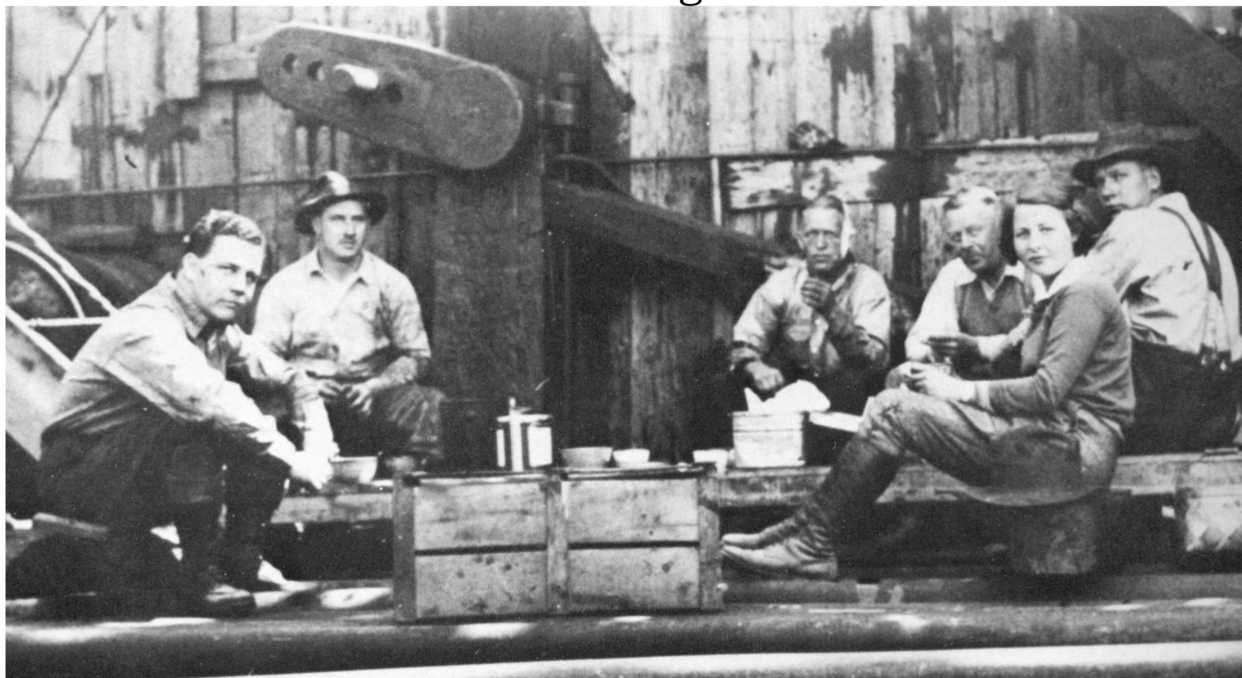
Frank McMahon: drilling for oil and wealth



Frank McMahon and drilling crew in 1932, the last of seven ventures during a period of more than 20 years that failed to find oil in the Flathead Valley of British Columbia, a graveyard of lost hopes and savings. George McMahon, far left, followed by Frank. Photo courtesy Frank McMahon.

A wildcat, in the lexicon of the oil industry, is a well drilled in the hope of discovering a new oil or gas field. Those who drill wildcat wells are referred to, logically enough, as wildcatters. The classic wildcatter risked everything, his own money and whatever he could might raise from backers. Most wildcat wells discovered not oil or gas but salt water, and were incongruously called dry holes. In the legendary stories, debt-ridden wildcatters, after a string of dry holes, found fame and fortune with their last dollars. Perhaps more common were the wildcatters who never hit gushers and died in anonymity. One of the classic wildcatters in the glory age of wildcatting, who did not die anonymously, was Frank McMahon.

McMahon started his working life on a "hard rock" rig, drilling for mines. He became a drilling contractor with a trio of small, diamond-drill-bit rigs, drilling hardrock holes from Alaska to California.

