

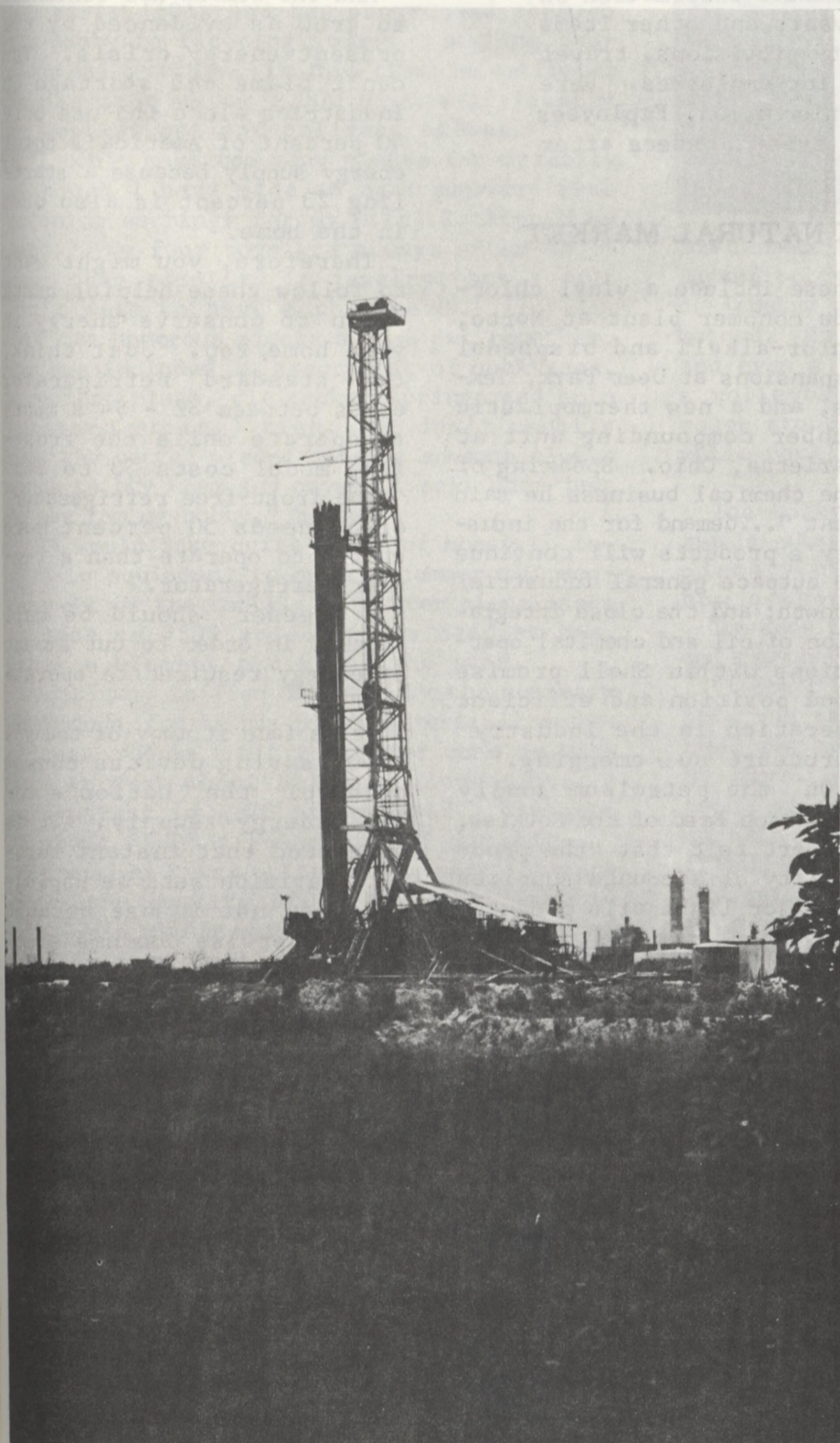


Houston Refinery

Shellegraph

Volume 38, No. 6

Friday, June 1, 1973



Where else but in the midst of a petrochemical manufacturing complex would a drilling rig be most convenient. This rig is drilling an extension well for our neighbor, Tenneco Chemicals Inc., which has already brought in a gas producer. The rig is located west of the Shell docks, some 900 yards away from the Ship Channel.

