

Rex Buchanan: Good afternoon. I'm Rex Buchanan, former director of the Kansas Geological Survey. Today is December 28, 2023. We're here today to interview John O. Farmer III for the Kansas Oral History Project. Our videographer is Michael Quade. We thank Mr. Farmer for hosting this interview in his company's boardroom in Russell, Kansas.

John is the chairman of the oil and gas production company named after his father, John O. Farmer, Inc. [John O. Farmer III] is a 1963 graduate of the Missouri School of Mines where he earned a bachelor's degree in petroleum engineering. In 1995, John was awarded a professional degree in petroleum and geological engineering by the University of Missouri, Rolla.

John's work as an engineer began with two years of active duty with the Army Corps of Engineers in Germany after graduating from college. Once back in the US, he went to work for Shell Oil Company where he held several positions. John left Shell in 1969 and joined his father's oil and gas production company, John O. Farmer, Inc., in Russell. He served as President of the company from 1989 until 2015, when his son became President. John was President of the Kansas Independent Oil and Gas Association [(KIOGA)] in 1998-'99.

This interview is part of the Kansas Oral History Project's series examining the development of public policy at the nexus of energy and the environment during the late 20th and early 21st centuries. In these interviews, we explore these policies through the eyes of experts, executives, administrators, legislators, environmentalists, and others.

The Kansas Oral History Project is a nonprofit corporation created to collect and preserve oral histories of Kansans who were involved in shaping and implementing public policy. Recordings and transcripts of these oral history interviews are accessible online at ksoralhistory.org and through the Kansas Historical Society and the State Library of Kansas. The Kansas Oral History Project is supported by donations from generous individuals and grants from Evergy and ITC Great Plains.

Thank you, John, for agreeing to share your insights with us today, and thank you, Michael, for providing your videography skills.

So, with that, John, let's talk a little bit. Let's start a little bit about your career. Obviously, you're from this area. You go to school. You go to work for Shell, but you come back here for your father. Talk a little bit about your father and this company.

JF: There's a lot of incredible stories, and ours is just one of many. The old guys did it right, I tell you. My father graduated from Missouri School of Mines in 1933. I graduated thirty years later. But our family was from Missouri, the little town of Willard, Missouri. [My grandfather], John O. Farmer, ran a general store, and during the Depression, went broke, giving loans to people that couldn't pay their bills.

My father's inheritance was a cigar box full of IOUs.

So, [my father] graduated [from high school] in 1929, had \$50 [in his pocket], went to Rolla [MO], and became a petroleum engineer he worked for Carter for a while, and then he worked

for Otis Pressure Control, a division of Haliburton. He was their first engineer. He had an incredible career. He invented the storm choke for Otis. It's used all over the world.

They formed a company called Jones, Shelburne, and Farmer. They were some real superstars there: my father, Shelburne who was my uncle, who'd been in the oil business since the [19]30s, and Fred Jones who was an orphan with a third-grade education. He was good friends with Henry Ford. He wanted to get enough money together to build a Ford assembly plant, and he did it in Oklahoma City [OK]. He then went into the oil business with us, and he started another oil company. He was also the founder of Braniff Airlines. So, this guy was what you'd call a serious business guy. There's a statue of him in downtown Oklahoma City, and that was very unusual.

In 1946 when they began, it was the year after World War II, and Congress had passed taxes up to a 94 percent tax bracket. It was a great incentive for people with a whole lot of money to invest even if they got dry holes. A lot of the early drilling was based on tax money, in fact, for years. We did, actually, some random drilling. We did a project, for instance, with Phillips Petroleum. We drilled on school land in Nebraska, and we found the Sleepy Hollow Sand. We didn't find the Sleepy Hollow Pool, but that's how they did it.

My father was in Oklahoma City, visiting with an old-time geologist who went to Harvard. They had lunch together, and he said, "Say, John O, I have an idea." He pulled out a napkin. He said, "South of Norton, there was a dry hole drilled. It tested 400 feet of water, but I ran the samples on it, and it had a show of oil on it." He said, "About five miles up here, there was a well drilled that had no Arbuckle." He took his napkin, and he took a ballpoint pen, and he drew a big circle. He said, "I think somewhere in there is a stratigraphic Arbuckle trap."

Dad takes that napkin and sticks it in his pocket. He comes back here, and based on that information, they leased it, and they drilled it, and they found the Norton Pool. It was 125 Arbuckle wells, average recovery over 100,000 barrels per well. That was [a huge] discovery, and the KGS wrote several books on it.

