

# UNION OIL COMPANY of CALIFORNIA

BULLETIN No 1

MARCH 1901

*Lea Keeler*



COMPTROLLER'S DEPARTMENT,

# Union Oil Company of California

## BOARD OF DIRECTORS and \*EXECUTIVE COMMITTEE

\*Lyman Stewart

\*W. L. Stewart

\*E. W. Clark

\*R. D. Matthews

\*W. W. Orcutt

\*Isaac Milbank

\*L. P. St. Clair

William R. Staats

Frank C. Bolt

A. P. Johnson

Gurney E. Newlin

Henry M. Robinson

A. B. Macbeth

Nelson A. Howard

L. E. Hanchett

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## EXECUTIVE OFFICERS

|   |                |
|---|----------------|
| Chairman of the Board.....              | Lyman Stewart  |
| President.....                          | W. L. Stewart  |
| Vice-President and General Manager..... | E. W. Clark    |
| Comptroller.....                        | R. D. Matthews |
| Secretary.....                          | John McPeak    |
| Treasurer.....                          | R. J. Keown    |

L. Keeler

... Announcement ...



WITH this issue we place in your hands the first number of the new Bulletin of the Comptroller's Department. It is felt that the growth of the accounting staff justifies such an innovation, and we hope it will knit closer together, in the common bond of service, the different divisions, as well as the individual employees.

Our aim will be to make the "Bulletin" above all else educational. We hope to draw for you in its pages, issue by issue, a picture of the broad activities of an organization engaged in the production and distribution of one of the essentials of modern existence, which handles a fifth of the oil production of the Pacific Coast.

It is an inspiration in itself to be a part, even though a small one, of such a Company, and this inspiration should bring with it a realization of the possibilities that lie in being connected with an enterprise of this magnitude, the possibilities of service and success. The opportunities are many---you have made the start. How far will you go?

Perhaps your part in the business is as yet an humble one, but let us not forget "He also serves who only stands and waits" and the waiting time is the time to LEARN: you have the opportunity then to STUDY and to read, to fit yourself for better things, that will be denied you in large measure when the "better things" have come and you are required to give more and more of your energy and thought to carrying the weight of the heavier affairs that the higher positions bring.

A man (or woman's) value to himself is his value to others. Wherever you serve your reward is exactly proportionate to the service you give; and knowledge is a prerequisite of service, and the reward of service is success.

So, get knowledge; learn what your own Department is doing, what the Company is doing. The "Bulletin" will bring before you activities of our Company that you may not know existed. Inform yourself on them. BE READY when the opportunity comes.

From our readers we earnestly welcome suggestions and issue now a cordial invitation to freely express their opinions and criticisms on all matters which pertain not only to the welfare of this Department, but to the Company as a whole. Especially it is desired to encourage and broaden that Company spirit, which has come to mean so much in the development of business.

# Union Oil Company of California

## Comptroller's Bulletin

VOLUME ONE

MARCH, 1921

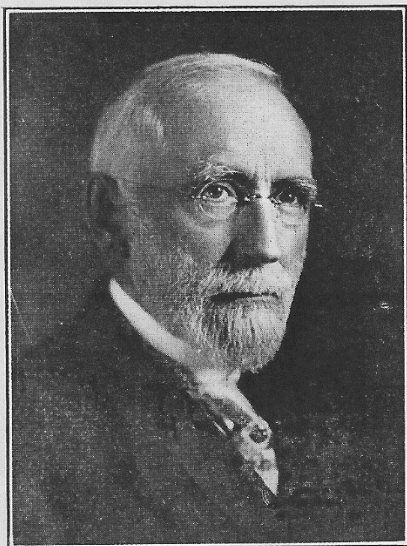
NUMBER ONE

### MR. LYMAN STEWART.

**T**HE remarkable growth of our Company has been made possible by the faith and tenacity of one man, who risked his fortune and name, when bankers flatly refused to loan money to finance the oil industry, characterizing all oil men as a "wildcat crowd."

This man was Mr. Lyman Stewart, founder of the Union Oil Company of California, and the present Chairman of the Board of Directors.

For years Mr. Stewart fought the pioneer hardships of the Californian oil fields and spent a fortune to secure oil in the virgin fields of this State. The first seven wells drilled by him in California proved to be dry holes, and often in these early days he was faced with issues that would have



tempted the average man to cry "enough," but the founder of our Company was no quitter. With borrowed capital, he over-

came obstacle after obstacle, and with a determined doggedness that characterizes the true oil man, he persevered until he brought in a paying well and laid the foundation for a hundred million dollar corporation that has already paid out more than half that amount in dividends to the stockholders.

Mr. Stewart's first investment in the oil industry was made in Titusville, Pa., in 1859, and he has been interested in it ever since. During that year there were 2000 barrels of oil produced in the United States.

In the year 1883, Mr. Lyman Stewart arrived in California with a complete outfit for oil well drilling, and was later joined by Mr. Hardison, with whom he had been associated in Pennsylvania. Operating under the name of Hardison & Stewart, leases were obtained in the Pico Canyon District, near Newhall; in the Santa Paula Canyon and on the Smith Farm in Adams Canyon.

As previously intimated the first seven wells proved to be dry and this initial venture cost around \$135,000. Subsequently a paying well was brought in in the Pico Canyon District, and from this meager start has developed the Union Oil Company of today.

Mr. Lyman Stewart continued in active management until the last few years, relinquishing the Presidency to his son, Mr. W. L. Stewart, in 1914. The State of California owes much to Mr. Lyman Stewart for his persistency in developing what is now the premier industry of the World, and all of us who are privileged to be associated with him in the Company are deeply indebted to the wonderful vision that made all this possible. In the comparative leisure which has been so well earned, we wish him continued health and the happiness of work well done. At eventide may it be light with him.

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## The Romance of Oil.

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The opinion is often expressed that the day of Romance is over, killed by the wonderful inventions of the last and the present centuries. But several centuries hence a retrospective view may confirm the opinion that never was there so romantic an age as the present. There has never been a period when man had so much freedom of movement, when distance had been reduced and communication with what was once terra incognita made easy.

The magnitude of the change wrought by the gasoline engine can only be properly judged in its true perspective by future historians who will record how much we owe for this to the pioneers who, in the face of ridicule and adversity, went ahead with oil well drilling and had the fuel supply for these engines ready before the actual need arose.

The story of Colonel Drake shows that the glow of the romantic age is not dimmed nor its lustre tarnished. His struggle, against many strange difficulties, and his final success insuring the development of the mammoth industry he was the parent of, is an epic as worthy of remembrance as any Grecian or Roman story of military struggle.



While it remained for a man of the 19th century to wrest from the earth the final secrets connected with petroleum production its use goes back to earliest recorded history. The ancients of Biblical history were familiar with it, Noah using asphaltum to make his ark watertight and the mother of Moses using the same substance to keep her little son's crib of papyrus rushes afloat on the waters of the Nile.

In addition to Biblical history Egyptian chronicles of the same period tell of the use of crude oil and asphaltum in preparing the royal dead for mummification. In fact, the word Mummy comes from the Egyptian word "Mum," meaning oil. In many places in Upper Egypt and in the Sinaitic peninsula there are tar sands exposed with seepages of heavy oil and these were guarded as holy places by the priests, shallow pits being dug under their directions to allow the collection of the oil used in the royal obsequies.

In Persia gaseous emanations from subterranean oil took fire many thousands of years ago, and in the light of what was to the Persians a supernatural blaze the Zoroastrian or Parsi religion of fire-worship was born and exists up to the present day.

