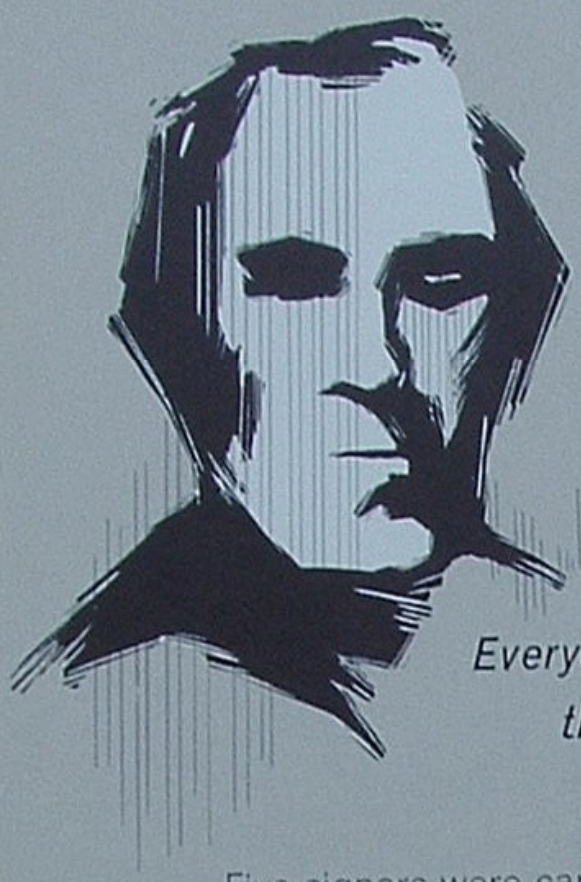
SEVENTY 76 SIX

Union Oil Company of California

FEBRUARY 1963



The price they paid

Everyone remembers Washington and Lincoln. But what about those patriots who signed the Declaration of Independence?

Five signers were captured by the British as traitors, and tortured before they died. Twelve had their homes ransacked and burned. Two lost their sons in the Revolutionary Army, another had two sons captured. Nine of the 56 fought and died from wounds or the hardships of the Revolutionary War.

What kind of men were they? Twenty-four were lawyers and jurists. Eleven were merchants, nine were farmers and large plantation owners, men of means, well educated. But they signed the Declaration of Independence knowing full well that the penalty would be death if they were captured.

They signed and they pledged their lives, their fortunes, and their sacred honor.

Carter Braxton of Virginia, a wealthy planter and trader, saw his ships swept from the seas by the British navy. He sold his home and properties to pay his debts, and died in rags.

Thomas McKeam was so hounded by the British that he was forced to move his family almost constantly. He served in the Congress without pay, and his family was kept in hiding. His possessions were taken from him, and poverty was his reward.

Vandals or soldiers or both, looted the properties of Ellery, Clymer, Hall, Walton, Gwinnett, Heyward, Ruttledge, and Middleton.

At the Battle of Yorktown, Thomas Nelson, Jr., noted that the British General, Cornwallis, had taken over the Nelson home for his headquarters. The owner quietly urged General George Washington to open fire, which was done. The home was destroyed, and Nelson died bankrupt.

Francis Lewis had his home and properties destroyed. The enemy jailed his wife, and she died within a few months.

John Hart was driven from his wife's bedside as she was dying. Their 13 children fled for their lives. His fields and his grist mill were laid waste. For more than a year he lived in forests and caves, returning home after the war to find his wife dead, his children vanished. A few weeks later he died from exhaustion and a broken heart.

Norris and Livingston suffered similar fates.

Such were the stories and sacrifices of the American Revolution. These were not wild-eyed, rabble-rousing ruffians. They were soft-spoken men of means and education. They had security, but they valued liberty more. Standing tall, straight, and unwavering, they pledged: "For the support of this declaration, with a firm reliance on the protection of the Divine Providence, we mutually pledge to each other, our lives, our fortunes, and our sacred honor."

They gave us an independent America. Can we keep it?

¡Hablamos Español!

What goes on here?

"I Like to Sell"

Turnaround

IN THIS ISSUE:

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THE COVER: The Global Marine Exploration drilling ship *Western Explorer* is nearly hidden in the fog as it drills on a Union Oil prospect off the California coast. See "Offshore West" on page 2.

Cover, pages 2-5: Christopher Springmann

Published by
PUBLIC RELATIONS DEPARTMENT
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Thiel D. Collett, Editor
Lori Arakaki, Production Assistant

High above the water, the derrickman slips a stand of drillpipe into the elevators. The pipe becomes part of a drillstring probing for oil under the ocean.

OFFSHORE WEST

California's future major oil discoveries will come from under the deep waters of the Pacific, oil men believe

Money in great quantity; drilling equipment right out of science fiction — two-man submarines, robots that move on the ocean floor; national defense restrictions; a controversy between a sovereign state and the Federal government: these are a few of the factors that will be involved in future major oil discoveries in California.

This is the consensus of the West Coast oil industry, including Union Oil's own exploration and production people.

Possible future discoveries of great multi-million barrel fields, they think, will come offshore on the tidelands and under the deeper waters of the Pacific. And California offshore drilling poses complex technical and political problems.

The political problems that affect California offshore development stem from the question, "Who has jurisdiction over the lands out there?"

For years, both State and Federal governments claimed California's tidelands. Finally, ten years ago, the courts awarded the tidelands to California. However, a controversy still continues and still prevents many areas from being opened for drilling.

California claims all the land within three miles of its shores. The Federal government owns everything beyond that point within its jurisdiction.

Trouble is, the two governments can't agree on how you *measure* the distances. Does the three mile limit follow every curve in the coast? Or should you draw a straight line from headland to headland and start measuring out from that line?

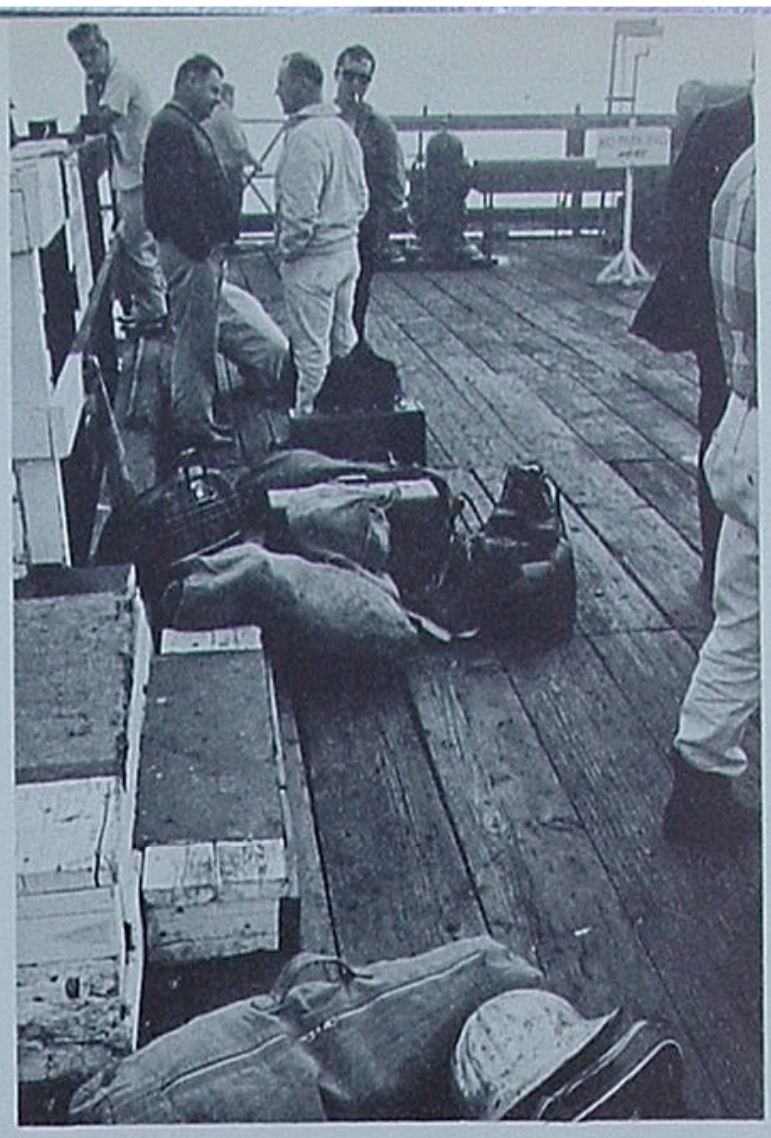
Further, some of the prospective State and Federal leases are off a stretch of coast that includes the Navy's base at Point Arguello and Vandenberg Air Force Base. So the Department of Defense is perturbed about oil companies camping on its missile ranges.

Because of these State-Federal-Defense arguments, only a portion of the State's desirable lands and none of the Federal lands have been offered for lease.

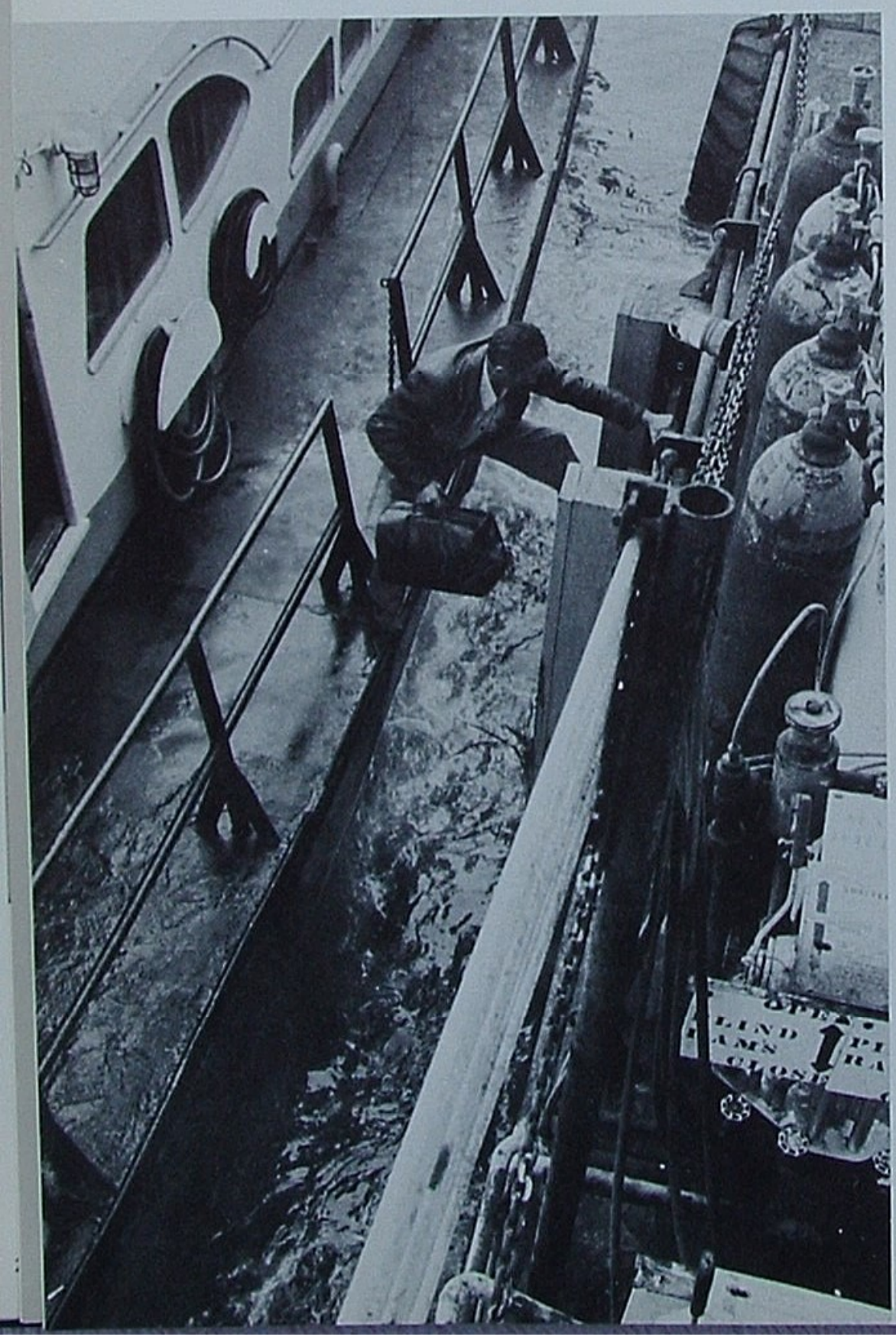
Fortunately, oil companies have been allowed to go about their offshore exploratory activities such as seismic work while the jurisdictional problems are being resolved. Union has been accumulating offshore information for years. The Company's exploration, incidentally, isn't confined to California. We range the Pacific Coast through Oregon and Washington, all the way to Alaska and the bitter cold water of the Cook Inlet.

