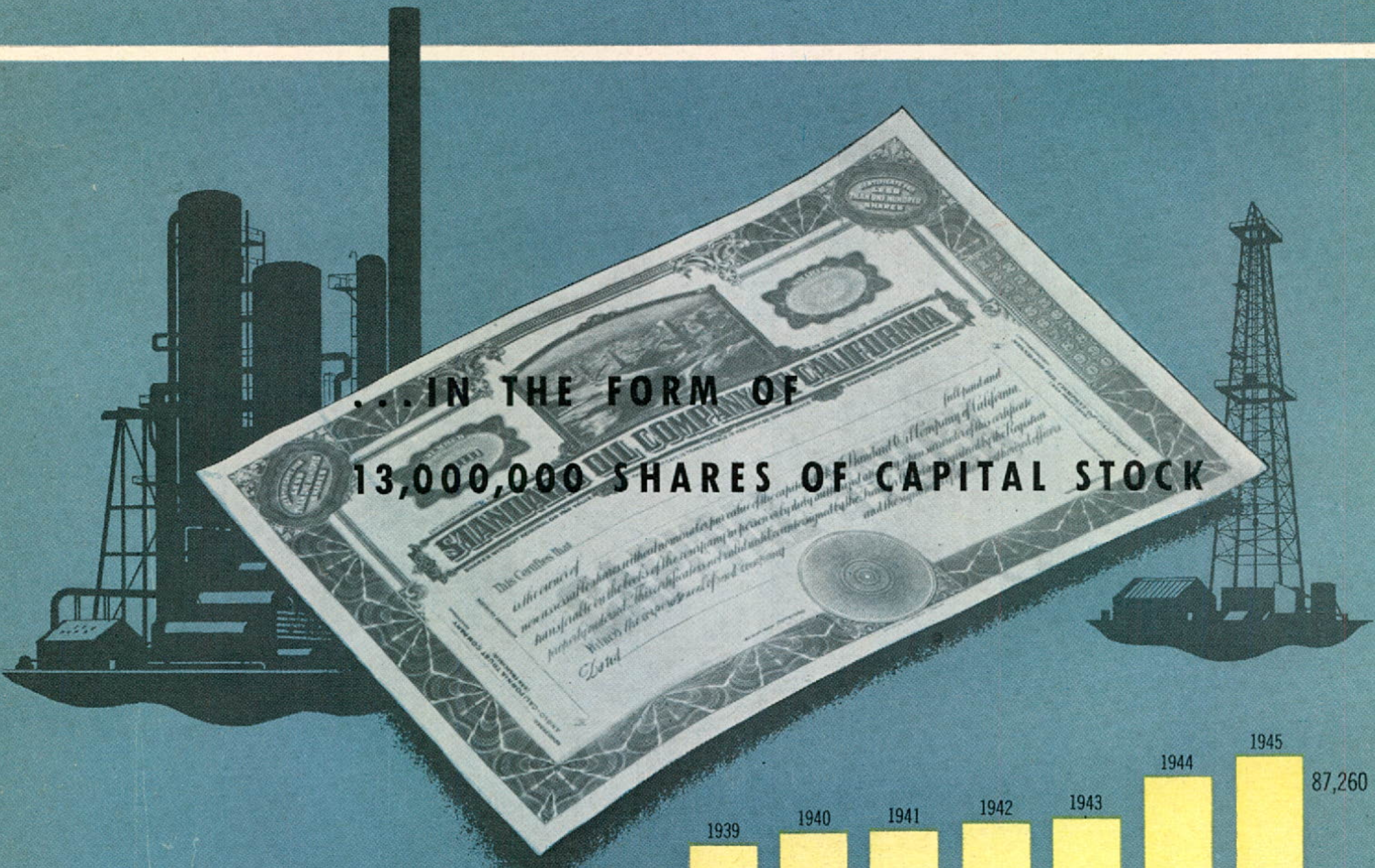
ANNUAL REPORT 1945

LAKE ST. JOHN, LOUISIANA

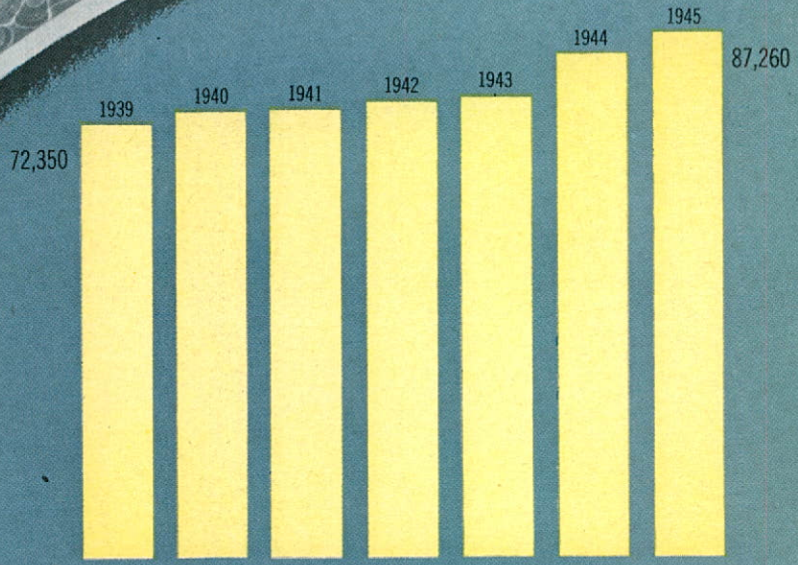
STANDARD OF CALIFORNIA

THE Ownership

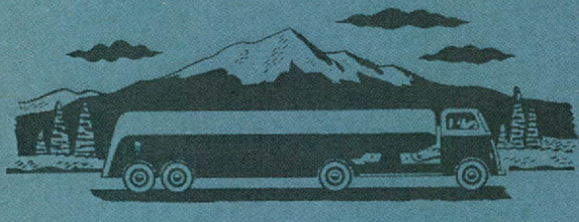
OF STANDARD OIL COMPANY OF CALIFORNIA IS IN THE HANDS OF 87,000 STOCKHOLDERS...



...IN THE FORM OF 13,000,000 SHARES OF CAPITAL STOCK



NUMBER OF STOCKHOLDERS at the end of each year



THE Results FOR 1945 AT A GLANCE

CONSOLIDATED NET INCOME	$55,554,628
NET INCOME PER SHARE	$4.27
DIVIDENDS PER SHARE	$2.00

	At End of Year	Per Share of Stock
WE OWNED	$738,346,440	$56.78
Which Included:		
Cash and Government Securities	72,284,571	5.56
Current Receivables	40,690,780	3.13
Inventories	43,557,530	3.35
Investment in Unconsolidated Companies	99,328,514	7.64
Properties, Plant & Equipment (Net)	473,027,029	36.37
Other Assets	9,458,016	.73
WE OWED	$ 83,474,151	$ 6.42
Which Included:		
For Taxes, Materials, Services, Etc.	43,474,151	3.34
For Bonds and Notes Outstanding	40,000,000	3.08
LEAVING	$654,872,289	$50.36
For Reserves	45,269,935	3.48
Stockholders' Equity—at Book Value	609,602,354	46.88

TOTAL INCOME	$349,544,584
TOTAL EXPENSES	$293,989,956
Consisting of:	
Taxes	$ 17,836,976
Wages and Salaries (Excluding Construction)	63,856,743
Purchase of Crude Oil and Merchandise	68,574,717
Other Operating Costs	91,102,223
Allowances for Plant Wear and Tear and for Oil and Gas Taken from Reserves	45,825,417
Miscellaneous Expense	1,793,880
Provision for Contingencies	5,000,000

