressed the jobs and royalties that would result from the creation of a new market for Saskatchewan heavy crude oil. FCL President Vern Leland described FCL/CCRL's participation as a contribution by the co-op movement to the public good.¹³

The 1983 agreement authorized detailed planning and engineering work to proceed, with a "go/no go" decision to be made by the partners once this work was completed. A new corporate entity, NewGrade Energy Ltd., would be created to own the upgrader. Saskatchewan, FCL/CCRL, and a hypothetical third party would share ownership and each contribute 10 per cent of the capital costs of the project. Saskatchewan would lend FCL/CCRL its investment share, with the loan to be repaid out of future profits. The remaining 70 per cent of the project's costs would be funded with debt guaranteed by Saskatchewan and the Government of Canada. FCL/CCRL received other protections. Competitors were ruled out as the potential third partner. This excluded all companies engaged in refining or marketing petroleum products in Canada: precisely the companies most likely to participate. CCRL would buy the output of the upgrader at a price to be determined by a formula, with any excess sold on the open market. CCRL would manage the upgrader in exchange for a management fee designed to cover the costs of delivering these services.¹⁴

As the planning for the NewGrade upgrader proceeded, oil prices collapsed. This turned any hope that the upgrader would be commercially viable as a stand-alone business from an optimistic dream to a full-fledged fantasy. Nobody involved was that unrealistic. Officials at the provincial government's Crown Investments Corporation (CIC) told Premier Devine that the upgrader would likely experience cash shortfalls in its early years, and there was a 40 to 50 per cent chance that the proposed loan guarantees would be called.¹⁵ FCL responded to the changed economics by deciding to withdraw, telling the government in a letter on June 27, 1985, that "our system will not put CCRL at risk" and "we could not contemplate participating in an upgrader project that had the potential of leaving CCRL in a worse position than if it had not participated."¹⁶

The Saskatchewan government was dismayed by FCL/CCRL's decision to pull out of the project. A special cabinet sub-committee was told by Energy and Mines Minister Schoenhals that there were three underlying reasons for the decision. The first was that the drop in oil prices meant the upgrader was not expected to generate a profit. This meant there was no financial incentive for FCL/CCRL to participate. Balanced against that was the fact that the huge size and complexity of the project would mean an end to the co-op's "informal way of doing business" and would subject FCL/CCRL management to increased scrutiny from project partners. He added that "CCRL

is not used to dealing with the type of people Saskatchewan has representing them on the project or the people hired by NewGrade. In general, they may believe confrontation and disagreement is abnormal and therefore not desirable. They may feel that questioning of their positions reflects lack of trust and therefore are uncomfortable about continuing the relationship.¹⁷ Schoenhals and Finance Minister Bob Andrew were dispatched to Saskatoon to change FCL/CCRL's decision.

To address the concern about the lack of potential benefit for FCL/CCRL, the government offered an increase in the management fee to include a profit component. CCRL also received the right to supply natural gas to NewGrade under favourable terms. The result of these two measures was to ensure that FCL/CCRL would generate a profit from the upgrader even if NewGrade was losing money. FCL/CCRL was also offered a full veto over any potential third partner.¹⁸ In reality, no sane investor seeking a commercial rate of return would make an equity investment into the upgrader. This was acknowledged by the negotiators, who agreed to drop the pretence of a potential third partner and add this 10 per cent of project cost to the project's debt.¹⁹

On these terms, FCL/CCRL agreed to participate. FCL/CCRL was guaranteed a profit even if the upgrader was losing money. The co-ops had to invest no money and were contractually protected against all economic, technological, and operational risks. FCL/CCRL would have full operational control over the integrated refinery/upgrader complex.²⁰ FCL/CCRL leadership could legitimately report to its membership that all of the conditions for participation had been achieved. From the government's perspective, Saskatchewan had bought upgrading capacity. It was hoped that the upgrader would be financially self-sustaining, but the additional revenue arising from new jobs and royalties in the oil patch would offset some losses if they occurred. In a real way, the provincial government was gambling that oil prices would increase during the three-year construction period. If oil prices went up, the upgrader would be financially self-sustaining and the province would benefit from the royalties generated by increased heavy oil production. If oil prices remained low, operating losses would be offset by the increase in royalty income. Government officials estimated that the \$140 million cash investment the province was making into NewGrade would yield \$449 million in additional oil royalties over the next decade.²¹

While the logic of both FCL/CCRL and the Saskatchewan government is understandable and defensible, the result of their negotiations was an upgrader with a deeply flawed structure. Operationally, the upgrader was constructed and operated by CCRL in an integrated fashion. As noted above, this created huge savings for the project. However, it also created huge problems. CCRL managers had to decide whether capital and operational costs belonged to the refinery or the upgrader. If the costs were allocated to the refinery, CCRL was responsible.



Premier Grant Devine at the sod-turning for the upgrader, October 19, 1985. PAS photo R-PS85-2617-R2-23.

If the allocation was made to the upgrader, NewGrade was responsible. FCL/CCRL was a 50 per cent owner of NewGrade but was not responsible for any of its financial losses. Some of these allocation questions were tremendously complicated, with no single correct answer. The decisions of the CCRL managers were reviewed ("second-guessed") by government officials. Any differences of opinion became points of dispute at the NewGrade Board of Directors, which was composed of four managers from FCL/CCRL, three people appointed by the Saskatchewan government, and one person appointed by the federal government. An arbitration process existed for deadlocks. The CCRL refinery was also the main customer for NewGrade's synthetic crude. Again, CCRL managers were responsible for setting the price, with their decisions examined by government officials and possibly disputed by government-appointed board members. If the negotiators had intentionally set out to design a system intended to create conflict, acrimony, and distrust, it is difficult to envision a better way.

The financial structure of NewGrade also created inherent dangers. Twenty per cent of the project's capital costs came from equity injections, with Saskatchewan advancing both its share and that of FCL/CCRL. Repayment of FCL/CCRL's debt to the province was to come from NewGrade profits. At the oil prices existing and projected, this was a largely moot point since no profits were expected for a few decades, at best. The other 80 per cent of the capital costs (\$560 million) was borrowed from two consortiums: one was Canadian, the other American. In both cases, the debt was guaranteed by the governments of Saskatchewan and Canada.²² The province also agreed to indemnify the federal government for most of its costs if the loan guarantees were called. For Saskatchewan, three aspects of this arrangement combined to create problems for the province. First, Saskatchewan was effectively the only entity on the hook if things went badly. FCL/CCRL, the lenders, and the federal government were all contractually protected against any risk. Second, under the terms of the loan guarantees, debt could be rolled over. However, as soon as the total guaranteed debt hit a specified number, the loans were declared to be in default with a resulting call on the guarantees. Finally, all of the financial projections showed that NewGrade would not generate enough money to meet its interest payments or repay principal.²³ For the Saskatchewan government, NewGrade was a kind of economic doomsday machine. In the long term, detonation could only be avoided if oil prices increased significantly (doubled) before NewGrade's debt hit the trigger. The financial projections for the project

were such that NewGrade had difficulty borrowing money even with the government loan guarantees.²⁴

Despite these inherent problems in the project, news of the agreement was met with general jubilation in Saskatchewan. In a period of high unemployment, thousands of jobs would be created both in constructing the upgrader and in the oil patch. The projected increase in oil royalties was sufficient to sweep aside any concerns about the economic viability of the plant itself. In the provincial Legislature, approval of the enabling legislation was unanimous as the NDP opposition joined with Conservatives to support the deal. As the 1986 election approached, the plan to build the NewGrade upgrader was touted as an example of the success of the Conservative's economic development strategies.

Saskatchewan and FCL: the troubled partnership

Meanwhile, behind closed doors, things were not proceeding smoothly. The 1985 agreement had to be transformed into detailed project and operating agreements. When the two preliminary agreements were reached, the government's negotiators came from the Department of Energy and Mines. Their mandate was to spur development of the oil patch. As the project came closer to reality, internal responsibility was shifted to the Crown Investments Corporation (CIC). This organization's mandate was to maximize the commercial return of the province's investments. To CIC staff and their legal advisors, the NewGrade agreements bore no resemblance to a normal commercial partnership. They attempted to achieve, in the detailed negotiations, a more "normal" sharing

Crowd in attendance at the public sod-turning event for the upgrader, October 19, 1985. PAS photo R-PS85-2617-R3-19.



of risk and responsibility. To FCL/CCRL management, the government was being duplicitous and attempting to renege on the fundamental conditions of the agreement.²⁵ In this perception, FCL/CCRL management was correct.²⁶ However, the attempted change in course was not the result of a conscious decision on the part of government leaders. Instead, it was a hidden consequence of the shift in jurisdictional authority. Negotiations stalled. Over a year passed without the final project and operating agreements being completed. In the meantime, engineering and site preparation work proceeded. The bills were paid by the government. By the fall of 1986, when a provincial election was called, the Saskatchewan government had sunk \$60 million into the project.

FCL/CCRL leadership took the opportunity of the election to cut the Gordian knot of stalled negotiations. They presented the government negotiators with completed drafts of the agreement and issued an ultimatum. The government was told it had 24 hours to sign, or FCL/CCRL would announce it was withdrawing from the project, with an accusation that the government had bargained in bad faith.²⁷ It would be pointed out that the government had spent \$60 million on a project that would not proceed. Electoral disaster loomed. Over the howls of protest from its negotiators and legal advisors, the government signed the agreements as presented by FCL/CCRL.²⁸

In the years that followed, FCL/CCRL leadership could not resist the temptation to brag about their election manoeuvre. At gatherings of co-op members, the leaders told the colourful




story to show what smart, tough negotiators they were.²⁹ What was ignored in these entertaining stories of negotiating derring-do was any description of the substance of the 1986 ultimatum. The reality was that the FCL/CCRL management had used hardball tactics to force government negotiators to honour the terms of the 1985 agreement rather than to create substantively new terms. The entertaining story became imbued with a meaning that came back to hurt the FCL/CCRL leadership. In the absence of fact, listeners reached their own conclusion about substance. As the problems inherent in NewGrade became more difficult to ignore, the terms and conditions of the project itself were attributed to a ruthless FCL/CCRL leadership taking advantage of a government's desperate willingness to do anything to be re-elected.

After the Conservatives were re-elected and the dust of the 1986 election settled, construction of NewGrade began. The project was completed on-time and on-budget in the fall of 1988. Then things began to go wrong. The first problem was low oil prices and the resulting narrow differential. The government had gambled that oil prices would increase by the time the upgrader came on-stream. Instead, oil prices dropped even lower in 1988. The resulting low differential made it unlikely NewGrade would achieve even the pessimistic scenario. The low prices also ensured that the opening of the upgrader did not generate any additional activity or create jobs in the oil patch. In 1988, the price of oil dropped so low that producers could not meet costs of producing from existing wells. Production was being "shut-in," workers were laid off, and royalties plummeted.³⁰ The low oil prices ensured that, for

*Signage at the upgrader sod-turning event touts its economic benefits to Saskatchewan people, October 19, 1985.
PAS photo R-PS85-2617-R4-15.*

**Partnership
For Progress**

**the CO-OP
UPGRADER**

Working Together With Energy

- **4200 PERSON YEARS OF SASKATCHEWAN EMPLOYMENT**
- **100 NEW PERMANENT POSITIONS ONSITE**
- **1000 NEW JOBS IN RESOURCE DEVELOPMENT**
- **COMPLETION 1988-89**
- **TOTAL COST \$650,000,000.00**

the time being at least, there were no benefits to offset losses run up by the upgrader.

The second problem was operational. A heavy oil upgrader is a massive, complex endeavour that involves heating explosive material under pressure. Design problems and construction issues are quickly revealed. In the case of NewGrade, there were a series of explosions, fires, and emissions of poisonous gas over residential neighbourhoods in Regina. On one occasion, the northeast quadrant of Regina received a rainfall consisting of drops of oil rather than water.³¹ These highly visible start-up problems cost money to resolve, slowed production, and undermined public confidence in all things upgrader.