continued

Offshore West, *continued*



Drilling crew works seven days on ship, seven days off; so they come to boat landing loaded with luggage for the week's work. When the shoreboat reaches the ship (below) that first step is a big one when the swells are high.



Last November, we took the step beyond exploratory interest when an Offshore Division was set up to handle drilling and production operations. The Offshore group is part of the Pacific Coast Division, with R. W. Yarbrough (superintendent), C. W. Dunham, F. J. Simmons, and H. D. McMahan.

These men have a full-time job on their hands. They must solve the technical problems. A comparison with our Gulf of Mexico operations gives you an idea of the size job they face.

We've been producing oil and gas from offshore wells in the Gulf for years. Practically all the wells have been drilled from solid platforms. After the well is drilled, the drilling platform becomes a production platform — everything is handled above water.

Another big difference between the Pacific Coast and the Gulf is water depth. So far, most Gulf Coast wells have been drilled in less than 200 feet of water. In California, the bulk of the operations are in water deeper than 200 feet.

For example: Off Vermillion Parish, where we have large natural gas fields, you can go 100 miles seaward before getting into 200 feet of water. On one of our leases off California, the water is 225 feet deep less than two miles offshore. To drill on some of the prospects, we must go 700 feet before we touch bottom.

When you get into these tremendous water depths, stationary platforms are economically impractical for exploration. No one has yet learned to build one that will stand in 300-feet-plus of water. So most of the drilling has been done — and will be done — from drilling barges and ships.

This type of drilling had its serious beginning in 1953 when the CUSS group — Continental, Union, Shell, and

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Global Marine toolpusher works at his drilling report in cabin on bridge of ship while lookout buries his head in radar viewer. Lookout uses radar to watch for any boats approaching the anchored, fog-bound Western Explorer, *warns them away from the vessel by radio.*

Superior — was formed to devise a way of drilling from floating vessels. In 1958, Union Oil bought out its partners and formed Global Marine Exploration Company, which is still a partially-owned subsidiary.

Drilling from vessels that move with the sea becomes more complex than drilling from the Gulf's stable platforms. The Pacific is anything but pacific. Weather may limit drilling off Washington to the summer months, June, July, and August. Off California, there are only two bad months: January and February.

Once the well is drilled, comes another still-debated question: "How do you complete your well?" How do you put in the necessary piping and controls when the wellhead is, say, 500 feet down—below the limit where a human diver can work?

Here's where the production men start thinking in science fiction terms. They are devising methods for lowering complete assemblies from the surface into position over the hole and then making the final connections by means of those robots we mentioned or perhaps small, manned submarines.

While there are differences between drilling off California and off Louisiana, Union Oil and the entire industry hope the two areas have one thing in common: major oil and natural gas fields. More than six hundred million barrels of crude oil and condensate and two-and-a-half trillion cubic feet of gas have been produced from the Gulf of Mexico since 1938 by the industry.

The prospect of this kind of production — along with California's real need for oil — has kept the seismic crews and the drilling ships afloat off the West Coast these past few years.

California *does* have a need for new sources of oil.

During the past century, oil hunters have prospected the State nearly inch by inch. Probably, they have found most major onshore oil fields. However, large structures, potential oil fields, do exist offshore. Hence, oil men believe, smaller discoveries may still be made on land, but the Wilmingtons, the Santa Fe Springs, the Coalinga Noses — the big producers— of the future are out there in the salt water.

The search and the finding is vital to the economy of the State.

While California is still the nation's largest producer of crude oil (after Texas and Louisiana), it is also the nation's most populous state. During its rapid growth, the demand for oil and gas has outstripped the West Coast industry's ability to supply them. About 10 years ago, California became an importer of both crude oil and natural gas.

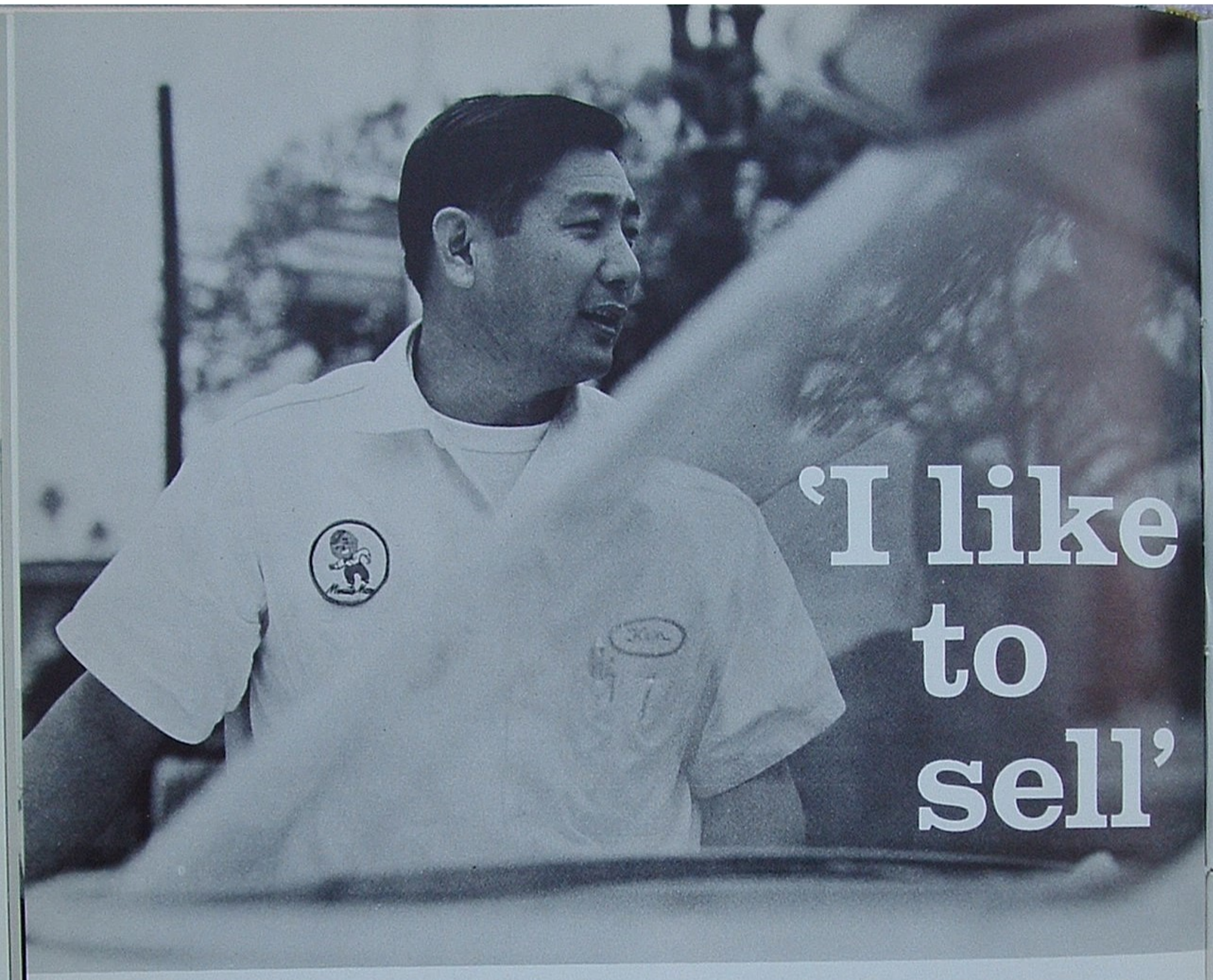
California's production is on the upswing, largely due to "secondary recovery" activity; but sources of "new" oil are needed to close that gap between supply and demand. Now, it seems those sources will be found.

The first requisite, money, is being spent. It costs three times as much to drill a well offshore as it does on dry land; but Union Oil proposes to spend the money. We have already acquired two desirable leases.

The technical problems are being solved. There's no longer the question, "Can we do it — can we drill and complete wells in deep water offshore?" The question now is, "*How* . . . which way, shall we go about it?"

Inevitably, the political problems will be solved — although this solution has been slow in coming.

And as inevitably, the next news story that tells about a big oil discovery in California will carry one word in the headline: Offshore. And, hopefully, another word in the headline will be "Union."



That's what sales contest winner Ken Watase says

from Wynn Jensen, Retail Sales Supervisor

"I like to sell – I really do!"

That was Ken Watase's answer when we asked him how he had managed to win the Marketing Department's Budget Sales Contest in Los Angeles two years in a row. And these words were hardly out of his mouth before a big sedan rolled into his dealer-operated Union Oil service station at 3300 West Pico Boulevard.

"Think you could sell that gentleman a new set of tires?" we challenged.

"I already have," Ken replied. "If you look again, you'll see his car has a full set of Minute Man IV tires –nearly new. I sold 'em to him just a few weeks ago – rubber that would take him up through the mountains and back without worry or trouble – the *Finest*.

"What's more, I sell over $2,000 worth of TBA (tires, batteries, accessories) through this station every month. We'll do over $20,000 in tire business this year!"

