

Annual
Shareholders'
Meeting

MAY 1958

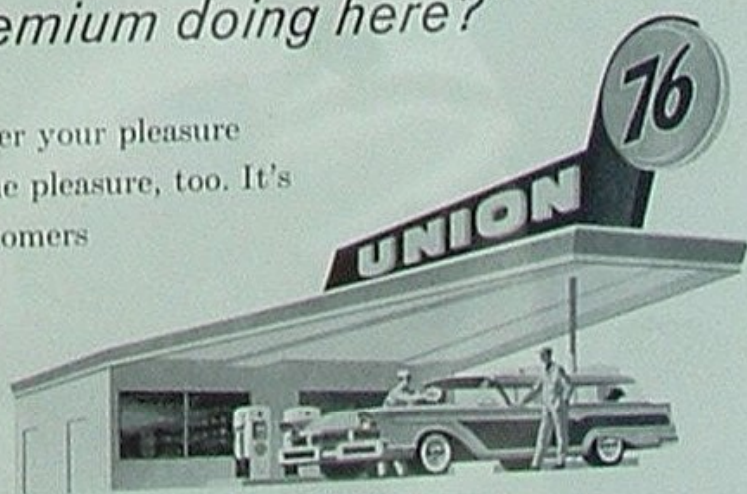
SEVENTY ⁷⁶
Union Oil Company of California
SIX



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MAY, 1958

THE COVER: The Auditorium in the Beaudry Building of Union Oil Center was filled to overflowing on April 28th as Company officers made their annual report to shareholders. The statements of Messrs. Taylor and Rubel follow in this issue.

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76 is a Union Oil Company of California trademark. It also symbolizes the American freedoms won in 1776, which made possible this nation's industrial development and abundance. Our SEVENTY-SIX magazine, published monthly, mirrors industrial freedom through the thoughts, skills, accomplishments and appreciations of Union Oil people. We invite readers to participate with us in an exchange of ideas and information. Address correspondence to The Editors, SEVENTY-SIX, Union Oil Center, Los Angeles 17, California.

EDITORIAL BOARD

C. Haines Finnell, Jerry Luboviski,
 Fritz Springmann and Earl M. Welty.
 Thiel D. Collett.....Editor
 Robert C. Hagen.....Assistant Editor

More **PUT** than take

SPEAKING BEFORE the Virginia House of Delegates on March 3, 1910, Senator Harry Byrd prophesied:

"It (the 16th Amendment to the U. S. Constitution) means that the state must give up a legitimate and long established source of revenue and yield it to the Federal government.

"It means that the state actually invites the Federal government to invade its territory, to oust its jurisdiction and to establish Federal dominion within the innermost citadel of reserved rights of the Commonwealth.

"This amendment will do what even the 14th and 15th Amendments did not do—it will extend the Federal power so as to reach the citizen in the ordinary business of life. A hand from Washington will be stretched out and placed upon every man's business; the eye of a Federal inspector will be in every man's counting house.

"The law will of necessity have inquisitorial features, it will provide penalties. It will create a complicated machinery.

"Under it businessmen will be hauled into courts distant from their homes.

"Heavy fines imposed by distant and unfamiliar tribunals will constantly menace the taxpayer.

"I am not willing by a voluntary act to give up revenue which the state of Virginia herself needs, nor to surrender that measure of states' rights which was, and the construction of the Federal courts have, permitted to remain."

VIRGINIA DID NOT RATIFY THE SIXTEENTH AMENDMENT!

That prophecy has been more than fulfilled. Today "a hand from Washington" is stretched out to every state of the Union, demanding an annual toll far beyond the wildest expectations of 1910.

Using 1954 governmental reports as his sources of information, Hub Russell has enumerated the present high cost of "Political Brokerage." His figures include Social Security, aids and grants, revenues, etc.:

In 1954, according to Mr. Russell, the Federal government collected from citizens of the states a total of \$69,783,816,000. The "put" by individual states showed Wyoming's low of \$57,331,000, California's median of \$5,356,963,000, and a whopping \$13,180,953,000 from New York staters in Federal tax bills.

As to total Federal payments to the states during that same year, Nevada received the low amount of \$28,949,000 back from a tax levy of \$84,830,000; California's "take" was \$746,831,000; and New Yorkers got back only \$800,610,000.

In other words, for every \$1 returned by Washington, Californians paid over \$7, Delaware people paid nearly \$36, New Yorkers paid over \$16, Nevadans paid nearly \$3, Wyoming folks paid \$1.48, and Senator Byrd's State of Virginia paid \$10. Only Mississippi out of all the 48 states had a lesser "put" than "take"; those folks paid only 70 cents for each Federal dollar returned. The national average was \$6.99 in Federal tax collections for every dollar in payments to the states.

"I am not willing by a voluntary act to give up revenue which the State of Virginia herself needs."

With more than a thousand in attendance at the first shareholders' meeting held in Union Oil Center, the Board of Directors, right, was re-elected. Chairman of the Board Reese H. Taylor, center, gave a comprehensive business report, the full text of which is printed here-with.



A Statement to Shareowners

By Chairman of the Board Reese H. Taylor at Annual Meeting, April 28, 1958

The employees, officers, and directors welcome you to the 1958 Annual Meeting of the Union Oil Company.

We are particularly pleased that so many of you could attend this year's meeting for it marks the inauguration of the new Union Oil Center. Just one month ago, the 1200 members of the Home Office staff moved from six scattered buildings in the Los Angeles area to this single, centralized location. This much-needed consolidation will greatly improve the over-all efficiency of our Home Office operations.

Early last month you received the Company's Annual Report, detailing our physical operations and financial results for the year 1957. It was reported there that while 1957 was a good year for Union Oil, both in terms of sales and earnings, there were a number of disturbing developments in the general economy and in the oil industry in particular. These developments are of vital importance to our Company, both currently and in the long-term.

Industry Oversupply

The most important of the West Coast oil industry's problems in 1957 can be summarized quite briefly. The demand for petroleum products failed to increase, while total supply rose sharply. As a result, oil inventories climbed to extremely high levels—the highest since 1941.

This supply-demand imbalance was caused by the action of two separate factors. One was the continuation of long-term trends which are changing the supply pattern of the West Coast. The other was the appearance

of short-term influences which are depressing the demand for petroleum products.

Oil from the Rocky Mountain states and Canada captured more of the market—especially in the Pacific Northwest and Western Canada—once served exclusively by California oil. Natural gas supplies again increased sharply, as two new pipelines moved large quantities of natural gas into the Pacific Northwest. In addition, further capacity was added to the gas pipeline system between Texas and California.

Some idea of the magnitude of natural gas competition can be obtained from the fact that natural gas equivalent to more than 600,000 barrels of fuel oil is currently consumed every day in our marketing area. This is nearly half of the present total demand for liquid petroleum products.

Foreign crude oil imports also increased substantially. The 1957 average of 260,000 barrels daily exceeded the 1956 average by nearly 50%. In a space of just six years, crude oil imports jumped from 1% to 20% of the West's total oil supply.

Unfortunately, around mid-1957 the demand for the products of West Coast refineries was curtailed by several short-term developments. These adverse short-term changes included a slowdown in total business activity, especially in manufacturing; a sharp cutback in oil purchases by the military; and reduced purchases of West Coast oil by foreign countries experiencing trade difficulties, particularly Japan.

The net effect of superimposing decreased demand on top of an increased energy supply was an oil surplus of



Most of the shareholders present accepted an invitation to tour the new Center.



Ladies of course most admired the carpeting.

nearly 100,000 barrels daily. For the full year 1957, this amounted to 36 million barrels, the largest one-year increase since 1929. As the magnitude of this enormous imbalance became evident late in 1957, prices for several major products declined appreciably. As prices dropped, so did profits.

1958 Outlook for Industry

The early months of 1958 have brought little improvement, either to the depressed product prices and profits of our industry or to the cause of the trouble—the oversupply.

It now appears that 1958's demand will not exceed that of 1957. On the other hand, 1958's demand could well drop considerably below last year's level. The final outcome depends on many imponderables—including the extent of the business recession and the industry's ability to sell in military and foreign markets. In any event, it is expected that the burden of today's oversupply will continue to depress industry prices and profits for the balance of the year.

To achieve the needed adjustment in oil supply, crude oil imports on the Pacific Coast were reduced early in 1958. First-quarter imports averaged about 160,000 barrels daily, 20% below those of a year ago and 50% below the all-time peak of last summer.

In addition, some 50,000 barrels daily of California crude oil production has been shut-in by West Coast oil companies. This drastic action pushed production down abruptly to a rate (on April 1) of 875,000 barrels daily, a 5% drop in 12 weeks.

As a result of these major adjustments, the industry's supply and demand are nearer to a desirable balance. However, West Coast inventories are still far too high. The next few critical months will determine what further adjustments are needed.

Company Action

Briefly, here is what we have done and are doing to improve our position.

First, we have reduced our purchases of foreign crude oil to 12,400 barrels daily, as requested in the President's Voluntary Import Plan. This oil is purchased under a long-term contract negotiated in 1956. Union's imports

last year constituted less than 7% of total Pacific Coast imports, in contrast to our 14% of the product market.

Second, we have shut in about 10,000 barrels daily of our California crude oil production and asked those crude oil producers from whom we purchase oil under contract to reduce their contract deliveries to us. So far, this has reduced our purchases of California crude oil by about 6000 barrels daily.

Third, we have made a concerted effort throughout the Company to further increase the sales of our products and to improve the efficiency of our day-to-day operations.

These steps should permit the Company to resume its long-term growth in the near future. Capital expenditures directed toward future profits and expansion are therefore being maintained at a high level. Over \$90 million was invested in 1957. As now planned, 1958's expenditures, although lower, will be at a relatively high level.

One basic change in our operations that should be mentioned at this time is the Company's decision to sell its marketing facilities in the Caribbean area and in Central and South America. This transaction was completed in January when the Gulf Oil Corporation purchased Union's remaining marketing operations in these regions.

For some time we have been at a price and profit disadvantage in this market due to the distance between our refineries and the point of sale. In recent years the products we sold there were, for the most part, purchased from Caribbean refiners.

Other Problems

Next, I would like to turn briefly to several matters of importance to the entire petroleum industry. These problems continue to harass us—and apparently also continue to defy solution. Perhaps someday the truth will filter through the darkness, though the past year certainly has not given us much encouragement.