PRODUCING—REFINING—SALES		Change From 1944
Oil and Gas Wells Drilled (Producers)	440	+15%
Crude Oil Production (Barrels):		
California	63,292,944	+ 9%
Other States	16,047,625	+56%
Total Domestic	79,340,569	+16%
Crude Oil Refined (Barrels)	93,343,802	+ 4%
Crude Oil and Products Sold (Barrels)	123,135,537	+ 6%
Natural Gas Sold (1,000 Cu. Ft.)	90,571,132	—12%

BOARD OF DIRECTORS

STANDARD OIL COMPANY OF CALIFORNIA

(Incorporated in Delaware)

F. S. BRYANT	H. D. COLLIER	R. G. FOLLIS
J. L. HANNA	A. N. KEMP	J. H. MACGAREGILL
ATHOLL McBEAN	T. S. PETERSEN	PAUL PIGOTT
	R. C. STONER	

TRANSFER AGENTS:

Standard Oil Company of California, Standard Oil Building, San Francisco 20, California; The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y.

REGISTRARS:

The Anglo California National Bank of San Francisco, 1 Sansome Street, San Francisco 20, California; The National City Bank of New York, 55 Wall Street, New York 15, N. Y.

Annual Meeting of Stockholders: First Thursday in May, at the Company's principal office, Standard Oil Building, 225 Bush Street, San Francisco 20, California.

REQUEST FOR PROXY AND PROXY STATEMENT WILL BE MAILED TO STOCKHOLDERS ON OR ABOUT MARCH 30, 1946

Annual Report

Standard Oil Company of California

1945

To the Stockholders: In the following report we shall try to give you—the owners of this business—the story of the past year, briefly and yet as comprehensively as possible.

The year's end found the Company well advanced along the road of peacetime transition and facing the postwar world with confidence. A review of our position gave evidence that we had emerged from the war years with increased strength for the tasks and opportunities ahead. Among the highlights are these:

The consolidated net income of Standard of California for 1945 was $55,554,628, equivalent to $4.27 per share. This compares with $3.34 per share in 1944.

Despite high wartime withdrawals of oil from the ground, our estimated recoverable reserves in the United States at the end of the year were greater than at any other time.

The development of reserves and production in our domestic holdings in the Gulf Coast and Rocky Mountain States is providing a broader base of supply. More than one-fourth of our domestic production is now being obtained outside California, and the ratio is increasing.

The magnitude of the Company's joint interest holdings in the Persian Gulf region, and activities in other foreign fields, give further promise of ample supplies of oil for our world-wide operations.

Population and industrial growths in the western states were greatly accelerated by wartime activities, and the sales potentialities are materially higher than before the war. Our Company is the largest marketer of petroleum products in the West and, although sales activities are not confined to

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THE COVER...

Drilling for oil and gas in the picturesque Lake St. John field, Louisiana, by The California Company. This subsidiary is contributing substantially to Standard of California's domestic production. The company's discovery of oil in this field a few years ago has been followed by other successful explorations in Louisiana and Mississippi.

Richmond refinery, in San Francisco Bay area, is largest on Pacific Coast and manufactures hundreds of petroleum products.

this region, the expanding western market directly benefits our operations.

Important export markets for our products are reopening with the rehabilitation of war-torn countries of the Pacific Ocean area and resumption of normal trade with them.

Our plant capacity, expanded during the war, is now being extensively utilized to supply postwar demand. A program for improvement and expansion of manufacturing, marketing, research, and other facilities was set in motion as soon as peace came. The plans had long been ready.

In 1945 the Company's outlays for domestic capital expenditures and exploratory activities, and for advances to foreign companies for their further development, exceeded $114,000,000, the highest of any year in our history. These outlays are a reinvestment of funds derived from operations, and are designed to promote the Company's future welfare.

CRUDE OIL PRODUCTION

Reflecting our improved crude oil reserves position, the Company's gross crude oil production in the United States for the year amounted to

79,340,569 barrels, or approximately 217,000 barrels per day, more than double that of the year 1941. During the past year we drilled 529 wells, of which 440 were producers.

In California our production rose to 19.4 per cent of the total of all companies, compared with 14.7 per cent in 1941. The gain in productive position in this State is important to our post-war situation, and is the result of intensive development in recent years of properties which previously had been only partially developed.