RB: Is he headquartered here in Russell at that time?

JF: We started in Great Bend [KS], and then we had all this drilling was in the Russell area. We only had one car. We couldn't afford another car. We actually lived in a hotel when I was a little guy.

RB: In Great Bend?

JF: In Great Bend. One year.

RB: And this is what year roughly?

JF: [19]46, [19]47, we came here. This was really a boom town.

RB: In Russell.

JF: In Russell, it really was.

RB: Central Kansas Uplift really is, drilling around here really gets going in a big way about then and then the early fifties especially, right?

JF: Yes. We're now celebrating the 100th anniversary. Carrie Oswald [oil well] was discovered on Thanksgiving Day. Last Thanksgiving was the 100th year, and we've had a parade to celebrate and our Christmas parade.

RB: So, by this point, he has his own company by himself in the late [19]40s, your father?

JF: No. They agreed to buy each other out at death, and they were all still alive.

RB: So, then does he [drill], in addition to the stuff in Norton, right around here?

JF: Everywhere. I'm amazed at the amount of oil those guys found. They had a nose for it.

RB: They're also starting to use some of the new techniques to go out, using seismic and stuff like that to look in ways—

JF: We actually started a seismic company in the [19]50s, single point seismic. We put together trucks and everything. We did that for a while, and then we gave the seismic stuff to Missouri School of Mines.

RB: And you have memories of that as a kid?

JF: Yes.

RB: Did you go out in the field with your dad and that kind of thing?

JF: I can remember spending Christmas Day in a doghouse. It was the real deal. He had these phones at home. You can imagine, he operated three or four rigs, how busy he was. So, I got a good whiff of it.

RB: When I look at maps of this area, the number of holes around here are just incredible. I think I've read that this is one of the most densely drilled geologic provinces anywhere. That must have been quite a time.

JF: Yes. These wells were drilled with cable tools. That would take about a month to drill a cable tool well. Then they finally got to rotaries, and you could drill it in a week. For instance, this pool where the Carrie Oswald was has been pretty well drilled up, but the feature itself is a huge Lansing anticline.

About ten years ago, we went on the north side of it to see if we could find Arbuckle or Simpson Sand. I was a little bit nervous when we drilled the first well, and we were thirty-five feet low on the Lansing, but we did find Arbuckle and we did find Simpson Sand. It was incredibly good production, and we used 3-D seismic to imagine an ancient shoreline for the Simpson Sand. It wasn't very big. The wells were very prolific. So that kind of made us feel good to be able to do that in the old area.

RB: Back in the [19]50s, they would have been using seismic, but there was also a lot of step-out development, and I suppose just some plain, old-fashioned wildcatting kind of stuff, right? Did you guys have your own drilling rigs?

JF: We had five of them.

RB: Really? Wow.

JF: We came here, and we were spending Fred Jones's money. We had five rigs. So, we were a serious new kid on the block back in those days.

RB: That must have been kind of a wild time.

JF: Yes, it was really wild. My father had a wonderful job with Otis Pressure Control in Dallas [TX]. I was born in Dallas. He was their first engineer. A few years later, he had a hundred engineers working for him, including Red Adair. He hired Red Adair. He had this opportunity. He came up here. When he arrived, he found out my mother was pregnant. They drilled thirteen straight dry holes. They didn't get off to a very fast start. So, it's quite a story.

RB: You didn't immediately move into the family company, right?

JF: No. I went to a really good school, and I actually worked for Shell in college. I wanted to get some major oil company experience, and, boy, did I get it. I worked with them about six years. I spent six months in their various schools in Houston [TX], a wonderful education. I was in Oklahoma. We were doing air gas drilling in eastern Oklahoma and Arkansas. I was watching 20,000-foot wells, and then I go to Illinois, and put in an aqueous sulfonate water flood and then on to Wyoming and Montana. I worked on big projects.

RB: So, you were really getting a background in a lot of different geologic areas compared to what the world would look like here?

JF: Yes.

JF: Yes. With Shell, money's no problem. I would recommend things, and they'd spend half a million dollars, come back to Russell, and I'd think about running a packer in a well to save a few hundred dollars. It was just a different world, but it was a wonderful training ground for me.

RB: So why then did you come back when you did? And this is 1966?