Knowing that the confident salesman was a Nisei, born in the Hawaiian Islands of Japanese parents, we wondered what had sparked his interest in a sales career. Our questions evoked the following replies:

"No," said Ken to one question, "I didn't start out as a boy by selling newspapers or pineapples. At the end of the war, when I returned from Army service on Guam to my hometown of Waimea on the island of Kauai, I thought I might become a construction engineer. In fact, I helped build several bridges and an airfield in the Islands. But during a lull in construction, a car dealer in Waimea offered me a job selling automobiles.

"This I liked – particularly when I found out that selling, like engineering, calls for a lot of training, experience and hard work. In a few months I was doing much better in car sales than I had ever done in construction.

"My reason for coming to California in 1951 was to

take advantage of the better educational opportunities here on the mainland. My wife and family followed me across the Pacific a year later, after I had found a job and enrolled at Los Angeles City College.

"My major in college? Why, marketing, naturally! I wanted to master the fundamentals of salesmanship and, at the same time, learn to speak English correctly. In the Islands, we spoke mostly in *pidgin* English and in Japanese.

"And can you guess what I did to work my way through college? I was a salesman — sold pots and pans door to door. Enjoyed every minute of it.

"Among the things that attracted me to a Union Oil dealership in December, 1958, was my Company credit card. I had been trading with a Minute Man in our neighborhood for several years. He not only *sold* me on the idea of a credit card, he convinced me there are some real good opportunities in the service station business — for a salesman.

"When I checked into my '76' station at 3300 West Pico just a little over four years ago, I had to do so mostly on $3,600 of borrowed money. Today I have cleared off all the debts and built up assets worth at least $25,000. Meanwhile my family has lived modestly but well. I am planning soon to build a new home for them.

"Best of all, I'm doing what I like to do — selling good merchandise and running my own business. And, believe me, the sales game can lead you into a lot of worthwhile side lines.

"As one example, when I took my boy over to the church to see about his joining a Boy Scout troop, the scout leader promptly nailed me as one of his assistants. I've been selling Boy Scouts of America ever since and am now the Neighborhood Commissioner. You'd be surprised how many grateful parents and potential Union Oil customers I've met at those scout meetings.

"In about the same way, through the *pull* of my young son, I was introduced to Little League baseball. Now I'm president of the Uptown Youth Group, a Japanese community program that sells good health, good sportsmanship and good citizenship to more than 600 boys during the ball season.

"The Crenshaw YMCA needed a director and tagged me.

"One service begets another. Friends recommended me to the Los Angeles city fathers, with the result that I now serve as a hearing examiner for the Police Commission.

"I'm careful not to talk politics on the pump island. But when election time was approaching, I figured it was important to study the issues and work for good candidates. Somebody appointed me business manager of a political club. Look at this nice letter I just received from the mayor.

"Most of these extra jobs — like selling the Boy Scouts and YMCA and the mayor — didn't seem like profitable services in the beginning. But now when trying to remember where I first met a lot of our best customers, I recall such things as the pride in some mother's eye when her boy won his first merit badge.

"To like selling you have to like people. And I like to sell!"

Besides being an outstanding salesman of Union Oil products, Dealer Ken Watase is active in a half-dozen public services. As Neighborhood Commissioner, he "sells" the Boy Scouts.

¡Hablamos Español!

Not to mention Portugese, Ukranian, Danish, Russian, French, and Japanese

Jeg skriver til dem fra Union Oil for at stille Dem at sporgsmaal.

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Pisze do pana z apytaniem.

Я пишу вам у Юнион Оил чтобы зделать вам один вопрос.

Whether the letter with this opening line comes into Union Oil Center wearing a Danish, an Armenian, a Polish, or a Russian postmark, someplace in the Center there's a man or woman to whom the language sounds like a message from home.

That introduction, "I'm writing to ask you at Union Oil a question . . ." could also be in Chinese, Dutch or German; Italian, Japanese or Lithuanian; in French, Ukranian, Portugese, or Spanish — in any of 14 languages plus English: they're all spoken here. Often several of them are spoken by the same person.

Elizabeth Zabrocka of the Advertising Department is probably the champion linguist. How many languages? "Oh . . ." she uses both hands in any language, "Is it five or six? Some I read, some I speak, and others I can just make sense of."

Industrial Relations keeps a list of multi-lingual people for use when our mail goes international. Albertina Sadeikis, Albert Groenendaal, and Jack Russo run Betty a close second. Albertina translates German, Lithuanian, and Polish; Albert translates Dutch, French, German; Russo does Portugese, Spanish, and Italian.

Most of the translations handled by our linguists are casual letters — those that come occasionally to the various departments from overseas. Major translating jobs are handled by professionals. However, even the letters can get difficult when they deal with technical matters.

Helga Deeke, whose mother tongue is German, finally gave up on one letter from a geologist. "I'd have to be German *and* a scientist to translate it," she says.

What causes our foreign mail? Union Oil Company operations are world-wide. And wherever the Company goes there's a postbox — it's that simple. People begin writing, asking about petroleum, about Union Oil, about America; business letters begin to flow to executives, to our financial departments, and, principally, to the marketing, exploration and production, and public relations departments.

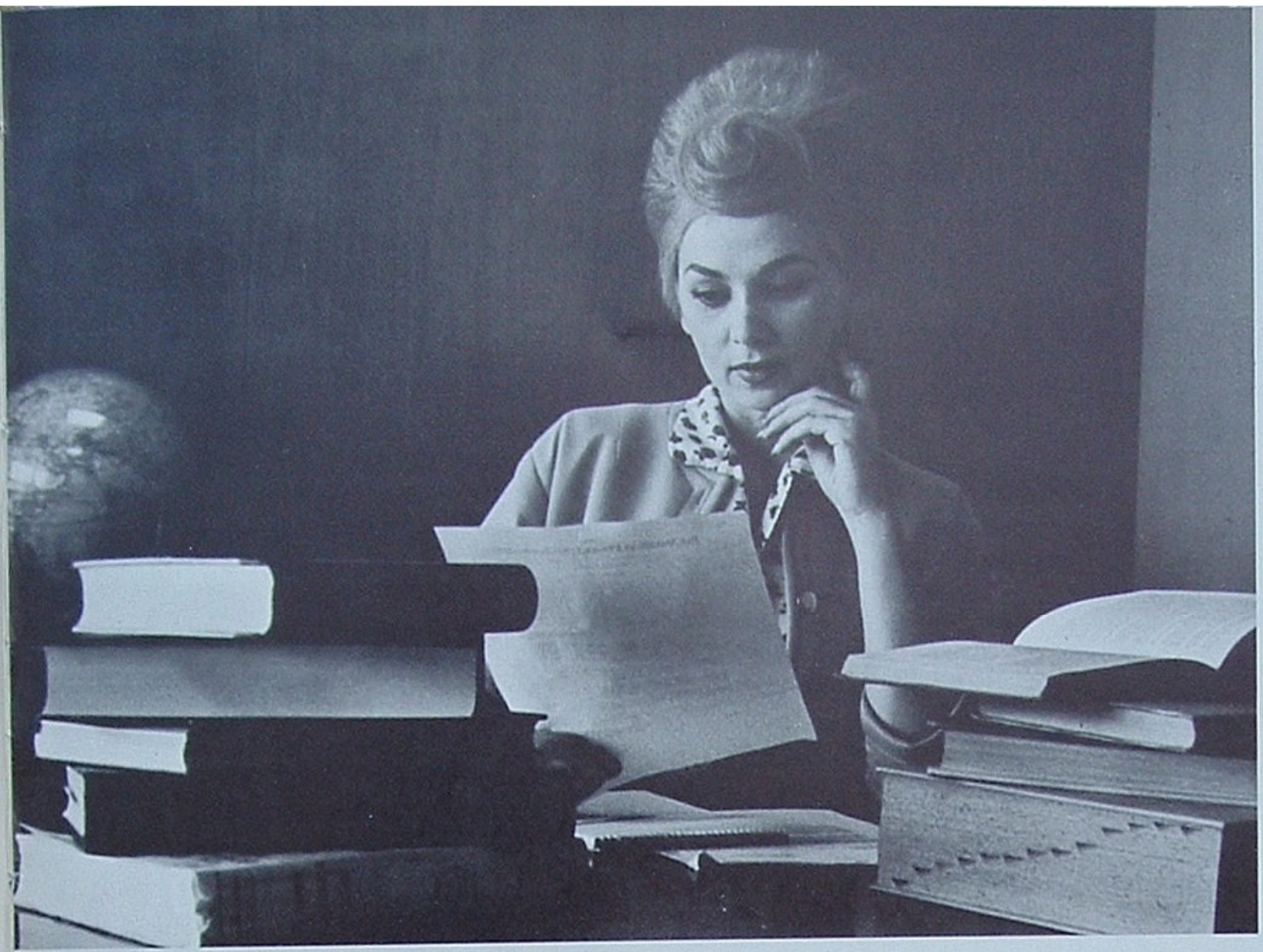
When we started exploratory work in Spain, here came the mailman. Apparently, Spanish school teachers have the same habits as American teachers: they encourage their pupils to write companies asking for an explanation of their business. How do you find oil? How do you refine it? Can you send me literature? And, always, the inevitable request in every language including English: "Please tell me all about oil."

Union Oil became active in Indonesia and the letters followed. Fortunately — since none of our people translate Indonesian — they're usually in English. Invariably, Indonesian letters are formal, extremely polite, and beautifully handwritten in quaint schoolbookish phrases. Here's a sample:

> *I beg you to dispatch me of your magazine and books from your country for they interest me very much. If my request is fulfilled I am very grateful to you sir! Your magazine will add more knowledge to me. Thanking you and in anticipation.*

Many of the translators retain a touch of the old country accent. But of all, Josie and Bob van der Valk are the most tantalizing to listen to. The van der Valks are from the Netherlands. They have an accent; but it isn't Dutch nor is it western American.

