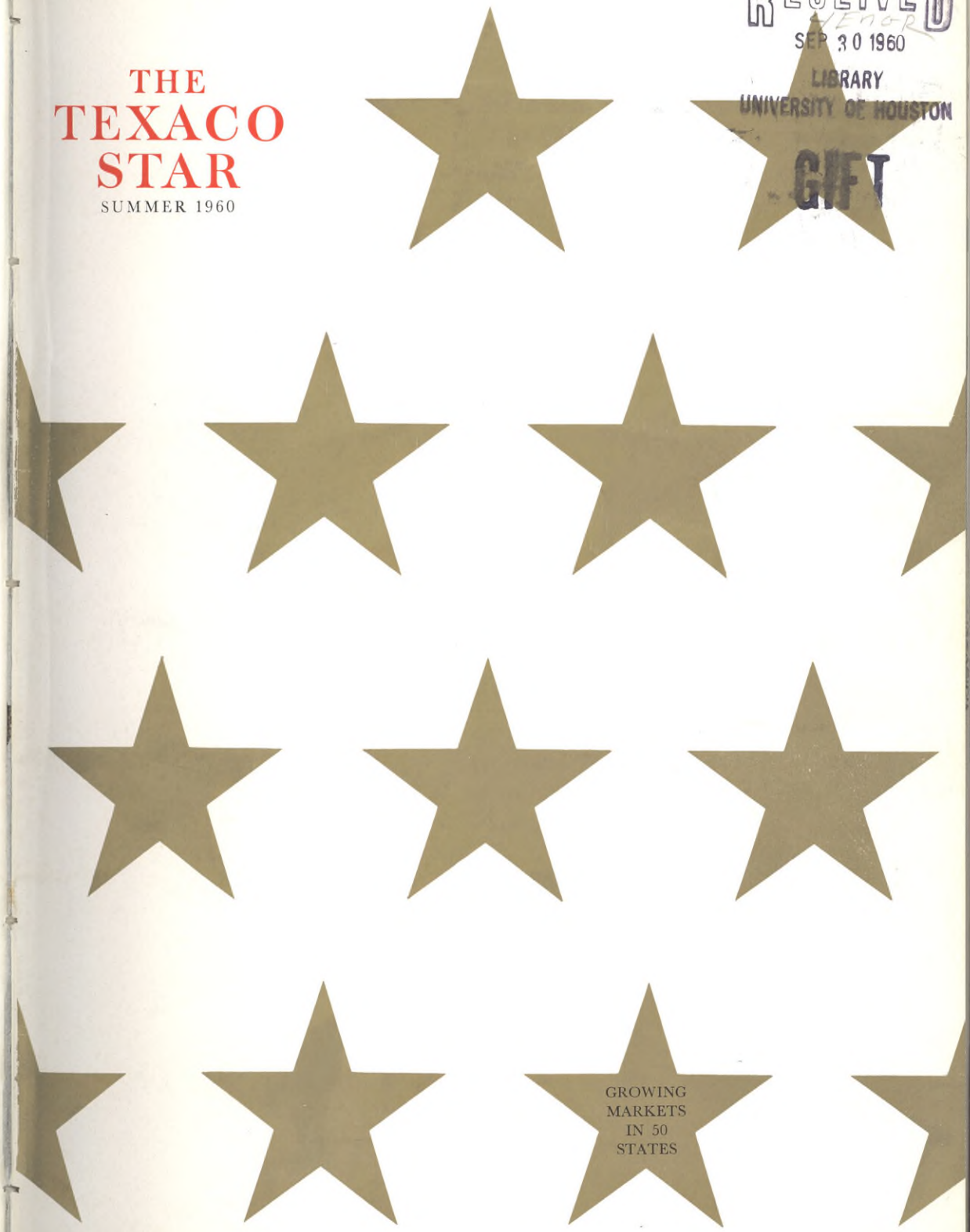
# THE TEXACO STAR

SUMMER 1960



GROWING MARKETS IN 50 STATES

## AUSTRALIAN RACKET SQUAD

These Australian youngsters, intently listening to their tennis instructor's directions, are just beginners; but one of them may be a potential Davis Cup winner. Since 1946, this internationally famous tennis match has almost become an exclusive contest between the United States and Australia, with the Aussies ahead 8-6. An all-round athletic people, Australians excel in other sports, too: soccer, swimming, surfboarding (Australia's beaches are to surfboarders what the Swiss Alps are to skiers). These they approach with the same gusto they have displayed in recent years, building their country.

Since the end of World War II, Australia has been busy developing its industrial muscles. One way has been to welcome foreign investment through private enterprise. Result: about 700 American corporations have subsidiaries or associated companies with offices on the Australian continent, and American investments will probably total $1 billion by the end of the year. Petroleum products supplied by Texaco affiliates and subsidiaries have been serving the motoring, industrial, and agricultural needs of the huge island continent for over 40 years. The role petroleum is playing in Australia's tremendous new development is described in "An Upward Surge Down Under," beginning on Page 8 of this issue.

# THE TEXACO STAR

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THE TEXACO STAR

*A publication of*

TEXACO INC.

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

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# WHIR IN THE WORLD

THERE PROBABLY is not a single place in the world where oil or its products do not figure importantly in maintaining the whir of mechanical movement that characterizes progress.

In some countries, oil production brings substantial revenues used to improve roads, build hospitals and schools, construct new housing. In many others, increased availability of the low-cost energy oil provides has made industrial expansion possible; and that expansion has created more goods and more, better jobs. Everywhere, oil is needed. It not only makes the world go around—it helps the world's people move toward a more satisfying life.

On the following pages, brief glimpses of three countries on three widely separated continents work as examples of what oil means to three distinct groups of people. The same sorts of examples, or entirely different ones, could be plucked from almost anywhere on earth—including one's home town. It happens that THE STAR'S come from Colombia, Italy, and Australia.

In Colombia the hard-fought development of petroleum reserves has given the nation an oil industry which right now is providing employment opportunities never before available. These opportunities are bound to be reflected in better living for a substantial number of that country's citizens.

In Italy, as in most of Western Europe, increased supplies of petroleum and its products are behind the postwar resurgence, principally industrial, that has put the Italian economy on enviably sound footing and has made its textiles, light machinery, and other products world-famous.

At the bottom of the world, in a land so vast a postman's route may take him on a week-long delivery trip, Australians are putting petroleum to work in increasing volume as they push forward their ambitious plans for growth.

These glimpses suggest the variety of situations oilmen meet as they carry on their search for petroleum, as well as the variety of problems they help solve by bringing its products to a whirring world.

*One of two helicopters used in Guavio airlift makes a straight-up take-off from drill site.*

# A JUNGLE JUMP IN COLOMBIA

NIMBLE AS HEARTH CRICKETS, helicopters have been put to work in an intriguing variety of nook-and-cranny rescue jobs since they first came into practical use some 20 years ago. This Spring, they were called in by a Texaco producing crew deep in the Colombian jungle on a new sort of rescue mission.

On the Company's Guavio concession in Colombia's Llanos section, about 70 miles east of Bogotá, a wildcat rig was being readied for drilling. The Guavio acreage is in hilly, forested terrain at an altitude of about 3,000 feet—and since there were no roads to the drill site, Texaco crews had prepared a camp and built a gravel airstrip along the edge of the Guavio River, and then constructed an 18-kilometer road to the drilling location. Derrick, equipment, and supplies were flown to the campsite by airplane, and drilling preparations were made.

Then the rains came. A six-inch rainfall within hours is commonplace in the Guavio area, and in a few drenched days the road between camp and drilling site had been washed out.