Long before Colonel Drake's successful attempt the use of oil for medicinal purposes was known to the Indians of North America and the name given it by the first white settlers was "Seneca Oil." So-called from the tribe who used it to supple their joints after chase or battle.

Nor were the Indians the only ones who believed in its efficacy, as witness good Bishop Berkeley's book, "Siris," which commences with a recitation of the virtues of water which has been stirred with a tarry stick and from that point carries the reader on to such extreme heights of philosophy as the brain can scarcely follow.

The origin of oil is debatable. Several theories have been put forward by men who have given great study to this subject, but none of their theories have been generally accepted as clearly proving the original source of petroleum.

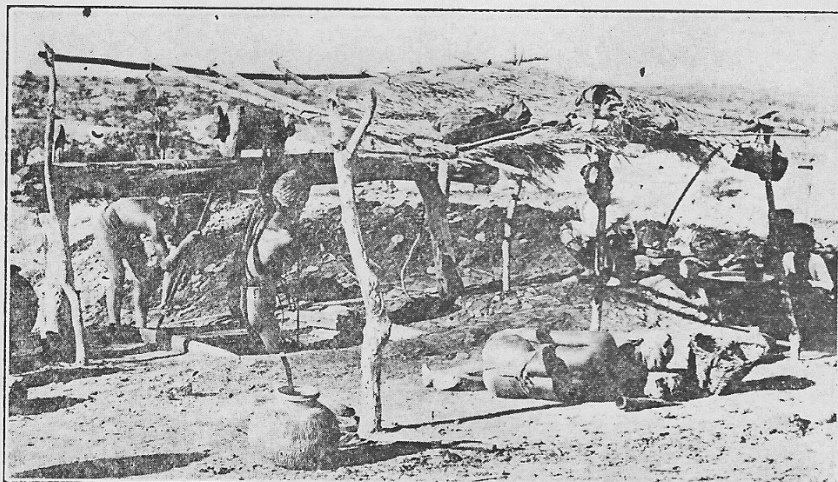
Origin from metallic carbides was the doctrine of Professor Mendeleef and it has

great favor with chemists. Mr. Cunningham Craig in his work on oil finding is very dogmatic as regards its vegetable origin (in a somewhat similar manner to coal formation) and he is very intolerant of anyone who thinks otherwise. Mr. Ralph Arnold finds the diatomaceous origin of oil to fit in with what is found in drilling work in California and the majority of geologists in this State agree with him. Be the origin what it may, the fact remains that oil is a widespread substance being found under the burning tropical sun of Egypt as well as in the frigid regions near the North Pole.

puried by many complicated methods, I paid 27 cents, and yet some people say that the oil companies are profiteers.

I have spoken of some obstacles in drilling, but after these are overcome there remains the unknown underground obstacles which sometimes absolutely defeat man's ingenuity. The problem of keeping a hole as straight as possible to a depth of four thousand feet is not easy. The strata which are in layers on the basement or original bedrock of the earth are not arranged in regular horizontal layers like a dish of hot cakes, but they are twisted, folded, and contorted

**ANCIENT METHOD OF DRILLING BY HAND IN BURMA. THE SLUMBERING GENTLEMAN IN THE FOREGROUND WILL DOUBTLESS REPORT ENCOUNTERING SO MANY INCHES OF 'HARD SHELL'**



The obstacles to be overcome have been many and difficult, but neither heat nor cold, disease, danger from savages, not even almost certain death has kept men from penetrating unknown parts of the earth in search of this precious substance. And how precious it is and indispensable was found out in the recent war with Germany when Marshall Foch bluntly stated once that "a drop of gasoline was as valuable as a drop of blood."

The great factors of the war—submarines, tanks, aeroplanes and automobiles would have been so much junk without this potent liquid, which gave life to the dead metal.

And how cheap, compact and clean is this liquid in relation to the power it gives.

A few nights ago I sat at dinner and being thirsty asked for some water. For a 12 ounce bottle of water filled at a spring at the surface of the ground I paid 30 cents. For a gallon of gasoline or about ten times the quantity, which had to be obtained from a depth of several thousand feet, refined and

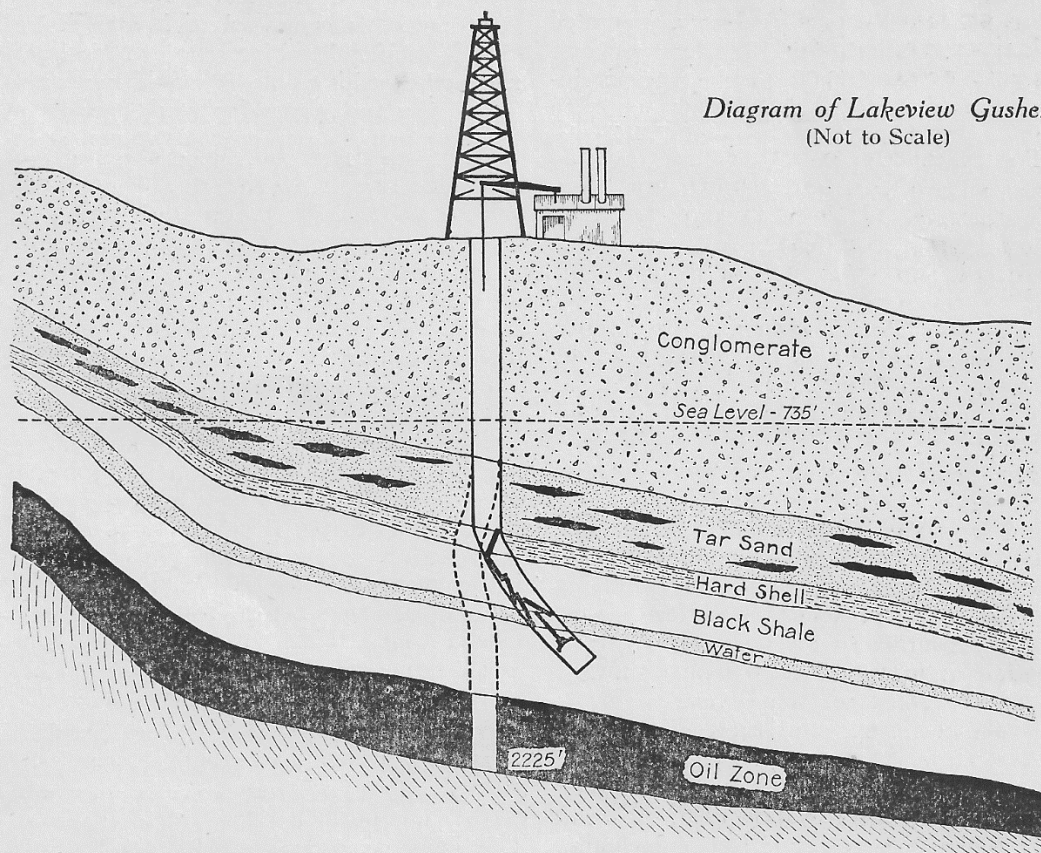
in every direction. The bit or chisel of the driller hanging at the end of a long flexible rope is inclined to follow the dip of a stratum, particularly if it be of a hard substance, so that when after strata with varying dips at varying depth are cut through the shape of the hole resembles the domestic implement formerly in use in America and known as the corkscrew.