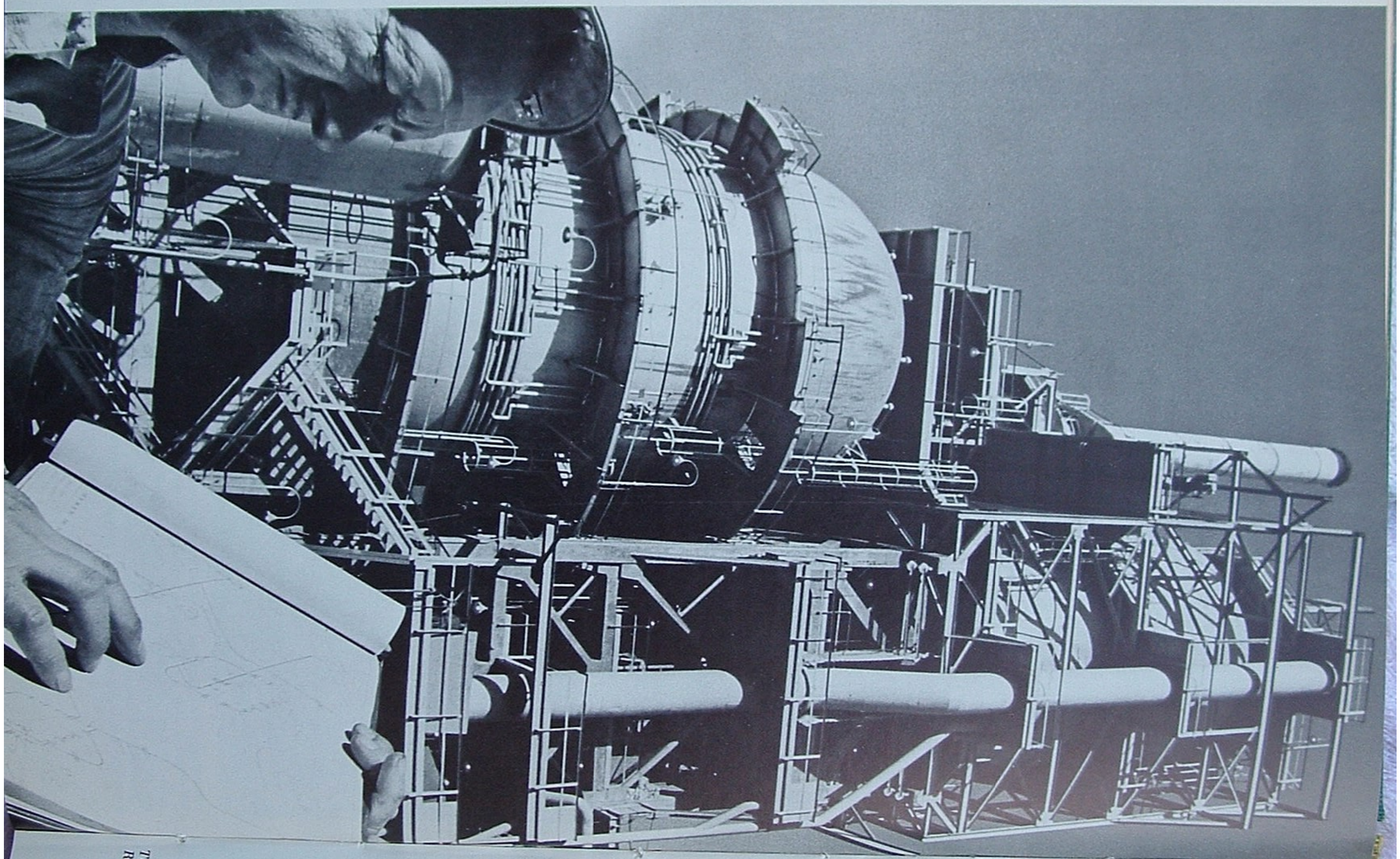
Robert explains it: "After we came to this country, we lived in Florida. That's where we learned to speak English. So what you hear isn't a Dutch accent — what you hear is a pure southern accent — southern *United States.*" And it is.



Betty Zabrocka, of Advertising and Merchandising, mulls over a difficult translation job. Betty speaks six languages, still goes for the dictionaries when she translates technical material.

Since we don't read German, we don't know what Helga Deeke finds amusing. Most of the letters translated by employees are "occasional mail." Professionals take care of major translating jobs. Helga is in Refining and Marketing Services. Jack Russo (right) translates several languages—including machine. He programs information for the computer in Systems and Procedures.

TURNAROUND



For 23 critical days last month, a link was missing from Union Oil Company's gasoline production chain

Shortly after eight o'clock on the morning of January fifth, Jim Linebarger flipped a switch on the control panel for the 13-story Fluid Cracker at Los Angeles Refinery. A motor valve whirred shut and cut off the oil feeding the plant.

Within 24 hours, crews of men were setting isolation blanks — flat, solid, metal discs — in the pipelines leading in and out of the plant. By 2:30 Sunday afternoon, Union Oil's biggest gasoline maker was out of business. It was as isolated from the remainder of the refinery as though it were in the middle of the Gobi Desert.

Eight days later, a second major plant, the enormous Thermofor Cat Cracker, was blanked off.

From that moment, and for the next 15 days, Union Oil Company with $70,000,000 worth of refineries, was unable to make a gallon of three essential ingredients of Royal 76 and 7600.

For 23 days after Linebarger closed the first valve, hundreds of men — Union Oil's own skilled craftsmen and contract crews — worked against the clock. They literally took the cat crackers apart and put them together again.

While they worked, the gasoline-making system at both Oleum and Los Angeles lived off its own fat. Feed stocks — raw material that normally would go to the crackers — piled up in tanks.

Those were 23 critical days. But they were also as carefully planned as men, experience, and electronic equipment could make them. They were the 23 days of the "turnaround," of the scheduled overhaul of the Company's two giant plants.

The planning started three years ago. It began to reach a peak last November at a meeting in a conference room at the refinery.

The men sitting around the table were from the Operations, Planning, Maintenance, Supply, Engineering Inspection, and Design groups.

Their problem was this:

The Thermofor and the Fluid Catalytic Crackers are the balance wheels of our refinery system. They take in 35,000 barrels a day of feed stocks, nearly a fifth of the raw material Union Oil puts through all its refineries. Part of that feed comes by tanker from Oleum; part comes from other plants in Los Angeles Refinery.

For three years, almost without a break, 24-hours a day, day after day, the crackers had been on stream. They'd been blasting away with heat, pressure, and catalysts, pouring out their flood of gasoline blending stocks.

They needed a rest. They needed new tubes in condensers. They needed new lining in a great catalyst vessel. They needed inspection. There were turbines to be overhauled, instruments to be repaired, valves to be replaced.

By that November day, part of the planning was completed. Arrangements had been made for tankers to pull the crackers' raw material out of Oleum so that Oleum would have tanks to fill during the shutdown. Other tankers would carry north the cracked gasoline Oleum would stockpile for blending finished products during the 23-day dry spell.

The timing of the turnaround was set — it had been inked-in on charts years ago. It was scheduled for the winter months when people drive less, and buy less gasoline. Seasonally lower sales during November and December gave us a chance to build a backlog of Royal 76 and 7600.

There remained the details of getting the work done.

Some of the jobs had been predicted at the last turnaround in January, 1960. Material for these had been ordered perhaps a year ago.

Operations had a list of jobs. It also had a plan for producing and storing the 600,000 barrels of feed stock needed to keep other plants in the refinery running dur-

The tall Fluid Cracker looms over Union Oil Inspector Kelly Ransom. Ransom is checking pipeline inspection drawings.

continued

ing the turnaround. No matter what happened there could be no change in the quality of products we produced, nor could we run short.

Engineering Inspection had gone over both plants checking, measuring the thickness of steel, looking for signs of deterioration. So Engineering Inspection has a list of jobs.

Design wanted certain work done.

When the meeting broke up, Planning and Maintenance put their heads together.

Which jobs were most critical — which would take the longest time or the most men? How could other work be scheduled around these critical spots. Every individual job — and there were thousands of them from overhauling an 1100 horsepower blower to replacing a small valve — was listed.

Supplies were ordered. Most of the dollars were spent and most of the material was bought right here in the West from suppliers developed over the years. But a 66-foot wide rubberized cloth curtain had to come from Georgia and a traction wheel for a catalyst elevator from Ohio. Special refractory material, insulation for a high temperature vessel, was shipped from Pennsylvania. Hold-down clips for the insulation were flown from Chicago.

Planner Roy Williams scheduled each job by the day, by the hour, by craft — boilermakers, pipefitters, carpenters and the like; and by the number of people needed to handle it.

Here's where experience counts. Many jobs are repeated at every turnaround. Records from three years ago, constantly updated, were the basis for today's planning.

When all the information was ready, it was fed into data processing machines to arrive at the final time and manpower estimates.

A separate "critical path" turnaround program was run on a computer to verify Planning's estimates. It did.

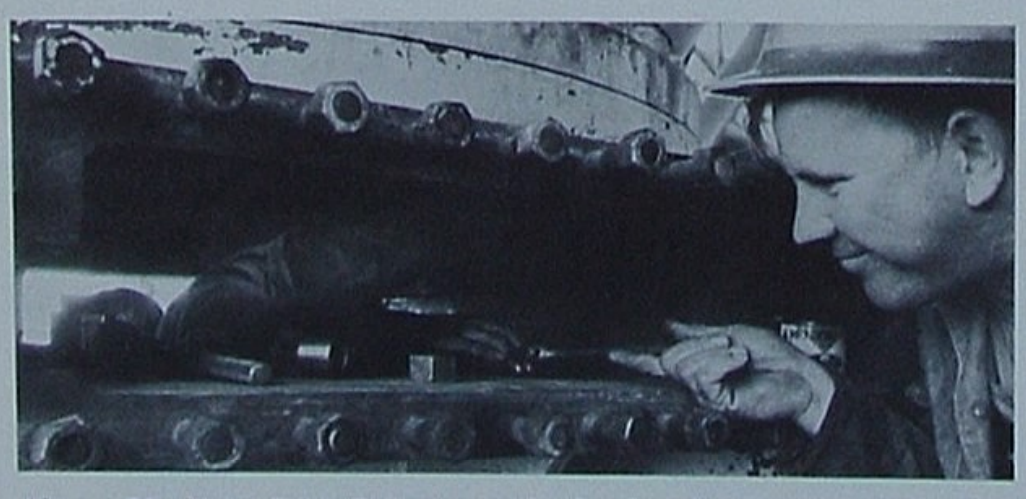
A time schedule was set. The Fluid Cracker would be out of service exactly 23 days. The Thermofor Cracker would be down 15 days.

Realize: in that time schedule was a margin for extra work. When you tear into a refining unit, no one can predict precisely what you'll find. Like when the catalyst regenerator, a great steel cylinder 35 feet across and 81 feet tall, was opened: inspection showed that more of its insulation was in bad shape than had been anticipated.

We already had 50 tons on hand — the refractory material from Pennsylvania. Purchasing scoured the Pacific Coast by telephone. There was no material in Los Angeles, but a supplier in San Francisco had the eight additional tons we needed. It went on a truck at noon, rolled into the refinery at 2:30 A.M. the next morning, in time to keep the job moving.

The work force on the Cat Crackers would peak at 350 men. The refinery's own force of maintenance craftsmen is held at a stable level. During a surge of work such as the turnaround, extra men are needed — contract crews.

The contractors' work force would fluctuate from day to day as jobs were finished and new ones begun.



Above: Machinist Riley Baker is inside that big slide valve; Walter Goron is handing him the wrench. Center: Supervisor of Planning Ward Stennett checks the status of repair work on the Fluid Cracker's steam generators. Right: Inspector Wylie Day, in background, watches as contractor employee loosens bolts in flange.

as different crafts were needed. They were given schedules of manpower requirements so they could plan for their crews.

Every step in the turnaround would be guided by Union Oil maintenance foremen; every finished piece of work checked by Union Oil inspectors.

