

Shellegram

Deer Park Manufacturing Complex

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POSTED PRICES FOR CRUDE OIL: A POINT OF REFERENCE

Shell produces crude oil from its own leases, but not all that it needs. Shell must buy crude and the posted price for that crude is the first step towards purchase.

WHAT IS A POSTED PRICE?

A posted price for crude oil is a point of reference, a benchmark for negotiations, indicating to crude oil producers and suppliers how much Shell proposes to pay for crude oil from fields, areas or pools in various geographical areas.

Legally, posted prices never have been defined.

Shell attorneys maintain that a posted price does not constitute an offer. Posted prices do not require Shell to buy anyone's crude at a specified price. They are a basis for negotiations with contractual sellers. They give the independent producer some idea how much he can expect to receive for his crude oil should he decide to sell it to Shell and should Shell decide to buy it from him.

This means that Shell, the buyer, proposes the initial price for crude oil rather than the producer, the seller. In the end, however, it is mutual agreement between the buyer and seller that determines the final price.

NOT REQUIRED TO POST

Shell is not required to post prices. For example, since the 1930's, Shell management has elected not to post prices on the West Coast. Other companies do post prices there, so there is some public indication as to how the going rates stand.

PRICE ON THE POST

In the early days, crude oil prices actually were posted daily on the gates of a Shell Refinery. Sellers of crude oil could compare

prices proposed by Shell with those proposed by competing refiners. In the oil patch where several refineries were located, a seller could shop around for the best price for his crude.

Today, a posting still is made on a special bulletin board in the Shell offices where crude oil is bought and sold. More practically, however, posting is done through a mailing to all large suppliers of crude oil to others who are interested and through a news release to the general and trade press.

Shell deals regularly with about 1,000 suppliers of crude oil, both large and small. Some are under long-term contracts. Others sell on the spot market. All contractors regularly receive Shell's posted prices. Oil brokers, spot market suppliers and anyone else interested also may request the

price lists. This information, usually in an abbreviated form is announced through press releases.

Posting notices generally are sent out when a change (Continued on page 3)

TEN-AND-OVER PARTIES UNDERWAY

Hundreds of refinery retirees and employees gathered at the H&H Guest Ranch Country Club, 4000 Greens Road, Houston, for a day of reminiscing about "way back when" and relating current everyday happenings.

That a good time was had by all was evident as there were smiles everywhere. The food was great and the hors d'oeuvre table was constantly being replenished as guests enjoyed sampling its goodies.

The chemical plant will have their day at the H&H Guest Ranch on Saturday, October 18. Hope you can make it!

SHRIMP BOIL ATTRACTS MANY EMPLOYEES



Truckin' along



Chattin'

to the SCORA Shrimp Boil.



and dancin' and eatin'



the whole day long.



FOUR RETIREES AND ACTIVE EMPLOYEE DIE



Jackson
Pearsey
Stark
Pritchard
Stanford

Two retirees died September 25. They included Warren H. Jackson, 76, and Lewis W. Pearsey, 66. Warren Jackson retired in January 1962 after 32 years of company service. He left Shell as an operating assistant in Dispatching.

Funeral services were held at the Lawndale Chapel in Houston with burial at Forest Park Cemetery.

Warren is survived by his wife, Simone, of 7630 Cayton in Houston.

Lewis Pearsey retired in June 1971 after 40 years of company service. At the time of his retirement, he was a chemist in the Refinery Laboratory.

Funeral services were held at the Chapel of the Garden in Houston with burial at Woodlawn Garden of Memories.

He is survived by his wife, Geraldine, who resides

at 510 East Main in Brenhan.

Another retiree, Vernon M. Stark, 78, died September 28. Vernon retired February 1962 after 26 years of company service. He left as an operating assistant in "P" Operations.

Funeral arrangements were by the Settegast-Kopf Funeral Home.

He is survived by his wife, Edna, who resides at 12644 Celia Drive in Houston.

Leland E. Pritchard, 58, operator No. 1, "A" Department, died September 28. At the time of his death, he had 20 years of company service.

Services were held at the Colonial Funeral Home in Houston with burial at Houston National Cemetery.

He is survived by his wife, Frances, who resides at 1308 Marlock Lane in Pasadena.