The final problem was internal to the NewGrade Board and the relations between government and FCL/CCRL. As discussed earlier, the integration of the plants and operations combined with two corporate entities created ample opportunity for dispute. This potential was quickly realized as government monitors questioned the decisions made by FCL/CCRL managers. These questions immediately became disputes around the NewGrade Board table. The arbitration procedure was invoked once to challenge the formula that FCL/CCRL was using to determine the price it paid NewGrade for synthetic crude. After the arbitrator ruled against FCL/CCRL, a new formula was imposed: the arbitration mechanism could only be invoked if three-quarters of the NewGrade Board supported a referral motion. FCL/CCRL appointed half the Board and after the first arbitration loss, they refused to allow any other item to be sent to arbitration.³² In the absence of any mechanism to resolve disputes, they grew and festered. Issues of cost allegation were argued about for years with no resolution.³³ Both sides attributed sinister intent to the other. In an attempt to bring expertise to the NewGrade Board, the government had appointed retired oil

company executives as their Board members. This was interpreted by FCL/CCRL as bringing enemies of the co-op movement onto the NewGrade Board.³⁴ These suspicions appeared to be confirmed when the government Board members proposed resolutions such as calling for “a complete review of CCRL’s key management and personnel and operating structure” since “first class experienced replacement management must be located -- even if from outside the CCRL organization.”³⁵ This tactlessness from the government nominees generated hostility from FCL/CCRL’s managers.³⁶ At the same time, the FCL/CCRL-created impasse in resolving disputes generated suspicion and hostility on the other side of the table. Government-nominated Board members argued that there was the potential for “tens of millions” to be misallocated.³⁷ In retrospect, the number of issues in dispute was remarkably small. An analysis of CCRL and NewGrade operating costs and margins found that FCL/CCRL was not, in fact, taking any inappropriate advantage of the intrinsically conflictual situation.³⁸ However, FCL/CCRL’s refusal to allow issues to proceed to arbitration created a certainty in the minds of government officials that untoward things were happening, even though they were not.

The conflicts and antagonisms were intensified by the upgrader’s financial losses and the time-bomb of the default trigger. NewGrade had an operating loss of \$59 million in 1989 and \$102 million in 1990.³⁹ Most serious of all was the climbing debt level. As the debt approached the level that would trigger default, the government attempted to negotiate changes to the agreement with FCL/CCRL that would result in both partners helping the project survive financially. FCL/CCRL pointed to its negotiated contractual protections and flat out refused to contribute a nickel to NewGrade. In desperation, in 1990, the Saskatchewan government unilaterally injected another \$75 million into the project to stave off default.⁴⁰

Despite all of these problems, NewGrade was officially a success story. FCL/CCRL had a tendency to call NewGrade “the Co-op Upgrader” and bragged about its operation of the massive facility. As the Conservative government approached the 1991 election, NewGrade was an essential part of a government narrative about successfully diversifying Saskatchewan’s economy through the creation of “value-added” industries. The NDP opposition attacked the government’s strategy as being “mega-bucks for mega-projects,” but carefully exempted NewGrade from criticism. In fact, during 222 legislative sitting days from 1989 to 1991, not a single question was asked about the financial position of NewGrade. The NDP held up the upgrader as a success story, illuminating a general record of failure for the Conservative’s economic development strategy. The NDP’s Energy critic told the Legislature that the upgrader “has been a real major undertaking by the people of Saskatchewan and a very successful undertaking for the people of Saskatchewan... [it is] an example in our view of a co-operative that has been undertaken by local people, has been operated by local people, and has proven to be successful as a result of this local initiative.”⁴¹

A new government tries to renegotiate NewGrade

This happy official portrayal of NewGrade ended abruptly almost the minute the polling stations closed in October 1991 and Roy Romanow’s NDP formed a new government. At the end of that month, the book value of the province’s \$232 million equity investment in NewGrade had been written down to \$2 million. CIC’s auditor was debating whether negative values should be entered onto CIC’s balance sheet in the future.⁴² The new government established the Financial Management Review Commission (Gass Commission) to look at the province’s financial situation. Its report flagged

NewGrade as needing “careful scrutiny and management.”⁴³

Following the release of the Gass Commission report in March 1992, the new government made numerous requests for meetings to discuss changes to the agreements governing NewGrade. FCL/CCRL officials refused to return calls requesting that meetings be scheduled. In October 1992, FCL CEO Wayne Thompson wrote to Janice McKinnon, the Minister Responsible for CIC, to state that he “was not prepared to recommend changes to the arrangements or even a continuation of discussions related thereto.”⁴⁴ This communication was tantamount to a declaration of war between the Saskatchewan government and FCL.

Both sides had been arming themselves during the period before the commencement of active hostilities. In the summer of 1992, the government had told the members of its caucus to be ready for a fight. NewGrade was described as “a black hole for taxpayers’ money” along with an insinuation that millions of dollars in “questionable expenses” were being claimed from the upgrader.⁴⁵ FCL had used the same period to begin a “consultation process” with its member co-ops. At these meetings, FCL officials stressed the importance of both sanctity of contract and the importance of the refinery to the well-being of the retail co-operative movement. Any changes, any assumption of risk, any injection of funds, argued FCL leadership, would threaten the viability of the refinery and the entire co-op system.⁴⁶ Co-op members who were also members of the NDP began to show up at constituency association meetings to make motions demanding the dismissal of CIC officials on the grounds that they were hostile to co-ops.

After the FCL CEO formally rejected any discussions aimed at changing the NewGrade agreements, the government’s first move was to appoint a Commission of Inquiry, consisting

of a retired Supreme Court judge, the Honourable Justice Willard Estey.⁴⁷ FCL, confident of its legal position, supported the appointment. Although Estey’s terms of reference included a provision for a full investigation into the history of the upgrader, Estey chose to interpret his mandate as a mediator resolving a dispute.⁴⁸ In most respects, Estey failed in this mediating capacity. The one exception was the arbitration mechanism. At the first meeting with the government and FCL, Estey described the blockage of the arbitration process as “totally unacceptable.”⁴⁹ Lawyers from the two sides were dispatched to develop a mutually acceptable arbitration protocol. This was achieved quickly but was not implemented until a comprehensive settlement occurred.

Estey was unable to fulfil the primary task for which he had been appointed, which was to convince FCL/CCRL to agree to inject some money into the upgrader and to accept some risk. The judge did, however, clear away a lot of underbrush. He confirmed the legal position of FCL/CCRL. The problems faced by NewGrade were of two types, said Estey. The first was the governance structure of the integrated refinery/upgrader complex. “What the engineers necessarily integrated, the lawyers artificially segregated...it is not at all surprising that differences have arisen from this cost allocation process,” Estey reported.⁵⁰ However, the biggest problem was cash flow: “The project has, in a financial sense, run aground. Operating at capacity, it cannot sustain the existing debt load.”⁵¹ Estey argued that the debt, interest charges, and cash flow problems were at the root of all other problems. If the financial pressures were relieved, it would be possible for the partners to get along. As a result of this analysis, Estey recommended that FCL/CCRL and the governments of Saskatchewan and Canada inject a total of \$285 million into NewGrade in order to pay down debt. Saskatchewan’s original equity

share would be written off. Estey argued that the upgrader could generate enough revenue to service the remaining debt, but if this was insufficient, shortfalls should be divided between FCL/CCRL and the Saskatchewan government. When the debt dropped to \$75 million, Estey argued that the government’s monitoring function would no longer be needed. When the guaranteed debt was fully paid off, Estey recommended that the governance issues be permanently resolved by Saskatchewan selling FCL/CCRL its ownership share for one dollar. The Estey recommendations would create pain for every party involved in the upgrader:

- The federal government was being asked to contribute \$150 million in “kiss goodbye money” simply to lessen the probability of its loan guarantees being called.
- Saskatchewan was being asked to contribute another \$55 million to pay down NewGrade debt, fund half of any future losses, write off any claim to \$155 million already invested -- and eventually sell its ownership share for one dollar. The province would thus be writing off \$209,999,999 invested in NewGrade.
- FCL/CCRL was being asked to contribute \$80 million in paying down NewGrade’s debt and assume responsibility for half of future losses. This would clearly violate the conditions that co-op members had placed on their participation in the upgrader, since FCL/CCRL would be both contributing money and assuming risk. On the other hand, if the fairly pessimistic financial assumptions used by Estey held true, FCL/CCRL would end up completely owning a \$700 million upgrader for \$80,000,001.

The federal government quietly told Saskatchewan that it would make its contribution if Saskatchewan and FCL/CCRL made theirs.⁵² The Saskatchewan government quickly accepted all of Estey's recommendations.⁵³ FCL/CCRL leadership flat out rejected any changes to the existing agreements.⁵⁴

The Saskatchewan government plays hardball

In the Legislature, Premier Roy Romanow went further. He offered to sell Saskatchewan's half interest in the upgrader immediately to FCL/CCRL for one dollar, adding, "I will even advance them the \$1 -- they can take the upgrader, lock, stock, and barrel for \$1."⁵⁵ The Premier's offer to sell its \$232 million equity share in the upgrader for one dollar was praised by the Saskatchewan Taxpayer's Federation as "taking Taxpayers into account."⁵⁶ In the Legislature, Conservative Leader Rick Swenson called the offer "a pile of garbage,"⁵⁷ while FCL/CCRL refused to respond to the offer at all. The perception of upgraders had indeed fallen far and hard.

In their response to the Estey Report, FCL/CCRL leadership blurred the distinction between Estey's acknowledgement of what they were legally required to do with what he said they should do. The FCL leadership had good reasons to be optimistic about their ability to fend off changes to the NewGrade agreements. The start-up problems had been resolved and the upgrader was now operating at capacity. Their contractual protections against risk or investment

were comprehensive and unassailable in the courts. FCL had successfully stared down the Conservative administration when it had demanded changes. While in opposition, the NDP had been provided with full information about the deal and had never raised any objections. The NDP opposition had even supported FCL/CCRL management in its conflicts with the provincial Environment Department after the emissions of poisonous gas. Finally, there was the nature of the co-op movement itself. FCL's lead negotiator for NewGrade told membership that "the very fact that you come from an organization like ours, broad based and democratically controlled[,] is all you need to open doors that need opening."⁵⁸ There was also an extensive overlap between the membership in Saskatchewan's NDP and the co-op movement. Indeed, the Minister of Finance was a former Board Chair of the Saskatoon Co-op. The President of CIC had also served on this major co-op board. Given the overlap in NDP and co-op membership, the fight would test individuals' primary allegiance. Would people with dual allegiance place their loyalty as co-op members ahead of their loyalty as NDP members? Would they place their co-operator interests ahead of their interests as citizens of Saskatchewan?

Despite their perceived position of strength, FCL/CCRL leadership had already made two serious errors. The first was their celebration of their role in building and operating the upgrader. If they called NewGrade "the Co-op Upgrader" and

Jack Sandberg, Minister of Cooperatives and Cooperative Development (left), and Gordon Dirks, Minister of Social Services (right), at the public sod-turning event for the upgrader, October 19, 1985. R-PS85-2617-R2-21.



had claimed credit for all of its benefits, how was it that they could also refuse to contribute to its cost? If they were doing such a good job operating the upgrader, how was it that they refused to buy the government's half share for one dollar? The second "already-made" mistake had been boasting about their hardball negotiating tactics during the 1986 election. The story was revived and amplified by government spokespeople. The fact that the 1986 manoeuvre simply confirmed what had already been agreed to, was ignored. Instead, the events were portrayed as FCL leadership extorting an unconscionable deal from a government desperate for re-election, which undermined arguments about protecting the integrity of contract.

In 1993, FCL/CCRL leadership made three more errors in assessing their ability to fend off any changes. It underestimated the government's determination. The reality was that the Saskatchewan government was dealing with a profound fiscal crisis in 1993. It had raised taxes, laid off civil servants, closed 52 hospitals, and engaged in all manner of other unpopular measures in order to reach fiscal targets imposed by bond rating agencies and creditors. A default on NewGrade's debt would turn all this sacrifice into dust. Desperation begat determination.