Exploratory activities in California have been strongly maintained by the Company, with the new oil developments in this state largely extensions and discoveries of new producing zones in known fields, rather than discovery of major new fields.

A productive lower sand in the old Midway field was found by the Company and a number of wells have been drilled. Recent developments in the Cymric area, near the McKittrick field, indicate that considerable production may be obtained there. Our exploration during the year also resulted in discovery of new producing zones in parts of the Huntington Beach, Seal Beach, and Jacalitos oil fields.

In recognition of the intrinsic value of natural gas, the Company has also continued to explore

El Segundo refinery, on Pacific Ocean near Los Angeles, is Company's second largest. A third California refinery is at Bakersfield.

Crude Oil and Natural Gas Production • Acreage and Wells

Parent Company and Domestic Subsidiaries

	CRUDE OIL PRODUCTION 1945 (Barrels)			NATURAL GAS PRODUCTION 1945 (1,000 Cu. Ft.)	PRODUCING OIL AND GAS WELLS* December 31, 1945	APPROXIMATE NET ACREAGE (DEVELOPED AND UNDEVELOPED) December 31, 1945
	Gross Production	Working Interest In Gross Production	Royalty Received From Properties Operated By Others			
California	63,292,944	60,099,928	155,483	132,580,038	3,936	579,453
Louisiana	5,481,095	4,729,860	3,378	3,786,136	135	293,267
Texas	5,304,750	4,430,924	239,854	3,112,459	492	527,370
Mississippi	2,175,385	1,902,922	......	1,798,179	45	207,482
Colorado	1,815,369	1,675,488	5,830	423,797	20	149,644
New Mexico	918,500	815,663	1,865	3,579,423	24	40,945
Wyoming	352,526	319,260	......	54,098	16	20,955
Georgia						724,058
Alabama						202,406
Florida						146,389
Oklahoma						40,392
Washington						16,525
Other States and Alaska						119,698
TOTALS	79,340,569	73,974,045	406,410	145,334,130	4,668 (Includes 106 Gas Wells)	3,068,584**

*Excludes wells in the Elk Hills Naval Reserve operated under a unit plan contract with the Navy Department. Also excludes jointly owned wells operated by others.

**Includes 397,158 acres of fee lands and mineral rights, of which 365,673 acres are in California.

ACREAGE HELD BY FOREIGN COMPANIES

NET ACREAGE HELD BY WHOLLY OWNED SUBSIDIARIES

December 31, 1945

	CONTRACT	FEE	TOTAL
Canada	405,524	......	405,524
Colombia	375,010	326,754	701,764
Venezuela	2,890,089	......	2,890,089
Total	3,670,623	326,754	3,997,377

ACREAGE HELD BY COMPANIES IN WHICH THE COMPANY HAS A 50% INTEREST, OR LESS:

December 31, 1945

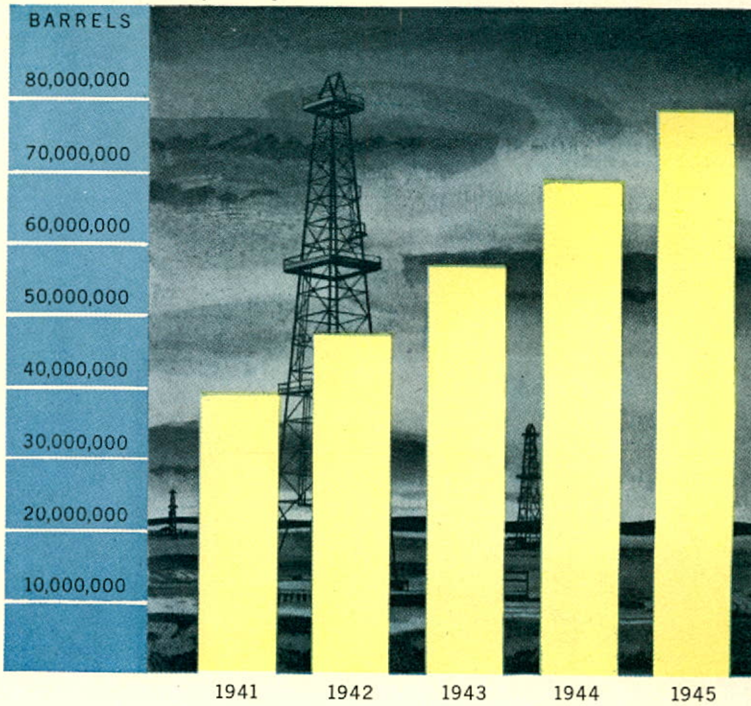
	CONTRACT
Saudi Arabia	278,272,000
Bahrein Island (Persian Gulf)	100,000†
Colombia	123,552
Venezuela	45,885
Total	278,541,437