Howard D. Stanford, 52, died October 3. Howard retired in 1973 as an instrumentman No. 1 in Engineering Field.

At the time of his retirement, he had some 30 years of company service.

Funeral services and burial were held in Kosse, Texas.

Howard is survived by his wife, Marcus Raye, who resides at 1712 Edgehill in Pasadena.

FREE BP TESTS GIVEN

The Medical Department is giving free blood pressure testing at various times.

Two testings have already been conducted and two more are scheduled from 2:15 pm - 4:15 pm on the following dates:

- October 17 - Refinery cafeteria
- October 24 - Chemical Plant cafeteria

Any employee who wishes to have his blood pressure checked may do so at the above times and locations.

SHELL REPORTS ON ENHANCED RECOVERY

Did you know that using conventional production techniques about two-thirds of discovered crude oil remains underground? That's a fact according to API data quoted in a recent Shell Reports.

This issue of Shell Reports, the most recent in a series of brief papers describing the company's position on important matters, examines enhanced recovery, which is a variety of experimental methods of getting crude oil out of the ground after conventional methods (natural flow, pumping and waterflooding) have been exhausted.

In its report, Shell estimates that enhanced recovery may account for as much as two million barrels of oil production a day by the end of the 1980's. The company recognizes that oil from enhanced recovery projects is not the ultimate answer to our nation's energy problems but it will help reduce our dependency on foreign imports.

This Shell paper looks in detail at the need for enhanced recovery, the methods, the costs and the outlook.

Copies will be available at SHELLEGRAM stands early next week or can be picked up in the SHELLEGRAM office.



"That does it! That's the last time we rent a truck to the Acme Laundry!"

Posted prices for crude oil: A point of reference...

is made. Shell has changed its price postings as often as five times in one month as competition for crude oil dictated and in many instances has left the same price in effect for several months.

Prices are quoted for crude oil at the well. The cost of transporting the crude to a central gathering point, such as a pipeline terminal, is normally borne by the purchaser, but unusual charges, such as trucking are often borne by the seller. Most pipelines, of course, are common carriers, and "exchanges" are also made to facilitate transportation. Thus, a seller's oil may be delivered to the same terminal regardless of the refinery who buys his crude.

MANY KINDS OF CRUDE

Oil fields yield many different types of crude. The

MACHINIST KOWALSKI RETIRES FROM COMPLEX

William L. Kowalski, 52, recently received a disability retirement. He worked as a machinist No. 1 in Maintenance Engineering.

William had some 30 years of company service at the time of his retirement.

He and his wife, Esther, will make their retirement home at 3218 Hays, Pasadena.



SCORA DANCE PLANNED

SCORA plans a free Nostalgia Dance for Saturday, October 18, at the Fireman's Recreation Hall, "L" Street, Deer Park.

The dance will feature jukebox music from 8 until midnight. SCORA members and guests are encouraged to wear their bobby socks, loafers and old felt skirts.

According to John Kindla, president of the club, guests are welcome to bring their own booze.

three most important characteristics to crude oil buyers and refiners are: the specific gravity of an oil, its sulphur content and its vapor pressure which is an indication of the amount of propane and butane it contains and its tendency to evaporate.

Specific gravity usually influences the types of products that can be made from a crude oil. Vapor pressure is measured by a process known as the Reid Method. Oilmen simply want to be sure that crude does not contain an unusually large volume of lower valued "light ends," such as propane and butane.

A typical posting by Shell issued August 1, 1975, said that the company proposed to pay \$12.75 a barrel for "new" crude, with a 40 degree API

gravity, a low sulphur content, not exceeding 7.5 Reid vapor pressure, from fields in West Texas and New Mexico. High sulphur crude and those with an API gravity less than 40 degrees were assigned lower prices.

KEEP REFINERIES RUNNING

Men who buy crude oil for Shell and post the prices have one principal objective: To keep Shell's refineries supplied with the amounts and proper types of crude oil they need. Shell has eight refineries, all in the United States. In 1974, the last for which figures are complete, these refineries processed 1,030,000 barrels of crude oil per day. Roughly 60 percent came from American wells and the rest from imports.

HOUSTON BRIDGE LEAGUE SEEKS SHELL MEMBERS

There's a commercial baseball league for people who work in business. There's also a commercial bowling league. And there's probably a commercial pinochle league. But did you know there's also a commercial bridge league in Houston? It's true. The league had 22 teams representing local business firms competing during the last playing season.