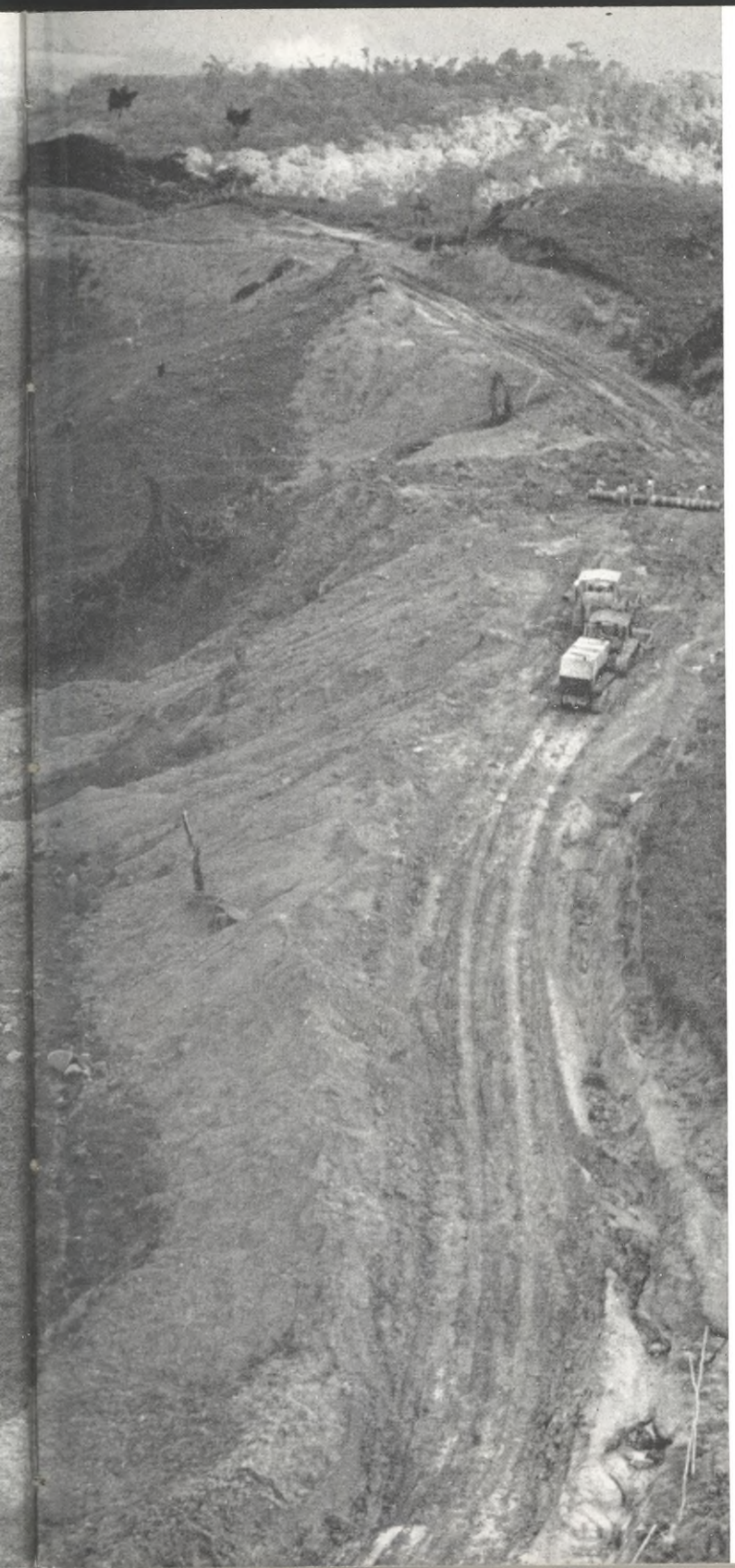
Work on a new road was begun immediately; but it was obvious even the fastest road-building job would not reopen the normal supply route without long, expensive delay. Helicopters offered an emergency solution: hop over the jungle between airstrip and drill site, and keep the drilling crews supplied while the new road was being put in.

Calling in a Stateside helicopter service, Texaco had two of the whirlybirds shipped from the service's home base in Louisiana to Cartagena, Colombia—and then ferried by transport planes to Guavio. Three pilots and three mechanics were assigned to the project.

One of the most important jobs of the airlift was the hauling of drill pipe and casing. To accomplish this, the 'copters had been fitted with special apparatus—a ratchet lever hoist mounted on the floor of the cabin section with an electrically operated hook hanging down through an opening in the floor. Outfitted this way, each craft was able to land astraddle of a joint of pipe, which was then hooked on and jacked up snug against two brackets mounted on its underside. Casing 32 feet long, weighing up to 1,500 pounds, was flown like this.

Another important cargo in the jungle jump was fuel for the rig, and this was transported in 55-gallon


PHI



drums carried in an outsized sling under the fuselage. Hauling several drums at a time, the 'copters flew continuously and averaged seven trips an hour.

Along with pipe, casing, and fuel, the helicopters carried supplies like drill bits, drilling mud materials, and tools. The average round-trip from camp to drilling location took about 11 minutes of flying time.

While they supplied the wildcat well, the aircraft also helped with the road-building job by hauling work crews. Getting the construction crews to work became a matter of minutes, instead of the hours it would have taken on tractors over sodden ground.

In one month, the helicopters hauled more than 500,000 pounds of cargo and more than 400 passengers; and at the end of four months they had successfully carried out an ingeniously conceived mission that saved the Company thousands of dollars and countless hours in its Colombian oil search.

Although the Guavio airlift contained some of the aspects of a flying circus, the oil business in Colombia is anything *but* a circus. For Texaco crews it often has been a trying—sometimes a desperate — effort. For the Company it has been an expensive venture which after years of investment has begun to prove worthwhile. For Colombia and the country's people, it has created a basic industry that already has added importantly to employment opportunities and aided toward economic stability.

As Texaco moves into new wildcat areas like Guavio, the possibility of even more employment opportunities is heightened. And each new discovery carries with it the potential of important new reserves which could add substantially to the country's economic strength at the same time it increases the Company's ability to supply its growing markets.

Part of making such a discovery is the persistent fight against natural handicaps like the washout at Guavio.

*While washed-out road was being rebuilt, helicopters moved men and matériel through the air to drilling site in jungle.*

# A FAST-MOVING ITALY SITS FOR A PORTRAIT

THIS SUMMER, as Italy enjoys what promises to be its most prosperous year since the end of World War II, thousands of Italian motorists will leave crowded cities and join the skittering motor scooters, trucks, and buses that have become a familiar part of the country's new mobility.

With Rome's selection as host city for the Summer Olympic Games, thousands of tourists, too, will travel up and down the Italian peninsula, driving along roads that once rang with the clatter of chariots. Last year, a less hurried visitor was artist Russell Woeltz, who visited Europe on a travel grant from New York's Calhoun School and, during his trip, did the paintings at the right.

Providing gasoline and other petroleum products for the growing numbers of Italian motorists and tourists, as well as the country's expanding industrial demands, has become an increasingly important business in recent years. A good part of Italy's petroleum needs come from Petrolcaltex and the SARPOM refinery (Societa per Azioni Raffineria Padana Olii Minerali)—Texaco affiliates that have been importing, refining, and marketing petroleum products throughout the country for 13 years.

If all roads lead to Rome, a good many of them also lead to a Petrolcaltex service station. There are about 1,600 of them scattered through Italy.

Much of the company's marketing activity is in the north, in the industrial and agricultural heart of postwar Italy, where at least two-fifths of the country's motor vehicles are found. Milan, Italy's Chicago, and Turin, its Detroit, rise in the middle of the Po Valley's vast wheat, corn, and rice fields. Turin alone produces about 90 per cent of the nation's total number of automobiles—nearly half a million last year.