JF: [19]69. I was moving well with Shell. I'd have done okay with them, but my dream was to be here from Day One. The company was born, began when I was six years old, and I claimed to be part of it at age 6. There was no question what I wanted to do.

RB: Really?

JF: Yes.

RB: When you came back and went to work, in effect, you're working for your father, right?

JF: That was no problem. I put together some large, unitized water floods, and it became apparent to him real quick that I knew a whole lot more about it than he did. He just turned it over. We complemented each other very well. We worked together 20 years, and then he passed away. I have worked with my son, John for 33 years. So, we have wonderful family relationships.

RB: Let's talk a little bit about secondary recovery and water flooding. By the time you come back, are most people doing that in this area?

JF: Yes.

RB: So, it's a fairly common technique?

JF: That's what I specialized in, unitization and water flooding. I did a lot of that, including the big projects in Cedar Creek Anticline in Montana. In Kansas we have small waterfloods that are usually pretty easy.¹ We're still doing it today. We're buying properties that we think we can improve, and a lot of it is water flooding.

RB: So, in some respects, that background comes in really handy when you come back here?

JF: Really handy.

RB: Because kind of the days of that big primary production are over, probably pretty close to over by the time you come back, aren't they? So, water flooding then is just kind of a way to keep after it in a big way?

JF: Yes. It's not a big way. We have diversified. Our heart is in the oil business. It will always be. After I'm gone, I want this office to keep going. I think it will.

RB: So, you said you worked for your father for 20 years. How did that work? Were you always, was he always in charge of the company until—?

¹ Sentence clarified by John O. Farmer III during transcript review.

JF: No. He would go south for long vacations. I'd just run the company. We had total confidence in each other. There was no second-guessing. I have the same relationship with my son.

RB: So, when you begin to do that in addition to the water flooding kinds of projects, anything else, directions that you moved?

JF: I did a lot of property purchases. We are pretty good at that. We bought Dreiling Oil, a pretty good-sized company, and we stayed with it and improved it. They got a fair price. We got a fair price. It has paid out, and we're doing some water flooding and drilling on it. So, that's just right down our alley.

What we don't want to do is what Warren Buffett calls "cigarette butt investing," where you pick up a portion of a cigarette, take a couple puffs, and it's over with. We want properties with a life to them.

RB: So, you've seen a ton of changes in the industry over this time?

JF: Yes.

RB: You've also seen a bunch of these boom-bust cycles?

JF: Yes.

RB: I'd have to sit here and think a little bit about how many you've been through, but you've been through some pretty severe ones. Are you buying those other companies on the downside of some of those cycles? Or is it just—

JF: We try to do the best we can to manage the risk and be aware of where the prices are. We just want to focus on good-quality projects and pay a fair price for them. We want them to be long-lived if possible. When I was KIOGA president [19]97- [19]99, the oil price went down to \$9 [per barrel]. I'd been here for thirty years, and everything we had was worthless. It was devastating. That was the year that some of the oil people from Great Bend marched on Topeka. It was a disaster.

We drafted an agreement with the landowners. We'd take it out to the landowners and agree to just shut in all the wells, and we did that for a couple of years. That was [19]99. I thought, "Man, I'm going to turn out the lights. This thing is over with."

And then something happened. A year later, I saw a 3-D seismic that Murfin [Drilling Co., Inc.] did, north of Hays [KS], and I couldn't believe it. It was a narrow Arbuckle field, and they could see it. I said, "3-D's right here right now."

One year we didn't drill anything. The next year, we drilled one 3-D well and got it. Then the next year, we drilled ten. We got nine out of ten. Then we were off. We drilled thirty to forty

wells a year on 3-D seismic, and the oil price was going up, and we had twelve years of great success on a drilling program that was previously just a busy program. We were now creating wealth.

So that was something else to see, that kind of a change. We're kind of back now at a very unstable price. The 3-D is a mature play. You're just finding acreage you want to go after that's probably been shot.

RB: Let's go back to the bust part of the cycle a little bit. You don't just go through that in the [19]90s. There's also a period in the [19]80s.

JF: My whole life, we were going through that.

RB: Up and down.

JF: Yes.

RB: It has not just an effect on you as an operator, but you drive through all these little towns. They used to have service companies.

JF: Yes.

RB: Through those busts in the [19]80s and [19]90s, they go away.

JF: Yes. We made a huge decision in 1990 to diversify. We started out in the stock market because the stock market moved in the opposite directions of oil price over a long period. We did that. We thought we could use the same technique we used to buy oil property to buy stock or to buy other companies, and we did that. We've done really well with that.

