

# Seventy Six

September  
October  
1990





With a career spanning half a century, Fred L. Hartley made a profound and lasting impact on Unocal. He died after a long illness on October 19, 1990 — just two days after the company's one-hundredth birthday. He was 73.

At the time of his death, Hartley was chairman emeritus of the board of directors, and retired chairman, president, and chief executive officer. He is survived by his wife, Margaret A. (Peggy) Hartley; their daughter, Margaret Ann (Marnie) Gruen and son-in-law, Dan Gruen; and their son, Fred L. (Jack) Hartley, Jr.

"Fred was a brilliant, colorful and tough-minded man who, more than anyone else, created the modern Unocal," noted Richard J. Stegemeier, the company's chairman, president, and chief executive officer.

Hartley joined the company at the Union Oil refinery in Oleum, across the bay from San Francisco, in 1939. He had been recruited from the University of British Columbia in Vancouver, Canada, where he graduated with a degree in chemical engineering. After a preliminary interview, Hartley met with one of his professors and Lester G. Metcalf, then Oleum refinery manager.

"After dinner, they offered me a cigar," Hartley recalled. "I figured I had to smoke it, and I don't know if I was hired because I did that or because they were impressed with my abilities."

He may still have been wondering about that when he arrived at the refinery, only to be handed a shovel and put to work on a labor gang — hoeing weeds and cleaning out dirty tank cars.

"I think that's where I learned a philosophical tenet that has guided me in my life ever since," he said. "Be enthusiastic! If you want people to be enthusiastic about you, then whatever you do you must do with enthusiasm."

Hartley, a native Canadian who was born in Vancouver on January 16, 1917, had already shown considerable grit in his youth. When he finished high school in 1934, the world was in the throes of the Great Depression. To earn money for college, Hartley drove a truck during the day and worked nights at a local drive-in restaurant.

During his first two college summer breaks, Hartley worked his way up from

dishwasher to steward on a cruise ship running between Vancouver and Skagway, Alaska. The third summer he joined a five-man team working for the Canadian Topographical Survey. Traveling by horse and canoe, they surveyed about 600 square miles of the Yukon Territory. In 1938, he spent his final summer break from college as a draftsman and junior engineer for the Canadian subsidiary of Standard Oil Company of California (now Chevron).

Two months after joining Union, the young engineering trainee was assigned the job of running chemical tests on petroleum products. He was quickly promoted to junior research engineer at the Los Angeles refinery, where he helped design and operate a variety of petroleum processing plants.

## IN MEMORIAM

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## FRED LLOYD HARTLEY

Hartley's career was launched. He felt confident of his future in his new country. While proud of his Canadian heritage, he often referred to himself as "an American by choice." He studied for citizenship and earned it in 1950.

By December 1941, when America entered World War II, Hartley was in charge of starting up Union's new hydroformer at Oleum. It was urgently needed to manufacture aviation fuel for the war effort. Neither the Canadian nor the American armed forces drafted Hartley, agreeing that his contributions on the home front were vital.

Hartley quickly earned a reputation for getting the job done. "It was the first opportunity I had to show I was ca-

pable of running an operation, working with the men and the [labor] union, solving technological problems, and keeping up the drive," he explained.

The experience had lasting value for Hartley. In later years, his strong emphasis on technological innovation would be a central theme in Union's corporate strategy. In 1982, when the company dedicated its expanded research center in Brea, California, the facility was named the Fred L. Hartley Research Center.

In 1944, Hartley moved to Union's headquarters in Los Angeles as supervisor in charge of process engineering design for all of the company's new plants. He was promoted to general superintendent of the Los Angeles refinery in 1950.

After a serious fire at the refinery in July 1951, Reese Taylor, Union's president, surveyed the scene and asked Hartley about the causes. Hartley spoke his mind, saying that Union had built its modern high-pressure plants in the worst possible place — among old oil storage tanks and piping systems.

Taylor took the problem to higher levels of refinery management, and Hartley was caught in the backfire. His position at the refinery became increasingly untenable and, in 1953, Taylor arranged for his transfer to the Research Department. There, Hartley developed what became a highly profitable enterprise — the sale and licensing of Union technology to other companies.

Hartley was put in charge of research in 1955, and became involved in the development of Unicracking — a refining process that greatly increased the yield of high-value fuels. A decade later, the first commercial-scale Unicracker was started up at the company's Los Angeles refinery. It set off a virtual revolution in refining, and the demand for Unicracking technology boomed in the following years.

In December 1959, Reese Taylor asked Hartley to head up the company's marketing arm. "This would be a radical change from your engineering and research work," he said, "so take your time making a decision." One hour later, Taylor demanded an answer.

"That's how I became a marketing man," Hartley recalled. He was named senior vice president of marketing in 1960 and hit the road to talk with dealers and customers. In the next several



months, he introduced changes that revamped and strengthened operations. Dealers learned to think as merchandisers instead of distributors.

Hartley was also elected to the board of directors in 1960. In 1962, refining activities were added to his responsibilities. When Taylor died that same year, A.C. (Cy) Rubel was called out of retirement to replace him as chairman, president, and CEO. Rubel retired for the second time in 1964, with Hartley taking over as president and CEO.

Hartley's first full year at the helm was an eventful one indeed. In 1965, he presided over the largest oil company merger in U.S. history up to that time. Union merged with The Pure Oil Company of Palatine, Illinois, giving the new Union Oil greatly increased oil reserves, national status as a marketer, and the financial clout to become a major player internationally. The merger virtually doubled Union's size.

Hartley traveled the globe as the company expanded its exploration efforts around the world. Early successes in Indonesia were followed by discoveries in Thailand and the North Sea. From the late 1960s on, Hartley supported development of geothermal resources in California and later the Philippines. He also greatly expanded the company's chemicals business with the decision to manufacture nitrogen fertilizers from Union's natural gas reserves in Alaska.

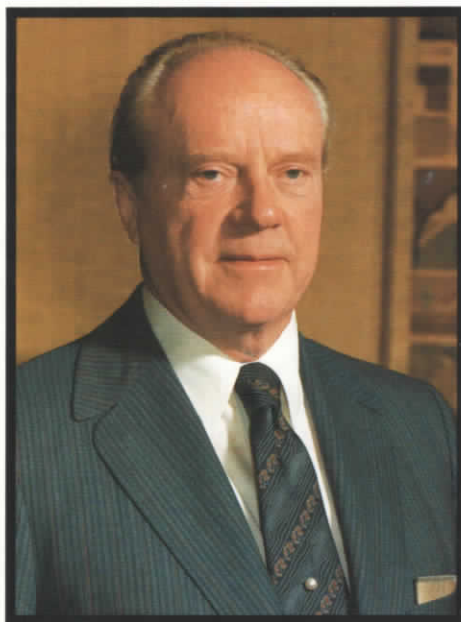
The company and Fred Hartley were caught up in a disaster in 1969, when a blowout on Union-operated Platform A in the Santa Barbara Channel caused an oil spill. Union moved quickly to control the spill, and company personnel worked around the clock to assist in clean-up efforts. But some news reports misquoted Hartley in a way that made him sound uncaring about environmental damage caused by the oil spill. Even though retractions were made by several news organizations, the misquote continued to resurface, and Hartley harbored a continuing distrust of the press.

Intense media coverage of the Santa Barbara oil spill and public outrage combined to help coalesce fragmented environmental protection groups. Many point to the spill as the pivotal event in the formation of a national environmental lobby.

In 1970, Union opened its new Chicago refinery. The facility was dubbed the "clean-air" refinery because it incorporated state-of-the-art systems designed to minimize emissions. That same year, Hartley spearheaded Union's introduction of low-lead gasoline in the western U.S. The new fuel helped reduce atmospheric lead levels four years before the introduction of cars designed to run on unleaded gasoline.

In 1974, Hartley was elected chairman of the board. During the rest of the 1970s and into the '80s, he led the company through some dramatic events in the oil industry: an explosion of technological development, the rise of OPEC, recurring energy crises, and a destructive wave of corporate takeover raids.

At least one journalist labeled him



"Mr. Oil Shale," for his determined effort to develop the technology for producing oil from the company's vast shale reserves in Colorado. In 1980, when Hartley was elected to the prestigious National Academy of Engineering, he was lauded for Union's development of oil shale and geothermal alternative energy technologies. Today, the company is the world's largest producer of geothermal energy, and operates the only commercial-scale oil shale project in the nation.

In 1985, Hartley led the fight to prevent a hostile takeover of the company by T. Boone Pickens and his investment group, Mesa Partners II. Union—by then doing business as Unocal Corpora-

tion—came through intact, with the support of its shareholders. But as a result of the takeover battle, the company's debt rose from \$1.6 billion to \$6.1 billion. In early 1986, a second economic blow was dealt Unocal when a worldwide crude oil glut developed. Oil prices plunged from an average of \$27 per barrel in late 1985 to a low of \$11 per barrel in July 1986.

Hartley gave up the office of president in late 1985 to focus much of his attention on national energy policy. He advocated an oil import fee to protect domestic producers, but found little support. Under his and new president Dick Stegemeier's leadership, Unocal began to streamline and restructure its operations to adjust to the new economic realities.

Hartley received many honors during his long career. One that he was particularly proud of was his appointment by President Reagan as U.S. ambassador to Expo 86, the world trade and technology fair held in Vancouver, Canada, in 1986. It was a poignant homecoming for him. "After all," he noted at the event's dedication ceremony, "I was born only about a mile from here." In June 1988, Hartley retired as chief executive. He remained chairman of the board for another year, when he stepped down and was voted unique status as chairman emeritus by his fellow directors. Shareholders accorded him a heartfelt standing ovation after his farewell speech at the 1989 annual meeting.

The dedication, strength of character and ingenuity demonstrated by Fred Hartley in his first assignments for Union Oil later made him an effective and forceful chief executive. He led the company during some of the most tumultuous and challenging years in the history of the U.S. oil industry, and presided over Unocal's development into a worldwide energy resources company.

"Fred Hartley's example is an inspiration to us all as we face the 1990s," said Stegemeier upon Hartley's death. "We're challenged to build on his legacy, to find the new and innovative ideas that will carry us forward. He was forthright and fearless. He was an original. We'll never see another like him, and we can count ourselves lucky that he chose to make Unocal his career." 76



# THE INSIDE STORY

A major corporation must do much more than produce and sell its products to succeed. Among other things, it must account for its revenues and expenses, manage its cash flow and appeal to investors. At Unocal, these responsibilities are divided among the Comptroller's, Treasurer's and Secretary's Departments.

In many companies, these departments or their equivalents operate in a quiet, uneventful, clockwork-like fashion. This was generally the case at Unocal for many years. The company boasted a strong balance sheet, impressive equity and a relatively stable and contented shareholder base.

Things changed suddenly, however, when T. Boone Pickens' investment group Mesa Partners II attempted a hostile takeover of Unocal in 1985. The company thwarted the raid, but the victory was costly. To fend off Pickens and retain its independence, Unocal was forced to drastically increase its corporate debt. The dramatic change in the company's financial situation—and the demands of a new breed of short-term-oriented institutional shareholders—forever altered day-to-day operations within the Comptroller's, Treasurer's and Secretary's Departments.

The three departments have linked but varied areas of responsibility. The Comptroller's Department, the accounting arm of the company, performs a number of vital financial functions. The department compiles and consolidates the financial results of Unocal Corporation and Unocal Exploration Corporation, and reports them to the Securities and Exchange Commission (SEC) and to shareholders in annual and quarterly reports. Department personnel prepare and file the company's federal and state tax returns, process and provide paychecks for all Unocal employees, and administer the employee benefit plans set up by Human Resources.

"We also audit company operations to ensure that they comply with all laws and regulations governing Unocal's financial and operating structure," says Comptroller Charles S. McDowell. "And we evaluate and implement regulations and directives issued by the SEC, the Internal Revenue Service and the Financial Accounting Standards Board (FASB)." The FASB is

the principal rule-making body for accounting in the private sector.

The debt taken on after the Mesa raid intensified activity in several areas of the Comptroller's Department. Increased interest payments on the expanded debt made corporate income tax planning much more crucial and complex. Another new responsibility was the accounting for Union Exploration Partners, Ltd., (UXP) the master limited oil and gas partnership spun off by Unocal to enhance shareholder value and help thwart the takeover attempt.

When UXP was converted into Unocal Exploration Corporation in August of 1990, the Comptroller's Department worked closely with the company's Law Department to ensure that the transaction complied with all securities laws and generally accepted accounting principles. Department personnel also helped prepare the prospectus mailed to UXP unitholders explaining the change.

Whenever Unocal buys or sells corporate assets, the Comptroller's Department

plays an active role, in cooperation with the Corporate Budgets, Planning & Economics Department. The sale earlier this year of the Obed Mountain coal mine in Canada is a case in point. The Comptroller's Department helped assemble the financial information that went into the prospectus for potential buyers. Department personnel were also closely associated with the \$340-million acquisition of Prairie Holding Company, an oil and gas exploration and production firm.

"We were highly involved in the Prairie acquisition because of the magnitude of the transaction," explains Assistant Comptroller Joe D. Cecil. "We spent a lot of time preparing the necessary SEC disclosure documents."

Large corporate financial transactions are also familiar to the Treasurer's Department, which oversees Unocal's banking and financing needs. The department is responsible for management of Unocal's daily cash flow, which varies widely during

*Top right, checks are processed at Unocal Center. Right, interior of the Obed Mountain coal mine, sold by Unocal earlier this year. The Comptroller's Department oversees payroll and compiles financial data required for asset sales and acquisitions.*



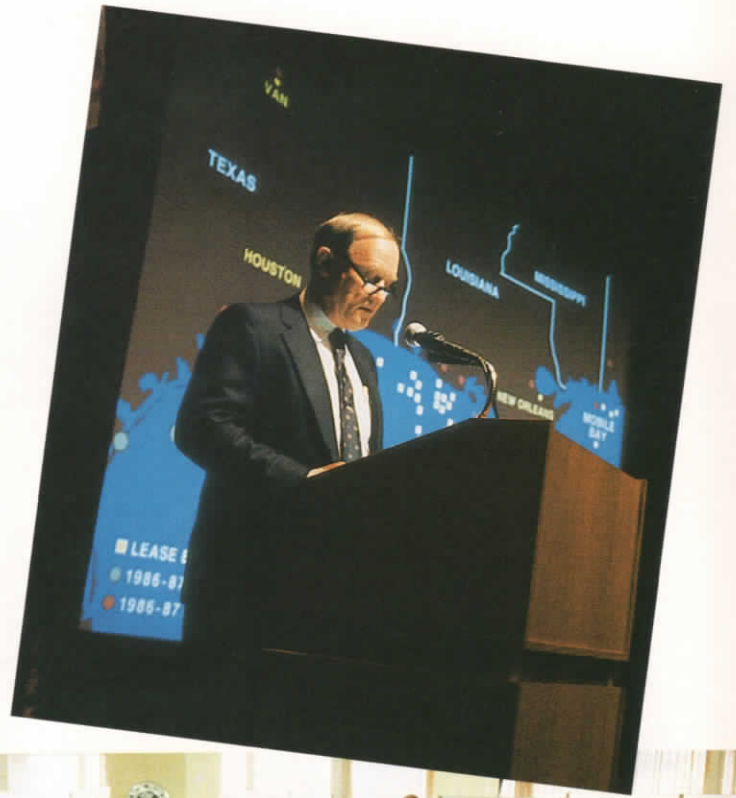


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*The Secretary's, Comptroller's and Treasurer's Departments perform a diverse range of tasks. "Most of what we do takes place behind the scenes," says Assistant Secretary Andrew Viens, "but all of our activities are important to the company's success."*

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the conduct of its business operations. This responsibility necessitates daily decisions on the investment of excess cash, or the borrowing of additional funds when daily cash flow is not sufficient to meet the company's obligations.

"The challenge is putting together the most efficient and cost-effective banking structure that we can," says Treasurer Darrell D. Chessum. "We want our invested cash to earn the best possible return, and we want to borrow the funds we need as inexpensively as possible. This activity has to be coordinated to ensure that sufficient cash is available each day to meet the company's needs."

To carry out its responsibilities, the Treasurer's Department is an active daily player in the money markets. To acquire the short-term funds it needs, Unocal makes extensive use of "commercial paper," which might be likened to an I.O.U. issued by the company to a large investor

who agrees to lend funds from one day to several months. The commercial paper is arranged and offered with the help of Wall Street investment banking firms.

The department evaluates Unocal's borrowing needs and repayment obligations on a daily basis. To calculate whether the company will have a net inflow or outflow

of cash on a given day, Treasurer's Department personnel employ a variety of computerized financial forecasting and "numbers crunching" programs. These are supplemented with an intimate knowledge of Unocal's financial position and needs.

"Even using all of our resources, forecasting remains an inexact science," says Treasurer Darrell D. Chessum. "It's actually more of an art. If we are within a \$20-million range in our daily forecasts, we're happy."

