

Whelan, Michael

by Terry Clavin

Whelan, Michael (1932–2007), businessman, was born on 1 May 1932 in Beaumont nursing home, Co. Galway, the eldest son of Michael Whelan of Bridge Street, Athenry, Co. Galway, and his wife Mary (née Hynes). His father was a wealthy footwear merchant, and Whelan boarded in Castleknock College, Co. Dublin, before studying in UCD and graduating BA in economics and law. He entered King's Inns in 1951 and was called to the bar in 1954, practising on the western circuit for about a year.

Soon after marrying Maureen Ryan from Oola, Co. Limerick, in June 1955, he emigrated to Canada and joined the Shell Oil Company as a sales representative, later becoming an assistant marketing manager. He quit Shell in 1957 upon winning a fellowship to Columbia University, New York, where he took an M.Sc. in marketing and management. Rehired as an economic analyst in Shell's New York headquarters, he left in 1959 to become sales development manager in North America for Aer Lingus. He played an important role in the success of Aer Lingus's new transatlantic service and earned promotion in 1962 to the airline's Dublin headquarters as head of sales, settling with his wife, three sons and daughter first in Glenageary and later in Rathgar.

In 1963 he joined Bord Fáilte as its marketing director, and enjoyed a glamorous jet-set lifestyle while also lecturing on marketing and administration at the Irish Management Institute and being active on the speech circuit. Badly injured in a May 1970 car crash, during a four-month recuperation he reflected on how the lethargic state sector ill-suited his freewheeling, somewhat disorganised approach. This discontent intensified that December when a consultants' report discredited a policy that he had pushed since 1967 of promoting all-year Irish tourism.

He resigned in February 1971 and went into business with his brother making outdoor swimming pools, also establishing (early 1972) a company for seeking oil concessions in the waters off Ireland with car dealer Stephen O'Flaherty (qv). Whelan and O'Flaherty were approached by a bank, which in November arranged for them, three other investors, and the publicly quoted mining company Silvermines to create Aran Energy (originally Aran Oil), one of many such entities set up in the knowledge that the government wanted local participation in oil-exploration consortia operating in Irish waters. Initially, he was more involved in the swimming pool company, but once it went into terminal decline in 1973, he switched to Aran, quickly becoming its driving force and from 1976 managing director.

His first coup occurred in early 1974 when he landed a consortium agreement with British Petroleum (BP), which gave Aran a substantial, 25 per cent share and a veto,

counteracting complaints about Irish oil companies selling themselves cheaply to multinational oil operators. As a result, the Aran–BP consortium received the most desired waters in the Fine Gael-led government's allocation of offshore exploration licences in 1975. The Silvermines connection also helped, as its chairman Ted Russell (qv) was a Fine Gael senator.

Whelan set about raising funds for the heavy expenditure required for offshore drilling, gradually building support among financial institutions in Dublin and London. However, the 1976 share issue barely raised the minimum required to cover Aran's immediate drilling obligations. Prospective investors were unimpressed that the promoters had accumulated their shares at 17.5p each while inviting the public to pay 125p. Having invested some £20,000 in Aran during 1972–6, Whelan ended a period of financial insecurity by cashing in part of his shareholding for £50,000, while still emerging with a personal stake worth over £100,000.

Most Irish oil companies were purely investment packages, but Whelan distinguished Aran by establishing an in-house geology department in 1978, buying a site in Kerry for a proposed refinery in 1978, taking over a small oil distribution company in 1980, and assembling a high-powered board representing investments from industry, finance and farmers' groups. He also widened Aran's political influence in 1978 by buying Trans-International Oil, a company owned mainly by prominent Fianna Fáil figures, who received a generous portion of Aran shares under the purchase terms. His touting of Aran as an embryonic national oil company came to little, but the lingering aura of political favouritism helped its share rating and long deterred foreign companies from attempting a takeover.

After the Aran–BP consortium made an encouraging discovery in summer 1979 in the Porcupine Basin, some 100 miles west of Clare, Aran's share attracted frenzied buying, heedless that the find was in very deep and choppy waters. This was the first in a series of share price oscillations arising from wild rumours fed by Whelan's optimistic conjectures. Despite never employing more than forty people, Aran periodically boasted a market valuation comparable to that of Ireland's leading industrial companies before subsiding to negligible proportions. These peaks were exploited by Whelan to replenish Aran's finances through rights issues and improved credit facilities and to use Aran shares to buy other oil companies for their exploration acreage.

