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HIGHER OCTANE, LOW-LEAD GASOLINE WILL GO ON MARKET IN LATE AUGUST

Shell Oil Company has announced plans to introduce a higher-octane, low-lead gasoline to appeal to a wider segment of the market than the low-octane, nonleaded Shell of the Future.

The new product will have an octane number and a suggested retail price between the company's regular and premium, Frank H. Staub, vice president marketing, said. Shell's new gasoline will be designated "Super Regular" and it will be marketed nationwide by late August.

"Our decision to go from a low-octane, nonleaded gasoline to a higher octane, low-lead gasoline took into account not only what the motorist needs and wants, but the environmental considerations as well," Staub said.

Two factors led Shell to change gasolines the lack of customer response to low-octane, nonleaded products, and the performance of late model cars, Staub said. In Shell's case, sales of its low-octane, nonleaded

gasoline have averaged only about 3 percent of total sales.

Data from various sources, according to Staub, show that low-octane fuels do not meet the requirements of many of the 1971 and 1972 model cars--and about 80 percent of the pre-1971 autos.

"To overcome those problems, our new product will be designed to serve virtually all the new cars as well as most older cars and imports," Staub said.

"Our new gasoline is called Super Regular (continued on Page 3.)

NOVEMBER 1 IS ENTRY DEADLINE FOR 1974 SHELL SCHOLARSHIPS

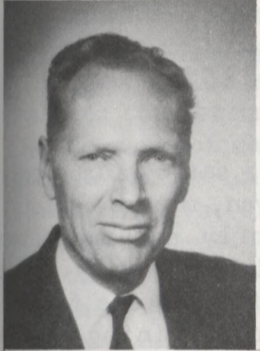
A late trip to the mailbox could deprive your child of a \$6,000 college scholarship.

November 1, 1972 is the date by which completed entry forms for 50 college scholarships available to Shell children in 1974 must be received in Houston by the Shell Companies Foundation, Incorporated. The 1974 scholars will be the sixth group to participate in the scholarship program sponsored by the Foundation for the children of regular full-time, retired and deceased employees of Shell Oil Company, its Divisions, and Shell Pipe Line Corporation.

Each scholarship is a renewable award covering up to four years of full-time study. The amount of each scholarship is based on a computation which takes into account the cost of attending the college of the winner's choice and the family's financial situation. The maximum amount awarded will be \$1,500 a year; minimum award is \$500 a year.

To qualify for the 1974 competition, students must take the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test, which will be given in high schools on October 24 or October 28, 1972. The 1974 Shell Companies Foundation scholarships will be awarded to students who will complete secondary school in 1974 and enter college the same year. Winners will be chosen by the National Merit Scholarship Corporation on the basis of test scores, academic records, leadership and significant extracurricular accomplishments.

Booklets describing the competition and entry forms may be obtained from the Employee Relations office at any company location. Completed entry forms should be sent to Scholarship Competition, Shell Companies Foundation Incorporated, One Shell Plaza, P. O. Box 2463, Houston 77001.



Koenig



Parker

KOENIG, PARKER RETIRE AUGUST 1 ENDING LONG CAREERS WITH SHELL

Herman F. "Sam" Koenig and Joe N. Parker retired August 1.

Sam, operator no. 1 and shift foreman, aromatics-platformer no. 2, had 34 years and 11 months of service. He began working for the company as a laborer in engineering field in 1936. He later served as a general helper, pressureman, fireman, gauger, moving to aromatics in 1954. He and his wife, Ruby, will make their retirement home at 1510 Holland Ave., Houston.

Joe Parker, insulator no. 1, engineering field, retired with 29 years of service. He began working here as a general helper, engineering field. He became an insulator no. 1 in 1949. His plans are to live here making his retirement home at 2737 Crescent Dr., Pasadena.

STUDIES SHOW OIL INDUSTRY PAYS SHARE OF TAXES

Despite oft-repeated allegations to the contrary, the U.S. oil industry does shoulder its fair share of taxes, American Petroleum Institute president Frank N. Ikard pointed out recently.

Ikard, in an open letter to all members of Congress, based his observation on separate studies by Price Waterhouse & Company and the Petroleum Industry Research Foundation, Inc. (PIRINC).