This little-known league already has two Shell teams playing, and more are wanted.

All that's required to commence playing on October 22 is a knowledge of bridge and \$50 for each team for the first half of the season. A \$40 fee is charged for the second half. These fees include all costs for the 22 games. The league meets the second and fourth Wednesdays of each month for 12 sessions at 7:30 pm at the Bridge Studio of Houston, 7011 Southwest Freeway.

Employees or family members who wish to form a Shell (continued on page 4)

LOTS OF FROGS, NO MOSQUITOES, DOWN AT RWR



There aren't many mosquitoes down at the river water reservoir in Dispatching thanks to a mama bullfrog's laying of eggs, which have hatched and matured - resulting in hundreds of bullfrogs lining the banks of the reservoir.

Within a couple of years, the year-old frogs will be just the right size for gigging and eating, according to B. R. Stefka, electrician No. 1, Engineering Field.

CLASSIFIEDS

FOR SALE

Portable typewriter, SCM Corsair in very good condition. \$25.
649-1337

Harley Davidson Sportster, low mileage 1974 model in excellent condition. \$2,350.
479-4979

1974 Gremlin X, 6 cyl, std., 17,000 miles. \$2,500.
479-1378

1974 Camaro LT 350, V-8, AM-FM, T/D, air, automatic transmission, perfect condition.
473-9058

1970 Ford pickup truck, V-8, 1/2-ton LWB. \$1,000.
482-2351

Four lots in Grandview Cemetery in Garden of Cristus. \$600.
Write S. D. Gault, Rte. 1, Box 111B, Pollok, TX 75969

1972 Yamaha 175CC dirt bike in good condition. \$150.
16' Starcraft boat, 60 hp Johnson electric starter, galvanized trailer in good condition. \$1,000.
Bell Star helmet never used. \$45.
473-5030 after 4 pm

Wurlitzer organ, full keyboard #4140, excellent condition, fruitwood. \$675.
649-7322 or 643-1593 after 6pm

Portable dishwasher, GE Mobil Maid used ten times, like new. \$95. Canopy bed with cover, twin size, white. \$30.
522-7063

1973 VW bug, mag wheels front, steel-belted radials around, air, light blue, standard shift. \$1,400.
477-5275

1969 Ford Winsor, 3-speed synchronized transmission, good condition. \$25.
741-5565

Maytag automatic washer, good condition. Small Sears stove with 4 burners, electric. Both for \$50.
334-1254 after 5 pm

1968 Kawasaki 125CC, clean, 800 miles. \$200.
334-1254 after 5 pm

1967 Galaxy, good running work car. \$275.
487-4763 after 5 pm

12'x32' portable building purchased 9 months ago. \$1,195.
452-0378

Sears 5 hp toto tiller/spader, used 15 hours. \$175.
471-2983

Smith & Wesson Model 66 .357 mag in box with warranty. \$250.
471-2983

1974 Toyota Celica ST, brown low mileage, needs front end alignment. \$2,795.
477-4640

1968 Ford LTD 4-door, P/S, A/T, A/C, P/B, good condition, clean. \$750 or best offer.
946-2383

1973 Yamaha 650, custom paint, lots of extras, excellent condition. \$1,200.
485-5250

WANTED

Redi-Smoke, new or used at reasonable price.
328-3212

Heavy duty wheel barrow.
923-5426

PERSONALS

I would like to thank all my wonderful friends of the Shell Complex and especially the refinery for all the nice retirement gifts. They will always be a constant reminder of my many friends and co-workers. LaVerne and I will continue to make our home at 2001 Merle in Pasadena. Please come by and visit us when you have time for a chat.

- J. L. & LaVerne Penny

UF ACHIEVEMENTS CELEBRATED WITH VICTORY DINNERS

In recognition of the complex's achievements in obtaining their UF goals, the company hosted all committee members and solicitors to a dinner at Sonny Looks in Houston.

The plant had their victory dinner October 2 and the refinery will have their dinner tonight.

Bridge league seeks...

team may contact Elliot Leviton at 795-1698 or Bill Crowthers at 468-3639. Teams should have four members and at least two substitutes.



SHELLEGRAM

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Mrs. Dotti West - Editor

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