Irish investors would only finance oil exploration on a speculative basis, which forced Whelan to stoke unrealistic expectations while gambling wildly. He rode his luck and on several occasions had exhausted Aran's resources only to be redeemed in near-providential fashion. His genius for performing this buccaneering role accounts for his longevity but also for his tarnished reputation, as he left a swathe of unhappy investors in his wake. Believing that he needed the freedom to act swiftly and decisively, he was determined not to be subject to his leading shareholders, whom he skilfully played off against each other or outmanoeuvred by enlisting outside

funding. There were also suspicions of insider dealing, and during the disappointing drilling in the Porcupine in summer 1980 he sold 45,000 shares for £200,000, though other Aran directors realised larger fortunes and he repeatedly saw paper millions vanish.

It became apparent in 1980–81 that the Porcupine area was too geologically fragmented to contain commercially exploitable deposits. Shareholder discontent reached a pitch in 1982 when Whelan proposed to fund his comparatively lavish lifestyle by awarding himself a £70,000 annual salary and extremely generous share options. After a fraught, yearlong standoff, he withstood efforts by principal shareholders to oust him via a hostile takeover and secured his salary demands, though the share option element was watered down. His uncanny facility for persuading people to part with their money was crucial to Aran's viability while also damaging it when applied to his own remuneration.

This controversy was soon forgotten thanks to his earlier purchase of 75 per cent of the Marathon royalty, covering any discoveries made in thirty-seven exploration blocks off the south coast. Although Aran was not involved in the consortium that struck oil in the Celtic Sea in summer 1983, the find lay within a mile of the Marathon area, which was enough to send its share soaring. Small investors piled in during 1983–4, as Aran shareholders quadrupled to nearly 17,400, a tally surpassed in Ireland only by AIB.

The Celtic Sea also proved a disappointment and, as the international oil operators withdrew from Ireland, Whelan took evasive action in May 1985 by snatching British oil company Petrolex and its interests in over forty North Sea exploration blocks. With Saxon Oil seemingly having secured Petrolex, he waited until the closing days of the bid period and then astounded the City of London by rapidly-achieved irrevocable undertakings from 51 per cent of shareholders, giving his rival no time to react. The price was considered excessive, but he was vindicated as the Petrolex acreage permitted Aran to participate in two North Sea discoveries, first in autumn 1986 in the Alba field, then in summer 1987 in the Gryphon field. Whelan tried to shed his disreputable image and based himself in London, as Aran became a North Sea company with a preponderantly British-held shareholding, though small Irish investors comprised the vast bulk of its share register.

Appraisal drilling revealed that the Gryphon find was smaller than first thought and that the Alba field posed technical challenges, which delayed their development. With something to lose, Whelan grew cautious and fumbled the opportunity to buy cheaply into oil-producing fields in the North Sea, while his search for value in the mature oil and gas fields in the Gulf of Mexico and Louisiana met with little success. Although technological advances brought the Alba and Gryphon fields into production during 1993–4, low oil prices made them marginally profitable and Aran's share languished dismally, partly because Whelan had flooded the market with recurring issues. Disillusioned investors angrily questioned the lack of a dividend, as

well as Whelan's pay, share options and receipt of an unsecured £232,000 loan to buy a London residence.

Previously overhyped, Aran was now undervalued, given that Whelan had shrewdly accumulated valuable exploration interests in the west of Shetland, a deep-water region emerging as the new focus for North Sea exploration. In August 1995, the American oil giant Atlantic Richfield (ARCO) launched a hostile takeover bid calculating that Whelan's pariah status within Irish financial and media circles would enable a bargain. But the initial offer met with few takers, as the 200 or so small shareholders who barracked him at every AGM were unrepresentative of an equity base composed mainly of British and American institutions. Accepting that Aran's days were numbered, Whelan canvassed the Norwegian company Statoil, hoping for a bidding war. Statoil's counter-offer led ARCO to drop out, and he had to settle for nearly doubling Aran's share price, earning some £2.5 million for his shares and perhaps another £3 million for his option rights.