The SARPOM refinery at San Martino di Trecate, some 20 miles west of Milan, is an economically strategic one: nearly 90 per cent of all the petroleum consumption in northern Italy lies within a 150-mile radius of the refinery site.

To feed the refinery, a 97-mile pipe line, the first of its kind in Europe, rises from the sea at the company's ocean terminal in Savona, near the busy port of Genoa. It climbs more than 1,600 feet before threading across the Apennines to plunge into the valley beyond. There, the pipe line burrows through vineyards, grazing lands, and truck farms; crosses streams and marshes and, finally, the Po River on its way to San Martino.

Most of the crude oil supply is from Aramco, one of Texaco's Middle East affiliates, and reaches Savona by tanker from Ras Tanura in Saudi Arabia and from Sidon on the coast of Lebanon, discharge point for the 1,067-mile Trans-Arabian pipe line—another Texaco affiliate.

Italy's industrial output is now about two-and-a-half times the volume of 1938, and the competitiveness of Italian industry has been greatly strengthened. The gap between the economic development of Italy and the other countries of Western Europe has been significantly narrowed. Consumption of petroleum products has more than trebled since 1950 to some 13 million metric tons a year, while total energy consumption during that period merely doubled.

Petroleum has helped put more and more motorists on the roads of Italy, and pushed the country's industrial production beyond all previous records. It is this sense of mobility and energy that artist Woeltz has caught.


*Kiosk-style Petrolcaltex service stations like one in foreground of Turin landscape,* above, *are familiar throughout Italy.* At left, *artist Woeltz pictures the busy northern harbor of Savona, location of the SARPOM ocean terminal for receiving crude oil shipments.*

# AN UPWARD SURGE DOWN UNDER

WHEN THE LOCAL POSTMAN leaves his station at Meekatharra, up in the northern section of Western Australia, he drives a 14-wheel semitrailer. He has a 1,100-mile route ahead of him, and he knows he won't be back home for at least a week.

The sheep, cattle, and wheat ranches he visits may cover a thousand square miles—a few are as large as Utah—and the nearest neighbor may be 600 miles away. Here in the Australian "outback" it can be a very long way to the nearest town.

Chances are some of the service stations he passes along his route are those of Caltex Oil (Australia) Pty. Ltd., a member of the Caltex group of companies which is 50 per cent Texaco-owned. For more than 40 years Texaco has had a part in marketing petroleum products on the huge island continent of Australia. (It's the world's largest island, and smallest continent, with a total population—about 10.2 million — less than the greater New York metropolitan area; nearly one-third in Sydney and Melbourne alone.)

Texaco began operating here in 1918 with the incorporation of The Texas Company (Australasia) Ltd., a wholly owned subsidiary. In 1936, with the formation of the Caltex group of companies, Texaco's subsidiary became Caltex Oil Pty. Ltd. This new affiliate had a well-developed marketing network that covered much of the vast continent.

Most of the company's marketing activity settled along the heavily populated coastal plains that swing in a wide crescent from Australia's northeast to its southwest coast. But Caltex reached into the thinly settled outback areas, too, supplying the oils, lubricants, and gasoline needed on the country's huge ranches.

During the early decades of this century, Australia exported fruits, vegetables, wheat, wool, and cattle from these ranches to markets all over the world. It imported electrical, chemical, mechanical, and other industrial products to fill the nation's needs. As late as the 1930's, Australia had no machine tool industry worth mentioning, had never built an aircraft or automobile engine.

In the dark, early months of the war, Australia abruptly lost its sense of secure remoteness. Cut off from traditional suppliers, Australians did the only thing they could do: they developed their own industries.

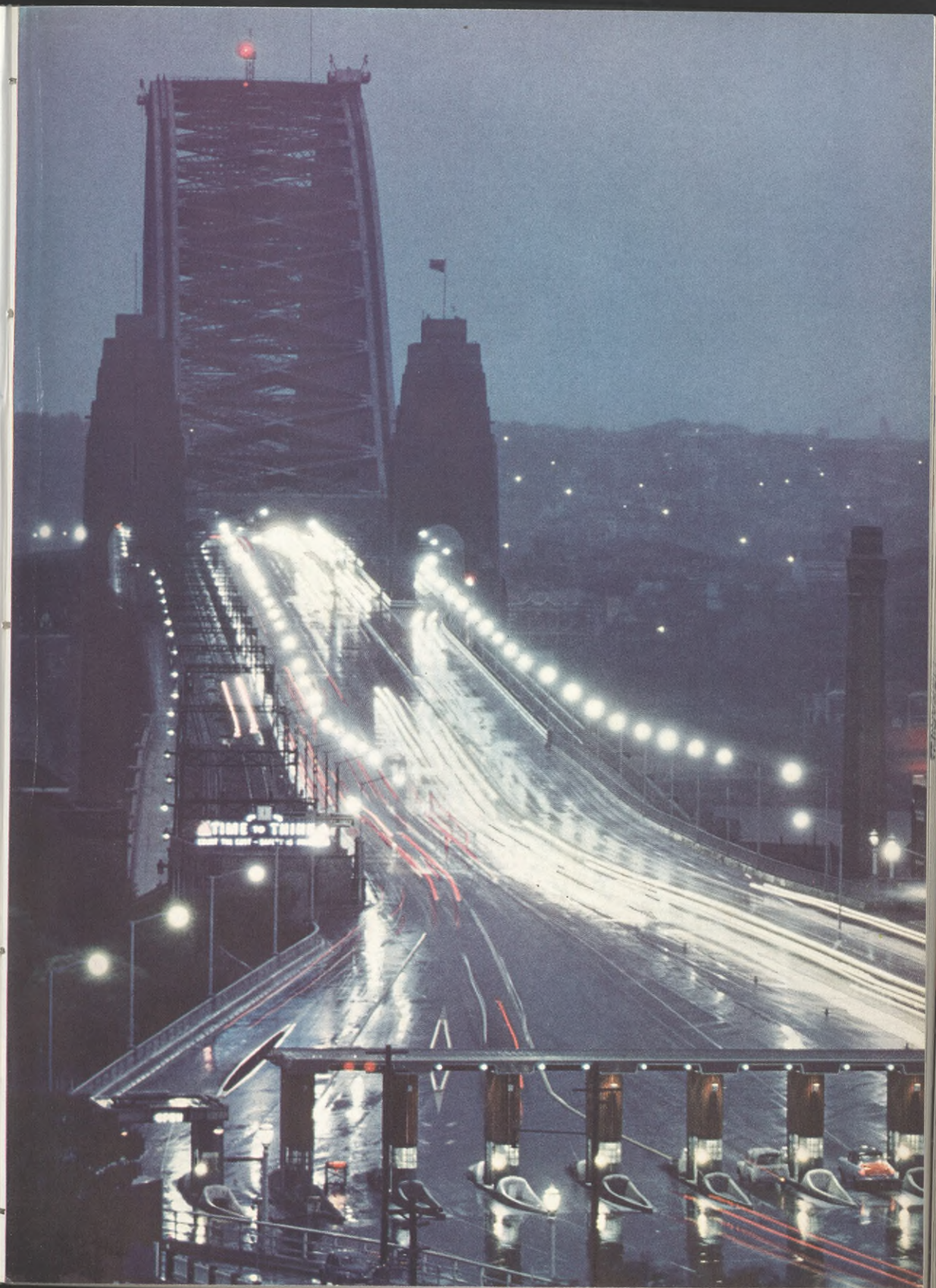
Since the end of the war, determined to strengthen the continent's industrial foundation, the country has enthusiastically welcomed foreign investment through private enterprise. According to a survey made by the Australian Department of National Development, 700 American corporations alone have subsidiaries or associated companies on the continent.

