

UNION OIL BULLETIN

FIRST QUARTER 1940



U N I O N O I L B U L L E T I N

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VOLUME TWENTY-ONE

FIRST QUARTER, 1940

BULLETIN NUMBER ONE

BIRTHPLACE OF UNION OIL COMPANY STILL IN USE



BACK in 1888, when Santa Paula boasted 28 houses and 3 saloons, the Hardison & Stewart Oil Company erected what must have been considered a palatial office building directly in the center of town. Housing the Santa Paula Hardware Company on the ground floor and the offices of Hardison & Stewart and the Mission Transfer Company above, it overlooked a street corner where only horses hoofs and wagon wheels marked the

dusty streets. Up in one corner a big bay hung out over the crude sidewalks. It was through the windows of this bay that Lyman Stewart gazed as he pondered the problems facing the growing little company.

That same building, pictured on the cover of our Bulletin this month, is still in use today. The field department operating in that vicinity use it for their headquarters and are proud of the memorable things it contains. The safe doors still bear the historic names of the old companies. The woodwork in the offices, mellowed with age, is of substantial oak brought around the Horn. The old pay windows can still be seen, and the speaking tubes connecting the various rooms, still in good working order, will issue an ear-piercing whistle if blown through.

The condition of the woodwork on the mantel shelf tells of other days and other methods. The under part of the top shelf is burned and charred from the heat of the oil-lamps that were placed on the shelf below to provide what illumination they could.

Momentous events took place in this historic old building. The Santa Paula Hardware Company prospered and later became a part of one of today's largest oil tool supply companies. Mission Transfer Company and the Hardison & Stewart Company combined with other interests in 1890 to form Union Oil Company which today, after fifty years, is the largest independent oil company in the West.

PRESIDENT REESE H. TAYLOR'S ADDRESS TO STOCKHOLDERS

April 2, 1940

At this time I would like to take the opportunity to comment on some phases of the Company's operations during 1939, which I am sure will be of interest to you.

First, let me say that we are gratified to see so many of you here today for our annual meeting. The management of your company is particularly anxious to have the active interest of not only you, who *were* able to come today, but of every stockholder.

In these chaotic days with their many problems for business, every industry, every corporation, needs the interest, loyalty, and support of its stockholder and employee groups. As you know, business today is threatened on all sides by excessive taxation and threats of further taxation, by certain types of state and Federal legislation, by destructive competition, and by many militant minorities, or pressure groups, which are working against all big business.

Our 28,000 stockholders and 9,000 employees—if they are informed, actively interested, constantly supporting the Company and its products—can be of tremendous help in aiding the Company to overcome these forces besetting modern business.

The first subject I would like to discuss briefly is:

Sales and Marketing Costs

Competition in the oil industry during 1939 was unusually keen—featured by price cutting which had a softening effect on the market.

In spite of this, our sales during 1939 were some 600,000 barrels greater than during 1938. In addition, a greater proportion of our total sales consisted of relatively low unit price products, such as fuel oil, than in 1938. However, due to weakening of the price structure, our total realization was approximately 2% less in 1939 than in 1938. Certain economies have been effected which have tended to offset this decrease in monetary return.

For example, reductions have been made in costs of distribution through wholesale plants. Some of this was accomplished through consolidation of delivery areas, whereby certain plants are able to serve larger territories. Modern improvements in highways and in delivery equipment have made this possible.

The per-gallon cost of marketing through service stations was reduced through the addition of 71 new company outlets during 1939. In this connection, we are going ahead aggressively with a program to improve our service station representation throughout our marketing territory. The backbone of the Company's sales is the service station, and through our program of building, and dealer training and development, we are rapidly strengthening our marketing position. We are gaining new profitable station locations and eliminating those which do not warrant continuance.

We are building soundly toward an expanded market, greater volume, and even lower per-gallon marketing costs.

Purchases of Crude Oil During 1939

As you are all aware, the oil industry in California operates under a voluntary production curtailment plan—similar to the compulsory curtailment enforced in other oil producing states. Under this curtailment plan the Union Oil Company does not produce sufficient oil to meet its market requirements. Hence for many years Union, like other major companies, has purchased varying percentages of its total crude oil receipts from independent producers, royalty owners and co-owners.

During 1939 we purchased 49% of our crude oil receipts as against 56% in 1938. Of the 49%, approximately 20% was from royalty owners and co-owners, and 29% from independent producers.

In view of the fact that we can produce oil at lower cost than we can buy it, the reduced percentage of purchased crude in 1939 effected a considerable saving to the company.

It meant that average cost for crude at our refineries was reduced—putting us in position to be more competitive from a sales standpoint.

It greatly reduced our labor and other costs involved in transportation and transfer of purchased crudes.

It enabled us to withdraw from inventories approximately 4,000,000 barrels during the year—reducing the 6,000,000 barrels added to inventories during 1938, a period of heavy over-production.