BAILEY, BAKER, RIGGS RETIRE TODAY, JUNE 1

Three employees, Don C. Bailey, Rudolf Baker and William T. Riggs, retired today.

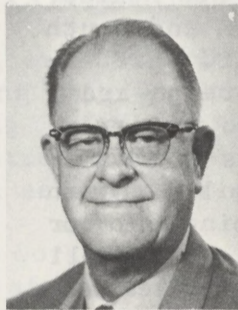
Don, engineering foreman, Engineering Field, retired with 35 years and 11 months of service. He and his wife, Sue, will make their retirement home at 8114 Glenheath, Houston.

Rudolf is retiring from Shell with 30-3/4 years of company service as an operator no. 1, Lube Oils-B. He plans to move to a new home in Buffalo, Texas.

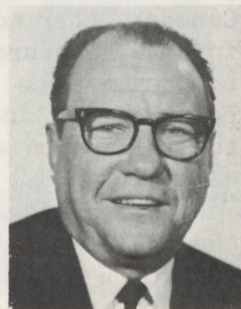
William, operator no. 1, Hydroprocessing, retires with 28 years of service. He and his wife, Fanniebell, will make their retirement home at 218 Acorn Tree, Houston.



Bailey



Baker



Riggs



The Safety section has installed a news center in the clock alley to provide up-to-the-minute information on safety, news flashes, current events and other items of interest such as social security provisions, travel hints and words of encouragement for employees. Here John Floyd prepares to change the information. Employees who wish may have the current event posters after they have been posted.

GASOLINE PRICES MUST SEEK NATURAL MARKET

It is important that refined product prices in the United States be allowed to seek their natural market level, George S. Wolbert, Jr., Shell Oil Company Vice President Finance, told the Houston Society of Financial Analysts last week.

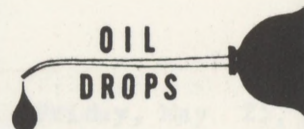
"In the first place, to hold prices at artificially low levels will stimulate demand when we are entering an era of restricted supply," he said. "Secondly, future capital requirements for the petroleum industry in the United States and around the world will be substantially larger than in the past..." He advised that this money won't be forthcoming without adequate expectation of a reasonable return on investment.

On Shell's exploration activities Wolbert told the analysts that domestic emphasis was on the Gulf Offshore, Michigan, Utah, New Mexico, western New York and south Florida. He said that exploration in foreign areas was continuing to accelerate with expenditures in 1972 amounting to \$50 million "with the major part going into our joint venture with Shell Canada; other activities were in Peru, Honduras, and Colombia. To date in 1973, we have entered into joint ventures in Gabon and Senegal in West Africa."

Wolbert listed several chemical projects under construction in addition to the recently announced new billion pound per year ethylene plant at Norco, Louisiana.

These include a vinyl chloride monomer plant at Norco, chlor-alkali and bisphenol expansions at Deer Park, Texas, and a new thermoplastic rubber compounding unit at Marietta, Ohio. Speaking of the chemical business he said that "...demand for the industry's products will continue to outpace general industrial growth; and the close integration of oil and chemical operations within Shell promise good position and efficient operation in the industry structure now emerging."

On the petroleum supply situation East of the Rockies, Wolbert felt that "the probability of adequate supplies of major light oils products throughout the rest of 1973 without additional imports is remote. It would require trouble-free refinery operations, adequate supplies of crude oil of the required quality, proper distribution of these crude supplies, and a level of demand lower than now expected." Wolbert recommended certain additional government actions to improve the supply and demand picture. In this respect he noted that "Shell was very pleased to see that the May 11 amendments to Special Rule Number 1 permitted the pass-through of increased purchase costs of products and crude resold as such. However," he added, "the amendments do not permit such an increase on crude purchased and run in the purchaser's refinery and to that extent, Special Rule Number 1 will continue significantly to impede the efforts of American purchasers in world markets."