The stable political climate in Australia and the great economic potential of the country have attracted many overseas investors during the past 10 years. Capital has flowed in from the United Kingdom, the United States, Switzerland, France, Germany, Italy, and Holland. Of the overseas capital invested in Australia over the past 10 years, Britain has supplied approximately one-half and the United States one-third of the total.

Solid evidence of Australia's tremendous development can be seen in the feverish activity of new buildings being erected in all the capital cities. In Canberra, the Commonwealth's capital, city dwellers proudly point to new apartment projects, new blocks



*From Caltex Building, traffic blurs Sydney's harbor bridge, reflects the auto industry's postwar growth.*


A TIME TO THINK

of public offices, and recent additions to the city's Australian Academy of Science. Melbourne's skyline is spiked with glass-walled, air-conditioned office buildings and apartment houses. In Sydney, Melbourne, Brisbane, and Perth, new university buildings are being built to handle the growing educational needs of the country's college-age youths.

A new water conservation and hydroelectric project, in the Southern Snowy Mountains of New South Wales, will cost around $840 million and take 15 years to complete. The scheme will divert the water from some of the swift-flowing coastal streams into tunnels driven through the Great Dividing Range, and provide the arid Western Plains with irrigation areas. The electricity generated will feed into the power system of New South Wales and Victoria. Electric power production has jumped from nine to 21 billion kilowatt-hours in the past 10 years.

Caltex serves almost every phase of this surging new industrial growth, operating through eight marketing divisions: two each in New South Wales and Queensland; one each in Victoria, South Australia, Western Australia, and Tasmania.

Today, every gallon of crude oil, the continent's largest import, must be brought by ocean tanker across the long trade routes from the Middle East and the islands of the East Indies. Caltex distribution facilities include 11 ocean terminals, about 120 inland bulk depots, over 2,400 retail service stations, and a fleet of railroad tank cars and tank trucks.

The company's customers can be found among the shipyards, factories, and transportation firms in the cities along the coastal plains; the vast fruit and wheat farms, sheep and cattle stations outback; and the gold, uranium, coal, copper, tin, silver, and zinc mines in the dry hinterland that spreads across nearly two-thirds of the continent.

Caltex has for years been a leading supplier of diesel fuel for the country's diesel-electric locomotives, and of gasoline and lubricants to meet the military's requirements. It is selling aviation jet fuel to several of the commercial airlines that now service Australia, internally and externally.

Through an affiliate, West Australian Petroleum Pty. Ltd. (WAPET), Caltex moved into the drilling and exploration field and has been conducting extensive oil searches in Western Australia. So far, 65 wells have been drilled and exploration crews have covered thousands of square miles by foot, truck, boat, and airplane, looking for oil.

The search has reached from the farmlands of the southwest coastal strip to the harsh, desolate dunes of Western Australia's desert interior, where no white man had been before. Tons of drilling equipment — from overseas and cities in the east—were shipped by freighter to the west coast, where geologists were already busy conducting seismographic tests up and down the shore. Inland, a road was hacked across the coastal ridges; nearly 10,000 miles of tracks were bulldozed in other isolated areas in the west to permit the movement of geological parties and equipment.

While WAPET is busy hunting for oil out west, Caltex is just as busy selling petroleum products all over the continent. Among its customers are the long-distance trucking firms that haul goods to the interior and produce from the outback ranches to railheads, shipping centers for export or to the cities for Australia's own use.

During the war years, Australia's railway system was taxed to its utmost transporting military supplies, and the trucking business grew to cope with the country's needs. Today, road haulage is one of the most popular methods of transportation.

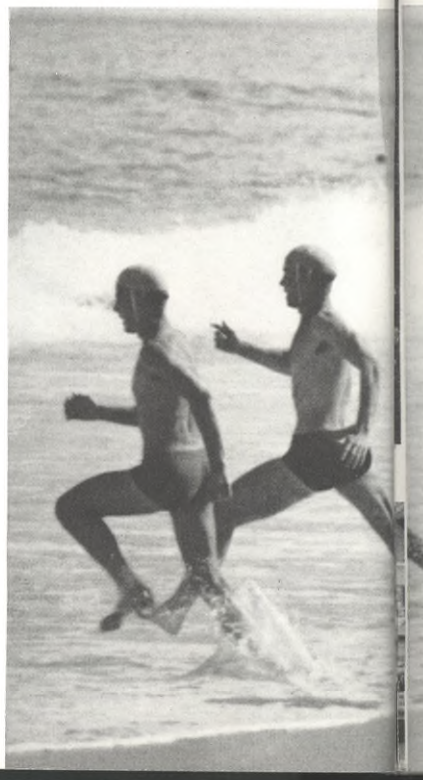
To serve truckers, Caltex runs four unusual service stations along the 2,000-mile highway which connects the capital cities of Adelaide, Melbourne, Sydney, and Brisbane.

Each of these stations is equipped with a large supply of spare parts for fast truck repairs; electrical outlets where refrigerated trucks can plug in during stops with no danger of defrosting and spoiling perishable cargoes; restaurants that offer hot meals, day and night; and comfortable lounges and hot showers to refresh weary drivers.

The Bendemeer station, 250 miles from Sydney on the road to Brisbane, offers its customers even more specialized service. A trucker with a heavy load telephones ahead to the attendant at the Caltex service station there. As his truck reaches the foothills of the Moonbi Ranges, the object of his phone call appears—a small, snub-nosed four-wheel drive truck with a rubber buffer fitted to the front. The Caltex truck snuggles in behind the loaded transport and boosts it over the steep pinches of the Moonbi Ranges and into Bendemeer.

Problems of an entirely different nature face truckers, whether they carry produce or petroleum, who operate in the dry interior—the "Never-Never" country of Australia.

Beyond the Great Dividing Range, the rolling Western Plains become a vast, empty interior. Here are the tiny towns with strange names: Camoo-



*Racing into the surf, teams of lifeguards wear skullcaps that identify their clubs.*

weal, Tibooburra, and Tarrawingee.

It is a raw, inhospitable plain where the bitumen highways give way to dirt or gravel roads and those roads give way to crude bush tracks, sometimes no more than two wheel ruts through the sand.

In the Summer, dust is so thick that drivers wear special respirators to protect their lungs. Bridges are a rarity, and trucks lumber down creek banks and across dried creek beds. In the rainy season, or "the wet," these creeks become raging torrents, impossible to ford, and the roads are axle-deep quagmires.

If the Caltex tank truck driver who pulls into the yard of a ranch outback — delivering, perhaps, the farm's monthly supply of petroleum products — finds no one outside to greet him, he has probably arrived about mid-morning. Chances are the owner's wife is inside listening to the radio.

When the chores are done and before the men come in from the range, the wives in this area tune in two-way radios (standard equipment in outback homes), and settle down for an hour-long gossip with their scattered neighbors. Husbands call this interlude "the galah hour." (The galah is a native bird of the parrot family whose constant chattering is a feature of the Australian bushland.)

One of the outstanding features of the Commonwealth's health services to people in the inland areas is the flying doctor. Strategically stationed throughout the outback, these doctors prescribe daily, over the transceiver radio service, for patients scattered over thousands of miles. Each homestead is equipped with a standard medical chest in which all drugs and medicines are numbered to facilitate prescription and dispensing.

In cases of serious illness or accident, the doctor is flown by aerial ambulance to the ranch property, treats the patient, and — if necessary — flies the patient back to a base hospital from which the patient may be evacuated to one of the larger city hospitals.

Caltex makes sure these outback inhabitants receive the petroleum products they need: fuel and lubricants for mechanized farm tools; kerosine for electric generators.