The debt incurred in the takeover battle has substantially affected the operations of the Treasurer's Department. Because of the enlarged debt, Unocal's credit rating was downgraded, making funds more expensive and the company subject to more lender-imposed restrictions on operating and financial flexibility. The repayment of about \$2 billion of debt in

the years since its peak has improved Unocal's rating, reducing the cost of borrowing and easing restrictions.

The department continually explores options for refinancing portions of the remaining debt for long maturities at fixed rates. The goal is to reduce interest payments—and stretch and smooth out annual debt maturities—by employing loans that mature at different times. At present, about 80 percent of the debt is financed long-term at fixed interest rates, with 20 percent financed short-term at floating rates. "We consider our current debt level (about \$4 billion) manageable for a company our size," says Assistant Treasurer Daniel A. Franchi.

While the comptroller's and treasurer's functions are performed largely within the realm of finance, the Secretary's Department at Unocal defies easy description. One of the department's major responsibilities is to ensure that the company performs the legal and statutory requirements of record-keeping. The secretary (or an assistant secretary) must personally record the minutes of each meeting of the board of directors and executive committee, for example.

The department also oversees shareholder services and investor relations, administers the company's insurance packages, is responsible for charitable endeavors carried out by the Unocal Foundation, and manages the corporate headquarters facility and aviation department.

"Service is the common denominator of our department's heterogeneous mix of responsibilities," says Secretary Robert O. Hedley. "We have a very capable group of employees on the staff, and our goal is to provide the best service we can in all areas."

Service is especially important in the work of the Shareholder Services group. This involves everything from handling shareholder inquiries to ensuring that financial reports and dividend checks are delivered on time. The department's Investor Relations arm disseminates information on Unocal's operations and business objectives to brokers and securities analysts across the nation and overseas.

*Clockwise from top left: A Unocal Foundation-sponsored hearing test for children; CEO Richard J. Stegemeier speaks to shareholders; payroll processors at work.*

*International Oil & Gas Division President Harry Lee makes a presentation to brokers in New York.*







*Above, checks are separated and stamped with Treasurer Darrell D. Chessum's signature in a "bursting" machine. Bottom right, one of the company's stock certificates.*

As part of this effort, the Corporate Secretary's Department maintains an office in New York City, the nation's financial nerve center. The office is currently staffed by Jim Fallon, whose title is Executive Representative. Fallon spends much of his time meeting with securities analysts and portfolio managers from various brokerage houses, often accompanied by Unocal executives.

"We make presentations to groups of brokers and analysts on a regular basis," Fallon says. "Some of these sessions focus on specific growth areas of Unocal's operations, while others more generally outline the company's business objectives. Our goal is to stimulate positive interest in the company's stock as an investment."

Perhaps the most important of the secretary's responsibilities occurs in the spring. The department is charged with preparing the proxy statement (which by law must accompany the annual report), and for soliciting proxy votes on the election of directors and proposals put before shareholders. The Secretary's Department also shares responsibility with Corporate Communications for the annual shareholders meeting.

"These are important duties because a host of SEC regulations govern both the format and content of the financial reports and proxy materials, as well as the conduct of the shareholders meeting itself," says Assistant Secretary Ron Jenkins.

Through a group headed by James A. McCullough, manager of risk and insurance, the Secretary's Department is also charged with handling all corporate insurance worldwide, including that for property, liability and workers compensation. "Our goal is to protect company assets and cash flow at the lowest possible cost," McCullough explains. "Doing that is always a challenge because of the ever-changing insurance market. The proof of the pudding for us comes when there's an accident of some kind, and the company's insurance programs respond as they are designed to."

Philip L. Wolfe, manager of corporate aviation services, has responsibilities of a

different sort. "The purpose of our department is to provide time-critical transportation for Unocal executives on missions important to the well-being of the company or its employees and stockholders," Wolfe says.

The company's corporate aircraft can deliver executives or other company personnel quickly to remote destinations that are often ignored by commercial airlines. "We can fly anywhere in the world on very short notice," Wolfe says. "High maintenance standards and experienced personnel enable us to do that."

Like many other corporations, Unocal engages significantly in philanthropic activities. The company's charitable programs are administered through the Unocal Foundation, overseen by the Secretary's Department. In 1989—its 27th year of operation—the Foundation contributed more than \$3 million to charitable groups and causes. More than half went to United Way programs across the country. Unocal matches employee gifts to United Way on a dollar-for-dollar basis.

"We want to give something back to communities in which we have a significant presence," says Assistant Secretary Rufus P. Van Zandt, who supervises the company's contributions programs. "It's our way of helping to improve the quality of life in operating areas where our employees live and work."

Given these varied functions and responsibilities, the challenges facing the Secretary's, Comptroller's and Treasurer's groups are broad indeed. Assistant Secretary Andrew E. Viens sums it up well: "The three departments have a lot of diverse tasks to perform," he says. "Most of what we do takes place behind the scenes, with little fanfare. But all of our activities are important to the company's success." 76



*Editor's note: Corporate Secretary Robert O. Hedley elected to retire from Unocal effective December 1, after 40 years of service with the company. Succeeding him is Dennis P. Codon, former Deputy General Counsel in the Law Department.*



# THE HUMAN FACTOR

**M**uch has been written recently about the changing U.S. work force. Lifestyle changes, advances in technology and a myriad of new laws and regulations have combined to alter the work place and the demographic make-up of employees. As a result, human resource management has become a highly specialized field, as well as one which complements strategic corporate goals and values.

At Unocal, Corporate Human Resources (CHR) develops and administers company policy for compensation, training and development, employee benefits, college relations and recruiting, industrial relations, workers compensation, and a host of other employee-related areas. Although the development and control of these policies are centralized within CHR, much of the day-to-day administration is delegated to division human resources staffs and local personnel offices.





"The business plans of the operating divisions need to be supported by a work force that can carry out those plans efficiently and with quality results," says Wellman Branstrom, vice president, Corporate Human Resources. "One of the department's major functions is to develop policies which help Unocal attract and retain quality employees."

CHR is comprised of three principal departments: Employee Benefits & Human Resource Information Systems headed by Ron Westland, Industrial Relations headed by Dick Miller, and Compensation & Management Development headed by Keith Shull.

The Employee Benefits group designs and administers a multitude of plans and programs including those governing medical, dental, disability, life insurance, profit sharing, retirement, sick pay, and vacation benefits, among others.

"Changing demographics, increasingly complex regulations, and rising costs are the major concerns in the benefits area," says Ron Westland, manager of Employee Benefits & Human Resource Information Systems. "The federal deficit continues to spur revenue-producing tax legislation, which often has a negative effect on benefit plans. The time and expense required to ensure compliance with benefit laws has increased significantly in recent years."

In 1990, the Employee Benefits group implemented a new 401(k) provision whereby the company matches an employee's pre-tax contributions to the Profit Sharing Plan up to 4 percent of base salary. More than 8,000 employees now participate in this program. Also in 1990, a new plan—the Unocal Section 125 Plan—was put into effect to enable employees to make their contributions for medical and dental coverage on a pre-tax basis. And, CHR recently announced the implementation of a plan to be effective January 1, 1991, which will allow employees to pay for certain dependent care costs with pre-tax dollars.

Also modified in 1990 was the company's service award program, which has been upgraded to offer a varied selection of awards. Employees will be able to select from an attractive award package of jewelry and other gift items. Diamonds and/or sapphires on the jewelry will honor length of service.

"The new service awards mark the company's centennial year and celebrate the beginning of Unocal's second century in business," says Branstrom.

Medical costs for Unocal and other U.S. employers have risen steadily in recent years. One of the major responsibilities of Employee Benefits is the analysis of medical plan costs and the development of plan design changes to help stabilize and reduce cost increases.

"Medical plan changes, like those we recently announced, require a considerable analytical effort before they can be implemented," says Westland.

At most company locations, Unocal offers its employees a choice between the company's own medical plan and two types of Health Maintenance Organizations (HMOs). To help control costs, the Unocal medical plan is self-funded, rather than insured. An insurance company—The Prudential—administers and pays claims. Benefits for active and retired employees are accounted for separately, so that neither group subsidizes the other.

In a major effort that involves CHR, Corporate Information Services and the Comptroller's Department, Unocal is in the process of installing a new HR/Payroll system. "The new system will replace the one that was installed in 1972, and will greatly enhance and expedite the processing of payroll and human resource data," says Westland.

The Corporate Personnel and Equal Employment Opportunity Services section of Industrial Relations is responsible for coordination of hiring at Unocal Center, and for providing administrative services for corporate personnel. In addition, this group oversees the area of equal employment opportunity and cases of alleged discrimination for the corporation.

Industrial Relations also has oversight responsibility for the company's labor relations, encompassing about 40 different contracts with labor organizations representing refinery, chemical, and petroleum workers, to name just a few.

"The operating divisions negotiate the bulk of the contracts," says Dick Miller, manager of Industrial Relations. "Our role is advisory—we monitor the negotiation process to provide consistency throughout the company. We've generally had very good relationships with the unions. We seldom have strikes, and when conflicts do arise, they're usually quickly resolved."

Industrial Relations also administers Unocal's Workers Compensation program. All claims processing and coordination of claims resolution are handled by the CHR Workers Compensation staff. This is a very complex task due to the diversity of workers compensation laws in the various states.

A major contributor to the long-term health of a company is the cultivation of the skills and talents of its people. CHR's Training & Development group works to enhance the skill level of employees and helps them develop new skills they may need in the future.

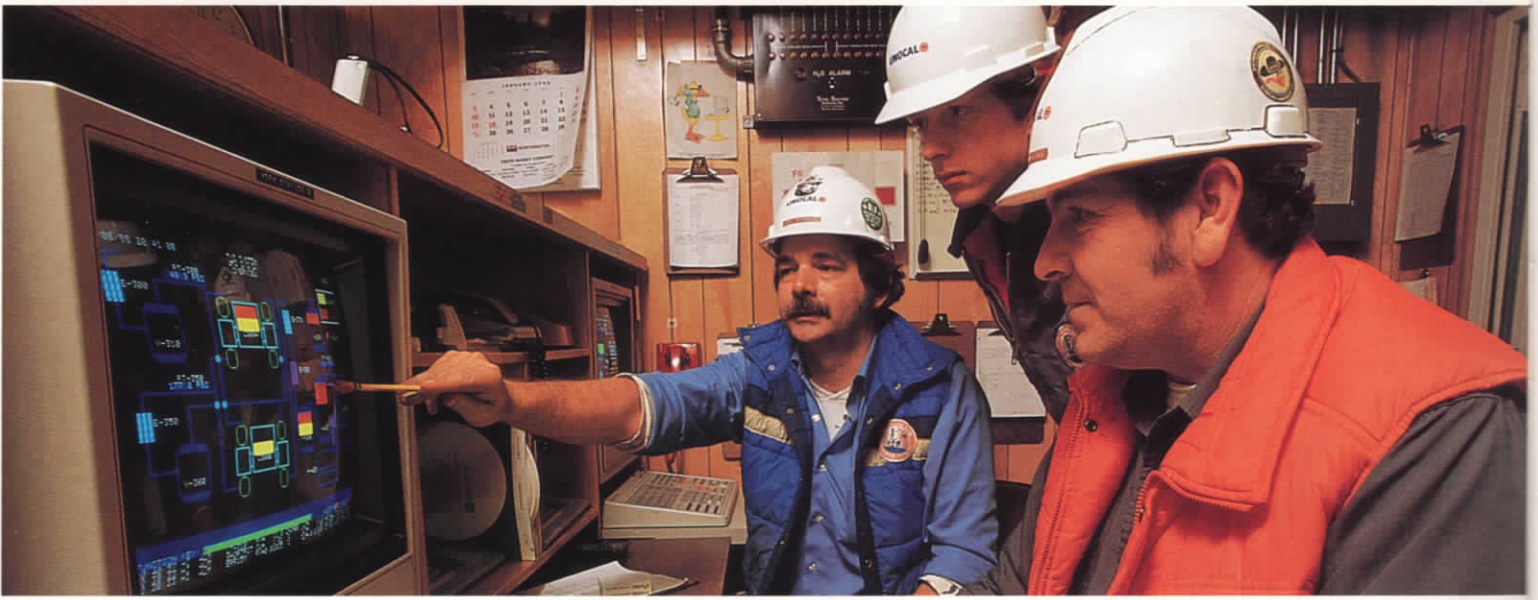
"We conduct up to 50 corporate training sessions each year for supervisory and management personnel," says Keith Shull, manager of Compensation & Management Development. The one-to-three day sessions cover subjects such as situational leadership, group dynamics, interpersonal skills, problem solving, decision-making and negotiating styles.





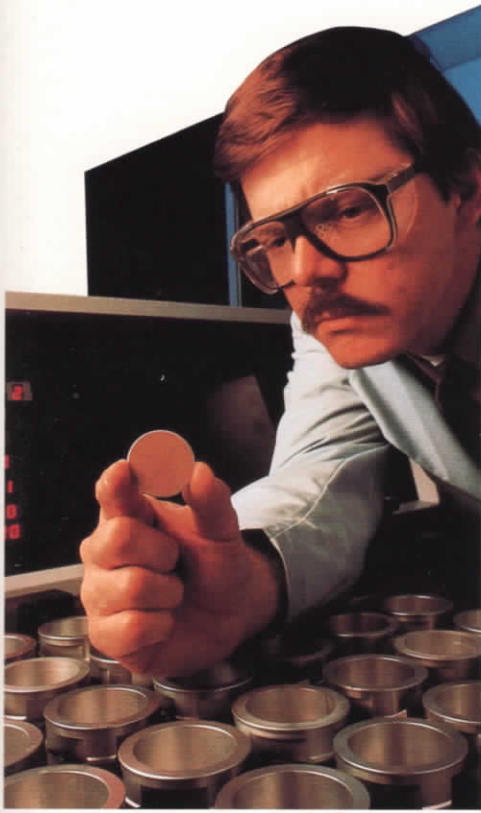
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*In the coming years, Unocal will need to intensify its search for skilled workers. Support for educational programs is one way the company helps develop the potential of tomorrow's work force. Below right, winners of a Los Angeles-area high school science fair sponsored by Unocal.*



Long-range strategies for the company must also include policies that govern compensation planning. In this area, the Compensation & Management Development group provides the data and tools needed for management to make informed decisions on salary issues. The objective is to establish competitive compensation levels for all jobs. This involves participating in external salary surveys, counseling on organization design issues, evaluating jobs, and developing salary administration procedures that support the company's pay-for-performance goals. "Compensation programs must be designed to recognize and reward company, team, and individual performance," says Shull.

In its search for quality employees, the company actively recruits candidates from around the nation. The College Relations & Recruiting group maintains regular contact with about 50 colleges and universities. At these schools, Unocal goes on campus to interview interested students and subsidizes development programs such as scholarships, grants and research projects. The company hires up to 200 entry-level employees each year through its recruiting programs.

"One of the challenges facing our company and U.S. industry in general is a projected shortage of graduates in certain disciplines," says Shull. "We will need to intensify our search for skilled people in the future."

Unocal's college recruiting efforts also include a program in which students can spend their summers working for the company. The students benefit by experiencing actual working conditions, and Unocal has the opportunity to evaluate potential employees.

While the Recruiting & College Relations group focuses on colleges and universities, the Community Affairs section of CHR concerns itself with the high school level.

Through involvement with programs such as Adopt-A-School and First Break, administered by the Los Angeles Unified School District, Unocal aims to help students make intelligent career decisions and raise their skill levels. The programs partner the school district with the business community, and include lectures by Unocal professionals, tours of company facilities, art contests, science fairs, and job training for qualifying high school students.

"The educational programs are an effort to encourage today's youth to get excited about school," says Branstrom. "By giving students the opportunity to see where education can lead, we hope to raise their interest in developing the skills they will need when they enter the work force."

One of the most popular programs—First Break—gives interested high school students the opportunity to experience an actual work assignment at participating Los Angeles companies. A typical job lasts 10 weeks and allows the students to earn an income while developing job skills and responsible work habits. Unocal has participated in this program since 1975.

The coming years will continue to bring change to the work place, with the nation's work force becoming even more diverse. Families in which both parents work will be more common, and the amount of legislation affecting the work place will increase.

"The human resource issues the company will face in the years ahead involve a changing work force in an increasingly competitive market," says Branstrom. "CHR will continue to balance the company's programs between employee needs, competitive cost issues and the desire for Unocal to remain a productive and desirable place to work." 76



**A  
FIRM  
COMMITMENT**





Unocal is concerned about the health and well-being of all employees, both on and off the job. Within HES are the Health Services group, headed by Dr. Reynold T. Schmidt, and the Medicine group, directed by Dr. Donald M. Molenaar. Schmidt and Molenaar supervise a wide array of health care services for Unocal employees in the U.S. and abroad. Besides providing physical examinations for selected employees, the Medicine group assists in complying with specific medical surveillance regulations, establishes and monitors work fitness, provides consultative services on a wide range of employee health issues at company locations around the world, and assists employees who have chemical dependency problems.