Employees who were around in the post World War II era probably remember the helpful hints on conserving energy given out during shortages in the late forties.

Then as now, the public was cautioned that the increasing demand for petroleum products was a long term problem that the industry would be faced with for many years.

And the demand has continued to grow as evidenced by the present energy crisis. You can't blame the shortage of industries alone who use only 40 percent of America's total energy supply because a startling 23 percent is also used in the home.

Therefore, you might want to follow these helpful hints again to conserve energy in your home, too. Just think the standard refrigerator costs between \$2 - \$4 a month to operate while the frost-free model costs \$3 to \$6.

The frost-free refrigerator also needs 50 percent more energy to operate than a regular refrigerator.

A freezer should be well stocked in order to cut amount of energy required to operate it.

Let's face it many of today's labor saving devices consume much of the nation's total energy supply. It is suggested that instant turn on television sets be unplugged when not in use because they otherwise consume electricity 24 hours a day. As entertaining as it might be the color TV consumes more energy than black and white models, solid state sets consume less than tube sets and large screen sets use more electricity than those with smaller screens.

And we are told to use wisely our small electric household appliances which consume as much as 3 percent of our total electricity supply while the U.S. steel industry uses only 5 percent.

We've gotten a lot of phone calls and questions about the graduates' pictures this year although the policy has remained the same as in previous years. Yes, we prefer black and white pictures because they reproduce better but we will take whatever you have available of your child, even if it's a color picture!

LAPIDARY EXPRESSES HIMSELF THROUGH STONES AND MOLDINGS

You probably never gave it a second thought but behind every piece of jewelry you own, be it small, large, cheap or expensive, there was a lapidary who expresses himself through cutting, polishing or engraving precious stones.

For some, lapidary work is a worthwhile career and for others it is a relaxing hobby. For Tom Bennett, electrician no. 1, who likes to work with his hands, it is the only hobby he has stuck to for quite a few years.

In fact, Tom left leather tooling to learn about stones through being a rockhound in the early '60's and has progressed through the hobby to faceting stones, styling cabochons and settings. In this time, he estimates he has made up to 1,000 pieces of jewelry as well as cut and polished stones.

"I don't make too many pieces for my family although I have made an opal pendant with matching earrings for my wife, Kathryn," he said. "My four boys are always after me to keep them supplied in jewelry, but I just don't seem to have much time."

Of the numerous pieces he has put together, Tom has included an assortment of necklaces, brooches, rings, tie tacks, earrings and bolo (western string) ties. "I don't usually keep the better pieces because someone always wants to buy them and anyway I sell them just to pay for my hobby," he said.

"It would take quite a bit of money to invest in equipment to make a commercial venture out of the hobby. A faceter alone costs as much as \$500 and then you need stones, other equipment and gold," he said.

A lapidary is also affected by the monetary conditions, for he has to buy material at market prices. "When I first started working with gold it cost about \$1.20 a pennyweight. A pennyweight is 1/20 of an ounce. Now gold is about \$5.00 a pennyweight," he said.

Because he takes pride in his work, he controls the quality of settings by using 14 karat gold almost exclusively. This grade of gold is more stable and less pliable than others.