Today, an Australian can look around and see his country's industry producing not only airplanes, ships, diesel locomotives, automobiles, trucks, chemicals, and paints; but such specialized products as electronic and radio equipment, transistor radios, and guided missiles. Australia has one of the world's most advanced rocket testing ranges—a 1,200-mile-wide IRBM range that reaches diagonally from Woomera across the central desert to the Indian Ocean.

Much of the continent's growth in recent years, particularly since the end of World War II, has been due to a growing interest among other nations in the potential of Australia's resources and the promise of her industries. But, more important, has been the deep interest and enthusiasm of the Australians themselves in what their country can do and where it will go. The Aussies are working hard to make Australia a nation to watch. •


# THE BUSINESS THAT BIG BUSINESS CREATES

TO ALMOST EVERYONE, including most Americans, this country is the land of big business. But the fact is that 98 per cent of all business organizations in America employ 50 people or less.

Of the remaining two per cent, only a fraction could be considered "big business." This fraction frequently is the subject of another widespread misconception: that it, big business, tries to smother and stamp out little business whenever and however it can.

The fact is that the small businesses of the nation are vitally important to the large ones. Purchases of a typically large corporation in a given year include a vast amount of products and services supplied by small businesses—as small, often, as the neighborhood stationery store. Far from wanting to take over small businesses, big business often takes pains to keep them operating—as insurance of economical, steady sources of supply. Big and small business are mutually dependent, not mutually antagonistic.

Last year, Texaco spent several hundred million dollars for everything from desk blotters to refinery equipment. About 10 per cent of the Company's total purchases were made locally (a figure that will be larger this year due to a new policy that provides for more purchasing in the field), and that means a lot of business for a lot of small companies in towns and cities across the nation.

Roughly 20,000 suppliers representing every state and ranging in size from drug stores to the very largest corporations helped fill requisitions handled by Texaco's Purchasing Department in 1959.

That Department's job is to serve as Texaco's exclusive procurement agency in filling all requirements of materials, equipment, and supplies. Its activities include both long-range national account buying and current requirements of Texaco's different departments, which are the initiators of all purchase requests.

Whether it is a few dollars for a keg of nails or several million dollars for a large compressor unit, each purchase is made by the Company only as a specific need arises. There is no reason to keep large inventories on hand as long as the Company has a list of responsible suppliers who have on their own shelves the items Texaco needs.

The search for oil, by its very nature, demands massive, expensive equipment—and a lot of it. Texaco buys much of what it needs from some of the largest corporations in the country; only the big companies can supply certain products (drill pipe is an example) in quantities large enough to meet an oil company's demands. Chemicals, additives, and oil country equipment represent an important share of the Company's purchases.

At the same time, many of the Company's suppliers—an oil field supply company in Texas, for instance — may be big business locally, but on a national scale can be classified as small. Last year the majority of Texaco's purchases under $50,000 were placed with such outlets as hardware, food, paint, and lumber companies.

Since Texaco's domestic operations are so complex, no one office could efficiently cope with every purchase request; and although some commodities of large value are purchased through New York, practically all other purchasing activity is divided between Purchasing's division offices in New York City, Chicago, Houston, and Los Angeles.

Long-distance purchasing, no matter how carefully planned, can be an expensive, time-consuming procedure. That's why these divisions take care of the heavy volume of regional purchases: a man who lives and works in Houston knows more about market conditions and local suppliers within his area than a man in a New York office. Here in the Southwest are the vast Texas and Louisiana producing fields—among the largest and most prolific in the world—and Texaco spends more *TEXT CONTINUED ON PAGE 16*

*In the towering headquarters of big business that thrust high above busy city streets, purchasing*

*decisions are made that often directly affect business conditions on Main Streets across the nation*

money each year on oil field equipment and supplies than on anything else, except chemicals, additives, and "oil country tubular goods" (a phrase so common in the industry that purchasing men shorten it to OCTG).

The building up of strong local suppliers is not limited to these Southern producing fields, though. Everywhere—from Boston to Honolulu, Anchorage to Miami—Texaco buys from local businesses who supply the Company with all kinds of products and services. Day-to-day maintenance and repairs are handled by local companies; and passenger cars and pickup trucks, among other things, are bought off the floors of showrooms just like one buys the family car.

One of the basic tenets of Texaco's buying is that supply sources should be found, wherever possible, close to operations. While Texaco's Eagle Point refinery, near Philadelphia, was being constructed, purchasing agents canvassed the Philadelphia area. When the plant opened, they had compiled a complete list of local suppliers who could provide electrical components, bearings, power transmission parts, rock, sand, cement, insulating material, tires, tubes, batteries, safety shoes, medical supplies—even dry ice, often used as a quick-cooling agent in certain laboratory tests.

Another factor that affects the selection of suppliers is the time element. The Purchasing Department's New York Division, for example, handles purchasing for marine operations. When a Texaco tanker docks at the Bayonne, New Jersey, terminal one day, and is scheduled to leave the next, there is little time to replenish ship's stores: a list of the city's suppliers becomes vital.

Months before construction of Texaco's Puget Sound refinery was completed about three years ago, Purchasing people went into the area—just as they had done at Eagle Point — to find out what was available in the area and what would have to be shipped in from other sources.

Visits to approximately 165 plants within the area answered a lot of Purchasing's questions. Armed with facts obtained through personal inspections, records from Texaco's Sales and Refining Departments, general inquiries among companies that had previous dealings within the community, and interviews with potential suppliers, Texaco sat down and talked business with suppliers.

As a result of advance visits and interviews, orders were placed with companies in Anacortes, Washington, and nearby Bellingham and Mount Vernon. Now, from hardware and supply stores in the Anacortes area come hand tools, fastenings, valves, fittings, electrical supplies, and general hardware. Also bought locally are automobile parts and repairs; medical and photographic supplies from a drug store; and building supplies from a local lumber company.

In Bellingham, a small steel fabricating company was found for emergency use. Sources were located for Addressograph plates, carbon paper, typewriter ribbons, and light bulbs. At least one business was organized by a couple of local men to handle items (iron fittings, valves, and plugs) commonly required in refinery operations. There were several other refineries already in the area, and the opening of Texaco's gave these men the sales potential they wanted to start their business.

Among Texaco's suppliers in the state is a company with the largest combined stocks of general hardware and steel north of San Francisco and west of Minneapolis. Texaco crude oil tankers plying the Pacific Northwest coast are provisioned by a Seattle meat company at the Anacortes terminal. In this instance, the provisioner is also a purchaser of Texaco gear oils and greases for its truck fleet — about 140 vehicles.

This introduces another factor that goes into selecting the Company's suppliers: trade relations, a system of buying wherever possible from suppliers who are also Texaco customers. Other factors (how good, how soon, how much) being equal, it is logical that the Company should purchase goods and services from those companies who buy Texaco's petroleum products.

Within the Purchasing Department, about 30 buyers negotiate with nearly 10,000 small business representatives a year. Through these and their other contacts the Company has an important listening post to keep in touch with market conditions, and learn of new and improved products. Conversely, discussions with Texaco buyers may show a visiting salesman how the Company's products could help his own organization operate more efficiently; both companies benefit from a mutual exchange of information.

Above the direct dollars-and-cents purchases, there are many intangible financial contributions a business makes in any community. Wages earned by Texaco employes are spent in local businesses, paid out in rents, and deposited in banks (where they go indirectly into further capital investments). And taxes, both local and state, collected from these employes find their way into better roads, parks, and improved school facilities.

In the case of Anacortes, Texaco's entrance sparked a housing boom that may be, in long-range terms, a temporary situation. But for building contractors it provided an excellent source of immediate income. Other businesses, too, were drawn into an area that was obviously expanding: supermarkets, department and dime stores, bakeries, beauty parlors, barber shops were opened.