The company's International Medicine program, administered from the United Kingdom by Dr. Donald G. Dawson, exemplifies Unocal's commitment to maintaining the health of its employees. International Medicine has four main objectives: to assure that employees are healthy when they go abroad by establishing fitness standards; to work with management, safety and industrial hygiene personnel in identifying potential job hazards; to monitor employee health at all company locations; and to make sure that Unocal employees receive the best medical attention possible when they need it.

A series of specialized programs helps to meet these goals. They include physical examination, immunization, medical treatment and referral, and health education and consultation. The International Medicine group also maintains contact with local medical and government health facilities, and makes health and sanitation inspections in the field.

"Health care is something most people take for granted in the U.S.," Molenaar says, "but providing it overseas is a special challenge. Dr. Dawson and his associates travel anywhere in the world that Unocal has operations."

Indeed, Dawson and his staff usually precede other Unocal personnel. Before the company bases employees at any foreign location, Dawson or another staff member will visit the area to determine the extent of medical practice and the scope of available facilities.

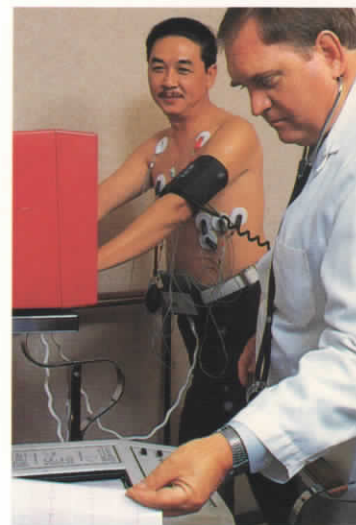
Health, safety and environmental protection are important issues to Unocal employees. They expect a work place designed with regard for their personal health and well-being. They don't want their work to damage the environment. And they take pride in their company's policy of not only complying with all laws and regulations affecting health, safety and the environment, but also striving to be regarded as an industry leader in these areas.

On the corporate level, Unocal addresses these issues through its Health, Environment & Safety Department (HES). The company formed HES in 1988 to bring these three functions under a single corporate umbrella, and to help the operating divisions keep abreast of new laws and regulations governing the company's activities in these areas. Common sense, coupled with sound management assessment, led to creation of the department.

"It was easy to see that the country was moving more toward increased controls — more regulation and more legislation — without any well-defined barriers between health, environment and safety," explains Don L. Hanley, vice president, Health, Environment & Safety. "This department was put together to consolidate efforts throughout the corporation to address these issues."

Hanley feels that the HES mission goes to the heart of Unocal's business. "We've got to do much more than make and sell high-quality products at a fair price," he says. "We have a commitment to maintain a safe and healthful work place, as well as a secure and livable environment. We also have to comply with all relevant laws and regulations, and the list of them is growing in number and complexity all the time."

*Far left, Unocal workers undergo spill control training at Ventura harbor, California. Below, an employee takes a treadmill test at Unocal Center.*



The practice of clinical medicine in the U.S. and abroad is only half of Unocal's health care mission. Equally important is the variety of health services the company provides, ranging from education and industrial hygiene to toxicology. Some of these programs are required by law, while company policy mandates others. According to Schmidt, they also make sound financial sense, saving the company substantial sums it would otherwise eventually have to spend.

"It's well established in medical literature that there's a \$3 saving for every \$1 invested in health education and promotion," Schmidt says. "For example, 25 to 30 percent of all hospital admissions are related at least partially to smoking. So if you promote avoiding tobacco, you can cut into those figures and reduce the long-term impact on the company benefit program. A little education truly does go a long way."

The Health Services group helps the company reduce the number of workdays lost to illness by concentrating on four key health risk factors: substance abuse, tobacco usage, elevated cholesterol levels and elevated blood pressure. "When these are brought under control, there is a significant impact on absence patterns," Schmidt says.





*Above, an offshore worker checks the straps on a life raft capsule. "There's no such thing as being content when it comes to safety," says Ron Runge, director of Safety & Risk Management.*

To help educate employees about health issues, Health Services—through its Health Education & Promotion group—distributes literature and sponsors or supports many promotions. A recent example was Unocal's participation in The Great American Smoke-out, an annual national campaign run by the American Cancer Society to help smokers give up tobacco. Last summer, Health Services and Medicine also conducted a free cholesterol screening program for Unocal employees at several company locations.

Other responsibilities of the Health Services group include monitoring Unocal facilities to prevent or control industrial hazards, and conducting toxicology and product safety programs. Unocal industrial hygienists monitor work locations throughout the company for hazards that may be caused by dust, fumes, gases, noise and other types of contaminants.

"The Occupational Safety and Health Administration (OSHA) regulates some 600 substances, and all must be monitored continuously," says Dr. Rainer Beck, manager, Industrial Hygiene. "In some cases, Unocal has established standards that are stricter than OSHA's."

The company's toxicology and product safety specialists are charged with seeing that Unocal products are safe to manufacture, purchase and use. Their role, essentially, is to provide support to various manufacturing facilities that produce or deal with toxic materials. Directed by Dr. Rich Clark, manager of Toxicology & Product Safety, they work closely with Science & Technology Division researchers in the development of new products and processes. They also lend assistance in obtaining permits for products and operations, deal with regulatory agencies, and provide support in toxic tort litigation.

The 1990s promise to be a busy decade for another segment of HES—the Environmental Sciences group. Environmental Sciences has several important corporate responsibilities. It informs senior management of developments in the environmental field, and helps to devise strategies to deal with them. It provides direct technical assistance for such projects as site remediation engineering and air quality modeling. It helps the Law and Government Relations departments interpret environmental regulations, and assists the operating divisions in permitting negotiations with government agencies. Finally, the group offers technical advice on environmental matters of strategic importance to Unocal, such as the composition of fuels and other petroleum products.

Perhaps the most important task of Environmental Sciences is to help the operating divisions comply with government-imposed environmental regulations. "If we can find opportunities to exceed the clear-cut mandates of laws and regulations, that is always in the company's best interest," says Joel P. Robinson, director of Environmental Sciences. "But the minimum acceptable performance is compliance."

Unocal approaches this task through an environmental audit program that is one of the strictest in the industry. Field audits of Unocal facilities, which take about one week, are conducted regularly by audit teams assembled and coordinated by Environmental Sciences. Each team consists of six people from various disciplines within the company, including Environmental Sciences, Health Services and Medicine.

"The primary concern of the audit teams is to make sure personnel at Unocal facilities know and understand the laws and regulations with which they must comply," says Robinson. The audit team considers all regulations that affect a facility and determines the extent of non-compliance, if any. Environmental experts analyze the regulations and recommend the best available technology to assure compliance. The team reports its findings to the facility manager, who reviews it and adds his input.

A final report is issued to the senior executive directly responsible for the facility. This document spells out the audit team's findings, and includes a recommended compliance schedule. Environmental Sciences then monitors progress of the changes necessary to bring the facility into compliance. The operating facilities themselves are responsible for attaining compliance.



*Top right, industrial hygienists take samples for laboratory testing from a reforming unit at the Los Angeles refinery. Bottom, a medical evacuation drill aboard a Unocal Thailand off-shore platform.*

The Environmental Sciences group also informs Unocal's executive committee periodically about forthcoming environmental issues. These summaries include forecasts of new requirements and their impact on company operations. Annual reports on the compliance status of the entire company are also filed with the executive committee. The intent is to pinpoint problems and identify areas where improvement is necessary.

The drive to improve performance is not limited to Environmental Sciences. Safety & Risk Management—the third arm of HES—shares the same goal. The group hopes to take Unocal from its current safety rating of somewhat better than average to a position of leadership within the industry by 1997.

“There's no such thing as being content when it comes to safety,” says Ronald R. Runge, director of Safety & Risk Management. “So far, we're doing very well. But we need to continue increasing safety awareness at all levels of the company. Maintaining safe operations requires the full effort and commitment of each and every employee, from top management on down.”

A major responsibility of Safety & Risk Management is to compile accurate statistics on accidents in order to monitor the overall safety of Unocal operations. Another key task is to stay abreast of changes in federal and certain state regulations regarding employee safety, and to ensure that company operations meet or exceed these standards.

As new rules are promulgated by OSHA or other regulatory bodies, the Safety group provides regulatory guidelines to ensure that the operating divisions have the information they need to meet the new standards.







*Above, a training session at the Unocal fire school, held several times each year at the University of Nevada in Reno. Right, the shale project's mine rescue team conducts an emergency response drill.*





*Far right, an environmental technician inspects a land reclamation plot at Unocal's molybdenum mine in Questa, New Mexico. "The awareness level and efforts of Unocal employees regarding HES issues have increased greatly in recent years," says Don Hanley, vice president, Health, Environment & Safety.*

Safety & Risk Management also helps the operating divisions assess potential risks and work to reduce them. "A risk factor consists of two elements: the probable frequency of an occurrence, and the magnitude of the consequences," says Runge. "A very low failure rate of certain machinery may not be acceptable if the consequences of failure would result in a major incident."

One method often used to determine risk is the Hazard and Operability Studies (HAZOP) technique. Essentially, it amounts to brainstorming by a team of experts. HAZOP is used in the design and construction of new facilities to determine the potential hazards of mechanical failure or human error.

"A typical HAZOP meeting may focus on one small aspect of the design of a plant," Runge explains. "Experts in design, construction, engineering risk management and other fields discuss the possible effects of every conceivable malfunction. A thorough risk assessment takes time, but it's one of the most effective ways to anticipate and prevent problems before they cause accidents."

Safety & Risk Management personnel regularly audit Unocal facilities to ensure that risk levels are acceptable and operations are conducted as safely as possible. The group also takes the lead in safety training. Each year, it holds several training sessions at the University of Nevada in Reno to teach fire-fighting skills to supervisors from Unocal facilities across the nation. The intensive course includes 20 hours of fire-fighting drills and 20 hours of classroom instruction. Another safety seminar—called HAZMAT—is held several times a year at Texas A&M University to instruct personnel in the safe handling of hazardous materials.

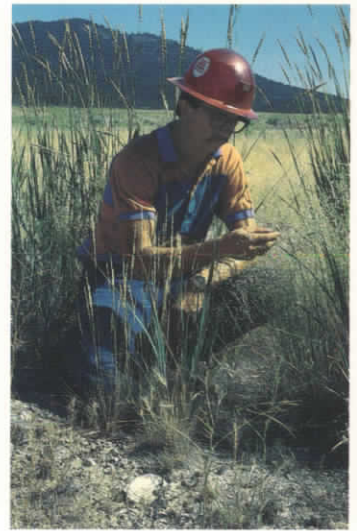
The common denominator of Unocal's multifaceted approach to corporate safety is the individual employee. Unless he or she is convinced that safety is imperative in all operations at all times, unacceptable hazards will remain. For that reason, according to Runge, safety must become a state of mind.

The company's accident-reporting system reflects the concern that senior management places on safety. Regardless of where it occurs, a "lost-work-day case"—an on-the-job injury which results in a lost work day—must be promptly reported to Richard J. Stegemeier, Unocal's chairman, president and chief executive officer.

The accident report must describe what happened and why, and outline the measures being taken to prevent recurrence. The intention is not to fix blame, but to determine exactly why accidents occur so that preventing them will be easier in the future. This policy is also intended to convey clearly to field personnel that at Unocal, safety has top priority.

Concern for safety does not end when a Unocal employee leaves work. The company encourages employees to adopt safe habits at home, too—and for good reason. According to recent statistics, the average American worker is much safer at work than away from it. In 1989 the National Safety Council counted 10,400 deaths from work-related accidents in the United States. The same year, 36,900 employees died in accidents away from work.

One other group is administered by the Health, Environment & Safety Department: the Emergency Response Support Team. Established last year, the team consists of a carefully selected group of people from throughout the company who can bring broad expertise to a crisis situation, such as an oil spill or accidental discharge of a toxic substance at a Unocal facility.



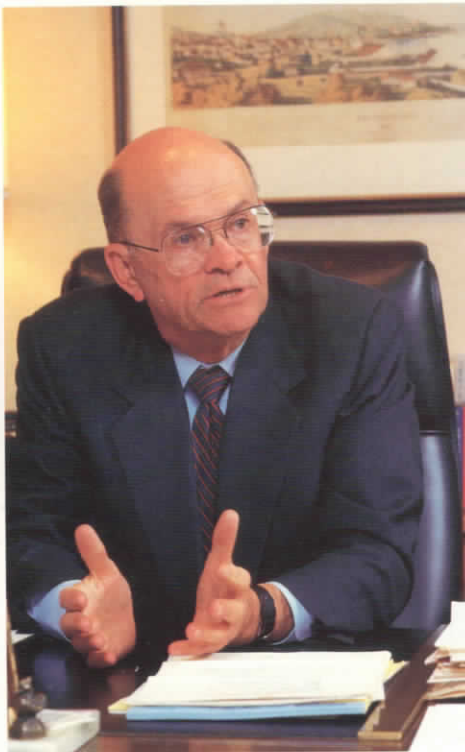
This type of emergency might require the expertise of an insurance claims adjuster, a biologist, a physician, an attorney, a toxicologist, someone schooled in regulatory reporting, and a spokesperson to deal with the news media. The manager of Emergency Response and Marine Programs, Bill Dickerson, is responsible for assembling these specialists as the needs of a particular situation dictate, and for getting them to the site as quickly as possible.

"Unocal's Emergency Response Support Team recently completed a worldwide survey of the company's spill-response programs," Dickerson says. "We are still developing procedures and conducting training sessions. But the team stands ready to respond to emergencies involving Unocal locations and facilities anywhere in the world."

Hanley is convinced that Unocal is making solid progress toward resolving the company's remaining health, environmental and safety problems.

"Statistics show that we're continuing to improve in each of these areas," he says. "But more important, I think the awareness level and efforts of our employees regarding issues involving health, the environment and safety have increased greatly in the last three years. Unocal has always prided itself on our record in these three areas, but we all must commit to working even harder to improve our performance. This is not just another program, but a way of life at Unocal." 76





Claude S. Brinegar

## ISSUES AND ANSWERS

A conversation with  
Claude S. Brinegar,  
Unocal's Vice Chairman,  
Executive Vice President  
and Chief Financial Officer

### What can individual employees do to help the company move forward in the 1990s?

Unocal is a mid-sized oil company competing around the world with giants. These big internationals are formidable competitors because they have huge cash flows behind them, and in some cases are even owned by foreign countries. To succeed in this arena, we have to gain an edge in other ways — through speed, efficiency, innovation and productivity.

If there's an exploration play or other investment opportunity that comes along, we have to be able to make decisions and move on that opportunity quickly. That requires good communication throughout the company to exchange information, and close cooperation among different work groups.

We also have to maintain a high level of innovation. That goes not only for those in our S&T group, but for all of our employees. If we can develop better and cheaper technologies, formulate new products and applications, and learn how to solve problems in creative ways, that helps us maintain an edge. Finally, we have to be productive in our daily work. We have to create more output with fewer people, or we risk being run over by the giants we compete with.

### It's often said that a company's most important resource is its people. Is that true at Unocal?

Absolutely. The success of any company depends on the quality of its people. Everything else — capital, facilities, assets of any kind — will just sit there until people do something with them. We think that we have the most high-quality people in our industry, and our 100-year history of growth speaks to that point very eloquently.

We have low employee turnover compared to most other companies, and we have always preferred to develop our managers from within. Unocal's management is made up of people with many years of experience. They have been through a lot before they're given positions of responsibility. We've learned how they handle challenge and opportunity, and how they behave under stress. In difficult times — like the crisis we had in 1985 with the takeover battle, or in '86 with the oil price collapse — we can count on our people to bring us through. That is one of Unocal's great strengths.

### Having gone through a period of streamlining and restructuring some of our operations, Unocal is somewhat leaner than it used to be. Has the number of company employees now stabilized?

I anticipate that the overall totals will probably stay at about the current level. After several years of focusing on debt reduction, the company is now able to use some of its capital resources for growth. This could even mean the need for more people in some technical and professional areas in the years ahead.

I don't think you'll see the number of employees increase very much. But we are always looking for people who have the specialized skills we need to continue our growth.

### In recent years, Unocal and other public companies have seen a shift in their shareholder bases. Individual, long-term investors are being replaced by institutional investors who focus more on short-term performance. Do you see this trend continuing in the 1990s?

There has been a steady shift in this direction, but the institutional ownership of our stock seems to have leveled out. It's now about 60 percent, which is average for a public company. But whatever the percentage, it's something we have to live with. We can't control who buys our stock.



Institutional investors do tend to focus more on short-term results. But I don't feel pressure for us to be dominated by short-term thinking or events. I think in general, the pressure for quarter-by-quarter performance that characterized much of the 1980s has let up somewhat. What the investor base of any company wants is profit performance. They don't demand it quarter by quarter, but they certainly would like to see it year by year. So our job is to push every year to keep the profit trend upward.