When his rigs for stacked lack of work during the Great Depression, he leased the oil and gas rights under a farm on Lulu Island in British Columbia's Fraser River Delta. He was looking for natural gas in the region's pocket-size basin of sedimentary rocks, hoping to provide natural gas to nearby Vancouver, displacing manufactured gas made from coal and the sawdust that fueled many Vancouver homes. He found only

enough gas to supply the kitchen stove of the farmer's house for 12 years. But he never forgot his ambition to supply Vancouver with natural gas.

After the failure on Lulu Island, Frank and his younger brother George continued wildcatting. With a much larger cable-tool rig needed to drill much deeper for oil or gas, Frank and George drilled a few holes in a remote Rocky Mountain valley in the southeast corner of British Columbia, and in nearby Montana. When the clash of tectonic plates thrust up the Rocky Mountains, a layer of old, granite-hard Precambrian rock in the Flathead valley was thrust on top of younger sedimentary rocks, the source of a trickle of oil that fed a small, enticing oil spring. Drilling through the hard Precambrian rock was slow, and drilling frequently stopped, whenever the McMahon brothers ran out of money, and had to search for more. In the end, the Flathead and Montana wells were all dry holes.

In 1936, McMahon managed to hold off creditors long enough to pay $100 for an option to lease 80 acres of oil rights at Turner Valley in the foothills near Calgary, where the discovery of a big section of oil made this the largest oil and gas field in what was then still called the British Empire. The $100 lease option was the seed for McMahon's Pacific Petroleums Ltd., one of the pioneer Canadian oil companies.

McMahon had not forgotten his hope of supplying Vancouver with natural gas. He organized Westcoast Transmission Company, to transmit natural gas from the Peace River area of northern B.C. In the face of seemingly insurmountable of odds, the 650-mile (1,046-kilometre), 30-inch diameter pipeline was completed in 1957, 27 years after McMahon had drilled for barely more than a puff of natural gas on Lulu Island. The Westcoast pipeline supplied the first natural gas to communities throughout the length of British Columbia, to Vancouver and region, and to the U.S. Pacific Northwest. It was Canada first big, long-distance gas pipeline.

The following portrait of the young Frank McMahon, a hard rock driller on the cusp of his career as a wildcatter, and BC's mining boom and bust era of his time, is the first chapter of my book, Wildcatters: The Story of Pacific Petroleums and Westcoast Transmission, *Toronto: McClelland and Stewart, 1982.*

Francis Murray Patrick McMahon was born with the mantle of a fortune seeker destined to spend his days in quest of a motherlode. He was driven by the unassailable conviction of wildcatters that pay dirt lies just a few feet in front of the drill bit, and all that is required to find it is determination and faith.

The quest involved a series of escalating gambles, and true to the tradition of wildcatters the first results were a string of spectacular

failures. The mark of the true wildcatter is a faith that remains unshaken by a seemingly endless series of holes that have missed pay dirt. He is a man convinced of ultimate success beyond all prudent reason and one able to convince others with money that the next hole is bound to be the strike, the one that will come in. “When a man is exploring for oil, the only reality is the next wildcat, the one that will come in,” Ruth Sheldon Knowles wrote a history of U.S. wildcatters, *The Greatest Gamblers.* “He lives so completely in his undiscovered wealth that the struggle to pay his bills is what seems like a dream.”

In the mining camps of British Columbia at the turn of the [nineteenth] century, thousands of men lived in dreams of wealth not from oil, but from hardrock minerals—gold, silver, copper, lead, zinc. It was at the small Kootenay mining town of Moyie, in southeastern British Columbia, that Frank McMahon was born, the first of three sons of Francis Joseph McMahon and the former Stella Maud Soper. The ore deposit near Moyie, on Yahk mountain, had been discovered nine years before, and the St. Eugene mines was already the largest silver and lead producer in Canada. The bustling town on the shore of Lake Moyie boasted a population of 500, and six hotels, one of them owned by Frank McMahon, senior, and his brother, Pat.