RB: One of the things, I remember in that period that you're talking about in the [19]90s when prices got down to \$9 a barrel. I remember talking to a friend of mine, and the consensus was oil will never go below \$20 a barrel ever again because there's—there's sort of this sense of peak oil and there's shortages.

JF: Peak oil was a Shell guy that did it.

RB: Prices can never go low again, and then they turned around, and they did.

JF: I know.

RB: [Laughter] I'm sure you do.

JF: We rode that for a long time. We did that. Fortunately, we were a mature enough company. We didn't do anything really stupid. We could afford to do that.

RB: That boom-and-bust cycle, and we'll back up again here in a second. Then it really manifested itself in, let's call it, 2009-2010 when people go crazy down in Oklahoma, and it comes up, the Mississippian play comes. Did that affect you very much, this far north, that process?

JF: No. We had no production in that area, but I'll tell you, when I was with Shell, they were drilling near the town of Hennessey in northern Oklahoma. I was watching a well there. You could drill almost anywhere in that area, and you would have a huge gas well, I mean, 50 million, and it would last a year. Then it would turn to oil. We were coring that Mississippi at a 45-degree angle, and I was out on this well, catching those cores and describing them and carrying them back into the core lab. And Shell determined that there was not enough matrix porosity to hold commercial reserves, and that was a long time ago when we did that. So, I got my eyes opened then.

I looked at the [Mississippi] play, but I was worried about it. I really thought all the money that all those majors spent on that, and Shell was one, if they'd had some old-time Kansas geologists describe the Mississippi, they may not have done that.

RB: I watched that thing really close. A lot of people did. It looked to me like it quickly went from something that made some sense to something that didn't make any sense, but there were a lot of bad decisions that got made in that process.

JF: Shell made a bad decision.

RB: They, among other people, and it drove up leasing prices in places. . .

JF: Our leases went from \$10 an acre to \$200, and it really slowed things down. What it did was slow everything down. I have some friends in Oklahoma that are drilling horizontally and fracking, but it's a variety of zones like granite wash and different zones, and they're doing it successfully, but that's a special game you play.

RB: Before we back up again a little bit, do you do much in terms of the horizontal activity?

JF: No. We participated on a well in northern Montana, not five miles from Canada. We set pipe on it, a Bakken well, and started completing the thing, and it was 50 [degrees Fahrenheit] below zero. We started fracking that thing. Fortunately, it was a clean dry hole. It would have been a nightmare to have a marginal well. You want clean dry holes. I just determined we're not a big enough company to do that, and I'd rather be diversified.

RB: So, let's talk a little bit about your company today. You just said Montana. How much out-of-state stuff do you do?

JF: Not a lot. This was a very unusual thing, but we stay located here. We have a long-time relationship with some operators in Oklahoma.

RB: So where are you sort of geographically distributed today in Kansas? What are the areas you're working mostly?

JF: Our traditional area here, Ellis [County] and Russell [County]. We recently did a well right outside Hays, and the cost of drilling and equipping a 3,200 foot well was \$450,000. That's double what it used to be.

We're also active in Wabaunsee County and in Lyon County. We have some really nice Simpson Sand wells, and we got a hold of some surface geology, worked the surface geology to come up with the idea of where we might do a 3-D, and we did that, and we were fortunate enough to have it work a couple of times. But these are small fields. We can't do enough activity to keep you busy.

RB: So, you've got some activity in eastern Kansas, but you're mostly out here.

JF: Yes.

RB: Is that the big difference, just size of operation?

JF: I like to run a tight ship. I like to be near the operations. We could start operating in Colorado or something. We could do that, but you stretch your people. I'd rather have a tight company where we could really control operations.

I'll tell you where I learned that. We used to have pulling units, and we had some wells down by Medicine Lodge [KS]. We'd sent our pulling units down there to work on a well. We got a call from the motel owner. One of these guys had a little too much to drink, and he drove his pickup into the swimming pool.

RB: [Laughter]

JF: We decided we didn't want to get involved in that anymore. So, we ended. You want to be where you can tightly control.

RB: Keep an eye on things.

JF: Yes. It was funny. The guys that did that, Dad was still alive. They thought, "Oh, we're going to get fired." They came in to see John O. He said, "Boys, let's don't do that again." That was it.

[Laughter]

RB: How many people did you have working for the company at the maximum time and when was that roughly?