### How do we go about that from a management perspective?

Management's primary goal must always be to increase shareowner value. We want the investments we make to produce value for the shareowners over a reasonable time span. There is inherent risk involved in what we do, particularly in exploration. But careful evaluation of prospects helps reduce the risk to a level that's acceptable to our investors.

This strategy of maximizing shareowner value also applies to our existing assets. Each segment of the company must generate an adequate rate of return. By continually evaluating our various business units, we're able to determine which assets are underperforming. If performance can't be adequately improved, it may become necessary to dispose of these operations and redeploy the assets elsewhere in the company.

I think we're succeeding in this business strategy, and our success has been reflected in the rate of return to our shareowners. In 1989, for example, Unocal showed the best increase in stock price of any of the major oil companies.

*Pictured above right are Los Angeles-based senior executives who report to Claude Brinegar. From left: Don L. Hanley, vice president, Health, Environment & Safety; Darrell D. Chessum, Treasurer; Dennis P. Codon, Secretary (effective December 1); Wellman E. Branstrom, vice president, Corporate Human Resources; Charles S. McDowell, Comptroller. Bottom right, specialists review maps in the International Oil & Gas Division's drafting department. "Unocal is always looking for people who have the skills we need to continue our growth," Brinegar says.*





**Wall Street gives Unocal and every other public company a good deal of scrutiny. Is it important for us to communicate openly with the financial community?**

It's extremely important. Obviously, there are proprietary and legal concerns, as well as certain business and growth strategies that we don't want to reveal in advance. But we try very hard to keep the financial community apprised of what's going on in terms of our known assets and operations.

Unocal publishes detailed quarterly earnings statements, and provides all sorts of financial breakdowns. Mr. Stegemeier and our other senior executives meet regularly with groups of securities analysts to discuss our business goals and how we're trying to achieve them. I think this has turned around a lot of feelings that Unocal used to be too secretive. We're as open as can be now, and that's raised our standing in the financial community.

**In 1988, Unocal consolidated several groups to form a new Health, Environment & Safety Department. One objective in doing this was to reaffirm the company's commitment in these important areas. Has that effort been successful thus far?**

I think it's working quite well. Unocal has always considered safeguarding health, safety and the environment a top corporate priority. But it's critical to demonstrate—both within and outside the company—that we have a strong corporate commitment in these areas, and that we have the ability to succeed in addressing them through highly focused and innovative programs. With a strong department and a strong executive in Don Hanley, we've accomplished that.

Now we want to continue to move forward in these areas. We still want to improve our environmental performance and our health and safety results. This effort will continue to require a lot of hard work and resources. But we think these issues are critical to the company and to the communities where we operate.

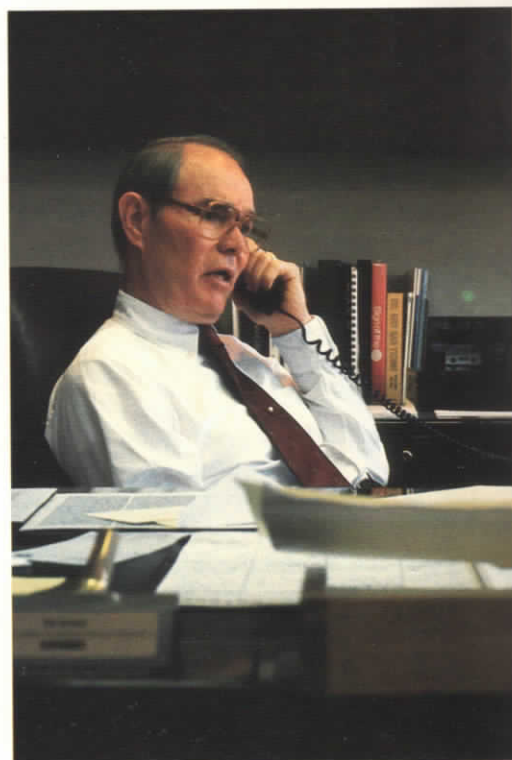
**The oil price rise caused by the Persian Gulf crisis has created some negative fallout for U.S. oil companies. If prices remain high, could we see a reinstatement of a "windfall profits" tax, or the re-regulation of oil prices?**

Our industry is always a popular one to criticize. People don't particularly like to pay more for their gasoline, whatever the cause. When prices go up, the finger is pointed at oil companies because we're easy targets.

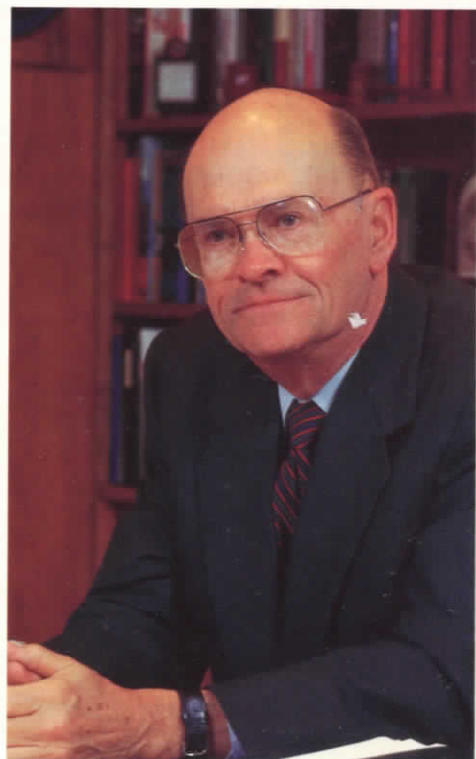
I don't know if there's a great deal we can do to counter that tendency, although we keep trying. The mechanics of oil pricing are complex and difficult to explain. We've tried repeatedly to show that our profit rates are in line with, or even lower than, those of other industries. We have huge investment demands to replace oil and gas, and our business carries a high level of risk. Yet if there is a profit surge that results from a foreign crisis or some other unexpected factor, we're always going to be blamed for making too much money.

In terms of what's going on now, thus far there has been no serious effort to reimpose regulations and controls on our industry. If the Middle East situation becomes explosive—if there's a war that destroys oil fields or otherwise curtails production, and causes a big surge in oil prices—then it's possible that we will be looking at new regulations and controls. I hope it doesn't happen, but if it does, we'll simply have to deal with it.

*Right, Thomas F. Hairston, vice president, Washington D.C. office, reports to Brinegar. Middle right, a fire drill at the company's Los Angeles refinery. Top right, offshore workers conduct an emergency evacuation drill aboard Platform Irene. "Unocal has always considered safeguarding health, safety and the environment a top corporate priority," Brinegar says.*











Above: a view of the U.S. Capitol; tools of the lobbying trade. Environmental and tax issues will be focus areas for Unocal's Washington, D.C. staff in the 1990s. At right, exploration drilling offshore Louisiana. "Our greatest challenge is to continue to maintain a strong reserve base."





### **What are the some of the major national issues that will impact Unocal in the years ahead?**

Most of them are in the environmental realm. There's a huge agenda of environmental regulatory legislation before Congress. We're not sure of the working details of the new Clean Air Act yet; there's a lot of clarification to come on that. The issue of federal restrictions on offshore drilling is another area.

There are very good prospects on federal lands offshore California and Alaska, for example, that are currently restricted from development. We think we can develop those areas with proper environmental care, but we haven't yet won that battle in Washington. Another issue area is federal tax considerations, which are continually being tinkered with by lawmakers. All of these will be focused on in the early 1990s.

### **Over the years, there has been a lot of talk about establishing a "national energy policy." Given the renewed focus on energy issues caused by the Persian Gulf crisis, is there any potential that this will move beyond talk?**

Secretary of Energy [James D.] Watkins has put a group together — of which Dick Stegemeier is a member — that is devising what's being called a national energy policy or strategy. If oil imports reach a certain level, for example, then our strategy might be to take actions designed to enhance the nation's energy security. These might include increasing our strategic petroleum reserve, establishing import fees, encouraging conservation or providing access to more exploratory acreage.

I think there's a possibility that some elements of a such a strategy might be enacted. But unfortunately, when we've had energy crises before, concern has tended to evaporate once everything calms down. We'll have to wait and see what happens this time.

### **You spent some time in government yourself as Secretary of Transportation in the Nixon and Ford administrations. What did you gain from that experience?**

I gained great respect for the degree to which our democratic system does work. It's been said we have a system with a lot of faults, but it's better than any other system that's ever been tried. I agree with that wholeheartedly. I wouldn't change our democratic structure of checks and balances very much, even if I could.

America is a big, heterogeneous place. It's a tough country to run, because there are so many diverse points of view. Everyone seems to want the government to do something for them. Yet people do get heard, issues are discussed very carefully, and eventually legislation is passed.

I know that everyone I dealt with during my time in Washington was trying hard to do the right thing. At times, it's hard to figure out what the right thing is. But by and large, I think our government does a reasonably good job.

### **What are the biggest challenges facing Unocal in the 1990s?**

I think there are at least three. Our greatest challenge is in our basic business, the production of oil and gas. That is to make sure that we continue to maintain a strong reserve base. This more than anything else is what has made us successful for 100 years. If we're going to build on our success for another century, we're going to have to do it by finding sufficient quantities of oil and gas at low cost compared to our competitors.

The second challenge is to manage our west coast refining and marketing system as profitably as possible, and in a way that meets the west's stringent environmental standards. Finally, we have to continue to pinpoint assets that are not yielding an adequate return, and either improve those operations or sell them and redeploy the capital into the mainstream of our business.

All in all, I think our job is pretty clear, though certainly not easy. It will take a lot of diligence, a lot of hard work, and a lot of ingenuity. Fortunately, those are things that Unocal employees exhibit in abundance.

### **You've had a long career with Unocal. What stands out?**

I'd have to say the highlight was my involvement in the 1965 merger with The Pure Oil Company—although beating Boone Pickens in 1985 is a close second.

At the time of the 1965 merger, Union Oil was at a critical point in its development. We were a regional oil company based in an area—the west coast—that was running out of oil hunting prospects. We had a good foothold on the Gulf coast, but had limited capital, which severely restricted our opportunities for growth. We had very little overseas potential. We really needed to get bigger if we were going to survive, so the opportunity to merge with Pure came at an ideal time.

I was intimately involved in the merger from the start — through all the studies and negotiations, and finally overseeing the mechanics of actually melding the two companies. The most difficult part was getting approval of the various government agencies. There were a number of regulatory events that had to fall into place at the right time. When they finally did in July of '65, Union was a company that had suddenly doubled in size. That opened up enormous opportunities for us to grow. I don't believe that today's Unocal would exist if the merger had not taken place. I'm proud of the role I played in it. 76



# to Advise and Counsel

As a large international corporation, Unocal deals with a wide range of constituencies and operates under scores of national and local jurisdictions around the world. In order to carry on its business legally and ethically, the company must comply with all applicable laws and keep abreast of constantly evolving legal issues.

The task is far from simple. The body of laws and regulations governing the corporation's actions has increased exponentially over the past few decades. So has the litigious nature of Americans. On the average of nearly once a day, a lawsuit of some kind is filed against Unocal—a volume of litigation that is common for a major corporation.

To handle the workload, Unocal's Law Department relies on the skills and expertise of 54 staff attorneys, 17 paralegals and more than 40 support staffers. The department also has eight international lawyers in overseas locations, and works in close conjunction with a staff of 13 patent lawyers based at the company's Science & Technology Division in Brea, California.

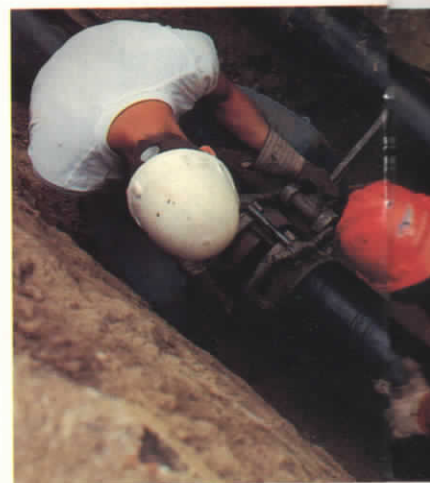
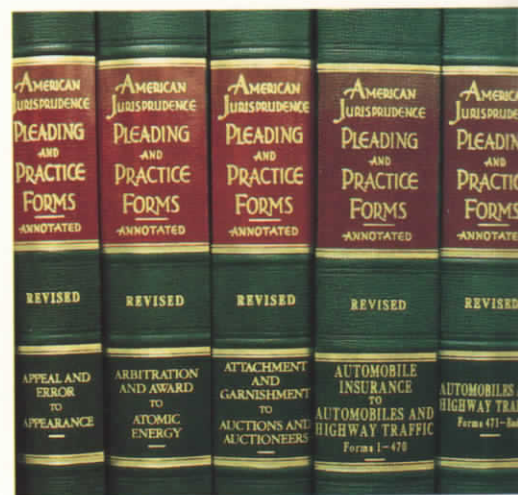
Although its Law Department is smaller than that of most companies of comparable size, Unocal does a higher percentage of its legal work in-house than most major corporations. The reason, explains General Counsel Sam Snyder, is simple: "We know more about our business than anybody else, and we can do the job better and cheaper."

Snyder, who joined the company as a landman in 1955, was transferred to the corporate Law Department in 1960. He recalls that at the time there were only eight lawyers on the corporate staff. However, there were a number of other company attorneys who reported to various operating department heads. In 1974, shortly after George Bond became General Counsel for the company, this disparate group of lawyers was consolidated in the corporate Law Department, giving it a total of about 25 attorneys.

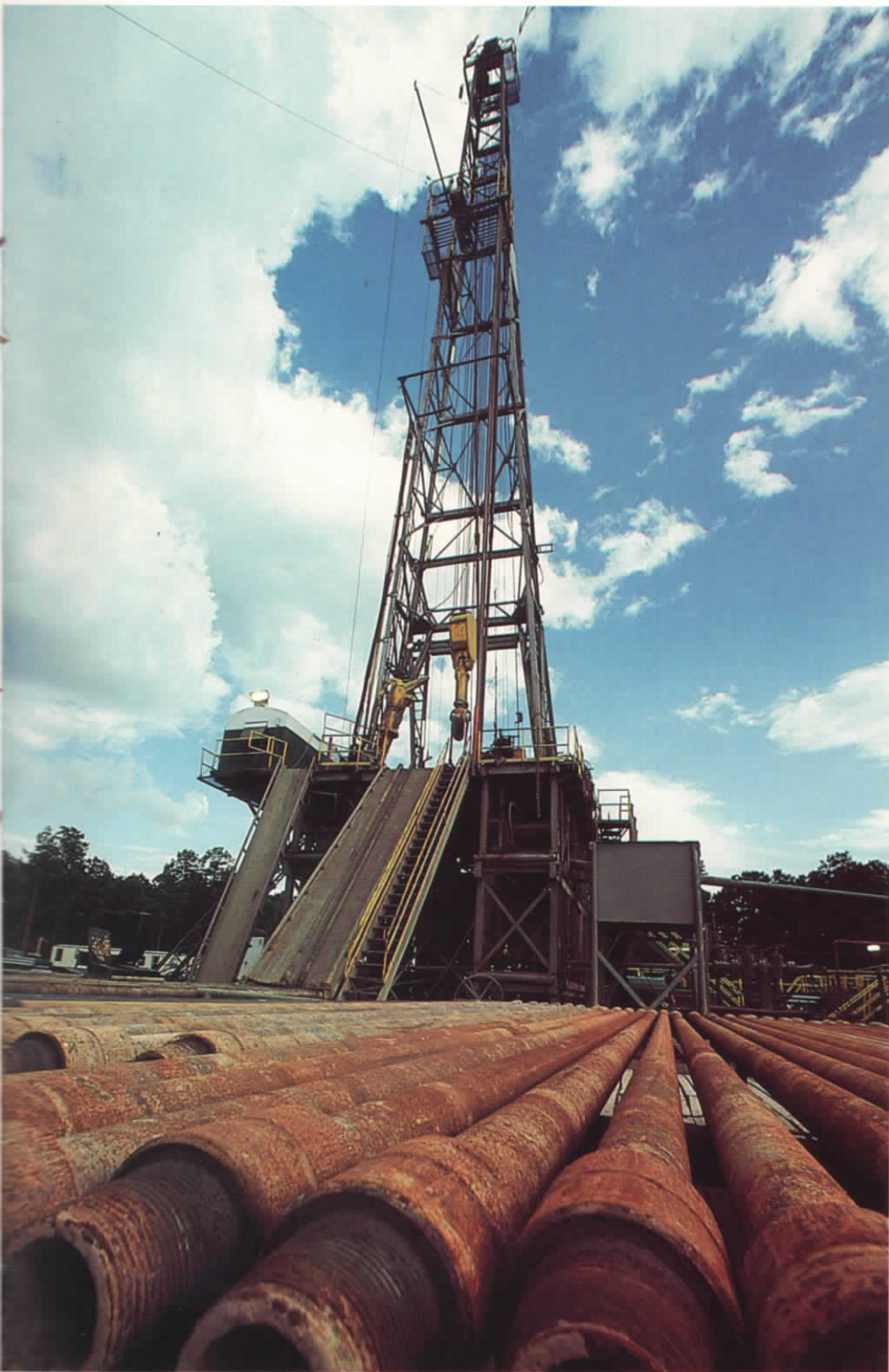
The principal reason for the restructuring was to give the company's lawyers maximum independence, and to help them maintain the objectivity they need to do their jobs effectively. "The Law Department reports directly to the board of directors through the chairman," says Snyder, who became General Counsel upon Bond's retirement in 1985. "That ensures that none of our attorneys will be swayed by a relationship with any single operating department or manager."