No business has ever been so spectacular as that of oil. It is one of the greatest gambles that has ever delighted the heart of the adventurous, and the adventurer must not be faint-hearted if he wishes to receive his reward. Some of the pioneers have drilled well after well which have turned out to be dry holes before they finally struck a good well. Take the case of the now world famous Lake View Gusher. This well was drilling in undeveloped or what oil men call wildcat territory and about everything wrong that could happen did happen. The hole was crooked, the cable parted and the tools were lost in the hole. The implements which were used in en-

deavoring to rescue the lost tools were lost in the hole and matters looked very black. The Union Oil Company took over the property from a company which had been previously drilling the well and were faced with a problem of drilling a hole around the mass of junk. This called for the greatest skill and care and a lot of time and money was spent with only a gambling chance of getting anything back. But on that day when the drill cracked through the hard shell just above the sands the oil shot hundreds of feet into the air carrying the heavy drilling tools with it—the day of recompense had arrived. In ten months 9,000,000 barrels of oil had poured out of this tiny hole in the ground. There were lakes of oil all around the derrick, held back from flowing all over the country by the strenuous work of hundreds of men filling sand bags and piling them up to make the walls of these huge reservoirs. The remains of these sandbag walls can still be seen at Maricopa, but the necessity for them has passed, as the famous Lake View Gusher is

no longer flowing, but is on the pump filling but 12 barrels per day as contrasted with 80,000 barrels per day when it was in the height of its glory. Ichabod! Some of the Mexican wells have been even more spectacular in volume, running as high as 120,000 barrels per day, but unlike the Lake View well, which is tapering off to finality, without any warning the flow of oil suddenly changes to salt water.

So much for the past, but what romance does the future hold. Despite the pessimism of many high authorities who every now and then warn us lugubriously of the end of the oil age, new fields are being discovered all over the globe, calling to the alert and progressive for development. The oil army is conquering the whole world as no army did before. First the scouts, (the geologists) who spy out the land, then the attacking companies of wildcat crews, and finally the well-organized army of occupation, living in comfortable quarters, often amid wild surroundings, until nature's oil debt to man is paid. H. C. M.



## A Sound Investment

The average man's capital is his body, his physical and mental make-up, and it behooves every man to invest his capital in the institution which, commensurate with safety, will pay him the largest dividend.

The "Bank of Safety"—is such an institution, and will guarantee each and every investor 100 per cent return on his investment. The By-Laws of this institution provide that no investor will, under any circumstance, "take a chance" with his life or his limbs, but will invariably ask himself—"Is it Safe?"—or—"Will I risk impairing my capital or earning power, by taking a chance, when there is a safe way of getting the same result?"

Unlimited capital is squandered every day by workmen in every kind of industry.

In California, the average annual number of fatal accidents, during working hours, is over 600 per annum, and the total number of reported accidents, resulting in loss of earning power to the workman, and a serious economic loss to the industry, amounted to over 170,000 during 1920, at total cost of over \$3,500,000.00 to the various industries involved.

In the Union Oil Company of California, we lost two valuable employees, who met their death during the course of their various occupations, and eleven employees who were permanently disabled through the loss of limb, loss of sight, or other serious mishap,

### J. D.— Tool Dresser.

When well was being brought in, went to top of casing, contrary to Foreman's instructions, to listen for the coming of the oil. He heard it, but was at the same time blown to top of derrick, and killed instantly.

### W. N.—

Working on emery wheel, without goggles—piece of steel flew in eye—both of which had to be removed.

This was only one of 87 injuries to the eyes, during 1920, all of which could have been avoided, by use of "Safety Goggles"—provided for that purpose.

### R. M.—

Working on construction of new building, dropped hammer on head of another employee working below. Result—fractured skull.

The careless handling of heavy tools is a frequent cause of injury to fellow workmen.

and a grand total of 1391 accidents were reported during the year, or approximately one injury for every four employees.

It is impossible to pay an employee or his dependents in cash for the loss of limb or life as there are few of us who would sell his right arm, leg, or eye, for the total invested wealth of the nation. Nevertheless, it is a fact, substantiated by figures from all branches of industry, that hundreds of thousands of American workmen are killed or disabled every year, and also, which is more important, that 80 per cent of such accidents could and would have been avoided, had the employee used ordinary intelligence, or care, in the discharge of his duties.

The only way to eliminate this unnecessary waste of life and earning power, is by close co-operation between employer and employee, and every employee should realize that in working for a Corporation, he is not expected to take a chance, and that the personnel of the Corporation from the President down, is composed of human beings like himself, whose interests are his interests and that his employer would much prefer to pay full wages for work performed, than to pay 65 per cent of wages to injured employees, as provided for in the Workmen's Compensation Act.

A few concrete examples of serious accidents, which have happened and could have been avoided, are as follows:



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M. D.—

While inspecting a safety device, intended to prevent accidents, the attachment came off, hitting him in the face and fracturing nose and jaw.

NOTE:—Do not tamper with machinery that you know nothing about. If you want to find out how it works—ask your Foreman.

N. J.—

While cleaning out one-inch line on top of water cooler, came in contact with high power line, and killed instantly, although conspicuous warning was posted, pointing out this danger.

The loss in each of these cases was irreparable from the employee's or his dependent's standpoint, in addition to being a serious economic loss to the Oil Industry of the State.

If every employee would educate himself, (as the fundamental cause of 80 per cent of all accidents is lack of self-education) to do his work the "safe way"—and see that his co-workers do the same, the accident record of all industries would be reduced to a minimum.

A striking example of thoughtlessness came to the writer's notice while inspecting an oil company's plant some time ago. A workman came through the shop, and slipped on some crude oil lying on the floor, due to a small leak in the feed pipe, and landed on the back of his head. When he had relieved his pent-up feelings in language fitting to the occasion, but not fit for publi-

cation, he resumed his course without making any attempt to clean up the oil that caused his fall—the next man that slipped on that oil *might* have broken his back. The foreman in charge admitted there was generally a small pool of oil at the point in question in the evening, which was then swept up, but it apparently had never occurred to him to eliminate the cause by mending the leak in the pipe.

This is an example of two cases of thoughtlessness for the safety of others.

Every avoidable accident that happens should be a lesson and the only way to benefit from the lesson is to advertise the cause, and eliminate a recurrence if possible.

"When caution becomes a habit, accidents will be few."

G. G. B.

### LITTLE THINGS

He rang in a little sooner

Than the fellows in his shop;

And he stayed a little longer

When the whistle ordered "stop,"

He worked a little harder

And he talked a little less;

He seemed but little hurried

And he showed but little stress,

For every little movement

His efficiency expressed.

Thus his envelope grew just

A little thicker than the rest.

He saved a little money

In a hundred little ways;

He banked a little extra

When he got a little raise.

A little "working model"

Took his little "leisure" time;

He wrought each little part of it

With patience most sublime.

Now it's very little wonder

That he murmurs with a smile,

As he clips his little coupons:

"Are the little things worth while?"

"Bill's going to sue the company for damages."

"Why, what did they do to him?"

"They blew the quittin' whistle when 'e was carryin' a 'eavy piece of iron, and 'e dropped it on 'is foot."—New York Central Magazine.

### JUST A MACHINE

A machine doesn't think because it isn't built that way—it couldn't think if it would. If you don't think about SAFETY it's not because you are built that way; it's because you WON'T.

Two gentlemen riding on a train were both very much intoxicated.

FIRST GENT: What time is it?

SECOND GENT (*after extracting a match-box from his pocket with much exertion and gazing at it intently*): Thursday.

FIRST GENT: My God! I've got to get off here.—Everybody's.

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# The Picture Of The Business.