First, on the local scene, one more year has passed and California's offshore oil fields continue to be effectively withheld from exploration and development. The State Legislature, in amending the offshore oil act last July, has once again delayed large-scale development of this highly-promising source of domestic oil for several more years. In fact, because of the increased royalty rates and the revised bidding system included in the amended

continued

act, many in the oil industry—and I personally—no longer consider California's offshore area an economically attractive place to search for oil. As those in the oil industry know too well, there is a time lag of several years between the initial discovery and quantity production. Because adequate supplies of domestic oil are essential to national security, California's offshore development should be *encouraged*, not obstructed.

In 1957, efforts to free producers of natural gas from price regulation by the Federal Power Commission were unsuccessful. The 1958 version of this much-needed legislation also has encountered severe obstacles. As things now stand, the broad implication that *any* business selling to a public utility is subject to price controls remains unchallenged. The regulation of natural gas prices is just one more step toward complete control of not only our industry, but all industries. Each such step further erodes the American free enterprise system. This *must* not be permitted to happen.

Also in the realm of Federal action, we have the many problems caused by the Government's peculiar interpretation of the antitrust laws. To cite just one example, the Department of Justice is preparing to bring to trial its nine-year-old suit against seven West Coast oil companies, including Union Oil, and the Conservation Committee of California Oil Producers.

While the suit is so complex that it virtually defies summarizing, much of the Government's case seems to be based on the one fact that seven companies comprise a substantial part of the West's oil industry. Just what is evil and illegal about seven companies constituting a large part of an industry has not yet been explained.

Another myth that does much harm to our industry is the widespread notion that oil means "big business" and "big profits." Certainly we all have an important assignment in getting across the facts about our industry—the fact that we are a highly competitive body of both large and small companies; the fact that our profit rate is about equal to the average of all manufacturing firms; and, most important, the fact that profits themselves are a necessary part of America's economic system and our way of life.

It is essential that the people of America understand the fundamental point that profits are vital to their own well-being and to the growth of our nation. Without profits, our industries could not long produce the goods and services required by 173,000,000 Americans. Without profits, business could not provide the new technology

and expanding capacity necessary to sustain the world's highest standard of living.

Labor and Taxes

Turning to current economic matters, the business recession that set in during the latter months of 1957 continues to be a main topic of news. Hardly a day goes by without some new forecast that "the bottom has been reached" or "soon will be reached" and so on. In addition, we also hear of dozens of "anti-recession" measures taken or contemplated by the Administration and Congress. Thus far, most of the measures have been of the "put a little more money here" or "make this a little easier" type.

I will not attempt to forecast the course of this business cycle, other than to observe it probably will be more severe than either of the recessions of 1949 and 1954. A change for the better, whenever it occurs, will be most welcome. However, we must not forget that the two real threats to America's long-term growth and progress continue to face us—unrestrained labor monopoly and the unlimited power of government to levy taxes.

A clear indication of just how unrealistic and inflationary labor's gains have been can be seen from the fact that average hourly earnings of manufacturing workers increased by nearly 70% in the past ten years, compared with a rise of less than half that amount in total output per hour worked—including the increase in output resulting from the use of more productive machinery and other capital goods.

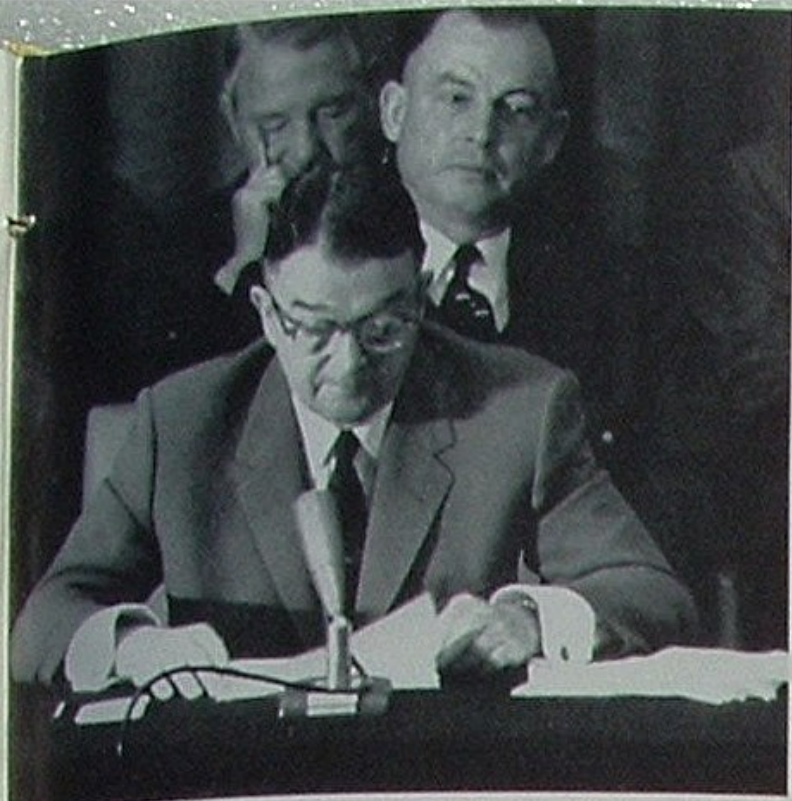
Certainly the resources, the people, and the free enterprise system still exist for future progress as great or greater than anything in the past. Yet, such growth will not "just happen," as some seem to believe. Unless we, as a nation, are willing to work—and work hard—we obviously cannot grow and prosper.

The seemingly inexorable rise of government power and expense is too well known to require detailed comment. Currently, the various levels of government take about one dollar out of every three earned, and this tendency to take more and more shows no sign of stopping.

Nearly 140 years ago Chief Justice John Marshall clearly described the peril of unrestricted taxation when he wrote: "The power to tax is the power to destroy." While we must have taxation, it is just as essential that we have a defined limitation on the power to tax. If this power continues unbridled along its present course, it will surely lead us to destruction.

Employees courteously surrendered the auditorium to visitors, witnessed the meeting via television from the Fifth Street Bldg.





President A.C. Rubel's report

THIS WILL BE a brief review of the Company's operations during the past year. I will not go into detail; but should you wish further information, please feel free to ask questions which will be answered in as much detail as you may desire by the department heads here present.

Since Exploration and Production activities are the first steps in the chain of events in the production of petroleum products, we will start with them.

Exploration

Exploration is charged with the responsibility of developing new sources of oil and gas to replace those upon which we draw for our current production.

As of January 1st of this year, our underground net reserves of crude oil amounted to 488,500,000 barrels as compared to 495,400,000 barrels at the beginning of the (1957) year. This is a difference of 6.7 million barrels, or a reduction in our underground inventory of crude of 1.35%. During the year we produced 37,440,000 barrels. All of these figures are net—that is, 100% Company interest.

Our exploratory efforts, then, failed by 6.7 million barrels to replace the oil produced; and we drew on our reserves for that difference.

We were more successful, however, in the discovery of natural gas. Our gas reserves increased from two trillion, 182 billion cubic feet in 1956 to two trillion, 662 billion cubic feet in 1957—an increase of 480 billion cubic feet, or 22% of our underground gas inventory.

It is interesting to note that on the basis of the average price for the two commodities, the increase in gas reserves equals in value 35 million barrels of oil.

Let me give you a brief resume of our exploratory activities by districts.

California

Three important discoveries were made in California, two in the San Joaquin Valley and one in Ventura County. The extent of productivity of none of these areas was determined during the year, though subsequent drilling in 1958 indicates that all three will be much larger than the 1957 reserve estimates showed.

It must be realized that California, at least California

on-shore, is becoming more difficult and more costly to explore. This is not to say that all the oil fields in California have been discovered—that certainly is not the case. It does mean, however, that the fields are more difficult to discover, are smaller, and therefore more costly, and that the possibility of finding large deposits is becoming increasingly less probable.

As a matter of fact, there has not been a major oil discovery in California since 1948.

Louisiana and Texas Gulf Coast

This area continues to be our best hunting ground, particularly for natural gas and condensate; and results thus far in 1958 indicate greater success than that encountered in 1957.

Two new fields and six important extensions of old fields were discovered during the year. In addition, we participated in four partnership discoveries drilled by others. The results of these discoveries more than compensated for the decline in California reserves.

West Texas

Three discovery wells were drilled in this area and we participated in ten additional discoveries. Due to very low allowables imposed by the State Railroad Commission, it is impossible to evaluate the results. However, we more than held our own in maintaining our production.

Oklahoma

No new discoveries were made in Oklahoma during the year, although we participated in a small way in one large gas discovery operated by another company.

Canada

We participated in seven oil and six gas discoveries in Canada which added some 6¾ million barrels of oil and an unknown volume of gas to our reserves. During the winter the Red Earth field in Central Alberta was extended to the north by more than six miles, making this one of the most attractive development areas in western Canada. Our holdings of over 600,000 acres in a solid block in the immediate vicinity put us in a very commanding position.

The extent of muskeg over much of this area, which creates a bottomless swamp, makes exploration very costly except in winter when the ground is frozen. Until we are able to develop enough production to justify the building of permanent roads, the extension of the area will be largely confined to winter development.

We hold substantial acreage blocks and have done some exploring in the Milligan Creek, Virginia Hills, Kaybob and Panther River areas which are among the most active districts in Canada at the present time.

Alaska

The Territory of Alaska is now one of the most active areas within the territorial limits of the United States. During 1954 our Company, in cooperation with the Ohio Oil Company, acquired 311,000 acres on the Kenai Peninsula in the Cook Inlet Basin.

continued

During 1956 a unit of 7500 acres was formed known as the Swanson River Unit, in which our joint holdings amounted to 10.05%. In 1957 a discovery well was completed on the Unit at a rate of approximately 1000 barrels a day of 32° gravity oil, which was the first commercial oil found in Alaska.

A second well was drilled during 1957 which confirmed the first discovery.

Since the discovery, Union and Ohio have increased their holdings to 546,000 acres distributed strategically over the area. We believe we are in as favorable a land position as any operator in Alaska today.

Detailed land and aerial exploration will be carried on on our properties during 1958.

Costa Rica

Exploratory operations continue in the Republic of Costa Rica where our exploratory rights amount to approximately 3½ million acres.

Our drilling thus far has indicated petroliferous formations capable of producing oil, but thus far we have been unable to develop commercial production.

Panama

Our Panamanian holdings adjoin those of Costa Rica, and further development awaits the results on the Costa Rican side.

Guatemala

Our Company holds approximately one million acres in Guatemala which is being explored by field parties. It is probable that one or more wells will be drilled in the area during 1958 in which we will participate either by acreage or by money contributions.

Field Operations

The year 1957 was marked by violent fluctuations in oil development and demand. The Middle Eastern crisis during the early part of the year provided a great stimulus to domestic production, particularly in Texas and the Gulf Coast, resulting in some abnormally high returns during the Suez Canal crisis.