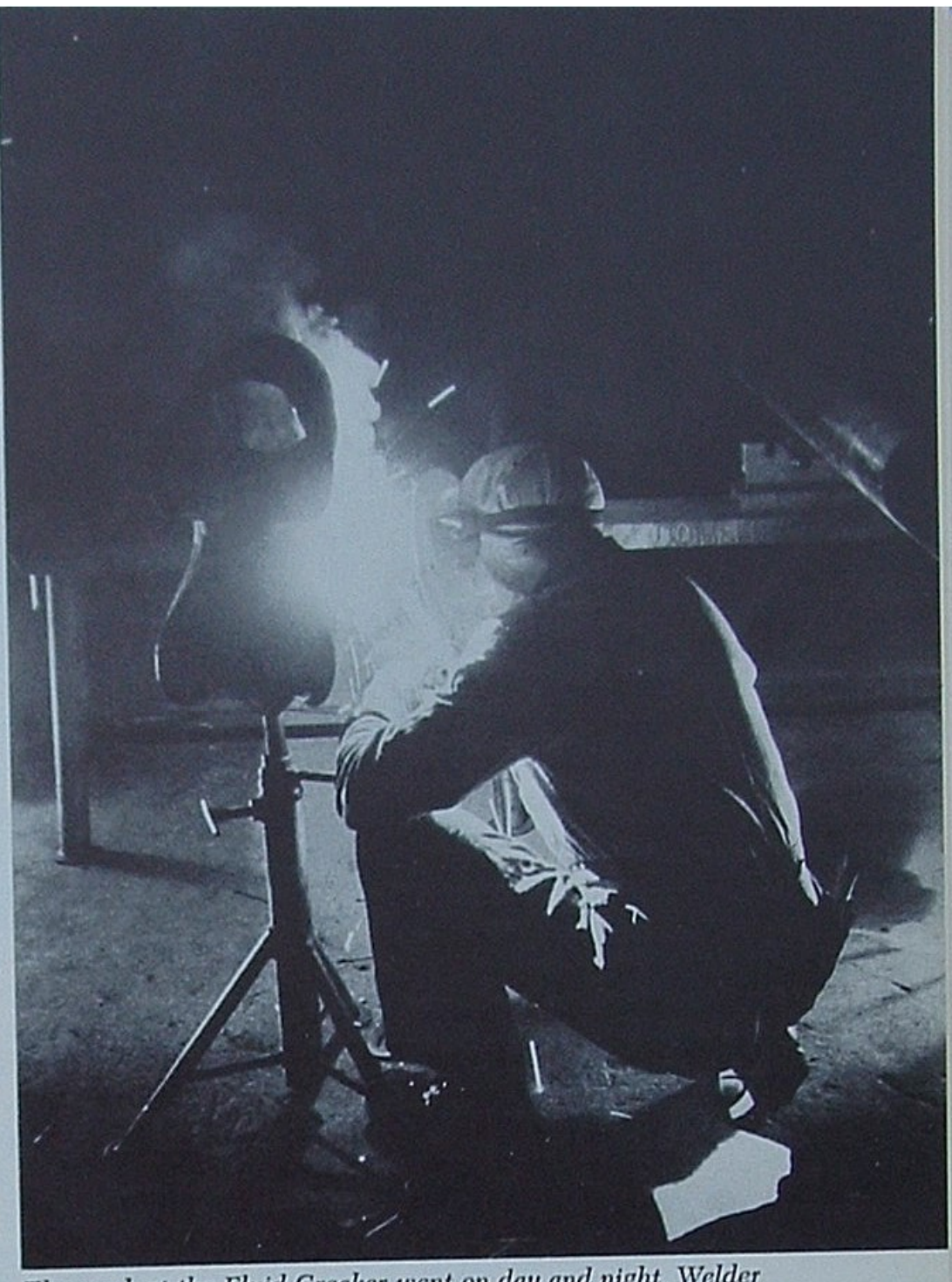
When Linebarger closed the feed valve to the Fluid Cracker on Saturday, the turnaround was already completed – on paper. But the work was still to be done.

Materials were on hand. Scaffolding was up. Repair equipment was on the job. A tool room trailer, a warehouse trailer, and a turnaround office trailer were parked beside the two crackers.

By Monday morning, Process Foreman Charlie Munson and his operators had gone through the careful step-by-step procedure of shutting down the immense plant. Its entire system was free of oil and gas; its catalyst had been pumped to storage. It was ready for the workmen.

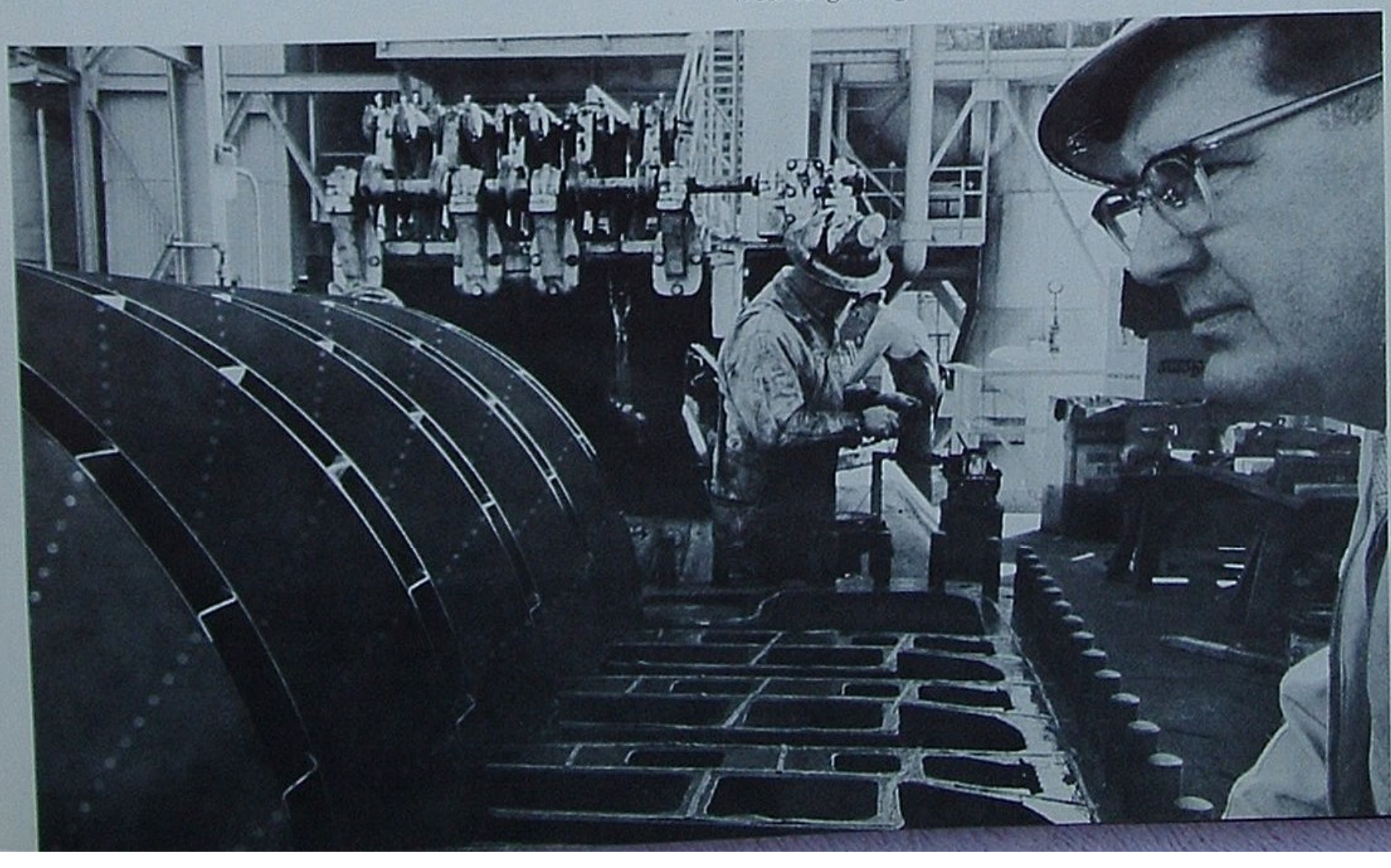
The first repair crew moved in at 8 o'clock and started loosening the hundreds of bolts that lock the manhole covers to the catalyst regenerator. At the same time another crew started opening the steam-producing heat exchangers.

The turnaround was underway. According to plan.



The work at the Fluid Cracker went on day and night. Welder Gerald Keillor makes a bit of his own daylight.

Machine Shop Foreman Tom Shepherd is inspecting the Fluid Cracker's turbo-blower. You'd have to hook together the compressors in half the Union Oil service stations in the West to get a gale of wind such as this machine whips up.



Harold W. Sanders

Charles F. Parker

Charles F. Parker elected director as Harold W. Sanders retires

A major change in Union Oil's executive management was announced by President A. C. Rubel late last month. It came about with the retirement of Harold W. Sanders, who has been one of the Company's senior officers for more than 20 years.

With Sander's retirement, Charles F. Parker, formerly financial vice president, was elected senior vice president, director, and executive committee member.

Parker joined Union Oil Company 30 years ago, following his graduation from the University of Southern California. He took his masters degree in chemical engineering while working as a junior inspector at Los Angeles Refinery.

Parker was in Research as a chemist until 1941, when he transferred to the financial end of the Company. He became, successively, supervisor of economics, assistant comptroller, and assistant treasurer. He was elected a vice president in 1957. Last year, Parker assumed the financial vice presidency with responsibility for economics, budgets, comptroller's, treasury, acquisitions, and corporate growth planning.

Harold Sanders has been involved with the financial end of business since he was barely out of his 'teens. By the time he joined Union Oil in 1926, he had already been president and director of the Citizens State Bank of Minco, Oklahoma, as well as mayor of the town. In spite of the western-sounding background, Sanders was born in New York and educated in economics and finance at Cornell University.

The list of titles he held during his career with the Company sounds like a success prospectus:

Clerk in the treasurer's office, chief clerk, assistant treasurer, treasurer; then, in 1942, director and member of the executive committee; secretary and treasurer, vice-president and treasurer; in 1953, financial vice president and in 1959, senior vice president.

He is a director of the Broadway Federal Savings & Loan Association, California Taxpayers' Association, Executive Life Insurance Company, Fiduciary Capital Company, Filtrol Corporation, Pacific Airmotive Corporation, Pima Mining Company, and Union Bank.

Sanders has been active in community affairs. He is a member of the executive board of the Los Angeles Council of Boy Scouts, trustee of Deep Springs School, member of the Friends of Colleges at Claremont, and a member of the advisory board of Woodbury College.

business highlights

THE EXPLORATION AND PRODUCTION BUDGET PROVIDES FOR WORLD-WIDE ACTIVITY IN 1963

A continued high level of exploration activity and expanded secondary recovery efforts are highlights of the programs budgeted for 1963 by the Exploration and Production Division.

Exploration and development work in Australia heads the foreign program. We have two objectives in Australia:

The first is to continue development of the Moonie Field in Queensland to determine its producing limits and to plan the field on production as soon as possible. So far, 11 producible wells have been drilled and six more are planned for the first half of the year.