For countless ages, men have been subject to affliction of mineral fever, accompanied by vivid hallucinations of wealth. The future founder of Pacific Petroleums and Westcoast Transmission was probably born with these afflictions, for his father was a roaming fortune seeker and the fever pervaded the air in the mining boom towns that had been splattered on the narrow valleys and steep slopes of British Columbia’s chains of mountains.

“Whether north or south of the line, in British Columbia, Idaho or Montana, men talked of mines, struggled for mines, and founded their laws and industries on mines,” an early historian of the region reported. “Other forms of industry were subsidiary to mining.”

It was just such visions of wealth that, five decades earlier, a gold rush had brought the first large invasion of Europeans into what became British Columbia and triggered much of the rapid development that had taken place. Prior to 1858 there were no roads, no railways, and no towns, other than the village of Victoria with a population of less than 500. There were no outlying settlements other than a few fur trading posts and Indian villages, and no industries, other than the fur trade, and a few small lumber mills at the edge of the ocean. The area was larger than all of Great Britain, Spain and West Germany; the potential was enormous.

The precursor was the California gold rush in 1849. Eight years later, in 1857, news trickled out that a few nuggets had been found along the Fraser and Thompson rivers. The following spring the Hudson's Bay Company's steamer, *Otter,* pulled into San Francisco with a consignment of gold for the U.S. mint, and the blast of the whistle signaled the start of another gold rush. Prospectors heading north had first to obtain a permit in Victoria, where the mineral rights… had been reserved in the name of the crown. In April 1858, the U.S. steamer *Commodore* landed in Victoria with 450 miners, and the population of the seaport doubled. Before the end of the summer, 25,000 prospectors had passed through Victoria on their way to the nearest gold fields.

Along the west coast of the United States, shipping was disrupted as sailors jumped ship, sawmills were closed as loggers abandoned the woods, all of them bound for the gold fields. "None too poor and none too rich to go; none too young and none too old to go, even the decrepit go," correspondent Donald Fraser reported in *The Times,* London.

From the Fraser and Thompson rivers, the searchers spread farther north through the wide and rolling valley of the Cariboo country and up the fast flowing mountain streams, culminating in a site where a brawling Welsh seaman, Billy Barker and six English associates formed the Billy Barker Company to work a group of claims that other prospectors derided as worthless. Judge Matthew Begbie, known as the hanging judge and later Chief Justice of British Columbia, reportedly loaned Barker and his associates $700 to help them get out of the country. Instead, they spent the money to sink a fifty-foot shaft that eventually produced more than $600,000 worth of gold. The town of Barkerville sprang up overnight, claiming to be the largest settlement "west of Chicago and north of San Francisco." Barker spent his fortune even faster than he had made it, found work as a cook in a road construction camp, and thirty years later died penniless in the Old Man's Home in Victoria.

Steamers brought the prospectors up the Fraser River to Yale, and from there it was a journey of five or six weeks overland to the Cariboo gold camps at Barkerville. The cost of moving supplies and equipment to the town was $1,000 a ton. By 1865, the Cariboo wagon road had been built as far as Barkerville under the direction of the Royal Engineers, part of blasted out of the sheer rock walls of the Fraser Canyon, and part of it suspended precariously on trestles. It was the first real road in British Columbia, and along it stage coaches and wagons were pulled by horses, mules, steam tractors, and camels, hauling out gold at rates up to $4.5 million per year.

Production of gold washed from gravel at B.C.'s placer mines reached its peak in 1867, but four years later it had fallen off by two-thirds. By the time the Canadian Pacific Railway was completed in 1886, these mines were nearly all exhausted. The Cariboo gold mines were no sooner depleted than farther north, in the Yukon, the even more spectacular Klondike gold rush was on in 1898. An estimated 300,000 people set out on the trek to the Klondike. Some 50,000 actually got there. "They're all millionaires in their minds," wrote Robert Service of the travellers on the trail of '98.