FCL/CCRL also underestimated the effects of the change in government from Conservative to NDP. Earlier, the overlap in membership between the NDP and retail co-ops had allowed FCL to generate motions at NDP meetings calling for the dismissal of CIC staff. This Trojan horse could move in two directions. The dense network of personal connections between the government and the retail co-operative movement allowed the government to make the case directly to co-op members that their leadership was being duplicitous, unreasonable, and unpatriotic. A NDP government had direct access to the ears -- and hence the hearts and minds -- of co-op members

in a way denied to Premier Devine's Conservative government.

Finally, the FCL/CCRL leadership had forgotten their 17th century political theory. In 1651, Thomas Hobbes observed that "there can happen no breach of Covenant on the part of the Sovereign; and consequently none of his Subjects, by any pretence of forfeiture, can be freed from his Subjection."⁵⁹ In other words, contractual protections with a government were only good as long as the government was willing to honour the contracts. On May 26, 1993, the government swept aside all of FCL/CCRL's contractual protections by unveiling legislation giving itself the authority to rewrite the NewGrade agreements in any way it saw fit.

Bill 90, *An Act to protect the financial viability of NewGrade Energy Inc.* stated that:

The Lieutenant Governor in Council may, by order in council, amend, modify or supplement any NewGrade agreement if the minister considers that the amendment, modification or supplement is necessary to protect the financial viability of NewGrade or to improve NewGrade's corporate governance.

This sweeping clause was only the beginning of the powers the government was giving to itself. Any recourse to the courts for any decision made under the terms of the *Act* was prohibited, and the government even gave itself the authority to pass regulations "defining, restricting or enlarging the meaning of any word or phrase used in this *Act* but not defined in this *Act*."⁶⁰

In the Legislature, the unprecedented legislation gave the Conservative opposition a way to enter the fight. Up to this point, they had been largely silent since it was their deal that was the point of contention. They had negotiated the deal, which was now universally condemned as being a bad one for the

province. Moreover, Rick Swenson, the Acting Leader of the Opposition, had served as Energy and Mines Minister, putting him in an awkward position to criticize the new administration's efforts to "fix" the project. However, passing legislation to break contracts gave the opposition a means to criticize the government by defending the sanctity of contract and the effects that could result from this kind of legislation. Overlooking his own experience with FCL/CCRL intransigence, the Leader of the Opposition blamed the impasse on the incompetence or bad faith of government negotiators.⁶¹

The more serious opposition to Bill 90 came from outside the Legislature. FCL began an advertising campaign against the government. Information was distributed in co-op stores across western Canada, urging people to sign petitions or coupons that FCL could present to government. The effect of the NDP's election on FCL's ability to win the war of public opinion soon became clear. The petition campaign generated only 6,590 signatures in three weeks. By way of comparison, five years earlier, the NDP opposition had managed to collect 100,000 signatures in two weeks to protest the proposed privatization of the Crown corporation SaskEnergy. The coupon campaign also fizzled since FCL never even presented them to the government.⁶²

Letters sent by co-op members directly to Premier Romanow were often much more critical of FCL leadership than of the government. For example, a long-time co-op member in North Battleford told his co-op board:

*I have been a co-op member since 1967 and have been an avid co-op supporter from birth. I strongly protest this propaganda being pushed in my Co-op. I am, as I said, a strong Co-op supporter. I am also a taxpayer of this province. I believe that Co-ops have no more right than anyone else, to bleed the taxpayers dry.*⁶³

A group of concerned co-operators quickly emerged to challenge FCL's leadership on the issue.

Vern Leland, the President of FCL, later observed, "what I noticed out there was [that] a whole lot of members were more NDP than they were co-op."⁶⁴ The conflict for the hearts and minds of co-op members went deeper than a partisan challenge. In many ways, co-op members were being asked to decide whether they identified more with their provincial citizenship or co-op membership. In many cases, the co-op lost. For example, a farmer from Carragana wrote:

I was raised on cooperative [sic] principles and for 25 years, I've driven out of my way to fill my tank at the Coop [sic] pumps. Not a single drop of fuel ever supplied to my farm has ever come anywhere but the Coop [sic] truck. Our groceries are purchased at the Coop [sic], and so is a major portion of our building materials, hardware, cultivator shovels, tractor batteries and so on.

But of late, I am getting a rather bad feeling whenever I open my wallet at a coop [sic]. As everyone knows, these are rather hard times and just about everyone is feeling the "pinch" these days. ...so why should FCL be any different? Why is it that when Federated is being asked to renegotiate a deal that is obviously hurting Saskatchewan taxpayers, suddenly the well-paid top executives at FCL cry "foul" and claim a "grave threat to our democracy!"⁶⁵

The contradiction between citizen and co-op member is also illustrated by the source of protest to the Saskatchewan government's action. Between the time Bill 90 was tabled and the eventual settlement of the dispute, Premier Romanow received 35 letters on the

issue from Saskatchewan citizens who were not elected officials, staff, or suppliers of retail co-ops. Of these, 12 demanded there be no change in the NewGrade agreements, 11 opposed the legislation but conceded the need for negotiated changes, and 12 endorsed the government's position including the use of legislation. The Saskatchewan Premier received 112 letters from other western provinces demanding that the NewGrade agreements be respected and honoured. Only three supported negotiated changes but opposed legislation, and two supported the government's use of legislation.⁶⁶ Co-op members in Manitoba, Alberta, and British Columbia could unreservedly wear their co-op hats without feeling a conflict with their interests as a citizen of Saskatchewan. Unfortunately for the FCL leadership, the Saskatchewan government had a similar lack of regard for public opinion from people outside the borders of the province.

To buttress its case, FCL released an opinion from Saskatoon accountant Donald Gass suggesting that any changes to the existing NewGrade agreements would hurt the retail co-op movement.⁶⁷ Gass, it will be recalled, had chaired the province's Financial Management Review Commission that in 1992 had flagged NewGrade as being problematic for the well-being of the province. His accounting firm, Deloitte and Touche, was the auditor for FCL. This gambit from FCL began in a promising fashion but was quickly parried by the government with the observation that what was good for FCL was not good for the province's taxpayers. FCL also filed a statement of claim in the courts challenging the constitutionality of Bill 90. The government responded with a shrug, saying the legal challenge had been expected and would not be successful.⁶⁸

As FCL's defense of the integrity of the contracts proved disappointing, the co-op leadership resorted to its own threat. In July, FCL announced it was considering moving its corporate head



Premier Roy Romanow (right), with FCL president Vern Leland, announces the successful renegotiation of the agreement between the Province and Federated Co-operators Limited in August 1993. PAS-Star Phoenix Collection photo SP-4453C, 20 August 1993.

office from Saskatoon. This would result in the direct loss of 405 jobs in the city and, according to FCL, the loss of \$8 million in purchases from 60 businesses. The threat generated trepidation in the city's business community and angst amongst FCL employees.⁶⁹

By the end of July 1993, the fight had reached a point of no return. The government had, by and large, won the war for the hearts and minds of co-op members within Saskatchewan. Both sides were brandishing a big stick. The government had passed but not proclaimed Bill 90. Actual use of the legislation would be at best messy and could impair investor confidence in the province. FCL had threatened moving its head office. To do so, however, would destroy its employee morale, disrupt operations, and probably significantly hurt its sales within Saskatchewan. Swinging the respective sticks might be successful in forcing the other side into compliance, but at a considerable cost to the swinger.

Against this backdrop, negotiations resumed. Unlike earlier rounds in which correspondence had been released to the media (often before it was sent to the official recipient) in order to justify

positions being advanced, the final negotiations were conducted in strictest secrecy. Accompanied by a small group of advisors, Premier Romanow and FCL President Vern Leland spent three days and nights locked in rooms at Saskatoon's Sheraton Cavalier Hotel. They reached an agreement at 2:00 am, August 19, 1993. It followed, in essential features, the recommendations made by Estey. The two significant differences were that FCL/CCRL's share of future cash shortfalls was capped, and the co-ops' ability to buy the province's share for one dollar after the repayment of guaranteed debt was abandoned.⁷⁰ With this pair of changes, FCL/CCRL made it very plain that the potential of loss was far more salient than the promise of gain.

The official peace announcement was made later that afternoon.

In reaching the agreement, both Premier Romanow and President Leland were in a tough political spot. For the Premier, the agreement had to put NewGrade's problems away for good. Up to this point, he had been "fixing" a problem left behind by the previous administration. After the restructuring agreement, any future problems would belong to him.

The FCL president had an even trickier political problem. The

FCL leadership had been granted reluctant permission to participate in the upgrader on the condition that the co-op movement invest no money and accept no risk. Any renegotiated agreement could not live up to these conditions. Further, after having spent months claiming that any change would be catastrophic to the retail co-op movement, it was now difficult to justify change: the strategy to fight change was incompatible with reaching a negotiated settlement. This problem was compounded by political geography. In Saskatchewan, most co-op members welcomed -- even demanded -- compromise and a negotiated settlement. In Manitoba, Alberta, and British Columbia, co-op members were adamant that there be no changes to the original agreement. In these provinces, particularly Manitoba, co-op members viewed any compromise as treachery and betrayal. A picture of the two leaders on the front page of the *Saskatoon StarPhoenix* on August 20, 1993, was revealing: a beaming and exuberant Premier Romanow sat next to a dejected and glum President Leland.



*A view of the refinery taken during the sod-turning event for the upgrader, October 19, 1985.
PAS photo R-PS85-2617-R4-04.*

The aftermath

The August 19 agreement brought an end to the gaudy public controversies over the NewGrade upgrader. Many issues were unresolved. Most important of these was securing the federal contribution needed to make the debt pay-down possible. The protracted fight between Saskatchewan and FCL meant that supportive federal Energy Minister Bill Knight had been replaced. A short time later, his Progressive Conservative party was turfed from office. Saskatchewan and FCL had to make the case for federal support to a new federal government that naturally needed convincing as to why it should offer up \$150 million in “kiss goodbye” funding for an upgrader in which it had no ownership stake. Federal support took over a year to obtain, with the final financial restructuring occurring on October 21, 1994.

Concurrent with final financial restructuring, the non-proclaimed Bill 90 was rescinded by Order-in-Council. The provincial government also committed to abolish the legislation a second time in the provincial legislature. An indication of the mistrust between the government and FCL is that a provision in the final settlement agreements called for the province to pay FCL a penalty of \$25 million if the rescinding legislation was not passed before the end of July 1995.

The upgrader fight had been a strange, non-violent civil war within the province. Like every civil war, the conflict had split friendships and even families. Slowly and cautiously, the NDP and co-op activists began to rebuild at least working relationships. The healing process was made possible by the fact that the combination of the financial restructuring and FCL/CCRL's efficient operation of the upgrader ended the threat of default and the cash drain from the upgrader. The changes to governance increased transparency. Following the restructuring, the arbitration process that had been the object of so much acrimony was never utilized. When a final mechanism for resolving disputes was established, disputes were resolved at the board table. Oil prices remained low during the 1990s. Despite this,

NewGrade was largely able to service its remaining debt. There were a few years in which small cash deficiencies were recorded, but these were met in an uncontroversial fashion by both partners, according to terms of the agreements. In most years, NewGrade was able to meet its obligations. The remaining debt was paid off in an orderly fashion. With the dawn of the new millennium, oil prices began to improve. NewGrade immediately became profitable. In 2001, the two partners each received a \$23 million dividend from the upgrader. By 2005, these dividends had risen to \$105 million per year for each partner⁷¹.