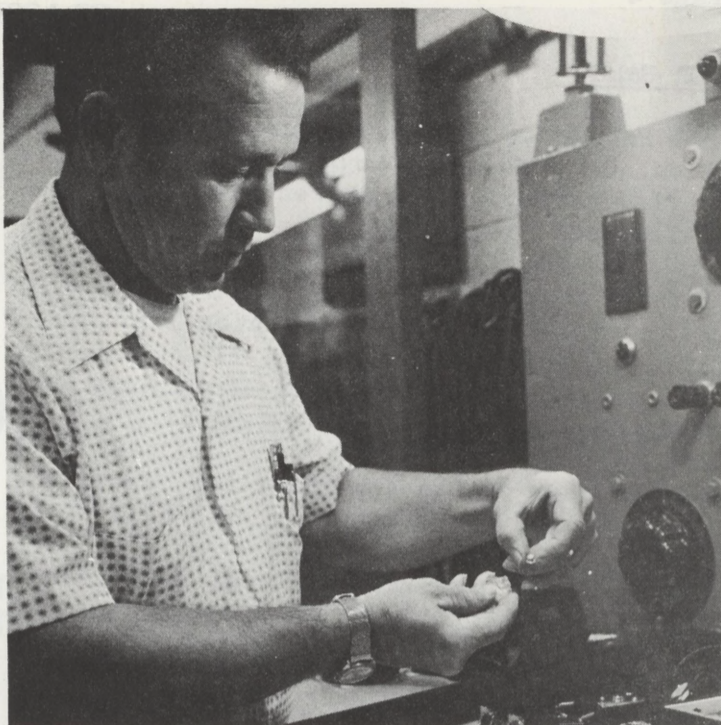
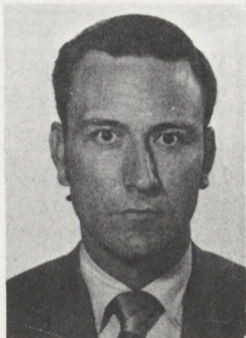
Mountings are just part of the hobby, he also enjoys making the cabochon style gems and displaying them in cases. Cabochons are stones cut in convex form then polished. These have no facets and are often used in pendants, tie tacks and rings.

WALLING TO MARKETING-RETAIL SALES IN ER REPRESENTATIVE ASSIGNMENT

D. L. Walling, employee relations representative, Employee Relations, is being transferred to Marketing Employee Relations-Retail Sales.

A native of Choctaw, Oklahoma, D. L. began working for Shell at the Houston Data Service Center in 1967. He has served as a safety representative, Midland Division, a training representative and employee relations representative in Southwestern E&P Region, before moving to the Houston Refinery in 1971.

D. L. holds a B.B.A. degree from the University of Oklahoma.



Tom Bennett compares a rough stone with a faceted and polished stone. In the case are pieces of jewelry and stones he has cut, polished and molded. He says he has a collection of geodes and even a huge piece of jade about as big as a volleyball. Although he buys many of the rough stones, he has some works that he found while rock hunting on vacations.

The hobby is fascinating because "you can see a shabby stone turn into a beautiful piece," he said. "You never really know how a stone will look until you finish."

Tom adds that lapidary artists stick together and they have a special camaraderie.

"I don't like to work with diamonds because it's too tedious, so another lapidary mounts them for me when I have finished my part," he says. Then, too, he says you meet all types of people in the field who are willing to help and guide a beginning lapidary. "A friend of mine let me try my hand at cutting and polishing stones at his house so I could find out if I liked the hobby before I made an investment in equipment. And that's how I got started," he explained.

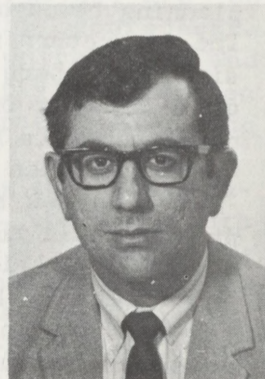
Tom says he is always willing to help beginners find out if they like the field.

BINDO TRANSFERS TO HEAD OFFICE COMPUTER CONTROL APPLICATIONS

J. S. Bindo, engineer, Technological Department is being transferred to Head Office Manufacturing Tech in the Computer Control Applications Group, effective on June 1.

Joe began working for Shell in 1969 after receiving a Ph.D. in chemical engineering from Tulane University. He served as a research engineer in the MTM Process R&D Lab and as an engineer in the Hydroprocessing Department before moving to Tech in 1972.

He is a native of Shreveport, Louisiana.



CLASSIFIEDS

FOR SALE

'61 Frigidaire frostless freezer, good condition, \$75. Gorgeous drop leaf carpathian elm coffee table, see to appreciate, was \$275-- Telephone: 946-4051

8-track tape deck for car with 2 tapes, \$20. Pair of dark brown boots, size 11½D, worn twice, like new, \$28 value, \$14. Baseball shoes, steel cleats, size 11D, almost like new, \$16 value, \$8. Telephone: 921-4436

GE 4-burner pushbutton stove top, excellent condition, \$45. Telephone: 723-8717

Water cooled window fan, ideal for weekend home, 2 double size mattresses, now located in Leon County--see and buy there. Telephone: GR 3-3874 or MI 3-1140

'72, 125cc Penton "KTM", excellent, \$400.