Although the first lush pickings from British Columbia were soon exhausted, the fortune seekers had paved the way for permanent settlement, leaving in their wake roads, bridges, towns, farms, sawmills, and other enterprises. Some who came in search of instant wealth stayed to pursue more permanent, if less spectacular endeavours.

Of far greater and more enduring permanence than the gold fields were the base metal mines that followed, centred chiefly in the Kootenay region, a 10,000-square mile area of remote mountains and lakes. During a 10-year period starting in 1883, a rash of ore discoveries dotted the region, and production of copper, lead, zinc and silver made British Columbia Canada's largest mineral producing province by the turn of the century. Instant mining town sprang up: Rossland, Trail, Nelson, Kaslo, Kimberley, Moyie, and a host of others. More roads, bridges and hundreds of miles of railway branch lines were built, and smelters were erected. A typical Kootenay mining town are the turn of the century featured "prize fights in theatres, keno tables in gaming houses; boa-feathered dance-hall girls; bars, and orchestras and bands which played round the clock," according to B.C. historian Margaret Ormsby in *British Columbia, a History.*

Among those who had come to find their fortunes in the glittering mining camps of the west were two lean and hardy brothers from York County, Ontario, Frank and Pat McMahon. They joined the Klondikers on the trail of 1898 to Dawson City, where Frank sought his fortune in the gold fields , while brother Pat looked for his at the card tables. Neither one yielded any great fortunes for them, but the two brothers appear to have left the Kondike with some savings and were soon looking for fresh opportunities in the new mining towns of the Kootenays. The start of the twentieth century found them owners of the small Moyie hotel.

At Moyie, Frank's fancy was captured by a petite young music teacher, and in 1901 he married eighteen-year-old Stella Maud Soper. Work on the railway branch lines being built to haul ores and metals from the new mines had brought the Sopers to Kootenays, and the family appears to have been as adventurous as the McMahons.

In the 1880s, U.S. railways were making strong bids to capture the business of hauling ore from the Kootenay mines. The Northern Pacific Railway, the Great Northern Railway, and others were already moving the ore from mines in Montana, Idaho, and Washington, the "Inland Empire" immediately south of the border. Only short extensions would be required to haul the Kootenay ore to the smelters already operating in the Inland Empire, principally at Spokane. To head off rival U.S. railways off at the pass, as it were, the CPR had purchased the largest smelter in the Kootenays, built at Trail in 1895 by U.S. copper magnate Frederick Augustus Heinze. A pair of mines at nearby Rossland and the Ste. Eugene mine at Moyie were contracted to provide ore for the Trail smelter. With the ores and smelter under its control, starting in 1898 the CPR was then able to build its Crowsnest branch line from Lethbridge, Alberta to Kootenay Lake. One of the contractors engaged by then CPR to build bridges was Major Soper.

The younger Frank McMahon was born in Moyie on October 2, 1902; the second son, George, in 1904; and the third son, John, in 1905. Much later, Frank McMahon recalled his early childhood days at Moyie in an interview:

Then as now, I suppose, small children didn't spend too much time worrying about whether their families were rich or poor as long as they could get outdoors and play games and get enough to eat; and I think that was the case with me. I have the feeling we made a decent living, at least until the Ste. Eugene mine played out. Probably the best way of putting it is that I never had the feeling as a small boy that we were absolutely poor, but looking back I suppose we weren't absolutely affluent, either."

The three young McMahon boys were, in any event, left with few childhood memories of their father. The third son, John, was only a few months old when the elder Frank McMahon set off once again in search of fresher fields. Seven decades later, the younger Frank McMahon spoke about his father:

"I guess you could say that both my father and his brother, Pat, were members of a breed that has long since vanished; self taught prospectors who would get together a grubstake and then go out on their own or for anyone who would employ them for a few months or a season and roam the countryside looking for a big strike. Much more often than not, of course they didn't hit it, but if and when they ever did they would settle down for a few months or a few years until the wanderlust hit them again, and then they'd move along. We think of them as drifters or boomers, and that's exactly what they were; but it's probably fair to say in the process they did a lot towards opening up the country and making it

possible for a lot of other people to earn a pretty fair living… I honestly don't believe there was any deep bitterness involved in my father and mother going their separate ways. It was simply that my father felt he had to follow the mining booms wherever they took him, and he liked the atmosphere of the boom towns."

