

Chapter 1 – Introduction

Announcer: After graduating from Antlers High School, Charles Stephenson attended the University of Oklahoma and earned a degree in petroleum engineering. Following service in the U.S. Army, where he became an officer, he joined Amerada Petroleum Corporation.

Between 1973 and 1982, Stephenson was part-owner and president of privately-held Andover Oil Company. After the sale of Andover, he co-founded Vintage Petroleum, Inc., where he served as president, chief executive officer, and chairman of the board. The company grew from three employees at start-up to more than 750 with operations in four countries and reserves of approximately 500 million barrels.

Stephenson is a founder of the Sarkeys Energy Center and, through his foundation, has funded the construction of two research facilities at the Research Campus at the University of Oklahoma.

Charles and his wife Peggy made a \$12 million donation to The University of Oklahoma Health Sciences Center, and in recognition of their support to the institution, a center has been named the Peggy and Charles Stephenson Oklahoma Cancer Center.

Listen to Charles tell his story and how his uncle interested him in the Energy business on the podcast and website VoicesOfOklahoma.com.

Chapter 2 – 9:30 Grocery Store

John Erling (JE): My name is John Erling, and today's date is December 7, 2022. So Charlie, would you state your full name, please?

Charles Stephenson (CS): Charles Corey Stephenson Jr.

JE: Where are we recording this interview?

CS: In my office in Tulsa, Oklahoma.

JE: Your birth date?

CS: October 17, 1936.

JE: And your present age would be?

CS: 86.

JE: I have to mention, because December 7th is such a famous date—on December 7th of 1941, when Japan attacked Pearl Harbor. And you would have been about five years old, I suppose, in 1941. Have you been told stories—maybe even five-year-olds might remember something—or did your family get affected by that?

CS: Well, I had two uncles who served in the Army during World War II. My dad did not. He is one of three brothers from my granddad. He stayed in Antlers and worked with the family at that point in time. But my granddad, during 1941, served in Oklahoma in the legislature. He wrote diaries all the time. He was a Presbyterian preacher, so he wrote a diary that he gave to me for the year 1941, which had some of his comments about the start of the war and his thoughts about that.

JE: What was his name?

CS: Ebenezer Hodgkin.

JE: He served in our state legislature?

CS: He did, in the '40s.

JE: 1940s, 1941. I don't know how many years he served. He was there at that time. I think he was probably in the legislature about two years.

JE: He was representing the Antlers area?

CS: Probably maybe Durant.

JE: Yeah, what a treasure to have that diary coming from him. Yeah, wow, that's great. So where were you born?

CS: I was born in Sherman, Texas. My folks lived in Antlers, and we had relatives in Sherman at the time in 1936. Didn't really have a hospital in Antlers, so my mother went to stay with some of her sisters, and after I was born, we came back to Antlers.

JE: OK. So let's talk about your mother—her name, maiden name, where she came from, and that type of thing.

CS: My mother's maiden name was Mary Lloyd Hodgkin. She was obviously born to my grandfather, Ebenezer Hodgkin, and his wife Maria. He was a Presbyterian preacher. She was born, I think, in Durant at that time, when he was serving as a pastor and also was starting one of the schools there in Durant.

JE: So she grew up then in the Durant area?

CS: Yes.

JE: What was her personality like? How did you see her?

CS: She was a very loving mother. I was the only child, so they took care of me pretty well. She was a homemaker. My dad worked at the grocery store. She did all the work around the house and loved to play cards and had a little knit shop. We had a good, happy family.

JE: Yeah. Your father's name?

CS: Dad's name was Charles Cory Stephenson.

JE: And then he grew up in that area as well?

CS: Yes. My grandfather came to Antlers in 1907.

JE: Statehood year.

CS: Statehood, yeah. He started a livery stable and then he joined his cousin and started a grocery store in Antlers.

JE: OK, so then your father worked in that grocery store.

CS: He did. My grandfather and grandmother had three sons. My father was the middle son. And after they all had various jobs, they ended up coming back to Antlers and working in the grocery store, so it was a family business.

JE: The personality of your father—what was he like?

CS: He was probably the entrepreneur of the family. He was outgoing. He was a great father. He paid a lot of attention to what I did and was very helpful. He had me start working at the grocery store when I think I was about eight years old, stocking shelves and sweeping out. But we had a very close family. It wasn't just my folks—it was the whole Stephenson family. They were very religious. We would all get together at least once a month on Sundays to have lunch and spend the day together. And they all worked together at the grocery store. Never heard a cross word spoken among our family. They were all a great family to grow up around. They taught me my work ethic and what it was like to grow up in a close family.

JE: What was the name of the grocery store?

CS: S and S Grocery—stood for Stephenson and Sons.

JE: And that was in Antlers. So then you're describing your family at that time—I'm gonna put it—was it poor, middle class, wealthy? Where do you think you would have fallen?

CS: Probably middle class. The family grocery store provided the livelihood for four families. We never had a lot, but we never seemed to want for things. I wouldn't say there were wealthy people in Antlers. There were some that were a little bit above middle class, I think. Antlers was a fairly rural town. It had about 2,500 people. It was the county seat of Pushmataha County. So on the weekends, all the people that lived outside the town would come in and get their paychecks from the government and spend their money and pay their bills and have a party on Saturday night.

JE: Right. Right. So Antlers is down in the southeastern part of Oklahoma?

CS: It is.

JE: In what's known as the Little Dixie area?

CS: Right.

JE: That is correct. Do you know how Antlers got its name? It's got to be deer-related somehow.