BY GEO. H. FORSTER



HERE is no member of the Comptroller's Department who does not in every operation of his daily work, contribute to the preparation of the **BALANCE SHEET**. Every figure that is written down during the twelve months, every letter that is dictated and transcribed, every question that is discussed and settled, has its bearing on and becomes a part of the balance sheet at the close of the year. For the information of those who build it up and yet may not see the completed work, there is printed in this issue the Balance Sheet of the Company as at December 31, 1920.

A Balance Sheet is not a mysterious or difficult thing. It is no more nor less than the showing in a few words and figures, and in a form understood by all business men, of a picture of a given enterprise at a given date. To one trained to its reading, the picture is as clear as an artist's painting. Let us see if we can take the words and figures, and using them as the painter does his brush, construct the picture of our Company.

A man is plowing between the rows of orange trees, little knowing that for every dollar the harvest of golden fruit will bring him, there is a hundred dollars of liquid wealth beneath the ground. Our Geologists come to him and take a lease on the land, whereby, in return for a portion of the oil, which we may find at no expense to him, we are permitted to take the remainder for our own. Or perhaps it is a tract of barren land which we buy, suitable only for the grazing of cattle. We may purchase the land outright, or buy only the right to the oil supposed to lie beneath, leaving the surface to the seller to do with as he pleases. Of all kinds of **OIL LANDS, RIGHTS AND LEASES** the Company owns today 274,414 acres, in California, Wyoming, Texas and Mexico, stated in the balance sheet at \$31,000,000.

Whether orchard, ranch or desert, one day a crew of men enters upon the land, roads are laid out, trucks begin to haul in

material, a derrick is built, machinery placed in position and the drills start boring into the ground. If oil is found, another well is begun and another and another. An office building becomes necessary, a warehouse is built to store materials, a machine shop, a boarding house for the employees, an electric plant for lighting and pumping oil. All these facilities together constitute **OIL WELLS AND DEVELOPMENT**, in which the Company has invested almost \$12,000,000.

The oil fields are usually far removed from the places where the bulk of the oil is consumed, and so it becomes necessary to arrange for its transportation. The cheapest method of transporting oil overland is by pipe lines. A pipe line is merely a pipe of steel or iron, six, eight or ten inches in diameter, running for many miles across the country, usually buried a few inches below the surface, sometimes on top of the ground and occasionally suspended high in the air where it crosses a river or canyon. Every few miles along the pipe line is a pump station, where twenty-four hours a day, every day in the year, big pumps continuously force the oil through the line. At each pump station, and in large numbers at the pipe line terminal, are great steel tanks in which the oil is stored until required for use. Sometimes the oil is kept in immense concrete or earthen reservoirs, holding a million barrels or more. All these things go to make up the **PIPE LINES AND STORAGE SYSTEM**, which is valued at over \$11,000,000.

The captain of the tanker stands on the bridge of his vessel as she plows through the sea. A heavy responsibility is his. Beneath his feet is a structure worth perhaps two million dollars, in the tanks in her hold almost eighty thousand barrels of oil, and the safety of it all rests on his skill as a navigator. The fleet plies between the sea coast terminals of the pipe lines and the refineries, where the oil is taken to be prepared for use, and between the refineries and the marketing stations, carrying the finished products to the place of sale.

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Always steaming at top speed, stopping only for a few hours to load or discharge the cargo and for necessary repairs; for the interest charges on a big tanker which she must earn, besides her operating expenses, run into hundreds of dollars a day. Of such *STEAMSHIPS* and other *MARINE EQUIPMENT*, the Company owns \$8,000,000 worth, with four new vessels under construction, which will increase this amount by half.

At an oil refinery one misses the thunderous clamour of the steel mill, but with this difference, they are strangely alike. The same agent, heat, is used for the purification of the mineral, oil, and the mineral, iron. Stills correspond to blast furnaces and agitators to Bessemer converters. The same knowledge of the chemistry and physics of matter is needed, the same control is exercised by constant laboratory tests to insure uniformity and appropriateness of product. It is difficult, as one watches a cargo, of possibly fifty thousand barrels of gasoline discharging from a tank steamer, to realize that such a quantity can be accumulated by the collection of almost invisible dew-like drops, condensed from an unseen vapor.

There are many parts to a refinery besides the stills, where the oil is distilled and the vapors collected; and the agitators, where it is purified by treatment with chemicals. There are boiler houses, pumps, water mains, railroad tracks, wharves, many tanks for storage, dormitories, warehouses, and plants for packaging the product in containers of tin or wood or steel.

As the oil comes from the ground, in the well it is often accompanied by natural gas, sometimes in enormous quantities. This natural gas contains a considerable portion of gasoline, which can be extracted and accumulated by processes of compression and cooling. The plants where this is done are called Compressor Plants. In *REFINERIES AND COMPRESSOR PLANTS* the Company has invested almost \$10,000,000.

As you drive your automobile along the smooth highways of California's splendid system of roads and pass a trim service station, painted in the Company's colors, you have seen the last outpost in the long chain of the production and distribution of oil. The means of communication with this farthest link is the red and yellow truck

you turn out to pass on the road. Its load discharged, the truck hurries back to the base headquarters, what we call a Marketing Station, for another supply. There are one hundred and fifty stations in every town and city of importance in the Pacific Coast States. At each one, tanks and warehouses, storage places for the trucks, garages at the larger stations; at coast stations facilities for loading the oil into tank cars for shipment to inland stations; automobiles for the Managers, Salesmen and Collectors, and the machinery for keeping and collecting accounts. In *MARKETING STATIONS* and equipment the Company has invested over \$10,000,000.

In the course of time the strongest metal will corrode and disappear; so the pipes in the ground and in the oil wells rust away and have to be replaced; tanks become un-serviceable; steamships outlive their usefulness and new ones have to be built; buildings deteriorate; refinery machinery becomes obsolete through the discovery of new processes; automobiles and trucks wear out; the oil beneath the ground we have bought or leased becomes exhausted and new tracts must be acquired. To provide for the replacement of all these things, the Company lays aside out of its earnings each year, sums of money, and so arise the *RESERVES FOR DEPRECIATION AND DEPLETION*, which amount to \$23,000,000 at the present time.

In the course of its business the Company, from time to time, has seen fit to acquire substantial interests in other Companies; this for one of two reasons: either because the subsidiary company offered prospects of profit, as for example in oil production, or to assure ourselves of a supply of material or services necessary for the conduct of the business. Of the latter class of allied companies are manufacturers of oil well machinery, water and townsite companies, a towage concern and the like. The investment in these Companies may consist of ownership of their stock, purchases of their bonds, or advances of money to them for working capital. If the stock ownership is more than a majority, the Company is classed as a *CONTROLLED COMPANY*; if less than a majority, as an *AFFILIATED COMPANY*. On December 31st the investment in the former was nearly \$2,500,000, and in the latter, \$1,500,000.