Frank McMahon soon lost touch with his former wife and young family as he wandered across the West. He and Pat were in San Francisco at the time of the 1906 earthquake and fire that destroyed much of the city. The next year the brothers were back in the hotel business, with two small hotels in Oregon. Frank then turned up in the Peace River country where, with backing from German financial interests, he was involved in a land development project. That fell through with the development of the first World War. In the 1920s, Frank owned a wooden framed, three-storey, flat-roofed hotel in the booming B.C. coal mining town of Coalmount.

The hotel, a splendor in its day, had been built in 1911, but it fell on hard times after one of the original owners had been shot and killed in a hotel poker game. Nestled in the narrow valley of the Tulameen River beside the CPR's Kettle Valley Railway line, Coalmount called itself the "City of Destiny," but after an underground explosion killed 45 workers in 1930, the extraction industry soon petered out. By 1981 Coalmount was largely a ghost town, but the hotel still stood, a living museum of the past, with a beer parlour operating in a tiny corner of the ground floor.

The depression years of the 1930s brought higher prices for at least one commodity, gold, and a revival of the old gold camps, including historic Barkerville. It and a few other sites were the only boom towns left, tiny islands of relative prosperity in the ocean of Depression. Here the elder Frank McMahon spent his declining years, a white-thatched courtly gentleman with black bow-tie and polished black shoes, in a two-storey, false-front, clapboard building that contained living quarters and a confectionary shop called "The Red Front Cigar Store." He sold milkshakes in the front and whisky in the back.

The senior Frank McMahon had left Moyie just before the big Ste. Eugene mine had suddenly and unexpectedly run out of ore. In 1906 the CPR had merged the smelting operations at Trail with its main ore suppliers, the War Eagle and Centre Star Mines at Rossland and the Ste, Eugene mine at Moyie, to form Consolidated Mining and Smelting Company, now [1981] Cominco Limited in which the CPR still holds a majority interest. The merger had hardly been completed before Consolidated Mining was left looking for a new supply of ore to keep its smelter busy. It turned to nearby Kimberley, where it eventually developed the largest lead and zinc mine in the world.

In 1892, two groups of claims had been staked by prospectors on either side of a turbulent mountain stream called Mark Creek. To the north were claims with such names as North Star, Full House, Queen of the Hills, and Good Luck, while to the south were the claims staked by a red-headed Irish adventurer, Pat Sullivan, and two partners. The North Star mine was brought into production by the Canadian Railway contractors William Mackenzie and Donald Mann, and the Sullivan mine was developed by Spokane interests. The Spokane investors, dreaming of rewards as rich as the fabled diamond mines in South Africa, called the new town Kimberley.

Kimberley sprang up like a typical, instant Kootenay mining town: a ramshackle collection of tents, cabins, bunkhouses, a few houses and false-fronted business buildings, board sidewalks and mud streets. "Since the branch line to Kimberley is practically assured, the camp is experiencing considerable activity in real estate and mining," the Kimberley *Prospector* reported in 1899. Another edition of the *Prospector* that year reported this advertisement: "Wanted—white laundry. Support of citizens guaranteed. Object being to get rid of Chinese."

Major Soper appears to have been involved in the construction of the CPR's branch line from Cranbrook to Kimberley, and in the early 1900s his wife, Mary Soper, purchased one of Kimberley's first buildings, the three-storey North Star hotel, boasting the town's only elevator. With Moyie sliding into oblivion, prospects seemed much better Kimberley, and 1907, Stella McMahon and her three young sons moved there and took up residence with Mary Soper. A local history of the area, *Mountain Treasures,* reported that the town at that time "consisted of the railway station, the North Star Hotel, and a very few small stores and houses."