JF: Oh, golly. We have mostly contractors. Most of the people are contract. We have maybe [20] people full-time. That varies a bit. But we had more than that. This point that I told you when we had the recovery, the twelve years, [we paid a million dollars one year in Ad Valorem taxes.]² That's fair. We were making money. We were having success. It's time to pay your fair share of taxes. I don't mind that at all. But you can't tax these little bitty wells like that.

RB: Well, since you brought it up, let's talk about that a little bit because one of the points of this series is to look at sort of historical events. And the passage of the severance tax in Kansas was one of those. Were you involved in any way in the politics in that process?

JF: I was not involved. I was KIOGA president twenty-five years ago. I wasn't involved in that. But I will just tell you, I think our state is in a great place to work and raise a family. I think the taxes are fair. I think our Commission is fair. They're honest, good people. And KGS [Kansas Geological Survey] is something to be really proud of. It's just a great place to work.

RB: So, when that severance tax comes along, this is the late seventies, John Carlin, late seventies, early eighties.

JF: He wasn't my favorite person.

[Laughter]

RB: Well, there's no question there was resistance in the oil and gas business to the severance tax.

JF: Yes, but they were going to get it because Oklahoma had it. I mean, it was going to happen. The Ad Valorem Tax was always a huge burden—we figured that the Ad Valorem Tax, we would lose a month's income just to pay Ad Valorem Taxes. Then they come with a severance tax. That was pretty tough. But what we did do is we got a small well exemption, and, boy, that really helped. This year, we're paying about \$370,000 in Ad Valorem Tax and \$100,000 in severance tax.

RB: And partly the reason for that exemption is people that don't know anything about the oil and gas business, particularly in Kansas, have this impression of the oil business as a big company business like Shell. Kansas is not like that.

JF: No.

RB: I don't know what the average well production in the state is today, but it's not very much because there's an awful lot of low-producing wells.

JF: That's right.

² Mr. Farmer corrected his recollection when he reviewed the transcript after the interview. His correction is shown in the bracketed text.

RB: The assumption is you can't afford to pay to pump to operate those and pay much in the way of taxes on them, or else you're just going to shut them in.

JF: That's right.

RB: So that's why that exemption is so important.

JF: I have a friend whose family goes back to drilling in Pennsylvania, and he owns a lease in Pennsylvania that was drilled in 1900. That's how long some of those—if you're doing stripper wells, two barrels a day is kind of like farming poor ground. Your return isn't very much, but you've got those wells. You've got thousands of them, and they employed people. They're each kind of their own little economic development program, and they're worth keeping.

If you have gravity drainage and you're making very little water and the well's mechanically sound, they'll sit there and pump for a long, long time.

RB: And conversely, if you shut those in because you can't afford to keep pumping them, the odds are pretty high that you're never going to go back in there again.

JF: Yes.

RB: So that's why those price fluctuations—

JF: Are killers.

RB: Are such a big deal. So that's kind of the political fight, that severance tax fight in the seventies, early eighties, kind of the big thing. Any other kinds of those kinds of policy issues? You said something about when there was \$9 a barrel, people were marching on Topeka. What were they expecting?

JF: I didn't. I was KIOGA president. I found out, and I thought, "Oh, my god. What do I do? Those guys aren't responsible for what's happening," and I didn't go. I got myself into a little hot water with some of my friends because I wasn't there.

But they did the right thing. They were just totally frustrated. They were going to lose everything. And people listened. That's the nice thing about Kansas. We're kind of in this together. You're all one of us.

RB: So, were they just asking for tax relief? What were they asking for in that period?

JF: There were bills for tax relief, and the thing that we did get through is some tax relief on the Ad Valorem Tax that was significant that helped us through a really difficult time, and it was needed. We had now two taxes, and it was significant. We're operating pretty well with that.

RB: So, one of the themes of these conversations that we've had with people is about the decision-making on the state level but also decision-making on the federal level. Which is more challenging? Which has a bigger impact on you? Federal decisions or state decisions?

JF: Federal.

RB: Why so?

JF: We just assume they don't know our business. [Laughter] I hate to say that. I don't want to criticize. Right off the bat, if we deal with you, you're a Kansan. You're one of us. They aren't.

RB: How does that express itself on the federal level? Tax policy, environmental regulation? How? What's most important do you think?