At the same time, Snyder emphasizes that the Law Department does not have a direct say in managing the company. "We are not a part of management; we are advisers and counselors to management. We support the business goals and objectives of Unocal. But if the company wants to pursue a project or development, it has to be pursued legally and ethically. Our role is to serve as a watchdog in that regard. Unocal has a time-honored reputation for integrity, and I like to think that the Law Department has helped nurture and bolster that reputation."

Snyder believes that his department must also take the lead in educating employees about issues related to compliance with the law. Toward that end, staff attorneys meet regularly with employees, sit in on planning sessions, and generally maintain open relationships with managers in all divisions.







*“Natural resource law involves the application of a broad number of disciplines,” says Deputy General Counsel Robert L. Humphrey. Oil exploration and pipeline operations, for example, involve property, contract and environmental law.*

“There is a general belief that working on a corporate law staff is different from practicing law on your own, because you don’t have to go out and beat the bushes for clients,” he says. “But to do our jobs effectively, it’s important for us to develop clients within the corporation.”

Unocal’s legal affairs are conducted by six separate groups within the Law Department. Deputy General Counsel Dennis P. Codon oversees a section that provides legal counsel to the company’s financial and planning groups, as well as to the Refining & Marketing and Real Estate Divisions. Deputy General Counsel Timothy R. Thomas is in charge of environmental law and toxic tort litigation (involving claims for damages resulting from toxic pollution), and oversees the lawyers who conduct the legal affairs for the Chemicals Division and the company’s pipeline operations.

Joseph A. Householder, General Tax Counsel, heads a group that presides over tax-related matters for the corporation. Deputy General Counsel Harold E. Zahner oversees a staff that focuses on compliance issues — making sure the company does not inadvertently fail to obey all laws.

Corporate litigation, as well as legal matters involving Human Resources and Corporate Communications, are the domain of Deputy General Counsel John H. Augustine’s group. Finally, Deputy General Counsel Robert L. Humphrey’s section oversees the North American and International Oil & Gas Divisions, Geothermal, Energy Mining and Molycorp, Inc.

While the largest segment of Humphrey’s group is involved in legal work related to domestic and international oil and gas operations, the effort devoted to geothermal and mining activities is also substantial. “People think of natural resource law as a specialty,” say Humphrey, “but it really involves the application of a broad number of disciplines, such as mineral, property, maritime and international law, as well as finance and governmental regulation.”



Much of the work done by Humphrey's staff deals with providing advice to management concerning various projects and operations, joint ventures with other companies, relations with governmental authority, and a wide variety of problems that necessarily arise from the company's worldwide natural resource activities.

"The natural resource business often demands quick decisions," Humphrey says. "An attorney who cannot give succinct, pragmatic advice under these circumstances will be of little value. At the same time, the ever-changing economic and political forces affecting the industry make it crucial that legal advice and agreements remain viable for many years."

Since joining the Law Department in 1975, Dennis Codon has seen substantial changes in its role in helping determine corporate financial policy. The biggest shift occurred in 1985, when Unocal became embroiled in a takeover battle with Mesa Petroleum. "Before then, we were a company with low debt and a high credit rating," explains Codon. "We didn't worry much about banks or Wall Street."

During the takeover battle, this state of affairs changed abruptly. In fending off T. Boone Pickens, Unocal increased its debt from \$1.6 billion to \$6.1 billion. In subsequent years, reduction and management of the debt became a top priority. More significantly, the takeover ordeal and its aftermath permanently altered the way the Law Department interfaces with the company's financial managers.

"Historically, the Law Department was often consulted toward the end of the day, when a deal was nearly done," says Codon. "Now we have become much more closely connected with the company's financial managers by consulting with them on a daily basis."



*John H. Augustine*







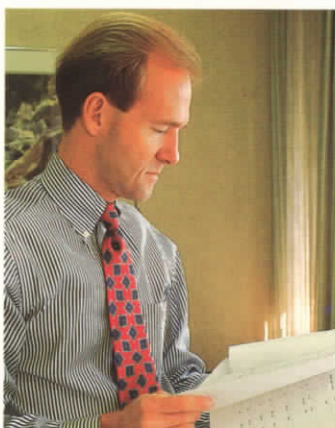
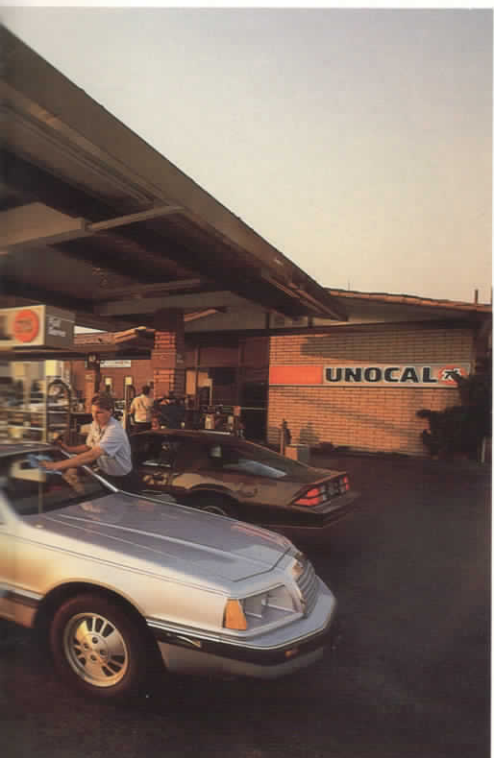
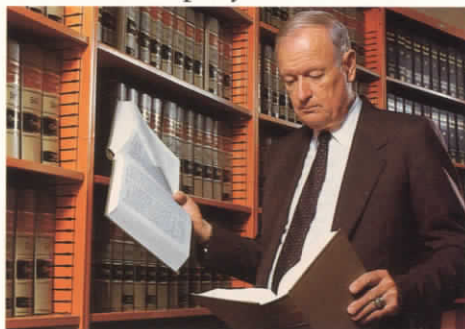
*Left, a view of Unocal's Los Angeles refinery. Environmental regulations greatly impact the company's refining operations.*

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*Robert L. Humphrey*



*Timothy R. Thomas*

*Most legal work related to the company's marketing activities involves Unocal's relations with its franchise dealers in the western states.*

Another change relates to the increasing number, variety and complexity of financial transactions that Unocal engages in. Before 1985, the company might raise money through relatively simple bank borrowings or the issuing of bonds. Today, however, financing may require the structuring of extremely complex transactions, many times involving a number of parties. Codon's group is involved in the negotiations necessary for such transactions, and reviews them to assure that they comply with all securities laws.

"The Law Department's primary concern is that each transaction complies with all federal and state laws, and is consistent with Unocal's other debt instruments," Codon says.

Codon's staff also handles the legal work for Refining & Marketing. Most of this involves Unocal's relations with its approximately 1,800 franchise dealers in the western states. "Because the laws governing the relationship between oil companies and dealers are so convoluted, disagreements often arise," Codon says. "We try to resolve such disputes out of court, through negotiation. We also meet regularly with Unocal marketing representatives to educate them about state and federal laws that apply to petroleum marketing."

Education is also a part of the environmental law section's job. The four attorneys in this group, who report to Tim Thomas, work to make sure that company managers understand environmental law issues, and are prepared to comply with the law. The lawyers are also members of Unocal's Corporate Environmental Compliance committee, which audits the company's environmental performance, and the Environmental Safety and Health Committee. (Four other lawyers who report to Tim Thomas handle legal matters for the Chemicals Division, and one oversees legal affairs related to the company's pipeline operations.)

In addition to their other responsibilities, attorneys in the environmental group oversee all environmentally related litigation. Many of



these lawsuits are toxic tort cases. These often concern contaminated properties that have been sold to another party by Unocal, that have been acquired by the company from someone else, or are owned and operated by a third party. Such properties may have been waste disposal sites or scenes of accidental spills occurring many years before the environmental consequences were understood.

"Most of what the environmental law group sees in litigation is the result of practices that were common and customary in the industry 30 or 40 years ago," Thomas says. In fact, environmental law itself scarcely existed as a specialty when Thomas came to Unocal in the early 1970s to deal with the newly enacted Federal Water Pollution Control Act. By the middle of the decade, government agencies were issuing environmental regulations and edicts faster than any single person could possibly read them.

New environmental laws continue to be generated at the federal, state and local levels. The attorneys in the environmental law section are hard-pressed to keep up with the volume. "We use a triage approach, which means we focus on only the most critical issues relevant to Unocal," Thomas says.

A positive aspect of the intensive focus on the environment is that the company has become much more attuned to environmental issues. "I think that's a very encouraging trend," Thomas says. "Not only are managers more aware, they are much more sophisticated in their approach to compliance and finding solutions to environmental problems."

No group in the Law Department has grown faster than the tax section. As recently as 1965, the company had just one in-house tax lawyer. Today there are 12 attorneys employed by Unocal who work exclusively on tax-related matters. Most have advanced degrees in specialized areas of tax law, and several have earned master's degrees from New York University, one of the best tax schools in the nation.

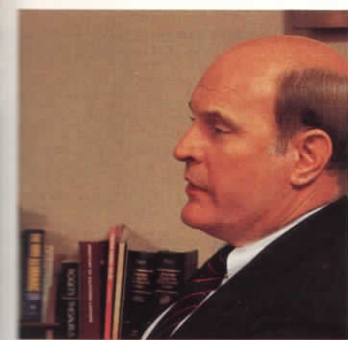
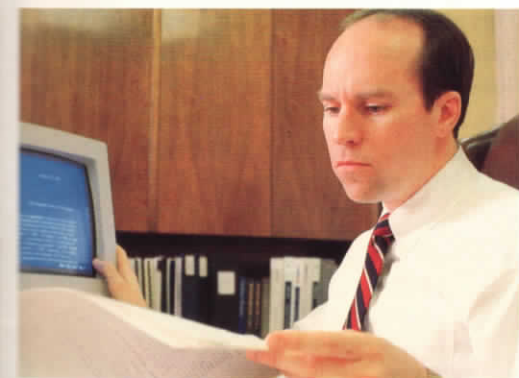
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*New environmental laws, such as those governing chemical products and applications, continue to be generated at the federal, state and local levels. "We focus on the most critical issues relevant to Unocal," says Deputy General Counsel Tim Thomas.*

*Charles O. Strathman*







Joseph A. Householder (top)  
Harold E. Zahner

Left, an official of the federal Minerals Management Service (right) inspects a Unocal offshore platform. Compliance—making sure the company obeys all laws—is another important responsibility of the Law Department.

“The U.S. Congress has passed a new tax bill almost every year since 1980,” says Joseph Householder, who heads the tax group. “Every new law seems to add complexity, whether it involves sales, income, excise or property taxes. State tax codes are also growing more complex. Just keeping abreast of the latest changes takes up much of our time.”

Like the rest of the Law Department, Householder’s staff tries to prevent problems before they occur. Virtually every business decision or transaction that Unocal conducts raises a new set of tax consequences. If the company is considering a new venture, such as a large acquisition or sale of property, the staff will advise management on how the company’s tax liability might be affected. The tax law group also participates in government audits, and in the resolution of any disputes that may arise from them.

As is common practice with a company of Unocal’s size, government tax auditing is an ongoing operation. At least four Internal Revenue Service auditors are on hand at Unocal Center the year around, in addition to state of California auditors. The company’s tax lawyers respond to any questions they raise, and represent the company in arbitration. So far, Unocal’s record for arbitrating tax disputes has been excellent.

While the tax group has managed to stay out of court, John Augustine’s section finds itself constantly involved in lawsuits. Although the group oversees legal concerns for a variety of corporate departments including Corporate Communications and Human Resources (the province of Deputy General Counsel Charles O. Strathman, who reports directly to Sam Snyder), corporate litigation is the largest area of activity.

Unocal always attempts to stay out of court if possible, dealing with disputes and claims against the company promptly, before they evolve into lawsuits. “Still, we have roughly a thousand lawsuits pending at any given time,” Augustine says. “Our

challenge is to resolve the litigation speedily, and to keep new disputes from turning into lawsuits. We do that by looking at complaints or claims as soon as they are served, determining our liability, and doing our best to resolve each case.”

One way for a company to prevent legal problems is make certain it hasn’t inadvertently failed to comply with a law. Deputy General Counsel Harold Zahner and the four lawyers on his staff work to ensure that Unocal obeys all laws.

“We think of ourselves as educators,” Zahner says. “We try to educate employees about the law as it relates to their activities, and outline their responsibilities under the law.”

It’s not an easy job, Zahner admits, because government agencies are constantly creating new rules and regulations. “There’s always a steady stream of new laws being implemented that affect Unocal,” he says. “It’s very important that we stay on top of current developments. We don’t want to wait until the company has failed to comply with a new law, and then is forced to react.”

In the future, the legal issues, obligations and concerns facing Unocal will continue to expand. New environmental laws and regulations, more complex financial dealings and more complicated tax laws will bring with them more administrative work, as well as increased potential for disputes and lawsuits. But Snyder has great faith in his department’s ability to continue doing the job it is charged with.

“I have a superior group of deputies,” he says. “Working under them is an excellent staff of bright young lawyers who are ethical, moral, diligent and extremely hard-working. I think I have the finest law department in the country.” ☞

*Editor’s note: Effective December 1, Deputy General Counsel Dennis P. Codon becomes Unocal’s new Corporate Secretary. His Law Department responsibilities will be assumed by Deputy General Counsel Timothy R. Thomas.*

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# An Independent Voice

## How would you define the role of Unocal's Law Department?

Our primary function is to ensure that the company complies with the law. We support the business goals and objectives of Unocal. But if the company pursues a project or development, it has to be done legally and ethically. Our role is to serve as a watchdog in that regard; to advise and counsel management on the law as it relates to the company's operations and activities. We also try to anticipate problem areas in order to avoid legal disputes with outside parties. And we oversee any litigation the company is involved in.

## Does Unocal perform most of its legal work in-house?

Yes. There are instances where we employ outside counsel, such as in geographic areas where we aren't licensed to practice, or to help us with highly specialized litigation. But the basic "housekeeping" part of our legal work is done in-house, and the reason is simple: We know the client. We know more about our business than anyone from an outside law firm, so we can do the job better and cheaper.

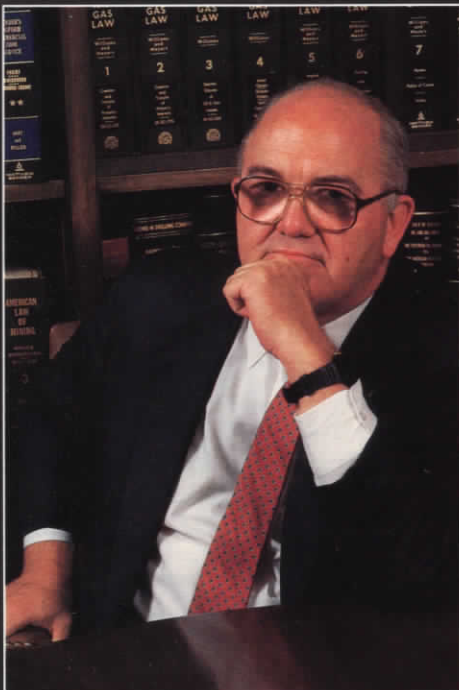
At the same time, it's absolutely imperative that the Law Department be independent and objective. Our lawyers work closely with the operating groups, but we report directly to the board of directors through the chairman. This ensures that none of our attorneys will be swayed by a relationship with any single operating department or manager. That's the road to objectivity, and objectivity is the hallmark of good legal work.

*General Counsel Sam Snyder, below left, has seen the Law Department grow substantially during his 35-year career with Unocal. Below, the U.S. Court House in Los Angeles. The company tries to resolve legal disputes outside of court whenever possible.*

## A wide array of laws governs Unocal's business activities – everything from tax and contract law to antitrust and environmental regulations. How does the department keep up with the volume?

It's almost a superhuman endeavor, especially since the laws are always changing. Modern technology is a great aid to us. Every lawyer on the staff can access a number of legal information banks by computer. These are very current, and easier and faster to access than the law books. But the main way we stay on top of things is through specialization. All members of the department have a primary legal specialty, and that is their main focus area.

At the same time, nearly everyone serves as a backup for someone else. If one group is swamped, another that isn't as busy will help handle the workload. This interdependency extends to all of our endeavors. When legal research is done by an attorney, for example, everyone in the department has access to that information. The idea is to work as a team rather than as a group of stars.