Small business is a relative thing. A "small" purchase by a big company may be the largest sale on the small company's books. The owner of a drilling contracting company in Louisiana, busy moving million-dollar drilling barges over the tricky tidelands, does not think of himself as small business. Locally, he is not; in the national business picture, he is.

Today, wherever there is big business, there is small business supplying it and benefiting from the relationship. The ambitious plans of large corporations, the decisions made high over big city streets, inevitably result in new sales for small businesses across the country. •

# Texaco's "Stop Loss" Program

## A new concept shows manufacturers how organized lubrication can keep machinery in the pink, income statements in the black

RECENTLY, IN A CONFERENCE ROOM at the headquarters building of one of the nation's largest manufacturers, more than a score of executives — including the company's chairman, its president, and a number of vice presidents — met to watch a movie. They had been invited to see a film by Texaco.

When the chairman of the board of a large corporation takes time out of a packed day to look at a film, there has to be a compelling reason. At this meeting there was: Texaco had promised to show him how the proper selection, handling, and use of lubricants could importantly affect his profits.

The role of lubrication as a tool for cost control is one many otherwise enlightened executives are not aware of. More and more are becoming aware, though, as Texaco this Summer takes to industry a unique and intensive campaign aimed at demonstrating to industrial management that by intelligently organizing lubricant purchases, storage, and application it can ease at least some of the pressure of the cost-price squeeze industry finds itself in today. The program is called "Stop Loss With Organized Lubrication." The film is a key element.

Texaco's "Stop Loss" campaign puts forward a concept rather than a product, and the concept can be described fairly briefly. It is that management must recognize lubrication as a cost-control tool; that lubrication authority should be clearly delegated, like any other important operating responsibility; and that a system for selecting, buying, storing, and applying lubricants should be established and kept up-to-date.

That the executives of one large company were interested enough in this concept to gather for the film's showing reflects a general and serious concern in industry over its ability to operate profitably in a period of constantly rising equipment outlays and steadily increasing labor costs. Maximum production from equipment has become vital, and maximum production with minimum unscheduled downtime depends heavily on efficient lubrication. A program promising to

# The cost of a plant's lubricants is small, but their effectiveness bears i

make lubrication more efficient, reduce unscheduled downtime, and help control costs was bound to attract top management attention — and it has.

"Stop Loss With Organized Lubrication" actually is the distillation of the experience and knowledge Texaco's industrial sales force has acquired over the years, working closely with manufacturers on their individual lubrication requirements. The Company has a reputation as the one oil company most interested in industrial lubrication, and the "Stop Loss" program strengthens the image.

Texaco believes the program represents an important new kind of cost-control plan for industrial plant operation, and its belief is solidly backed by these truths:

While the cost of lubricants usually is only a very small part of a plant's operating budget, their effectiveness has an important bearing on that plant's over-all economy. Lubricants amount to, usually, about a *quarter of one per cent* of a manufacturer's total operating costs. They represent one of the smallest items of expense for the average manufacturer. Yet their selection and use can be organized to stop loss and reduce costs which could amount to as much as 100 times the money spent on them. Equipment maintenance, for instance, has become one of the critical areas in cost control as mechanization and automation have spread throughout industry.

A sound lubrication program can become the key to keeping highly complex machinery operating with a minimum of unscheduled shutdowns, and could easily mean the difference between a profit and a loss for a plant operating on a typically narrow profit margin.

One example of just how expensive a machine breakdown can be is provided in the "Stop Loss" film.

In the movie, there is a sequence showing how a large gear which originally cost $1,985 had been improperly lubricated and caused the breakdown of an essential piece of production machinery. By the time this part had been replaced and the machinery was put back to work, the plant had lost $21,000 through idle labor, loss of production, and replacement costs. Examples like these can be found all through industry. Some of them have been woven into the Texaco film to make it a particularly persuasive sales aid, and an eye-opener for the executives who see it.

One unusual aspect of the "Stop Loss" program is that it *is* directed primarily at the top management. Texaco's aim, with the program, is to make company executives aware of lubrication's role as a money-saver so they will be enthusiastically behind the adoption of an organized lubrication program. That is why the program stresses the influence lubrication can have on profits. The executive does not buy lubricants. He concerns himself much less with operating procedures than with operating effects. He manages his organization's over-all activity with one overriding consideration: show a profit. At his level, the program is of interest mainly as a new approach to more profitable operation. But at the plant operating level, "Stop Loss With Organized Lubrication" offers specific help, with a scope and thoroughness no other oil company ever has made available.

Once a Texaco industrial salesman has obtained the backing of a plant's top management he goes to work with, say, the production manager to set up a "Stop Loss" program. The first step is to delegate responsibility clearly for all lubrication. A few plants have lubrication engineers, but they are surprisingly rare. What Texaco recommends is that a responsible individual be given over-all authority.

Next, the Texaco lubrication engineer works with the customer to select the proper lubricants for the customer's machinery — keeping the number of lubricants to a minimum without sacrificing lubrication efficiency. This speeds handling, reduces inventories, and simplifies the entire lubrication job.

If a customer's needs are highly specialized, a new lubricant can be developed at the Company's research centers in Port Arthur, Texas, or Beacon, New York. Generally this is not necessary—there are about 300 oils and greases to choose from on Texaco's list of lubricants. However, this is an era of high-speed, close-tolerance, high-temperature machinery, and requests for specially formulated lubricants are by no means rare.

With a man in charge of lubrication, and a lubrication program established, the next move is to provide the plant with a control plan that will enable it to organize its lubrication and keep it organized. To do this, Texaco industrial personnel have been provided with instruction booklets; individual machine record cards; a unique, Texaco-designed calendar that divides the year into 13 identical four-week

rs importantly on over-all costs

Monday-through-Friday periods to give the man in charge of lubrication a quick visual check of lubricating schedules as well as an over-all record. Texaco offers suggestions concerning lubrication application equipment; provides a decal coding system to indicate proper lubricating intervals and the lubricants to be used; and, depending on the individual needs of the plant, supplies a wealth of specialized information.

Organized lubrication takes a relatively short time to set up; but as a way of stopping losses and cutting costs its effect is continuous. What the "Stop Loss" program means is that substantial, practical help has been made available to companies caught in the profit squeeze. It's a program designed to fill all industry's vital need as perhaps no other lubrication program has been. And because it is based on a valuable service, it is an eminently sound selling method. The plant using lubricants according to a plan—Texaco's plan—is much less likely to switch around from one brand to another than if it were buying on a hit-and-miss basis.

One appreciative user of the "Stop Loss" plan is a large manufacturer in the West. Texaco suggested the lubricants for this customer's pilot plant, and then for its main plant—and for each new piece of equipment as it arrived.

On each machine is attached a card describing its lubrication requirements. Files carrying the same information are kept in the customer's maintenance departments. Route sheets were set up for the men who had been assigned lubrication routes, and a daily work sheet, indicating equipment to be lubricated on specific days, was designed.

The number of oils and greases specified by equipment manufacturers for the machinery in this plant was reduced substantially (but only after complete studies and discussions with the equipment makers), and the manufacturer has found that lubrication is being handled efficiently and thoroughly with a minimum lubricant inventory.

Today, Texaco enjoys a rewarding relationship with this customer: it supplies 100 per cent of the plant's lubricants.

As the "Stop Loss" program moves into high gear this Summer, with the Company's industrial sales force putting all its energies into spreading the concept, the list of appreciative customers seems certain to grow. "Stop Loss" is another step toward the Company's goal to make Texaco the most respected name in the lubrication industry. •

# PROFITS ARE TO GROW

Profit—or more accurately the search for profit—is one of the twin driving forces of our economy. The other is competition. What is profit? Actually it is what is left after all expenses have been paid. Put another way, it is the reward for venture. In a free enterprise economy many firms and individuals compete for the consumer's dollar. Under the spur of the profit motive, they build plants, improve products, modernize or enlarge market outlets, undertake vast research programs. This is done in search of the consumer's dollar. The profit they make provides a general measure of how well they have satisfied consumer demands.