The reopening of the Canal was followed by a drastic reduction in domestic production. State allowables were reduced to very low levels. This, in combination with excessive imports, led to a continuous reduction in production both on the Gulf Coast and in California.

Gas Sales

The most outstanding feature of our 1957 operations was the rapid expansion of gas sales amounting to 86 billion cubic feet as compared to 67 billion cubic feet in 1956, an increase of 27½%.

Net gas revenues totaled \$11,617,000 as compared to \$8,306,000 for the preceding year, an increase of 39.8%. Further substantial increases are anticipated during 1958.

Drilling Operations

A total of 257 wells were drilled in 1957 at a cost of \$36,524,000, compared to 264 wells in 1956 at a cost of \$35,872,000.

Drilling activity expanded in the Gulf Coast, but was

contracted in the Pacific Coast. Curtailment of production during 1958 will probably result in a further reduction of drilling in all areas.

Crude Oil Production

Production in three of our divisions was the highest of record. California production declined by approximately two million barrels, while out-of-state increases approximately made up the difference.

Unit production costs were higher in all divisions except California, due to:

1. General wage increases and higher prices for services and material,
2. The development of new producing areas requiring new tank and shipping installations, and
3. Operating expenses of gas condensate wells placed on stream during the year.

Particular emphasis during the year has been placed on more efficient operations, and it is expected that production costs which have increased steadily over the past five years will be materially reduced during 1958.

Secondary Recovery

An expanded waterflood program was continued during 1957, with several new waterfloods initiated during the year. These efforts were carried on in California, West Texas and New Mexico.

Seven projects have been on production long enough to indicate definite results. In the aggregate they have returned approximately 4½ million dollars in excess of total expenditures, and are contributing 83,500 barrels of oil per month which would not otherwise have been recovered. Seven new projects are still in early stages of development.

It can be said that the waterfloods are now an important source of future production.

Transportation and Supply

Many changes were made in this department to improve efficiency and economy of operations.

Junction-Oleum Pipeline

The crude oil pipeline from our Junction station in the San Joaquin Valley to the Oleum Refinery was completed at a cost of approximately \$13,500,000. It includes 45 miles of 12-inch line, 180 miles of 16-inch line, two new pump stations and six new storage tanks with a capacity of 800,000 barrels.

Several shareholders rose to ask questions of management. All were promptly answered by department heads.



The pipeline is owned by the Santa Clara Pipe Line Company and has been leased to our Company under a long-term lease arrangement.

Additions and revisions have also been made to the pipeline system between Junction and Santa Maria. With this pipeline system in operation, Oleum Refinery is receiving its entire raw material supply by pipeline, eliminating most of the tanker shipments.

This volume includes the shipments formerly made from Avila by tankship and San Joaquin Valley crude formerly shipped through the pipelines of another company.

Tankship Fleet Reduced

Changes in operation at Los Angeles and Oleum Refineries likewise permitted a substantial reduction in the volume of inter-refinery shipments by tankship, the net results being that our tankship fleet was reduced from six to three during 1957, and one additional ship has been disposed of since.

Richmond Terminal Completed

At Richmond, California, a new product distribution terminal was completed and placed in operation in the latter part of the year. Refined oils manufactured at Oleum are now shipped to the terminal through a 14-mile product line and distributed by truck.

Supertanker Construction

In October of last year, the keel was laid for the first of three 60,000 deadweight ton tankships being built for our service by the Newport News Shipbuilding and Dry Dock Company. The first of these vessels will be delivered in October, 1958. It is planned to use these ships for the importation of crude oil to augment our domestic supply.

To provide waterfront facilities for the berthing and discharge of these giant vessels, arrangements have been completed with the Los Angeles Harbor Department for the construction of a new wharf in the Outer Harbor area.

Crude Oil Supply

In common with the rest of the industry, we are suffering from an over-supply of crude and excessive inventories of both crude oil and refined products. In addition to a substantial shut-in of our California production mentioned by Mr. Taylor, and a drastic reduction in development drilling, we have made a strong appeal to our crude oil suppliers for voluntary curtailment to help relieve the current overage.

It is believed that by these measures and a vigorous and aggressive sales program, we can achieve a balance before the year is over.

Manufacturing

Emphasis has also been placed in the Manufacturing Department upon a more efficient and economical operation and a great deal has been accomplished during the year by such measures as:

1. The completion of a new Unifiner-Platformer Unit at the Los Angeles Refinery providing for increased high value gasoline components.
2. The elimination of the Maltha Refinery.
3. The transfer of compounded lubricating oil products, packaging and shipments from Oleum to the new Richmond Terminal, and the elimination of low-volume products at all refineries.
4. Improved maintenance efficiency.

These measures were somewhat offset by the tanker strike which occurred between June and September and interfered seriously with the normal flow of products and materials, and also by the increase of cost of material and supplies experienced by all departments alike.

Total crude processed during the year amounted to 64.3 million barrels, or an average of 176,000 barrels per day, of which 90% was from domestic sources and 10% from imports.

Additions to plant facilities during the year were principally confined to the new Unifiner Platformer in the Los Angeles Refinery and to construction of eight 150,000 barrel storage tanks.

In the Oleum Refinery facilities were completed to receive crude oil by pipeline from the San Joaquin Valley. Modifications were also made in the Crude Vacuum Distillation Unit to remove diluent from heavy crude oil received by the new pipeline, thus eliminating crude oil tanker transportation to Oleum.

Industrial Relations

During 1957 there was a general salary increase of approximately 6%, and the Company's vacation policy was revised to provide four work weeks of vacation commencing with the twentieth anniversary of service. The holiday policy was also revised to recognize an additional holiday, bringing the total to eight.

All of these changes were necessary to keep us competitive in the labor market.

We can see no valid economic justification for further increase in either benefits or wages during the current year.

The Company experienced its best year safety-wise since it organized accident prevention throughout. Although fire losses in 1957 were 21% higher than in 1956, they were about 38% lower than the petroleum industry fire loss average for the past five years.

Total employees as of December 31, 1957, numbered 7793 compared to 8186 for the preceding year.

continued



Research

Oil Shale

One of the outstanding performances of the Research Department during the year was the further development of the oil shale plant in northwestern Colorado. This plant was put in operation in the spring of 1957 and reached its design throughput of 360 tons per day by early summer. The retort has since been improved to a point where it now handles in excess of 1200 tons per day, with the possibility of still increasing this amount.

The program in shale oil refining has been substantially completed and indicates that liquid products meeting the most rigid specifications may be produced.

Recent economic appraisals of a commercial shale oil plant, based on our retorting and refining experiments, indicate that the Union retorting and refining scheme is very close to competitive costs at current posted prices.

Concurrently with the work of the Research Department, mining operations are under way for the dual purpose of providing shale for the retort and of determining the most economical mining procedures.

Our land holdings in the area consist of approximately 50,000 acres of patented mining claims and fee lands, containing an estimated 4½ to 5 billion barrels of recoverable oil from the higher yield levels. This acreage provides ample room for spent shale disposal and plant sites.

Tar Sands

Work on the development of a commercial extraction plant for the Sisquoc bituminous sands located in northern Santa Barbara County continued through 1957. A 200-ton per day pilot plant is currently under construction and will, if successful, add approximately 100 million barrels of oil to our present petroleum reserves.

General

Research also continues aggressively on such things as more efficient recovery of crude oil from reservoirs, the search for new and improved products, improvements in refining processes, and the more efficient and profitable production and use of all of our products.

Marketing

Sales totaling 76,513,000 barrels and an income in the amount of \$413,976,000 again represented an all-time high and a 2% increase in volume and a 9% increase in income over the previous year.

In the Western domestic market we supplied 13.6% of the total demand for all products—12.7% of civilian demand and 23% of military demand.

At the end of the year, the Company was serving 43,130 wholesale accounts and 379,000 retail accounts, the former representing a 2% gain and the latter a 7% gain over the previous year.

The Company established 96 new service stations and 6 were completely rebuilt. A total of 453 bulk plants were in operation at the year's end, of which 387 were under wholesale consignee operation.

In keeping with the general plans for increased efficiency, the Marketing Department realigned its entire

operations to achieve closer customer contact and more effective servicing of accounts at all levels.

During the year motor gasoline prices, particularly in the retail markets, reflected great instability. The Company was forced to meet these lowered competitive prices wherever necessary.

A new credit card system was introduced. It involves the use of an embossed plastic card and a credit ticket imprinter which reproduces on the sales ticket the information carried on the plastic card plus the dealer's name and address and the date of the transaction. This provides the customer with an attractive, durable, easy-to-carry card and speeds up credit purchases and also provides a clear copy of invoices and the elimination of cash handling.

Purchasing

The Purchasing Department experienced a great reversal of market conditions during the year. As of January, 1957, there were shortages and rising costs in all commodities. As of December, 1957, all materials became readily available and prices were subject to violent fluctuations. This complete reversal of economic conditions within the short space of one year has been the dominating factor in Purchasing Department operations.

Comptroller

The expansion of our Company's activities in almost every phase of its efforts has placed an increasing load on the Comptroller's Department.

A case in point is the tremendous increase in credit card use. There are now approximately 500,000 active credit cards outstanding, requiring the processing of over 22 million delivery tickets during the year. To accommodate this and other accounting requirements, system and data processing procedures have been put into effect, including the use of the magnetic drum machine which does everything but think.

General

One of the continuing efforts throughout the year was to enlist all employees of the Company in the effort to increase sales. Meetings are held at all levels to acquaint personnel both with our products and our operating procedures.

The results of this effort have been extremely gratifying and I feel that we have a concerted team play among our employees for the purpose of promoting the sale of our products.

May I suggest that our stockholders interest themselves similarly in this program?

In closing, I would like to pay tribute to the loyalty and ability of our employees who throughout the year, and many times under adverse conditions, have given their best efforts to the forwarding of our Company's objectives.

/THE END

CLARE D. GARD HONORED

THE HANLON AWARD, highest honor in the natural gasoline industry, has been presented to Clare D. Gard, recently retired chief process engineer for Union Oil Company. In conferring the award on April 17, 1958, at the 37th Annual Convention of the Natural Gasoline Association of America, held in Dallas, Texas, President George T. Tennison paid high tribute to the 22nd recipient of this great honor. Here are a few excerpts from the presentation address:

"The man whom we are to honor today is one of those quiet individuals who has gone about his work as if it were routine, though at the same time he was making real contributions to the progress of the industry. I don't think he has ever considered he was making contributions, and it is probable that his attitude has been that he was merely doing a job that needed to be done. We could sure use a lot of men like him.