As the economics of the NewGrade upgrader improved, FCL/CCRL developed plans for an expansion to double capacity. However, even though relations with its government partner had improved, FCL wanted a divorce. Expansion became conditional upon the government exiting the project. In 2007, FCL/CCRL bought the Saskatchewan government's share of NewGrade for \$325 million.⁷²

In the long run, the NewGrade upgrader has been a huge benefit to Saskatchewan and western Canada's retail co-op movement. On a dollar-in, dollar-out basis, Saskatchewan yielded a profit of over \$300 million on the upgrader. More importantly to the province, as oil prices improved, the upgrader did yield the anticipated benefits in markets, production, jobs, and royalties. By 2005, production of heavy crude oil in Saskatchewan tripled as a result of demand created by NewGrade and the Bi-Provincial Upgrader in Lloydminster.⁷³

The expanded and integrated upgrader/refinery complex also forms a solid foundation for the retail co-op movement in western Canada. The now-140,000 bpd plant is the fourth largest refiner of crude oil in Canada. In 2014, FCL's Energy Division generated profits of \$514 million, compared to \$48 million in 1988 when NewGrade first began upgrading heavy crude oil.⁷⁴

The building of the NewGrade upgrader was a visionary act. The Saskatchewan government led by Premier Devine pushed forward at a time when normal

business prudence dictated against it. The government also overrode the legitimate concerns of the co-op movement by assuming all investment and risk. In essence, in the mid-1980s, the Saskatchewan government bet that oil prices would recover by the end of the decade. It lost this bet, leaving the Saskatchewan government unable -- and FCL/CCRL unwilling -- to pay for the chips that were on the table. The result was the ugly fight between the Saskatchewan government and FCL in the early 1990s. The good news is that, however messy the process, the fix was adequate for NewGrade to survive until oil prices did improve at the dawn of the new millennium. Since that time, the NewGrade upgrader has delivered the benefits predicted for it, both to citizens of Saskatchewan and members of the retail co-op system across western Canada.

While the NewGrade Upgrader story has a happy ending, it came very close to ending badly. For a time, it was a realistic possibility that NewGrade could be the triggering mechanism for Saskatchewan to be pushed into insolvency. The fight between the Romanow government and FCL created an extensive harvest of ill-will towards both organizations.

The gamble by the Devine government that oil prices would recover soon enough to make the upgrader viable was a bold but justifiable move. However, the financing of the upgrader was based on the most optimistic of scenarios. The possibility of more pessimistic scenarios was anticipated -- indeed, even prophesized. Despite this prescience, NewGrade's financing contained no contingency plan. There was no “Plan B” to deal with the unfolding of a less optimistic (or more realistic) scenario for oil prices. The effects of this were worsened by the fact that FCL was an extremely reluctant partner. Even though it had operational control, FCL's management was exclusively preoccupied with the avoidance of risk and liability. In the absence of a backup plan, the response to unfolding events became ugly and confrontational.

Endnotes begin on page 47.

Mark Stobbe is a Ph.D. Candidate at the University of Saskatchewan. He was co-editor of Devine Rule in Saskatchewan: A Decade of Home and Hardship and author of Lessons from Remand. He had a front-row seat for some of these events as Director of Communications for the Crown Investments Corporation.

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Humboldt's drive-in movie theatre

Rose Willow

Steve Besenski's formula for making money was simple: with \$1 you try to make \$3, with \$3, try for \$10, and when you get \$10, you try to make \$50. Sometimes it worked, sometimes not: but you had to try. In Steve's view, something would always turn up. In the meantime, one needed to work hard, avoid doing anything stupid, and not be greedy. With this in mind, Steve and his five sons, aged 17 to 25, gathered around the kitchen table and worked out a plan for Humboldt's drive-in movie theatre.

His parents, Majit and Marya Besenski, had arrived in Canada from Serbia (then part of the Austro-Hungarian Empire) in 1912. At the time, they had four daughters (one daughter was my maternal grandmother) and one son, Steve, who was eight. From this young age, Steve helped his father break the land with a hand-plough and a team of oxen. As Steve matured into a young man, he saw the prairies as a place of endless opportunity. Land was virtually free: all one had to do was develop it. He eventually took over the farm near Humboldt from his father, and acquired more land in the surrounding area, enough for himself and his own five sons. During his years of farming, Steve saw horses replaced by tractors, wagons replaced by trucks, and threshing machines replaced by combines.

On his farm, he grew mostly wheat, but, at times, he tried a bit of barley or oats. Not wanting all of his money tied up in a Saskatchewan grain field, he also raised pigs, poultry, and cattle -- not in a big way, but just enough for cash flow.

One August morning in 1952, Steve loaded some of his steers into the back of his truck and took off from his farm to the stockyards in Saskatoon. He led the way in the truck while one of his five sons, and Mary, Steve's wife, followed behind in the car. The plan was to deliver the steers to the stockyard, fill the truck up with farm supplies, and then have their son head back to the farm. Steve and Mary would stay for the afternoon sale of livestock, do some shopping, and return to the farm later on in the car.

At 49, Steve's posture was a little stooped from the hard work, but despite his 5'4" stature, he seemed much taller. His physique remained like that of a younger man; lean and muscular. His blue eyes were sharp. He could size up any person or situation in no time at all.

Steve had not been to the city for a while, and as they approached on Highway #5, he noticed a drive-in movie theatre -- something he hadn't seen before. As his entourage entered the residential

area along the South Saskatchewan River bank, a mere half-dozen blocks from the stockyards, the tailgate broke open. The steers scrambled out. They trampled vegetable gardens and flower beds. They tore through wash lines, snagging pieces of laundry as they charged on through. Irate housewives flew out of their doors and chased after the runaway livestock with brooms, rakes, and hoes.

It wasn't long before a policeman on a motorcycle arrived. Every farmer knew that the police could always find something amiss with a farm vehicle, and Steve readied himself. Instead of inspecting the vehicle, this officer started off on a different approach, and asked, "What are you going to do about all the debris scattered around this truck?"

Steve grasped upon this diversion and boldly replied, "I'll throw it in the river."

According to Steve, the policeman "puffed himself all up" and informed Steve it was against the law to throw anything into the river, and promptly radioed the stockyard ordering men mounted on horses to come out and round-up the cattle. The men on horseback joined the steers in trampling gardens, lawns, and flower beds. The housewives stood back and watched.

Steve and his son calmly repaired the tailgate and attached it back onto the truck with some bits of rusted and broken wire. They loaded the debris back onto the truck and watched as the livestock was rounded up and driven towards the stockyards. Since nothing got thrown into the river, Steve didn't even get a ticket.

With directions from Steve, his son took off in the truck to collect the farm supplies and then head for home. Steve slid into the driver's seat of the car and went off to check on his livestock. He determined the steers would command a better price if sold the next day when they "weren't so worked up" and made arrangements for his cattle to be fed, watered, and kept overnight. He then booked into a hotel and took his wife out for a meal.



THURSDAY -- FRIDAY



SATURDAY MONDAY



SUNDAY MIDNIGHT
BIG BEYOND WORDS!



CHARLES LADWIG - SHE GEORGE HARDWICK
THOMAS MITCHELL - MARSHALL D'ARNO
FRANKS O'CONNOR - CLAY MARSH
WALTER HAMPTON - CATHERINE ALEXANDER

TUES. -- WED.



COMING --



COMING

JULY 18 -- 20 -- 21 -- 22
A QUEEN

IS CROWNED

The Only Full Length
Feature of the Coronation
of Queen Elizabeth

Advertisement for coming attractions at the Golden West Drive-In Theatre. PAS, Micro. S-7.40, The Humboldt Journal, 9 July 1953, 5.

Steve and R. H. "Duffy" Besenski are pleased to announce the

Grand Opening

of the

GOLDEN WEST Drive-In Theatre



at Dusk
**SATURDAY
JUNE 27**

featuring —

"Meet Me After The Show"

starring Dan Dailey — In Technicolor
First Run In Humboldt — Plus Cartoon and Shorts

300 In-Car Speakers
Indoor Theatre Seating
For Non-Car Owners
Kiddies' Playground

MODERN REFRESHMENT
Concession

Soft Drinks — Coffee — Hot Dogs
Hamburgers — Pop Corn — Potato Chips
Corn-On-The-Cob — Ice Cream Bars
and Sandwiches — Cigarettes — Tobaccos
All Wrapped For Take-Out Service

On Trays

* * * *

Baby bottle warming service

Coming Program

Saturday — Monday — June 27-29
"MEET ME AFTER THE SHOW"

SUNDAY MIDNITE — JUNE 28
THRILLING DOUBLE-BILL
"LEOPARD MEN" & "CAT PEOPLE"
GATES & CONCESSION OPEN SUNDAY,
9:00 P.M. (D.S.T.)

Tuesday — Wednesday — June 30 July 1
"SOUND OFF"

Thursday — Friday — July 2-3
"WE'RE NOT MARRIED"

Shows Rain Or Clear

All Pictures Will Be Shown For First Time In Humboldt
Drive Out to the Drive-In for Family Pleasure



THURSDAY -- FRIDAY

'We're Not Married'

Starring
FRED ALLEN
GINGER ROGERS

SATURDAY MONDAY



SUNDAY MIDNIGHT

KING KONG

TUES. -- WED.



Left: Advertisement for the Grand Opening of the Golden West Drive-In Theatre. PAS, Micro. S-7.40, The Humboldt Journal, 23 June 1953, 12.

Above: Advertisement for coming attractions at the Golden West Drive-In Theatre. PAS, Micro. S-7.40, The Humboldt Journal, 2 July 1953, 7.



The Golden West Drive-In Theatre, Humboldt, taken in 1954, just one year after it opened. Courtesy Archives of the Humboldt & District Museum. 2006_35_2a_141

Steve had another motive for staying overnight: that drive-in movie theatre he saw on the way into the city. He couldn't stop thinking about it. When they got to the gate, the movie was already started, but he still had to pay the full ticket price.

It really didn't matter much what movie was showing because Steve just wanted a close look at how things were done. The aroma of popcorn wafted past as he parked and attached the speaker to the window of the car. Wanting to keep Mary settled, he bounded out of the car, secured a bag of it from the concession booth, and took it back to her.

Steve hurried back to the building and got a glimpse into the projection room before the door was slammed shut by one of the attendants. Unperturbed, Steve counted the inside seating. He asked casual questions of anyone who might be willing to engage in chatter. Back outside, he took the long way back to the car as he counted the number of rows of cars; by his calculation, there were around 300. There were few empty spaces, he noticed, and this was the middle of the week.

Steve could think of little else. In his mind, Humboldt was the perfect place for such a theatre: a thriving community over an hour away from Saskatoon, and almost next door to his farm. In less than a week, Steve acquired a piece of property just outside of Humboldt's town limits. Construction began immediately. When completed, the "Golden West" accommodated 325 cars, a large concession booth, 30 indoor seats, and the most up-to-date equipment in the projection room. The total cost was \$32,000.

The 1950s were the "Golden Age" of automobiles, and drive-ins really took off. Families loved them: they didn't need to hire babysitters since the kids could come along, often in their pajamas. Cars were roomy inside and there were no awkward seat belts or strapped-in child-safety seats. Many drive-ins, including Humboldt's Golden West, added playgrounds, where children could play while it was still daylight. Teenagers loved the drive-in since it provided a place to make-out, away from their scowling parents and jeering siblings.

In-car heaters and mobile concession carts increased the lure of drive-ins. Before that, vehicles were started off and on during cold weather with motors idling during show time. Steve maintained that cold weather never kept patrons away, but rain, that was a different matter. No one wanted to watch a movie with the windshield wipers flapping back and forth.

Concession stands played a big part of the appeal of the drive-in theatre. The concession was designed to feed hundreds of people, kids and adults, cafeteria-style. Hamburgers, hot dogs, French fries, and corn-on-the-cob were hot and ready during the intermissions of 10 minutes. Soft drinks, popcorn, licorice, salted peanuts, candy, Cheezies, and chocolate bars were available throughout the entire movie. Some people brought their own treats, even alcohol, which was illegal but easier to get away with than at a regular indoor movie theatre.

The Golden West offered bingo games on the slower nights during the week and sold tickets for draws on prizes, which were announced throughout the movie.