UNION OIL COMPANY  
AND OWNERS



**CONSOLIDATED BALANCE SHEET**

**ASSETS**

PROPERTIES

|   |                 |                  |
|---|-----------------|------------------|
| Oil Lands, Rights and Leases.....             | \$31,467,379.14 |                  |
| Oil Wells and Development.....                | 11,948,812.54   |                  |
| Pipe Lines and Storage System.....            | 11,098,822.01   |                  |
| Steamships and Marine Equipment.....          | 8,005,926.02    |                  |
| Refineries and Compressor Plants.....         | 9,738,130.08    |                  |
| Marketing Stations.....                       | 10,015,247.21   |                  |
|   | \$82,274,317.00 |                  |
| Less: Reserve for Depreciation and Depletion. | 23,038,059.04   | \$ 59,236,257.96 |

INVESTMENTS

|                        |                 |              |
|------------------------|-----------------|--------------|
| Controlled Companies:  |                 |              |
| In Stocks.....         | 639,481.58      |              |
| In Bonds.....          | 792,000.00      |              |
| Advances Accounts..... | 881,841.27      |              |
|                        | \$ 2,313,322.85 |              |
| Affiliated Companies:  |                 |              |
| In Stocks.....         | 1,403,349.04    |              |
| Advances Accounts..... | 58,361.95       | 1,461,710.99 |
|                        |                 | 3,775,033.84 |

CURRENT ASSETS:

|   |               |               |
|---|---------------|---------------|
| Cash .....  | 4,452,743.62  |               |
| United States Treasury Certificates and Government Bonds..... | 8,361,880.00  |               |
| Accounts and Bills Receivable and Exchange..                  | 7,786,954.72  |               |
| Inventories:  |               |               |
| Crude Oil and Refined Products.....                           | 13,541,921.80 |               |
| Materials and Supplies.....                                   | 4,136,624.26  | 17,578,546.06 |
|   |               | 38,280,124.40 |

DEFERRED CHARGES

|                                     |            |                  |
|-------------------------------------|------------|------------------|
| Taxes and Insurance in Advance..... | 264,905.78 |                  |
| Incompleted Voyages.....            | 31,915.95  |                  |
| Other Charges.....                  | 316,964.53 | 613,786.26       |
|                                     |            | \$101,905,202.46 |

NY OF CALIFORNIA  
D COMPANIES



DECEMBER 31, 1920

LIABILITIES

CAPITAL STOCK

|                    |                  |                  |
|--------------------|------------------|------------------|
| Authorized .....   | \$100,000,000.00 |                  |
| Less Unissued..... | 50,000,000.00    | \$ 50,000,000.00 |

FIRST MORTGAGE 5% BONDS

|  |              |              |
|--|--------------|--------------|
| Union Oil Company of California.....             | 7,746,000.00 |              |
| Union Transportation Company.....                | 1,088,000.00 |              |
| Mission Transportation and Refining Company..... | 157,000.00   |              |
| Producers Transportation Company.....            | 254,000.00   | 9,245,000.00 |

|                                 |  |            |
|---------------------------------|--|------------|
| PURCHASE MONEY OBLIGATIONS..... |  | 284,670.55 |
|---------------------------------|--|------------|

CURRENT LIABILITIES

|  |              |              |
|--|--------------|--------------|
| Accounts Payable.....                          | 5,566,692.51 |              |
| Reserve for Taxes and other Contingencies..... | 3,963,626.52 |              |
| Interest Accrued.....                          | 40,353.34    | 9,570,672.37 |

OPERATING RESERVES

|                                 |            |            |
|---------------------------------|------------|------------|
| For Marine Insurance.....       | 426,608.10 |            |
| For Workmen's Compensation..... | 338,997.84 | 765,605.94 |

SURPLUS

|  |               |               |
|--|---------------|---------------|
| Appropriated and Invested in fixed assets and utilized for additional working capital..... | 25,000,000.00 |               |
| Unappropriated .....   | 7,039,253.60  | 32,039,253.60 |

\$101,905,202.46

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The money received daily from the sale of oil and in payment of accounts may be likened to the water flowing in small creeks into each of the 150 marketing stations. It flows in a larger stream into the local bank in each town, and from these it is transferred, river-like, into the big banks in the four or five larger cities of the Coast. These may be likened to huge reservoirs of funds, and from them the money is paid out in settlement of bills against the Company, for pay-rolls, for the purchase of oil lands and of oil from other producers; for the building of new plants; for the payment of bonds as they mature and the interest thereon, and to the stockholders in dividends. Of *CASH* the Company has on hand nearly \$4,500,000.

The Company did its part in financing the great War by purchasing generously of Liberty and Victory *BONDS*, many of which it still has. At the present time it is still loaning money to our Government by purchasing *TREASURY CERTIFICATES*. Both these classes of Government securities earn a good return in interest, and in addition are immediately convertible into cash in case of need. The investment is over \$8,000,000.

Moneys due from customers for the sale of oil may be represented by book accounts, by promissory notes, or on foreign sales, by bills of exchange. The total resources in *RECEIVABLES* of all three sorts, were \$7,750,000.

The immense stocks of oil, crude oil in the field tanks, along the pipe lines, in the tankers, at the refineries and marketing stations and, refined oils at the refineries

and marketing stations, even down to the few gallons in each truck at night, are constantly being measured and verified. The importance of this work can be appreciated when it realized that the *OIL STOCKS* aggregate \$13,500,000.

For the operation of the business, supplies of many descriptions are necessary, iron and steel of many sorts, machinery parts, building material, repairs for trucks and automobiles, even provisions for the ships and boarding houses. Warehouses are located at strategic points, where these supplies are kept available for use. The quantity of material purchased, stored and handled in a year's time will exceed the volume of turnover of many an important merchandising enterprise. The value of *MATERIAL AND SUPPLIES* on hand was over \$4,000,000.

Taxes, insurance premiums, rents and other items are often paid in advance. To include these payments in the expenses of the business in the period when they are paid would obviously not be correct, and so the unearned portion is carried over to the next accounting period. Then, too, there are many items in transit at all times between the different offices of the Company, which cannot be handled in the accounts until received and verified. On foreign voyages of the steamships certain expenses are paid and held in reserve to be applied later against the earnings of the voyage when ascertained. These items constitute *DEFERRED CHARGES* and in a large business they are of considerable consequence, amounting in the case of our Company to over \$600,000.

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## A WORD OF APPRECIATION

The annual closing has been successfully accomplished for another year, and it would seem a convenient opportunity to extend to the staff of this department a word of thanks to each and every one, for his or her part in the task, which with the ever increasing business, becomes more arduous every year. The independent auditors, Price, Waterhouse & Co., who have recently concluded their annual examination, comment forcibly on the spirit of enthusiasm and the personal pride of accomplishment that was so noticeable in the individual employee.

Needless to say this expression was very gratifying and I would like to embrace the opportunity of tendering my cordial appreciation for the faithful service and loyal co-operation that has so prominently manifested itself in the past. May the ensuing year witness even more successful results. Let us maintain our efficiency in keeping with the growth of the Company's business.

R. D. MATTHEWS.



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## Do It Now

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**I**N the offices of the industrious and the would-be industrious, the ambitious and the mere dreamer of dreams, the faithful and the capricious, the conscientious and the slacker, you can sometimes observe a reminder on the wall or the desk of the ever-recurring possibilities of and the resultant opportunities from concentration. All of us have seen that simple little slogan, "Do it now," which stands out like a pledge of good faith and certificate of character from and for the proud possessor.

It is a trite little warning, forcibly declaring the necessity for immediate action, and even a casual glance at it serves as a reminder that the time is here and now for another encounter with that insidious and most persistent of enemies—procrastination. It helps to spur you on to get busy and accomplish things—at least some things—if not the task immediately before you, then the ambition you have long cherished and equally long delayed in prosecuting, being lulled to a false sense of security in the thought of a "more convenient season." If it serves as an incentive for action of any kind, it is well worth the space with which it has been favored.