"He is a native of Ohio . . . a University of Southern California graduate with a B.S. degree in electrical engineering . . . On his discharge from the Navy following the First World War, he was employed for two years as an estimating engineer with the Bureau of Power & Light, Los Angeles . . . then joined one of the major oil companies on the West Coast in 1921. In 1922 he was transferred to the gas division of his company as engineering advisor to the gas supervisor . . . In 1941 he was made chief process engineer and held that position until his retirement nearly a year ago. Gentlemen, the chronological record covers a period of 37 years' continuous employment with one company, and there aren't many in this room who have a similar record.

"The question naturally arises as to what this man did in all those years to make us look up to him on this particular day. Fortunately this is an easy question to answer because so many of his friends collaborated in supplying details . . . It is understood of course that other men were active in work in which this man took part, but his was a leading role in the projects and he often set the pattern which led to their satisfactory conclusion and to patents held in his name. The more important of these projects were:

- 1 The application of the perforated plate tray to natural gasoline absorption and fractionating columns.
- 2 The use of water draw-off trays in the fractionating sections of fractionating stills.
- 3 Continuous sidestream reconditioning of absorption oil, for which a patent was issued in his name.
- 4 The design and construction of the first LPG plant in California.
- 5 He stimulated gas lift operations in California,



C. D. Gard, left, retired Union Oiler, receives from President George Tennison of the Natural Gasoline Association the Hanlon Award, symbol of great service to the industry.

planned and supervised the extensive field and laboratory work which resulted in the substitution of compressed high-pressure wet gas for the dry gas then being used. This change made possible tremendous savings in plant equipment and operating expense.

6 He was co-designer of the first natural gasoline plant to produce dry ice as a by-product from natural hydrocarbon gas.

7 He conceived and perfected equipment and procedure for calibrating natural gasoline positive displacement meters under actual operating conditions.

8 He was co-designer of the first large scale plant to effect condensate recovery by means of expansion of gas produced at high wellhead pressures and regenerative cooling.

9 He was co-developer of the Reid Vapor Pressure-Composition correlation which is used in California as the basis of evaluating the worth of natural gasoline.

"Obviously this man has been a constructive force in the industry. He not only contributed ideas but he stimulated the generation of ideas in others, and in the general process he came to know many men and made most of them his friends. If that last phrase could be applied to me at the end of the road, I think I would value it more than anything that could be said about whatever my other accomplishments had been. This also counts in the Hanlon Award, but we also recognize the man was not only a warm human being but a doer.

"So by way of summary, it is for his individual work and his cooperativeness with others in bringing about better design and operation of natural gasoline plants, his imaginative approach to the solution of problems for which the early textbooks gave no answer, and for the fundamental advancements in industry techniques which he originated—that the 1958 Hanlon Award is conferred on the chief process engineer (retired) of the Union Oil Company of California—Clare D. Gard."

/THE END

THE FLYING TIGERS

They've turned a great fighting unit into a worldwide service flying goods, people, peace.

A BIG MAN in Air-Force-blue trousers with matching shirt and black tie leaned forward and listened as the man seated across from him called out the last of a long list of items printed on a plastic-covered cylinder.

Directly behind the two, a third man sat facing a battery of instruments on a wall panel. He called out crisply, "Stand by three."

"Stand by three," replied the big man, automatically raising his hand to a maze of switches and instruments on an overhead panel.

"Contact three," the third man instructed.

"Contact three," came the reply.

A finger pressed a switch forward and, outside the left window, a huge three-bladed propeller slowly began to turn. Suddenly there was a sharp pop, a burst of blue smoke. High-Octane Aviation Gasoline spraying into 18 cylinders ignited and the first of the huge Super H Constellation's four engines—each packed with the power of three diesel locomotives—began its smooth, deep roar of concentrated energy.

The scene was the main base of the world-famed

Flying Tiger Line, at Lockheed Terminal, Burbank, California. The big man was captain on one of a fleet of 12 Super H Constellations which the airline flies each day to points that may encompass the globe. The man reading the cylinder, containing the elaborate check list of items double-checked in cockpit procedure before starting engines, was co-pilot. Behind them sat the flight engineer. Probably at least one of the three had been a Flying Tiger since the early World War II year this famous fighting unit was formed; now his mission was across an ocean or a continent to land an immense load of air freight on friendly shores.

It used to be a simple job to start an airplane engine. But in today's modern airliners, with their hundreds of instruments and switches, it takes three men.

The Flying Tiger Line has grown similarly complex since

continued

Robert W. Prescott,
president and co-
founder of Line.



Typical of the freight being handled by Flying Tigers is the shipment foreground. The big Super H Constellation carries up to 42,000 pounds of cargo per trip, thinks nothing of spanning a continent or an ocean.



Transport Driver Herbert Meyers helps out during a refueling job at Honolulu. Union Oil also serves the line at Wake Island.



An "Aloha" reception for an air freighter is limited to, from left, our Representative G. D. Gedge, Gene Huntington of the Tigers, Terminal Superintendent Joe Kelley, Captains Cliff Groh and Tom Haywood, and Union Oiler H. W. "Tex" Widener, an ex-Navy pilot.

The Tigers maintain almost daily schedules across the Pacific, pausing at Wake Island, below, for "76" fuel.



those pioneering days back in 1945 when, with Union Oil backing and one plane, it launched the nation's first all-freight airline. Now grown into the world's largest air freight and contract system, it has a 14-plane fleet of the largest-type air freighters and convertible ships—12 Super H Constellations and two DC-6A's. Its payroll of a half-dozen employees has swelled to 1,500 and its annual business volume, which totaled less than \$500,000 in the first year of operation, now is near the \$40,000,000 mark.

The captain, flipping the starter switch of the Constellation, may be taking the first leg of a flight that will terminate in Tokyo, London, New York or Sydney, Australia. There is no such thing to him as a short flight. The most limited schedule operated by the Flying Tiger Line is from Los Angeles to Cleveland, Ohio.

His load may be 42,000 pounds of freight—the capacity of a Constellation air freighter. Or he may be picking up 114 passengers—the passenger capacity of a convertible Constellation—destined for some point in Europe. "Convertible" means an aircraft that may be used either for passengers or freight. In either case, the Constellation load is the largest in commercial aviation.

Such an airplane with such a load burns up a lot of gasoline—somewhere around 500 gallons an hour—or about as much as the average driver uses in six months. This doesn't seem to bother Union Oil, for at Honolulu and Wake Island there are always Union transports on hand happy to refill the tanks.

The Flying Tiger Line is divided into two divisions—air freight and CONOPS, which stands for contract operations.

Across the United States, from a Seattle-San Diego stretch eastward to Chicago, and on to the North Atlantic seaboard from Philadelphia to Boston, the line flies U. S. Air Freight Route No. 100, the largest domestic all-freight system. A million dollars' worth of freight revenue a month is realized from the route, which serves 26 major manufacturing and distributing centers. The fleet of six Constellations assigned to this operation fly nearly one-fourth of the nation's entire domestic air freight. Flight 181 is a typical overnight schedule—out of New York at 10:30 p.m., and into Los Angeles at 6:30 a.m.

Out of two other main bases, San Francisco and New York, the airline spreads its wings around the world in contract operations. Across the Pacific to Tokyo, with alternate destinations of Guam, Okinawa, Manila and Taipei, part of the fleet flies an almost daily schedule of freight and passengers for the Military Air Transport Service.

Between New York and destinations which may range from Europe to the Middle East, Australia or Africa, CONOPS transports a broad variety of passengers—military, refugees, tourists. In 1957 the airline flew more than 70,000 passengers, many of them members of low-cost travel groups.

A pioneer in numerous phases of freight and air con-



However, no Honolulu reception would be complete without lei and Greeter Carole Aiu. Both of the two captains fought with the famous Flying Tiger squadrons in China.



Low-cost travel to Europe was pioneered by this line; here a singing group boards New York flight to Stockholm.

tract operations, Flying Tigers have been most successful in serving low-cost travel groups. For example, the plan permits a qualified group to charter an airplane and fly to Europe for a vacation. Prorated among the group members, the cost now brings a European vacation within the means of hundreds of thousands of average American working families. Groups consist of church, student or faculty organizations, employee or government associations. Nearly 20,000 of them flew to Europe last summer on Flying Tiger planes. Their fraternizing with neighbors across the Atlantic is one of our best hopes of a lasting peace.

The trimly-attired captain, flipping the starter switch on a Flying Tiger Constellation, looks quite different than the open-shirted pilot of 13 years ago scrounging around an airport looking for a cargo to carry in his bulbous-nosed Budd Conestoga. But the change in airplanes and men is proof again that ideas and enterprise still find plenty of opportunity in America.

/THE END

Retired to pasture is the twin-engined Budd Conestoga, pioneer of the Flying Tiger fleet in 1945, now six times too small and three times too slow to be in competition.



Business Highlights of the Month

INDUSTRIAL RELATIONS *"Earned their wings!"*

1,689 Union Oil Company employees driving cars and trucks in the course of their work drove through 1957 without a chargeable vehicle accident. Largely as a result, the Company showed a 6½% reduction in vehicle accident frequency over 1956, and vehicle accident repair costs were down \$25,000. Of the 1,689 safe drivers, 338 (20%) have driven safely for 10 consecutive years—an outstanding achievement. Of the 338 drivers, 130 have been driving commercial vehicles and, in accordance with the Safe Driver Award Plan, are being given 10-year-award pins specially adorned with gold wings. Although this is added acknowledgment to men who safely operate heavy equipment over relatively long distances, it by no means belittles the safe drivers of passenger vehicles. They too have "earned their wings."

Employees' Open House at Union Oil Center on April 19 and 20 attracted 10,000 visitors. The underground parking levels handled 1,900 cars. Guided tours of every facility between the D-level at bottom and the Board Room on the top floor were capably conducted by 260 employee hosts. Guests from as far as 200 miles away came to renew old friendships in the new setting.

Approximately 96% of the employees have signed up for the new Disability Benefit Insurance. The plan became effective May 1, 1958.

from N. T. Ugrin

EXPLORATION *Four Gulf discoveries.*

Since the reward of exploratory effort has been diminishing in California during recent years, both industry-wide and within the Company, there is justification for looking to areas of greater potentiality. In one of these, the Gulf Coast, we have been particularly fortunate since the first of the year, the Company having completed four discoveries, several of which may prove to be very significant.