"For the 18 (major oil) companies, the direct U.S. tax burden as a percentage of domestic gross revenues was about six percent (in 1970)," Ikard said. "This percentage is higher than the average of U.S. corporations as a whole. If indirect taxes are included, the 18 companies' tax burden was 20 percent of domestic gross revenues--about three times as high as the average for all U.S. corporations.

Ikard added, the allegations that "a selected group of oil companies had an effective

Federal income tax rate of 8.7 percent of 1970 before-tax net income" were based on data which appeared in the Congressional Record of October 27, 1971.

He said this alleged effective tax rate gives a totally misleading picture for the following reasons:

"1. It attempts to relate domestic Federal income taxes to total worldwide income. This ignores the substantial foreign taxes paid to host countries on income earned within their borders and the operation of the foreign tax credit which is designed to avoid the imposition of international double taxation on American taxpayers. Either domestic taxes should be compared to domestic income or worldwide taxes should be compared to worldwide income.

"2. The Price Waterhouse study shows the effective U.S. income tax rate of the 18 companies to have been

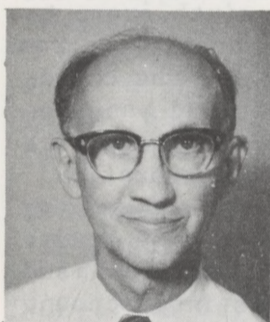
more than 2-1/2 times the effective rate asserted in the erroneous data included in the Congressional Record insert.

"3. Even this effective tax rate figure should be viewed in the light of the uniquely heavy direct tax burden imposed on the petroleum industry by state and local governments. In this regard the PIRINC study concludes that the petroleum industry's somewhat 'lower effective income tax rate... is more than offset by its relatively higher burden of other direct taxes'."

The API president pointed out the tax question is more than an academic dispute over numbers, noting that Congress and the public are entitled to have accurate information on which to make informed judgments. This is particularly true in light of the acute energy supply problems facing the nation, he explained.

"To justify the commitment of investment capital on this scale of the high-risk and costly search for oil and gas, the economic environment must be such as to attract the needed funds," Ikard said.

GABLE, PETERSEN, WADSWORTH TO RESEARCH LAB



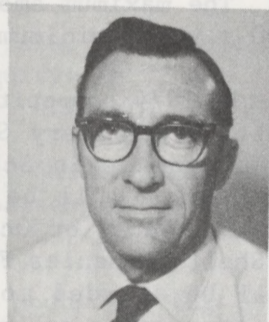
Gable

Arriving in recent weeks from Emeryville as part of the Research Consolidation are C. M. Gable, Joseph Petersen and P. A. Wadsworth.

Charlie Gable moved here from Lafayette, California to work in the petroleum processing and engineering department. A graduate of Case Western Reserve University in Cleveland, with an M.S. in chemistry, Charlie joined Shell at Emeryville after graduation.

He and his wife, Ruth, have two daughters.

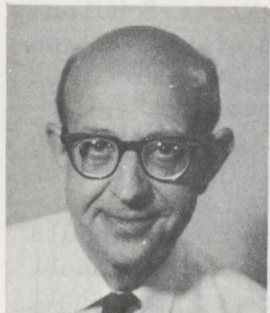
Joe Petersen was born in Ireland and reared in California. He attended Contra Costa College and the University of California. He will be assigned to the analytical department. An outdoorsman Joe enjoys hunting, fishing, hiking and golfing. He has three sons.



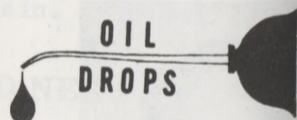
Petersen

Phil Wadsworth is assigned to the analytical department. He attended the University of Utah and the University of California for his degree in physics.

Phil and his wife, Jeana, have two sons.



Wadsworth



Jim Repp, safety inspector, and Bob Bryan, manager safety, have recently returned from Texas A&M University where they were instructors for the annual Fire Training Course for Industry.

Some 39 Shell employees from locations in the U.S., Canada and Curacao were among the 800 who attended the week-long course.

The course, in which Shell has participated for several years, covers practical training in fighting fires ranging from oil spill to high pressure fires.

So that you may have correct up-to-date information, be sure to insert the pages in your benefits booklet that were mailed to you last week.

These pages include the latest revisions and corrections on the benefits plan. The old pages being replaced should be discarded to avoid confusion.