CS: Well, it is. When Antlers was first founded, there was a stream—I guess you could call it a stream—and right above it was a big tree. And there were

antlers tacked onto the side of that tree. And so they called the community, when it first started, Antlers. That was a spring, and that was where people came to get the water.

JE: So what does a young boy do for fun in that town if he's not working?

CS: You could even work and have fun.

JE: Good point.

CS: Well, I had quite a few friends, and I grew up in Antlers. I had friends before I started school. I met more friends in school, and there was a group of us—probably six or eight—that ran together all the time. As we were growing up, we'd have bicycles, we'd go out, we'd go fishing, take our BB guns and shoot things. And then as we got older and we had cars, we would drive around and date the girls and have fun.

JE: Right. What about the cars? Remember what kind of make and model of cars that you might have?

CS: Oh yeah. There were Fords, Chevrolets, Pontiacs, Buicks. They probably were the main ones, and they were all different back in the 1950s. They were pretty cars. They were fun.

JE: You remember the first car you ever actually had?

CS: I never had a car. I married a car. But my granddad—he would live with us from time to time, he and my grandmother, as he was moving around being pastor of different churches—and he had an old 1937 Ford. I used that Ford when I started dating and driving around.

Chapter 3 – 10:50

Family Influence

John Erling (JE): The Depression, the Dust Bowl days, and the '30s—are there any recollections? I know you were very young. If stories were told to you?

Charles Stephenson (CS): Well, I was born in '36, so I didn't really hear of any of those stories. The first thing I remember about things going on was the

war—World War II—listening to the reports on the radio and actually going to movies where they had the newsreels that showed different aspects of the war.

JE: There was a theater in Antlers?

CS: We had two theaters, and later on we had a drive-in. I think I saw every movie that was shown there while I was growing up.

JE: Any one movie that stood out, do you remember?

CS: I remember *Gone with the Wind*. I wanted to go see *Outlaw*, but my folks wouldn't let me go because I was too young to see that. But I liked the westerns—*High Noon*.

JE: So then you go to school—grade school in Antlers?

CS: Yes.

JE: Move on to junior high and then to high school, right? And that would be Antlers High School, I guess. When did you graduate from there?

CS: 1954.

JE: Did school come easy for you?

CS: Yeah, it did. I studied in school. I did a little bit probably after school, but not very much. Most things came pretty easy. Math was pretty easy. The things that I ended up needing to do in college, I got in high school. Didn't get any of the advanced courses that you can do now, but it was just math, science classes, English. The only foreign language they taught was Latin, so I had two years of Latin, and it actually helped a little bit, particularly when I got to college.

JE: Any activities in high school you might have participated in?

CS: Well, I played basketball a little bit, played football. I was in the band. That was pretty much it.

JE: We know what you went on to, but in high school, was there a dream formulating? That "I want to be," "I want to do this"—even before you got out of high school?

CS: The answer is yes and no. When I was growing up, my granddad was a preacher. His granddad before was a missionary and a preacher, and he came to Oklahoma on the Trail of Tears with the Choctaws in 1836. So I'm the next guy up, and I was aware of that, and I was a little bit conflicted about whether I wanted to be a preacher or not. In fact, I was kind of sure maybe I didn't. I finally had a talk with the Lord, and I asked him to give me some kind of sign to tell me whether I should or shouldn't be a preacher. And he didn't give me anything—a sign which told me that he had something else in mind for me. It was like a stone being lifted off my shoulders at that time. So that took being the preacher away.

I'd been working at the grocery store for quite a while, and I didn't think that's what I wanted to do. Instead of going with my friends to California to pick cherries in my junior year—my folks wouldn't let me go—they told me I could go down and visit my uncle in Falfurrias, Texas. He was a chemist with a Mobile Oil Company and a gas plant they had down there. So I went down there for two weeks and visited with him. I'd go to work with him, and he started telling me about what these petroleum engineers were doing. I kinda liked that. And I just said that's what I wanted to do.

So when I came back, I knew that's what I was gonna do. I knew that OU had one of the best petroleum engineering schools, so that became my focus.

JE: That was in your junior year?

CS: I was in my junior year when I went down there. So when I came back, I entered my senior year.

JE: You said your great-grandfather came on the Trail of Tears. Was he Native American of any sort?

CS: No. His folks came from England in 1642. That's when they came to America.

JE: So your great-grandfather, as a minister, came along?

CS: He studied and became a preacher, and he came to Goshen, Mississippi. He wanted to be a missionary. He met his wife there, and they got married. She was a missionary as well. So they came on the Trail of Tears with the Choctaws in 1834. They came into southeast Oklahoma between Hugo and

Durant, and they started schools and churches for the Indians and the early settlers there.

JE: When you told the family you didn't want to be a minister, was that a shock? Was there pushback? Did they argue with you?

CS: No, they didn't. My grandfather never really pushed me in that direction. We did talk about it, but he knew that I had to be fully committed to be in that profession.

JE: At this point then, is anybody standing out as a great mentor to you or helping?

CS: Well, I think my whole family. It wasn't just my grandfather Hodgkin—it was my father's side as well. My aunts and uncles and all that. We were a very close family, and it was a great family to grow up in. They told me what I needed to know, so that's part of the mentoring process. My grandfather was a big influence on me as well.

JE: Sometimes, when we're living in a situation like that, we don't realize how good it is until we move on and look back. And I know you have done that—how fortunate you were—you realize it later on.