These new finds are located on our North Raceland

Prospect, Lafourche Parish, Louisiana; Caillou Island Prospect and West Timbalier Bay Prospect, both in Terrebonne Parish, Louisiana; and on our Northeast Lake Placedo Prospect in Victoria County, Texas. Another well on our North Freshwater Bayou Prospect, Vermillion Parish, Louisiana, is currently testing very high pressures and indicates to be one of the most promising discoveries in southwest Louisiana in recent years.

from Sam Grinsfelder

PURCHASING *Maybe we "auto" wait!*

Because of the current oversupply, some prices are being reduced—a trend that is expected to continue for the remainder of this year. Every effort is being made to hold inventories at a minimum, thus enabling buyers to take advantage of the lowest costs. Advanced planning by Purchasing and the operating departments in regard to inventories will amount to important economies in the months to come.

from C. S. Perkins

PRODUCTION *Extension-type drilling.*

A phase of field operations that is being emphasized during the current period of crude oil oversupply is extension-type drilling. Adjacent to proven fields, this work is designed to prove up areas where additional production can be counted to meet future demand.

Two wells drilled recently in the eastern part of Los Angeles basin fall into this category. One of these Sansinena 5B-83, was completed for flowing production of 1,000 barrels per day of 29-gravity crude, and proves up at least six other locations in this area. To the east of Sansinena, Naranjal 51-2 was drilled as a deep test; although unsuccessful at depth, it was completed in shallow sands, pumping 135 barrels per day of 19-gravity crude. This latter extension also proves up about six additional locations.

Two wells of a comparable nature are scheduled to be drilled soon in this same general area. One will be on the Company's Mineral Springs property located just west of Sansinena field; the other will be a test on the southwest flank of the Richfield oil field.

from Dudley Tower

MANUFACTURING *That's Teamwork!*

Employee participation in the Sales Development Program by the Manufacturing Department has resulted in over 3,100 applications for Union Oil credit cards for friends and neighbors.

The Oleum Refinery is in the process of dismantling old wooden structures, tankage and other obsolete and worn out facilities formerly used in the compounding, packaging, warehousing and shipping operations. These operations were transferred to the new Richmond Terminal late in 1957.

The Los Angeles Refinery Marine Terminal made a

record recently when they moved 1,300,000 bbl. of oil across the terminal docks in one week.

The initial pipeline delivery of Four Corners crude oil was made to the Los Angeles Refinery in late April. This oil is a low sulfur paraffinic crude of high gasoline content. Four Corners crude is so named because the oil field is located at the junction of four states, Colorado, Utah, New Mexico and Arizona.

from J. W. Towler

TRANSPORTATION & SUPPLY 76 on tap in Nevada.

On April 16 our initial pipeline tender of gasoline was made from Oleum to the Southern Pacific Pipe Line Company for delivery to Sparks, Nevada. Shipments are made directly from the refinery through our Oleum-Richmond pipeline into the SP line without entering intermediate tankage at Richmond. The entire operation, including pumping at Oleum, is controlled from our Richmond Terminal. At Sparks, near Reno, products are delivered into a commercial terminal operated by the pipeline company and are then reshipped by truck to our marketing stations and customers in Nevada and northeastern California. In addition to gasolines, we will make shipments of jet fuels through the pipeline to military installations which are connected to the SP system in California and Nevada.

Effective May 1, A. C. Dockrell, automotive superintendent Central Division, and G. A. Trimble, automotive superintendent Northern Division, elected to retire from Company service. Effective the same date, both Divisions were consolidated and are now designated as the Northern Division, with headquarters at Richmond, California. R. F. Labory has been appointed automotive superintendent Northern Division.

from E. L. Hiatt

MARKETING Customers, we love 'em!

The Company has been awarded a supplemental contract by Military Petroleum Supply Agency covering 15,960,000 gallons of aviation gasoline for delivery at West Coast points during April 20 through June 30, 1958.

The Jack Tar Hotels have awarded Union Oil an exclusive petroleum products contract and equipment lease for a 10-year period on a San Francisco garage installation. Bounded by Post, Franklin, Geary and Van Ness Avenue, the \$10 million project will consist of a nine-story office building, a 400-room hotel, and a 475-car garage. The service portion of the garage will have a three-pump island, lubrication and washing facilities. The tentative completion date is June, 1959.

The new Union Oil Service Station at Union Oil Center welcomed 8,000 members of the employee family on April 19 and 20. Door prizes included a set of tires, battery and picnic articles, and there were give-aways galore for all children.

Nenana, Alaska, Marketing Station reopened April 7 for the season, with John B. Coghill as consignee.

Effective April 1, E. Kendall, Jr. was assigned responsibility for Property Management, Dealer Sales, and Carlos T. Knight was appointed division manager, Dealer Sales, San Francisco Division.

After many years of consignee operation, the South San Francisco and Redwood City marketing stations have been converted to employee operation. Now all of Union's Direct Sales marketing in the peninsula from San Francisco to San Jose, in the Oakland Division, is Company operated.

from Roy Linden

RESEARCH A never-ending project — thrift.

An important function of the Research Department's General Services Division is to provide and properly maintain the research facility—the physical environment in which our work takes place. To do so economically requires a continual review of plant operating costs, particularly utility costs. Utility costs vary according to our changing requirements, the present and future availability of such raw materials as water and gas, nature of waste disposal problems, etc. Timely modifications can bring about important savings.

For example, requirements for high-pressure gases in our laboratories normally can be met by installing a small cylinder of the gas. However, research projects dealing with catalytic refining processes require large quantities of hydrogen. Therefore, requirements were studied in detail and found to warrant a central supply system. Such a system has been installed, resulting in possible annual savings of some \$5,000 at our present rate of hydrogen consumption.

Among other changes in utility requirements and modifications of methods are those related to the production of steam and distilled water. By conversion of the steam heating plant from a high-pressure to a low-pressure system, an estimated annual saving of \$31,400 was effected.

from Fred L. Hartley

BOX SCORE

Baseball Salaries vs. Taxes-Inflation

League-leading Player	Babe Ruth	Ted Williams
Year	1924	1948
Games played	153	137
At bat	529	509
Runs scored	143	124
Hits	200	188
Total bases	391	313
Runs batted in	121	127
Home runs	46	25
Batting average	.378	.369
Highest annual salary	('31) \$80,000	('58) \$125,000
Take-home pay after taxes	over \$70,000	\$55,000
Purchasing power of salary	over \$70,000	\$30,000
Cost of small automobile	\$495	\$2,000
Rent for 3-room apartment	\$30	\$100
Cost of 8-room house	\$6,500	\$30,000

In the ebb tide of war

We found SIX wonderfulch

MY UNION OILER husband "Red" and I had been in Japan long enough to see that Japanese children, with their sparkling eyes and pert look, are cute enough to melt your heart.

But one day at a meeting of American women in Japan I heard of a pathetic group. They were the bewildered babies of Japanese mothers and occidental fathers—children who do not fit into an oriental society where family name and status have primary significance—children whose faces single them out indelibly in a Japanese community as being different.

This long-established ostracism extends to the mother and her family too, making it difficult for the Japanese mother of an Eurasian baby to keep the child even when she wants to. In most cases the father has disappeared, leaving the mother an almost impossible problem of acceptance and support.

In 1952, the American community in Tokyo formed a volunteer group to try aiding these miserable tots. Funds were raised to provide medical care and to supplement living allowances made by the Japanese government to destitute children. In 1953, the U. S. Congress passed the Refugee Relief Act providing for the non-quota immigration of alien orphans adopted by Americans.

The two resolutions combined presented some hope for the unwanted children. The volunteer group eventually became the Japanese Branch of International Social Service (ISS), an agency with 35 years of experience in inter-country adoptions. The Japanese Branch is headed by Miss Florence Boester, an experienced and qualified ISS social worker.

Speaking at the meeting I attended, Miss Boester gave an absorbing account of Eurasian children being found in all parts of Japan and placed with American families for adoption. Some of the children were sent to homes in America. Many were adopted by American military families in Japan and taken over to the United States.

In her talk Miss Boester said there was an especially urgent needs for foster homes—a sort of emergency sanctuary where the child could escape from his unwanted plight and begin to make the adjustments that would qualify him for his permanent adoptive home. He would have a chance to pick up some English—learn to sleep on a bed instead of a "futon" on the floor—discover the merits of a hamburger—and so on. Thus the change from an oriental to a western culture would not be too abrupt.

This foster-home idea appealed to me. We had the room, I had the time, and "Red" had had some experience (he has two grown boys). And so we became the first

foster family in this fascinating program.

Two days after we volunteered as foster parents, a frightened young charge was ushered to our home. He wasn't certain whether we were ogres who gobbled up children or whether some lesser fate might be expected. Terrified of dogs, he could hardly take a step in the house without running into one of our three cockers. But time worked miracles. This extremely handsome and intelligent six-year-old boy was placed eventually with a young navy couple and is now getting top grades in school near Monterey, California.

Next came a five-year-old boy who had been abandoned by his family and left to shift for himself in the streets of a large city. He was so afraid of being deserted again that it was several weeks before we could get him to go with us for a car ride. He preferred to stay home, he told us in Japanese. Many times during the night I would awaken with a start to find him standing beside our bed. He was adopted by an army family.

Then in rolled Number three. She was a six-year-old who brushed us off as being completely unnecessary in her scheme of things; she went her way about our house with complete aplomb. Her hair straggled, her clothes were in bits and pieces, her teeth sorely in need of a dentist—but at first she wanted no traffic with us. From a completely unappealing little girl, who had her daily tantrum for quite a long time, she blossomed into a child you'd notice in any crowd. She had a scintillating personality, and we three grew very fond of one another. But one day her adoptive father flew all the way from Baltimore to get her.

Number four was a plump cutie with a perpetually worried expression. She had been living with her grandparents in the country, who found her presence embarrassing and were relieved to have her go. She has been adopted by people in Los Angeles, and the worried expression has vanished.

Number five was a boy with a Joe E. Brown grin and just about the most accommodating makeup we have encountered anywhere. When we asked him to do something, he hopped to it with that big smile and such willingness that it left us breathless. He was adopted by a Seattle family.

After an interval, we were alerted that Number six would be along. Then in she walked—bad teeth, skinny legs, a beat expression—with about as much personal appeal as a half-drowned rodent. This unpromising young candidate had already been in four or five homes over Japan in her six-year life span. She showed no

Orphan children

by Esther Thompson



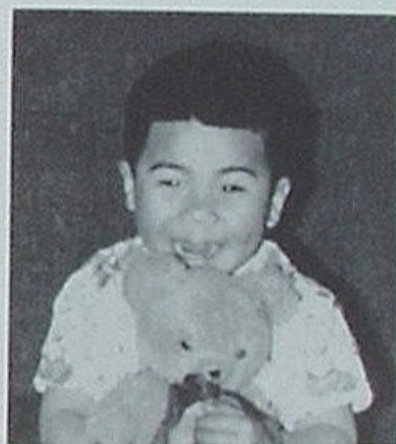
The W. E. "Red" Thompsons are Union Oil Company representatives in Japan. At our request Mrs. Thompson tells of a heart-warming foster-home program and of how they found Linda Esther Thompson.