Our second objective is to obtain a complete geological evaluation of our 45,000,000 acre concession. Four seismic crews are working in the concession; and we plan to drill 13 wildcats during 1963.

Foreign exploration operations are also scheduled in Indonesia and the Philippine Islands.

A feature of the 1963 domestic exploratory budget is the activity programmed to evaluate new state and federal leases in offshore areas of the Gulf of Mexico and of California. Our most recent California acquisition was a 4,250-acre offshore tract in the El Capitan area of Santa Barbara County. In the Gulf of Mexico, the Company will drill or participate in drilling 21 offshore wildcat wells during the year.

Routine development drilling will be on a somewhat reduced scale in California during 1963. But this decline in drilling will be more than offset by a greatly expanded program of secondary recovery in older fields, such as Orcutt, Cat Canyon, Santa Maria Valley, Dominguez, and Richfield.

Secondary recovery operations will also be stepped up in Central Division with new waterfloods scheduled for several Texas fields. Most of the properties acquired from the Texas National Petroleum Company are in this division. A considerable amount of exploratory and development work is planned for these properties.

The major part of the Gulf Division development operations will be made up of five wells each at North Pagie Lake and Caillou Island, and nine wells in the offshore Block 209 field. Block 209 is expected to be on production some time in April.

WHAT WILL TOMORROW'S SERVICE STATION BE LIKE? HERE'S AN ANSWER

At a luncheon in Los Angeles last month, Senior Vice President Fred L. Hartley gave a talk titled "The Changing Petroleum Industry." Some of the changes he suggested apply to service stations—and to the range of services we may be giving tomorrow. We've excerpted a few of his remarks on these subjects.

After noting that the industry is becoming "customer oriented," Hartley said this:

"Service stations are a good example. Surveys of what customers like and dislike about service stations repeatedly bring out that they

continued

Union Oil's prize-winning float glides down Colorado Street in the 1963 Pasadena Tournament of Roses parade. The float, titled "Birth of a Rose," won the President's Trophy, which is given for the best use of roses. The queen atop the float is Suzanne Bragg; her court: the 1962 Rose Parade princesses.

business highlights

continued

mainly dislike having to stop at the station — it is an intrusion on their time.

"Many companies, Union included, are hard at work on this one. Although we may not be able to make it as pleasant as a visit to a Playboy Club, service stations in the next decade are definitely going to become more acceptable to our customers.

"Stations will be easier to get in and out of, service will be better, it will be faster, and the range of services offered will be greatly broadened.

"Stations will be increasingly tied in with shopping centers, with banks, with restaurants, with car washes, with auto tune-up shops, with vending machine centers and with other consumer product operations. Although there will still be neighborhood stations, just as there will be neighborhood stores, there will be a trend toward large service center units — capable of providing dependable services for *all* automotive needs.

"And the trend in complexity of automobiles strongly indicates that the motoring public will need plenty of competent help to keep the automobiles of the next decade in tip-top condition."

CALIFORNIA EMPLOYEES CHOOSE COMPANY'S DISABILITY INSURANCE

A majority of our California employees have voted to be covered by the Company's self-insured disability insurance plan in preference to the State's plan.

Since the majority voted acceptance before December 31, it was possible to obtain approval by the Department of Employment for our program and to put it into effect immediately.

Signup of other employees is continuing. It appears that over 98 per cent will accept the Company plan. As coverage is required under law, those rejecting the Company plan are automatically insured under the State's plan.

COMPANY FIRE INSURANCE RATES ARE REDUCED AGAIN

Commencing April 1, the Company's fire and extended coverage insurance rates will be reduced for the eighth time in the past ten years. The savings over those years are substantial: the Company's rate in 1963 will be only 39 per cent of the rate paid in 1952. That's a matter of several hundred thousand dollars.

The savings and the lower insurance rate are the result of a long-range education and inspection program. Every potential cause of fire — a product spill, a leaky valve, a faulty pump — is reported and evaluated. By studying and correcting these possible causes of fire, we don't have to fight fire itself.

Aside from the money saved, our fire prevention program has had other record results. During 1962, Oleum Refinery didn't have a single dollar-loss fire. The fire loss ratio for the entire company is 40 per cent lower than that of the industry — and this for the past five years when the whole industry has had fewer losses from fire.

FROM MARKETING: A KEY MAN, RENTAL CARS, A NOTE ABOUT RICE

Salesman R. Ward Webb, of San Francisco, has been presented the highest award given by the San Francisco Junior Chamber of Commerce: its "Key Man" award.

Commented Jaycee president George S. Reppas: "Ward . . . represents the epitome of enthusiasm, civic awareness, and the responsibleness we desire to have in our Jaycee members."

Over in Hawaii, a key-lock system has been installed to serve the needs of Avis Rent-A-Car at the new Honolulu International Terminal. Avis is newly franchised in Hawaii and expects to operate a total of 300 U-Drive vehicles on the four major Hawaiian Islands.

On the subject of Hawaii:

Dealer Ray Serai of Honolulu offered five pound bags of rice gratis to his customers during a two-day grand opening. Results: 1,300 bags of rice — three-and-a-quarter TONS — were given away and the customers purchased a record number of gallons for an opening in the Islands: 12,625.

AMERICAN LIQUID GAS HAS NEW NAME: "ALGAS INDUSTRIES"

On January first, Union Oil's subsidiary, American Liquid Gas Corporation, officially changed its name to "Algas Industries." The new name more aptly describes the broadened sphere of the company's activities.

KNOW HOW TO CLEAN OUT A PUMPKIN? IT AIN'T EASY!

The famous Union Oil pumpkin that grins down from Los Angeles Refinery each Halloween is really a pressure storage tank for natural gasoline. At intervals, we have to inspect the inside surface of the tank for any evidence of corrosion.

Before the tank is inspected, it must be free of gas, otherwise we could develop an explosive mixture of vapors.

Some tanks we clean out with steam — but the pumpkin is too large. It holds 76,000 barrels of gasoline.

Because of the design of the tank, it can't be completely filled with water — another method of cleaning out the gas.

It's too costly to fill it with carbon dioxide, a third method.

The people at the refinery solved their problem by combining two of the methods. They put as much water in the tank as they could. They purged the remaining space with carbon dioxide.

They got the job done, but it wasn't easy. It took a month and three days plus two million gallons of water.

CALIFORNIA'S GROWING PAINS HURT US, TOO

California's growing pains as it adjusts itself to being the most populous state are also felt in the Company's Properties Administration Department. Here's why:

During its 73 years of doing business in the State, Union Oil has covered California with a network of pipelines and pole lines, plus a variety of other installations.

Then came the people. And right behind—or ahead—of them come public projects.

Last year, Properties Administration received more than 232 separate proposed plans for new freeways, highway relocation, widening roads, putting in storm drains and sewers, and flood control and water resources projects.

Each plan had to be reviewed to see whether or not the proposed work would have any effect on existing facilities or those we plan to build in the future. About 10 per cent of the proposed changes DID effect us.

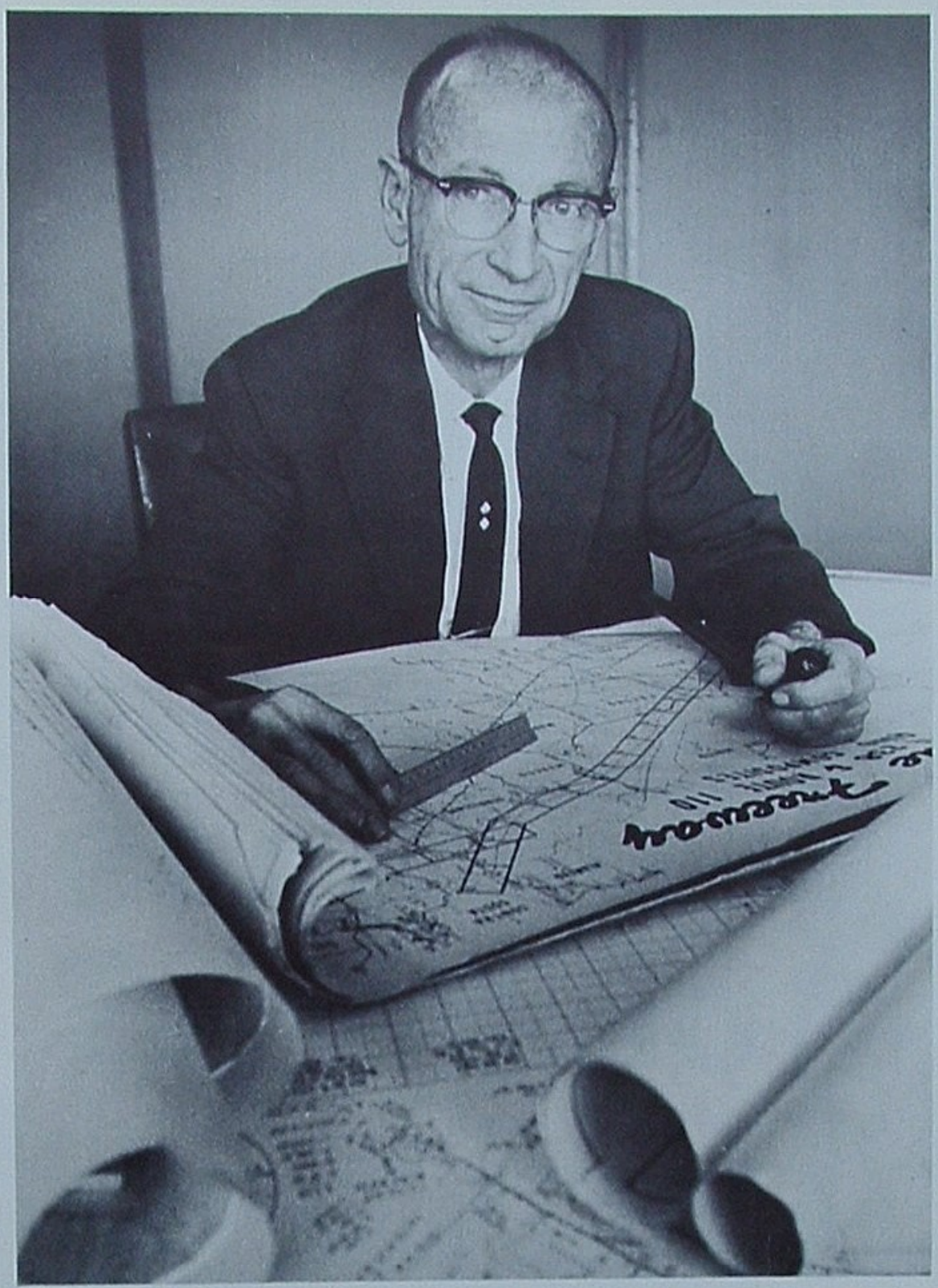
The San Diego Freeway, through the western part of Los Angeles, necessitated changes in our Torrey line—a pipeline that brings oil from Ventura County to Los Angeles Refinery.