CS: You know, when you're growing up in it, you don't really think about it. There were a few differences in, I guess, standard of living, but we didn't really—growing up—pay any attention to that as kids. I mean, we had friends, and they were just friends, no matter whether they were well off or not well off.

JE: OK, so you graduate from Antlers High School in 1954, and then you go to OU in petroleum engineering. When you hit the campus, you knew what you wanted to do, and you were fortunate, because a lot of college students don't know. They have to grapple with that.

So what was the first experience—how did that all feel to you when you came to OU?

CS: OU was a big school, and Antlers was a small school, so there was some adjustment. Just trying to fit in and learning how to study with everything that was going on there. In the first semester, I did really well. The second semester I didn't do too well, because one of my close friends from

Antlers—who joined the Navy—after he got out of boot camp they sent him to Norman, Oklahoma. The naval base at Norman, where I was staying, was right next to the naval base, so he thought I should go with him to Oklahoma City when he got off work to have some beer.

I did that a little bit, and it affected my grades. Fortunately, he got transferred, and I got back into the scheme of studying and doing what I needed to do.

JE: Were your parents overlooking your shoulder at your grades and telling you, "What's going on here?"

CS: Not overbearingly. They wanted to know what I was doing and how I was doing. I was forthright with them. They just told me I needed to kind of bear down and do better. If you get out of sync in how you have to take classes in engineering, it can cause you to have to stay an extra semester. I mean, you have to take one right after the other, and if you don't take one at the right time, then you have to take it the next semester. So that—I ended up being there more than four years.

It was probably the fourth year that Peggy and I got married. She lived with me there on campus until I graduated.

JE: The work at OU came—I don't know if I should use the word "easy." You liked math coming into it, so how did you—

CS: Work at OU was extremely hard. Engineering is a tough course. They have all these hard courses that you have to take like physics, strength of material, chemistry courses—all that. If you're gonna go out and work in the oil field, you just don't necessarily use those kinds of things you learn, but they're extremely hard. They were difficult.

The petroleum engineering courses were really fun. I enjoyed that. I did well in those. I made good grades when I started doing the petroleum engineering stuff. The others—maybe B's and C's—but I wasn't a scholar.

JE: If you weren't a scholar, you're awfully close to it, probably.

CS: I would say I was probably an average student.

JE: Yeah.

Chapter 4 – 3:20
Peggy Stephenson

John Erling (JE): OK, you mentioned Peggy, and I was gonna ask you that. Obviously you met at OU?

Charles Stephenson (CS): No, we didn't. I first saw Peggy when she was 14, but I didn't pay any attention to her. She was at a dance that one of my good friends—who were twins—were having. A birthday party. They turned 16. We were 16, she was 14.

And then later on, I saw her cross the street when she had kind of grown up a little bit, and I thought I probably ought to get to know her. Me and one of the twins decided—I think when we were juniors—that we ought to go on a double date. So I wanted to ask her to go on the date, but he beat me to it. So I asked her best friend, whose name was Peggy, out.

So we double dated—Peggy and me, and Bobby. The next day was Saturday. We were working, but we took a break and went and had a Coke. So we started talking about the date. I thought I was pretty slick. I said, “You know, we need to probably go on some more dates, but what would you think about swapping girls?” And we talked about it, and he thought that would be OK.

So that's what we did. I started dating Peggy, and he started dating the other Peggy. And later on, I married Peggy, and he married Peggy. We've been close friends ever since.

JE: So then when were you married?

CS: We were married December 27, 1957.

JE: So how old were you?

CS: I was 21.

JE: So were you going steady, as we say, from 16 years old all the way through?

CS: When I left to go, she still had two years to finish. We dated pretty much the first year. The second year, we didn't date very much. And then when

she graduated, she went to work in Dallas with Southwestern Bell. We kind of got back together at that point in time, and I talked her into transferring to Oklahoma City to work with Southwestern Bell, and she did that. And it wasn't too long after that that we got engaged and later on got married.

JE: So now you've been married how many years?

CS: This will be 65.

JE: 65 years. Yeah. And you had children?

CS: Yes, we have two children. We have a son and a daughter.

JE: And what are their names?

CS: My son is Stephen Cary Stephenson. My daughter is Cynthia Anne Stephenson. We have six grandkids, and we have seven great-grandkids. It's a blessing to be able to see your great-grandkids.

Chapter 5 – 7:57

Amerada Petroleum

John Erling (JE): So you graduated then from OU?

Charles Stephenson (CS): 1959.

JE: And then what?

CS: I had taken ROTC to help pay for school, so I had to go into the Army. Jobs were pretty hard to get at that time. The oil industry was kind of going through a downturn, and I knew I had to go into the Army, so I decided not to even try to get a job—just to go right in. So I did that. I was assigned to the Quartermaster Corps, and I reported to Fort Lee, Virginia to start my service.

I was there for six months going through basic officer training. Half the time I was there, the other half I was assigned duty—a job to do. I did that, and then I was discharged from there and put into the Army Reserve.

JE: Where did you go to work?

CS: I started with Amerada Petroleum after I got out of the Army. I started in Duncan, Oklahoma. I was there for only a couple of months, and then I got transferred to North Dakota.

JE: Where in North Dakota?

CS: Tioga, North Dakota.

JE: Tioga. See, I'm a native of North Dakota. OK—Grand Forks.

CS: All right.

JE: And Fargo was where I hung around.

CS: Well, I was told that Tioga was the 13th largest city in North Dakota. It had 1,300 people in it.

JE: And you now know what cold and snow is all about.