From left, Numbers Three, One and Two.

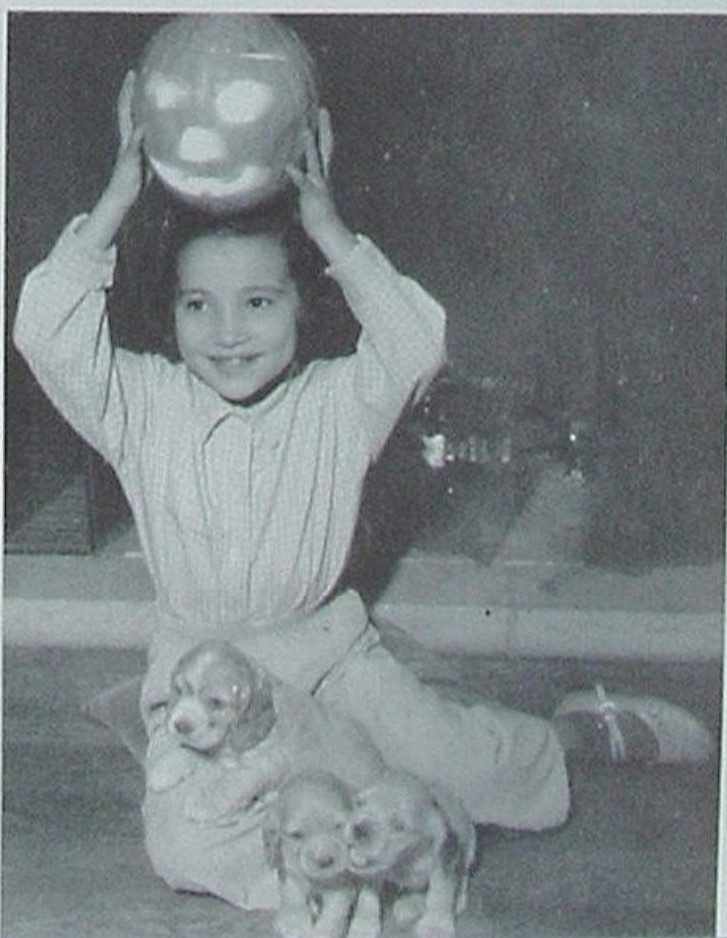


Number Four.



Number Five.

Number Six, "Our daughter!"



enthusiasm—just sat, and didn't speak above a whisper.

What would you do if such a child landed on your doorstep? Well, that's what we did, too! We kept her, and she became our sparkling, beautiful daughter. Out of that droopy demeanor blossomed all sorts of surprises. She soon demonstrated an exceptionally quick mind, an affectionate disposition, and the resiliency that had kept her afloat through all the bafflements of her young life.

People tell us she is a real charmer, and we feel they aren't far from wrong. We let her choose her middle name, and she very flatteringly chose to be named after me. She is in the first grade of the Canadian Academy at Kobe, where she is doing well and has made lots of friends.

She was astonished to have some of our friends and relatives send her gifts from America. Having concluded therefore that Americans are all living dolls, she is eagerly awaiting her first visit to the United States.

/THE END

The dory f

THE SIGHT OF several cans of Union Outboard Motor Oil prompts us to ask a few questions of the big-fisted gentleman who is carefully mixing it with gasoline.

Yes, he admits, it is a fine product, as is also the Union gasoline. For years he has been buying his supplies of both products from a Minute Man dealer at Newport Beach. Why use anything less than the *Finest* when your life and your livelihood depend upon an out-board-motor-driven dory?

Our other questions finally evoke the story of Newport's dory fishermen—a hardy handful of salt-bitten men who should have retired from competition many years ago. But didn't—because there are still a lot of

Return of the dories to Newport Beach concludes another fishing adventure some 14 to 30 miles offshore in the Catalina channel.

Waiting customers come down to the water's edge to lend a hand—dories are moved ashore on rollers, converted to sales counters.



Fisherman Carl Marberry, while preparing a mixture of "76" gasoline and Union Outboard Motor Oil, told us how the dory originated.

fishermen of Newport

folks who like their fish fresh caught from out of the deep, cold waters of Catalina channel.

A dory, landlubbers, is a Yankee institution—originally *clinker* built, that is, the planking was lapstreaked like clapboards of a house to better withstand heavy seas. Today they are built of heavy plywood reinforced with sturdy ribs, their high transoms lowered enough or notched to accommodate big outboard motors. In outward appearances the wonderful little 16-foot boats have hardly changed throughout more than 100 years.

The dories have been a familiar sight at Newport Beach at least since 1873, when the owners of a lumber pier granted the dory fishermen a section of their beach. A provision of the grant was that the beach be kept clean and used exclusively for dories. Eventual resale of the pier to the Southern Pacific Company made no changes in the original grant; the fishermen have remained throughout the years.

Arising during the brisk pre-dawn, the dory fisherman is usually far at sea before sunrise—alone except for a punctual following of seagulls. To Fourteen-mile Bank, the nearest deep-water fishing ground, it is, as you have guessed, 14 miles. Dago Bank, some 30 miles offshore,

is another likely spot where rock cod, the most desired of all food fish, can be caught at depths close to 700 feet.

Fishing consists of paying out several hundred feet of line to which baited hooks are attached three feet apart. The lines are anchored to their proper depth and linked by floating markers to the ocean surface. After a calculated wait, each line is retrieved into a large wooden bucket, while its catch of fish is removed and placed in another part of the dory.

Lucky is the fisherman—and most are lucky—whose wife, daughter or son can fillet the catch with a razor-sharp knife and sell everything at a fair market price. That leaves the producing member of the family enterprise time to get his lines re-baited, wash down the outboard motor with fresh water, and blend another day's supply of oil and gasoline. Many a future fisherman helps out on the baiting chore after school at the going rate of two hooks per penny.

Sailing so far at sea in small boats is not without its casualties. Now and then the ranks of these freedom-loving men are thinned by storm or other perils of the deep. But for every dory waiting on the sand of Newport Beach, there's a man willing to venture offshore.

/THE END



Folks who prefer their fish fresh-caught out of deep, cold water do their shopping at Newport. Business has been good here for nearly a century.



Years of deep-sea experience off Dago Bank etch deep lines in a man's face, deep concern about weather, deep faith in a dory.



At the going rate of two hooks per penny, boys visit the beach after school hours to do baiting chore.



Family day at Union Oil Center on April 19-20 meant a variety of things—left, a peek at the boss's office, a balloon for Junior; below, tired feet when a "host" oughta be fishin'.

HOME SWEET HOME (OFFICE)



MY FAMILY WAS deeply impressed with Union Oil Center during the April 19th-20th open house tour. Particularly my wife. Her pretty dark eyes drank in architecture, walls, lighting, carpeting, terrazzo walkways, weedless landscaping, stainless kitchen and dining room. She cocked a petite ear to the piped strains of a symphony. She fingered the draperies. She inhaled deeply of the cool, filtered air.

Enroute home, she said, "Darling:

"If wall-to-wall carpeting is good for the gander, why

isn't it good for the goose? . . . Furthermore, dear, I was thinking terrazzo would look good in that patio you promised . . . How much does it cost to air-condition a home? . . . Saturdays and evenings you can start scouting for pretty rocks to landscape our front yard . . . Money? Well, you won't have to pay for parking any more, and you said the cafeteria meals are dirt cheap . . . No more of this 'hard day at the salt mines' talk, mister; there's work to do and you need the exercise."

Confound it!

/THE END

"Maybe I'll never be chairman of the board, but what's to stop a girl from marrying one?"



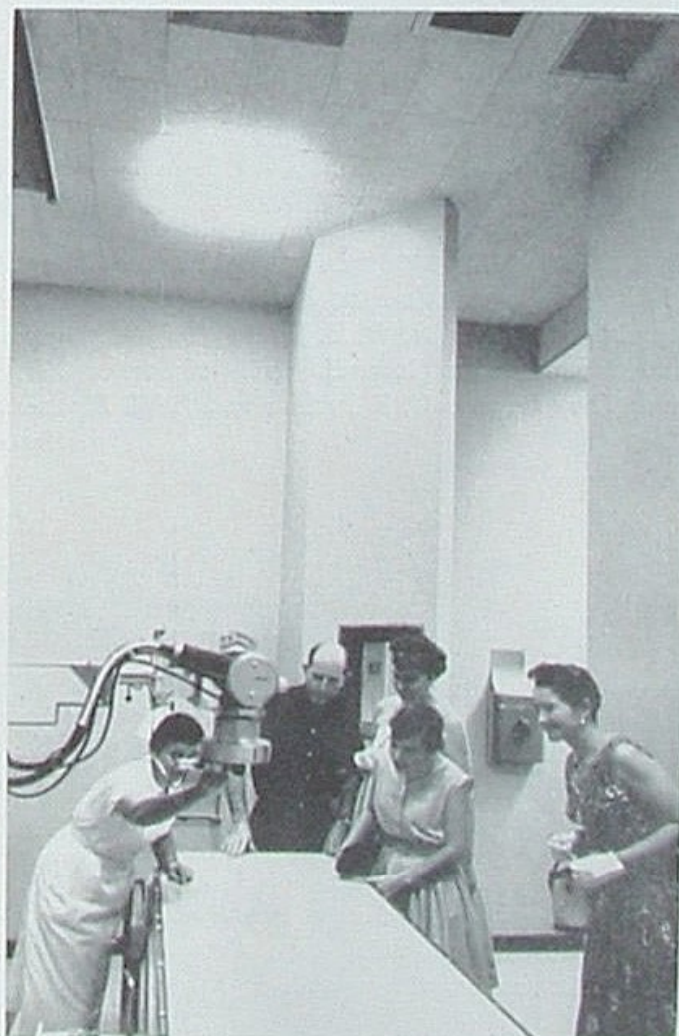


Ten thousand visitors (count 'em) came to see what the family bread-winner means by "roughing it" at Union Oil Center.