The Westside Freeway, which will roughly parallel Highway 99 through the San Joaquin Valley, rubs elbows with our Oleum Pipeline for 130 miles. So close together are freeway and pipeline that the State has asked to use our survey notes of the route. Quite a few changes will be required in our line.

A "change" may mean re-routing a pipeline for thousands of feet to miss on and off ramps or raising or lowering it to miss a proposed storm drain. Properties Administration deals with private developers, too. When a new subdivision goes in, pipelines that once cut straight across farm country must be relaid down the new subdivision streets.

When such changes are necessary, Properties Administration handles the negotiations for relocation of the facility and reimbursement of the cost.

In 1962, for example, the department negotiated 22 relocation agreements covering 66,520 feet pipeline and 23,700 feet of telephone lines. Fourteen of such agreements called for reimbursement to the company of a total amount of approximately $467,000.



C. L. (Chuck) Young, utilities representative, with a few of the maps that pile up during a proposed pipeline relocation caused by a new freeway. "We accumulate enough paper," he says, "To cover the freeway from end to end!"

what goes on here?

Woodland Hills Strikes Blow for Charity

No . . . the people on the previous page and Dealer Walt Starr at left aren't taking out their freeway frustrations on that old car; they're striking a blow for charity—at three blows for a quarter.

It happened at Starr's station in Woodland Hills, California. The crunching of metal and the shattering of glass signalled the opening of Woodland Hills' March of Dimes Campaign last month.

The car, an orphaned Hudson, was donated by a garage in nearby Calabasas. Starr donated the space and the sledge hammer. The sound of hammer on metal attracted a good a crowd and "brought in quite a bit of money for the March of Dimes," Starr says.

Starr himself has been in business in Woodland Hills for 10 years this month. His station has become, he says, "a sort of gathering place" for community affairs.

Successful as the ceremony was, one thing bothered him.

"It did seem peculiar," he told us, "treating a car like that in *my* station!"

February 1923

40 years ago this month

Excerpts from the Union Oil Bulletin

The Summerland oil field in Santa Barbara County, California, is an oddity. The wells are actually drilled in the sea, a sight which can be seen nowhere else in the United States . . .

February 1963: The Summerland wells were drilled from wharves. See page two and the story titled "Offshore West" for a view of what's happening to oil under the sea today.

° ° °

In an effort to meet the ever-increasing demand for Union Oil products in Hawaii, construction of a specially designed sales station at Honolulu has been started. Cost of the new equipment including office buildings, warehouses, garage, two pump houses, and storage tanks with a total capacity of 185,000 barrels will be $270,000.

° ° °

A recent week's receipts of California oil (crude and refined) at the principal Atlantic Coast and Gulf Coast ports totalled 1,010,000 barrels, a daily average of 144,286 barrels.

The movement of California crude oil to Atlantic Coast ports has been on the incline for the past few months and there is every indication that even the afore-mentioned figure will in the near future be left far behind.

° ° °

An interesting sidelight of the oil industry, yet one which is of more than passing interest, is the reclamation work that is being carried on by the Salvage Department recently organized in the Orange District, California.

In its recent attempt at reclamation, Orange District presented a very creditable report. For the last six months of 1922, the gross value of materials resurrected from the junk heap amounted to $20,000. With a net reclaiming expense of 50 per cent, this leaves a net savings of over $10,000.

February, 1963: That original "Salvage Department" was the acorn from which a pretty good size oak has grown. In 1962, surplus material sales by the Purchasing Department amounted to $450,000!

° ° °

Husband: You'll never get that new dog of yours to mind you.
Wife: Oh yes, I will. You were just as troublesome at first!

° ° °

Keeping pace with the increasing demand for Union Oil Company of California products, construction was started during February on 33 new distributing stations, representing an expenditure of over half a million dollars . . . when completed they will give to the Union Oil Company of California 252 distributing stations. Geographically, the area affected . . . embraces all of the Pacific Coast states, Arizona and British Columbia.

February, 1963: Union Oil products are sold and distributed through approximately 500 wholesale bulk plants and 4,400 service stations and other retail outlets.

A better

Mabel Ewing is the Research Department's official greeter. She holds the guest book signed by 5,000 visitors to the Center last year.

mousetrap factory?

The Research Center certainly must be one, because the world beats a path to its door

Union Oil's Research Center is slightly east of the town of Brea, California. Some employees — especially non-research employees from people-packed, traffic-choked Los Angeles — call it "the Country Club" because of its low, modern buildings and its sylvan setting: orange groves, rolling farmlands, and the Puente Hills for a background.

Brea itself is a place where homes, small businesses, and children flourish. Take the freeway from Los Angeles, turn off, turn again onto a secondary highway, go 30 miles in all, and you're at Brea. You don't go there unless you want to drive through some of Southern California's countryside or unless you have business.

The Research Center is off the beaten path. Yet not even Union Oil's New York office in Rockefeller Center attracts as cosmopolitan a group of visitors as take that long drive to sign the guest book at the Center.

Last year blond Mabel Ewing, the Center's receptionist and keeper of the book, greeted 5,000 visitors from most of the states of the Union and from 14 foreign countries, if you consider our neighbors, Mexico and Canada, as foreign. The reputation of Union Research Center and of its scientists is world-wide.

Most of the visitors came to the Center on business: a representative of a German optical works; an engineer from Brazil where the possibility of recovering oil from shale is under study. From France came a man interested in our wax deoiling process; from Amsterdam, a chemical manufacturer to talk about catalysts; from Sweden, an asphalt manufacturer studying methods of improving his expanding research program; from Nationalist China, a group of men to discuss our Unifining process.

A Japanese mission studying American research methods visited the Center.

The Western Oil and Gas Association brought 50 teachers to the Center for a day of indoctrination as part of its industry-education program.

The military are among our frequent visitors: Navy, Air Force, Army, Defense Petroleum Supply Agency.

Many who drove through Brea to sign the guest book were drawn by our cooperative research with others in the oil industry.

For example, we participate in the Coordinating Research Council, an organization that works on research problems faced by both the automotive and the oil industries, problems too large and expensive for any single company to solve alone. The CRC handles such projects as a national survey of the octane requirements of automobiles — a project that demanded thousands of individual field tests.

Students from 15 high schools, universities, and colleges in Southern California — plus England's Oxford University and Canada's University of Alberta — toured the Center.

Some, such as the high school Science Fair finalists, come to the Center for a walk through the laboratories, a brief explanation of the work, and lunch. Others are there to learn, as were chemistry students from Harvey Mudd College in Claremont — one of the nation's leading science schools — who attended a seminar with our chemists engaged in research on analytical methods.

Union Oil's own dealers and employees sign their names in the book, too.

Some are tourists: 26 Union Oil dealers from Las Vegas and a delegation from San Diego. However, most of the employee visitors dropped in for strictly workaday reasons: the men at the Center, in addition to their forward-looking research, also handle many technical service problems for all the operating departments.

If you have a map of Southern California, don't bother looking on it for Union Research Center. But somehow those 5,000 visitors — dealers, teachers, manufacturers, students, scientists from all four corners of this round world — found the twisting route to the Center last year.

Maybe there IS something in this business of building better mousetraps — or better gasolines and chemicals and oils . . . .

IN FOCUS

This novel float—a miniature Type 140 service station—won two prizes in Oregon fairs last year. Madras consignee Jack McBride (above) took a second prize in the Annual Jefferson County Fair; and the float's designer and builder, Wendell Wainright, consignee at Prineville, brought home a first prize from the 17th Crooked River Roundup.

A very happy Mrs. Bradley Moerlin is receiving the keys to a new Corvair from Dealer Harold Wilson, of Anchorage, Alaska. She was the winner of a drawing held by the Anchorage Union Oil dealers. From left – all happy—are Sales Supervisor T. B. Cooper, Mr. and Mrs. Bradley, Wilson, and Lew Ellsworth, salesman for Alaska Oil Sales and Service. Note the Minute Man IV tire sign. Instead of "Forget freeway fears" it read "Forget Alaska Highway *fears!"*

Christmas in February? No, but that really isn't Santa Claus and the horse doesn't really believe she's a reindeer, so . . . Santa is Don Richards of Santa Maria Refinery. Rudolph is Richard's mare, Sandy. The occasion was the refinery's annual children's Christmas party. Santa came loping over the sand dunes on his trusty reindeer, bag full of presents, red light on Rudolph's nose flashing on and off, antlers wobbling. The party was a success.

Blond Anne Matlock, 14-year-old Santa Maria High (California) sophomore—center foreground above—has been selected from more than 25 applicants as the school's first foreign exchange student.

Of four finalists for the honor, three—Anne, Lois Clevenger (at left), and Lee Cutler—were offspring of Union Oilers. By greater coincidence all three fathers work at the same location: the Battles Gas Plant near Santa Maria. They are Stanley Clevenger, Edward Cutler, and Winfield McWilliams.

As Santa Maria High School's representative, Anne will spend the 1963-64 school year at the Lycee du Parc Imperial in Nice, France.

Sitting behind their youngsters are very-proud-type parents: from left: Mr. and Mrs. Stanley Clevenger, Mr. and Mrs. Winfield McWilliams, Mrs. and Mr. Edward Cutler.

Retail Salesman Alan Taylor has received the "Jaycee of the Year" award from the Junior Chamber of Commerce of Beaverton, Oregon. His accolade: "Alan is truly one of the greatest Jaycees this chamber has ever had, and his devotion to his community has made it a better place in which to reside and work."

Cleo Gayette, Los Angeles Refinery Safety Foreman is presenting a plaque to Paul Williams and DeWitt Roberts of the Laboratory Department. The plaque honors the people in the department for working 1,000,000 man hours—six-and-a-half years—without an on-duty disabling accident. Refinery Manager John Hopkins told the group, "Records of this magnitude don't just happen. They represent the teamwork of all and the ability of long-time experienced people to pass on to newer personnel their knowledge of safe practices and accident prevention."

SERVICE BIRTHDAY AWARDS

EMPLOYEES

February, 1963

40 YEARS

IRVING S. JONES.....L. A. Refinery
RUBERT G. MYERS.....L. A. Refinery
A. C. RUBEL.....Executive
HOWARD L. SWEET.....Oleum Refinery

35 YEARS

JOHN H. WIERZBICKY.....Oleum Refinery

30 YEARS

RICHARD J. GERTZEN.....Glacier Division
C. A. HENDERSON.....Expl. & Prod.-Compl.
C. L. HUTCHINSON.....L. A. Refinery

25 YEARS

RAY R. CLEONE.....Oleum Refinery
JAMES M. COATS.....L. A. Refinery
FLOYD W. ELLSWORTH.....Oleum Refinery
O. DUANE HALL.....Oleum Refinery
IRWIN J. MONROE.....Mktg., Calif. So. Cstal.
VERA SEILER.....Secretarys-Admin.