†This is the extent of the acreage in the original agreement. During 1939 The Bahrein Petroleum Company Limited acquired the remainder of Bahrein Island not under the original lease and all lands, islands, shoals, reefs, waters and submerged lands over which the Shaikh of Bahrein has or may acquire dominion. The acreage involved in this additional agreement has never been determined.

and to develop natural gas fields in central and northern California. As a result of this activity two new fields were discovered, one north of the Rio Vista field and the other in the San Joaquin Valley. Exploration primarily for gas has also been extended into Washington and Oregon.

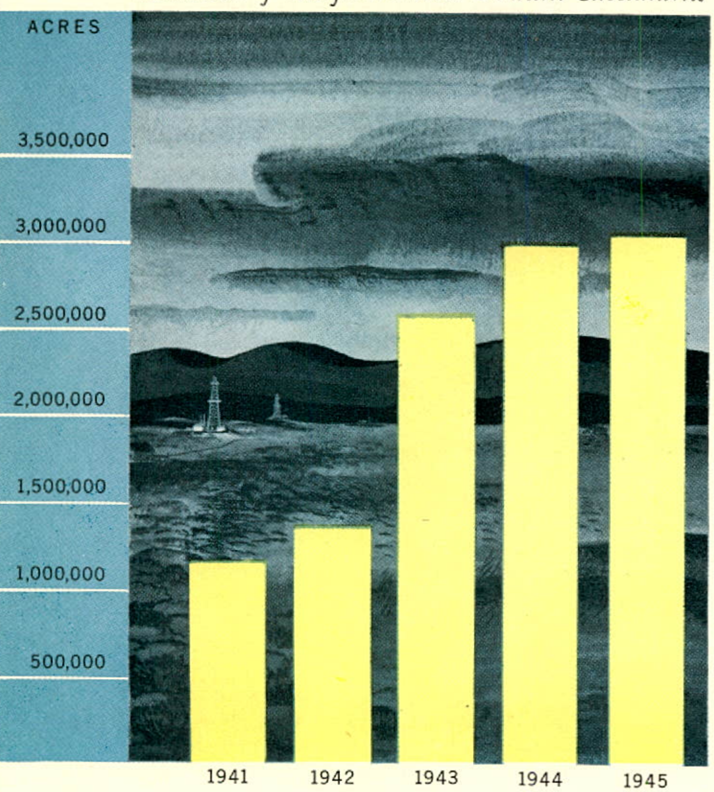
In the Elk Hills field in Kern County, California, the Company continued during 1945 to operate under its unit plan contract with the Navy Department. A production rate of 65,000 barrels per day, built up at the request of the Joint Chiefs of Staff to supply war needs in the Pacific, was attained in July. With the end of the war in August the Navy ceased production