CONSOLIDATED NET INCOME IS 23 PERCENT HIGHER OVER SECOND HALF OF '71

Shell Oil Company consolidated net income in the second quarter of this year was 23 percent higher than in the same period of 1971, and six-month earnings were 21 percent higher than in the first half of 1971, H. Bridges announced last week.

Second quarter net income was \$57.9 million or 86 cents a share this year, compared with \$47.2 million or 70 cents a share last year. Six-month net income was \$111.7 million or \$1.66 a share compared with \$92.3 million or \$1.37 a share in the first half of 1971.

Included in the 1972 results was a special charge against income of \$10 million for the anticipated loss related to previously announced plans to shut down and dispose of three chemical plants, Bridges reported. Excluding the special charge, net income from operations was \$67.9 million or \$1.01 a share in the second quarter and \$121.7 million or \$1.81 a share in the first half.

Bridges cautioned that the rate of profit improvement "should not be construed as being indicative of the improvement in results that might be expected for the full year 1972."

"The Company's earnings are particularly sensitive to changes in the retail prices of automotive gasoline, which have recently been unsatisfactorily low and which are uncertain for the remainder of the year," Bridges explained. "Also, 1972 results... are being compared to 1971 earnings which were drained in the first half by heavy non-recurring costs and which benefited significantly in the fourth quarter from natural gas sales revenues previously held subject to refund and from investment tax credit."

Involving Several Factors

Bridges said a variety of factors contributed to the better second quarter earnings. A wide range of chemical products registered gains in volume of sales, most significantly olefin products, Bladex^R herbicide and vinyl chloride monomer.

Automotive gasoline prices were higher, but only by comparison with the severely depressed levels that prevailed in the second quarter of 1971.

Overall, unit costs continued to compare favorably with last year because of operating efficiencies and despite increased costs of labor and materials. "Those efficiencies resulting from organizational consolidations and reorganizations will have a growing effect in the years to come," Bridges said.

Investment Tax Credit Up

Investment tax credit was greater than in the same quarter last year, but the credit for all of 1972 is expected to be about the same as in 1971.

Besides the factors which improved second quarter earnings, comparative six-month net income also benefited from the absence of the substantial costs related to controlling the company's two serious well blowouts last year.

Total revenues, including consumer excise and sales taxes, amounted to \$1,213.3 million in the second quarter and \$2,355.3 million in the first half, compared with \$1,169.4

million and \$2,265.1 million in the respective 1971 periods. Chemical sales accounted for the bulk of the six-month increase in revenues.

Refined product sales volume in the first half totaled 1,031,000 barrels a day, up from 1,018,000 barrels a day in the first half of 1971. Gains were in distillates, jet fuels and liquefied petroleum gas. Second quarter refined product sales volume was 1,010,000 barrels a day, down from 1,030,000 barrels a day in the 1971 period, mostly because of declines in automotive gasolines and residuals.

Refinery Intakes Rising

Refinery processing intakes were 974,000 barrels a day in the second quarter and 965,000 barrels a day in the first half, versus 959,000 barrels a day and 944,000 barrels a day in the 1971 periods.

Net production of crude oil and natural gas liquids amounted to 641,000 barrels a day in the second quarter and 634,000 barrels a day in the first half, compared with 639,000 barrels a day and 636,000 barrels a day in the 1971 periods.

* * * *

Copies of the quarterly report of Shell Oil Company earnings are available in the Shellegraph office and at the Main Office receptionist's desk.

**HIGHER OCTANE, LOW LEAD--
(Continued from Page 1.)**

because we have combined many of the high-octane components of a premium gasoline with the good driveability components of a modern regular," Staub said.

Staub said the new fuel's excellent driveability characteristics should deliver lively response and smooth performance, especially in those cars built since 1970.

On the environment aspects of the decision, Staub said:

"The boost needed to get the higher octane number required by the new product will come by blending in high octane gasoline components. We will not add more lead to the average gallon of gasoline in the overall mix we market.

"Shell's ability to make this significant improvement in gasoline quality results from completion of new facilities at several refineries, and a quality improvement program now underway at others."

Shell's Super Regular will have a half gram of lead per gallon. Super Shell and Shell's Regular will continue to contain between two and three grams.