**Does keeping abreast of changes in the law help the company avoid legal disputes?**

Absolutely. An equally important task is to educate the operations groups about the law as it relates to their activities. That's why our staff attorneys meet regularly with employees, sit in on planning sessions, and generally maintain open relationships with all the divisional managers. Managers do not have to learn every nut and bolt of the law, but they have to know when to call us. They have to be sensitized to compliance issues.

**What else can managers and employees do to help the company stay out of problem areas where the law is concerned?**

Strive to pursue their activities in an ethical manner at all times. Ethics are a precursor to the law. If you do business based upon that assumption, you avoid a lot of the problems that are brought about by changes in the law. While there are many ridiculous regulations and laws enacted, basically the law is horse sense. If one thinks a wee bit before one acts, one avoids most legal problems.

**When legal disputes arise between Unocal and outside parties, do we try to resolve them out of court?**

The main goal is never to have anything to resolve—to practice preventive law by sensitizing employees and managers to compliance issues. But even so, at any given time Unocal will be involved in a number of disputes. We try to resolve these out of court whenever possible, because it saves the company time and resources.

It's inevitable that lawsuits will arise. Rightly or wrongly, we're living in a highly litigious society. But very few of the lawsuits we are served with stem from our business practices. In many cases, we are merely named as party to a suit because we're perceived as having "deep pockets." But these cases, which can involve any number of things, are all pregnant with potential mischief. It's incumbent on us to scrutinize them all very carefully.

*Below left, Unocal attorneys can access a number of legal information banks by computer. Below, a view of Unocal Center, which was sold by the company in 1988. The Law Department helps evaluate the impact of major asset sales and acquisitions on the company's financial structure.*

**Is the Law Department more involved in the company's financial transactions and planning than in the past?**

The company has had to focus more on the financial side of things in recent years. That's largely a result of the increased debt brought about by the 1985 takeover battle. So although the Law Department has always been involved in legal documentation of the company's financing, it now takes up a bigger slice of our workload.

Corporate finance is also a more complex field now, with new monetary instruments and more complicated securities laws. But finance has always been a highly technical and ritualistic part of corporate law practice. It's not an area of our work that has changed much over the years.

**When the company makes an asset sale or an acquisition, both of which have been undertaken recently, how deeply is the Law Department involved?**

Immersed would be a euphemism. A major acquisition or asset sale is analogous to a divorce or an adoption. We have to explore how it affects the various provisions of our corporate charter, and how it impacts our existing financial structure. It has to be looked at in all respects, not the least of which are the numerous tax consequences.

**T**he main goal is never to have anything to resolve—to practice preventive law by sensitizing employees and managers to compliance issues.”





**The nation's tax laws are complex and ever-changing, to say the least. How do the department's tax specialists unravel them?**

We pray a lot. (Laughter.) Tax law is an almost unbelievably difficult field. To give you an inkling of the situation, regulations for the federal tax law changes of 1954 are still not complete, to say nothing of changes in the IRS code since then. State tax laws are just as convoluted. The upshot is that we are forced to make business decisions, and decisions on our tax returns, without the benefit of clear and coherent regulations.

The way we approach the task is to muster all of the brainpower we can, and based on precedent, visceral feelings, reading entrails — whatever resource we can employ — we give it our best shot. In the end, we have to take a shot, because we are faced with dates by which time certain business decisions have to be made. And these are decisions that can involve millions of dollars in tax liability.

*Interpreting complex corporate tax laws is one of the most difficult and time-consuming tasks facing the Law Department. Below right, tax attorneys conduct research in Unocal Center's law library.*

**Is there any prospect of the corporate tax laws becoming more focused and coherent?**

To be truthful, I see nothing other than further complication. For example, the so-called Tax Simplification Act of a few years back was the most horrible thing ever imagined by man or beast. Not even Edgar Allen Poe, in the depths of his despair, could have come up with anything so diabolical. I'm sure there's a special place in Hades for those who had the effrontery to name that particular piece of work the Tax Simplification Act.

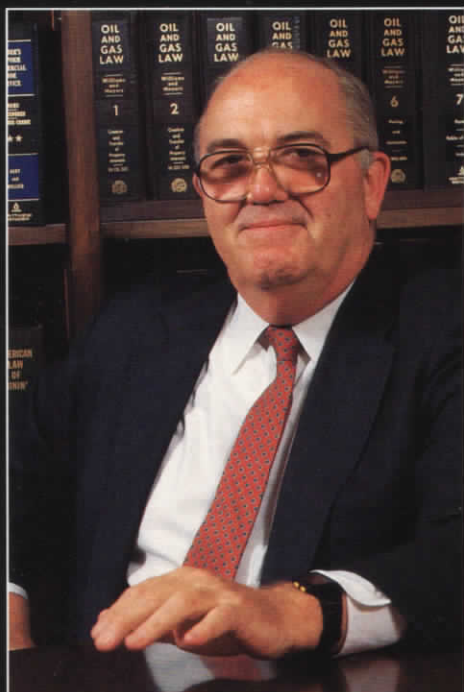
I see no real possibility for tax reform under our current government system, and the recent budget fiasco in Washington underscores that. We would have to wipe out the government entirely and start over with no tax laws. Since that isn't going to happen, the best we can do is to be vigilant and fight the battle. It's time-consuming, nerve-wracking, and requires on the part of the Law Department that we have the best and the brightest minds working on it day and night.

**Tax laws and government regulations have a decided influence on energy-related legal contracts. Is it more difficult to draw up and administer such things as joint-venture agreements today than it was in the past?**

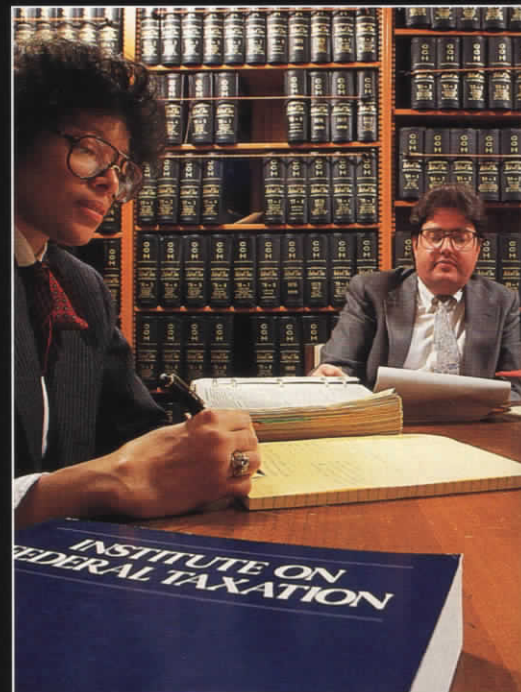
I wouldn't say it's any harder or any easier. Thirty or 40 years ago, we were pioneering the concepts of today's joint ventures, and that in itself was difficult. Today we have tools that make contract work less burdensome. Computerization has helped cut the time involved in drawing up and proofing contracts, for example.

Certainly today there are more rules and intricacies involved in contract law. And because laws and regulations change, there is no way to anticipate everything that may affect a business arrangement such as a joint venture. So we build into the contracts what are called dispute resolution devices.

Another device that is quite useful is a loyalty clause, in which the parties agree that they will work together to preserve the relative benefits and burdens that existed when the contract was entered into. That goes a long way toward solving unexpected problems that may arise down the road.



**I** think the most personally satisfying times have been those when I've helped pursue innovations that added to the company's asset base."





**The 1990s are being touted as the decade of the environment. How does the nation's renewed environmental focus affect Unocal from a legal standpoint?**

The effort to solve the nation's environmental problems will continue to generate more regulations, some of which will be onerous to business. There's still a lot of noise being made by the extremists and the demagogues. But I think that overall, people on both sides of the environmental issues are becoming more realistic and less combative.

No one wants to despoil the environment, and there's growing recognition that a cooperative approach is the best way to tackle the nation's environmental challenges. Environmental issues caused delays in our Platform Irene project, for example. We filed a lawsuit against the state of California at one point, and went through a lot of wrangling. But we ultimately came to an accommodation, and the development went forward. That's because neither side was hardheaded, and we both wanted the same thing: an environmentally sound project.

**The takeover battles of the 1980s embroiled many corporations in costly legal disputes. Having survived a hostile raid of our own in 1985, does Unocal have to remain vigilant?**

We always must be vigilant; that's the price of independence. But we're not facing the same set of circumstances that existed in 1985. The merger mania of the 1980s — the leveraged buyouts, takeover raids, junk bonds and so on — was an attempt by unscrupulous individuals to make money with mirrors by creating debt and destroying the vitality of businesses. It was a period in which securities laws were flouted.

During our takeover battle, we filed lawsuits and proceedings before the Federal Reserve Board pointing out the illegality under the existing laws of what was going on. These illegalities are now being brought to light by press coverage of the S&L mess, the Michael Milken situation and the like. Our legal positions are all being vindicated, and the houses of cards constructed back then are being blown down. So I think that today, this kind of activity is much less likely to occur.

**You've seen a lot of growth and change in the company during your career. What periods or events stand out?**

Certainly the most traumatic periods were the 1985 takeover battle, and the 1969 blowout of the A-21 well offshore Santa Barbara. Those were times when the adrenaline flowed, and there was a lot of opportunity for lawyering. But I think the most personally satisfying times have been those when I've helped pursue innovations that added to the company's asset base.

One that immediately comes to mind is negotiating and drafting the unit contract for the Attaka field in Indonesia — the largest oil field the company has developed overseas. That is the sort of work I take the most pride in because it directly enhanced the company's vitality. ☺

*Below left, Unocal's Platform Irene. The Law Department helped resolve environmental issues with the state of California that enabled the project to proceed. Below, a view of the Attaka field platform complex offshore Indonesia. Snyder was personally involved in negotiating contracts for the field's development.*





# Dateline

## Training Pays Off For Mine Rescue Team Member

Stan Amrine, a mine operator at Unocal's Parachute Creek, Colorado oil shale project, isn't a gambling man. But he did visit Las Vegas this past summer, and returned home a big winner. Competing in the national Metal and Non-Metal Mine Rescue Contest, held in Las Vegas in July, Amrine took first place in the difficult benchman's competition. (Benchmen are responsible for the maintenance and safe preparation of all self-contained breathing units used by mine rescue teams.)

Competing against 31 other top benchmen from mines across the nation, Amrine, a member of the shale project's mine rescue team, emerged as the top scorer in the demanding contest. The event included a written test, an observed maintenance check and a timed diagnostic inspection of a breathing apparatus. Amrine's achievement was especially noteworthy because the event was his first-ever national competition.

Held every other year, the national Mine Rescue Contest is sponsored by the Mine Safety and Health Administration (MSHA), a division of the U.S. Department of Labor. Forty top teams from metal and non-metal mines across the nation are invited to compete (coal mining operations compete separately). The teams, which qualify for the event through regional competitions, are judged in their response to a simulated mine emergency. The timed exercise tests their skills in search and rescue, first aid, fire fighting, and recognizing and dealing with hazardous gases and adverse mine conditions.

"Competitions are an excellent way for rescue teams to practice their skills under stressful conditions," says Jim Vaughn, the shale project's mine safety coordinator, who is responsible for coordination and training of the mine's volunteer rescue teams. "Teams from different mines also learn a lot from each other at the events, which helps raise everyone's safety awareness."

Unocal's Parachute Creek mine participated in the national contest for the first time, entering two teams. They finished 28th and 30th overall — the highest finishes ever by first-time competitors. Amrine's top performance in the benchman's competition — a separate event — surprised everyone, including himself. Although he's been a mine rescue team volunteer for several years, Amrine did not take on the benchman's job until recently. Learning to tend the complex breathing units required months of intensive study.

"The breathing units are very sophisticated pieces of equipment," says Vaughn. "It's critical that they function effectively and safely. The lives of the team members, as well as those of the victims they may be called upon to rescue, depend on it."

The units are entirely self-contained, allowing rescue team members to enter a mine that may have depleted oxygen or toxic gases present after a fire or explosion. The crews can then inspect the damage and evacuate trapped or injured workers from the mine.

As a benchman at Parachute, Amrine must inspect and test the facility's breathing units at least once per month. Each one must also be completely disassembled and inspected after every use. In the contest, Amrine had to inspect a unit that had been intentionally "bugged." He had to locate the two bugs — which could be anything from tiny leaks to defective parts — and correct them, while being observed and timed by MSHA judges. It took Amrine just 13 seconds to find the first bug, and six minutes to identify and correct them both. The average time was more than twice that.

"Stan did an outstanding job," says Allen Randle, vice president, Oil Shale Operations. "All of us at Parachute take pride in his accomplishment. His achievement underscores the project's and the corporation's commitment to safety."



"It's a great honor," says Amrine, who received two trophies, one of which stands nearly three feet tall. "It's also satisfying to know that I'm helping give our rescue teams full confidence in their equipment should we ever have an emergency situation."

Thus far, the shale project has never had such an emergency. But the rescue teams, whose members train 10 hours a month and put in additional study on their own time, are always ready for the call to action. That call may come from the shale mine itself, or from any other mine in the area that requests aid in an emergency.

"Being on a rescue team is physically and emotionally demanding," says Vaughn. "We train hard, and the crews never know when the call may come. It takes special people who are willing to make the effort."

Why does Amrine choose to be involved? "If an emergency situation occurs, someone has to go in to rescue the victims," he says. "I'm very proud to be a member of the team."

## 4-H And Unocal: An Enduring Partnership

Over the years, Unocal has helped support a variety of community youth groups, educational programs and student activities throughout the nation. One such relationship is especially enduring. Unocal's sponsorship of the 4-H Club's national speech competition spans more than four decades.

Why has an oil company held such a longstanding interest in promoting speaking skills for young people? For one, helping students hone their communication skills has proven to be a worthy investment. Take 4-H's 1951 national public speaking champ Tom Matthews, for example, who ultimately became Unocal's vice president of eastern marketing and national auto/truckstops.

In 1951, a 17-year-old Matthews attended the 4-H National Congress in Chicago, a privilege he earned as Maryland's leading male 4-H public speaker. A total of 24 state public speaking champions attended the congress that year. Pure Oil Company, which in 1965 merged with Union Oil, sponsored the speech competition.

The youths competed for the title of national 4-H public speaking champion. Only two — one boy and one girl — could win the honor. Matthews was one of the winners. During the week-long conference, all the state winners attending were treated to tours of Pure Oil facilities. The events of that week left an indelible impression on Matthews, and seven years later he applied for and landed a job with Pure Oil. Not surprisingly, Matthews is convinced that Unocal's long-standing support of the 4-H Club public speaking program is a tradition well worth continuing.

The 4-H Club — the four Hs stand for head, heart, hands and health — is the nation's largest out-of-school educational program for both rural and urban youths. The organization is part of a federally established "cooperative extension system," a joint effort of the state land-grant universities and the U.S. Department of Agriculture. (Land-grant institutions originally qualified for federal funds by pledging to offer instruction in agricultural science and the mechanical arts.)

Today, there are 5 million club members in the United States and its territories, says Susan Shewchuk of the Maryland-based National 4-H Council, the organization's administrative and fund-raising arm. Among the council's directors is Roger Beach, president of the Refining & Marketing Division and senior vice president, Unocal.

The council organizes the annual 4-H Congress, which brings together club leaders whose projects focus on a diverse range of fields in the social, biological and physical sciences as well as arts and humanities. Popular project themes include veterinary science, photography and conservation.

The mission of 4-H is "to help members acquire the knowledge, develop life skills and form attitudes that enable them to become self-directing, productive and contributing members of society," Shewchuk says. "The organization has really benefitted from Unocal's support."

When 4-H approached Pure Oil for sponsorship of its public speaking program back in 1950, the company readily agreed. The sponsorship — through Pure and later Unocal — has continued ever since.

Last year, 170,000 youths participated in the speech program, competing at the local club level and at the county, state and national levels. In 1965, the program was expanded to all 50 states. Unocal provides an instructional booklet titled, "The Public Speaker: You," free of charge to all program participants in local 4-H clubs.

Each year, all the state public speaking winners travel to Chicago for the National 4-H Congress, at Unocal's expense, for a week of seminars, tours, ceremonies and recreation. All of the state winners attending the congress receive a commemorative pin at a Unocal-hosted banquet, and during the week they tour nearby Unocal and UNO-VEN facilities.

A panel of judges assembled by the National 4-H Council selects the winning speakers. The national champions (there are now six per year) are each awarded a \$1,000 college scholarship from Unocal. Two of the six winners are chosen to present their speeches during the banquet.

Matthews continues to attend the 4-H Congress festivities each year, as does Roger Beach. Both express hope that the future of 4-H will include more active programs in inner cities.

"Through 4-H, young people can learn all the right things to make this a better world," says Matthews, who will retire in December after a 32-year career with Pure and Unocal. "The organization uses competition to teach the values of a free society and the importance of taking responsibility."