Long a member of the Royal Irish Yacht Club, Dún Laoghaire, and the Baltimore Sailing Club, Co. Cork, he kept a boat and holiday home in Baltimore, and retirement permitted more time for sailing. In 2000 he invested in and acted as chairman of Kratos, an Internet company established by his son Brian, which was valued at €31.7 million before the dot.com bubble burst. Latterly residing in Monkstown, Co. Dublin, he died on 24 April 2007 in the Blackrock Clinic, Co. Dublin, and was buried in Shanganagh cemetery.

---

GRO (birth, marriage certs.); *Ir. Times*, 14 Feb. 1963; 26 Feb. 1971; 17, 18 June 1976; 30 Apr. 1983; 27 Sept. 1985; 22 Aug. 1987; 21, 27 July 1992; 21, 22, 25 Aug. 1995; 25 Apr. 2007; 21 Apr. 2008; *Ir. Independent*, 19 Apr. 1963; 20 Nov. 1964; 1 Dec. 1980; 9 May, 7 July, 14 Nov. 1984; 10 July 1985; 26 June 1987; 9 Apr. 1990; 7, 10 May 1993; 23 Aug., 9 Oct. 1995; 27 Feb. 1996; 22 Sept. 2000; *Business and Finance*, 19 Feb. 1971; 15 June 1972; 28 Feb. 1974; 3 July 1975; 24 June, 1 July, 12 Aug. 1976; 13 Apr. 1978; 2 July 1981; 30 May, 8 Aug. 1985; 30 Nov. 1989; 15 Oct. 1992; 24, 31 Aug., 28 Sept. 1995; *Ir. Press*, 17 June 1976; 1 Sept. 1981; 23 Apr. 1983; 22 Oct. 1984; 12 July 1986; 21 Mar. 1988; 16 Mar., 1 Jan. 1990; 11 May 1991; 11 Feb. 1993; *Hibernia*, 30 July, 20 Aug. 1976; 5 Apr., 26 July 1979; 17 Jan. 1980; *Irish Business* (Aug. 1976; June, Oct. 1979; Dec. 1981; Nov. 1983); *Sunday Independent*, 24 June 1979; 21 Sept., 30 Nov. 1980; 14 Oct. 1984; 5 July, 4 Oct. 1987; 25 Nov. 1990; 9 Aug. 1992; 2 Apr., 10 Sept. 1995; 24 Sept. 2000; 19 Oct. 2003; *Magill* (July, Aug. 1979); *Financial Times*, 15 Sept. 1979; 12 Jan. 1981; 16 Oct. 1983; 15, 16 May 1985; 2 Feb., 30 Sept. 1987; 17 Apr. 1990; 4 Oct. 1994; 22, 26 Aug. 1995; *Management* (July 1980); *Success* (Jan. 1983; Feb., Apr. 1984; June 1985); *Phoenix*, 29 Apr. 1983; 19 July 1985; 1 May, 4 Sept. 1992; 12 May, 13, 27 Oct. 1995; *Sunday Tribune*, 15 May, 25 Sept, 16 Oct. 1983; 8 July 1990; 14

June, 6 Sept. 1992; 22 Oct. 1995; Maureen Cairnduff (ed.), *Who's who in Ireland: the influential 1,000* (1984 ed.); *Aspect* (June 1985, Nov. 1987); John O'Neill, *The Irish Stock Market 1990* (1990); *Sunday Business Post*, 1 July 1990; 27 Aug. 1995; *Oil and Gas Investor* (May 1993; June 1994); *Oil and Gas Journal*, 27 Sept. 1993; *International Travel* (Mar. 1994); *Independent* (London), 24 Sept. 1995; *Hart's Petroleum Finance Week*, 2 Oct. 1995; Kenneth Ferguson (ed.), *King's Inn barristers 1868–2004* (2005)

Downloaded from <http://dib.cambridge.org> by IP 100.101.44.120 on Wed Aug 05 08:40:19 UTC 2020 Dictionary of Irish Biography Online © 2020 Cambridge University Press and Royal Irish Academy. All rights reserved. Not for commercial use or unauthorized distribution.