This reduction of inventory effected further savings in storage, insurance, taxes, and shrinkage.

Production of Crude Oil and Increase in Reserves

The subject of crude oil reserves is a very vital and interesting one to all of us. We are particularly proud of our progress in this department—involving our supply of raw material—the foundation upon which the entire oil industry rests.

Through development, acquisition, and extension of producing properties, the Company increased its crude oil reserves by 27,000,000 barrels during 1939. There was a net increase of 13,000,000 barrels after deducting 1939 production of 14,000,000 barrels.

The Company's total crude oil reserves at December 31, 1939, after deducting royalty and co-owner's interests, totaled 306,500,000 barrels.

This estimate does not take into account the natural gas and natural gasoline reserves that will be produced along with the crude oil in years to come. Neither does this estimate include oil believed to exist under undeveloped properties adjacent to developed properties where oil is known to exist.

Total oil production of the industry in California was down 10% during 1939. However, due to the fact that Union Oil Company improved its ability to produce oil during 1939, it was allowed a relatively larger production allotment by the committee on voluntary curtailment. Our 1939 production was down only 8% as against 10% for the industry.

Effect of Inventory Drafts Upon Earnings

In looking over the Annual Report to Stockholders it might be assumed by some that the Company's earnings were attributable to a considerable degree to withdrawals from inventories during 1939.

In the first place, let us explain that inventory valuations are set at a level sufficiently below the average costs to the Company (including purchase) to allow a reasonable margin for market price fluctuation in raw materials.

Value of inventories at the end of 1938 was \$2,000,000 below their average costs. Compared of this, and on the same unit valuation basis, inventories at the end of 1939 were \$900,000 below average current costs.

The difference in these figures is explained principally by an increased ratio of lower-cost company-produced crude to our total crude oil receipts in 1939, thereby lowering our average current costs.

It might be erroneously assumed that the difference between \$2,000,000 and \$900,000, or \$1,100,000, went to profit.

The fact is that only \$225,000 of earnings is attributable to inventory drafts.

The \$225,000 is simply normal profit which the Company earned on turnover of the amount of material withdrawn from inventories during the year.

The \$30,000,000 Bond Issue

In the Annual Report you read that \$30,000,000 of 3% Debentures were sold during August 1939 to take advantage of the low interest rates prevailing at that time. Of this amount, \$18,018,500 was set aside to retire the then outstanding Funded Debt. The balance of \$11,981,500 was used to provide additional working capital. In addition, \$2,048,052.50 of Company funds was set aside to pay premiums and interest on the funded debt to be retired.

This matter is being discussed at this time because there may be some questions as to why the Company's funded debt was increased.

Without exception, invested capital in the oil industry has increased each year since 1921. In that year the total for the industry was 6½ billion dollars and now is estimated at 15 billion dollars. Capital demands created by technological advances in production and refining, as well as advances in marketing standards, point to a continuance of this trend. It is necessary, therefore, in order to maintain the Company's competitive position within the industry to estimate our requirements some years in advance and to plan accordingly. Since we were faced with a program of modernization and expansion over the next few years, careful consideration was given as to how new funds could be obtained, and at the same time take care of the then outstanding indebtedness.

In working out the program a new bond issue was evolved which would provide for repayment of all requirements over a long period of time. We followed one of the fundamental rules of finance: That is, to finance over a long period at a time when interest rates are lowest.

In place of being faced with a payment of \$8,000,000 on May 1, 1942, the due date of the then outstanding 6% bonds, and \$1,000,000 per annum sinking fund for retiring the 3½'s beginning July 1, 1942, the new \$30,000,000 issue will be paid off at the rate of \$1,100,000 per annum beginning June 15, 1942. This will leave \$11,300,000 to retire or refinance 19 years from now.

From a cost standpoint the Company has gained considerably. The new 3% Debentures, refunding our former issues of 3½'s and 6's, make for the Company a net saving in interest rates, after adding all costs, of .24% on the 3½'s, and 3.36% on the 6's. There is an increase of only \$69,000 per annum in total interest costs, yet the Company will benefit from the use of \$12,000,000 of new money.

Reference was made to the desirability of obtaining money at a time when interest rates are lowest. It may interest you to know that 48 hours after the Company's refinancing reached the market, and up to the present time, it could probably not have been duplicated. These Debentures, which were marketed at 103, are quoted at slightly over 102 today—with no assurance that any considerable amount could be marketed at that price.

Our Expansion and Modernization Program

You no doubt will be interested in this program for which part of the \$30,000,000 is to be used. Here are the highlights of this program of modernization and expansion:

1. Exploration, and development of further crude oil reserves.
2. Erection of modern refining facilities for the manufacture of higher anti-knock gasoline.
3. Build refinery units to handle successfully and economically the Company's supply of heavy crude production from the Santa Maria Valley.
4. Install a plant to manufacture 100 octane aviation gasoline.
5. Modernize the Company's tanker fleet to provide more economy in transportation.
6. Make further expansion and modernization of marketing stations.

