

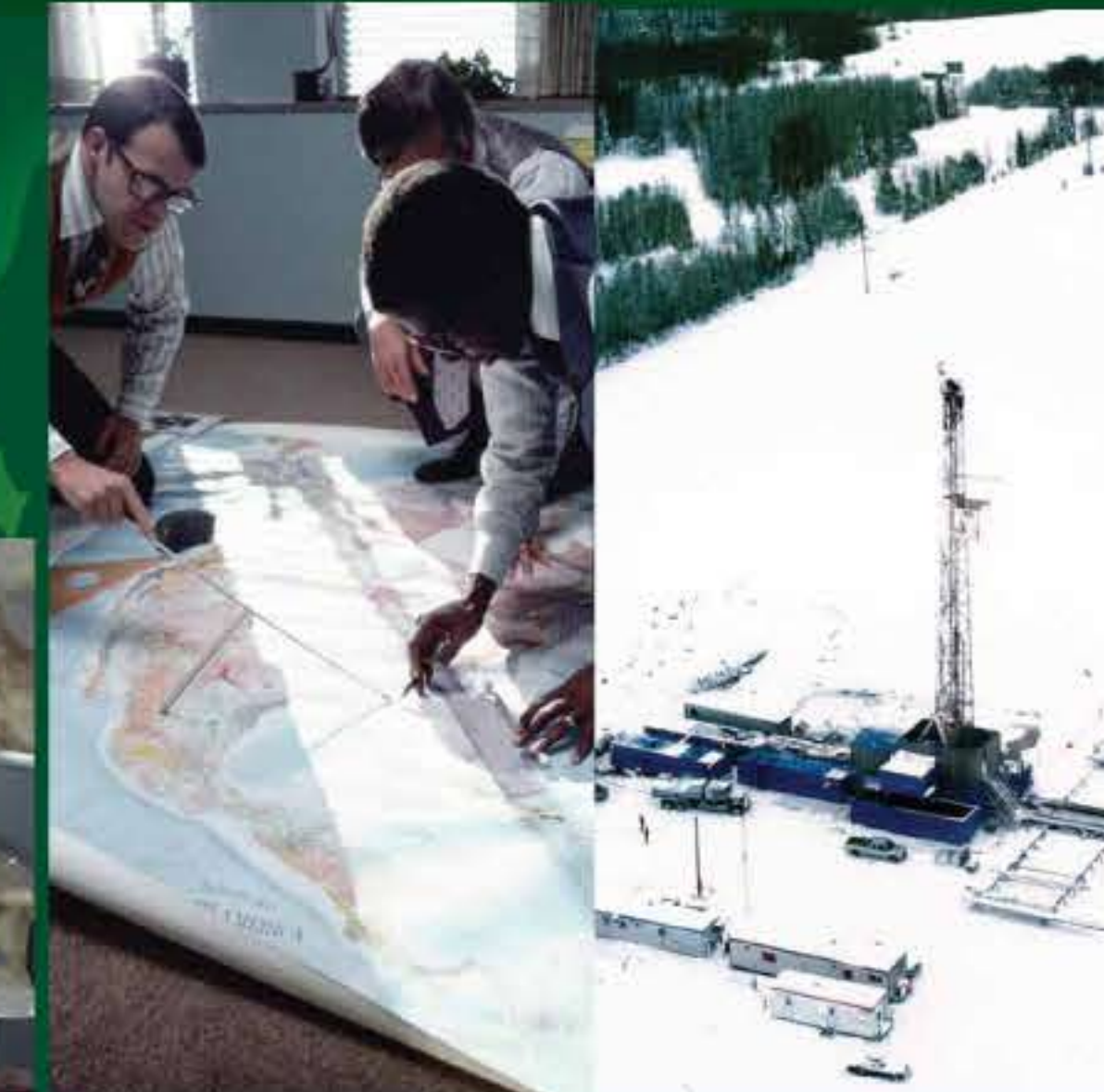


# OUR HERITAGE: EARLY AMERADA



Ed George, J.F. Hesterman, A.R. Denton, L.B. Sniker, T.M. Regisbak, W.A. Bristess, Roy Gilmore, J. J. Vore, C.B. St. J. 288, C. M. Hudson, E.A. Obering, C.R. Hoots, Van Wagon, R.A. Birk, C.R. Thomas, Marjorie Spoo, Sidney Powers, D. L. R. Kelly, H.G. Schickler

AMERADA PETROLEUM CORPORATION  
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## AN EARLY PIONEER

Amerada Petroleum was formed in 1919 by a British consortium led by Sir Wheatman Dickson Pearson and took its name from the countries where it was to focus its oil and gas exploration - the first part of "America" and the last part of "Canada."