Indoor theatres were able to show one film five or six times a day instead of only at night. Because of this, movie studios usually sent their first-runs to indoor theatres. This did not deter Steve; he simply offered the best films he could get. *Meet Me After the Show*, a 1951 film starring Betty Grable, played across the big screen at the Golden West's grand opening in 1953.

"There were more cars lined up than there were spaces for," Steve remembered, "And we promised to run the movie again if the cars stayed in the line."

The Golden West continued this practice, and the profits of two showings in one night were often reaped.

To Steve, the drive-in movie business was a money machine. Unlike farming, it produced money right away. Like the farm, the whole family could work there. But, he kept reminding himself, it was farming that got him the money for the drive-in; even though his sons urged him to sell the farm, he did not give it up.

He stayed active in the drive-in movie business for 20 years. When he retired, he left the drive-in entirely in the hands of his sons. His sons encouraged their parents to take a trip around the world -- they would pay for it. This didn't appeal to Steve, and he continued on farming. At the age of 70, he bought a new tractor with his pension money.

When Steve did retire from farming, he bought a house in Saskatoon. There, he occupied his time in his garden and in winemaking. His door was always open to visitors.

The last time I saw my great uncle Steve was in 1991 when a number of us visited on a warm autumn day. We sat outside in his backyard. A light breeze teased the red, yellow, and orange leaves lingering on the trees. The homemade wine flowed, as Steve reminisced about the olden days – the old country, his farming, and Humboldt's drive-in movie theatre. The shadows lengthened and the warm autumn day in 1991 began to cool. The group visiting Steve broke up as a brilliant sunset blazed across the sky of Saskatoon, just like a closing scene on the big screen of a drive-in movie theatre.

Steve died in 1993 at the age of 90. A granite headstone marks his grave site in Hillcrest Memorial Gardens in Saskatoon. The Golden West closed in the early 1990s. The land was redeveloped and now boasts big box stores and supermarkets. There is no longer any physical evidence that Humboldt's drive-in movie theatre ever existed.

Author Rose Willow conducted a taped interview with her great-uncle Steve Besenski circa 1989, while working on a short book about her grandmother's life. During that interview, he also spoke about himself and his drive-in. Ms. Willow has a History degree from the University of Waterloo, and is working on a second degree in Creative Writing at Vancouver Island University. Her writing has been published in The Society, Portal, Spring, Transition, Horticultural Magazine, and Senior Lifetimes. Born and raised in Saskatchewan, she divides her time between Saskatchewan and Vancouver Island.

Sell-Out Crowd At New Drive-In Theatre

A sell-out crowd of more than 1500 attended the grand opening of the Golden West Drive-In Theatre Saturday night. Mayor B. T. Laskin officially opened the new business place. With a few well chosen words he lauded the management for their ingenuity and their faith in the continued prosperity of Humboldt and district in building such an establishment as the Golden West.

Work continued on the Golden West during the past week as workmen were busy finishing the aluminum fence around the theatre, and laying out the horse-shoe pitch and play-ground.

At present there is 300 in-car speakers and two overflow speakers that will accommodate up to 200 more cars. The management has ordered 150 more in-car speakers, when installed this will make the Golden West one of the largest out-door theatres outside of the large centres in Western Canada.

The grand opening was marred by an error on the part of a Winnipeg supply company which sent the Golden West the wrong type of Carbon rods for the arc-lamps. This caused the picture to appear dark and unclear on the screen.

The climax to the managements grief came during the Sunday

midnight show when no less than five of the carbon rods burned out, and finally the intense heat caused one of the carbon holders to burn.

With one projection machine rendered useless the management was forced to continue the film on one machine which caused considerable unrest and inconvenience for the large audience on hand.

However, the management received the proper carbons from Saskatoon on Monday and since then have had little trouble in producing a clear image on the screen.

The concession proved to be one of the most popular spots at the opening with an almost continuous line of people filing through the building. In the booth patrons could buy cold drinks, coffee, revels, ice-cream, sandwiches, hot-dogs, potato chips, bars and pop-corn.



Top: Article about the Grand Opening of the Golden West Drive-In Theatre. PAS, Micro. S-7.40, The Humboldt Journal, 2 July 1953, 1.
Middle: Steve Besenski and members of his family, 1976. Courtesy the author.
Bottom: Steve Besenski, 1991, taken not long after the author conducted an oral history interview with him. Courtesy the author.

David R. Hunter and Bomber Crew, Lancaster LL.724

Ken Dahl

No. 432 (RCAF) Squadron,
RCAF Overseas.
January 23rd, 1944.

Dear Mrs. Hunter,

It is with regret that I write to you this date to convey the feeling of my entire squadron.

On the night of January 21/22nd, 1944, your son and his crew took part in a bombing raid on Magdeburg, in Germany. Unfortunately, their aircraft has not returned and nothing has been heard from any member of the crew since the time of take-off.

We lost one of our best crews when this aircraft failed to return for they had made a fine reputation for themselves while on this Squadron. David had nine successful operational trips to his credit, with a total of sixty hours flying time in raids over enemy territory. He was a most capable wireless operator in a well experienced crew and I feel sure that they will be able to pull through any difficulty which might confront them.

Although it is not the most pleasant thought, there is the possibility that your son is a prisoner of war and it is a comfort to know that your loved one may someday return safe. If such is the case, you will hear from him direct or through the Air Ministry who will receive advice from the International Red Cross Society.

Meanwhile, his effects have been gathered together and forwarded to the RAF Central Depository where they will remain in safe custody pending Air Ministry instructions.

Dave had been with this Squadron for four months and in that time he had made a number of friends and had become well-liked by all those with whom he came into contact. His loss will be keenly felt by us all.

The Squadron join me in extending to you our sympathy and at the same time expressing the hope that better news will be forthcoming soon.

Yours very sincerely,
W.A. McKay w/c
Wing Commander, Commanding¹



Upon receiving this letter, Mrs. Ellen Hunter of Sutherland, Saskatchewan learned that her son, Flight Officer David Hunter, was missing in action. It was not known at this time whether he was dead or alive. As it turned out, David Hunter and the rest of his bomber crew mates had not survived.

David Renwick Hunter joined the Saskatchewan Horse Regiment in the summer of 1940. The Depression had hit Saskatchewan hard, jobs were few and far between, and David had spent the previous three years working in a gold mine in Perron, Québec. When he did join up, it appears that he failed to inform his mother of his intentions. In a letter home, shortly after he signed up, he wrote, "I asked Tom Christie to tell you that I had left did he do so[?]"² By the spring of 1941,

David Hunter left the infantry to join the Royal Canadian Air Force (RCAF). His air force training took him all over the country, coast-to-coast, from Nanaimo, British Columbia to Paulson, Manitoba to Guelph, Ontario to Edmonton, Alberta. While in Edmonton, he wrote to his mother proclaiming that "Edmonton is growing by leaps and bounds. They are going to build 500 new homes here this year and the Americans have thousands of men here now."³

¹ Top: David Hunter on leave at home with his mother, Ellen Hunter, 28 March 1943. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2013-022.

² Bottom: Flight Officer David R. Hunter, ca. 1943. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2013-022.

³ Opposite page: Flight Officer David Hunter with his other flight training mates, ca. 1943 [David is second from right, back row]. The author believes this photograph was taken while David was completing his Air Observer training course in Edmonton, Alberta. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2014-010.

A large majority of the Canadian men who served and saw action with the RCAF in World War Two received their training through the British Commonwealth Air Training Plan (BCATP). In fact, more than half of all the Commonwealth airmen obtained part or all of their training at BCATP schools.⁴ In the fall of 1941, David Hunter was in Guelph, Ontario, at No. 4 Wireless School, working towards becoming a wireless operator/air gunner. Training in the operation of wireless equipment took 28 weeks, a significant part of which was dedicated to learning how to send and receive Morse code.⁵ In a letter home in December 1942, David writes, "I am still here[,] and things seem to be much better now[,] they changed the place here[,] that is the course[,] and lengthened it 4 more weeks so it looks like I will be here for quite a while yet. I hope to make good at this yet as the code seems to be coming to me better than it did before."⁶

In May 1942, David was wrapping things up in Guelph; he would soon be off to Paulson, Manitoba for Bombing and Gunnery School. By late June, he had completed Bombing and Gunnery training and was in Edmonton to begin his stint in the Air Observer phase of instruction. In a letter home dated December 7, 1942, David commented on the weather in Edmonton: "I have only flown once since I came back here. The weather is really bad fog all the time and mist so they cancelled most flights and when you do fly it is so, so cold. Pretty hard to keep warm but we make out ok."⁷ In February, he wrote that he believed that he would soon leave Edmonton: "Should be out of here in another month. We have

to go to classes... then write an exam and if we pass ok we will go to either the East or West coast to an Operational Training Unit for about 3 months."⁸ David was nearing the end of his training in Canada and all signs pointed to him being sent to England to become part of a bomber crew, where he would put his training to use.⁹

The war in Europe -- that David Hunter was about to join -- had changed considerably by 1942-43. In December 1940, the Germans, unable to bomb the British into submission, did an about-face and ordered their forces east, attacking the Soviet Union. With the bulk of the German army and air force occupied on the Eastern Front, the Allies had a brief reprieve to decide their next move. The British were not prepared to launch an invasion into Western Europe at this time, and they convinced their allies that it would not be wise to do so. The only way that Allied forces could inflict any direct damage onto Germany itself was through the air. The British Royal Air Force (RAF) and United States Air Force (USAAF) decided to launch large-scale bombing campaigns together against Germany.¹⁰ During the winter of 1943-44, Sir Arthur "Bomber" Harris, Air Officer Commanding-in-Chief (AOC-in-C) of Bomber Command,¹¹ tried to convince Allied generals that British and American bombers could deal a heavy blow to the Germans by bombing Berlin directly.¹² In what was to be known as the "Battle of Berlin,"¹³ Harris, convinced of the merits of this plan, decided to concentrate the bulk of the strength of Bomber Command on Berlin. This went against the new Allied Bomber directive (known as *Pointblank*),



which targeted the factories involved in producing German war planes: the idea was that with the German Air Force no longer a threat, Allied bombers could attack German targets at will.

There was another development that affected new Canadian airmen at this time: as of autumn in 1942, most of these men were to become part of the newly created 6 Bomber Group, which was to be an entirely Canadian-led, manned, and funded group within Bomber Command.¹⁴ Upon arrival in England, these novice airmen would often require (or were at least deemed to require) further training. This was to be completed at the Operational Training Unit (OTU). It is hard to tell from David's letters where he did his OTU. In a letter home in July 1943, he wrote: "This is where in a short time I start to fly on planes that I'll be doing operations in. I am getting close to that big time and I know that God will take care of me."¹⁵

In October 1943, David wrote to his mother: "Here I am again. Got to my new station and was sent right on to a squadron."¹⁶ As noted in his RCAF file, David Hunter joined a bomber crew in the No. 432 (Leaside) Squadron based in East Moor, England. The crew consisted of Flying Officer/Pilot Lawrence Legace from Fort William, Ontario; Flying Officer J.B. Mahoney from Lachine, Québec; Sergeant W.J. Douglas from Watertown, New York, USA; Flight Sergeant D.A. McDonald from Humboldt, Saskatchewan;¹⁷ Flight

Sergeant W.A. Peterson from Toronto, Ontario; Sergeant W.G. Atkins (RAF) and Flight Officer David R. Hunter from Sutherland, Saskatchewan (air gunner and wireless operator). They were flying a Lancaster II bomber: LL.724.