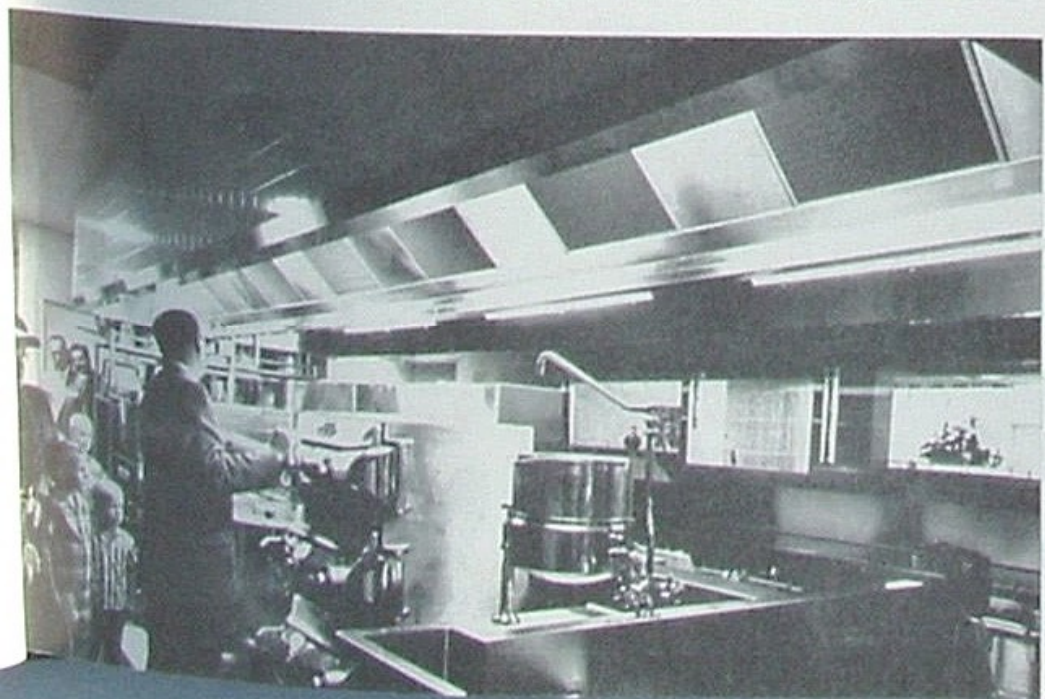


"This, ladies and gentlemen, is an IBM machine. It releases scores of clerks—some maybe to build more IBM machines."

"Here in the Medical Department we are prepared to cope with nearly every human ailment, most of them caused by lack of exercise and over-eating."



"Our stainless steel kitchen prepares an abundance of nearly irresistible food. Employees eat better, oftener and at considerably lower cost."





EDWARD CHAFFEE, a Union Oil customer for the past 12 years, received this unique globe with its three revolving Ford satellites when his new Chaffee Motors agency opened in Hawthorne, California. The designer and donor of the "Ford is Proved and Approved Around the World" present on opening day was Union Oiler H. W. Inman.

from T. W. Proudfoot



SUCCESSFUL CANDIDATES during the recent secret-ballot election to fill two vacancies on the Employees' Medical Plan Board of Administrators are Dr. W. E. Bradley, left, manager of Research, and Superintendent John H. White of Southern Division Pipeline. They succeed C. S. Perkins and J. W. Sinclair.

from D. S. Povah

THE BEST DRIVERS at Los Angeles Refinery, according to the records of Manager W. T. Jameson (front row, center), are (in truck, from left) T. A. Buckle, Stanley Durham, E. L. Day, R. J. Archuleta, Leonard Such, J. H. Miller; (front) J. H. Garrett, S. J. Stame, Bert Swearingen and W. L. Winschell. Each earned Safe Driver Awards in 1957; Swearingen, with 10 consecutive awards, is honor man.

from S. D. Reiner

in focus...



RONNIE LEE CAFFIERE, seen with his father, Dealer Leslie L. Caffiere of Seattle, sold 42 cases (504 bags) of candy during a recent YMCA World Service Candy Campaign to be named champion salesman of his city. Ronnie's efforts will provide a home and schooling for 16 orphans in Boys Town of Korea during the coming year. Seattle gave the salesman a fine airplane ride over the city.

from W. I. Martin



TRANSPORT DRIVER GEORGE SLAGILL found use on February 21 for the extinguisher always carried in his cab. While inching along with the heavy downtown freeway traffic of Los Angeles, he noticed a sportscar catch fire immediately in front of his loaded gasoline truck. The driver of the sportscar jumped out and ran from the flames. Slagill waited a few seconds, until he found a buckled opening under the hood and triggered a few short blasts. The fire was snuffed out; the driver returned, helped get his car off the freeway, and said thanks. Traffic and George Slagill resumed as if nothing at all had happened. That's heroism!

from H. E. Coffman



TANK TRUCK SALESMAN ANDREW MARTIN signs Fred Nelson of Menasco Manufacturing Co., Burbank, for a Union Oil credit card—one of 265 credit card accounts, plus a substantial volume of direct-sales business, acquired by "Andy" during the recent new-business drive. The tank truck salesman was honored at a recent Pasadena Division sales meeting by Manager H. W. Bragg for his outstanding performance.

from T. E. Luke

CHARLES H. BOWER of Oleum Refinery has been awarded a life membership in the Parent-Teacher Association for his outstanding civic work, particularly with children, in the Kensington area where he lives.

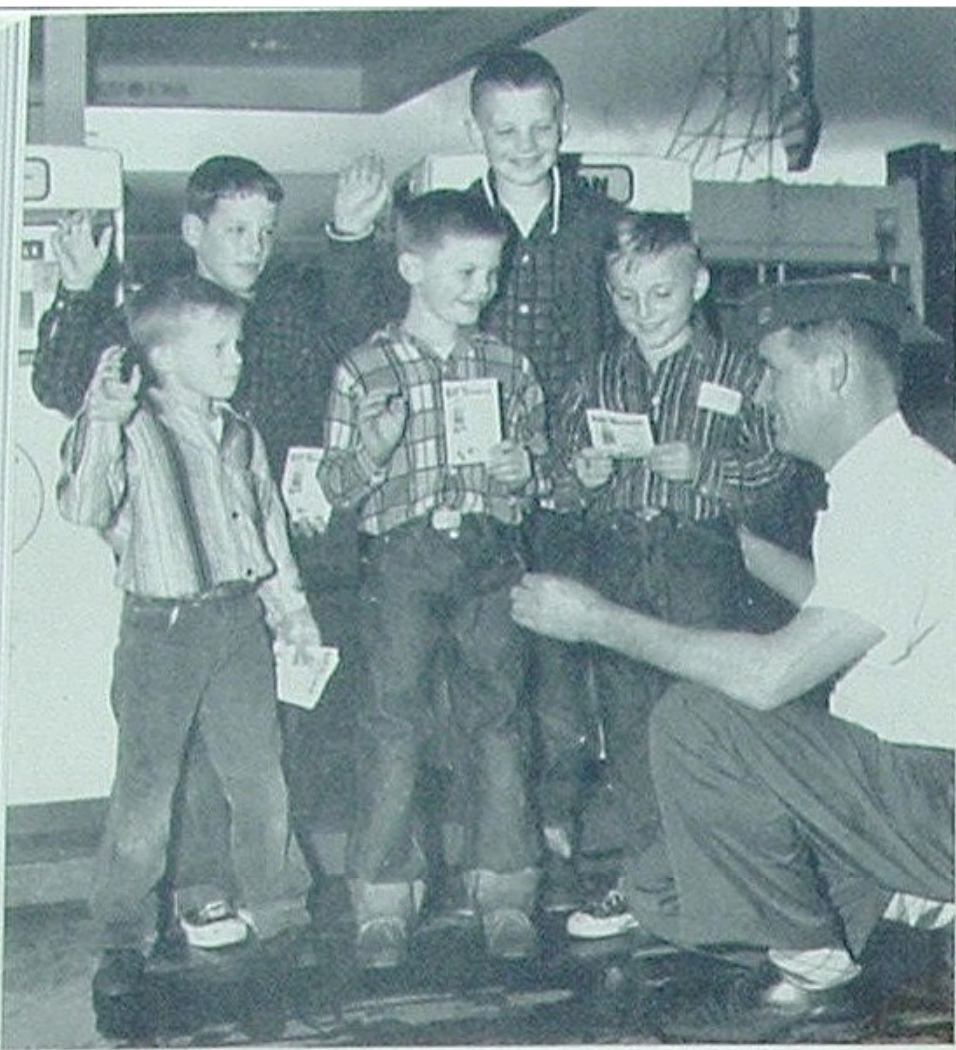
from D. G. Probst



BUSINESS-EDUCATION DAY has crossed quite an expanse of Pacific Ocean to Honolulu. Under sponsorship of the Chamber of Commerce, teachers were guests for the day of Industrial leaders in the Islands, including our marine terminal and marketing personnel.

from J. H. McGee





DEALER MARK MINOR of Berkeley, California, presides as five new members of 76 Sports Club take the sportsmanship pledge. The pump island ceremony, together with weekly drawings for athletic equipment, have attracted over 300 young athletes into the "Minor" league. *from J. E. McCaffrey*



THE UNION 7600'S are only five in number, namely from left, Laura Silva, Mary Ann Ready, Dorothy Leighton, Dorothy Walsh and Beverly Havens. But they have racked up a lot of points in bowling circles near Orem Refinery. Captained by Dorothy Leighton, who leads their league with a 569 scratch series, the team bowled a 2278 in the Vallejo City Tournament, good for second place. Pretty too, eh? *from Clyde Morton*

ELROY "CRAZYLEGS" HIRSCH, center, is putting his All-American best into 76 Sports Club both on and between television programs. Appearing at a recent Sports-A-Rama sponsored by the Los Angeles County Department of Parks and Recreation, he greeted 500 youngsters, signed autographs and donated sports equipment. About 1,500 registered at the Sports Club booth. *from J. S. Cowie*



PROUD RECIPIENTS of "76" Sports Achievement Plaques are these stars of the Central California Swimming Association — all have placed at least third on a national basis in various events. Though unidentified, the two tall young men, back row, look enough like Merchandising Manager A. E. Mealiffe to be his twin sons. The morning they were born in Marysville, "Bud" reported for work on his tank-truck-driving job 30 minutes late—beaming from ear to ear. *from Mike Collett*



RETIREMENTS

May 1, 1958	Service Date
GEORGE H. ANDERSON Comptroller's	March 10, 1913
LEWIS P. ARNOLD Nat. Gas & Gasoline	August 3, 1923
LUCILLE F. ASKEW Medical Department	April 1, 1935
WILEY A. COLE Direct Sales—Santa Barbara	August 21, 1914
RUTH M. COSBIE Purchasing Dept.	November 25, 1918
ALBERT C. DOCKRELL Automotive Dept.	August 1, 1924
OSCAR C. HAYES Los Angeles Refinery	April 29, 1929
ALECK G. MANSELL No. Region Distribution	July 20, 1936
LAWRENCE MARSTON No. Div. Pipeline	October 25, 1922
ELVIE J. NESBITT So. Region Distribution	April 2, 1923
GEORGE A. TRIMBLE Automotive Department	August 25, 1920
WILLARD R. WELLMAN Direct Sales—Pasadena	February 10, 1929