A glance at such a slogan drives you, with a refreshing appreciation of conscious virtue, to the task in hand, which is resultantly speeded to a consummation. If it can be so satisfactorily and instantly ap-

however necessary these may be, why should it not have equal power to stimulate corresponding action in all things. Why should it not be applied to your larger life, to the big things you have dreamed of doing, but which, on account of their bigness, seemed so hard to realize, that procrastination was the easiest way out. The poet writes that "The Dreamer lives forever, but the Toiler dies in a day." This is true, provided the dreamer attempts even in small measure to make a reality that which his larger life vision portrayed for him as a possibility. Day dreams without the accompanying effort are not a stimulant, but rather a dangerous class of narcotics, which sooth the pricking conscience during the pleadings of opportunity, permitting us later to awake to the discovery that someone else has been dreaming and doing.

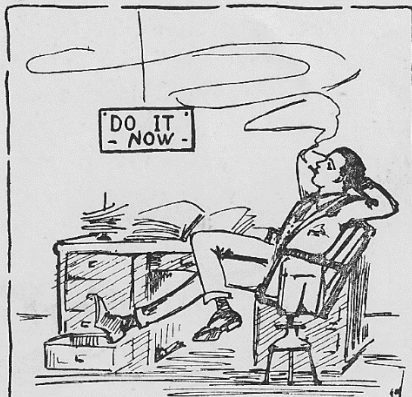
We are all guilty more or less of hankering after a beckoning joy, but keep putting the initial effort off from time to time, until, with painful suddenness, we realize it is too late.

"Do it now" and don't stop until it is done. At the very moment when you feel tempted to quit, buckle to the task in hand with increasing earnestness, for just at that point is where you should with determination decide to begin again. A resolute spirit can never know defeat.

The work before you may be routine, and the prospects, in your opinion, unalluring, but it is a job you are handling, and the successful attributes for the completion of any job are ability and enthusiasm, mostly the latter; for enthusiasm lightens work and brightens ability. It leads and lifts and inspires. To live in a world of enthusiasm is to live in a world of achievement and service power that will become enduring.

"Do it now" and do it with the force of enthusiasm, that living thing within you which only wants but slight encouragement to stay with you always.

Go back over the past year, month or week and squarely face the opportunities that have come your way to be helpful, to be considerate, to be enthusiastic and to improve your own work. Such a review does



plied to the tedious, perplexing and unappealing demands of our daily business life,



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not constitute good dreaming material, but can be usefully applied to the tomorrow if only fortified by earnestness and enthusiasm.

“Do it now” and keep yourself busy all the time; too busy to find fault with your job, your work or your employer. If you feel, after the mature consideration which such an issue merits, that you cannot work happily and progressively at your allotted task, then apply for another more in line with your desires, and, if that is not available, then be fair to your employer, but above all to yourself, and make arrangements to go where you can be happy, and where you can make sure of the self development you consider necessary.

“Do it now” and it might be of service to add—make the now right now. While you are getting your decks cleared for action, the best opportunity may be slipping quietly past. Unless you do it quickly your chance to do something very much worth while may never again present itself in such attractive possibilities. There is no time like the present for doing the big things you have had in mind. When you have made the start they will not lose any of their “higness,” but the actual accomplishing will add to their interest and to the fixity of purpose which you will carry with you to the final outcome. Enter into the perfecting of your dreams with a whole heart, a concentrated thought, and with a determination to see the thing through and successfully completed.

“Do it now” and cheerfully apply yourself to the little things. The tendency with all of us is to leap to the realization of our ideals without stopping to consider the innumerable stages of progress which must be encountered. At one time or another we have all become imbued with the thought of doing wonderful things and our enthusiasm is keen until we realize that many little obstacles must necessarily be overcome before it is possible to win out. The surest test of our sincerity is our ability to work earnestly at the small problems that beset us at the start, but if we evade the issues in the small beginnings, we can never hope to conquer in anything really worth while.

“Do it now” and do it faithfully. You rarely hear of anyone achieving success in

a moment, but more often it comes as the result of the faithful performance of daily tasks—the unappealing yet ever necessary kind that lend themselves so easily to the evils of delay. It is this treacherous temptation to put off until tomorrow the thing before us that often robs us of the possibilities of success, and makes each succeeding attempt more difficult. It may seem a little thing, comparatively unimportant in the final result, but yet an integral part of success—your own success in the realization of your dreams.



“Do it now” and do your best. It is always well to have the loftiest aims and to work at all times toward great things, for perfection should be the goal of everyone of us. Your success can only be measured by your quickness to recognize the things you ought to do and your ability immediately to do them—irrespective of what comes up to you for decision. There is no finer feeling than the joy of achievement—the knowledge of work or play well done. Someone has said that “Achievement is an impression on the brain—worked out,” and all of us realize that no truly lasting success can accrue unless the foundations are carefully laid.

“Do it now” and win. You are the only one who can hinder in any way your own success. It is impossible to lay the blame elsewhere, for, as Henley writes:

“It matters not how straight the gate,  
How charged with punishments the scroll,  
I am the master of my fate,  
I am the captain of my soul.”

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## A Mid-Winter Trip to The Canadian Northwest.

To those of us who have lived in this land of glorious sunshine for a few seasons without change or perhaps more particularly to those who are native Southern Californians, the prospect of a trip to the Canadian Rockies in the middle of Winter, makes the cold shivers play up and down the spine. The writer was in just that position in December when told to prepare for a trip to Calgary, Alberta, leaving directly after Christmas.

To outweigh these fears there was the anticipation of viewing the wonderlands of the Northwest—the Columbia River in Oregon and the beautiful Puget Sound country of Washington and British Columbia, and last but not least the journey through the Rockies in the snow season. These National beauty spots are now being appreciated by our own and the Canadian Governments. With the present National Park and Forest Reserve areas set aside and protected from further devastation, the native states of wild scenery peopled by the game that furnished food and clothing to the pioneer, are now, and it is to be hoped, forever preserved for posterity to enjoy. More and more the people of this Continent are beginning to realize that in the Western United States and in Canada the scenery is worth while and offers not a substitute but a replacement of anything to be found abroad.

Many forebodings for creature comforts were experienced. It was a sure thing that one would freeze solid, but what a surprise to find that warm clothing did keep one warm and that after an absence of six weeks from Los Angeles, the scales showed a net gain of nine pounds to a none too generous original weight.

Despite the fact that zero weather prevailed it was quite a revelation to discover that "woolens" and heavy outer clothing kept the wearer entirely comfortable when bouncing over the frozen roads in the faithful flivver or sliding along the open prairie in an improvised farmer's grain box on home-made runners.

Calgary and her sister city, Edmonton, some two hundred miles to the north, were

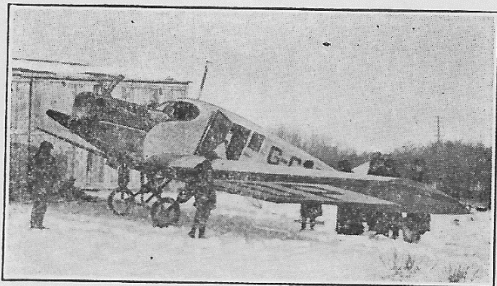
mere names of water tanks along some railroad in the Arctic circle, when mentioned in December. Now it is known that they are both modern cities of 60,000 inhabitants (not counting the hundreds of dogs,) in which there are delightful people who speak the same language that we do and are just as good "boosters" for their country as we are for ours, and that is saying something. However, they do not have "unusual weather," but do admit the an-



nual occurrence of "these same delightful winters of which today is a fair example." They pay their 70 cents a gallon for gasoline as if they had never heard of the 27 cent price we enjoy. In all a fine lot to claim as cousins and to win as friends.