One important result of the claims made by Sir Arthur Harris -- the idea that only through a systematic bombing campaign could the Allies inflict any damage on targets within Germany itself -- was that bomber crews found themselves taking part in operations ("ops") on major centres, including Berlin, on at least two, and sometimes three or four, nights a week.¹⁸ Flights to Berlin were long, requiring lengthy periods of darkness. This meant that these operations could only take place during the winter months. Flying in winter almost always meant dreadful weather: crews took off in fog, rain, and sometimes snow, and excessive icing on the plane was a very real problem. Conditions inside the bomber were equally poor. One pilot noted, "Psychologically and physically it was the worst. Long hours at sub-zero temperatures dulled the brain, reflexes were slowed and mistakes were made."¹⁹ It was these brutal conditions that David Hunter encountered right away as he began his active flying career in the late fall and early winter of 1943. He was taking part in the "Battle of Berlin," which commenced in November 1943 continuing on until the end of March 1944. During this period, Bomber Command initiated over 9,000

operations against the German capital in 16 major attacks,²⁰ and dropped over 24,000 tons of bombs on the city.²¹

On the night of January 21-22, 1944, F/O David Hunter and his crew mates in Lancaster LL.724 were shot down near Wesendorf, Germany.²² They were taking part in an operation on the city of Magdeburg, which was a centre for synthetic oil production crucial for the German war effort. Bomber Command sent more than 600 aircraft on this operation; 6 Bomber Group contributed 114 bombers to this total. 6 Bomber Group lost a staggering 14 crews (a loss rate of 12.2%).²³ Magdeburg was only 150 miles west of Berlin, so it too was considered a high-risk objective located deep in German territory. Numerous writers have commented on the Magdeburg raid, with nearly everyone using the same term: "disaster." Historian Spencer Dunmore, in his description of the operation stated:

The operation failed. High winds brought some of the H2S equipped Main Force aircraft over the target ahead of the Pathfinders [target marking squadrons of Bomber Command]. Many bombed before zero hour. Adding to the confusion, the Germans set several realistic decoy fires which attracted large numbers of bombers. Indeed, most of their bombs are believed to have fallen outside the city.²⁴



Opposite page left: Flight crew from Lancaster LL.724, 432 (Leaside) Squadron. Back row (left to right): F/O John B. Mahoney, F/O Pilot Lawrence F. Legace, and F/O David R. Hunter. Front row (left to right): Sergeant William J. Douglas, Flight Sergeant William A. Peterson, Sergeant William G. Atkins (RAF), and Flight Sergeant Donald A. McDonald. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2014-010.

Opposite page right: Flight Officer David Hunter (on right side of photograph, with an "X" marked above his head) and others at a Christmas Party, 1943. By Christmas 1943, David was overseas in England with 432 (Leaside) Squadron. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2014-010.

Right: Note from the Minister of National Defence for Air to Ellen Hunter, informing her that her son, David Hunter, was reported missing, February 1945. Courtesy City of Saskatoon Archives, Foster Family fonds, Acc. 2014-010.



To Mrs. Ellen Agnes Copland Hunter
 I have learned with deep regret
 that Sixth Officer David Remwick Hunter, R.C.A.F.
 has been reported missing.
 The Government and people of Canada join
 me in expressing the hope that more favourable news
 will be forthcoming in the near future.

Charles F. Power
 Minister of National Defence for Air

We do not know if Lancaster LL.724 was shot down before or after reaching its target. Official RCAF records indicate that after crashing, the bomber continued to burn for over an hour. The report goes on to state: "Four bodies were removed from the wreckage. Three were identifiable, but the fourth was burned beyond recognition. A fifth body was found the next day at a point 200 metres south of the crash. It was still in the rear turret."²⁵ Two bodies were unaccounted for, one of which, as it turned out, was David Hunter.

Pilot Lawrence Legace was the most experienced member of the crew as he had completed 10 operations. Airmen Mahoney, McDonald, Hunter, and Douglas had completed nine ops, and Airmen Peterson and Atkins, seven and six respectively.²⁶ The average age of the crew in Lancaster LL.724 was 23 years old: at 26, Flying Officer J.B. Mahoney was the oldest, David Hunter was next at 24, Sergeant Atkins was the youngest at 20 years of age.²⁷ Survival figures for those serving in Bomber Command

were never all that good, but between November 1943 and March 1944 the odds were even worse.²⁸ The probability that an airman might survive his tour of operations was one in six or 17%.²⁹ It seems that most bomber crews acknowledged their situation, but at the same time realized that it was out of their hands. One writer noted:

There were so many ways you could get killed that most found it best not to think about it. If enemy fighters or flak didn't get you, there was a good chance you'd be killed in a mid-air collision with another bomber. Or you'd be hit by a string of bombs coming down from an aircraft flying overhead. Or your plane would slam into an English hillside as an exhausted pilot tried to locate a fog-bound airfield.³⁰

In May 1950, Ellen Hunter received a letter from the RCAF stating that the Missing Research and Enquiry Unit³¹ had located David Hunter's grave, and

his remains were now buried with his crewmates in the British Military Cemetery near Hanover, Germany.³² In her response to this letter, Ellen wrote: "Although it is now six years since he left us my heart is still filled with longing for him."³³ No doubt this same emotion was expressed in thousands of homes across Canada during and after the war. David was one of over 10,000 Canadian airmen in Bomber Command who lost their lives. And while certain recent research has cast some doubt on the strategy adopted by Bomber Command,³⁴ no one has ever questioned the bravery and sacrifices made by the men who flew in these squadrons. In one of David's last letters home to his mother in December 1943, he wrote, "I know that you pray for both of us always. I have been in the hot of battle and am not afraid as I know that God will take care of me if I always ask him to. I guess wars don't stop for Christmas and the sooner we get it over the sooner we'll be able to have Christmas the way we want it."³⁵

Endnotes on page 48.

Author Ken Dahl earned a Bachelor of Arts (1993) and Master of the Arts (1999) in History from the University of Saskatchewan. He has worked at both the Provincial Archives of Saskatchewan and the Red Deer and District Archives. He moved to the City of Saskatoon Archives in December 2010, where he is currently the Assistant City Archivist.

No Limit to Our Hopes

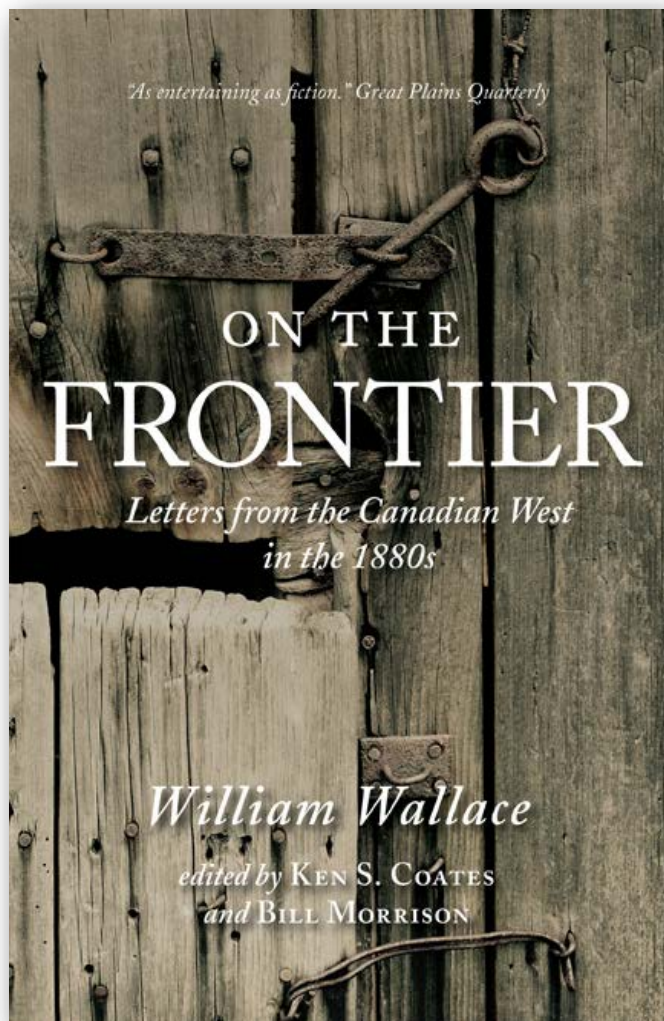
Wallace, William. *On the Frontier: Letters from the Canadian West in the 1880s*. Edited by Ken S. Coates and Bill Morrison. Regina: University of Regina Press, 2015.

This book is a collection of letters written by homesteader William Wallace to his sister, Maggie, who remained in England. It was first published in 1991 as *My Dearest Maggie: Letters of a Western Manitoba Pioneer*. The title change to *On the Frontier* signals the shift in focus of the editors to the broad historical insights that the Wallace letters provide. Editors Coates and Morrison quite rightly see these letters as an important contribution to our understanding of immigration across Western Canada, including the settler mentality, the homestead experience, and the gradual development of a regional consciousness. To provide context, they have included an introductory chapter that presents helpful historical details along with a few photos, maps, and statistics.

William Wallace was a careful observer and an articulate writer. His letters to his sister from 1881 to 1885 have been lightly edited, judiciously foot-noted and indexed, and arranged in chronological order. They cover many important developments in Western Canadian history, including the clearing of First Nations from the plains, the North-West Resistance, the building of the railways, and government impositions of unreasonable taxes, tariffs, and regulations.

Yet, William Wallace was not a political or social commentator. Although his letters were written in a literary style that aimed to inform and amuse family and friends, they are personal and their great appeal lies in their ability to connect us with Wallace himself. He was a moderately ambitious man in his twenties who left a clerking job in Scotland to settle with his younger brother and widowed father near Shellmouth, Manitoba. “Now we have no limit to our hopes of what we may yet be” (151), he wrote in 1883. Hope carried Wallace through his first five years of backbreaking labour, physical hardships, social isolation, and financial setbacks. He took pride in his own independence, resourcefulness, frugality, and hard work, and was sometimes critical of neighbours who lacked the qualities necessary to survive in this new, unforgiving environment. Education and culture were important to him, and his vivid, detailed descriptions of homestead life reveal something of the soul of a poet. After five years on the frontier, however, Wallace began to learn that “no matter how situated, existence has uncertainty about it” (287). Prosperity eluded him, he was afflicted with neuralgia, and he was unable to find a wife. With self-deprecating humour, Wallace noted that, in fun, some of his neighbours called him a “money-grubbing, crabby bachelor” (201). At this interesting point in the book, the letters stop.

Although Wallace continued to write letters to his sister until 1904, when she and her husband also immigrated to Shellmouth, the book’s editors explain that it would have taken three more volumes to publish all the letters; it is difficult to quarrel with



their decision to focus on the eventful early years. They mitigate the abrupt ending with a five-page epilogue that describes William Wallace in later life: still a bachelor, still moderately successful, and still a respected figure in a rural community that grew and then shrank with the passage of time. The epilogue helps to complete the personal story at the heart of the book, but after spending so many pages listening to the voice of William Wallace, one cannot help but wonder how, in his older years, Wallace felt about his life and the country he helped to settle.

This quibble aside, the re-publication of the early Wallace letters should be welcomed by not only historians but anyone who enjoys a good read. History is seldom available through the eyes of those who participated in it and, even more rarely, through someone who entertains as well as William Wallace.