CS: I do. I saw where it was 54 degrees below zero with about a 40-mile-an-hour wind.

JE: It's tough. It's tough.

CS: We'd go out and work at the end of December through January when it'd be 20 below zero.

JE: Yeah. So that was your work with Amerada Petroleum Company. And so then what—what was your job? What did you do?

CS: I was a petroleum engineer. When I got to North Dakota, I had to report to the district engineer. I think there were probably about 20 engineers up there at the time. I was assigned four different fields. It was my job to try to lower the operating costs and get all the oil out of the ground at the cheapest price that we could. There are a lot of different ways to do that, and that's when I started learning—the business.

JE: And how long were you there with Amerada?

CS: I was there for three and a half years. Then I was transferred to Victoria, Texas, which is South Texas. I was there for a year as an engineer in charge of fields in that area. Then I was transferred to Tulsa. I was here for probably two years, and I worked in the Tulsa office, obviously. Then I was transferred to Seminole, Texas, as a district engineer. We probably had 15 different

fields there, and I had probably about six different engineers that worked for me at the time. I was there for three and a half years.

Then I was transferred to Midland, Texas, as a regional engineer. We supervised three different districts—two districts in Texas and one in New Mexico. I was there for a year. Then I got transferred to Tulsa in charge of the engineering department.

JE: Some of the specific projects that you had—or any challenges you had—in any one of those places? Lots of challenges, I would imagine.

CS: Well, there were quite a few. Probably one of the bigger jobs was at Seminole, when it was my job to design a really big waterflood and figure out where we were going to get the water to use for injection to move the oil. That was a big project. It took a lot of time and a lot of work figuring all that out. It was a good job. I learned a lot doing that—just learning all the different ways to evaluate how you make things do better, produce more oil, how you analyze problems before you go out and try to fix them. All of that was what I learned. That was the basis for my company when I started it—how to go about making things do better.

JE: And you must have enjoyed that—the challenge.

CS: I don't think I worked a day in my life.

JE: I'm interested in that water pool. You said you had to bring water into it. How did you do that?

CS: There's a huge reservoir that underlies West Texas called the Ulagalla Water Fan. It's probably somewhere around 300–400 feet thick. It's a big thick sand, and it's very prolific. That's what they use for irrigation out in West Texas. I knew that was there, and that's what we ended up doing.

I looked at using wastewater—probably four or five different things—but the most economical was producing the water from the Ulagalla sand. What we do—we have wells that produce that into tanks, and then we have injection wells that we've drilled in patterns around all the producing wells. We pump that water into those injection wells, and that causes oil to be moved toward the producing wells. You can double your oil recovery by doing water injection, and there are different ways after that to get more oil out of the ground—by using chemicals and heat and stuff like that.

JE: It must have been a thrill then—when your first theory or idea, selling it to people above you and all—and when that all worked, what a thrill that had to be to you.

CS: It's supposed to work.

JE: Did it ever not work?

CS: Well, in other places, at other times, we've done things that didn't work—that's for sure. But when we were all moving around, there were two people in North Dakota that I really liked. They were two of the most competent engineers up there. We all competed against each other—it was really fun.

We got moved around together. We ended up in Tulsa here together early. Then we were transferred out into the field—I was in Seminole, one of the guys was in Hobbs, another guy was in Midland. We were making presentations to the vice presidents and all that, and we were competing against each other. And it was fun. We ended up being really good friends.

JE: Did you all get promoted? Did one get it and the other one didn't? Or how did that work out? Because you obviously did.

CS: We were all pretty equally promoted until I got promoted to Midland and was over all the West Texas area, and then later got promoted to Tulsa and then in charge of all the engineers at that time.

Chapter 6 – 10:29

Andover Oil

John Erling (JE): You left Amerada Petroleum Company, I believe, in 1971?

Charles Stephenson (CS): I came to Tulsa in 1969. That was the same day that some of the Hess people came to Tulsa after Leon Hess bought a large share of stock in the company.

JE: You say Hess people—who?

CS: Hess Oil and Gas. Leon Hess was the owner of that. A big block of Amerada stock came on the market, and Amerada could have bought it. They didn't, and Leon Hess did—his company did—and they ended up causing the two companies to get merged together.

I stayed around about a year after that. I didn't particularly like what was going on in the company. I decided I probably should look around, and I did. I interviewed with two brothers here in town. They called me and said they'd like to talk to me—it was Dan Shusterman and Charles Shusterman. They had a small company called Shusterman Oil Company. So I decided I'd go to work for them.

I knew that Amerada was putting some properties on the market for sale, and I obviously knew a little bit about them. After I went to work for them, I asked if they were interested in buying production, and they said they were. So I looked at two properties that Amerada sold—one was in California, one was in the Rocky Mountains. We ended up being the high bidder on the California production. It was all of Amerada's oil production.

Dan didn't want to do that, so it was just me and Charles that ended up buying all of that production. Charles was very tied into the Jewish community here, and he brought in some partners to help fund the acquisition. So we started out—me and him, a secretary, and an accountant—and started Samson Resources.

I was running their oil production. I was really running Samson with Charles. Then Dan and I got some farmouts from Amerada—three of them. We drilled three wildcats. Two of them hit, and one didn't. So we got busy developing that.

Then Dan had the opportunity to take over a company called Andover Oil Company. It had enough revenue to really pay the overhead if we wanted to do that. So I had to decide what I was gonna do. I knew Charles would end up running Samson, and I could be a part of that, or I could join Dan and we could take over Andover and do that. I knew Dan would let me run that company. So that's what I decided to do.