After a fifty mile drive in the Ford, it was necessary to give Henry a drink. The water was produced by the driver from the nearest snowbank with the remark that "I betcha California fellers have to walk farther for water than we Albertans do."

The ride through the Rockies on the Canadian Pacific during the winter season cannot be matched anywhere in the world for diversity of wonderful scenery, culminating in magnificent snow covered mountains. From Vancouver to Field one trav-



els up the beautiful Frazer River, across the west slope ranges into the high Rockies. From Field to Banff you are in the heart of grand mountain scenery rivaled only by the Switzerland Alps and the Otago mountains in southern New Zealand. Huge peaks rising from the valley floors to heights of over 9000 feet above sea level with their overcoats of snow and glaciers, are to be seen for miles and miles along this stretch. The one day's travel through here is worth a trip around the globe.

The picture of the Gas Well indicates the character of the Prairie country of Alberta with all of its winter bleakness. However, "where it is, there we is," with the "it" translated to "oil" and the "we" to Union Oil Co. If the stuff is to be found there, some of us will get a whack at Canadian winters no doubt.

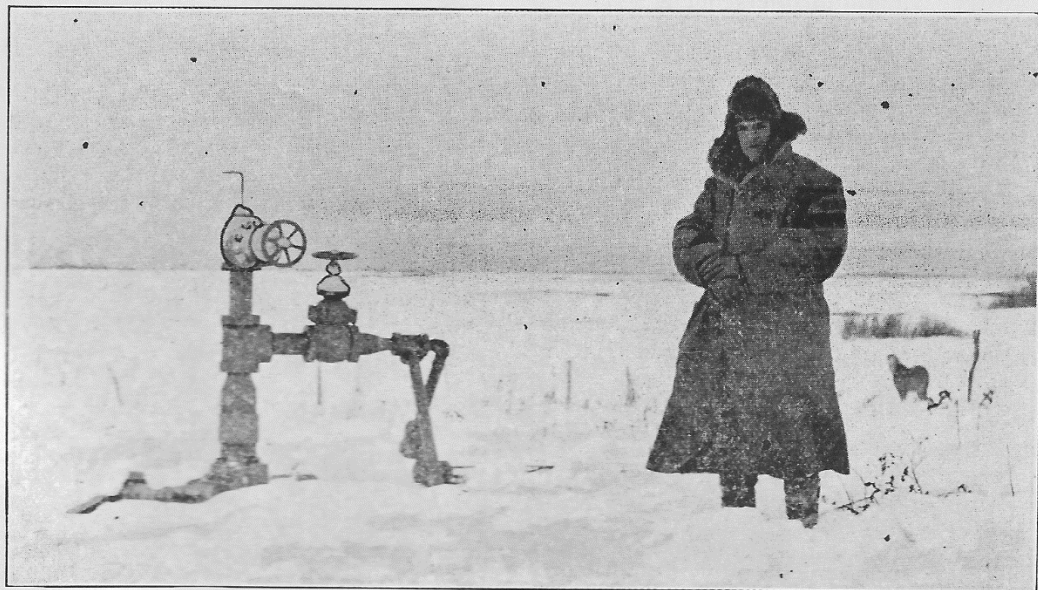
Prospectors, "fossil hounds" and oil stock promoters are beginning to congregate at Edmonton in preparation for the rush to Fort Norman in the Spring. Oil gushers are being brought in on every street corner and hotel lobby. The retail merchants

are thus enjoying a fine trade, built up by the optimistic stranger who anticipates a share in the best locations. What bitter disappointment awaits some of them.

One of the interesting experiences of the trip was in seeing the first of a fleet of monoplanes arrive at Edmonton. These planes are for the purpose of transporting passengers from Edmonton, or Peace River more probably, to the newly discovered oil fields at Fort Norman on the Mackenzie River in north latitude 65. This field is about twelve hundred miles from the nearest railroad and is accessible in the winter time by the one means of dog team transportation. The planes are expected to make the trip in two days as against two months by dog team or three weeks by river navigation in the summer season.

The particular plane shown in the photograph, was piloted from New York by Captain May, late of the Royal Air Force. He carried another pilot and five passengers, arriving without mishap; a splendid feat in the dead of winter. This same type of plane is used in the U. S. Mail Service for trans-continental routes.

Alberta seems to be a part of the Frozen North when looking at the map, but as a matter of fact is a most delightful place even in mid-winter. Its scenery and people make up in good measure for lack of warmer temperatures, and after all is said and done perhaps that is why we boost this country of our own. C. R. McC.



## Twelve To One

**I**N the pursuit of our avowed objective, how completely oblivious we become to the interests immediately confronting us. Minor engagements and titanic struggles mark the almost daily progress of the Battle of Life. For some the issues are vital, while to others comparatively unimportant conclusions provide the incentive to indulge in the instinct of primitive man. The contest to which I have eagerly lent my eyes and ears has been under way for many months. In fact, it is perfectly natural to assume that it is an aftermath of the struggle which finally ended in the stalwart products of Ireland's North country crossing the channel to the hills of heather in Scotland. Between the two principals in this little drama of the noon hour there is an undeniable friendship, and the Dove of Peace holds complete sway at all times with the brief exception of the luncheon hour. The powerfully impressive American citizen of Irish descent and the handsome dark young Scot have eaten together since the renowned Hector was a pampered pomeranian, snugly reclining in my lady's limousine. Invariably the meal is consumed in the tranquility that promotes as well as retains unimpaired digestive faculties, but the shadow falls with the arrival of the bad news, in the shape of a check for the cost of the repast. The natural thrift of the Scot should never be relegated to the grade of meanness. This is unfair, creating an erroneous impression of what is, even at its worst, just an overly well developed native characteristic of caution. Time was when the enthusiastic Irish-American could hold his own. By that, I would not infer for a moment that the average was what is commonly known as fifty-fifty, but he rested serenely on the laurels of diplomacy that had left with him the responsibility for discharging the luncheon obligation on only four days out of the six. However, in this ordeal, as in most contests, early training counted, and with this the Scot was well fortified. Today he stands alone in his class as the champion responsibility dodger of the luncheon table. Now the last semblance of a contest has completely disap-

peared and there is an irredeemable resignation on the one side just as pronounced as the sublime confidence on the other.

Had the immortal Pepys been privileged to record a week in the life of these two wayfarers, it might have read something on this order:

*Monday* — McTavish met O'Flaherty and eagerly responded to the half-hearted suggestion that they eat together. Mac's appetite unimpaired by the impending penalty of payment, fearlessly relying on his well proven slogan, "The survival of the slickest."

*Tuesday*—O'Flaherty in a burst of strategy left early and was lunching in solitary



enjoyment when joined by McTavish. O'Flaherty received the usual vote of thanks for his courtesy.

*Wednesday*—In a corner of the International Club the two were seen eating peacefully. Since the early days the Sinn Feiner will tell you that Ireland has had to pay the piper. Substitute the cashier for the piper and history repeats itself.

*Thursday*—O'Flaherty held high hopes of getting out from under the usual consequences, when to his surprise, McTavish was called to the phone to receive an invitation for dinner, which needless to say, was heartily accepted. The latter inadvertently left the check on the table, and from thoughtlessness omitted to return following the telephone conversation. The last seen of O'Flaherty, he was sitting at the table figuring incessantly. Alas! That youth should so frivolously away the golden opportunities. When the utterly impossible is sought, all effort is wasted.