## Kenai Chemicals Plant Earns Five-Star Safety Rating

After two years of participation in the rigorous International Safety Rating System (ISRS), the Unocal Chemicals Division fertilizer plant in Kenai, Alaska has earned a Five-Star rating under the ISRS Standard Program guidelines. This classification represents an impressive 75 percent increase in measurable safety and loss control activities for the plant within the ISRS.

The Kenai plant's ranking was announced in August following an intensive, four-day audit conducted by representatives from the International Loss Control Institute (ILCI), Unocal's corporate Safety & Risk Management Department, and the Chemicals Division. Thousands of facilities — covering four continents and 20 countries — participate in ISRS programs, including all Unocal operations.

ILCI, which is based in Loganville, Georgia, coordinates the ISRS program in the United States and parts of Canada. Its mission is to ensure that the business operations of member companies are performed with an utmost concern for safety.

The ISRS, which Unocal's Safety Audit Program follows, consists of 20 rated categories that address more than 650 separate topics. The audits themselves are generally performed once every two years.

"Typical safety evaluation audits take four days on site," says Susan Arnold, the Institute's executive director. "They generally consist of employee interviews, verification that safety information and protective equipment is in place, and inspecting the physical conditions of the plant." Other elements evaluated include the facility's management training and safety inspection programs, emergency response procedures, and off-the-job safety instruction programs.

"The physical conditions inspection alone takes an entire day," says Jim Taber, Kenai's Safety & Health supervisor. "They check for hazards such as unrolled hoses, equipment left in walkways, or improperly guarded tools. They also check to see that fire extinguishers, safety ladders and first aid kits are all in place and functional."

The ISRS audit system is an excellent safety management system, Taber adds. "It helps us focus our safety efforts through careful documentation, and it helps foster good communication and safety involvement for all employees. Management can establish an overall safety policy, but unless it's communicated to the workers and written down, it won't be effective."

The Kenai plant reorganized the Fire & Safety Department two years ago and formed the Safety & Environmental Affairs Department (S&E), a group consisting of professionals with experience in safety, environmental affairs, training, quality assurance and security. The S&E Department has been the driving force behind the development of the programs required by the ISRS.

Jim Taber is one of the individuals directly responsible for the enhancement of the Kenai plant's overall safety effort. Another is Bob Roth, Fire & Safety supervisor. "I'm sold on the whole ISRS system," says Roth. "We've totally accepted it and we've made the commitment to readdress every element of our operation. We're still at the base of the hill in some areas, but we're ready to pursue the advanced ISRS recognition levels."

"The ISRS system serves as an excellent framework for our overall safety effort," adds Bill White, Kenai plant manager. "It lays out a series of complex and rigorous guidelines, and our task is to apply them and fill in the gaps."

White is quick to emphasize that the plant's achievement did not result from the efforts of a few. "A good share of the credit for our award goes to the Kenai safety staff, the Kenai Executive Safety Committee, and the Nitrogen Group Safety & Health Steering Committee," he says. "Every single Kenai employee also shares in the award, because our safety program is a true team effort."



# Brinegar Appointed To Governor's Commission

In August, California Governor George Deukmejian appointed Claude S. Brinegar, Unocal's vice chairman, executive vice president and chief financial officer, to a six-year term on the California Citizens Compensation Commission. Brinegar, who will continue in his present role at Unocal, will serve as chairman of the new commission.

Established by Proposition 112, which was passed by California voters in the June 1990 election, the commission is charged with setting salaries and benefits for California's elected state officers and legislators. (The legislature itself previously performed this function.) The new commission consists of seven members appointed by the governor for terms of two to six years.

"When the governor called to ask if I would serve, I was pleased to accept," says Brinegar. "I'm honored to have received this appointment."

The new commission is composed of a cross-section of Californians. "We have one member with a small-business background, two who have labor union experience, a college official and a compensation consultant," Brinegar says. "It's a good mix of people who form a thoughtful and conscientious group."

The commission, which meets regularly on Brinegar's call, is already hard at work. "We are now comparing the relative salaries and compensation packages for governors and elected officials in other states," he says. "We're also evaluating the various job functions, duties, and other factors that influence compensation."

The commission's recommendations for fiscal 1991 are due in early December. Salaries will then be reviewed anew by the group each year.

Brinegar, whose career with Unocal began in 1953, has answered the call to government service before. From 1973 to 1975, he served in Washington D.C. as U.S. Secretary of Transportation under the Nixon and Ford administrations.

"I learned a lot during my time in Washington," he says, "and I'm sure my work on the Citizens Compensation Commission will also prove to be rewarding."

# Employment Program Benefits Students And Unocal

A special group of employees bolstered Unocal's work force this summer. As part of the First Break youth employment program, 21 high school students added their work talents to various areas of the company.

Since 1973, First Break has helped the Los Angeles business community cooperate with the school system to provide summer jobs for interested high school students. The Los Angeles Unified School District (LAUSD) and local Chamber of Commerce started the program as a way for students to gain work experience and explore possible careers.

"The private-sector has shown strong support for the program," says Lynn Friedmann, First Break coordinator for LAUSD. "Hundreds of companies throughout Los Angeles provided more than 7,000 jobs for the students this summer."

A typical work assignment lasts 10 weeks, and helps the students develop job skills and responsible work habits while earning a paycheck. Employers benefit from a motivated addition to the work force.

Each year, LAUSD approaches companies from San Pedro to Sylmar, inviting them to participate in the program, while the Chamber of Commerce contacts each of its member businesses. LAUSD then posts lists of summer job opportunities throughout the school system.

"School counselors prepare students for job interviews by helping them write resumes and conducting practice interviews," says Friedmann. "However, each student bears the responsibility for applying to the participating company of choice, and for completing the work assignment. First Break students are judged on the job just as any other employee would be."

Since Unocal joined the program in 1975, the company has offered participating students a wide range of job opportunities. This past summer, students worked in accounting, payroll, personnel, marketing, international computer exploration, Corporate Information Services and the Health, Environment & Safety Department.

"The students we've hired through First Break have been diligent, hard-working employees," says Katherine Simmons, senior employee representative at Unocal. "In fact, we've offered permanent jobs to several employees who started at the company through the First Break program."

Maricela Washington, now working full-time for Unocal's Office Services department, spent two consecutive summers as a First Break employee at Unocal Center.

"The program really lives up to its name," says Washington. "For students just finishing up high school, First Break is a good way for them to figure out what they want to do. And it's a chance to earn some money while gaining work experience."



## Scholarships Reward Academic Excellence

Continuing a tradition begun in 1963, the Unocal Foundation Scholarship Program will recognize the academic excellence of as many as 20 graduating high school students next spring by extending cash awards to help defray the costs of their college tuition.

"Paying for a child's college education often can mean significant financial sacrifice to a family," says Rufus Van Zandt, vice president, Unocal Foundation. "The scholarship program was instituted by Unocal to recognize exceptional students and to show tangible support for company employees who hope to send their kids to college."

Children of Unocal employees, retirees, marketers and dealers are eligible for the foundation scholarships, which amount to as much as \$3,000 annually. Since the program began, almost 300 students have received scholarships.

To ensure complete fairness in the selection process, no Unocal officer or employee plays any role in determining scholarship winners. The program is independently managed by the non-profit Citizens' Scholarship Foundation of America Inc. (CSFA) without regard to applicants' race, religion, sex, handicap or national origin.

"Foundation scholarships are designed, first and foremost, to recognize and encourage exceptional scholastic achievement," Van Zandt explains. "Scholarship winners are chosen based on their academic records and extra-curricular merits. The dollar amount of individual awards is based on financial need, which is determined later."

Among the criteria evaluated by CSFA judges are each applicant's leadership qualities, work experience and potential for future success. Additional pertinent factors include the applicant's statement of educational and career goals, a letter of recommendation and any unusual personal or family circumstances.

A maximum of \$3,000 per academic year is awarded to scholarship winners, based on financial need. Students who have demonstrated academic excellence, but have no financial hardship, are still eligible for an annual honorarium award of \$500.

As many as 20 scholarships are awarded on a yearly basis. Customarily, 15 of these are given to students who plan to study for careers in business, engineering or science. The remaining five scholarships are allocated to qualified students regardless of their chosen field of study.

"From the standpoint of international competitiveness, the U.S. economy needs more people who are trained in the disciplines of engineering, science and business," says Van Zandt. "An increase in the available pool of talent in those fields should also aid the long-term growth and development of the energy industry."

In order to obtain their awards, scholarship winners must complete all high school graduation requirements and enroll as full-time students in any accredited four-year university or college in the United States. Scholarships may also be applied toward tuition at a two-year college provided that the student is enrolled in a baccalaureate program.

Historically, competition for Unocal Foundation scholarships has been keen. An average of 145 eligible students apply each year, and CSFA administrators have already received more than 100 inquiries about the 1991 scholarship program.

Application forms for the 1991 Unocal Foundation Scholarship competition and a complete statement of eligibility requirements are available at Unocal personnel offices. Information regarding the program may be obtained by calling CSFA at (800) 537-4180 or by writing to: Unocal Foundation Scholarship Program, c/o Citizens' Scholarship Foundation of America Inc., P.O. Box 297, St. Peter, Minn. 56082. ☎



## UNOCAL 76

## CORPORATE

- 35 YEARS Donald L. Hanley, Unocal Center
- 25 YEARS Consuelo E. Pulido, Unocal Center
- 20 YEARS Walter W. Crim, Jr., Unocal Center  
Mary A. Erickson, Unocal Center  
Herbert D. Farrington, Unocal Center
- 15 YEARS Garry R. Miller, Unocal Center
- 10 YEARS Gerald E. Borough, Unocal Center  
Natividad F. Chavira, Unocal Center  
Mariam Davidian, Unocal Center  
Jane A. Neal, Unocal Center  
Alina Papa, Unocal Center

## REAL ESTATE

- 10 YEARS Gary R. Morris, Grand Junction, Co.

## ENERGY MINING

- 20 YEARS David L. Lovin, Parachute, Co.
- 10 YEARS Melvin N. Bennett, Parachute, Co.  
Steven W. Cox, Parachute, Co.  
William G. Dobbs, Parachute, Co.  
David W. Hall, Parachute, Co.

## SCIENCE &amp; TECHNOLOGY

- 30 YEARS Lawrence F. Weidner, Brea, Ca.
- 25 YEARS J. C. Campbell, Brea, Ca.  
Gary L. Roquet, Brea, Ca.
- 20 YEARS Susan E. Johnson, Brea, Ca.  
Michael L. Smith, Brea, Ca.  
Ernest A. Vanzile, Brea, Ca.  
William C. Williamson, Brea, Ca.
- 15 YEARS J. Wayne Miller, Brea, Ca.
- 10 YEARS Gregory R. Anderson, Brea, Ca.  
Mark S. Canaday, Brea, Ca.  
Donald R. Craig, Brea, Ca.  
Susan K. Farrar, Brea, Ca.  
Gary L. Foy, Brea, Ca.  
Richard A. Griswold, Brea, Ca.  
Leonard J. Kalfayan, Brea, Ca.  
Susan A. Kling, Brea, Ca.  
Stanley S. Leese, Brea, Ca.  
Geniel P. McAllister, Brea, Ca.  
Richard B. Miller, Brea, Ca.  
Terence P. O'Sullivan, Brea, Ca.  
Sara J. Sakurai, Brea, Ca.  
Alvin S. Tenpo, Brea, Ca.  
Jonathan P. Voth, Brea, Ca.  
Susan L. Woodward, Brea, Ca.

## ENERGY RESOURCES

## NORTH AMERICAN OIL &amp; GAS

- 35 YEARS Harold M. Rainey, Bakersfield, Ca.
- 30 YEARS Herman L. Penaluna, Midland, Tx.  
Baird E. Stephens, Bakersfield, Ca.

- 25 YEARS Jerome D. Bosek, Ventura, Ca.  
Gary E. Bowen, Placentia, Ca.  
David M. Courtis, Los Angeles, Ca.  
Archie A. Craddock, Orcutt, Ca.  
James A. Hensley, Walnut Grove, Ca.

- 20 YEARS Cynthia L. Blankenship, Houston, Tx.  
Eric J. Broussard, Lafayette, La.  
Clay L. Chivers, Kenai, Ak.  
Buck F. Griffin, Coalinga, Ca.  
Robert G. Hebert, Lafayette, La.  
William J. Holden, Orcutt, Ca.  
Lawrence E. Hutchins, Orcutt, Ca.  
Kenneth P. Leboeuf, Houma, La.  
George D. Richard, Lafayette, La.  
Francis A. Victor, Lafayette, La.  
John R. Watson, Placentia, Ca.

- 15 YEARS Kevin R. Binns, Anchorage, Ak.  
R. Terence Budden, Houston, Tx.  
Stephen J. Pavlak, Orcutt, Ca.  
Akbar Sheriff, Houston, Tx.  
John G. Trahan, Lafayette, La.

- 10 YEARS Donna T. Auzenne, Lafayette, La.  
Scott E. Aubrecht, Los Angeles, Ca.  
Larry J. Baggs, Coalinga, Ca.  
Jimmy L. Baughman, Cur Bank, Mt.  
Charles A. Black, Chunchula, Al.  
Trudi K. Bridges, Oklahoma City, Ok.  
John W. Byhoffer, Jr., Carpinteria, Ca.  
Wesley R. Cackler, Orcutt, Ca.  
Diane Campbell, Port Hueneme, Ca.  
Daniel B. Crandell, Dulac, La.  
Max A. Evans, Coalinga, Ca.  
James L. Flint, Casper, Wyo.  
Douglas A. Fogliadini, Carpinteria, Ca.  
Barry L. Gouger, Casper, Wyo.  
Tammy S. Kennedy, Jal, N.M.  
Mary R. Kirk, Taft, Ca.  
Michael K. Kitchens, Orcutt, Ca.  
Nancy L. Kurachi, Pasadena, Ca.  
Thomas P. Ledet, Dulac, La.  
Robert W. Lewis, Freeport, Tx.  
David P. McPhetridge, Santa Paula, Ca.  
Rocco M. Papietro, Coalinga, Ca.  
Terry M. Porche, Dulac, La.  
Jan J. Rogers, Lafayette, La.  
Gary W. Smith, Worland, Wyo.  
Fritz L. Spencer II, Lafayette, La.  
William T. Sterlin, Taft, Ca.  
Doris F. Vancleave, Midland, Tx.  
David B. Wilkerson, Midland, Tx.

## Unocal Canada, Ltd.

- 25 YEARS Charles T. Maxwell, Calgary, Alberta
- 10 YEARS Wilfred R. Barrette, Fort St. John, B.C.  
Ahmet Baykan, Calgary, Alberta  
Orval M. Baynham, Slave Lake, Alberta  
Bernadette W. F. Law, Calgary, Alberta  
Bill Meeuwissen, Calgary, Alberta  
Deborah D. Rodtka, Calgary, Alberta  
Sharon A. Stevens, Calgary, Alberta

## INTERNATIONAL OIL &amp; GAS

- 20 YEARS Gerald E. Marrall, Los Angeles, Ca.
- 15 YEARS Theodore E. Doss, Jakarta, Indonesia  
Josefina Gaytan, Los Angeles, Ca.  
Edward J. Ruckstuhl, Los Angeles, Ca.
- 10 YEARS Deborah L. Day, Los Angeles, Ca.  
Bruce I. Hovey, Aberdeen, Scotland  
Douglas N. Magee, Thailand  
David J. Mikelson, Aberdeen, Scotland  
Andrew Van De Weerd, Sunbury, England  
Peter K. Wong, Los Angeles, Ca.

## Unocal Thailand, Ltd.

- 10 YEARS Pratana Barpuyawart  
Somboon Hatsadeevijit  
Harn Narapruet

## Unocal Indonesia, Ltd.

- 15 YEARS Hermanu  
Rusman  
Soenardi  
Soetadji  
Soetomo  
Suharto  
Sutarto  
Tugiso  
Sunarto Effendi  
Muhammad Gozie  
Unang Gunawan  
Frank Indrakusuma Ichsan  
Murnie Bin Japeri  
Netty Kalangi  
Jimmy Karnadi  
Hamzah Kasjim  
Hendrik Kumajas  
M. Junus Kartawidjaja  
Yapie H. Lumintang  
Hengkesa M.  
Hasan N.  
Idham Noor  
Glen Rompis  
Hari Setijono  
Pardo Sitorus  
Kardiat Adan Sukandi  
Gatot Supardi  
Bambang Soengeng Sutomo  
Jonathan Tanusendjaja  
Bambang Tjahjono  
Agustinus Toding  
Vera Watung  
Eddy E. Willar



# SERVICE AWARDS



10 YEARS Rusdiyanto  
Sumani  
Supriyanto  
Moestafa Akkas  
Safrudin Azis  
Benny W. Boedihardjo  
Trimo Ghozali  
Karel Johannis  
Jami Ngatin  
Rachmat Saleh  
Terry Saptoyuwono

## Unocal U.K., Ltd.

10 YEARS Cathy Dean, Sunbury, England  
Mike Knox, Aberdeen, Scotland  
Peter Rafferty, Sunbury, England

## Unocal Netherlands, B.V.

10 YEARS M. S. Steenkamp-Bech

## Unocal Egypt, Ltd.

15 YEARS Fadi Ibrahim

## GEOTHERMAL

20 YEARS Paul L. Philippi, Santa Rosa, Ca.  
15 YEARS Gregory D. Raasch, Philippines  
10 YEARS Richard Hernandez, Santa Rosa, Ca.  
Alfonso S. Pingol, Jr., Santa Rosa, Ca.