Bike trailer, well made, \$150. Telephone: 479-3223 (Larry)

14' aluminum "V" bottom boat, with trailer \$500. Baby bed with mattress, \$9. Baby stroller, \$4. Port-a-crib, \$5. Telephone: 481-4951

1969 Plymouth Roadrunner, 383 cu. in. bucket seats, air, vinyl top, chrome wheels, good condition, automatic, good tires, \$1250. Telephone: 472-8410

Sunfish sailboat with trailer, \$200. See at 531 Oakdale, Shoreacres. Telephone: 471-0459

Quarter horse mare with bridle, saddle & blanket, good kid horse, trained in riding club events, drills, etc. \$350. Two horse trailer with lights, brakes, \$375. Take all for \$675.

Telephone: 473-1274

AND YOU THOUGHT YOU HAD TAX PROBLEMS

If thoughts of April 15 still send chills down your spine, at least you can be thankful that federal income tax filing day comes but once a year. For one contingent of Shell people, tax time is year 'round, and their deadline for '72 filings with Uncle Sam is yet to come.

Keeping up with Shell's taxes is a full-time job for about 100 people. It also takes the cooperation of hundreds of other Shell employees across the country who supply detailed information needed to support the company's filings of federal, state and local returns.

Tip of Iceberg

Filing returns and paying taxes is just one part of the story, according to David R. Milton, vice president tax. "Monumental though this task is, it's just the tip of the iceberg," he says. "Each tax return represents the end result of extensive and continuous analysis and planning throughout the year. The tax return is a visible sign, but there is a tremendous amount of work that never comes to the surface."

\$218 Million in Taxes

Shell's tax bill for 1972 probably will come to a whopping \$218 million--an amount just slightly less than after-tax earnings--and that doesn't include more than \$741 million in consumer ex-

cise and sales taxes that the company collects for various governments. Shell's total federal and state income tax expense alone for 1972 will be about \$82 million.

There also are operating taxes totaling \$136 million. Among these operating taxes, but by no means all, are such items as property taxes (\$56 million), oil and gas production or severance taxes (\$33 million), and social security taxes (\$17 million).

On the face of it, Form 1120, the federal corporate income tax form, isn't so different from the familiar Form 1040 that gives the average taxpayer so many headaches.

US Gets Share

Uncle Sam does get his share. Shell pays taxes at the legal corporate rate of 48 percent. This rate, however, is not applied to the company's book income any more than the rate for your tax bracket is applied to your total salary. Both are figured on taxable income--the amount left after all deductions and exemptions are taken. Where an individual can deduct certain amounts for each member of the family, for medical expenses and for interest included in mortgage payments, the company can claim such things as depletion, cost of employee benefit pro-

grams and advertising.

Between now and September 15, Shell's battery of tax experts will be working increasingly long hours putting together thousands of figures to come up with the numbers to fill in these blanks. The extension from the original April 15 deadline is granted almost automatically to allow companies enough time to compile all of this information.

"It takes that long for the information to come in and for us to compute it," Northway says. "Our return isn't complete and signed until September 14."

IRS Audits Automatically

"We pay our estimated tax in six payments before we even file the return," Northway explains, "and our estimate always is on the high side to avoid a penalty. If we find that we are due a refund when we file our return, we usually apply it to the next year's tax. Of course, when the IRS audit is complete, we might get an additional refund or be assessed additional tax."

Federal income tax is still only one part of Shell's annual tax burden. Figuring Shell's state taxes based on income presents its own problems.

Shell pays taxes based on income in 45 states and in 174 cities.

"Since each state has only a piece of Shell's assets, payroll and sales--these are used to determine a state's share of Shell's income--we have to get all the pieces out together and make sure the pieces add up to the total before we can file our first return," explains Weir.