*Any business needs profits . . .*


*. . . for expansion . . .*

# ON *(a principle some people*  *learn very young)*

It is not only the shareholders who benefit from profits. Employes, consumers, other industries, gain too. Last year, for instance, Texaco invested more than $517 million in capital and exploratory expenditures—providing products for a growing population and jobs for a growing work force. Only a business that makes a profit can hope to make investments like that. Most important, economic growth of the country as a whole takes place as a result of thousands and thousands of successful individual ventures. Profits, in a broad sense, become the money a nation grows on. •

JOHN W. GREEN

## J. W. GREEN ELECTED SALES VICE PRESIDENT

*Election of John W. Green as Texaco's Vice President in charge of Domestic Sales was announced by Board Chairman Augustus C. Long on May 10. The appointment was made effective immediately.*

*After graduation from Baylor University, Mr. Green joined Texaco at Dallas, Texas, in 1935. He held various sales assignments throughout the state, and, from 1942 to 1948, served as State Manager at Atlanta, Georgia.*

*In 1953, Mr. Green was promoted to Division Sales Manager at Houston, Texas; three years later, he was named Southern Regional Sales Manager there. He moved to New York in 1958 as Northern Regional Sales Manager and, last year, was named Assistant General Sales Manager of the Domestic Sales Department.*

*Mr. Green succeeds I. G. Morgan who, Mr. Long also announced, is being transferred to Los Angeles where he will serve as Vice President and Assistant to Senior Vice President James T. Wood, Jr.*

## PORT ARTHUR TO ADD A RESEARCH CENTER

Plans for the establishment of a multimillion dollar research center at Texaco's Port Arthur, Texas, refinery were announced recently by the Company. The center will require five years to complete.

The new project will provide Texaco with a second major petroleum research center and one of the largest and most fully equipped research facilities in the Southwest.

The center, which will occupy more than 35 acres, will be comprised of 15 separate laboratory and office buildings, six pilot-laboratory bays, service buildings, and enclosed storage areas, arranged campus-style and connected by covered walkways.

All laboratory buildings and facilities will be able to be expanded from 50 to 100 per cent without disturbing existing areas. Considering the addition of new buildings, the layout of the center as a whole will allow for an expansion of 100 per cent.

Research activities of the Port Arthur research center will encompass such varied projects as the development and manufacture of new petrochemicals, the continued search for better and more economical refining processes, the composition and uses of asphalt, problems in corrosion and contamination, as well as studies in almost every area of petroleum fuels and lubricants.

Although a number of basic research projects will be carried on at the new center, most of its work will be on the pilot (or semicommercial) level, as contrasted with the more fundamental research done at the Company's Beacon, New York, Research Laboratories.

One of the primary aims of the center is to provide an over-all atmosphere of research that will attract the high-caliber personnel necessary for the petroleum industry's increasingly technical and scientific investigations.

## NEW RADIO NETWORK TO CARRY "MET" OPERA

This December, when Milton Cross opens the new season of Texaco-sponsored broadcasts direct from the stage of New York City's Metropolitan Opera House, it will be the first time in the program's history that the performances have not been carried over an established radio network.

Instead, Texaco and the Metropolitan Opera Association, Inc., have arranged for a nationwide group of radio stations, known as the "Texaco-Metropolitan Opera Network," to carry live broadcasts of Saturday matinee performances during the season.

The move came because of a growing tendency among many radio stations affiliated with major networks to transcribe and rebroadcast the opera programs on a delayed basis.

Some audiences have had to stay up until after midnight to hear an opera to completion; such practices brought complaints from the radio audience to the radio station, the network, and Texaco. Of course, network-affiliated stations are independently operated and have the right to choose which programs will be broadcast at what times. Texaco and the Metropolitan Opera Association, however, feel they have an obligation to furnish the public with live broadcasts of the matinee performances.

Under the new arrangement, the opera broadcasts will only be heard over a group of radio stations which agree to broadcast them live. Some of these stations will be affiliated with the various networks while others will be independent stations. It is estimated that about 95 per cent of the nation's radio audience will be able to tune in live opera broadcasts through the newly formed network.

As in the past, commercial announcements will be limited to brief identifications of Texaco Inc. as the sponsor of the Saturday afternoon opera broadcasts.

## THE PERCENTAGE DEPLETION SCORE

Thirty-four years ago Congress enacted a provision of our Federal tax laws which recognized the peculiar problems of the producing branch of the petroleum industry. This provision, known as percentage depletion, provides for taxing the *income*—not the *capital*—of an oil producer. In substance, it permits the producer to deduct 27.5 per cent of his *gross* income (not to exceed 50 per cent of his *net* income) in computing his income tax each year.

For a third of a century percentage depletion has made it possible for the oil industry to press forward the search for new underground reserves in the face of steadily mounting risks and costs. It has enabled oilmen to find and develop the vast sources of low-cost enegry that have given the United States its industrial strength and the highest standard of living in the world.

During all this time Congress has repeatedly studied the workings of this provision—and invariably has found it essential to the continued strength of our economy.

Percentage depletion still stands intact. A glance at the record, however, reveals no grounds for complacency. For nearly a decade depletion has been attacked in Congress by opponents who picture it as a "tax loophole." Here are the highlights:

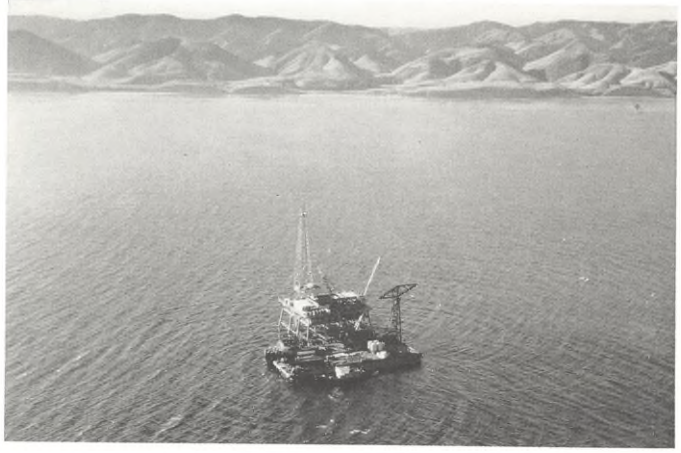
In 1951, a reduction to 15 per cent was proposed; it was rejected by a vote of 71 to nine. In 1954, a similar amendment was defeated by voice vote. Four years later the same proposal was offered again; it lost this time by 63 to 26. In 1959, a Senator called for a sliding scale that would go as low as 15 per cent; this lost by 54 to 21. In June, 1960, an identical bill was introduced; this was defeated by 56 to 30.

Over this period, according to their voting record, the supporters of the present depletion provision have declined from 71 to 56, while its opponents have grown from nine to 30. Already, one Senator, in anticipation of the next session of Congress, has announced that he will try this time to cut the rate from 27.5 per cent to 22.5 per cent.

As debates within the political arena grow more heated in the remaining weeks before poll time, depletion will certainly be attacked by those politically opposed to it.

Clearly the attack is growing steadily in strength. Texaco believes the 27.5 per cent depletion provision is vital to maintain a continuing supply of low-cost petroleum energy.