IN MEMORIAM

Employees:

ELMER W. MASON Oleum Refinery	March 18, 1958
SAM VINCENT MISITA Los Angeles Refinery	March 24, 1958

Retirees:

FRANK E. JOHNSON So. Division Field	January 19, 1958
WOODSON LAZEAR Central Division	March 20, 1958
LESLIE H. YOUNG Properties Administration	March 24, 1958
ELVINA LANGE Sales Services	March 28, 1958
MIKE AVILA No. Division Pipeline	March 29, 1958
EDWARD NORGAARD Marketing, San Francisco	April 16, 1958

THE WILLIAM COOKS, grandparents of Mrs. Ted Adams whose husband is our terminal superintendent at Stockton, have been congratulated by President Eisenhower, Chief Justice Warren, Governor Knight, and the Congress of the United States. Mr. Cook was 100 years old on April 11, 1958; his wife will be 97 next October 22. They attracted nationwide interest on March 28—their 80th wedding anniversary! Union Oil adds our congratulations!

from W. S. Martin



BIRTHDAY SERVICE AWARDS

May, 1958

EMPLOYEES

40 YEARS

ROBERT H. FLEIG	No. Division Pipeline
ALLEN A. HENDRY	So. Division Field
JACK B. MUZZALL	So. Division Field
JAMES R. SARTORI	Oleum Refinery
PAUL E. TYCHSEN	Comptroller's—No. Region

35 YEARS

WILLIAM F. CERINI	So. Division Field
FRED M. GEDDES	So. Division Field
DOUGLAS W. NICHOLS	Cent. Region Distrib.

30 YEARS

MORTON W. ADCOCK	Los Angeles Refinery
FRED BRETHAUER, JR.	District Sales—Portland
BLANCHE A. HACKETT	Los Angeles Refinery
FRED J. LaVERNE	Coast Division Field
ALLEN O. LOVELL	Comptroller's—Home Office
PERCY D. MITCHELL	Direct Sales—San Diego
HUGH J. MULTER	Research Dept.—Brea
KENNETH E. NEWMAN	Los Angeles Refinery
OREN O. ORR	Los Angeles Refinery
RALPH A. POTTER	Research Dept.—Brea
STANLEY D. REINER	Los Angeles Refinery
EDWARD H. WENTLAND	Cent. Region Distrib.
CARL C. WESTMAN	Oleum Refinery
NEAL G. WINSHIP	Oleum Refinery

25 YEARS

EDWARD W. BLACK	Coast Division Field
EVELYN A. CEDERLUND	No. Region Treasury
HARVEY T. ELDER	So. Region Distribution
PAUL A. GRAND	Direct Sales—Los Angeles
ELWOOD L. HIATT	Executive
LESTER W. HUNT	So. Division Automotive
CLARENCE L. MORTON	Direct Sales—Los Angeles
HOWARD K. SAID	Trans. & Supply—Home Office
EDWARD W. SCOTT	Exploration—Home Office
THOMAS R. SMITH	So. Division Field
MINTER E. STONE	So. Division Field

20 YEARS

BERNARD B. BRISON	Field Dept.—Home Office
JAMES L. BRODERICK	Oleum Refinery
ROY R. CARSON	Oleum Refinery
EDWARD D. JOSEPH	Cent. Region Distribution
ALBERT M. OSBORN	So. Region Distribution
ORVILLE L. POLLY	Research Dept.—Brea

15 YEARS

BYRON M. BEILDECK	Los Angeles Refinery
DOROTHY M. BROGAN	Los Angeles Refinery
EULA F. BYRNE	Los Angeles Refinery
JAMES D. CATES	No. Region Distribution
HARRY DODGE, JR.	So. Region Distribution
JOHN S. DUGAN	So. Region Distribution
MYRTLE L. GERBITZ	Oleum Refinery
FRANK M. GRABIL	Coast Division Field
JACK R. HAMILTON	Field Dept.—Home Office
JAMES HAYS	Los Angeles Refinery
LOUIS E. LAUGHERY	So. Region Distribution
MARTIN A. MANDERS	Oleum Refinery
DONALD K. MATTHEWS	Field Dept.—Rocky Mtn.
ELDON P. McDOWELL	Oleum Refinery
ELEANOR L. MURPHY	Nat. Gas & Gasoline Dept.
MANUEL NURSEMENT, JR.	Oleum Refinery
WALTER J. VOLLMER	Direct Sales—Seattle

10 YEARS

BETTY MARIE BABCOCK	Exploration—Rocky Mtn.
ROBERT L. BEYNON	Purch.—Santa Fe Springs
CLIFTON E. BLAIR	No. Region Distribution
BARBARA L. COATES	Comptroller's—Home Office
EDWARD M. DAVIS	So. Division Pipeline
EDWARD L. DOBSON	Treasurer's—Home Office
WILLIAM D. FELL	Coast Division Field
KIRBY G. HANKS	Comptroller's—Home Office
RICHARD HEWITT	Cent. Region Distribution
ROBERT W. HILTON	Los Angeles Refinery
JAMES L. KELLER	Research Dept.—Brea
ELMER P. KENDALL	Del Valle Field
EVELYN R. MARTIN	Exploration—Bakersfield
SAM MARTINEZ	Exec. Chauffeur—Home Office
ALVIE R. MCGARY	West Texas Division
QUILLIE E. NICELY, JR.	Coast Division Field
GLENDON L. PHILLIPS	No. Region Distribution
CHARLES R. PIERCE	West Texas Division
BURTON B. SANDIFORD	Research Dept.—Brea
ARLES J. SMALLEY	Coast Division Field
ROBERT L. SMITH	Comptroller's—Home Office
WILFRED SOUZA	Coast Division Field
WILLIAM E. TREGO	No. Division Pipeline
ROBERT L. WATERS	West Texas Division
GEORGE L. WILLIAMS	Comptroller's—Cent. Region

DEALERS

40 YEARS

J. E. JULLIEN	Orcutt, California
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20 YEARS

BEN HAMSTROM	Kingsburg, California
ARTHUR M. MERRY	San Jose, California

15 YEARS

FIRESTONE SERVICE STORE	Oakland, California
MRS. ROSE TOM GEE	San Francisco, California

10 YEARS

GEORGE ARY	Burbank, California
JOHN CIOLINO	Morgan Hill, California
M. HAMADA & SAM SUGIDONO	Watsonville, California
HJALMAR J. HANSON	Ketchikan, Alaska
RAYMOND C. HUME	Cloverdale, California
F. E. KAMPSCHMIDT	Greenville, California
HOWARD KLEIER	Chico, California
JOSEPH A. KONECNY	Los Angeles, California
LOUIS MORET	Los Angeles, California
MOSSO & PUCCINELLI	Santa Cruz, California
JAMES E. PERKINS	Los Angeles, California
RUSSELL F. ROGERS	Woodinville, Washington
GEORGE ROOKE	Fawnskin, California
ADOLPH SHARECK	Glendale, California
FRANK SOLEM	Los Angeles, California
FORD WILGUS	Tacoma, Washington

5 YEARS

CENTRAL CITY GARAGE	Fresno, California
JACK R. CRESCENZI	Concord, California
WALTER M. GARRETT	Los Angeles, California
RAY GATES	Los Angeles, California
E. D. & J. A. HELLAR	Truckee, California
L. C. HULSEY	Brentwood, California
A. E. THIRKILL	Ukiah, California

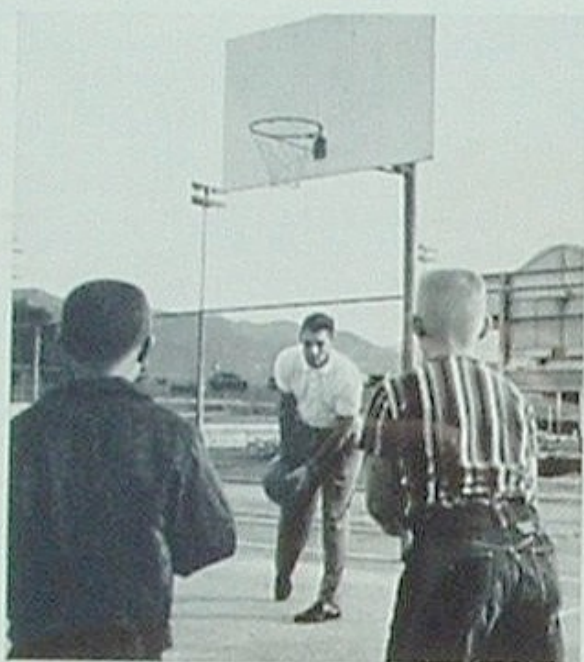
"Crazylegs" Hirsch

...or how to develop your child's self-confidence

"I've got a new job: Sports Director of the Union Oil Company of California.

"You might say I'm a coach to all the kids on the West Coast. Not the natural athletes who, in most cases, get plenty of help.

"I work with the boys and girls whose desire to play a sport probably exceeds their ability.



"Football, baseball, basketball, tennis, swimming, golf, track, body building—we teach them all. Every weekend you'll find me at a playground or park, holding a Sports Clinic.

"Once a week on Union's television program—the 76 Sports Club—leading professional and amateur athletes demonstrate the 'how-to' of their sport.

"Some of our guest authorities write booklets on the fundamentals of their game. Union Oil prints these and gives hundreds of thousands of them to the kids free.



"WE TRY TO HELP EVERY CHILD HAVE A WHOLESOME INTEREST IN SPORTS."

"No touchdown I ever made when I played for the Los Angeles Rams gave me the satisfaction I get out of this work.

"Because the idea isn't to make these kids All-Americans. It's to make them all better Americans by creating a wholesome interest in sports.

"It's one of the best ways I know to develop your child's self-confidence."

Elroy Hirsch's job, it seems to us, demonstrates one of the fundamental differences of the American point of view:

Every company has the responsibility not only to produce a good product, but also to be an interested citizen of its community.

It's true that the Sports Club is "good business." But it is equally true that this contribution to the development of youth is made possible by private capital and paid for by private profits.

YOUR COMMENTS ARE INVITED. Write: The Chairman of the Board, Union Oil Co., Union Oil Center, Los Angeles 17, Calif.



Union Oil Company OF CALIFORNIA **76**

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL