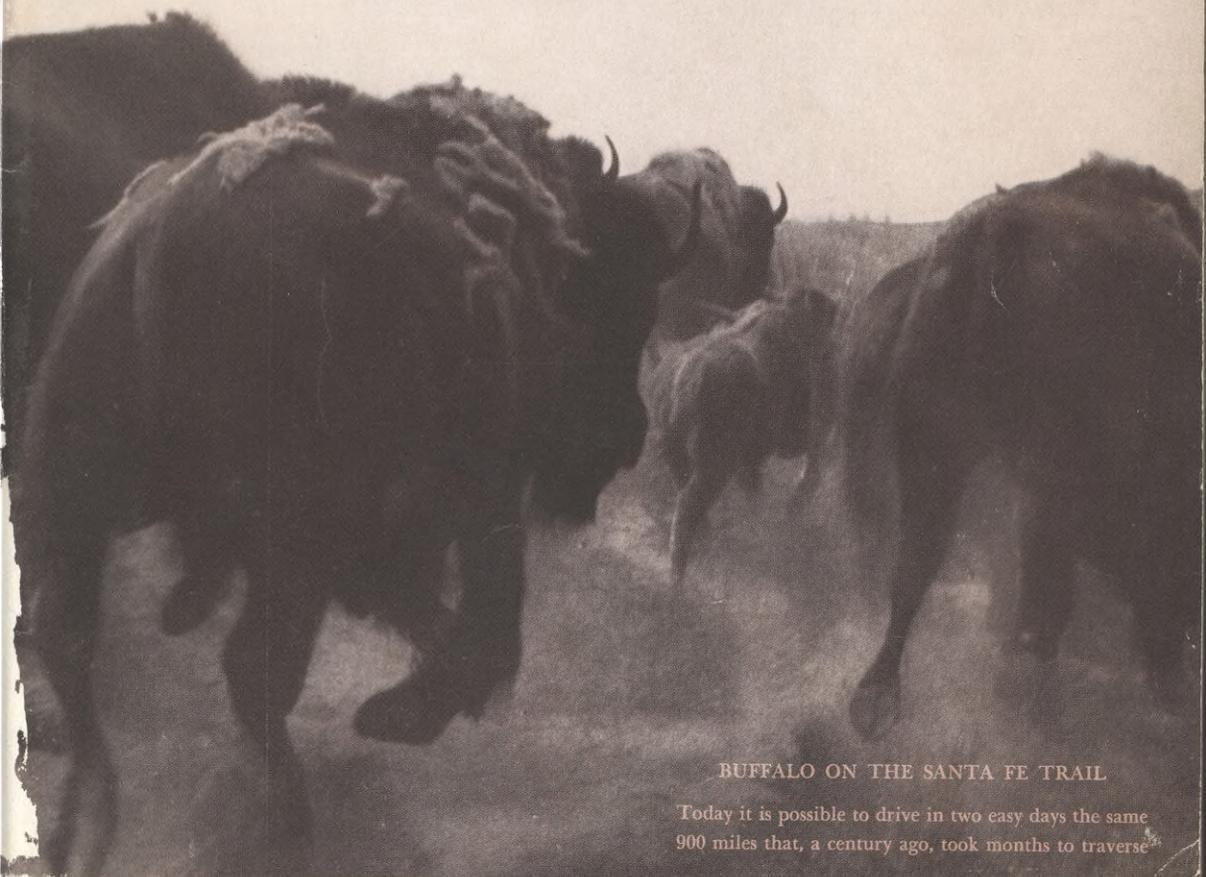


THE
TEXACO
STAR

SPRING 1959

RECEIVED
4/28/59
MAY 28 1959
GIFT LIBRARY
UNIVERSITY OF HOUSTON



BUFFALO ON THE SANTA FE TRAIL

Today it is possible to drive in two easy days the same 900 miles that, a century ago, took months to traverse

TEXACO

INC.

A NEW CORPORATE NAME

After 57 years of operation as The Texas Company, the Company officially changed its corporate name to Texaco Inc. on May 1, 1959, following approval of the resolution by a majority of Texaco stockholders at the Company's Annual Meeting on April 22. The names of many subsidiaries have already been changed to include "Texaco."

Throughout this and most foreign countries, the wide distribution and sale of products bearing the familiar "Texaco" trade-mark have resulted in the Company being generally known and referred to as "Texaco" by its stockholders, employees, customers, and the general public. The new corporate name is expected to have a beneficial effect upon marketing and advertising programs, and enhance the Company's relationships with the public as a whole. The change will erase a dual nomenclature and identify the Company by the name with which it is most closely associated.

It will not be necessary for holders of stock certificates bearing the old corporate name to exchange them for new certificates.

THE TEXACO STAR

CONTENTS OF VOLUME XLVI • NUMBER 1 • SPRING 1959

THE CORPORATION IN PUBLIC AFFAIRS	2
<i>A business organization has good reason to concern itself with public matters, but sound planning is vital</i>	
SANTA FE TRAIL	5
<i>The way is paved now, but 100 years ago the journey was a dangerous one through the wilderness</i>	
HOW TO HIT ANY TRAIL	12
<i>Summer touring is great sport you can make even greater by remembering a few simple travel hints</i>	
CITY OUT OF THE SEA	17
<i>In the Florida Keys, Texaco supplies the power for the construction and enjoyment of an amazing project</i>	
HAVE FUNDS, WILL TRAVEL	20
<i>Private American capital is badly needed in less developed countries, and with encouragement will reach them</i>	
BRIEF AND POINTED	22
<i>A capsuled review of important recent developments affecting Texaco's stockholders and employes</i>	
A DEPLETION PRIMER	24
<i>The how-and-why of the percentage depletion provision, explained in words and pictures</i>	



THE TEXACO STAR

A publication of
TEXACO INC.

135 East 42nd Street, New York 17, N. Y.

THE COVER PHOTO: A lingering reminder of the vast herds of buffalo which once swarmed over the Great Plains, this group of beasts lumbered away from photographer Todd Webb's camera when he approached them on a buffalo preserve near Garden City, Kansas. In the early days of the Santa Fe Trail buffalo provided welcome fresh meat, and warm robes; but as America pushed West, the animals were slaughtered in such numbers that only recently have tourists been able to catch a glimpse of a fair-sized herd. In the Garden City area, from 300-400 can be seen—but not shot, except on film.

Augustus C. Long, *Chairman of the Board of Directors* • J. W. Foley, *President*

C. B. Barrett, T. A. Mangelsdorf, J. H. Ramin, Jr., T. C. Twyman, J. T. Wood, Jr.,
Senior Vice Presidents

Oscar John Dorwin, *Senior Vice President and General Counsel*

S. C. Bartlett, A. W. Baucum, Harvey Cash, J. B. Christian, F. M. Dawson, H. T. Dodge, Marion J. Epley, Jr., Robert Fisher, William P. Gee, F. H. Holmes, L. C. Kemp, Jr., Kerry King, James H. Pipkin, J. S. Worden, *Vice Presidents*

S. T. Crossland, *Vice President and Treasurer*

Wallace E. Avery, *Secretary* • Robert G. Rankin, *Comptroller*

THE STAR is published by the *Employe and Public Relations Department for Stockholders and Employes*: Thomas D. Durrance, *Director of Public Relations* • Ellis Prudden, *Manager, Publications*; Gordon Bowman, *Editor*; Ralph M. Hamaker, *Staff Writer*

Art Direction: Irwin Glusker, *consultant*; Richard Hendler

Printed in the U.S.A., © 1959 by Texaco Inc.

For permission to reprint, write to: Editor, THE TEXACO STAR

CREDITS: Front cover, Todd Webb; back cover, John Keller; Pages 5-11, Todd Webb; Pages 12-15, Polly Bolian; Pages 16-19, John Keller; Page 21, Richard Erdos.

293781

THE CORPORATION IN PUBLIC AFFAIRS

BY OSCAR JOHN DORWIN

SENIOR VICE PRESIDENT, GENERAL COUNSEL, AND DIRECTOR

The recent surge of interest and activity on the part of business corporations in connection with public affairs is undoubtedly a desirable development in a democratic society. It should widen interest in important problems and promote a more thorough and balanced consideration of them. However, if optimistic expectations soar above realistic levels, the result may be undue discouragement, and possibly the abandonment of many of the programs now being formulated, when disappointing developments occur in the future, of which there are bound to be many. It is hoped that, by frankly pointing out some of the problems involved, too great optimism may be avoided, eventual disappointments may be taken in stride, and sound long-range progress be achieved.

Business corporations have nearly always been looked upon with a certain amount of popular distrust. In the 17th Century, Sir Edward Coke, one of the greatest of the British judges, said that corporations "have no souls." When the Constitution of the United States was ratified, some of the states even had misgivings about giving Congress the power to form corporations.

What is the cause of this popular prejudice against corporations, particularly big corporations? It is partly, I believe, because some of the early corporations were monopolies, which are seldom popular; partly because of a natural prejudice toward big and powerful concentrations of wealth; and partly because the history of some of our corporations has been marred by management practices which the ordinary person regarded as unconscionable. It is also, I believe, partly because many managements have not felt obligated, or even free, to pursue a course which has any objective other than the narrow commercial purposes for which their corporations were organized. But, whatever the cause, a popular prejudice against big corporations does exist and this is an important consideration in any attempt to expand their activities into the area of public affairs.

A business corporation can technically come into being without stockholders, but it cannot get very far unless it has them. Someone must put up the initial capital which is required, and that is one of the functions of the stockholders. Stockholders also choose the board of directors, which, in turn, selects the officers who become the management. The management therefore owes everything, with which it initially has to work, to its stockholders. Consequently, the first responsibility which management has is to protect the investment of the stockholders. No management can stray far from this primary objective and continue to command the confidence of the stockholders.

It is also management's function to determine the general policies and direction of the business and make its major decisions. To do this well, in our country, requires unusual personal devotion and industry. It also requires experience, good judgment, firmness, willingness to take responsibility, an ability to see a broad picture of the company's affairs, the capacity to make prompt decisions, and integrity of a high order. The importance of all of these qualities in the management of any company can hardly be overstated. They are not only important to the stockholders, but to the employees, and everyone else having relations with the company. They are particularly important when management is dealing with public affairs.

In performing its functions, the management must recognize its responsibility to see that the corporation fulfills its obligations. These obligations are generally the obligations of any person engaged in business. Some of them are clear and simple. For instance: (1) the obligation to obey the laws applicable to its operations; (2) the obligation to live up to its promises; and (3) the obligation to make honest products and advertise them truthfully.

Some obligations of corporations, however, are not quite so clear, and a management sometimes has difficulty in determining what the duty of a corporation is. For instance, an

obligation created by a prior management may not always be definite or even brought to the attention of the current management. But, in any case, once a management has made a commitment for the company, it cannot be properly disregarded by any succeeding management. The corporation itself has a continuing integrity which must be maintained.

In the past, managements, in the discharge of their responsibilities, have confined themselves largely to their direct obligations to stockholders, to the company, or, on behalf of the company, to others. However, in recent years there has grown up a feeling that corporations, and their managements, have a broad general responsibility in addition to that of fulfilling their strictly business obligations.

After all, though a corporation has no soul, it is still a distinct legal entity. It can act, and must be treated, in much the same way as an individual person. While it cannot vote in public elections, it is taxable, can sue and be sued, and can be convicted of a crime and punished. For many purposes a corporation is a citizen. It seems quite proper that it act like one in relation to public affairs.

As corporations have grown in size, the social and economic impact of their business policies and decisions on the communities and states in which they operate has become very great. Many of them are not only vast aggregations of widely separated plants, properties, and other assets, but they combine under one managerial direction many first-rate people drawn from educational institutions, the professions, and other occupations, who comprise a great variety of skills and experience. They should, therefore, be capable of synthesizing a broad outlook on the nation's problems and be able to formulate suggestions, and possibly programs — beyond the scope of their own immediate business responsibilities — which might well be given serious thought by those who make our national decisions.

Stirrings of interest in this direction have been manifested for a number of years. Some of this interest has been designed to improve generally the business climate in which industry operates, on the theory that the more salubrious the climate the healthier the business will be and the larger the profits will grow. Much, however, has been still more broadly conceived and has been designed to help preserve for those who come after us the essential aspects of the way of life which has given us the opportunities we ourselves have had.

But, by and large, corporations have tended to stick to their own business, and, except where their vital industry or corporate interests were affected, or when they have been called in for consultation by governmental officials, they have generally not tried to expand their activities in this way.

There is much to be said for a corporation continuing such a policy. For one thing, it may be a safer practice legally, as, if a corporation gets too far from the purposes for which it was formed, it might be subject to some attack.

There is also much to be said for the view that business and politics don't mix very well; and, when business people begin to enter into public discussions or attempt to lead public opinion they are apt to be inept. Instead of being effective they themselves become targets. They ought, therefore, to leave politics to the politicians — a conclusion which is probably warmly approved by the latter.

It is certainly true that some prize examples can be produced of how inept or unwise business neophytes in the political field can be. One does not have to go back more than two or three years to recall incidents which have resulted in bad publicity not only for particular companies but for the entire oil industry as well. These, however, have only demonstrated that there is no substitute for a good ethical code, and that companies which don't have it are going to continue to embarrass themselves, their industry, and their fellow citizens by their political conduct.

But the fact that mistakes have been made, and will continue to be made, in this field should not prevent any company from expanding its activities in a proper manner like any good citizen who is interested in performing a public service. I am sure that the Chairman of our Board, Mr. Augustus C. Long, was thinking along these lines when he brought this subject up to our Board of Directors last Summer and the Board was viewing the matter realistically when it approved the development of a broader program for Texaco.

The question now is: What kind of a program should our Company have? Before attempting to outline such a program, it might be helpful to state briefly what we have been doing in the past and where we stand now.

For many years, our Company has been participating in an active way in the work of many organizations, both within and outside the oil industry, which we believed were devoted to the promotion of sound thinking in respect to public questions in which our Company was interested. Officers and representatives of the Company have on many occasions spent a great deal of time and effort in formulating and presenting the Company views to Congressional and other Committees and in responding to their inquiries.

The Company, therefore, has been, and is continuing to be, active where its interests as a company or as a part of the oil industry are directly affected. But, despite all of the work which has been done by us and other equally active companies, the public acceptance of the views of corporations engaged in the oil industry today is far from satisfactory.

From a public relations standpoint, the oil industry's present position certainly doesn't provide a very optimistic background against which to visualize any great immediate expansion of our Company's public influence. Nevertheless, this doesn't mean that we cannot, or shouldn't try to become, an effective and respected exponent of measures designed for the public welfare. A great many favorable factors are still working on the side of the oil industry, and many more are at work for Texaco.

The oil industry has a great many things to be proud of. For example: its employe wage scale and fringe benefits are second to none in industry; the prices of oil products, even today, after 25 years of inflation which have doubled or trebled the prices in many other industries, are still no higher than in 1920; its war record is superb; and it has never yet failed to furnish the petroleum products required by our Government and its Allies in time of need.

Our own Company also has a great record in these and other ways of which our own employes and stockholders can be particularly proud. If the American people were fully informed of these things, they would be proud of them, too.

CONTINUED

As the Company sets out to broaden its activities in public affairs, these suggestions and warnings may be in order:

1. The Company should proceed slowly, continuing first to concentrate largely on the governmental problems with which our industry and the Company are directly concerned and only gradually branching out into other fields as the aggregate competence, qualifications, and experience of the officers and employes concerned with this work improves.

2. A minimum of fanfare should attend what the Company does. Let what it does advertise what it is doing.

3. Its program should be nonpartisan. The Company has employes and stockholders in both political parties. Its possible effectiveness would be nullified by attempting to support either party.

4. To the extent that it can, Texaco should direct its thinking, and its suggestions and proposals for governmental action (or inaction), toward what is best for the country as a whole, or the state or community as a whole, as the case may be. It should test all its views by this standard.

5. However, the necessity of giving primary consideration to our Company's own individual interest, or our industry's own interest, where this is vital to their competitive positions, cannot be ruled out.

6. Texaco should support the principles of free enterprise and oppose unnecessary Government regulations.

7. Texaco should not seek legislative or other governmental assistance for the purpose of giving it an advantage over any of our competitors, or the oil industry an advantage over any other, but should resist to the utmost the attempt of any other company or industry to obtain any such advantage.

8. Texaco should be willing to bear, or have its products bear, a fair share of the taxes necessary to raise the revenue required to finance needed Government activities, but should vigorously oppose unfair taxes on it, the oil industry, and the industry's products.

9. Wasteful expenditures by governmental agencies should be opposed, even for projects which may afford some benefits for us, such as better roads.

10. While it is determined to retain the basic prerogatives of management, Texaco has long ago accepted collective bargaining with employes, through representatives of their own choosing, as a proper way of determining wages, hours, and other conditions of employment. Where we may favor changes in the labor laws, we should not do so in any spirit or with any intent which is destructive of unionism. However, unions should be willing to accept regulations which will (1) protect against violence, (2) insure honest handling of union funds, and (3) promote observance within the unions of those traditional American democratic processes which have protected citizens' rights in other fields and correspond to those applicable to business corporations.

11. Texaco should promote the elimination of restrictions on imports and exports as being, in the long run, in the best interests of the United States as a whole. Our nation has prospered in the atmosphere of free competition, which our antitrust laws and the absence of restrictions upon interstate commerce have fostered. This is also a sound objective in international trade, though it must be recognized that many conflicting interests and practical complications and difficulties are involved.

12. Texaco should take an active interest in the General Agreement on Tariffs and Trade (otherwise known as GATT) to which the United States and over 30 other countries are parties. The objective of this Agreement, and the organization set up to operate under it, is to promote world trade by eliminating international trade restrictions.

13. World peace is one of the great longings of all mankind. The only agency which presently exists for the sole purpose of promoting this objective is the United Nations. It is today in much the same formative position as the United States was during the first several decades under our Constitution. We should take an active interest in its work, and otherwise vigorously support it.

14. Texaco should support our country's national institutions and policies and explain them to the people in the foreign countries where we operate.

15. In attempting to build support for its views, Texaco should get its own employes solidly behind them. This will be easier in respect to some views than it will be as to those which relate to labor unions. But, if the Company continues to fully discharge its obligations toward its employes, and if it continues to proceed with fairness in respect to the problems concerning unions, it should be able to build up a great deal of employe support even in favor of management's views in respect to unions. However, the first absolute necessity is to make sure that in our dealings with employes, the Company's obligations to them are fully lived up to.

16. The next groups to inform and educate to the views of management are our stockholders and dealers. These, together with our employes, could become an informed core of public opinion spreading the management's views in many parts of the country.

17. Finally, of course, the views of management must be presented to public officials and Committees and to various public groups for final evaluation.

18. There are many ways in which all this work can be carried on—by Company publications, by special communications, by speeches, by meetings, by employe participation in public and community affairs, and so forth. Methods and procedures can be developed as we go along.

19. However, before attempting to spread its views, the Company must have some worth spreading. There is little use in voicing intemperate, off-the-cuff criticisms or suggestions in respect to public problems. These can do more harm than good. Texaco's views on subjects of public interest should be carefully thought out, studied from every angle, and expressed temperately and clearly.

20. All this will take time and manpower. If Texaco is to overcome the traditional distrust of corporations, and the sad current state of the oil industry's public relations, and become an affirmative force in the shaping of public opinion, it is going to require all the resources and facilities it has for formulating and communicating its thoughts and viewpoint to others. This will require direction and coordination, and the support of many Company officers and employes.

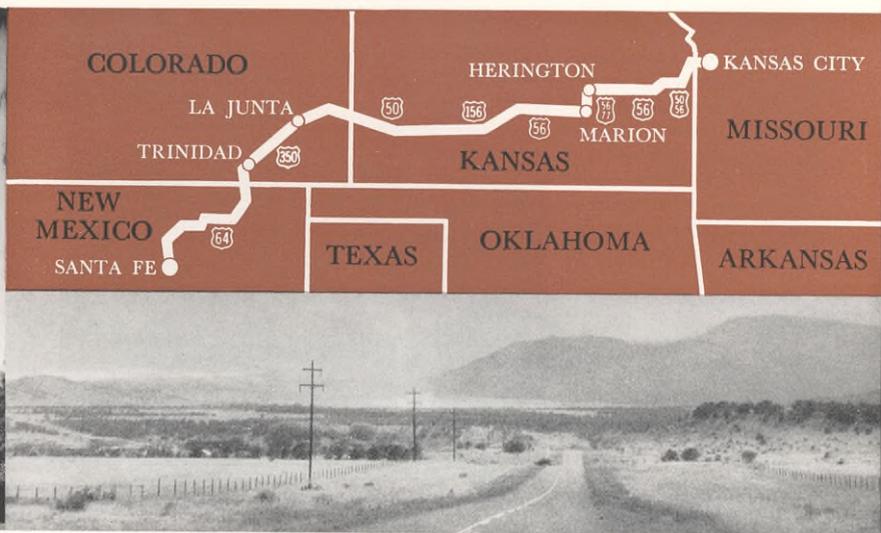
This is a long-range program, but this writer is confident that, if Texaco adheres to principles of this kind, it can, over the years ahead, become as respected for the product it produces in the field of public affairs as it now is for the oil products with which it serves the American public. •



SANTA FE TRAIL

TEXT BY DANIEL DIXON
PHOTOGRAPHS BY TODD WEBB

WHERE INDIANS RODE, OIL RIGS
ARE STANDING; WHERE CONESTOGA
WAGONS WALLOWED IN MUDDY RUTS,
TRUCKS SPEED WEST WITH VITAL
FREIGHT . . . AND THE VERY NEXT
TEXACO STATION YOU PULL INTO
MAY HAVE BEEN A WATERING HOLE



Following 900-mile Santa Fe Trail from Missouri to New Mexico, today's motorist—passing Colonel Vale house in Independence,

History marched here. First, in 1541, came Coronado and his *conquistadores*. They were tough, those troopers, and willing to risk the most desperate odds in their craving for gold and glory.

But even they were awed by a country that—barren of landmarks, lashed by violent extremes of weather, rolling in endless swells toward a glaring horizon—evoked with such power the mystery and terror of the sea.

Over the next 300 years, as the Trail was mapped across nearly 1,000 miles of hostile wilderness, many travelers were pushed to the edge of madness by this loneliness, this imminence, this prairie ocean.

It was in 1821 that the first trader's wagons lumbered from Missouri to the Spanish settlements of New Mexico. They were crammed with merchandise—with silks, woolens, cottons, and velvets; with traps, knives, hatchets, nails, and raw iron. A few months later they were back with beaver pelts, gold bullion, Mexican silver. News of this bonanza spread quickly; other merchants scrambled to outfit their own trains. By 1848 the Trail had become a rutted highway; 3,000 wagons put out for Santa Fe that year, 12,000 men, 50,000 head of stock.

As a rule, travelers to the Far West purchased their "possibles"—arms, food, clothing, wagons, and animals—at St. Louis, the brawling emporium of the Rocky Mountain fur trade. From there the steamboats took over to carry the caravans to jumping-off points that lay further up the Missouri—to Franklin, Fort Osage, Blue Mills, Ducker's Ferry, and, finally, Independence. This remained the foremost prairie

port from 1832 until 1840, when it relinquished that distinction to a still more favorable landing, known in those days as Westport. They have a different name for it now. Today they call it Kansas City.

A big, muscular man with a quick smile, his name is Owen Easterly. His job: District Manager for Texaco in Kansas City, Missouri.

Looking out of the office window, he lets his eyes drift across the city that hazes into the distance. "This isn't a big manufacturing town," he says. "It's a distribution center, mostly; we sell and transport goods. In that sense things haven't changed too much since the early days, when the traders shipped their supplies upriver from St. Louis. Only difference is the way they're shipped, and on what scale."

He pauses a moment, then goes on. "Trucks, trucks, trucks. They never stop, day or night. To service them, we have 103 stations along the Trail, 80 here in town, the rest between Booneville, Missouri, and Herington, Kansas."

Provisioning had been completed. Ahead lay wealth, adventure, privation—sometimes death. And now the wagons lumbered out of Westport, across a crude log bridge, and onto the Trail.

Pittsburgh and Conestoga wagons they were, massive as frigates, moving with ponderous majesty behind eight, 10, or even 12 oxen. Their size was a matter of sound economics,



Missouri, old Rancho de Taos church in New Mexico, and cattle corrals at La Junta, Colorado—still finds nostalgic reminders.

not fashion: Mexican officials had imposed a tax of \$500 on every vehicle entering Santa Fe. Traders found it good business to haul their freight in “prairie schooners,” the bigger the better.

One by one, miles and days apart, they straggled westward. So far there had been no attempt to organize a formal company: the Indians here were abject, the Trail well marked, the country lush, the wood and water plentiful. Nevertheless, progress was slow and rigorous.

There was rain, to begin with—sudden Spring downpours that drenched through tents and clothing, that mildewed the freight, that flooded the streams and turned the earth to a mucilage of mud. There were insects: buffalo gnats and mosquitoes and horseflies that maddened both animals and men. There was inexperience, bringing greenhorn mishaps. One of the most common had to do with the wearing of buckskins. After a good wetting, the fringed leather which had looked so romantic back in St. Louis stiffened to armor, with creases that sawed at the joints and scraped the flesh off arms and legs. Only after hours of pounding and kneading could it be made limber enough to put back on.

Ten miles a day, 18 at most, the wagons creaked forward. At last, two weeks and 150 miles out of Westport, they reached Council Grove, a leafy strip of ash, elm, hickory, and maple. Here equipment was repaired, goods dried and re-packed, men and animals rested. And here the caravan was finally formed.

A sizable company might number 100 wagons, 300 men. Sometimes it included a chaplain, but though the train was

beset by illness and accident—scurvy, cholera, smallpox, snakebite, gunshot wounds—there was no doctor. Most plainsmen felt they were able to doctor such ills as well as any physician.

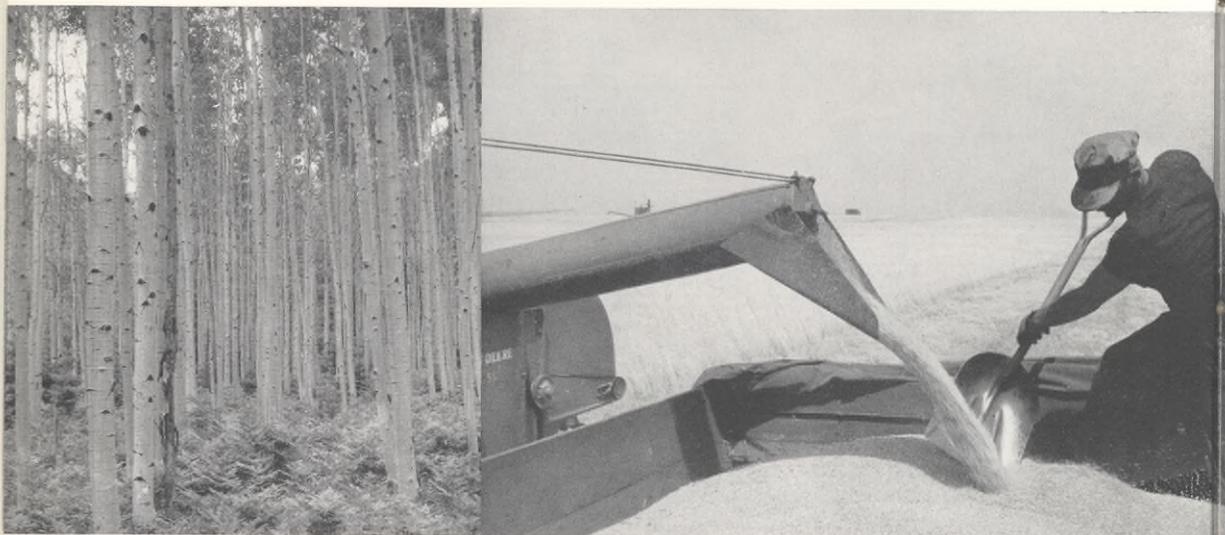
The last night in Council Grove was fevered by excitement. Around the campfires, while tenderfeet gaped and coyotes howled in the darkness, the old-timers traded whoppers about grizzly bears and solid glass mountains and man-eating buffalo—above all, about the Indians they’d fought, the scalps they’d lifted. Slowly the fires ebbed and whitened; the still forms lay snoring in their blankets. Dawn came, bleaching the sky. And then the company was jerked to its feet by a wild, exulting shout: “Turn out! Turn out! Hooray for Santy Fe!”

Everything was ready. The Captain hoisted himself up in his stirrups, flourished his hat, and yelled: “Stretch out!” Dust clouding the horizon behind it, the caravan jolted into motion and got under way.

Now came bogs, mud-holes, and swampy creeks—mile after mile of them. Hub-deep in ooze, the wagons were able to struggle across it, one traveler reported, only “after digging, bridging, and shouldering the wheels, with the usual accompaniment of whooping, swearing, and cracking of whips.”

But at the Big Bend of the Arkansas River, about 120 miles beyond Council Grove, the Trail suddenly entered a different kind of country.

Ahead stretched the Great Plains—flat, arid, shimmering with heat, false lakes and ponds floating on the skyline, and swept by a vast brown tide of shaggy, lumbering buffalo.



Aspen forest near Taos and ornate hotel in Raton, New Mexico, stand aged and weathered. In contrast, great Kansas wheat fields

From Missouri to New Mexico, early traders
battled Nature and Indians along Santa Fe
Trail, main commercial artery to the West

Some of those herds were 50 miles wide and 200 miles long. Prodigious in life, they were equally prodigious in death. More than 7,000 carcasses were once counted in the quicksands of a single river; and during the 1870's, when buffalo robes were at a premium, millions of the creatures were exterminated in a thoughtless slaughter which very nearly resulted in their extinction.

Always following the course of the Arkansas River, hunting and feasting on buffalo as they advanced, the wagons rumbled now toward one of the most celebrated landmarks on the Trail. A jutting promontory of sandstone, it served not only as a watch tower and camping place but also as a register for all passing travelers. So deeply were many names carved into its face that some of them can still be read today, 100 years later. The traders called it Pawnee Rock, and it stands about a third of the way along the length of the Trail, a few miles from the city of Great Bend, Kansas.

Petroleum has left its signature on this region, the heart of the Kansas wheat belt, as clearly as those of the pioneers were left on Pawnee Rock. On many local farms a producing well stands side by side with the silo.

How many wells are Texaco's? Draws LaRue Watkins, production foreman at Great Bend: "Just short of 140, all told. Some of 'em have been pumping since way back in 1929, and we have one 80-acre lease that's produced 1,400,000 barrels. We've also got a number of gas wells in the general area, but those are located around Garden City, 65 miles west of here, directly on the Trail. Worth a look, too. That Hugoton Gas Pool is one of the biggest in the world."

Beyond Pawnee Rock the mood of the caravan altered. Tension increased; men grew jumpy and quarrelsome; the number of lookouts was doubled. This was Indian country.

The Comanches were the worst. Superb horsemen, they were the gangsters of the Plains—professional killers, thieves, kidnapers, and torturers. From years of skirmishing with the Spaniards they had learned frightful refinements of cruelty: roasting victims on spits, driving flaming splinters under fingernails, staking a man out in the sand to be eaten alive by ants. In 1847 the Comanches, the Kiowas, the Arapahoes, and the Mexican *bandidos* attacked every train that put out on the Trail. That year, 47 lives were lost, 330 wagons destroyed, 6,500 head of stock slaughtered or stolen by the raiders. And by 1853 the Federal Government was spending some \$5,000,000 a year patrolling the Plains.



and Arabian horses on Sapello, New Mexico, ranch symbolize the rich heritage evident wherever Trail has touched the West.

Not enough troops were available to escort the traders, and as they worked their way westward along the Arkansas all hands readied their weapons, all eyes studied the horizon for whooping black specks. Now the wagons advanced in four files rather than two—a formation from which, in case of an ambush, they could more rapidly be corralled. From such a circle of defense, with the animals herded inside, a caravan could stand off the biggest Indian attack for as long as ammunition and water held out.

About 120 miles southwest of Pawnee Rock, near what is now the town of Cimarron, Kansas, the wagons reached a fork in the Trail.

One branch, the Desert Route, forded the Arkansas at a place called Middle Crossing and then stabbed out into a wasteland so barren and featureless that wagon masters had to lay their course by compass. This was the dreaded *jornada*, 50 waterless miles in length, a march that dozens of travelers failed to finish. Those who did, who pushed on from the Cimarron River toward the Canadian, now found themselves confronted with a danger even more deadly than the “dry scrape” that lay behind—150 miles of the worst Comanche country anywhere on the Trail.

In 1861 the Comanche raids became so fierce that travel over this route was temporarily abandoned. There was, in fact, only one reason why caravans ever took the Cimarron cutoff at all: it was shorter. A Santa Fe trader would do anything to outdistance his competitors.

The second branch of the Trail, known as the Mountain Route, was not so perilous. It offered plenty of water—cara-

vans simply followed the Arkansas upriver for the next 200 miles. In 1846 General Stephen Kearny led his Army of the West over this route to the conquests of New Mexico and California; and later on, when the gold rush to Pike’s Peak commenced, thousands of miners came this way.

The wagons were climbing now, seven feet to the mile up a long tilting slant of arid country. The buffalo thinned out, the grass disappeared, and smothering clouds of dust boiled up from underneath the wheels.

And then, after two weeks had jolted by, the party reached the most famous—and for many years the only—civilized outpost between Westport and Santa Fe.

Manned by perhaps 100 trappers, traders, teamsters, clerks, and Indian hunters, its entrance was defended by an iron gate, bristling with massive iron spikes. Inside were supplies of all kinds, news and gossip, and the only billiard tables west of Missouri.

This was Bent’s Fort, headquarters of the Rocky Mountain fur trade, and a capital of prairie commerce until 1852. All that remains of it now is a mound of rubble near the community of La Junta, in southeastern Colorado.

Beyond Bent’s Fort the Mountain Route crossed the Arkansas and swung southwest through a rough, broken country that steepened abruptly into hills on either side. Off to the north the snowy peaks of the Rockies—a line of sharp white teeth glinting sharply against the skyline—appeared. And 80 miles further on, at the present boundary of Colorado and New Mexico, those mountains thrust themselves directly across the course of the Trail.



Trail's flavor is in the "mixin's"; Taos Indian, descendant of New Mexico Pueblos, and Baldwin, Kansas, hotel hang to the past with

Today's traveler covers historic Trail in comfort, sees great role trade route plays

in West's cattle, grain and petroleum life

Now the caravan began its climb over the Raton Pass, a strenuous 20-mile struggle against stumps and boulders, the wagons double- and triple-teamed, the men and animals gasping and heaving in the thin air. Progress came by inches here; wheels splintered and schooners overturned; and until an old-time trapper called Uncle Dick Wootton hacked a toll road over the 8,000-foot summit it generally took the trains a full week to reach the broad, beckoning prairies that lay below the far side. From there it was all smooth going. Five or six days of easy travel brought the wagons to the Mora River and a junction with the Cimarron cutoff. On they plodded, through the villages of Las Vegas and San Miguel, rolling along what now became a genuine turnpike, the Great Missouri Road, constructed and maintained by the traders to comfort the last 60 miles of their journey.

These days the main highway takes a route that was then somewhat less popular with the caravans. Just over the Raton Pass, it split off to the right and twisted away through high country to meet and follow the Rio Grande south toward

Santa Fe. Midway along this road lay an ancient Indian pueblo, the home of Kit Carson, the Winter headquarters for many mountainmen, and a spot that in recent years has become a favored residence of artists and writers from all over the world. Its name is Taos.

At the Texaco bulk plant he operates just outside Taos, R. S. West watches the traffic whining past on the highway. "I handle a big area here," he says. "Keeps me on the run, especially since I make direct deliveries to some of my customers—sawmills and big ranches, mostly."

He breaks off to handle a telephone order, then returns. "My biggest account is the Monte Verde Ranch, owned by the Lebus boys. They've got 19,000 acres up in the Eagle Nest area. They also run a pole-stripping plant—fence and telephone poles—and I supply all the lubricants. These big spreads use a whole lot of gas and oil. Ranching today runs on wheels, for the most part."

Approaching Santa Fe either along the Great Missouri Road or down the banks of the Rio Grande, the wagons moved through country that was increasingly dotted with juniper and evergreens, with whitewashed adobe, with orchards of peach and apricot, fields of squash and beans and corn. Pueblo Indians, grave and courtesies, trotted by on their burros, hands raised in salute. Excitement flared along the caravan. The teams were driven harder. The miles



stoic pride; but oil rigs rise near Great Bend, Kansas, and St. Louis parking lot stands where cry "Hooray for Santa Fe!" was born.

rattled by. And then, topping a rise and gazing down over a vast plateau that glimmered away to the west, they saw it—the Royal City of the Holy Faith of St. Francis.

Now began a final set of chores. There was, remember, a tax of \$500 on every wagon entering Santa Fe; and so, by repacking the freight and dismantling the smaller schooners, the train was reduced to more economical proportions. That done, the men "rubbed up" for the grand entry—trimmed their whiskers, washed their faces, changed their clothes. Finally they were ready. The wagons, overloaded and unwieldy, groaned down the slope, slowly gathering momentum. Screeching at the top of their lungs, firing their guns into the air, cracking whips, the *Americanos* swept into town.

The leaders of the party immediately settled down to business. There were customs officials to be dealt with, stores to be rented, goods to be displayed. Sometimes a caravan remained in Santa Fe for as much as a month before it disposed of its merchandise; at other times it might conclude its trading and be on its way back to Missouri within a week.

In the morning, with the excitement and celebration of their arrival over, the men might see what they had failed to notice before—that Santa Fe was not a place of beauty. It was, in fact, a squalid mud slum, primitive and unsanitary, with a grisly necklace of human ears—most of them chopped from the heads of mutinous Indians—strung between the pillars in front of the Governor's Palace.

But the city had a magic and a savor that made it seem to even the most fastidious of men like no other place on earth. It has that savor still. It is still the Royal

City of the Holy Faith of St. Francis, the end of the Santa Fe Trail.

There are six Texaco service stations in the city of Santa Fe. One of them is operated by a burly, cheerful man named C. A. Thomas.

"Like almost every other businessman in these parts," he says, "I depend a lot on the tourist trade. The season starts early in June, when school lets out, and stays heavy until around the first of September. During those months my sales jump by at least 20 per cent, and often even more. According to the Chamber of Commerce, the tourist dollar is one of our two most important sources of income."

History marched here—marched and sometimes galloped. In 1851, for example, Uncle Dick Wootton rode from Santa Fe to Westport in seven sleepless days; by 1858 the mail was being delivered twice a month. And then came the railroad. Overnight the Trail was finished.

The invention of the automobile—and the development of the petroleum industry—changed all that. Before long, petroleum products had become as vital to these regions as rain—to help cultivate the wheat fields of Kansas, operate the ranches of New Mexico, to help vanquish distance and fill the empty spaces. Today it is possible to drive in two easy days the same 900 miles that, a century ago, took months and often lives to traverse. ●

How to hit any trail and get the most out of it



This Summer, whether your touring plans call for a brief week-end trip or a leisurely two-week tour, the surest way to have the best possible time is to plan carefully.

It is not necessary, or even advisable, to work out the details of your tour with such precision you are afraid to look out of the window for fear of missing a mileage marker. But a certain amount of fairly simple advance work will do a lot to help you avoid worry on the road.

For a week-end trip, it is best not to drive more than 200 miles from home. That distance is comfortably within a day's motoring. And you will still have time to relax or sight-see when you arrive—providing you get an early start. For longer tours, you will probably do well to hold a family seminar and decide who wants to visit where and do what.

Above all, plan your tour according to the dictates of time, budget, and motorability. Don't crowd so much in that you find yourself hurrying back on the return leg. Take it easy by following a simple rule of thumb: for every 100 miles of travel, allow three hours. This will allow stops for leg-stretching, and occasionally poking the nose of your car off the beaten path when there is something special to see.

From 250 to 300 miles is the maximum distance you should chalk up in one day. Anything more contributes to tension, and anything less should be worth the delay.

Touring has been made so easy that it is the rare motorist who sits alone over his kitchen table and plans his itinerary with a dozen maps. There is no need to do it the hard way.

The simplest way to get touring help is to drive into your Texaco station and pick up a postage-free route request postcard, addressed to the Texaco Touring Service. You fill out the blanks giving your point of departure and where you want to go; you say whether you'd prefer the shortest route or the scenic route (which can be considerably longer). By return mail you will receive a tour kit, complete with marked maps and travel tips. It is a good idea to allow at least two weeks for return mailing, during June and July.

Texaco dealers throughout the United States and Canada can give you on-the-spot advice on routes, restaurants, and overnight lodging.

Experts agree that if you travel light you travel right. Extra luggage means more loading and unloading, less leg room, and less space for the things you might want to buy

during your trip. Women should plan a wardrobe favoring a basic color and built around a wrinkle-resistant suit. For men, a sports coat, two pairs of slacks, and a couple of sports shirts should do the trick; and both adults will need an all-weather coat, raincoat, comfortable shoes, and slippers. When you pack, separate folds of clothing with layers of tissue paper to discourage wrinkles.

One good reason for packing light is to make room for vacation accessories: a first-aid kit, sunglasses, a seat cushion for the driver, a thermos jug, bathing suits and beach shoes, your camera, a pencil and pad, suntan lotion, and medicines or prescriptions you are going to need. Your credit cards, travelers' checks, driver's license and registration, evidence of insurance, duplicate car keys, and copies of birth certificates (if you're leaving the United States) should go with you—and be guarded carefully. If you put them in your glove compartment, be sure you lock up when you leave the car.

Around the house, make sure you do these things before you take off: notify the postman and police; stop milk and newspaper deliveries; lock your doors and windows, and leave the window shades up; set the thermostat at minimum; remove the food from your refrigerator, defrost, and leave the refrigerator door open; leave a spare house key, your itinerary, and your license plate number with your next-door neighbor.

Most of these around-home items can be left until you're nearly ready to leave. But the single most important element in your trip—the family car—should be looked at well in advance of your departure. This will give your Texaco dealer time to take care of anything that isn't up to snuff. His Safe-T Check-Up, which is a really thorough going-over, will help prevent headaches on the road.

With your household duties taken care of, and your car in top condition, you are ready to roll. Start early in the morning, and you should be able to cover that 250 or 300 miles by late afternoon. This will give you time to find a place to eat and make reservations for the night. It will also allow you to stretch and do a little souvenir shopping. Service your car after checking in; don't wait until morning.

Play it safe on the road! Never crowd the car ahead of you, for one thing. For every 10 miles of speed you maintain, allow at least one car length. Better double this in bad weather. Remember, a car doing 50 will travel half a city block *after* the brakes are applied. Going down grades, use second or even first gear to keep the car well under control. When you pass another car, use your directional signals. After passing, don't pull back into your lane until you can see the car you have just passed in your rear view mirror. How important *is* the rear view mirror? One prominent driving authority believes you should check it, for what's coming up, every five seconds.

Turnpike driving is special. It's faster, it is more monotonous, and it tends to hypnotize the driver. These roads are built to eliminate as much driving boredom as possible

THE BEST PLAN YOUR TRIP EVER HAD

Holidays, vacations, and week-end trips don't come around too often; all the more reason to make sure your own are ones you will want to remember. Let Texaco Touring Service, with its personalized travel advice, help you plan your trip; it's the kind of back-seat driver you'll be happy to take along.

This service is available nationally, without cost, to the motoring public, and the Company maintains an up-to-date series of touring maps and pamphlets for the use of motorists. More than 300,000 requests, for example, were received last year for maps and routings. These requests pour in by mail, telephone, and over the counter to the half-dozen Touring Service Centers: two in New York; one each in Chicago, Houston, New Orleans, and Los Angeles.

Here, highly skilled travel counselors—after extensive training in topography, map-reading, highway systems, and routing techniques—prepare a tour kit tailored to each individual request. Information on highway construction and temporary detours along the way is also included and kept current by state highway bulletins and maps, as well as local newspaper, radio, and television reports.

Touring Service personnel have anticipated some of the other problems that go hand in hand with travel. In addition to route maps, each tour kit contains a travel information brochure with a pre-trip "peace-of-mind" check list, practical safe-driving suggestions, and tips on what to do about clothes, food, lodging, entertaining children, and car care.

The familiar Texaco service station is still the most popular — and prolific — source of this specialized touring material for prospective trip takers. Some 12 million state maps were distributed last year through dealers alone, while Touring Service Centers handed out hundreds of thousands more. Application forms are also available through your local dealer, by the way, for Texaco's "Speed-Charge" credit card. Appreciative tourists—there are more than three million of them today—especially enjoy not having to carry money to buy those items their cards cover.

The touring service concept is not a new one; it's been around for a long time. Texaco Touring Service has been in business for 30 years, distributing about 240 million maps and handling almost five-and-a-half million routing requests since 1929. A lot of people seem to enjoy touring with Texaco.

CONTINUED ON PAGE 14

(they all have deliberate curves and gentle rolls); but the motorist sometimes forgets he is traveling a mile a minute. On a superhighway, a driver is more apt to relax at the wheel, go faster than he realizes, forget to check who's ahead, alongside, or in back of him. To break the monotony, chew gum, switch radio stations, stop every hour off the road for a break and a walk around the car. Keep your eyes active, shift your seat position often. Singing helps, no matter what the rest of the family says.

It is a fine idea to take children along on a tour. For one thing, they will never forgive you if you don't; for another, you will worry less about them if they are with you. Teenagers are less of a problem than younger children, and you can give them duties along the way. Ask them to keep track of expenses, pick out a good lodging area, remind Dad when it's time to stop and stretch. Sometime it is fun for them to figure out how many miles you are getting to the gallon.

To keep the smaller children from squirming, games, toys, and picture books do a good job. A thermos of milk or fruit juice helps. Keep them away from rich cookies and candy (there's nothing sicker than a car-sick youngster). Entertainment can vary from counting games (red barns, foreign cars, big trucks) to a variation of 20 Questions. Oh, and carry a bag of inexpensive puzzles, playing cards, or comic books, to surprise them when they become restless.

Remember that hotel, or motel, reservations are more likely to be confirmed if you send a deposit along with your request. Through motel associations, prepaid reservations are guaranteed. Phone ahead for overnight motel accommodations; all motel directories have phone numbers, and most have room rates. Many motels now have restaurants, and good ones, incidentally.

Both the Federal and state governments maintain millions of acres of rugged mountains, wilderness forests, picturesque coastlines, and prehistoric ruins for your enjoyment. Most of them contain lodges and camps, tent and trailer facilities, and encourage fishing, boating, swimming, and riding.

There are 29 National Parks and about 150 National Monuments that include historic and battlefield parks, ancient Indian ruins, and parkways designed strictly for pleasure driving. The National Forests are located in all but a few states, and picnicking and camping are permitted almost everywhere without charge.

Wilderness areas are places where the automobile cannot penetrate, and 77 of these are available for those who like to camp, hike, or follow a trail on horseback. Individual states offer forests, mountain areas, seashore beaches, and historic sites. Some have picnic grounds, cabins, restaurants, and sports facilities. Fees are nominal, and it is a good idea



National Parks and Monuments provide plenty to see and do at a very reasonable expense.



You can make sure your car is in top shape before you take to the road by having a Texaco Safe-T Check-Up made.

to write six to eight weeks in advance for cabin reservations.

If you are interested, send for:

- *Recreational Areas of the United States*, Superintendent of Documents, Government Printing Office, Washington 25, D. C.; 35¢; lists all Federal and state facilities.
- *National Parks, Historic Sites, National Monuments* (Price List No. 35), Superintendent of Documents, Government Printing Office, Washington 25, D. C.; no charge; complete list of each area and its facilities.
- *National Forest Vacations*, Superintendent of Documents, Government Printing Office, Washington 25, D. C.; 25¢; list of 150 National Forests containing 1,700 camping and picnic areas.

For complete information on wilderness areas, write: American Forestry Association, 919 17th Street, N.W., Washington 6, D. C.

For information on state parks and recreation areas, contact your Texaco Touring Center.

You do not need a passport for entry into Canada or Mexico, but a Tourist Card is required for travel down Mexico way. Try to get this in advance from one of the Mexican Consulates near you, instead of picking one up at the border. Proof of U. S. citizenship is needed (birth certificate or voter's registration card). Auto permits, good for six months, are issued free at the border. Proof of smallpox vaccination within the last three years is needed for re-entry into the U. S. from Mexico. Get this before you leave home. Your Texaco credit card, automobile casualty and liability insurance are *not* good in Mexico.

That's it, except for one thing: have a good time. •

READY FOR A CHANGE? IT MAY BE LATER THAN YOU THINK

You are a driver, and confused. Dealers, neighbors, and manufacturers' manuals give you all sorts of conflicting information about the proper mileage interval for changing your car's oil. Your Texaco dealer recommends a change every 1,000 miles if you do most of your driving in the city and suburbs. Your next-door neighbor, who drives under all sorts of conditions, goes 3,000 or even 4,000 miles without an oil change; and points out, knowingly, that his operating manual allows such a practice.

If you read the manufacturers' recommendations more closely, though, the problem becomes less puzzling. It is true the manuals say a new car using a top-grade motor oil may be driven safely beyond the traditional 1,000-mile limit, under ideal conditions: steady-speed, long-distance travel, in moderate weather, on an express highway. But the manuals say there is nothing normal about these ideal conditions; in fact, they are highly abnormal. It is also true that *every one of the manuals* recommends much more frequent oil changes for what it indicates as adverse conditions: cold starts, stop-and-go driving, and short-run driving, even when interlaced with longer trips at reasonably fast speeds.

This last category sounds like your own average driving, doesn't it? That's just the point. Average driving conditions are bad driving conditions, as far as your oil and engine are concerned. What many drivers don't realize is that *ideal* conditions and *average* conditions are not the same thing; if anything, the average motorist's need is for more, rather than less, frequent oil changes.

The most popular argument—and the greatest fallacy—concerning oil changes is the *supposed* saving to the driver by prolonging the interval. Take that fellow next door, for example; he covers around 4,000 miles on a single crankcase of oil and saves about \$40 over a four-year period. What has he actually saved?

Oil filters and the detergents that are added to quality oils can remove only a certain amount of sludge and impurities; they are helpless against the hard deposit baked on vital engine parts. When an excessive amount of contaminants accumulates in the crankcase, the only clean-out process is an oil change. The motorist who listens to his Texaco dealer, and follows the 1,000-mile oil change rule, spends less than a nickel of his driving dollar on oil.





Only an aerial view, far left, throws mammoth proportions of Key Colony Beach into true perspective. Sugar-white patch is freshly dredged land. On the beach, left, shoremen smooth this coral rock and sand mixture to make way for construction crews moving in to dot area with multi-colored homes, below. Canal "street," one of an interlacing network that gives island Venice-like appearance, provides every home with doorstep dock.

CITY OUT OF THE SEA

About two hours' drive south of Miami, along the Overseas Highway that spears the Florida Keys, lies Key Colony Beach. Today's visitor to this modern, man-made miracle, gazing at rows of brightly colored homes, walks along palm-shaded streets laid out on land which was the bottom of the Atlantic Ocean a few years ago; a swamp-infested wilderness where an occasional passing fisherman tied up his boat and cursed the mosquitoes.

Construction crews and dredging outfits were first on the scene, when work began, and they both had one essential need in common—petroleum products. That was when Texaco went to work in vacationland. An old-timer now, the familiar Texaco sign is a friendly neighbor to everyone at Key Colony Beach on land and sea. From the beginning, it was not difficult to see that, beyond the immediate construction necessities, there was an even greater opportunity once the project was completed and occupied. So, Texaco moved in on the ground floor—literally.

Dredged and dynamited from the shallow sand and coral rock ocean floor off nearby Key Vaca, this 365-acre island is now the pride of more than half a dozen housing developments that have sprung up on neighboring Keys. At the edge of one of the finest bathing beaches in Florida (sugar-white and a mile long) sprawling luxury motels and gleaming cooperative apartment houses stand in the sun. Behind this impressive facade spreads a vast Venice-like area of choice water-front lots, interlaced with broad avenues and a network of canals where everything from row-boats to yachts glide back and forth.

This tremendous transformation, spectacular even by Florida standards, is the outgrowth of a two-part program to provide not only a bustling vacationland for tourists but also to offer enticing homesites for middle-aged couples in retirement. Such a program and exciting promise of future potential—the Key Vaca area's population has skyrocketed 900 per cent since 1950—has attracted the attention of busi-





To create a place for relaxation has taken plenty of petroleum energy

nessmen in many fields, including energetic John Puto, distributor of Texaco products in the area.

Mr. Puto opened a service station at the island's impressive \$150,000 marina, which is operated by Texaco dealer Tom Bowes. The marina is equipped with mooring facilities for boats of all sizes. Mr. Puto also operates as a wholesale distributor from his main bulk plant in nearby Marathon Shores, centrally located to service the entire range of Keys with equal ease. He not only sells over 100,000 gallons of gasoline and lubricants a month for the automobiles and boats of area residents but also continues supplying dredging outfits and construction contractors with the petroleum products they need.

With tank trucks, Mr. Puto carries diesel fuel to outlying fishing fleets; supplies the bulk of gasoline and lubricant needs for over 20 construction firms operating up and down the Keys, as well as independent offshore oil drilling opera-

tors. Around Key Colony Beach, hoses 200 to 300 feet long snake out from shore to reach fuel-hungry dredges. In addition, two new Texaco service stations—one on Big Pine Key to the south and the other up north in Islamorada—are in operation, supplied by the Marathon Shores bulk plant.

For good measure, Mr. Puto's warehouse can fill requests for automobile tires, batteries, or accessories, and he supplies Texaco Rust Proof Compound to protect exposed steel girders on the 41 bridges linking the Overseas Highway. Not one to neglect civic responsibilities, Mr. Puto was recently elected chairman of the Monroe County Petroleum Council.

Key Colony Beach has been called Florida's second St. Petersburg, with Miami Beach's real estate boom thrown in to lend background. Designed as the only completely pleasure-planned resort city in the Florida Keys, the community has already jumped into second place behind Key West as the largest town on the long stretch of Keys. With a recently

Island waters tempt anglers with some of the world's finest salt water fishing; and Texaco marina, right, provides gasoline and oil for their boats. Ashore, Texaco also supplies essential products to construction contractors who are expanding into neighboring areas. Important customers, too, are dredging outfits that cut canals below shallow tidal flats and spew sand which has been scooped from ocean's bed through jointed pipe to build new subdivisions. Both the marina and new homes stand on land created by this unusual dredge-and-fill work.



completed 8,000-foot landing field on Key Vaca (supplied with Texaco aviation gasoline and lubricants by the versatile Mr. Puto) and a shopping center on the causeway connecting the island to the Overseas Highway, Key Colony Beach now offers its residents every convenience of mainland cities.

The history of the Key Colony Beach development is as amazing as its growth. It all began by accident. In the early 1950's, a Miami real estate man "retired" to Key Vaca. Near the town of Marathon he bought 16 acres of coral rock and mangrove swamp and then purchased 40 additional acres to guarantee a right-of-way from the highway to his property. To raise these tidal flats to highway level—six feet above sea level—required fill and the only fill available was the coral rock itself.

Canals 100 feet wide and 16 feet deep were blasted; huge dredges scooped the rock and sand from the ocean bed and packed it between the canals. Suddenly, the outline of an

island containing vast tracts of valuable water-front property emerged and Key Colony Beach was born.

The dredge-and-fill method that created Key Colony Beach was first employed in the 1920's to carve the Tamiami Trail through the Florida Everglades. Now it has become the favorite land reclamation method on the Keys and has lent a helping hand to such neighboring developments as Key Vaca's Little Venice, South Marathon Shores, and North Marathon Shores—representing a capital investment exceeding \$100 million. Texaco, too, has played a vital role here. Both businessmen and residents look upon the oil business as one of the best that have come into the area.

Not only money, but also brains are behind the current building boom in the Central Keys. Natives and newcomers alike look ahead to the time when the Keys, constantly bathed in sea air, may well be the nation's leading vacation paradise. Key Colony Beach will be ready. •

American Investors

Have funds, will travel

And the flow of private capital to the many under-developed countries which badly need it might be greatly increased through some reforms both in this country and abroad

In his address to the Colombo Plan nations at Seattle, last Fall, President Eisenhower put new emphasis on the importance of private investments abroad with this statement:

"The resources of American private capital are far larger than the amounts which our Government can provide. Most of the productive talent and resources of our society are in private hands. . . . If this country is to be of greatest help to less developed countries, therefore, its private resources will need to be drawn upon to the greatest extent possible."

Despite the President's recognition of clear need for private investment abroad, the problems created both in this country and in foreign trading areas have slowed some American investors from going into foreign fields.

What are the principal deterrents? What can be done to remove or counteract them? First, consider the handicaps:

Many of the problems in the other countries of the free world have grown out of a desire for rapid change and improvement, particularly economic improvement. This has, inevitably, affected the political, social, and economic structures of these countries. Because these structures have not been adaptable to fast but orderly change, political instability has resulted.

In many areas of the world there is an obvious misunderstanding of American motives and objectives. This almost certainly grows out of a natural resentment of the world's wealthiest and most powerful country, but that is only part of the explanation. There also is the feeling in some countries that the United States has acted selfishly and short-sightedly in its trade relationships. To determine the depth and seriousness of these critical attitudes towards the United States is difficult. It seems prudent, though, to view them with respect and do whatever can be done to improve them.

Another deterrent to foreign investment by American business is that many countries still do not have realistic and consistent policies toward private foreign capital. Their policies often are subject to sudden change. The American investor, understandably, shies away from such an uncertain business environment.

Economic growth of many foreign countries has been substantial in the postwar period; yet in many cases it has not been enough to keep pace with the growing economic requirements and demands of the people. Many of these countries, too, have concentrated on rapid industrialization; and this has added to the economic strain.

Finally, United States taxes on foreign income, to the extent that they increase operating costs, are undoubtedly a deterrent to private investment abroad.

Most of these five problems have deep-lying origins. It is difficult to provide, with any certainty, concrete measures to solve or avoid them. Texaco has, however, made these recommendations aimed at improving foreign trade opportunities to the United States Senate Subcommittee on Foreign Trade Policy, Committee on Ways and Means:

1. Continued economic development in many of these countries should contribute substantially to political stability through the improvement of living standards. The extent of this development will depend, largely, on the economic policies of the governments of these countries to improve the climate for both local and private foreign investment.

Those policies must be inspired and implemented within the countries themselves. The United States Government, though, can assist with loans for roads, irrigation, sanitation, health, education, postal facilities, and other basic services—as a means of opening up new areas and new possibilities for productive private enterprise.

These government-to-government loans are at times a prerequisite to increased private investment in a foreign country; but in making such loans it should be remembered that conflict usually arises when governments try to spread public capital into activities which private capital is able and willing to handle. The inevitable result is competition between public and private enterprise, and discrimination against the latter. Under these circumstances, private capital cannot do its job and public capital is wasted.

2. It is not always clear, to official U. S. representatives abroad, just how far they should go in supporting American business activities in the countries to which they are assigned. Concise and vigorous instructions should be issued to support these activities in every proper way, just as nationals of other countries are supported by their governments. A continuing interchange of information, and regular discussions of mutual problems and objectives between American businessmen and overseas representatives of our government, would buttress these instructions.

3. A great deal of the misunderstanding between the United States and other countries could be eliminated by more personal contact among our people and those of the other nations. Encouraging Americans, in both Government and business, to mix with a much broader segment of the people of other countries surely would help accomplish this. Americans living and working overseas should be carefully selected. They should try to learn the language of the country to which they are assigned. They should conduct their official, business, and family affairs in a way which would reflect the highest standards of American behavior.

4. It would be unrealistic to expect other countries to adopt a business system precisely like ours. However, the lessons learned in the United States might be of tremendous value to many less developed countries.

The corporate form of business with its many flexibilities, for instance, should be more fully understood and adapted where it is suitable. But any program to provide a better understanding of the private enterprise system should not be built around proof of results achieved in the United States. It should be focused on the great contribution that private enterprise can make to the rapid internal economic development at the early industrialization stage in which so many of these countries find themselves.

5. Representatives of the United States Government in less developed countries should be able to help, materially, by emphasizing principles which must be understood to provide the most attraction to private foreign capital. Among these principles are: that the flow of private capital is the result of private decision of individual enterprises, which the United States Government does not control; that the responsibility for creating conditions which will attract private capital lies with the countries needing such capital; that in trying to attract capital, countries desiring it must be



competitive with investment opportunities available to such capital in the United States and other areas of the world; that once an investment is made in a country, changes should not be made in the basic ground rules existing at the time of the original investment; and, finally, that nationalization of any foreign-owned enterprises permanently damages the attractiveness of that country as a place for further investment of foreign capital.

6. Government representatives can also help encourage private capital to invest in foreign countries by negotiating stronger commercial treaties, which would help stabilize and broaden the assurance of fair and equitable treatment to United States investors. These treaties should include provisions against discriminatory taxation and foreign exchange policies, punitive labor laws, administrative harassment, and assurances with respect to nationalization.

7. A major deterrent to expansion of larger private American business operations abroad could be removed merely by better coordination of the foreign activities of the various U. S. Government agencies, requiring all of them to support fully the national policy of this country of encouraging private investment abroad. The current situation is that, at the same time the President and most Government agencies are encouraging private foreign investments, the Department of Justice seems to be embarked upon a program of attacking foreign activities of American enterprises which have made substantial investments abroad.

8. Any workable scheme to stimulate private investment must recognize the importance of profits to the investor.

There seems to be a hesitancy in some segments of business to talk about the subject of profits; but there is little reason why business *should* be shy about the fact that private capital can flow only into countries which recognize that private capital has to earn a profit.

In judging whether a fair profit can be earned, it must be recognized that taxes have become a major cost consideration. The taxes to be paid are today one of the most important factors a private investor must consider in determining whether to go into a foreign market. There is little doubt that bringing U. S. tax laws up to date would encourage the movement of private capital to foreign areas.

Private industry is being called upon today to provide a large part of the capital needed for world economic development. It cannot do the whole job. But it can do a big part of the job if the climate in which it can operate most effectively is better understood.



William P. Gee

TO HEAD FOREIGN PETROCHEMICALS

The election of William P. Gee as Vice President in charge of Foreign Petrochemicals for Texaco, effective February 1, was announced by Chairman of the Board Augustus C. Long.

Mr. Gee had been president of Texas-U.S. Chemical Company, which is jointly owned by Texaco and United States Rubber Company, since its formation in 1954.

Educated at the University of Texas and Massachusetts Institute of Technology, Mr. Gee entered the oil business in 1919, and joined Texaco as a Research Chemist in 1927. He worked in the development and commercialization of many of the processes licensed by Texaco and widely used by the petroleum industry throughout the world.

In 1947 he was elected vice president in charge of process licensing of Texaco Development Corporation, a wholly owned subsidiary. In 1951 he was appointed Assistant to the President of The Texas Company, and served in that capacity until 1954.

TEXACO FIRST WITH ELECTRONIC PROCESS CONTROL

The first industrial process ever to be controlled by an electronic computer went on stream in April at Texaco's Port Arthur refinery. With no more outward sign than a steady glow of indicator lights and hum of electronic parts, the new equipment took over control of the processing in a polymerization unit—closing, for the first time in the history of automation, the so-called "loop" of computer control on a full-scale plant operation.

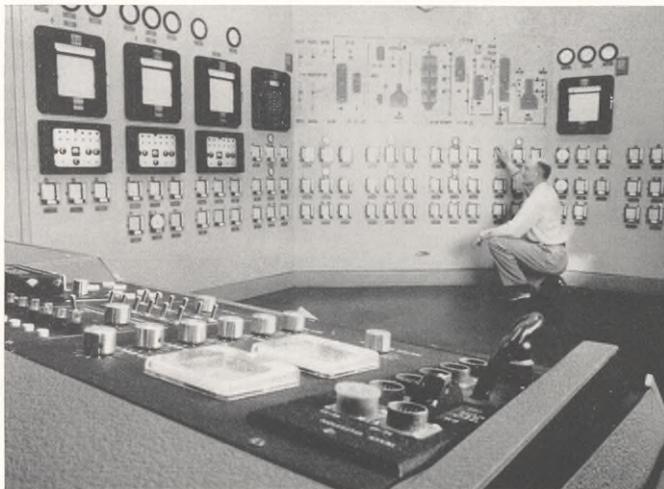
Computers have analyzed data and performed calculations for control, but until the Texaco unit was put to work they had never fed back their judgments into the plant and actually controlled its operations.

At the time the computer went to work, Texaco President James W. Foley commented, "We have pioneered this new project fully aware of the historic significance it may have for the future of automatic process control. We hope to realize an increase of efficiency of six to 10

per cent in this particular unit. However, we also look upon the plant as an unparalleled experimental ground where we will gain invaluable knowledge and experience for future computer use."

Savings from more efficient use of catalyst materials alone are expected to be around \$75,000 a year, with the new control system.

The photo below shows control panels of the new system, clustered with gauges that receive and record 110 different sources of information on pressures, temperatures, flow rates, catalyst activity, and other variables from the plant itself. The computer takes the information received, evaluates it, figures out the best possible relationships between all the gauge readings, resets them, and then feeds its judgments back into the processing plant. It also types out a record of what it is doing, watches its own operation, and sounds an alarm if there are signs of impending failure.



"MOST IMPORTANT DEVELOPMENT IN THE ANTIKNOCK ADDITIVE FIELD SINCE . . . TETRAETHYL LEAD" IS ANNOUNCED

A new chemical additive which effectively increases gasoline octane rating, named Texaco Lead Appreciator (TLA), was announced recently by F. H. Holmes, Vice President in charge of Texaco's Research and Technical Department, who called it "the most important development in the antiknock additive field since the introduction of tetraethyl lead 36 years ago." He also predicted that TLA will come into widespread use as gasoline octane requirements increase and added that, even today, many companies and refineries may effectively and economically use TLA in limited quantities.

To the consumer, TLA should mean lower relative costs for tomorrow's premium fuel. Reason: as octane levels rise now, the costs of increasing octanes by present refining methods also rise. However, octane-increase costs go down when the TLA additive method is used, because the higher the octane, the more ef-

fective TLA becomes. For example, TLA will increase 100-octane by about one point; at the 106-octane level, it will jump octane rating by two or two-and-a-half points.

Eventually, TLA may also help preserve our nation's petroleum resources, since the use of various refining techniques to upgrade octane quality almost invariably decrease the final gasoline yield.

TLA is, essentially, a petrochemical and not a normal component of gasoline. It contains no metals and burns completely without leaving deposits. These are the major points concerning the new additive, from the driver's viewpoint:

TLA will not have to be added to the gasoline tank, but very probably will be blended into the gasoline. It will mix safely with any gasoline.

TLA has no adverse effects on the composition of exhaust gases and will not create atmospheric hazards.

TLA will not act differently on en-

gine parts than gasoline without the TLA additive.

TLA, of itself, will not increase automobile mileage and power; these factors are related to the ability of the engine to take advantage of higher octane numbers.

Over 20 million road-tested miles, under conditions of high and low temperatures, stand behind TLA. It has also been tested on consumer markets in the Northeast and at several points in the South.

Rigorous tests were run on engine performance and life, including engine deposits, spark plug life and ignition, fuel line cleanliness, mufflers, toxicity, and parts wear.

Both automobile manufacturers and marketers of tetraethyl lead have been given details on the new additive.

TLA will be made available by Texaco, through appropriate licensing procedures, for use by the entire petroleum industry.

NAMED ASSISTANT TO PRESIDENT



Howard S. McCray

The appointment of Howard S. McCray as Assistant to the President of Texaco, effective March 13, was announced by Augustus C. Long, Board Chairman.

Mr. McCray joined Texaco in 1926 as an Engineer at Port Arthur Works. From 1940 to 1954, he served as Superintendent of Texaco refineries at Sunburst, Montana; Amarillo, Texas; Lawrenceville, Illinois; and Lockport, Illinois. He was named Manager of

the Operations Division of the Company's Refining Department in September, 1954, and Manager of the Purchasing Department in December, 1955.

In February, 1958, Mr. McCray was elected chairman of the board of directors and chief executive officer of the Texas-Zinc Minerals Corporation, a uranium company jointly owned by Texaco and The New Jersey Zinc Company.

A DEPLETION PRIMER



One of the most discussed, and least understood, problems affecting the oil industry is the percentage depletion provision in our Federal tax laws.

Very briefly, percentage depletion lets oil producers deduct 27.5 per cent of *gross* income (not to exceed 50 per cent of *net* income) from *producing* operations

in computing their income tax each year. It is not a tax loophole or special

privilege, but a formula thoughtfully worked out by



Congress over

30 years ago to encourage oilmen to take risks in the interest of the nation. The

lawmakers wisely recognized a fundamental tax principle: income taxes should

fall on income only and not on the capital that provides income. Crude oil is the

“capital” from which a petroleum producer derives income. Every barrel that

flows from the ground,



in effect, liquidates his capital. Without the

constant incentive of percentage depletion, oil producers could not be expected

to keep up the level of exploration and development



which has been so essential to our living standards and our national security.

After long,



careful study, Congress decided

27.5 per cent is the best estimate of the deduction that will permit the oilman to recover for tax purposes the value of his capital investment.



In practice, the 50 per cent net income limitation generally means a deduction less

than 27.5 per cent. If Congress slashes or abolishes percentage depletion to gain a quick source of tax revenue, higher consumer prices would be an almost certain

result. Percentage depletion is synonymous with low-cost energy. Elimination or

reduction of this provision would mean high-cost energy and, in turn, directly

affect consumers, business, and industry. The oil industry for the past 100 years

has provided this nation



in peace and in war with

a constant and abundant flow of low-cost energy, directly responsible for the

growth and development of our great industrial strength. Without abundant low-

cost energy – without percentage depletion – the effects upon our economy and

the costs in terms of national strength, vigor, and growth could be immeasurable.

1859 1959
OIL'S FIRST CENTURY
-BORN IN FREEDOM
WORKING FOR PROGRESS



Photographed at The Drake Well Museum, Titusville, Pennsylvania

First customers on a list that keeps growing

On a hot August afternoon in 1859, "Drake's Folly" became America's first commercially productive oil well, creating an industry that has become so closely linked with modern life that civilization, as we know it today, could not exist without the products of petroleum. One hundred years ago, though, the oil industry was modest and the product of necessity. Until then, the prime lamp fuel was whale oil, but supplies were scarce and expensive. A cheap, easily produced substitute was needed. An answer — kerosine — was found at Titusville, Pennsylvania, when Edwin L. Drake brought in his well. Almost overnight, every parlor lamp in the nation became the oil industry's first customers. The list has been growing ever since: today it ranges from the users of lubricants and fuel oils to those who need intermediate products like waxes, asphalt, and coke — and on to the industries (synthetic rubber and plastics are two of the best known) using new petrochemical by-products. Interestingly, in its Centennial year the petroleum industry finds itself still selling huge amounts of kerosine. The 1959 variety is a much more highly refined type, of course — and it's sold for jet flight instead of parlor light. But basically it's the very same thing Drake was looking for.