A New Retirement Annuity Plan for Employees

An important change in the pension plan for retirement of employees was made effective on May 1st, 1939. Prior to that time retirement benefits were provided through the Union Oil Company Provident Fund . . . a fund contributed to in equal amounts by the employees and the Company.

However, as the years went on, and the Provident Fund grew to tremendous proportions—it totalled \$11,000,000—it became a serious investment problem for its administrators. It required the services of professional investment counsellors and a good portion of the time of many employees of the Company.

It had become an “actuarial” or insurance problem. And since it had become a big problem in insurance, it was decided by the administrators that it should be handled by a big insurance company. It was felt that the employees’ funds should have the security available only through the widely diversified investment program of one of the nation’s leading insurance companies.

Another reason for the move was that the introduction of the Federal Social Security Act meant automatic deductions from the paychecks of every employee, and a similar contribution by the Company. The combination of the old Provident Fund payments and the Social Security deductions placed an unnecessarily heavy financial burden on both the employee and the Company.

As a result of these considerations, an arrangement was made with the Equitable Life Assurance Society, effective May 1, 1939, to handle the Union Oil Company employee retirement annuity program. The plan provides for *guaranteed* retirement incomes, and under it, both the Company and the employees will contribute each month.

Of the incomes payable to employees upon retirement, at least one-half will have been provided by the Company’s contributions. It is also estimated that the new plan, together with the Old Age benefits provided under the Federal Social Security Act, will assure eligible employees, after long service and attainment of retirement age, of considerably larger retirement incomes than were obtainable under the Provident Fund.

The Provident Fund was terminated by joint action of the Company and the active members of the Fund, in accordance with its provisions. The assets of the Fund belong to its members and are now in the course of liquidation by the Administrators.

To date, two cash distributions amounting to 47½% of each member’s total credit have been paid. Distribution of the remaining assets will be determined by the Board of Administrators for the best interests of the members.

Changes in Personnel

There seems to be an impression outside of the Company, and even among stockholders, that drastic changes have been made in personnel . . . that important positions have been filled by men from outside the Company.

It seems that certain men in the Company were not known to stockholders until, after long and efficient service, they were placed in advanced positions. Then people began to wonder where they came from.

It is our policy, whenever possible, to fill executive positions with men from within the Company. As a matter of fact, in only one case has such a position been filled by an outsider during the past year. That was the highly specialized position of Director of Advertising and Public Relations, and even in this case the man, whom we brought from Lord & Thomas, our advertising agents, had worked with our organization for many years.

We believe this policy of promoting from within is a sound one . . . an encouraging one for the men in the ranks . . . and one which is a fine compliment to the type of employees now in the Company.

While on this subject, on behalf of the officers of the Company, I would like to express appreciation to our employees for their splendid cooperation, fine spirit and loyalty during 1939.

In Closing

I would like to again say that we are very happy that so many of you have come to this meeting today, and that the management and directors of your Company are anxious that you have all the facts about your Company and its operations... its plans... its position... and its progress.

As I said before, industry today needs and should have, the active support of its stockholders. The stockholder has very definite responsibilities in regard to his Company, just as have the employees. With support of both of these groups a company can overcome most obstacles.

On behalf of the Company, I want to thank our stockholders for the loyalty they have shown during the past year.



Board and Officers Re-elected

Following Mr. Reese H. Taylor's address to stockholders attending the annual meeting, members of Union Oil Company's Board of Directors were re-elected without change. At the customary organization meeting of the

Board, which followed the annual meeting, all incumbent executive officers of Union Oil Company were re-elected to serve during 1940, and R. F. Niven, employee in the Company's secretarial department, was made assistant secretary.



CHINESE TRUCKS CARRY UNION SHIELD



Above: This new Studebaker truck is one of the fleet which carries Union Oil greases and motor oils into the interior of China. The trucks, of course, use Triton Motor Oil. Note the modified Union Oil emblem on the cab door.

Below: This modern truck fleet carries Red Line products and Triton Motor Oil from Haiphong, on China's coast, to Chungking in the interior. The distance between these points is approximately a thousand miles and, because of mountainous country and unbridged rivers, it takes from 11 to 12 days each way. The trucks are owned and operated by Waples & Co.



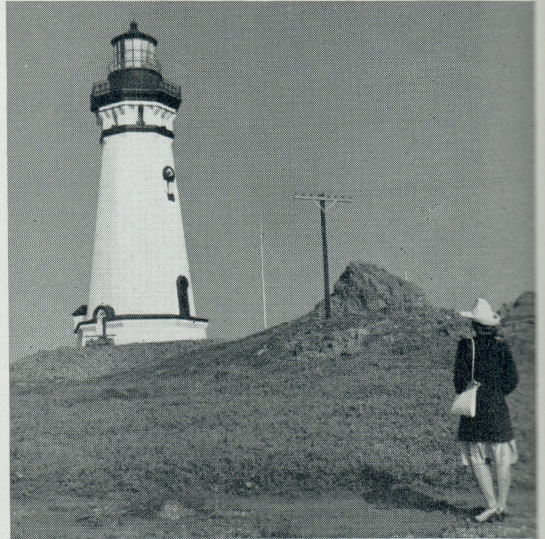
ALONG HIGHWAY NUMBER ONE

Southern Californians headed for Treasure Island will find variety on State Highway One which traverses spectacular country, clinging to precipitous cliffs then rolling over coastal

farm-lands. Between San Luis Obispo and Carmel it passes Morro Bay, skirts lovely Cambria Pines, Hearst's fabulous San Simeon castle and beautiful Sunset Point.



Above: Near San Simeon, not far from William Randolph Hearst's castle, a weather-beaten old barn stands on the sunburned coastal plane.



Above: Just a few miles north of San Simeon stands the venerable Pedro Blanco light-house.
Left: Beach-comber's shack near the seashore.

Below: Highway Number One seldom wanders from the rocky, foam-strewn shore-line. *Right:* Cambria Pines is not far from the main road.



Below: Traveling north, Highway Number One meets the sea at Morro Bay, a popular fishing resort. Here, from a sand-bar, rises Morro Rock.

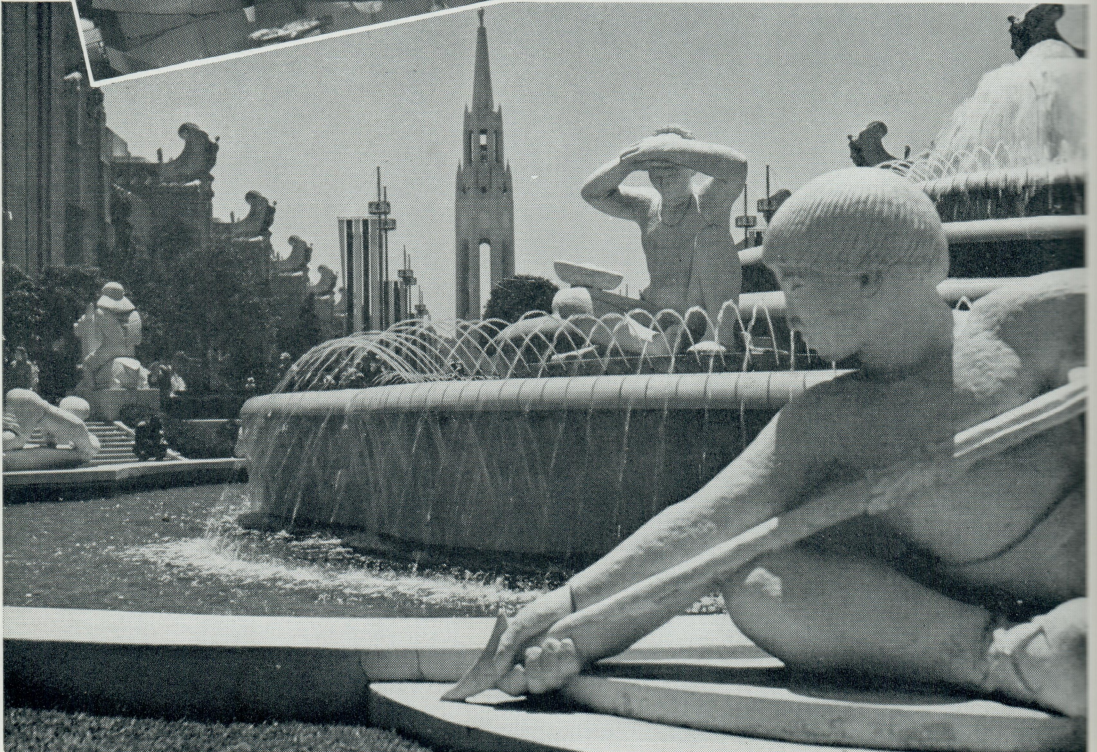


TREASURE ISLAND EXTRAVAGANZA REOPENS

On May 25th, the Golden Gate International Exposition at Treasure Island in San Francisco Bay will start its second gala run. Preserving all the beauty of last year's display, it will boast several added attractions to lure U. S. tourists. Because the floral plantings and landscaping is more mature, and because dramatic new lighting effects have been installed, it will be more spectacular than ever.



Above: A dazzling display of fireworks over the Lagoon of Nations will be a feature of the festive May 25th opening. *Left:* A. C. Galbraith, vice-president of Union Oil Company, seated at desk, is president of Petroleum Exhibitors, Inc. for 1940. Marshall Dill, president of the 1940 San Francisco Fair, and R. C. l'Heureux, assistant general manager, witness his signature on the Petroleum Exhibitors' contract. *Below:* Fair visitors will find no dearth of modern sculpture at the 1940 Fair.