After its first drilling effort resulted in a dry hole, Amerada went on to produce a total of 267,000 barrels of oil in 1920.

The company soon hired geophysicist Everette DeGolyer, a pioneer in oil geology research. DeGolyer's systematic methods helped Amerada not only find oil deposits faster but also pick up fields missed by competitors. DeGolyer served as president of Amerada from 1929 to 1932. Much of the company's exploration success was built on the use of new geophysical techniques it perfected, including early seismic surveying using World War I equipment. An example is the Amerada Bomb, a mechanical tool to measure down-hole pressure and temperature, which enabled reservoir engineers and geophysicists to determine well bore and reservoir capacity and performance. In recognition of the technology's historical significance, the first gauge is displayed at the Smithsonian Institution.

## AN EARLY PIONEER

Amerada was nationalized in the 1940s by the Churchill government to supply oil during World War II. It was privatized in the 1960s by the Wilson government as part of its strategy to infuse the UK economy through rapid scientific progress. Amerada has the unique distinction of being nationalized by a Conservative government and privatized by a Labour government.

After World War II, Amerada began exploring overseas and during the 1950s entered pipelining and refining. In 1963, the company formed a consortium with Amoco, British Gas and Texas Eastern to participate in the first licensing round in the UK North Sea, a region that became - and is still today - essential to the company's success.

It continued its overseas exploration through Oasis, a consortium formed in 1964 with Marathon, Shell and Continental to explore in Libya.

By the mid-1960s, Amerada was considered one of the largest independent producers of crude oil in the world and a leader in exploration technology.

## BUILDING SCALE

One of the most defining moments in company history was the formation of Hess Oil Virgin Islands (HOVIC) and the building of one of the world's largest and most sophisticated refineries on an 800-acre site in St. Croix. Processing 55,000 barrels per day, it increased Hess' crude refining capacity by nearly 50 percent and, by its strategic location, enabled Hess to serve growing markets in North and South America.

That same year, Hess acquired 10 percent of Amerada for \$100 million from the British government. In 1969, it beat out Phillips Petroleum and merged with Amerada to form Amerada Hess Corporation, a world-class integrated oil company.

Hess took a three percent interest in the construction of the 800-mile Trans Alaska Pipeline System in the 1970s, gaining access to reserves from the state's North Slope.

By the early 1980s, Hess was the third largest operator in the UK North Sea. Ivanhoe/Rob Roy produced as much as 50,000 barrels of oil per day at peak from one of the largest Floating Production Facilities, Scott, with recoverable reserves of nearly 450 million barrels of oil and 238 billion cubic feet of gas, was one of the richest fields, producing 200,000 barrels of oil per day during its early peak.

## CREATING INNOVATION

Amerada Hess continued to innovate after the merger both upstream and downstream.

It built the first deepwater production platform from concrete in the 1970s with the massive Beryl A in the Norwegian North Sea. Also in the 1970s, it converted stations to self-service, pioneering the "gas and go" concept. Three decades later, it added food and convenience items to create the family friendly Hess Express concept, which earned recognition as C-Store Chain of the Year.

In 1988, Hess formed a 50/50 joint venture with Petroleos de Venezuela, S.A., called HOVENSA L.L.C., to own and operate the St. Croix refinery. The agreement significantly reduced Hess' capital investment and ensured a long-term supply of heavy Venezuelan crude oil that covers the lion's share of the refinery's operating needs.

An innovative compliant tower, taller than the world's largest building, enabled the Baldpate Field in the deepwater Gulf of Mexico to produce 40,000 barrels of oil and 150,000 metric cubic feet of natural gas per day.

The AH001 Floating Production System was the first truly successfully floating facility to be deployed in the North Sea, winning the Queen's Award for Technology along the way. Becoming a leader in floating and subsea technology, Amerada Hess also logged the first full-field development in the North Sea using an FPSO when Angus came on stream in 1991. By the late 1990s, the company was the largest operator of subsea wells in the North Sea.