Charles ended up with Samson, and we let him have Samson Oil Company.

Dan and I kept developing the oil and gas properties we discovered and took over Andover Oil Company. So it was me and him and a secretary, and we started that.

JE: And we now know the story about Charles and Lynn Shusterman and how they went on to be very involved in philanthropy. So that's all interesting, what you just stated. Then did you—what was your position there at Andover Oil Company? President or vice president?

CS: President. It was a private company. What we decided to do was look for properties to buy and exploit them—and that's what I learned to do working ten years with Amerada.

So I hired another engineer to help me look for properties, evaluate them, and then run them. His name was Joe Bob Hille, and he was a petroleum engineer who worked for Sun Oil Company at the time. I heard about him, went out to Midland, interviewed him and hired him. He brought his family to Tulsa, and we started looking for deals.

This was in 1972, and we ran that company for ten years—until '82. We bought a lot of production during that time. When we bought the oil and gas properties out in California, oil prices at that time were \$1.67 a barrel, and gas was 13 cents per MCF.

JE: So what year was that?

CS: That was 1971.

JE: Then I should track you. You're a fairly young man here. You're in your 30s, 40s when you're doing this?

CS: Yeah—35.

JE: 35 years old. That's young, and a lot of good things are happening to you. So the California experience was good?

CS: Well, I wasn't involved with it all that long. I was involved with it for probably two years, but I still have—well, I was assigned certain interests in the wells out there. I still have them. They're still producing. They were 30 years old when we bought them in 1971.

JE: Did you discover new ways to bring oil up? Or why would somebody sell an oil-producing field—unless they had other interests?

CS: Well, they had other fields, and these were marginal properties to the company that owned them. When fields get marginal, there's not a lot of attention paid to them. So they just kind of flounder along. They don't have much money spent on them. So if there's upside to them, it's really easy to make them produce more oil—and that's what I was trained to do.

JE: How do you produce more oil from a marginal well field?

CS: OK, well—there's a lot of wells that you can work on. If there's a gas well, maybe it needs a compressor set on it, and you can produce more gas. Or maybe a well needs to be stimulated. Maybe there's scale that's formed—and scale does form in these wells—and you can acidize a well. That removes the scale and lets more production come in.

There may be zones behind the pipe that hadn't been recompleted into. You look at all the well records and the logs—any cores that have been taken—to find any prospective zones. There's quite a few.

Maybe a well needs to have a bigger pumping unit put on it—an oil well. Or maybe you can inject water and start a waterflood. You can put chemicals in a well to remove asphaltenes that build up and let more fluid come in. There's just a lot of different ways to do it.

JE: It was a gamble to buy, and you weren't sure you could do all this?

CS: Well, you have settled production when you buy a producing field, let's say. You forecast that production. You know what the operating costs are, and you determine if you can cut those operating costs. We found that we could reduce operating costs by about 30% if we bought these properties from a major oil company that was getting rid of the lower-tier properties. We knew we could do that, because their operating costs were generally too high.

You'd forecast the decline rate on these wells—they do decline. Then you'd apply whatever oil and gas prices you want, and you have a revenue stream that you can evaluate to see what you're willing to pay for that revenue stream.

But then, on top of that, is the upside that you think is there—by either recompleting wells, setting a compressor, or doing all the other things I mentioned. And it just depends on how comfortable you are—how certain you are that you can make that happen—as to whether you give any other value for that upside. Usually, you have to give some value to it to be competitive in a situation where people are bidding on properties.

JE: So maybe I'll take the word gamble out of this. That wasn't a gamble. You were able to study it. I'm pretty sure. So would I be—compared to something else—did you take a big gamble on some other acquisition?

CS: No. Later on, it became more difficult. Starting out, it was a major company selling. They would do their own data room and have all the information there, and it was up to you to go through it.

Later on—in the later '80s—there were companies that would come in and evaluate this stuff, and they would say you could do a lot of things with all this production. It became a lot more competitive at that time. It became a little bit more risky.

But we could always forecast the revenue stream of existing production pretty well. If you were trying to forecast the early life of a new producing well, that became more risky. That was a risk later on, when you were trying to place value on infill drilling wells—which we did a lot of. Then that became a little bit more riskier.

Chapter 7 – 14:54

Vintage Petroleum

John Erling (JE): You mentioned Joe Bob Hille, and I want to mention him because we now know about the Hille Foundation and the great work they're doing in our city. And then Joe Bob died early in his life, I believe, leaving Mary Anne with the company—and then obviously the foundation after that, right?

Charles Stephenson (CS): Well, we were a public company by that time. When we started in 1973, it was just Joe Bob, me, and the secretary. That's

when we sold Andover after 10 years—that's when I had enough money to really start Vintage at that time. I asked Joe Bob to join me to do that, so it was just me and him and the secretary. We started looking for oil and gas properties to buy and doing the same thing that we did at Andover.

JE: So then, did he die while he was a partner of yours?

CS: Yes. We started Vintage in 1983. We took the company public in 1990, and it was after we took the company public that he passed away.

JE: How old was he, about?

CS: He was probably middle to late 40s.

JE: How did he die?

CS: That's when he got Alzheimer's, and he lived another six or seven years before he passed away from Alzheimer's.

JE: Yeah. Did you begin to notice things?

CS: Yes. It took us a while to figure out what was going on. It was kind of like he was losing interest, and that wasn't the case—he was just losing his mind. I guess when we really realized that, we put him in a different position. I mean, he kept the title, but we moved somebody else up to really take over what his duties were at that time. So he stayed around with the company for quite a while before he retired.