Review by Verna Gallén

Crude conflict: The creation of Canada's first heavy oil upgrader

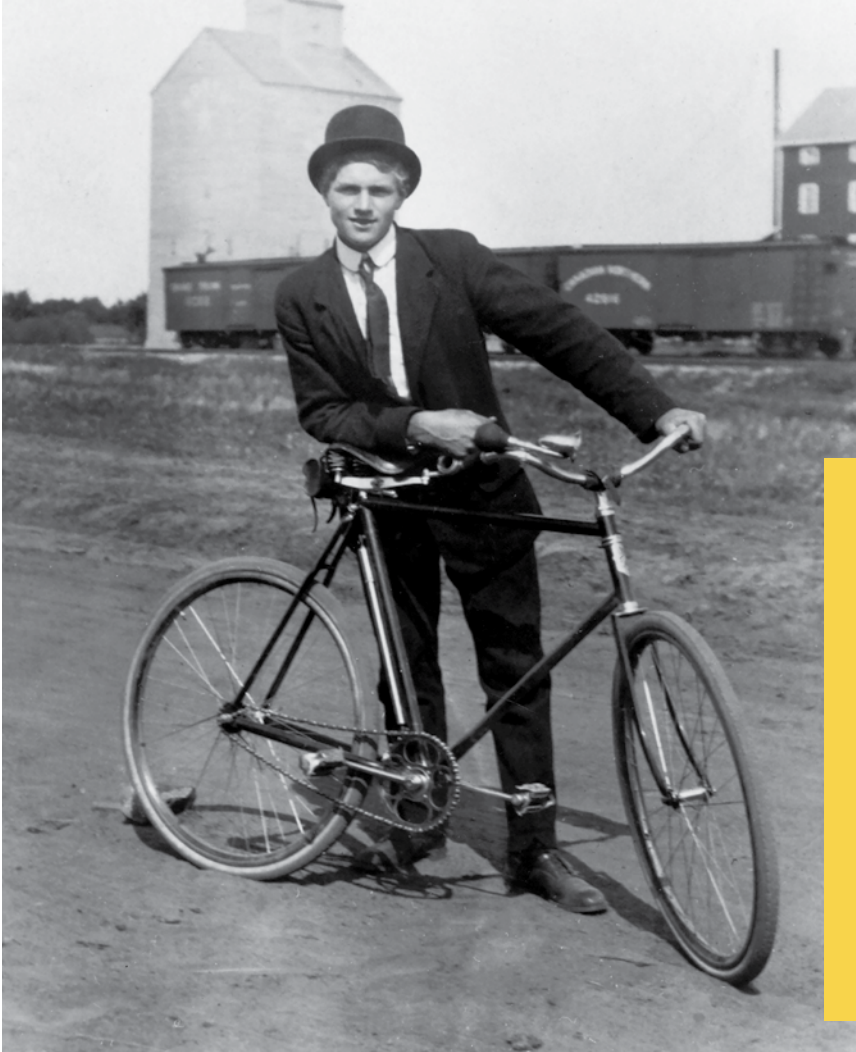
- 1 Brett Fairbairn, *Building a Dream: The Co-operative Retailing System in Western Canada, 1928-1988* (Saskatoon: Western Producer Books, 1989), 68-75.
- 2 Fairbairn, *Building a Dream*, 216.
- 3 Saskatchewan Energy and Mines, *Saskatchewan Heavy Oil: Building on Strengths*, Saskatchewan Energy and Mines Technical Report 95-7 (Regina, 1994).
- 4 National Energy Board, *Canadian Energy Supply and Demand, 1983-2005* (Ottawa: Minister of Supply and Services, 1984), 69-71.
- 5 R. Pademsey, "Impact of Recent Technological Developments on Upgrading Economics: Technical Paper 91-113" (Banff: Petroleum Society of CIM and AOSTRA, 1991); Gordon J. Willmon, "Prospects of Upgrading Canadian Heavy Oil and Bitumen to Synthetic Crude Oil" (Buenos Aires: World Petroleum Congress, 1991).
- 6 Provincial Archives of Saskatchewan [PAS], D. Grant Devine fonds, BF 2-1, file 1.33.9, Minerals and Fuel – Heavy Oil Upgrader Project 1982, Colin Thatcher to Grant Devine, 28 May 1982.
- 7 Harold Empey, "Presentation to the 1992 Fall Conferences: Co-op Upgrader" (Saskatoon: Federated Co-operatives Limited).
- 8 Colin Thatcher, *Backrooms: A Story of Politics* (Saskatoon: Western Producer Books, 1985), 231.
- 9 PAS, Devine fonds, BF 2-1, file 4.36.9, Minerals and Fuel – Heavy Oil Upgrader Project 1985, Harold Empey to Bob Reid, 27 June 1985; Empey, "Presentation to 1992 Fall Conferences."
- 10 Florentina M. Uzea, "Cooperation and Coordination in the Co-operative Retailing System: Essays on Identity and Economic Strategies" (Ph.D. Dissertation, University of Saskatchewan, 2010), 15-18; Brett Fairbairn, *Living the Dream: Membership and Marketing in the Co-operative Retail Sector* (Saskatoon: Centre for the Study of Co-operatives, 2003).
- 11 Empey, "Presentation to 1992 Fall Conferences."
- 12 Canada and Saskatchewan, Governments of and Federated Co-operatives Limited, "Memorandum of Understanding," news release, 23 August 1983.
- 13 Federated Co-operatives Limited, "Heavy Oil Upgrader Announced," news release, 23 August 1983.
- 14 Canada et al. "Memorandum of Understanding"; Colin Boyd, "The NewGrade Heavy Oil Upgrader" (Saskatoon: University of Saskatchewan, 1996).
- 15 PAS, Devine fonds, BF 2-1, file 4.25.65, Provincial Government Administration – Crown Management Board, "CMB Staff Assessment Report: NewGrade Upgrader Project," 27 May 1985; PAS, Devine fonds, BF 2-1, file 4.25.65, Colin Hindle to Grant Devine, 27 May 1985.
- 16 PAS, Devine fonds, BF 2-1, file 4.36.9, Minerals and Fuel – Heavy Oil Upgrader Project 1985, Harold Empey to Bob Reid, 17 June 1985.
- 17 PAS, Devine fonds, BF 2-1, file 4.36.9, Paul Schoenhals to Grant Devine, Eric Berntson, Bob Andrew, Gary Lane, and Jack Sandberg, 20 June 1985.
- 18 PAS, Devine fonds, BF 2-1, file 4.36.9, NewGrade-CCRL Negotiations – July 11/12 Meeting, 4 July 1985.
- 19 PAS, Devine fonds, BF 2-1, file 4.36.9, Jack McPhee to H.L. Empey, 25 July 1985.
- 20 PAS, Devine fonds, BF 2-1, File 4.36.9, Bob Reid to Paul Schoenhals, 27 August 1985.
- 21 PAS, Devine fonds, BF 2-1, File 3.34.9, Minerals and Fuel – Heavy Oil Upgrader Project 1984, Murray Costello to Grant Devine, 17 August 1984.
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- 23 PAS, Devine fonds, BF 2-2, File 7.62.2, "The NewGrade Energy Inc. Financing Package," 31 August 1987.
- 24 PAS, Devine fonds, BF 2-2, File 7.62.2, "Board of Directors: Report on Financing," 24 August 1987.
- 25 Harold Empey, "Co-operative Government Relations: Case Study: Federated Co-operative Ltd/Co-op Upgrader," (Federated Co-operatives Ltd, 31 October 1990); PAS, Devine fonds, BF 2-1, file 4.36.9, Wayne Thompson to Bob Andrew, Paul Schoenhals, and Bob Reid, 29 July 1986.
- 26 PAS, Devine fonds, BF 2-2, file 5.34.8, Minerals and Fuels – Heavy Oil Upgrader Project 1986, Bob Reid to Grant Devine, 9 September 1986.
- 27 PAS, Devine fonds, BF 2-2, file 5.34.8, Vern Leland to Grant Devine, 16 September 1986.
- 28 PAS, Devine fonds, BF 2-2, file 5.34.8, Bob Reid to Grant Devine, 18 September 1986.
- 29 Empey, "Co-operative Government Relations."
- 30 Saskatchewan. Ministry of Energy and Resources, *Mineral Statistics Yearbook, 2008*, Petroleum and Natural Gas Miscellaneous Report 09-3 (Regina, 2009), Table 2-1-10; Peter Hadekel, "Oil Producers are now the Hostages of World Prices," *The Gazette*, 3 September 1988.
- 31 Theresa MacDonald, "The Upgrader's Troubled History," *Leader Post*, 6 April 1989; Dale Eisler, "NewGrade Upgrader Suffers Problems With Equipment," *Leader Post*, 30 March 1989; Theresa MacDonald and Murray Mandryk, "Another Cloud Spews from Co-op Upgrader," *Leader Post*, 10 April 1989; Anne Kyle, "Upgrader Fire Damage in Millions," *Leader Post*, 4 May 1989; Mark Wyatt, "Co-op Refinery: Unreported Gas Leak Revealed," *Leader Post*, 6 April 1989; Kevin O'Connor, "Fire, Explosion Rock Upgrader," *Leader Post*, 30 August 1989.
- 32 PAS, Crown Investments Corporation. Crown Sector Initiatives, unprocessed (acc. 2013-263), NewGrade – Stewardship Agreement, P. Gordon, T. Hanlon, and G.H. Walker, "Stewardship Report: RE: NewGrade Energy Inc.," 16 October 1991.
- 33 PAS, Devine fonds, BF 2-2, file 9.33.6, Minerals and Fuel – Heavy Oil Upgrader Project 1988, Crown Investments Corporation: Demineralization Plant Summary of Issues, 31 August 1988.
- 34 Empey, "Co-operative Government Relations."
- 35 PAS, Devine fonds, BF 2-2, file 9.33.6, Minutes of a Meeting of the Directors of NewGrade Energy Inc., 16 February 1988.
- 36 PAS, Devine fonds, BF 2-2, file 9.33.6, Harold Empey to Ted Hanlon, 4 March 1988.
- 37 PAS, Crown Investments Corporation. Crown Sector Initiatives, unprocessed (acc. 2013-263), NewGrade – Stewardship Agreement, P. Gordon, T. Hanlon, and G.H. Walker, "Stewardship Report: RE: NewGrade Energy Inc.," 16 October 1991.
- 38 Mark Stobbe, "Public-Private Partnerships in Saskatchewan: A Tale of Two Upgraders," (MA Thesis, University of Saskatchewan, 2014), 103-104.
- 39 PAS, Roy Romanow fonds, F 525-5, 1993 Topic List, file 2802.02, Upgrader Legislation Against, Crown Investments Corporation, "NewGrade and FCL Profit and Loss Figures," 1991.
- 40 PAS, Devine fonds, BF 2-2, file 14.13.29, Provincial Government Administration. Agenda, Crown Management Board Meeting, "Re: NewGrade Energy Inc. (NEI) – Refinancing," 8 August 1990; Bruce Johnstone, "Gov't Cash Aids Idle Upgrader," *Leader Post*, 15 December 1998.
- 41 Saskatchewan. Legislative Assembly, *Debates and Proceedings*, vol. 33, 24 May 1990, 1515.
- 42 Crown Investments Corporation, 1991 Annual Report, (Regina: Crown Investments Corporation, 1992).
- 43 Donald Gass, *Report of the Financial Management Review Commission*, (Regina: Saskatchewan Finance, 1992).
- 44 Saskatchewan. Legislative Assembly, Sessional Paper 196, 3rd Session of 22nd Legislature, 1993, Janice MacKinnon to Vern Leland, 9 October 1992.
- 45 Saskatchewan NDP Caucus, "Caucus Report: Action on NewGrade," (Regina: Saskatchewan NDP Caucus, 29 July 1992).
- 46 Empey, "Presentation to 1992 Fall Conferences."
- 47 Government of Saskatchewan, Order-in-Council 1062/92, "An Order-in-Council Establishing an Inquiry into Matters Regarding a Refinery Operated by Consumer Co-operative Refineries Ltd. and a Heavy Oil Upgrader Owned by NewGrade Energy Inc. Adjacent to Such Refinery," 17 November 1992.
- 48 Willard Estey, *Report of the Commission of Inquiry into certain matters regarding a refinery operated by Consumers Co-operative Ltd. and a heavy oil upgrader owned by NewGrade Energy Inc.* (Regina: Crown Investments Corporation, 14 April 1993).
- 49 PAS, Romanow fonds, F525-5, 1993 Topic List, file 2802.02, Upgrader Legislation Against, Saskatchewan Justice, "Legislative Options," April 30, 1993.
- 50 Estey, *NewGrade Commission of Inquiry*, 6.
- 51 Estey, *NewGrade Commission of Inquiry*, 11.
- 52 Saskatchewan. Legislative Assembly, Sessional Paper 196, 3rd Session of 22nd Legislature, 1993, Bill Knight to John Penner, 4 May 1993.
- 53 Saskatchewan. Legislative Assembly, Sessional Paper 196, 3rd Session of 22nd Legislature, 1993, John Penner to Bill Knight and Vern Leland, 29 April 1993.
- 54 Saskatchewan. Legislative Assembly, Sessional Paper 196, 3rd Session of 22nd Legislature, 1993, Vern Leland to John Penner, 4 May 1993.
- 55 Saskatchewan. Legislative Assembly, *Debates and Proceedings*, vol. 36, 28 May 1993, 2034.
- 56 Saskatchewan Taxpayers Federation, "Taxpayers Support Premier's Offer to Sell Upgrader for \$1 – Deal Should be Renegotiated," news release, 19 May 1993.
- 57 Saskatchewan. Legislative Assembly, *Debates and Proceedings*, vol. 36, 28 May 1993, 2034.
- 58 Empey, "Co-operative Government Relations."
- 59 Thomas Hobbes, *Leviathan or the Matter of Form and Power of the Commonwealth Ecclesiastical and Civil* (London: The Gutenberg Project, 2009), under chapter XVIII, section 2, http://gutenberg.org/files/3207/3207-h-htm#link2H_4_021.
- 60 *The NewGrade Energy Inc. Protection Act*, 1993, S-90 (Sask).