JF: Some of the programs, the one we fear right now is the tax on gas, on methane. These little bitty wells, they're just dead. There's hardly any gas. There are a few of the better wells that have gas that need to be captured, but I hope we don't plug a bunch of these little bitty wells. There's not enough gas to matter. We'll just see how that goes.

And the wildlife thing. We think some of that as related to drought. I'm kind of out of that. I've bene out of that for a while.

RB: But in a lot of respects, it's more environmental regulation than, say, taxation kinds of regulation.

JF: Yes. We just hope—these are very fragile wells, and we don't want to make them uneconomic by doing something that's really kind of ridiculous.

RB: A lot of that federally is driven through EPA, which expresses itself in Kansas somewhat through the Kansas Department of Health and Environment, somewhat through KCC, but in effect, what you feel like is it's easier for you to talk to folks on that state level than it is at the national level?

JF: There's no question about it. They understand our problems, and most of them are geologists or have some background in what they're doing. That's a big plus.

RB: So, what are the biggest environmental challenges to working in this part of the world where you've been most active, do you think?

JF: Unplugged wells. When you want to put in a water flood and you want to select an injection well, they look at the plugged wells around it. Those wells have to be properly plugged. That's a good decision. That protects the environment, but from our standpoint, it will eliminate some water floods. If we go into a heavily drilled area, and we have to replug a bunch of wells, we're not going to do it. We just are not going to do the project.

RB: Because it's expensive out here to do it.

JF: It's very expensive, and it makes it not feasible.

RB: And for the most part, these are wells that in effect are your responsibility. They're not orphan wells sitting out there with a landowner that you don't know who it is? You know what I mean. They're wells that you would have to pay to plug yourself.

JF: Yes.

RB: The state is not going to pay to plug them.

JF: No, I don't think so. We got stuck with plugging a well that kind of hurt my feelings, but we did it. If you want to buy a lease, buy a Shields lease out here, you can water flood some Lansing zone. Before we tried to buy that lease, we're going to look at all of the plugged wells and see if we're creating a problem. And it needs to happen. They're doing the right thing.

RB: I think everybody would agree on that, and it is nice to see a big influx of federal money to go chase those orphan wells. But because a lot of the activity really gets underway out here in the 1920s, there are probably a lot of wells that there's not a lot of good records for, right? Is that situation? So, you have to worry about those in addition to the ones that you do know about?

JF: That's right. Some of them are not properly plugged, in the old cable tool wells. An outfit out of I think Denver tried to put together a CO₂ project south of town. I don't know if you knew of that.

RB: Right.

JF: They couldn't unitize it. All of these little bitty pumper type companies, they couldn't put it together. Then they started working on these wells, and they were a nightmare mechanically.

We did another CO₂ project with Murfin in the Lansing I think C Zone, and they had a pilot injection well and had all these wells surrounding it. They got a response about a mile away on somebody else's. So that's—

RB: One of the issues that we dealt with in terms of improperly plugged wells out here, is the dissolution of the salt and subsidence that gets associated with it. Have you ever had to deal with any of that kind of thing with properties that you've worked on?

JF: No. Many years ago, you could actually get a permit to let saltwater sit in an open pit, and it was legal. The farmer thought we had ruined his water. I thought, "Oh, brother!" They went out and did a bunch of core drilling, and we didn't have to restore it, but I was really worried. And we didn't do anything illegal.

RB: Down where I grew up, we called them evaporation pits.

JF: Right.

RB: You pumped saltwater into it, and everybody said it evaporated. Sometimes it did, and sometimes it didn't. I'm real familiar with those, and we're still dealing with that issue down in the Burrton area where a lot of that kind of development—I didn't think about it so much up in this part of the world. Were those kinds of pits pretty common up in here?

JF: No, I don't think so.

RB: I didn't think so either.

JF: This was in Barber County.

RB: So, it's further south, quite a way down there because that is not a problem I associate with this part of the world. But the subsidence issue, it is one, like over by Gotham [KS].

JF: Oh, that's terrible.

RB: And when I look at maps of how densely drilled this area is, you always worry that it only takes one improperly plugged well in the right or wrong place to really create a problem. But you haven't had to deal with that up here yourselves.

JF: No.

RB: Let's talk a little bit about the change in—you mentioned water flooding, which is historically people have been doing here for a long, long time. What about tertiary recovery and CO₂? I get where you would throw in there. People talked about how important tertiary recovery was going to be in this part of the world in a mature producing area. Has it been?

JF: No, it's been very disappointing.

RB: How come?