JE: We're talking about the '60s right now, are we?

CS: We're probably in the '70s and starting into the '80s.

JE: Let's talk a little bit about the method for oil discovery and how it's changed over the years—say, from the '60s and '70s. I'm just gonna throw out the shale oil and horizontal drilling and maybe you comment on that.

CS: You know, everything used to be done with geological studies. Geologists would come up with a concept for a play. They would develop that and sell it to management, and management would go out and drill the wildcat. These would be vertical wells. Up until the shale revolution, that's exactly how oil and gas was developed.

The shale plays started around 2004–2005. It probably really started in the

gas play in North Texas—the Barnett Shale. And then it sort of took off. It moved to North Dakota and then down to various other places—Oklahoma, different places. With all the drilling that's been done in the United States, we know where all the shale is. So trying to develop shale plays is really not hard to do. You know what kind of thickness you need, what kind of thermal properties you need, and those are all pretty much documented. So it's just a matter of doing the studies and picking the areas that are in the right places, and then you go drill horizontal wells.

An example—in North Dakota, when I was up there, the Bakken Shale is what is productive up there. So in 1960, when I was up there, we were still drilling wells. We drilled through the Bakken. We actually tried to complete a couple of them. The shales would be, I don't know, 50 feet thick, and they would probably produce 10 barrels of oil a day, which was not economical for drilling those wells.

Well, today, you can drill a horizontal well into that shale. You can drill it 10,000 feet horizontally. You can frack that well, and that well will produce 1,500 to maybe 2,000 barrels of oil a day. That's a lot of oil. Those wells cost about \$10 million to drill. And these wells, when they come in, they fall off really fast. They'll decline probably 50% in a year. If you're looking at stable production, they may decline at 5% a year. So they come down and they level off. That's kind of how that's evolved.

There's a lot more that can be done. We grew production from about 4.5 million barrels a day over about an eight-year period up to 13.1 million barrels a day. That had never been done before. Then when the pandemic hit, we lost about 3 million barrels a day, and it hasn't gotten back up to that point yet.

JE: So you served as president of Vintage, and then you became a public company?

CS: We became a public company in 1990. We started in 1983, became public in 1990, and we sold the company in 2006.

When we started the company, it was just Joe Bob and I. Within a very short period of time, we bought about \$140 million worth of oil and gas properties. This was in 1984–1985. We had used our money, and we had

borrowed from the bank. In 1985, we sold production to repay the bank down. That's also when there was the big decline in oil prices—it went from \$40 a barrel down to \$6. That caused a really big problem.

But we had paid off the bank to the point that it wasn't a problem, but we didn't have any other liquidity to buy production at that time. So I ended up selling about 15% of the company to two other parties. It was Prudential Oil Company and an investment banking company in New York City—Dillon, Read was the name of it. That gave us the funds to start buying production, and they were our partner at that time. They owned 15% of the company.

I knew at some point they were going to want to get out. We kept buying production until 1990, and we had grown the company pretty well. We made some good acquisitions at some pretty low prices. And the price of oil started going up.

So in 1990, I decided that the best thing for the company was to take it public—so that our employees who had stock options knew what their options were worth. Our partners had a currency that they could either keep or sell to get out. And it gave us a new venue to raise money from the public. As we bought other oil and gas properties, we would issue new stock, and we would use our bank line of credit to buy new oil and gas properties. That's what we did until we sold the company to Occidental Petroleum in 2006.

JE: So going public was a good experience for you, but I'm sure quite difficult to do?

CS: Well, it took a lot of time and a lot of effort. It was expensive, but it was the best thing we could do at the time. It caused me to look at business a little differently. It was more concentrated toward early performance and looking at big-picture planning—how you grow the company long term.

Most of Wall Street's looking for what you're doing today, not necessarily tomorrow.

We went public the day after Saddam Hussein invaded Kuwait. It made oil

prices go up, and it allowed us to price our stock offering at the level we wanted instead of having a discount. So we sent Saddam a thank-you.

JE: So we also say there's some luck in this business, isn't there? Somebody in the oil business I was talking to said that you seem to time the market better than most—when to buy and when to sell. That's a compliment. But would you accept that? That you felt you had good timing?

CS: Oh really, I think I was lucky. I learned what I needed to learn to take advantage of the embargo that happened. When the oil prices started going up, I was at the right time to take advantage of that. It was hard not to make a good deal in 1972. If you did your evaluation right and thought you had some upside, it probably wasn't two or three months after we bid on a property and got it that the price of oil went up—from \$2 a barrel up to maybe \$6. That totally changed the economics of everything.

We didn't have to borrow a whole lot of money from the bank when we started Andover to do that. Vintage was a different deal. The timing was there, and we were just lucky to be able to take advantage of it.

JE: Where were your fields? Exploring oil all over the United States? Did you do any overseas?

CS: We started in Oklahoma. Then we moved to Texas and to Mississippi, Louisiana. Then my first foreign venture was in California. We bought a lot of production in California.

JE: You call that foreign?

CS: Yeah, that's foreign. It's different. We bought quite a bit of production out there from major oil companies who were kind of getting out of the business.

When things got really competitive buying production, I knew we had to do something different. So I told the guys, "Figure out where we need to go offshore to look for deals that are not as competitive as they are in the States." So we did our study, and we thought Argentina and Canada were two good areas.