Despite initial optimism, the early fortunes of the Kimberley mines were erratic. Most of the North Star was mined out by 1905, and production dwindled until it was finally shut down in 1910. The Sullivan Mine, meanwhile, was having trouble with its much larger ore body. The original smelter was unable to extract the zinc satisfactorily, a problem that was to take Consolidated Mining and Smelting, after it purchased the Sullivan mine in 1910, a decade of intensive research to resolve fully.

Kimberley was no longer a booming mine town when the McMahon's arrived in 1907. The town's first school had opened in 1900 with twelve students, but by 1908 it was shut down for lack of pupils. "A few children were given instructions by a teacher who came to Kimberley [from Cranbrook] and taught lessons in the North Star Hotel," according to *Mountain Treasures.* "A one room-school was reopened in 1919 [when the McMahon boys were aged nine, seven and six years], but in order to maintain the minimum eight pupils required by the Department of

Education, the attendance records were padded by having a couple of under-aged children warm the desk seats for a few hours each day."

The McMahon brothers grew up in Kimberley under the watchful eye of a strong-willed mother filled with great ambitions for her sons. Life in a frontier mining town offered young boys ample scope for adventure and outdoor activities. Young frank developed a special pal, a pet bear that had been given to him as a very young cub buy a prospector. Frank fed the infant with a bottle until it learned to eat solid food, and for nearly a year the growing bear roamed the hotel like a shaggy dog. Out-of-town visitors would drop over from the railway station to see the town's pet bear, but as it grew it became more difficult to keep. Frank had a special affection for his half-tamed, cage-crashing pet, perhaps because they were kindred spirits, both consumed by restless energy, determination, and yearning to roam free.

Frank completed his first eight grades of school at Kimberly, attended Western Canada College in Calgary for one year, completed high school at Whitworth College, a Roman Catholic institution in Spokane, and then attended Gonzaga University in the same city. One of Frank's younger classmate earned pocket money by singing at smokers, boxing matches, and private parties. He became a life-long friend: Bing Crosby.

Summer months during the university years Frank spent at Kimberley, working at whatever jobs were available and playing baseball every opportunity he could find. "He used to hitch rides on the freight train into Cranbrook to play in ball games," recalls a contemporary of the Kimberley days, Grennie Musser. "It was illegal..., so Frank would hop off at the edge of town." He played shortstop and catcher, and was good enough that at Whitworth he was scouted by professional teams and briefly envisioned a career as a professional ballplayer.

During his third year at University, as restless as his caged bear in Kimberley, Frank dropped out of school for a short-lived career as a salesman, selling gasoline coup books door-to-door for Standard Oil of California, before finding his first real vocation, as a hardrock driller.

It was a job fit for the McMahon spirit: hard work, danger, good pay, travel to the remote and wild places of the west, and the excitement of the mining towns, tamer now than in the earlier boom years but with something of the old atmosphere still prevailing. He started out in Kimberley as a helper for the Mitchell Diamond Drilling Company of Spokane on a three-man crew and was soon a diamond setter, working in the mines out of Sandon. Once known as the "Capital of the Silvery Slocan," Sandon in 1898 had boasted a population of 5,000, with 24 hotels, 23 saloons, stores, mining brokers' offices, and newspapers.

When the silver mines shut down, Sandon became a ghost town. But in the 1920s new mining an metallurgical processes made the recovery of lower-grade ore attractive, and Sandon experienced a second min-boom, with a population this time of only several hundred. The miners worked eight hours a day, seven days a week, for $4 to $5 a day. At a reunion of Sandon miners held in Vancouver in 1980, James Wallace recalled that in the 1920s the town had "four or stores, two schools, a hospital, four or five hotels, but no saloons. The coming of Prohibition a few years earlier had put them out of business. But in spite of prohibition there was no serious drought. Some of those fancy ladies of the old days stayed on and now… they survived by dispensing liquor to thirsty miners."