## Philippine Geothermal, Inc.

15 YEARS Jaime B. Barcebal, Tiwi  
David C. de Ocampo, Bulalo  
Carlos V. Retuerto, Makati  
10 YEARS Tomas H. Arao, Tiwi  
Emmanuel N. Baldo, Tiwi  
Levino B. Baliza, Tiwi  
Winefredo B. Barrion, Tiwi  
Antonio N. Belista, Tiwi  
Jose Allen C. Berces, Tiwi  
Orlando V. Bermundo, Tiwi  
Antonio C. Bobiles, Tiwi  
Gergorio C. Brucales, Tiwi  
Augusto C. Cardano, Tiwi  
Ernesto C. Cernechez, Sr., Tiwi  
Antonio B. Cilo, Tiwi  
Iglecerio C. Clarino, Tiwi  
Victor C. Clavecillas, Tiwi  
Felipe C. Climaco, Tiwi  
Salvador C. Cobilla, Tiwi  
Angeles D. Cobilla, Tiwi  
Erasmo C. Competente, Tiwi  
Dennis C. Corral, Tiwi  
Jose C. Cortuna, Tiwi  
Noriel B. Crucillo, Tiwi  
Alfredo C. Dacoco, Tiwi  
Aguinaldo C. Dacullo, Tiwi  
Crestito E. Dacuno, Tiwi  
Vicente N. Magdaong, Tiwi  
Alfredo C. Nacor, Tiwi  
Loreto B. Rayala, Tiwi

## REFINING & MARKETING

40 YEARS Robert J. Calloway, San Francisco, Ca.  
Oliver F. Conrey, Pasadena, Ca.  
Robert E. Montgomery, Birmingham, Al.  
35 YEARS Rupert C. Hurt, Memphis, Tn.  
Darrell F. Keating, Richmond, Ca.  
Norman C. Sloan, Atlanta, Ga.  
Lea V. Wilson, Richmond, Va.  
30 YEARS Douglas A. Campbell, Los Angeles, Ca.  
Genevieve L. Cwynar, Schaumburg, Il.  
Thomas J. Gordon, Schaumburg, Il.  
David L. Gregory, Richmond, Ca.  
Keith L. Shurtz, Portland, Or.  
25 YEARS Joe A. Bryant, Los Angeles Refinery  
Charles W. Cooper, San Francisco Refinery  
Anne H. Elsberry, Atlanta, Ga.  
Lorraine G. Engelsgaard, Los Angeles, Ca.  
David R. McKinley, North Hollywood, Ca.  
Michael L. Perkins, Avila Beach, Ca.  
Donald W. Schmidt, San Francisco, Ca.  
Dudley A. Welch, Haywood, Ca.  
Joann Wille, Schaumburg, Il.  
20 YEARS John A. Becky, San Francisco Refinery  
Lee O. Bell, Los Angeles Refinery  
Keith M. Curtin, San Francisco Refinery  
Kenneth M. Gordon, Schaumburg, Il.  
Spencer H. Green, Los Angeles, Ca.  
Louis F. Gucker, Los Angeles, Ca.  
Gloria D. Guinto, San Francisco, Ca.  
Bruce W. Hall, San Francisco Refinery  
Barbara A. Hasbun, San Francisco, Ca.  
Billy D. Haupt, Los Angeles Refinery  
Wesley E. Heinrich, Richmond, Ca.  
Willie J. Hooks, Wildwood, Fl.  
James A. Hopkins, Richmond, Ca.  
Bettie Johnson, San Francisco Refinery  
John R. Landry, Renton, Wa.  
Evelyn R. Lasher, Schaumburg, Il.  
George Lopez, Los Angeles Refinery  
Leticia A. Malvar, San Francisco, Ca.  
Frank Munoz, Los Angeles Refinery  
Danuta Regalado, Schaumburg, Il.  
Richard M. Ritz, San Francisco Refinery  
Ralph A. Sandercock, Portland, Or.  
James W. Thompson, Brisbane, Ca.  
Lamar White, Torrance, Ca.  
15 YEARS Maria B. Alvarado, Los Angeles, Ca.  
Barbara J. Arrington, Schaumburg, Il.  
Nardito D. Calvero, Los Angeles Refinery  
Reynold C. Deles, Schaumburg, Il.  
Gregory J. Heim, Schaumburg, Il.  
Laura A. Kunz, Schaumburg, Il.  
Francisco F. Leon, Los Angeles, Ca.  
Willie P. Redmond, Schaumburg, Il.  
Harold T. Takara, Honolulu, Hi.  
Randy M. Taylor, Portland, Or.  
10 YEARS Suzanne Adams, Walnut Creek, Ca.  
Elizabeth A. Arce, Los Angeles Refinery  
Jay B. Atkins, Honolulu, Hi.  
Brian W. Austin, San Luis Obispo, Ca.  
Freddie D. Ayers, Andrews, Tx.  
Judy Y. Beasley, San Francisco, Ca.  
Eileen M. Clark, Schaumburg, Il.  
Peter S. Clark, San Francisco Refinery  
David H. Close, Los Angeles, Ca.  
Brian C. Connors, Los Angeles Refinery  
Susan M. Cuny, Schaumburg, Il.

David W. Dassler, City of Industry, Ca.  
Michele Del Castillo, Los Angeles, Ca.  
Sheree L. Dement, San Francisco Refinery  
Gary L. Estrada, San Luis Obispo, Ca.  
Katherine M. Frattini, San Ramon, Ca.  
Gary A. Freiburger, Los Angeles Refinery  
Donald L. Frazier, Los Angeles Refinery  
Louis L. Guidry, Jr., Los Angeles Refinery  
Peter M. Hallock, Los Angeles, Ca.  
Anthony J. Harmon, San Francisco Refinery  
Frenchie F. Jackson, San Francisco, Ca.  
Karen A. Jacobson, San Francisco, Ca.  
Stephen L. Loving, Los Angeles Refinery  
Vera M. McGuire, Schaumburg, Il.  
Craig R. Munson, Phoenix, Az.  
Michael J. Papsadore, Pasadena, Ca.  
Lucille Picras, San Francisco, Ca.  
Tamara A. Pundsack, Schaumburg, Il.  
Magdalena L. Sacramento, San Francisco, Ca.  
Karen A. Schnable, Schaumburg, Il.  
Scott J. Segal, Los Angeles Refinery  
Lida Sirounian, Los Angeles, Ca.  
Allan D. Stewart, Edmonds, Wa.  
Todd S. Swenson, San Luis Obispo, Ca.  
Edward J. Toney, Los Angeles, Ca.  
Barbara M. Vosyka, Schaumburg, Il.  
John W. Youngblood, Los Angeles, Ca.

## MARKETERS & DISTRIBUTORS

40 YEARS Brighton Oil Co., New Brighton, Mn.  
35 YEARS C. L. Bryant, Modesto, Ca.  
J. Willard Earley, Port Angeles, Wa.  
25 YEARS Richard Oil, Inc., McClure, Oh.  
20 YEARS Ila Brown, Halfway, Or.  
Ken E. Edgmon, Madras, Or.  
Billy Espey Oil Co., Inc., Huntingdon, Tn.  
Jim Jonas, Lower Lake, Ca.  
Lammers & Gerding, Inc., Ottawa, Oh.  
15 YEARS W. G. Bruner Oil Co., Inc., Cedartown, Ga.  
Circleville Oil Co., Circleville, Oh.  
Hawkeye Oil Co., Cedar Rapids, Ia.  
Rupp Oil Co., Inc., Bay City, Mi.

## CHEMICALS

35 YEARS Lyle L. Burnett, Clark, N.J.  
Jack O. Canaday, Los Angeles, Ca.  
Robert Davis, Brea, Ca.  
Jerome J. Raymond, La Mirada, Ca.  
30 YEARS Carl G. Pope, Charlotte, N.C.  
Charles A. Waugh, Brea, Ca.  
25 YEARS Charles E. Benfield, Charlotte, N.C.  
Dorothy A. Schmidt, La Mirada, Ca.  
20 YEARS Oscar L. Azcua, Los Angeles, Ca.  
Terri Barfield, Kenai, Ak.  
David W. Barthelmeh, La Mirada, Ca.  
Irene M. Conti, Schaumburg, Il.  
William M. Dippe, Schaumburg, Il.  
Ralph J. Koneski, Carteret, N.J.  
Basil L. Mack, Lemont, Il.



15 YEARS **Joey L. Clark**, Charlotte, N.C.  
**Harry A. Dierks**, La Mirada, Ca.  
**Robert D. Flager**, West Sacramento, Ca.  
**Daniel A. Harris**, La Mirada, Ca.  
**Mark R. Howard**, Kenai, Ak.  
**James D. Justice**, Arroyo Grande, Ca.  
**Linda Jo Kennedy**, Arroyo Grande, Ca.  
**Nathan P. Taleon**, Wilmington, Ca.  
**John R. Wright**, Charlotte, N.C.  
**Richard J. Zlatos**, Lemont, Il.

10 YEARS **Douglas Born**, Clark, N.J.  
**Michael D. Chapman**, La Mirada, Ca.  
**Frank P. Dougherty**, Schaumburg, Il.  
**Marion D. Garner**, Los Angeles, Ca.  
**Leslie L. Hunter**, La Mirada, Ca.  
**Kelli Inkenbrandt**, Los Angeles, Ca.  
**Bruno Koziel**, Lemont, Il.  
**Wayne M. Lutz**, Rodeo, Ca.  
**Loran C. Maggi**, Kenai, Ak.  
**Macie H. Mooney**, Atlanta, Ga.  
**Jacqueline D. Nicosia**, Brea, Ca.  
**Norman J. Rain**, Los Angeles, Ca.  
**Chester W. Tomala**, Lemont, Il.  
**Carlos Torricella**, Brea, Ca.  
**Edward C. Vann**, Kenai, Ak.  
**Michael B. Vinning**, Brea, Ca.  
**Ronald Zavodny**, Charlotte, N.C.

#### **MOLYCORP, INC.**

35 YEARS **Harry O. Dorsey**, York, Pa.  
**Lew R. Hellmann**, Washington, Pa.  
**Charles Miller, Sr.**, Washington, Pa.  
**Richard W. Spellman**, Washington, Pa.

25 YEARS **David L. Walker**, Washington, Pa.  
**Clarence W. Wilson**, Washington, Pa.  
**Edward H. Wiszczor**, Washington, Pa.  
**Jon S. Young**, Washington, Pa.

20 YEARS **Pat E. Ortiz**, Questa, N.M.  
**Edward J. Wendel**, Mountain Pass, Ca.

15 YEARS **Mary Ann Jenkins**, Washington, Pa.

10 YEARS **Leroy Apodaca**, Questa, N.M.  
**Repito Romero**, Questa, N.M.

#### **POCO GRAPHITE, INC.**

20 YEARS **Jimmy J. Sherman**, Decatur, Tx.

10 YEARS **Lawrence E. McGinnis**, Decatur, Tx.  
**Garry L. Musser**, Decatur, Tx.  
**Nelda R. Parrent**, Decatur, Tx.

#### **RETIREMENTS**

##### **Corporate**

**John M. Abel**, July 7, 1955  
**Marjorie E. Harwell**, February 25, 1974  
**John R. Murphey, Jr.**, May 17, 1954  
**Joseph Normandeau**, November 19, 1956  
**Lawrence L. Wilson**, June 30, 1965

##### **Oil & Gas**

**George C. Allen, Jr.**, June 19, 1958  
**Bob L. Adkison**, June 11, 1951  
**Weldon Brice**, December 12, 1955  
**Joseph C. Broussard**, June 1, 1949  
**Georgia M. Crues**, February 27, 1978  
**Carolyn Dickinson**, December 11, 1972  
**Donald J. Durham**, February 27, 1959  
**Allen R. Hauck**, January 4, 1955  
**Dean B. E. Laudeman**, August 25, 1955  
**Archibald Laurie**, July 1, 1963  
**Clarence E. Rode**, January 9, 1956  
**James E. Schuetz**, December 10, 1954  
**Corbin E. Shepherd**, June 16, 1958  
**Joe E. Vaughn**, August 29, 1955

#### **Geothermal**

**Mary C. Mosquera**, May 27, 1980

#### **Refining & Marketing**

**Donald L. Barnes**, December 4, 1951  
**Frederick J. Caldwell**, July 24, 1980  
**John R. Cardinal**, March 14, 1955  
**Wayne P. Carroll**, January 12, 1955  
**Robert F. Gleason**, April 25, 1956  
**John E. Hines**, May 16, 1951  
**Robert G. Houchins**, May 6, 1969  
**Henry H. Johnson**, September 1, 1953  
**Charles Martin**, July 26, 1976  
**David J. McKeague**, December 1, 1957  
**Don E. Pedersen**, July 28, 1950  
**Donald L. Pierce**, December 11, 1951  
**Malcolm E. Prince**, June 26, 1979  
**Anthony Reed**, December 4, 1964  
**Geraldine E. Reed**, May 13, 1968  
**Peter Ruiz**, February 8, 1957  
**Norman C. Sloan**, September 20, 1955

#### **Energy Mining**

**Arnold P. Acosta**, March 26, 1979  
**Warren J. Bosse**, March 25, 1980

#### **Chemicals**

**Oscar Azcua**, September 28, 1970  
**Jo Ann Hart**, September 12, 1978  
**James L. Hendershot**, July 15, 1968  
**Jack Keck**, August 14, 1967  
**Lonnie R. King**, April 17, 1968  
**Robert S. Klaus**, August 5, 1953  
**Eugene McEntire**, October 12, 1964

#### **IN MEMORIAM**

##### **EMPLOYEES**

##### **Corporate**

**Robert W. Flanders**, June 22, 1990

##### **Oil & Gas**

**Linval J. Magee**, June 13, 1990

##### **Refining & Marketing**

**Dorus W. Cook**, July 9, 1990  
**Joseph S. Jiatti**, July 29, 1990

##### **RETIREES**

##### **Oil & Gas**

**Louis J. Barrette**, July 4, 1990  
**Joseph L. Garibaldi**, June 27, 1990  
**George M. Harris**, August 12, 1990  
**Kenneth B. Hill**, May 11, 1990  
**Harold Jeffrey**, July 26, 1990  
**Helen R. Ketelsen**, August 21, 1990  
**John W. McKee**, May 18, 1990  
**John L. Nicholson**, June 29, 1990  
**Harley S. Orrell**, June 23, 1990  
**Henry J. Paulsen**, August 15, 1990  
**Bill Phillips**, May 24, 1990  
**James F. Stephens**, June 21, 1990  
**Leslie W. Thompson**, March 10, 1987  
**Thomas L. Warburton**, June 22, 1990

## **SERVICE AWARDS**



#### **Refining & Marketing**

**Harold C. Alexander**, July 6, 1990  
**Manuel R. Arriaga**, July 18, 1990  
**Erwin W. Alverson**, July 14, 1990  
**Charlotte Antonik**, July 13, 1990  
**Robert W. Asher**, August 10, 1990  
**Theodore Barber**, August 8, 1990  
**Marie E. Bartlett**, July 30, 1990  
**Archie D. Benham**, August 8, 1990  
**Willie A. Bodden**, June 12, 1990  
**Kenneth L. Bonewitz**, July 12, 1990  
**William E. Bowles**, July 19, 1990  
**Leonard Bush**, June 21, 1990  
**Leslie O. Casey**, August 16, 1990  
**Albery S. Clark**, May 14, 1990  
**Raymond C. Clifford**, June 7, 1990  
**Robert B. Cole**, June 4, 1990  
**Mitchell Darkins**, July 26, 1990  
**William A. Eidson**, June 26, 1990  
**Cecil Edwin Fancher**, July 26, 1990  
**Leroy Farmer**, July 10, 1990  
**Albert Figone**, August 3, 1990  
**S. Krebs Hammond**, June 21, 1990  
**Adolph Hendzel**, July 9, 1990  
**Harley E. Hooker**, June 22, 1990  
**Daryl R. Howard**, May 18, 1990  
**Tom O. Mallett**, July 22, 1990  
**Beurchael Nichols**, August 5, 1990  
**Jack W. Moore**, July 26, 1990  
**Bernard Perricone**, July 8, 1990  
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**Arthur Curtis Sloan**, July 27, 1990  
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GARY L FOY  
16823 LIGGETT STREET  
SEPULVEDA CA 91343

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