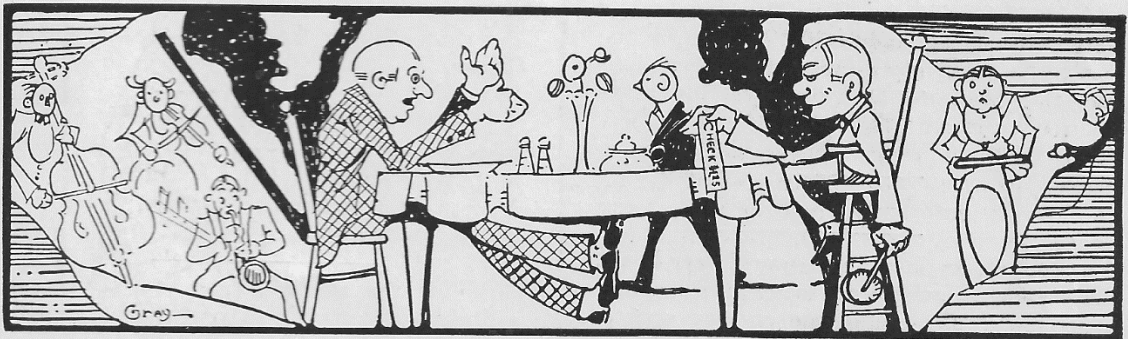
*Friday*—McTavish phoned O'Flaherty during the morning and reminded the former of a bet made in the 1912 Presidential Election, which called for a luncheon, and had naturally been won by the Scot. Not having another word handy, this has been spoken of as a bet, but it is uni-

versally understood that bet is synonymous with gamble, and this a Scotchman never indulges in, owing to the element of risk that he might lose. O'Flaherty was too overcome by the blasting of another hope that he had not the presence of mind to inform McTavish that this had already been paid eleven times. Anyhow, he gleaned a frugal satisfaction from the impression that an even dozen might dim his friend's repeating inspiration.

*Saturday*—O'Flaherty looked happier today in the apparently safe assumption that the early closing would rest his tired scheming facilities and his more utterly worn out pocketbook, but once more the best laid schemes of mice and men were wrong. McTavish intimated that as he had an engagement to play croquet with a friend who resided in the same neighborhood as O'Flaherty, he would just stop in and take pot luck with him and his family. Oh death, where is thy sting?

*Sunday*—Poor old O'Flaherty ill at home, slightly feverish and constantly muttering, "It can't be done." McTavish resting his digestive organs preparatory to another irresponsible appetizing week.

C. T. A.



### MODERN STENOGRAPHY

(He Dictated.)

Gentlemen:—

Answering yours of the 4th instant concerning Merrimac Shirting Shorts, we have all these goods turned out by our mills. It may be a week or even a month before we can fill your order. We have booked your order and will fill as soon as possible. If you cannot wait we will cancel. We will ship the first case received if we do not get word to the contrary from you.

Yours truly,

(She Transcribed.)

Gentlemen:—

Answering to yours of the 4th instance concerning mermaid shooting shirts, we have all of these goods turned out by our mules. It may be a week or even a month before we cancel your order. We have booked your rudder and will fail as soon as possible. If you can not wait we will cancel. Welsh pie for the first course if we do not get hell or the contrary from you.

Yours truly,

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## Refined and Crude

Conversation is a valuable thing, save it.

Noah was six hundred years old before he knew how to build an ark; don't lose your grip.—E. H.

What do you call a man that drives an automobile, Dad?

That entirely depends on how close he comes to hitting me.

Bachelor: Why do they always refer to a ship as "she." I can see no reason for it.

Family Man: That's because you've never tried to steer one.

Waiter: By the way, sir, that steak you ordered—how would you like it.

Patient Customer: Very much indeed.

Every man should keep a fair sized cemetery in which to bury the faults of his friends.—H. W. B.

Weary Clerk—"Now see here, little boy, I can't spend the whole day showing you penny toys. Do you want the world with a fence around it for a penny?"

Small Boy (quickly)—"Let me see it."  
—P. E. Magazine.

When you play, play hard; when you work, don't play at all.—T. R.

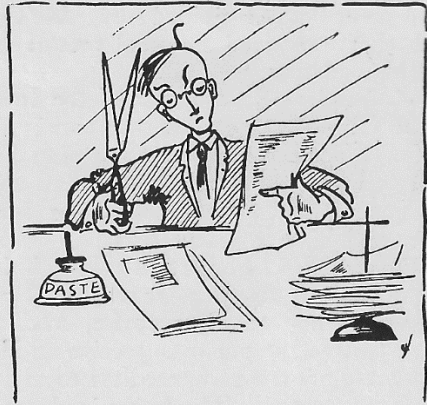
### THE ANNUAL CLOSING BLUES

The hours I spend at work, dear heart,  
Are as arithmetic to me,  
I count my motions, every one apart,  
Efficiency—Efficiency.

Each hour a task, each task a test,  
Until my heart with doubt is wrung;  
I conservate my darnedest, but  
At best the Boss is stung.

O' theories that twist and turn,  
O' frantic gain, O' laggard loss,  
I'll standardize and strive at last to learn—  
To please the Boss.

Opportunities correspond with almost mathematical accuracy, to the ability to use them.—L. W.



When the outlook is not too good, try the uplook.

An Arkansas man who beat his wife was properly fined for making home bruise.

It is better to get a headache chasing an idea than a sore head nursing a grouch.

It takes sixty-five muscles of the face to make a frown and thirteen to make a smile. Why work overtime?

Some day the Gideons, who see to it that there's a Bible in each hotel guest room, are going to fix it so that the man who makes the hotel rates has one, too.—Detroit Times.

Get out and do something—work, sweat, hike, hump yourself—starve if need be—but dig on and deliver. Then talk if you want to, but the chances are that you won't feel so much like it.—J. H. K.

When the average man or woman acquires an automobile they immediately look upon all pedestrians as a new variety of nut.

Fisherman: I suppose this rain will do you a lot of good, Pat?

Pat: You may well say that, sorr. An hour of it now will do more good in five minutes than a month of it would do in a week at any other time.

Scientists say that the mountains in California are moving slowly to the north. This undoubtedly is the latest move to make room for Eastern tourists.

## THE COMPTROLLER'S DEPARTMENT

R. D. Matthews.....Comptroller  
R. S. Mill..... Assistant Comptroller  
Geo. H. Forster.....Assistant Comptroller  
J. M. Hannay..... Chief Accountant

|  |   |
|--|---|
| Crude Oil Division.....A. Pollock            | Refined Oil Division.....L. Farran        |
| Disbursements Division.....W. E. Whitaker    | Station Accounts Division.....A. B. Mason |
| Drum and Barrel Division.....L. B. Moore     | Stationery Division.....B. L. Britton     |
| Insurance and Payroll Division....G. G. Blue | Tabulating Division.....W. B. Wilcox      |

Traveling Auditors { Sales.....A. C. Galbraith  
                          { Field.....M. G. Kerr  
                          { Warehouses..E. E. Tubbs

|   |  |
|---|--|
| Field and Auxiliary Accounts....W. H. Gosline   | Pipe Line & Steamship Accounts....L. P. Bayha                      |
| General Accounts & Statistician..R. H. Hornidge | Subsidiary Companies' Accounts..W. J. Hanna                        |
| Refinery Cost Accounts.....H. B. Kueny          | Authority for Expenditures and<br>Property Accounts.....A. H. Hand |
| Taxation.....J. R. Hearle                       | Chief Bookkeeper.....W. J. Chase                                   |

Stationery Warehouse

W. H. Gray

Chief Telephone Operator

L. Keeler