The first deal we looked at was in Argentina. We ended up being successful in buying a company who had bought production from the

national oil company. Saddam Hussein invaded, made the oil prices go up, so Repsol sold production. This company bought it, then prices went down and they were in a problem. So we were able to buy that company.

They had concessions covering a million acres in the San Jorge Basin in southern Argentina. We bought that. They had a major partner who owned 50%. We bought that. So we ended up with a 100% interest in a million acres in Argentina that had probably 40 different fields in it that the major oil company had developed.

They had not done any seismic out there, so we did some seismic. We could see all these zones that got developed, and we started drilling wells. Our success rate was, I guess, 98%. The rates of return were over 100%.

Argentina ended up being about half of our total production. Other things we did were in Canada—we bought a company up there. That didn't turn out as successful as Argentina did. Then we bought some production in Bolivia, which turned out fine. We did a little exploration in Trinidad and Tobago. Then we did a concession with a partner in Yemen. We discovered about three oil fields in Yemen. That was the only place I didn't go to.

The guy that ran our Yemeni production was Vietnamese—a really good guy. So those are all the different areas that we operated in.

Chapter 8 – 16:53

Philanthropy

John Erling (JE): You're still today the head of your company and you're still exploring and making acquisitions?

Charles Stephenson (CS): No.

JE: No?

CS: When I sold my company, Vintage, I stopped running any oil and gas operations at that point. I did back a company—I didn't operate it—and it got sold to KKR. We have a company now that inspects pipelines, oil and

gas pipelines, and actually water pipes for cities. Kind of related to the oil business, but it's really pipeline inspection. We build equipment to internally inspect pipelines. So that's kind of our business today.

JE: And now you're president of Stephenson Investments?

CS: Oh yeah.

JE: All right. Philanthropy. As you look back on your life—the spirit of philanthropy—was there a time where you thought, “We need to start returning to the community what we've earned,” both you and Peggy? Did somebody influence you? How did you get into the philanthropy world to the degree that you are involved in, which I'll talk about?

CS: Well, I think it started in a way kind of slowly. Growing up, we always tithed to the church. We always attended church. As we got married and started working and doing all of that, the only time I really ever had any assets of any significance that I could start giving was after we took the company public in 1990. Then I had a lot of Vintage stock, and it had a value.

I was involved in some of the activities at the University of Oklahoma. I was on several boards—they were raising money, so I started giving some stock periodically to different requests that came along. President Boren showed up and he was very persuasive.

JE: Persuasive—that's the word.

CS: Well, not only persuasive, but he came around a lot. And then there was the opportunity to give to the church in a more significant way, and it just sort of grew. It didn't happen one day that I said I was going to give half of everything to a foundation to give away. We did start the foundation—I think we started it in '87—which was really pretty early. We didn't have much to give away at that point in time. But anyhow, that's kind of how it started, and it's just kind of grown.

JE: Well, you and Peggy established the Charles and Peggy Stephenson Chair in Petroleum Engineering at the University of Oklahoma in 1994.

CS: That was the second thing we did.

JE: OK.

CS: With the university.

JE: And the first one?

CS: There's a building over there that was going to house petroleum—the Sarkeys Energy Center. We contributed to that to get it started, and then we gave a chair in petroleum engineering.

JE: Yes, that Sarkeys Energy Center to house many of OU's energy and geophysical research units.

CS: Right now, it has the Mewbourne School of Earth and Energy.

JE: And then you funded the construction of two campus research facilities—the Stephenson Research and Technology Center and the Stephenson Life Sciences Research Center. When they came asking for money, I mean, you had to decide, “Am I really that interested in your project?” So the Research and Technology Center obviously caught your attention.

CS: The engineering college started a pretty major fundraising campaign about the time we did the first technology center. They were raising money for several different projects. One of the projects I'd heard the dean talk about was the research campus on the south side of the university—that used to be where the naval base was. The university took over all that land. I decided that was a project I wanted to help fund.

Now, I had no idea at the time how big it could be, but that got my attention. I told the dean that I'd like to help work on that. The first thing that we decided to do was the technology center—where most of the most promising projects that were being developed in the various different colleges could be brought to one place, where you could have a multidisciplinary group work together to bring that to fruition—to either create a company or to create products that could be marketable and bring revenue to the university.

So we started the research campus out there. That was the first building, and we decided to put the university supercomputer there to do all the projects for that. Then the next project that came about was the opportunity to move the Weather Center to the research campus.

Then President Boren approached me about doing a project for the diabetes deal in Oklahoma City. I told him I really didn't want to do that—I'd rather keep focused on the research campus. So they came up with this other project, and I thought it tied in with what I wanted to fund, so I agreed to do that.

JE: Well, the University of Oklahoma Health Sciences Center in Oklahoma City has benefited from your philanthropy—a gift to support its nationally known Dean McGee Eye Institute.

CS: That happened early on. I've had eye problems from a very early age. When I started the company here, I'd heard about Dean McGee and the work they were doing—radial keratotomy and all that kind of stuff. I had one eye that was really bad. I did that procedure, and it actually worked. Then I had other problems with my eye that they solved over there. I've had cataract surgery done over there too.

They wanted to do a laser center, and I agreed to help fund that. That's how that started.

JE: OK, then I have to ask you—your eye issue, was that early in your life?

CS: Yeah, very early. It started in second grade. Probably by third grade they knew I had a problem because I couldn't see the blackboard. So I wore glasses, and it got worse as time went on until it finally kind of stabilized.

JE: When you were in college at the University of Oklahoma, was it a problem to you then? Was it getting worse or stable by that time?