QUARTERLY REPORT

First Quarter

1940



UNION OIL COMPANY OF CALIFORNIA

TO THE STOCKHOLDERS OF UNION OIL COMPANY OF CALIFORNIA:

The following is a summary of the results of the Company's operations for the three months ended March 31, 1940, and the financial position as of that date.



PROFITS (less all expenses and charges, including provision for income taxes) were as follows:

	<u>1940</u>	<u>*Per Share</u>	<u>1939</u>	<u>*Per Share</u>
Profit subject to depletion and depreciation	\$3,212,507	\$.69	\$3,551,429	\$.76
Provision for depletion and depreciation	<u>2,446,359</u>	<u>.53</u>	<u>2,496,794</u>	<u>.53</u>
Net profit for the three months	<u>\$ 766,148</u>	<u>\$.16</u>	<u>\$1,054,635</u>	<u>\$.23</u>

*Calculated on 4,666,270 shares outstanding at March 31st.

The reduced profit was due principally to generally lower prices realized from the sale of the Company's products, especially fuel oil, during the first quarter of 1940, as compared with the same period of 1939. However, the reduced realization from sales was partially offset by a lower average crude oil cost during the quarter.



CURRENT ASSETS at March 31, amounted to \$56,594,344, a decrease of \$2,047,512 since December 31, 1939. Current assets were almost seven times current liabilities of \$8,476,743, including the dividend declared March 25th.

Oil inventories at March 31, 1940 amounted to 24,583,000 barrels, a decrease of 1,364,000 barrels in the first quarter of 1940, compared to an increase of 362,000 barrels in the corresponding period of 1939. Inventories at March 31, 1940 were reduced by 5,788,000 barrels since March 31, 1939.

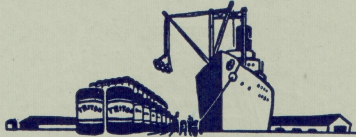


CAPITAL EXPENDITURES of \$3,013,317 were made in prosecuting our present program of modernization of marketing and transportation facilities, new drilling and exploration, and construction of a new alkylation plant at Wilmington.

FUNDED DEBT. The Fifteen-Year 3½% Debentures, due January 1, 1952, were redeemed as of January 1, 1940, at 105½% and accrued interest, with the funds that had been deposited in irrevocable trust for that purpose.



PRODUCTION of crude oil, less co-owners' interests, but subject to royalty, totaled 4,430,725 barrels for the three months of 1940, an increase of 111,653 barrels over the same period of last year. Extensive development in the Montebello, Santa Maria, Cole's Levee, and Coalinga fields in California accounts for this production increase—which, of course, was modified by lowered production from older fields and continued operation under the industry voluntary curtailment program.



SALES for the three months ended March 31, 1940, amounted to 7,777,148 barrels and \$17,227,375, as compared with 7,359,678 barrels and \$17,361,466 for the first quarter of 1939. Although the sales volume increased, the total value was lower due mainly to the greater proportion of fuel oil sold at reduced prices.



EARNED SURPLUS at March 31, 1940, was \$18,250,633, after deducting the cash dividend of 25¢ per share, which was declared on March 25th to be distributed May 10th to stockholders of record at the close of business April 10th.

By Order of the Board of Directors,

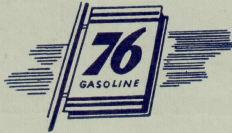
REESE H. TAYLOR

Reese H. Taylor
President

M. C. KERR

M. C. Kerr
Comptroller

Los Angeles, California
April 29, 1940





NEW COLOR POSTCARDS READY SOON

IN THE spring of 1939, Union Oil Company introduced a new idea which immediately caught the motoring public's fancy. At that time it offered the first of a series of photographic color postcards, which were distributed through Union Oil stations up and down the West Coast. During the year some 8,000,000 of these handsome cards depicting famed historical and scenic spots in the West were

handed out to motorists. By mail they reached every corner of the United States. Some Eastern visitors took collections of them home as mementos of their trip. This year Union Oil Company is repeating this highly successful device, with an entirely new and still more colorful series of 76 postcards. Station operators have found the cards an important factor in passing customers from station to station.

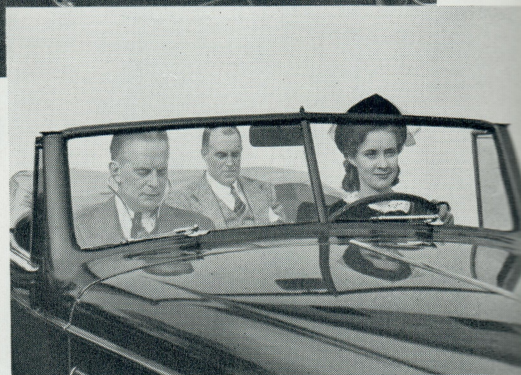


By means of complex scientific equipment pictured above the Union Oil Traffic Clinic analyzed the emotional vicissitudes of driving.