20 YEARS

EDITH H. BAKER.....Oleum Refinery
EUGENE E. BERNADOU.....Oleum Refinery
CECIL V. BOYCE.....Mktg., N. W. Div.
LESTER F. BRENNAN.....Glacier Division
ERNEST P. DA CRUZ.....Oleum Refinery
R. N. FLECK.....Research
PAUL L. HACKNEY.....Oleum Refinery
HYRUM W. JOHNSON.....P/C-South
LESLIE E. MANNING.....Oleum Refinery
WILLIAM G. MILBURN.....L. A. Refinery
DICK M. SMITH.....P/C-South
HAMPTON R. STOCKTON.....Oleum Refinery
MABEL WOODBRIDGE.....Executive

15 YEARS

EDSON J. ANDREWS.....L. A. Refinery
WM. O. BAME.....P/C Div.-South
E. DE SOLMINIHAC.....P/C Div.-North
JOSEPH D. HAMPTON.....Mktg., S. W. Mtn. Div.
FRANK H. HOLLEY.....Pipeline-No. Div.
JESSIE B. LINDSAY.....L. A. Refinery
H. R. METCALFE, JR.....Research
KIYOSHI OKAZAKI.....Mktg., Hawaii Div.
NORMAN H. PEDERSEN.....L. A. Refinery
PERCY F. PETROSS.....L. A. Refinery
JOE T. SPRACALE.....P/C Div.-North
BEATRED T. YOUREE.....P/C-North

10 YEARS

ROGER W. BRYAN.....Gulf Division
WILBUR V. CHAMPLIN.....L. A. Refinery
DAVID E. HAMMOND.....L. A. Refinery
WM. W. HENRY.....Gulf Division
W. J. HIGHT.....P/C Div.-South
JACK F. HILL.....Refining & Marketing
BILLY L. KOFAHL.....P/C Div.-North
JOSEPH S. KRISTY.....Mktg., Calif. So. Cstal

GEORGE L. McCRACKEN.....Research
EMMETT B. McNERNEY.....L. A. Refinery
HOWARD A. PLATT.....Mktg., Oregon Div.
HOMER E. REA, JR.....Research
TRICIA SCHEXNAYDRE.....Treasury-Staff
JOHN L. SCHOEFF.....Oleum Refinery
COYLE E. SINGLETARY.....Central Division
WILLIAM E. SULLIVAN.....Exp. & Prod.
NEWMAN E. TATE.....Oleum Refinery
WAYNE M. TAYLOR.....L. A. Refinery
WILFRED H. TIDLAND.....L. A. Refinery

DEALERS

January, 1963

35 YEARS

HERMAN JOHNSON.....Pt. Ludlow, Washington

30 YEARS

FIRESTONE STORE NO. 7134.....Los Angeles, California

25 YEARS

A HAROLD OLSEN.....Reno, Nevada

20 YEARS

WILLIAM SAUNDERS.....Malin, Oregon

15 YEARS

GEORGE DENTON.....Venice, California
ANDY FAGERUD.....Gig Harbor, Washington
C. P. IRISH.....Palm Springs, California
JOHN W. LOUGHLIN.....Berkeley, California
C. W. MAYO.....San Marino, California
MARY J. SCHWANBECK.....Crossroads, California
J. P. SOMMERCAMP.....Beaumont, California
WAYNE WOLFER.....Pt. Townsend, Washington
ROBERT WORWICK & DON DOLL.....Sepulveda, California

10 YEARS

ABERNATHY BROS.....Indio, California
O. J. SCRUGGS.....Santa Rosa, California
SLOYER & HARVEY.....Azusa, California
BERT E. YIP.....San Francisco, California

5 YEARS

SAM ANEST.....Spokane, Washington
G. M. AUSLAND.....Mt. View, California

ABEL BETTS.....Victorville, California
RICHARD V. BREWSTER.....Myrtle Point, California
CARMEN'S MOTEL SERVICE.....Dunsmuir, California
ENFANTINO & VASQUEZ.....Santa Clara, California
HERB HUNTER.....So. San Gabriel, California
KING'S GARDEN SERVICE STATION.....Seattle, Washington
E. MARQUEZ.....Santa Barbara, California
FLOYD MARSH.....Plentywood, Montana
K. M. SCHMACHTENBERGER.....Canoga Park, California
K. H. THOMPSON.....Santa Barbara, California
JAMES R. WACHTEL.....Willits, California
WILSON'S MARKET.....Wapato, Washington

RETIREMENTS

January 1, 1963

WILLIAM A. APAKA *Mktg. - Honolulu*	*August 16, 1926*
MANUEL R. ARRIAGA *Oleum Refinery*	*September 19, 1930*
HARRY E. BONESS *Exploration & Production*	*March 16, 1924*
FRED F. CHRISTENSEN *Mktg. - Calif. No. Coastal*	*August 16, 1928*
THOMAS J. FAHAY *Treasurer's*	*December 29, 1921*
HOMER J. LAW *Industrial Relations*	*August 17, 1936*
REX A. LUARD *Los Angeles Refinery*	*April 20, 1927*
ARTHUR MACKENZIE *Legal-Tax*	*November 15, 1916*
WILLIAM J. MONROE *Mktg. - Calif. No. Coastal*	*April 10, 1943*
CLARENCE RODE *So. Division Pipeline*	*May 4, 1921*
FRED J. SPOO *Exploration & Production*	*September 15, 1944*

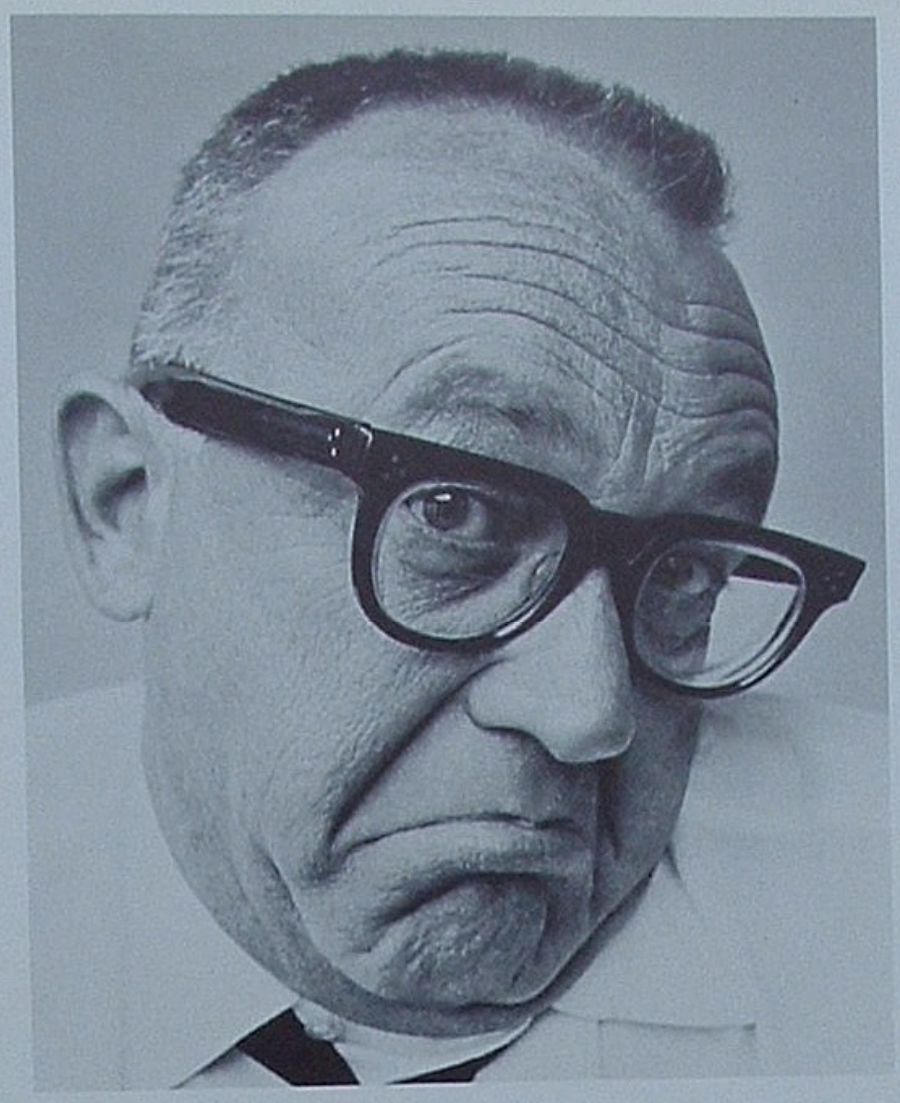
IN MEMORIAM

Employees:

WILLIAM J. GEER *Los Angeles Refinery*	*December 24, 1962*
FAY E. SHANNON *Mktg. & Ref. - Northwest Div.*	*December 28, 1962*

Retirees:

WARD M. COMSTOCK *Los Angeles Refinery*	*December 11, 1962*
GEORGE H. HODGSKINS *Oleum Refinery*	*December 24, 1962*



"Profit? Who needs it!"

TO MANY AMERICANS these days, 'Profit' has become an almost evil word. Yet everyone in the country favors a fast rate of growth for the U.S. economy. This is like being **for** transportation but **against** the wheel. Under our system, you simply can't have economic growth or material progress without profits.

TAKE UNION OIL'S CASE. During the last 10 years, the public demand for petroleum products in our marketing territory has grown from 885,000 barrels per day to 1,215,000. To keep pace with these growing needs, Union Oil has had to invest some $280,000,000 in refining, marketing and distribution facilities alone. To say nothing of the even larger amounts we have invested in the search for more oil and gas reserves.

WHERE DID WE GET THE MONEY to do this? Part of it came from funds set aside to replace worn out facilities. Part of it came from net profits – slightly more than half of which we customarily plow back into the business each year. And part of it we borrowed. But, in any case, these necessary facilities would have been impossible without profits.

SO WOULD A LOT OF OTHER THINGS. Taxes on profits of U.S. corporations provide our Federal Government enough revenue each year to pay the entire costs of operating the Departments of Agriculture, Commerce, Health Education and Welfare, Labor and State; **plus** the Atomic Energy Commission, C.A.B., F.H.A., Veterans Administration and the National Aeronautics and Space Administration.

WITHOUT PROFITS, all our nation's research and development on new and improved products would falter. In fact, practically every product your family uses owes its existence to profits. And every one of the 68½ million jobs in the country – public or private – is dependent on profits.

SO WHEN YOU'RE TALKING about our nation's economic growth and welfare, profit is not just a **part** of the system, it is the very **foundation** of the entire American economy. You simply can't have one without the other.

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

YOUR COMMENTS INVITED. *Write: President, Union Oil Company of California, Union Oil Center, Los Angeles 17, California.*

Union Oil Company of California

MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL

UNION OIL COMPANY OF CALIFORNIA
P. O. Box 7600
Los Angeles 54, California

Where We Work...

From Canada to the Mexican border, wherever crops are raised, wherever fruit trees grow or cattle graze — that's where we work. In this case, the locale is a ranch near Lancaster, California. Don Williams is making a delivery for Consignee Cleo Davidson. We're no amateurs in the farm business either: Davidson has been associated with Union Oil as an employee and consignee for the past 30 years!