JF: Part of its crude price. It's just a difficult thing to do. When I was with Shell Oil Company, they had done some long-core experiments. They had a material called aqueous sulfonate that they would displace through these long cores—the core would be just black with oil, and it would be just paper white. I did the field work. I was a foreman. I went to Benton, Illinois, and put that thing in. It was written up in the Shell Annual Report. There wasn't enough aqueous sulfonate to do a full-scale flood in the US. They were going to have to revise their refinery to produce it.

We got into just a fiasco up there. We did it in the Tar Springs in the Benton Field. It was the first five-spot water flood in America. They were still producing those wells, and that's what we tried. It was pretty much a failure. Shell even built a laboratory, a chemical laboratory, in the field. They were going to use this sulfonate. It was about like molasses. It comes in drums. You have to put heaters on these drums. Of course, we start the project in the middle of the winter. It was just a mess.

When it comes to CO₂, I was on KU's Tertiary Oil Recovery [Project] for years. I really enjoyed that. When I became KIOGA president, the first thing I did was go down to see Shell [in Houston] and have Shell CO₂ come up here. They needed a big field to anchor the project because the CO₂ was going to be piped in [from Colorado], and they knew that CO₂ would work in the Morrow Sand. They were very leery of the Lansing because it was little operators, and they chose the Bemis Pool (Arbuckle), and it was not an ideal reservoir. They had had experience with that in Texas on big water floods by major oil companies and it worked., But it didn't here so, they abandoned [Bemis]. The minimum admissibility pressure [(MMP)] was not acceptable.

RB: It feels a little bit like some of these tertiary projects like CO₂ are always just kind of around the corner, but the corner never seems to appear.

JF: I've been chasing that for fifty years. I really enjoyed being on the Tertiary Oil Recovery Project. The state funded it. It was with chemical engineers at KU. I really enjoyed that.

RB: They were doing a lot of interesting stuff.

JF: Yes but bringing it to the field is another thing.

RB: In order to really apply that in a big way in Kansas which looks, as a mature area, Kansas looks like it would be the place you could do it. You'd have to have really high oil prices, and you'd have to have them a long time, right?

JF: That's right. They did do a lot of work with polymers, and they did some good work with polymers.

RB: But never got to the point where it was just production line kind of stuff.

JF: No.

RB: Because it was never economic, right?

JF: That's right.

RB: This is going to be kind of a funny question to you. You may need a second or two to think about it. You just said something about fifty years. What's the biggest change you've seen in this business in that fifty years?

JF: Probably the people.

RB: Really?

JF: You know, my son asked me, he said, “Dad, you really trust people.” I said, “Yes, that’s my generation.” He said, “Mine does not trust people like you do.”

When I came back here, my father said, “Son, we ran this whole patch on a handshake and a bottle of whiskey. You’re going to run it on a jet airplane and a computer,” and my son’s probably going to run it on a cellphone. It’s just the close personal relationships, I mean, we really had them. We cared about people a lot, totally trusted people.

RB: So, some of that change is technological. We talked a little bit about 3-D seismic and the kind of technological changes and ability to monitor stuff. You don’t need as many people as you used to.

JF: Right.

RB: Are you also saying something about the quality of people? It must be harder to hire people out here. There are fewer people around. Is that some of what’s going on?

JF: Well, I don’t know. We were just fortunate to have dear, dear partners. Our business model is to know every kid they’ve got, know what they’re doing, and just totally trust them, and that’s just the way we’ve always done business. That’s the way we pick employees. The employees, we want them to create some wealth and own part of it. If you give them that chance, they’ll do it.

RB: But in terms of the kind of work that folks have to do, in terms of drilling and service companies, that’s not always a lot of fun.

JF: No.

RB: And finding people that are willing to do that is probably even more difficult today than it would have been fifty years ago.

JF: Yes.

RB: What is the answer to that?

JF: I don’t know. I’m just worried about our country, the division. I just hate that.

RB: So, let’s go from looking backwards a little bit to looking forward. I know this is an oral history interview, but you’ve seen a lot of change. Where do you think things are headed? If we come back here twenty or thirty years from now and have this same kind of

conversation, how do you think things—will things look much different in terms of the oil and gas business in this part of the world?

JF: It will be just slower and smaller. This is a great place to live, rural Kansas. We're going to have to figure out how to make a living out here. It can't be just agriculture and oil.

RB: Right. Are there still going to be exploration and production opportunities?