TRAFFIC NERVES—A New 76 Campaign That Strikes Home

UNION OIL COMPANY is telling the motoring public an entirely new gasoline story this year. For the first time in the history of gasoline advertising, basic human emotions have been called upon in a campaign that is striking home with every motorist who drives in modern-day traffic. This new message focuses attention on a condition which traffic and medical authorities know is prevalent today . . . *Traffic Nerves*.

And to make sure that this new message reaches every Pacific Coast motorist and reaches him often, 76 gasoline is being publicized with a consistent and well rounded advertising campaign.



The story behind the *Traffic Nerves* campaign is interesting and logical. A new motorized age of crowded boulevard traffic and fast highway driving results in a nervous tension familiar to everyone who drives an automobile. Psychologists, traffic experts, and automobile manufacturers have already recognized the condition. Automotive engineers combat it with smoother running motors, quieter bodies, vacuum gear-shifters, and automatic clutches. Their advertising copy stresses driving ease and comfort because they know the average driver wants these qualities in his car above all else

The direct effects of traffic congestion on the

nervous system were studied briefly by a group of Detroit traffic experts last year. To delve deeper into this subject, Union Oil Company engaged Dr. George Mount, a prominent professor of psychology, and started what is believed to be the first research agency of its kind in the world—the Union Oil Traffic Clinic. Dr. Mount, with the aid of several assistants, studied the effect of traffic strain, “shocks,” and emergencies, on the nervous system. His testing equipment was complex, some of it having been specially designed for the purpose. Pulse, or heart-beat rates, were carefully checked on a number of drivers and were found to jump from a normal of 84 to as high as 120 while driving in traffic. Nervous reactions were studied by means of a reflexometer, a device designed by Dr. Mount to measure nervous tension by means of electro-galvanic impulses. Blood pressure was also recorded under all kinds of traffic conditions. The results of Dr. Mount’s experi-

mental work provided a scientific background for the *Traffic Nerves* campaign.

There is a very simple and logical reason for using the *Traffic Nerves* story to sell new 76. Advertising experience in other fields has amply demonstrated that personal or emotional appeals attract immediate reader interest and are compelling sales forces. Few people used mouthwash until Listerine advertising made halitosis a social issue.

True emotional or human appeals have never been employed in gasoline advertising. After years of conflicting technical claims, the average consumer has developed a somewhat apathetic attitude toward gasoline advertising. But the part a good gasoline can play in easing the strain and tension bred of modern driving conditions is a fresh angle. Our *Traffic Nerves* advertising is developing this theme, telling people how to ease the strain by proper driving technique. It offers a new and finer

Driving for any considerable period of time in traffic like this will cause the average driver’s pulse rate to rise steadily. In tests conducted by the Union Oil Traffic Clinic one subject’s pulse rose from 84 to 120 during a half-hour drive on Wilshire Boulevard.





"How to Reduce Traffic Nerves" was compiled by the Union Oil Traffic Clinic to make driving easier and less fatiguing to thousands of Pacific Coast motorists. It contains many useful tips gleaned from professional drivers. This fair young driver is getting some valuable pointers from the Union Oil Dealer who takes care of her automobile.

76, not as a patented cure-all, but as an assisting factor in lessening nervous strain that often results from long or hectic driving. The ads are making no far-fetched or unprovable claims. They merely state that our new 76 has been blended especially for traffic performance and, being well balanced, will make the car more responsive, flexible, and easier to handle—hence, easier on the nerves.

Another important phase of the 1940 campaign is the booklet "How to Reduce Traffic Nerves" devised by the Union Oil Traffic Clinic. This booklet is not just another plug for 76. In fact it says very little about 76. It is really a rather complete driving manual for modern-day motorists and touches on many aspects of this subject. In it is valuable information on the causes of driving fatigue and nervous tension. It discusses the effects of

excessive noise upon the nervous system and tells how to eliminate this distracting factor. It contains valuable tips on proper ventilation for driving comfort. Driving speeds, too, are discussed and their effects upon the driver are analyzed.

Most drivers find the chapters on driving and touring of particular value for they reveal many tricks that make life easier and reduce nerve strain. Among the topics treated in these chapters are timing the traffic lights, maneuvering in traffic, the correct way to grip a steering wheel for highway travel, and the correct posture for comfort on long drives.

The whole booklet, in fact, is crammed with worthwhile information which will help to reduce not only *Traffic Nerves*, but automotive casualties as well.

TRAFFIC AUTHORITIES LIKE DRIVING BOOKLET

Two months ago Union Oil Company issued 400,000 "Traffic Nerves" booklets. Since then a second 400,000 have been printed and are now being distributed. This contribution to better driving has won plaudits from the motoring public and from safety and traffic organizations throughout the Coast. Typical of the letters that have poured into the Union Oil mail chute are the three letters reproduced below.