Shell expects to be marketing a nonleaded product again. Current plans of the Environmental Protection Agency set July 1, 1974 as the date for a nonleaded gasoline of 91 octane or more. The agency would begin the reduction of lead in all gasoline on January 1 of that year.

"Our schedule to reduce lead in gasolines will dovetail with the EPA regulations," Staub said.

CLASSIFIEDS

FOR SALE

Headache rack for long wheel base step-side
½ ton pick-up truck, \$35.
Telephone: GR 2-3018

½ acre in Golden Acres-Pasadena, \$7000.
Telephone: 487-1638

10'x52' mobile home, 2 bedrooms, furnished,
air, washing machine, \$2,900.
Telephone: 472-2847 or 861-7881

Ward's walking garden tractor with mower &
cultivator, \$80.
Telephone: 471-6179

Good used furniture, 5 piece dinette, sofa
and arm chair.
Telephone: 479-1729

16 shot Mossberg, .22 cal. bolt action rifle,
\$17.50 or trade for pellet gun.
Telephone: 471-6179

King trombone Tempo model. Two-years old,
case, music stand, accessories, \$125. Ori-
ginal price, \$225.
Telephone: 487-0601

31-15 Singer industrial sewing machine. Good
for upholstering or purse making. Will
furnish purse pattern if needed, \$100.
Telephone: 471-6179

1967 VW bus, very good condition, \$650 cash.
Telephone: 946-1604

House near Park Place, 7 room, complete
new carpet, new paint, detached garage,
nice shade trees. \$12,500.
Telephone: 333-2830

Couch, \$75, His chair & ottoman, \$65, Her
chair, \$40, matched hanging lamp & table
lamp, \$50 each (paid \$100 ea.). Blonde ash
dining room suite, \$75. Platform rocker,
\$15. Recliner, \$30. All excellent condi-
tion.
Telephone: 487-1381 or 472-3167

Lane cedar chest, mahogany, size 18"x46",
\$20.
Telephone: 487-0214

Young horse, green broke.
Telephone: 479-2082

1971 Suzuki Titan 500, like new, 4600 miles,
5 months old, \$800.
Telephone: 941-2580

Bunk beds, sheets and bedspreads, \$60. One
year old.
Telephone: 479-6867 after 5

WANT TO BUY

Two used attic fans, will pay \$10 to \$20
each.
Telephone: 487-1381 or 472-3167

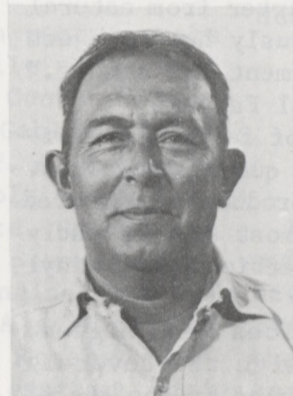
FOUND AND STILL UNCLAIMED

Pair of men's safety glasses. Pipe.
Claim at Shellegraph office.

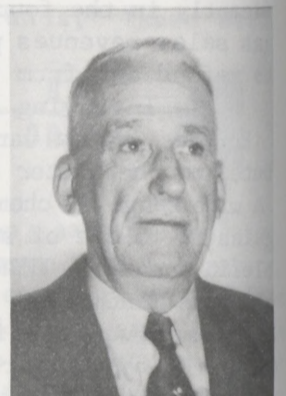


Tammy Gigout was feted at a bridal shower
by fellow employees before her recent wed-
ding.

B. DEHOYOS, J. C. MACGREGOR DIE, BOTH WERE REFINERY PENSIONERS



DeHoyos



MacGregor

Bernard DeHoyos, 62, and John Charles
MacGregor, 83, both pensioners, died this
week.

Bennie DeHoyos, who died Tuesday, August
1, is survived by his widow, Mrs. Pauline
DeHoyos, five daughters and a son.

Services were held Thursday at the Imma-
culate Heart of Mary Catholic Church. Inter-
ment was at Garden of Gethsemani.

Bennie retired in 1971 as an effluent
treater, utilities. He was first employed
in 1936 as a laborer. He worked in several
departments before moving to utilities in
1967.

John MacGregor died Sunday, July 30. He
is survived by his widow, Mrs. Kate MacGre-
gor.

He retired from the Refinery in 1950 as
a treater first, treating department. He
was employed in January 1930 as a treater
helper.