- 61 Saskatchewan. Legislative Assembly, *Debates and Proceedings*, vol. 36, 25 May 1993, 1922-1926.
- 62 Stobbe, "Public Private Partnerships," 149-156.
- 63 PAS, Romanow fonds, F525-5, 1993 Topic List, file 2802.01, Upgrader Legislation For, Eva Hagen to Howard Matilla, 1 June 1993.
- 64 Fairbairn, *Living the Dream*, 211.
- 65 PAS, Romanow fonds, F525-5, 1993 Topic List, file 2802.01, Upgrader Legislation For, Rob Howse to Roy Romanow, 13 July 1993.
- 66 Stobbe, "Public Private Partnerships," 153-155.
- 67 Federated Co-operatives Limited, "Deloitte and Touche Chartered Accountants to Wayne Thompson," news release, 4 June 1993.
- 68 Bruce Johnston, "Upgrader Suit Filed in Court," *Leader Post*, 9 July 1993.
- 69 Dale Eisler, "FCL Studies Possibility of Moving Head Office," *Leader Post*, 15 July 1993; Gerry Klein, "Loss of FCL: \$60 Million," *StarPhoenix*, 12 August 1993.
- 70 Government of Saskatchewan and Federated Co-operatives Limited, "Statement of Settlement Principles," news release, 18 August 1993.
- 71 Stobbe, "Public Private Partnerships," 200.
- 72 Government of Saskatchewan, "Federated Co-operatives to Purchase CIC's Interest in NewGrade Upgrader," news release, 26 September 2007.
- 73 Stobbe, "Public Private Partnerships," 193-197.
- 74 Federated Co-operatives Limited, *Annual Report* (Saskatoon: FCL, 1988 and 2014).
- 14 The formation of 6 Bomber Group came about as a result of the Ottawa Air Training Conference held in May-June 1942. At this conference, British and Canadian delegates discussed the idea of forming 10 new RCAF squadrons, which, among other things, were to be entirely funded by the Canadian government. And with the success of the BCATP, there were thousands of trained airmen arriving in England every month (many of these being Canadian). Dunmore and Carter, *Reap the Whirlwind*, 39-40.
- 15 COS, Foster Family fonds, Correspondence, 15 July 1943.
- 16 COS, Foster Family fonds, Correspondence, October 1943. The return address on this letter is "No. 432 Squadron, RCAF Overseas."
- 17 I was able to locate a newspaper notice following the death of Flight Sergeant McDonald. He was born in Saskatoon but lived in Kinistino, Borden, North Battleford, and finally Humboldt, *The Humboldt Journal*, 23 March 1944.
- 18 Dunmore and Carter, *Reap the Whirlwind*, 210.
- 19 Gordon Musgrove, *Pathfinder Force: A History of 8 Group* (London: Macdonald and Janes, 1976), 85.
- 20 Hastings, *Bomber Command*, 260. Bomber Command lost 1,047 aircraft in the Battle of Berlin, with an additional 1,682 aircraft being damaged or written off.
- 21 Dunmore and Carter, *Reap the Whirlwind*, 211.
- 22 LAC, War Dead, D.R. Hunter. Although it is never specifically mentioned, I think it was determined that bomber LL.724 was shot down by a German fighter plane. Of all the bomber casualties, German night fighters accounted for about 70% of them. Martin Middlebrook, *The Berlin Raids: RAF Bomber Command, Winter 1943-44* (London: Viking/Penguin Group, 1988), 13.
- 23 Dunmore and Carter, *Reap the Whirlwind*, 205, 382. These casualty statistics were much higher than normal; Bomber Command realized that these results were not sustainable.
- 24 Dunmore and Carter, *Reap the Whirlwind*, 205. H2S was an early navigation/targeting aid that gave bomber aimers a vague image of the targeted area. One description of the system reads, "H2S was the first airborne radar set that could paint a shadowy image of the ground below on a cathode ray tube for its operator in an aircraft above. It held out the prospect of identifying targets through cloud...." Hastings, *Bomber Command*, 193.
- 25 LAC, War Dead, D.R. Hunter, Correspondence from the Missing Research and Enquiry Unit investigation, trying to locate the remains of F/O Hunter, 14 January 1946.
- 26 LAC, War Dead, D.R. Hunter, Letter from Wing Commander W.A. McKay, Commander of No. 432 (RCAF) Squadron to the Air Ministry, 22 January 1944.
- 27 LAC, War Dead, D.R. Hunter, Telegraph from No. 432 Squadron to Air Ministry, 22 January 1944.
- 28 The overall loss rate for Bomber Command was 2.2%; between November 1943 and March 1944, it was 5.1%. Hastings, *Bomber Command*, 260-261.
- 29 The author states that for bomber crews to have a favourable chance of surviving their tour, loss rates had to be below 4%. Thirty operations were considered to be one tour. Hastings, *Bomber Command*, 267.
- 30 Dan McCaffery, *Battlefields in the Air: Canadians in the Allied Bomber Command* (Toronto: James Lorimer and Co. Ltd., 1995), 120.
- 31 The Missing Research and Enquiry Unit within the RAF was charged with confirming, identifying, and locating the graves/remains of that airman who did not return from operations. Their work continued on long after the war ended, and, in certain cases, involved lengthy inquiries.
- 32 The investigation into locating the body of David Hunter is a separate story unto itself and quite tragic. It took over five years to resolve and required the exhumation of a number of graves and involved both British and American authorities. The authorities did, eventually, identify human remains as those of David Hunter, which were removed and buried near his crew mates not far from Hanover. LAC, War Dead, D.R. Hunter, Correspondence, from W.R. Gunn, RCAF Casualty Officer, to Mrs. E.A.C. Hunter, 23 May 1950.
- 33 LAC, War Dead, D.R. Hunter. On 23 May 1950, the RCAF Casualty officer wrote Mrs. Hunter, informing her that David Hunter's final resting place was now known; this was her response to that letter.
- 34 In 1992, the CBC and the National Film Board of Canada produced a three-part series for television entitled, *The Valour and the Horror*. Each of the three parts looked at a particular event or topic during the Second World War. The second installment was a film called *Death by Moonlight: Bomber Command*, which strongly criticized Bomber Command for, among other things, their practice of area bombing German cities. McCaffery, *Battlefields in the Air*, viii.
- 35 COS, Foster Family fonds, Correspondence, 23 December 1943. David's twin brother, Don, also served overseas during the war.

David R. Hunter and Bomber Crew, Lancaster LL. 724

- 1 Library and Archives Canada, Service Files of the Second World War – War Dead, 1939-1947 David Renwick Hunter (RG 24, Vol. 27797, item #16793), hereafter known as "LAC, War Dead, D.R. Hunter." Letter home to Mrs. Ellen Hunter from the Squadron Commander, 23 January 1944.
- 2 City of Saskatoon Archives (COS), Foster family fonds, Correspondence, 10 August 1940.
- 3 COS, Foster family fonds, Correspondence, 21 February 1943. Edmonton, at this time, saw tremendous activity and growth as it was a major base for American personnel involved with the construction of the Alaska Highway.
- 4 Spencer Dunmore, *Wings for Victory: The Remarkable Story of the British Commonwealth Air Training Plan in Canada* (Toronto: McClelland and Stewart Inc., 1994), 345. In total the BCATP trained over 130,000 airmen between 1939 and 1944 and over 18,000 wireless operators/gunners.
- 5 Dunmore, *Wings for Victory*, 193.
- 6 COS, Foster Family fonds, Correspondence, 29 December 1941. Further to this, David Hunter's efforts at No. 4 Wireless School in Guelph, ON, were initially graded as "Unsatisfactory Progress." However, further down the page it notes, "From the results shown at present, there is every possibility that this airman will graduate with the next Entry," LAC, War Dead, D.R. Hunter, October 1941.
- 7 COS Foster family fonds, Correspondence, 7 December 1942.
- 8 COS, Foster family fonds, Correspondence, 21 February 1943.
- 9 LAC, War Dead, D.R. Hunter. In correspondence dated 27 July 1943, from Air Ministry in London, it stated that David R. Hunter had been recommended for a commission, taking effect 27 January 1943. He was to be stationed at Royal Air Force base at West Frough, Stranraer, Wigtownshire. After checking other records in this file, it appears that for whatever reason, David did not report to this base.
- 10 At a meeting in Casablanca, in January 1943, President Franklin Roosevelt and Prime Minister Winston Churchill agreed to wage an around-the-clock bomber offensive designed to inflict as much damage on Germany as possible. It was determined that the USAAF would attack by day, and the RAF by night. Spencer Dunmore, *Above and Beyond: The Canadians' War in the Air, 1939-1945* (Toronto: McClelland and Stewart, 1996), 281.
- 11 RAF Bomber Command was the British (and by extension Canadian and Commonwealth) entity that directed the efforts of the RAF's bomber forces in World War Two and beyond.
- 12 On 3 November 1943, Bomber Harris in a personal note to Winston Churchill said, "We can wreck Berlin from end to end if the USAAF will come in on it. It will cost between 400-500 aircraft. It will cost Germany the war." Max Hastings, *Bomber Command* (New York: The Dial Press/James Wade, 1979), 257. Spencer Dunmore and William Carter, *Reap the Whirlwind: The Untold Story of 6 Group, Canada's Bomber Force of World War Two* (Toronto: McClelland & Stewart, 1991); Larry Milberry, *Aviation in Canada: Bombing and Coastal Operations Overseas, 1939-1945* (Toronto: CANAV Books, 2011); and Dunmore, *Above and Beyond*.
- 13 The Battle of Berlin was an air battle designed to inflict as much damage on the city of Berlin as possible. It began on 18 November 1943, and ended on 30 March 1944. In the end, it was deemed unsuccessful, Bomber Command lost roughly 2700 aircraft and over 7000 airmen. Hastings, *Bomber Command*, 261.

What's his story?



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White Cap was chief of a group of American Dakota Santee Sioux; in 1862 White Cap's tribe was part of a Sioux uprising in Minnesota. White Cap fled north to Canada, taking his tribe to Fort Garry, thereby escaping the largest mass hanging in American history, at Mankato, Minnesota, when 38 Sioux warriors were hanged. In Canada, White Cap was unwillingly swept into the 1885 Resistance; following Louis Riel's surrender, he was tried for treason but was acquitted. From The Canadian Pictorial and Illustrated War News, Grip Printing and Publishing Company, Toronto, 1885. PAS photo R-D283



ISSN 0036-4908



9 770036 490007

\$8.00 CDN

Volume 68 · Number 1
Spring/Summer 2016



Saskatchewan HISTORY

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Saskatchewan History is a publication of the Provincial Archives of Saskatchewan.