Seattle Traffic & Safety Council
416 Douglas Building
Seattle, Washington
March 25, 1940

Mr. J. M. Owsley
Division Advertising Supervisor
Union Oil Company of California
2901 Western Avenue
Seattle, Washington
Dear Mr. Owsley:

We have examined your booklet, "How to Reduce Traffic Nerves," very carefully and also acquainted ourselves with the objectives of the Union Oil Company's safe driving campaign. The quality of the material in the booklet is most excellent and the Union Oil Company is to be congratulated upon their constructive contribution to organized safety programs.

Since the publication of the booklet, this office has had requests for several thousand copies and more are coming in daily. This in itself is evidence of the fact that the public is vitally interested in an intelligent approach to the traffic safety problem.

In the Seattle area, the efforts of the Union Oil Company will undoubtedly have a positive bearing upon reductions in accidents and fatalities. More power to you in your good work.

Sincerely,
SEATTLE TRAFFIC & SAFETY
COUNCIL
(Signed) Earl F. Campbell,
Manager.

State of Washington
Department of Highways
Highway Building
Olympia, Washington
March 28, 1940

Union Oil Company
Tacoma, Washington
Dear Sir:

We are very much impressed with the booklet being distributed by the Union Oil Company which is entitled, "Traffic Nerves."

We have all realized that there is considerable wear and tear on nerves creating fatigue and nervous irritability resulting from traffic conditions when congestion or improper driving practices are observed, but this is the first time we have seen definite proof or a means of measurement of traffic nerves.

We believe that distribution of this information will be very helpful in encouraging proper methods of driving, as well as support of the driving public towards improvements of streets and highways that will reduce the fatigue and irritation of congestion and antiquated roadway facilities. We wish to congratulate the Union Oil Company on this publication.

Yours very truly,
L. V. MURROW
Director of Highways
By: (Signed) C. E. FRITTS
Traffic Engineer.

City of Long Beach
Department of Police
Long Beach, California
March 30, 1940

Union Oil Company of California,
Third Street and Pico Avenue,
Long Beach, California.
Gentlemen:

I wish to take this means of complimenting you on the issuance of your book entitled "How to Reduce Traffic Nerves."

In my opinion the above book is one of the finest contributions ever made toward assisting in reducing traffic hazards, both for the motorists and pedestrians.

Its contents can, I believe, be understood and appreciated by anyone, and I only wish this enlightening material could be brought to the attention of everyone.

Again assuring you of our appreciation for your sincere efforts toward safety in traffic, I remain

Yours very truly,
(Signed) Wm. C. Wright,
Chief of Police.



Radio stars James Newill, Emily Hardy, Thomas Peluso, and Mario Chamlee.

UNION OIL PROGRAM ON NEW SCHEDULE

ON APRIL 29th, the Union Oil Program moved to N.B.C.'s "Red" Network. New time of seven-thirty to eight Monday evening gives Union Oil a larger listening audience, and the network change will result in new and wider coverage in San Francisco and Bay areas. Mario Chamlee of the Metropolitan, Emily Hardy of the San Francisco and Metropolitan Opera, and James Newill, screen and radio star, will continue to take leading roles in Union's streamlined versions of musical comedy, operetta and opera. Musical direction remains in the capable hands of maestro Thomas Peluso and the dramatic cast will be headed by Lurene Tuttle supported by radio's finest actors. Ace announcer Trueman Bradley continues to tell the public that 76 will help minimize "Traffic Nerves" and that TRITON changes "Ping to Purr."

Steadily increasing Crossley and Hooper ratings have proved the wisdom of selecting a radio program that gives the public well-

known musical comedy hits and famous operatic arias. And while daylight-saving time changes may result in a slightly lower rating for several broadcasts, the choice of an earlier hour for the program will mean a larger summer audience. Of considerable interest is the fan-mail response, for it shows that the operettas and operas requested by the public are either scheduled for future broadcasts or have already been presented on the program.

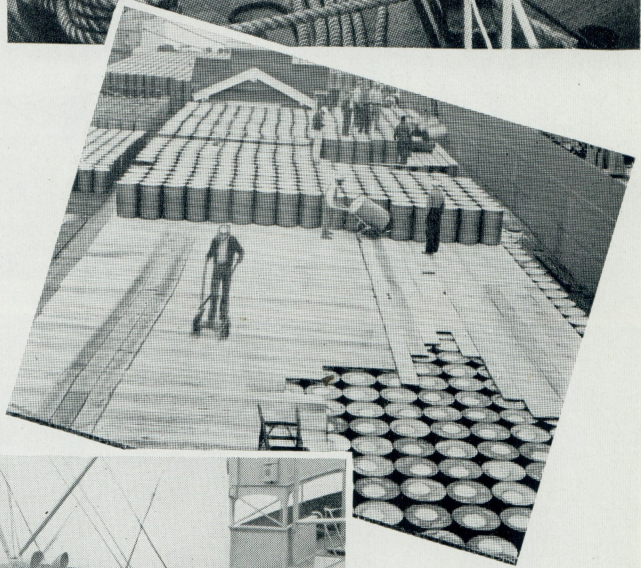
A most constant and interesting fan is Dr. Francesco Magliocco, one-time operatic impresario. Musical consultant to M-G-M and a recognized authority on modern music, the doctor, because of his love of music, volunteered to act as unofficial critic. Rehearsal night finds him listening intently to the program, advising the production staff on pronunciation, diction and musical phrasing.