## END OF AN OCEAN TRIP FOR RIG "HELEN"



*A double-deck drilling platform, above, which was built in Houston and towed 4,500 miles by barge through the Panama Canal, around the tip of Baja California, and up the Pacific Coast, went into operation under Texaco supervision this Summer a mile-and-a-half off the California coast near Santa Barbara.*

*The steel platform, called* Helen, *will carry out drilling and production operations on a 3,840-acre offshore lease jointly owned by Texaco and Monterey Oil Company.*

*Standing in 94 feet of water, the structure is supported by 20 steel legs imbedded 80 feet into the ocean bottom. The upper drilling deck reaches over 50 feet above the water.*

*While the drilling decks were being built in Houston, the giant platform's understructure was constructed in a Long Beach shipyard. Because of its size and weight, this structure was built in two sections—each a maze of steel beams, strips, and pilings weighing about 400 tons.*

*These two sections were loaded on a barge, towed to the drilling site, and lowered to the ocean floor. Steel piles were driven through the understructure's hollow legs and into bedrock to anchor it firmly in place. Then, the barge carrying the upper deck sections came out from Long Beach, and huge cranes lowered the top structure onto the supporting legs.*

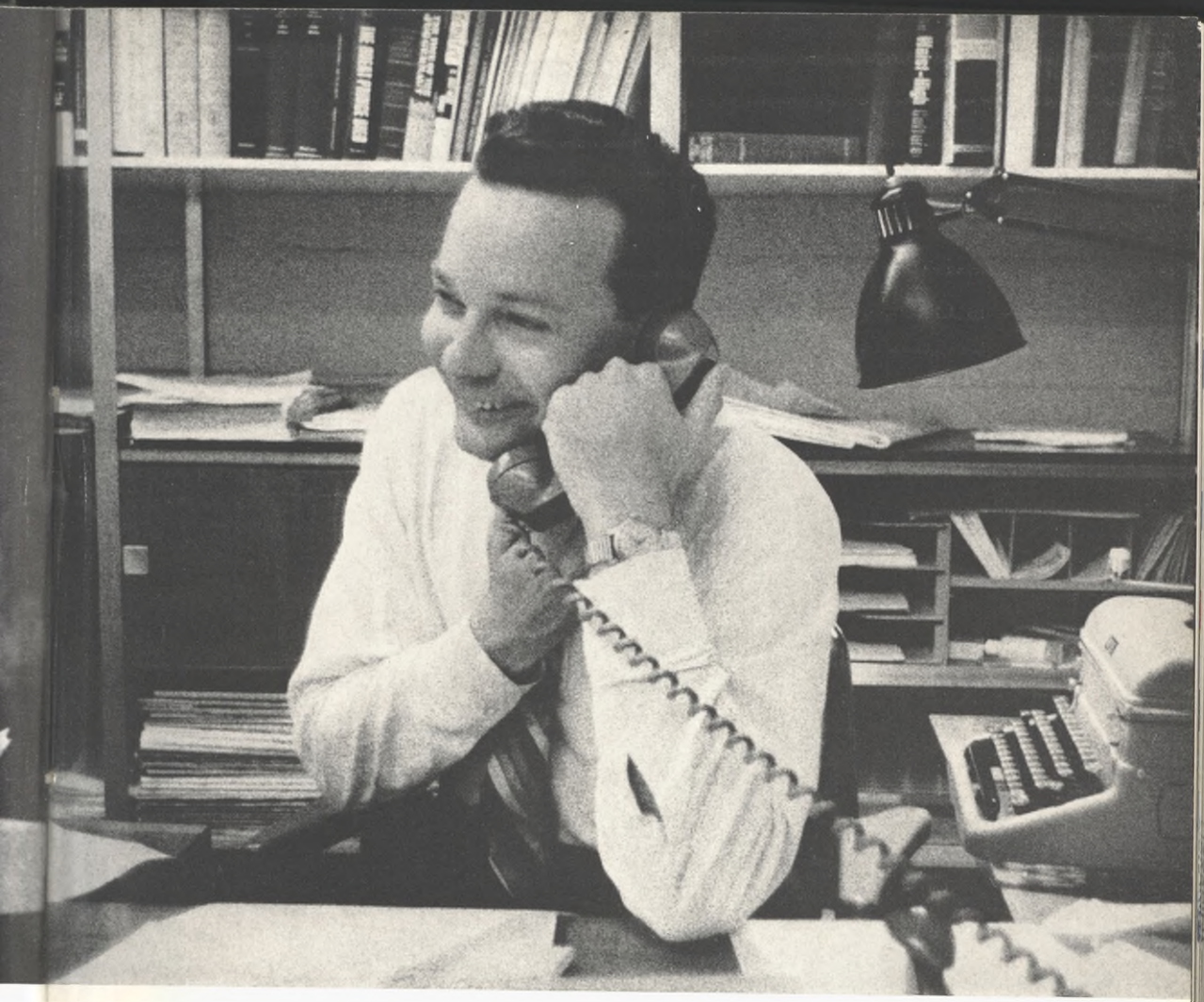
*About a month after the first barge reached the drilling site, the new drilling platform was completed.*

# Winning Team

WHAT'S IN THE DAILY NEWS? For a lively, informed answer, more than 12 million Americans turn five nights a week to *The Texaco Huntley-Brinkley Report* the Company has been sponsoring over NBC-TV for the past year. Chet Huntley (above) and David Brinkley (opposite) have won a huge segment of the country's television viewers —and an impressive string of broadcasting awards—in the relatively brief time they have been bringing the news to the nation under Texaco's sponsorship.

So far this year, the winning news team has walked off with three of television's most significant honors—an "Emmy" from the National Academy of Television Arts and Sciences, the *TV Guide* Award for "Best News or Information Program," and the *TV Radio Mirror* Award for "Best News Program." It also was given *Look's* "Best Public Affairs Show" award (the magazine called the show the "special or continuing series that made the most significant contribution to public understanding of important issues").

No other television newscast has collected more major awards than *The Texaco Huntley-Brinkley Report,* as a



matter of fact. At least part of the show's appeal, for critics and plain citizens alike, seems to grow out of the spontaneity it achieves by using the two men as listening posts in two separate, vital cities (Huntley in New York, Brinkley in Washington), trading their reactions to the day's events in an exchange that is confident without being know-it-all. Describing this formula in an article about the show last year, *Time* said "they are both unexcitable men who seldom pontificate but project an air of unassuming authority and easy informality."

Probably a good part of the *Report's* appeal, too, can be chalked up to its strong public-service emphasis, with Texaco's commercials kept intelligent and tasteful. They are prepared on the theory that selling is not necessarily yelling, and presented by Bill Malone—whose delivery is a particularly effective complement to the news portions of the show.

Another of Texaco's public service sponsorships, one which has been eminently successful for 20 years, is the Saturday afternoon broadcast series from the Metropolitan Opera. A frequent award winner over the years, this series was cited in April by *Saturday Review* as one of 10 television or radio programs which have achieved distinction in the public interest. That publication's citation: "For faithful devotion year after year to the music-loving public of the United States, and for a willingness to maintain a high standard of musical taste despite advice from the market place to turn to more 'popular' radio fare."

Whether they're attracted to the news or the muse, audiences have learned to expect the very best from Texaco-sponsored broadcasts. •

THE
TEXACO
STAR
135 EAST 42ND STREET
NEW YORK 17, NEW YORK
RETURN POSTAGE GUARANTEED





This Fourth of July, Hawaii officially became our 50th state, and another star was added to the flag (which is suggested here in a welcoming salute to our newest state and to Alaska, her just slightly older neighbor on Old Glory's field of stars). For years, Texaco has been the only oil company to market in every state. It still is. As the new states were added new Texaco outlets have been opened. In Akron or Anchorage, Omaha or Oahu, the red star with the green "T" beckons motorists: "Buy the best—buy Texaco" wherever they are in the United States.