CS: Kind of stable then. I was trying to use a contact lens—that was really hard to do back then—so I was still generally wearing glasses.

JE: And that got you by?

CS: With glasses I could see. Without glasses, I couldn't hardly see.

JE: A newly built cancer center was named the Peggy and Charles Stephenson Oklahoma Cancer Center. How did you come to contributing to that?

CS: By that time, we decided we weren't gonna—we were through with OU. Peggy and I thought we had probably done enough. But David and Molly wanted us to come over and see a project they were working on, and we

were going to Oklahoma City anyhow, so we agreed to do that. We didn't know what it was.

When we got there, they had started building the cancer center that's over there. It was being funded partially by the state at that time, and they needed to raise quite a bit more money to finish it. So when we got there, they started walking us through the building, and they told us what it was going to be.

I don't know whether they knew that Peggy had breast cancer earlier on—but it caught Peggy's attention.

JE: Absolutely. She survived that, obviously.

CS: Yeah.

JE: Right.

CS: Peggy said, "We have to do that."

JE: Yes, she did. I don't know why that's funny, but it is. And I'm sure you're glad you did.

CS: Well, we are. And we've given quite a bit more to the cancer center, and we'll do quite a bit more. It's a big deal. It's now been there ten years. Five years ago, we got our designation as a National Cancer Institute. We do all the trials that the National Cancer Center sponsors—from Phase 4 to Phase 1. You can do everything there that you can do at Mayo and MD Anderson. In fact, we do more trials in Oklahoma City than MD Anderson does, Mayo does—any of the rest of them. We're number one in the nation doing trials.

We're fixing to move a satellite facility over here to Tulsa to do the same thing here.

JE: Right now, people think, "I've got to go to MD Anderson" from over here, from Tulsa. I know people today are doing that. Are they unaware?

CS: We don't do a very good job with advertising. We're really out of space. There's a population group in Northeast Oklahoma that's really at risk for cancer—and that's the Native American population. They are twice as at

risk as the white population. They are the least treated in the state of Oklahoma. We have hardly any patients from Northeast Oklahoma that get treated at the cancer center.

So we need to bring it over here—and we are. Negotiations are underway to figure out a hospital to work with. We don't want to build a hospital here like we have in Oklahoma City. But most everything can be done here. There'll be a few things where you have to go to Oklahoma City if you've got a particular problem.

JE: That would serve a vast population over here then?

CS: It will. And it's just not Northeast Oklahoma. It overlaps into Arkansas, Kansas—you know, the whole area.

JE: All this philanthropy, and now we've just talked about cancer. How good it's got to make you feel that you are able to contribute to this—and in many areas of life.

CS: I just feel fortunate.

JE: You're emotional—and I'm getting eye water myself watching you—to know that's how sensitive you and Peggy are to the community's needs. And I don't think everybody who accumulates a lot of wealth is as active in philanthropy. Not everybody does that.

CS: Well, they don't know what they miss.

JE: And the reward—the feeling you're feeling.

CS: Yeah. We know that we can help people, and we want to do it in a significant way. We've been blessed. We're fortunate that we have the financial assets to do that. The family only needs so much. What the hell are you gonna do with the rest of it?

JE: Are you like others in the nation—they talk about giving half away of your wealth—or in that world or not? Some like to give it all away, or whatever.

CS: Well, I started thinking about that before it became a thing. I was gonna give away at least half of it, but that's changed now. I think the family's got what it needs. I think everything else will go to the foundation.

JE: You should be proud of so many things. What do you think you're the most proud of as you look back on your life?

CS: Well, the most proud of is my family. The rest of it is just noise.

JE: Yeah. But it's good noise.

CS: There's all kinds.

JE: Right. I'd like to ask about advice to young people who are either in college—maybe they want to go into your field. What kind of advice would you give them?

CS: They need to approach their education as a job. It's really not just an opportunity. It's one of the most important things in their life, because it's going to dictate whatever else they're going to do in life.

Approach education like a job. Work hard at it. Then find what you can enjoy doing—what vocation you pick. You need to think about whether you're going to enjoy that or not. Because if you really enjoy what you're doing, you'll be successful—and it won't be a real chore.

Like I said, I don't think I ever worked a day in my life. That allows you to get through the ups and downs and be successful. So I guess that's my advice.

JE: How would you like to be remembered?

CS: I really haven't thought of that.

JE: Most people haven't when I ask that question.

CS: Yeah. I don't know. I'd have to give that some thought.

JE: Well, people will view you as a very successful businessman. And you end up being known for your philanthropy—and a very giving philanthropist. So if I'm speaking for them, that's the way you'll be remembered.

CS: Well, that's fine. You know, I love my family, so I'd like to be remembered as a good family man, generous, and a Christian.

JE: Yeah. Yeah, your faith's very important to you and Peggy. OK, well, Charlie, when I talked to you and said this could take a couple of hours, you said, "I don't know if I can talk that long." Well, we've talked just about two hours.

CS: Yeah.

JE: Right. Good. So I want to thank you for your story. It will be heard. Students are listening to these Voices of Oklahoma oral history stories. And you never know when somebody says, “Oh, that inspired me to do great things.”

CS: Well, I hope it does.

JE: Yeah, it will. And thank you for taking the time to do it. You know, what you’re doing is really important. Just keep it up.

CS: Like you said—you’re gonna work, and that’s important.

JE: I do. I’m gonna work till I die.

CS: I gotta have something to do—and so do you.

JE: Yeah.

CS: All right.

JE: Thank you, Charlie.

CS: You’re welcome.

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