In 1926, McMahon moved to Vancouver, joined his mother and two brothers, and opened an office for the Mitchell Diamond Drilling Company. John and George McMahon were both in the investment business in the city, selling insurance, municipal bonds, and stocks. In 1922 his mother married again, this time to Owen C. Thompson, a Kimberley mining engineer. Thompson had taken a lease on the abandoned North Star mine in 1918, and for two years he had successfully shipped ore from the tailings dump and shallow surface diggings. In 1926, the Thompsons moved to Vancouver, where Owen would soon become associated with one of Frank's early oil ventures.

McMahon became a drilling contractor in 1927. On the strength of a contract from British Metals Corporation, then exploring on Vancouver Island, be bought a small diamond-core rig, powered by a Ford automobile engine, from the Mitchell Company. In an interview in 1981, McMahon recalled that working for the Mitchell company he had been making

> more than most people were making, seven or eight dollars a day, sometimes a little more than that. I could save money because it didn't cost me any more to live than an ordinary driller. So I came up with a few thousand dollars, and when I went into the diamond drilling business I was able to make a few payments and then I borrowed the rest of it, and paid for the equipment as I did some drilling.

McMahon soon had three drilling rigs, and he worked with his crews on contract jobs along the West Coast, from California to Alaska.

There were slack times, however, when the rigs were idle, and between contracts McMahon tried his hand at whatever would turn a dollar. In 1928, he returned to Vancouver from California where he had been drilling on the twenty-five-mile tunnel in the Coast Mountain range

through which San Francisco receives its water supply from the Hetch Hethcy Reservoir, 167 miles away. The rigs were stacked in Vancouver, and for several months McMahon knocked on doors, selling oil furnaces. Basically a shy person, the man who would later make million dollar deals with some of the biggest financial institutions did not find it easy selling door-to-door. He would walk several times around the block before knocking.

When Frank returned to Vancouver from the job in California, his brother, George, was dating an attractive young lady, Jessie Grant. Frank met Jessie' sister, Isobel, a stunning attractive blonde, and promptly announced to George, "I'm going to marry that girl."

They were two of four daughters—and one son—of John Grant, who had retired to Vancouver in middle class affluence after operating a coal mine on Vancouver Island near Nanaimo. Isobel had dropped out of her third year at the University of British Columbia to take a secretarial course, much to her father's chagrin. By the time she met Frank, Isobel was working as a private secretary, had a second job at the Vancouver Stock Exchange in the evenings, was successfully dabbling in the commodities market with another secretary, had saved enough money to buy a car, and had no intention of getting married.

Frank courted Isobel with the same earnest determination that he threw into every job that he tackled. Virtually every day he called on her at the office for lunch, and again in the evening for dinner. As husky and lean as a stevedore, he sported a straw boater bought in California that did not entirely shade his intense and serious face, but the infectious, broad Irish grin was not yet as frequent as it was to become. The hard-working driller from the mining camps of the Kootenays had had little opportunity and less time to participate in the type of social activities enjoyed by young people from middle-class Vancouver families in the Roaring Twenties. But he was an apt student and carefully studied the manners and diversions of his new circle of friends. He was determined to be in the swim of things, even though he could not swim. At a beach party, he amazed Isobel and her friends by boldly walking into the Ocean wearing a pair of water wings.

Frank was persistent, and he and Isobel were married in the Grant house at 2547 Spruce Street on September 17, 1928. The wandering senior McMahon was not present, and if anyone knew where he was , no one admitted it. A brief account of the wedding in the Vancouver *Sun* identified the groom as the "son of Mrs. O.C. Thompson of this city and the late Mr. McMahon."

The winning of Isobel had not been easy, for he had to convince not only Isobel but also her father.

“How to you intend to look after her,” John Grant had asked.
“Oh, I intend to look after her very well,” McMahon replied. “I am going to be a millionaire.”

Spoken like a true wildcatter. But there would be more than two decades of very lean and hard times, through the Great Depression years and beyond, before Frank and George McMahon struck pay dirt.