JF: Some, but it will be small. It will be smaller, I think. I hate that. I have a grandson that wants to come back and get in this business. I'm worried about his future in the oil business. We can find something else to do. We're going to have to be creative.

I'm reading a book right now. It's called *The Dealmaker in Chief*. It's about George Washington inheriting the farmland at Mt. Vernon. They'd been farming tobacco and selling it to England. They used a lot of slaves. It's slow pay. It's not a good business.

He starts fiddling around with wheat, fruits, and you can just see his mind working on creating. We're going to have to figure out something like that.

RB: Diversification in other words is what you're saying.

JF: Yes. We've done really well with that.

RB: You've obviously been doing that for a long time.

JF: Twenty-five, thirty years.

RB: In some respects, that's not just your future. That's probably the future of the area. Don't you think?

JF: Yes.

RB: Anything else that I haven't asked you about that I should have in this process that you can think of?

JF: I don't know.

[Laughter]

RB: Is there anything we haven't covered that you think we should have? I will say I'm sort of intrigued with the timing on your KIOGA presidency. I didn't realize you were responsible for \$9 a barrel oil.

JF: Thanks.

[Laughter]

RB: Talk a little bit about that organization. You and I talk about KIOGA as if we sort of assume everybody knows what it is.

JF: I was out here in the boondocks, and most of KIOGA's presidents came out of Wichita. Danny Biggs was the first one, and then I was. It was a learning experience. I was involved in several things. They had Kansas, Inc. I was on that board, and I really enjoyed that. I think we brought the NASCAR thing in.

RB: Right.

JF: That was a fun deal. I didn't go up through the ranks like most people did. So, I did that and went right there to KIOGA presidency. I got a kick out of it. A couple years out of my life, and that's enough.

RB: KIOGA is predominantly, it always looked to me like predominantly sort of a Wichita-focused organization.

JF: It is, yes.

RB: And in some respects, you're kind of the northernmost outpost.

JF: Probably, yes.

RB: Danny's from Great Bend, right?

JF: Yes.

RB: I'm trying to think—there must have been some folks from Hays that are—

JF: There's a lot of people in Hays.

RB: I do think of it as sort of dominated by folks in the Wichita area.

JF: Yes, that's right.

RB: But it's not like that's a foreign country or anything. And primarily KIOGA's role is policy-influencing?

JF: I would say so, yes.

RB: Don Schnacke was kind of the first executive director that I'm familiar with.

JF: Yes, he was with me.

RB: And that was basically KIOGA's way, or the state oil business's way of influence and policies related to oil and gas.

JF: I became KIOGA president. Schnacke became the Executive Vice President for years. He came out to Russell. I said, "You're going to be here my full two years, aren't you?" He said, "No." So I had to replace him.

RB: When did he retire? While you were President though?

JF: Yes.

RB: Did you hire Ed Cross then?

JF: No.

RB: Was there somebody in between?

JF: Yes.

RB: Bob Krehbiel?

JF: Yes.

RB: That's right. I forgot about that until just now.

JF: I liked him.

RB: He's from Pretty Prairie.

JF: Yes, a good guy. He was a good guy.

RB: That's right. He did that not for a huge amount of time, in between those folks. And he had some environmental background. He was also involved with the KCC. And real quickly, as we finish up, in terms of the KCC, the primary person you've always dealt with, and by you, I mean oil and gas folks, is the Director of the Conservation Division down in Wichita. Ryan Hoffman is there now. Prior to that it was Doug Louis. I'm trying to remember who did that job. Is that your primary interaction with the state has been through KCC Conservation Director?

JF: Yes, and they're very reasonable to work with.

RB: They have kind of a Kansas approach to solving problems.

JF: Yes, friendly. Firm but friendly. If something needs to be done, it better be done right. If you're honest, you will be treated fairly.

RB: They have a regional office in Hays. That's who you dealt with probably on a day-to-day basis.

JF: Yes. Case Morris is over there. He has a geology degree. He's a good guy.

RB: Okay. Anything else that we should talk about, do you think?

JF: No. I was kind of concerned about this, but you made it kind of fun.

RB: You were concerned about it?

JF: I didn't know what we were going to talk about.

[Laughter]

RB: Well, I appreciate the conversation. You've got a lot of different perspectives over a long period of time, and you're a well-respected voice in the industry.

JF: Thank you.

RB: I appreciate you taking the time to talk to us today. It's good to have that perspective.

JF: Thank you for doing this.

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