Don't forget, "The Union Oil Program" at a different time and on different stations—7:30 to 8:00 Pacific Standard Time, Monday nights on the N.B.C. "Red."

RECORD ASPHALT SHIPMENT LEAVES OLEUM REFINERY

A product of many uses is asphalt. From this durable, and versatile end-result of petroleum refining come the endless roads that interlace and weave transportation systems in every continent of the world. From lowly asphalt, manufacturers also make roofing materials, paints, and plastics. Certain California oil fields produce crudes containing large quantities of asphalt and California refiners, including Union Oil Company, make good use of this commodity. The pictures on this page show an unusually large shipment of asphalt being loaded at our Oleum Refinery dock, destined for some far away port. It may ultimately create a winding road connecting mountainous back-country with a metropolis, or it may pave the streets of Middletown, America. One thing is certain — wherever it goes, it will help to build cities and civilization. Asphalt is that sort of stuff.

Below: Stacked three deep and covering the larger part of the Oleum dock, this huge shipment will soon be transferred to the hold of the S.S. Silveray.



Top photo, taken from the stern of a Union Oil tanker, gives some idea of the size of the shipment, which will fill the cargo hold of the freighter. Center picture shows Oleum dock employees feeding the asphalt barrels to the Silveray's hoisting equipment.

REFINED AND CRUDE

By Richard Sneddon

An escaped desperado was recently tracked by the police to Los Angeles, where he mingled with a group of oil men and escaped. Make your own wisecrack.

By the same token, we understand that a couple of criminals were once borrowed from the state penitentiary to help run down a lost bloodhound.

Then there was the oil worker who was arrested for some misdemeanor, and when the clerk of the court was called to cite his previous convictions, he politely requested permission to sit down.

And it is a deep mystery why we continue to import noodles from abroad when we make so little use of the ones we have here.

It is also somewhat amusing that the man who scorns a woman's fear of a mouse, is himself usually afraid of the woman.

Wherewith we consider the embarrassment of the daddy whose offshoot came home and announced, "Pop, be sure to keep Saturday night open. I bet Johnny Jones ten cents you could lick his dad with your hands tied behind your back."

There is a distinctiveness in the oil man's lingo, incidentally, that is highly refreshing, as witness this sample from one of the nearby oil fields: Says the first rousty, "Are you acquainted with Bill Brown's neck?" Says the second one, "Yeah." Continues the first, "Well, he fell in the sump up to it."

Which is one way of becoming immersed in your work.

By the way, the thrill of sitting in one of these new streamline trains watching the countryside fly past can be experienced by taking a seat at the Fox Hills first tee on the day of the Union Oil employees golf tournament.

And when you see an oil man with powder marks on his coat, it doesn't mean that he has been shot at close range.

Now imagine our surprise when we went up to the hotel clerk to find out if there was any mail, and received the reply, "Yeah, there's one letter, but there ain't much in it."

Which recalls one that is older still: A young lady walked cheerfully into the post office, stopped at the wicket and asked for a three cent stamp. The clerk was not in very good humor, and he snarled, "This is the information window. Can't you read?" The lady meekly proceeded to the proper place, purchased her stamp and returned, "You say this is the information window?" "Yup," yapped the clerk. "Well, if I mail this letter tonight will it be in San Francisco tomorrow?" she continued. "Sure," he barked. "That's funny," was the final squelch, "It's addressed to Albuquerque."

Merely showing that when you start fooling with fire you invariably end by making an ash of yourself.

"A woman's work is never done," said the lady who ran the little wayside cafe. "You're dead right," remarked the customer as he pushed away a cut of what the menu called apple pie.

And says the oil man to his wife, "What do you say if we go out and have some fun tonight?" "Okay," says the wife, "Leave the hall light on if you get home first."

Incidentally, when you see an oil man and his wife walking swiftly down the street single file on Saturday night, it's the one in front that's mad.

Also, we are distinctly of the opinion that the stories of oil equipment salesmen are the real cause of flush production.

But can't understand why they call it the secret of success, when everybody is always telling it to everybody else.

Picture next the elation of the Irish immigrant as he wrote back to his buddy, "It's the greatest country in the world. Do ye know what I'm doin'? I'm pullin' down a Protestant Church, and begorrah they're payin' me for doin' it."

On the other hand, bridge shin is a common affliction caused by forgetting what are trumps.

And it is a fact that your bridge guests will play with much greater enthusiasm if they don't see the prizes beforehand.

Which ends another inspiring session. Remember, if you want to keep your teeth strong and white, brush them twice a day and never talk out of turn.