Gross Crude Oil Production
Standard of California and Domestic Subsidiaries



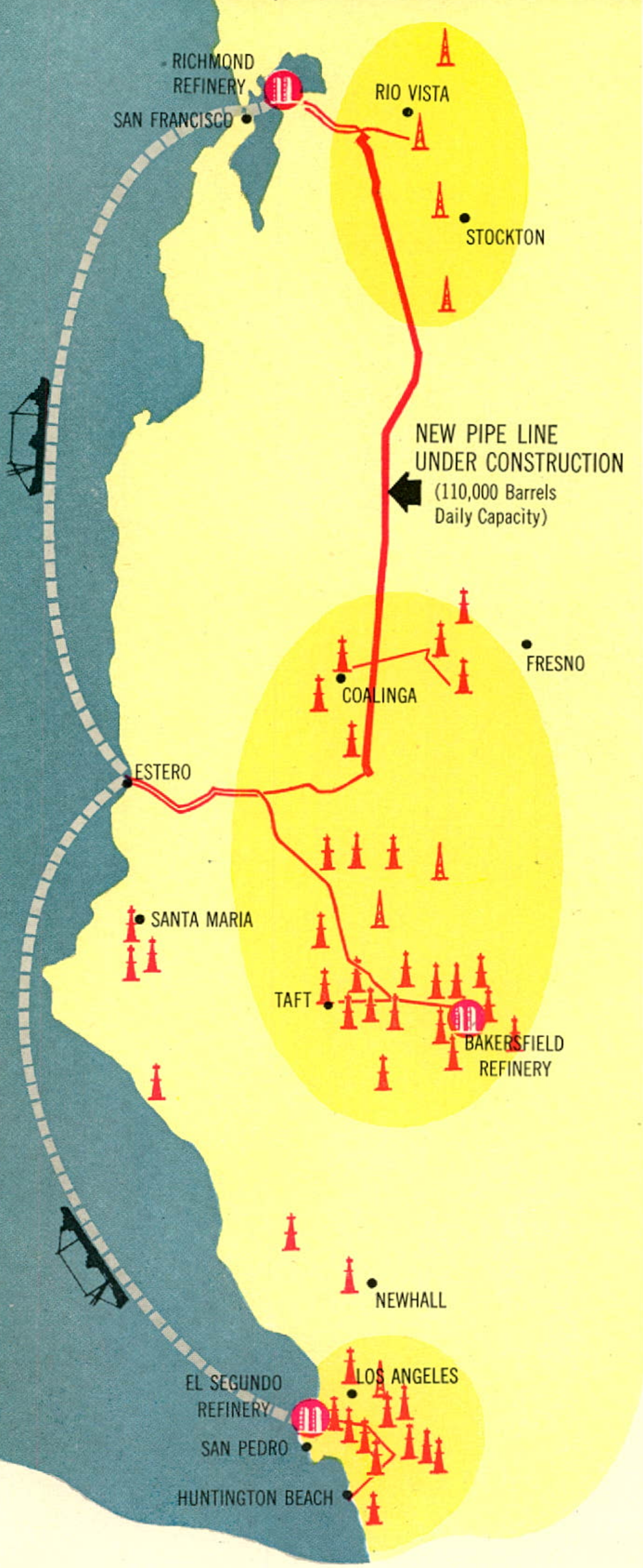
for its account. Since that time the Company has continued to produce 15,000 barrels per day for its own account, as provided under the contract.

Acreage of Oil and Gas Properties
Standard of California and Domestic Subsidiaries



PRODUCTION BY SUBSIDIARIES

Two of our larger domestic subsidiaries are actively engaged in producing operations outside the Pacific Coast area. These are The California Company, operating in Rocky Mountain, Gulf and Southeastern states, and Standard Oil Company of Texas, operating in Texas and New Mexico. As producers their contribution to the Company's total domestic production has risen steadily. During 1945 their daily gross production averaged 43,000 barrels, compared with 14,000 barrels daily in 1941. Latest figures



Transportation Routes by Pipe Line and Tanker from Oil and Gas Fields to Company Refineries in California

OIL and GAS FIELDS   DRY GAS FIELDS

show a further increase to 63,000 barrels per day.

Exploratory activities of The California Company were carried on in Alabama, Colorado, Florida, Georgia, Kansas, Louisiana, Mississippi, Oklahoma, and Wyoming. Drilling operations of that subsidiary resulted in discovery of the Brady and Hico fields, both in Louisiana. Additional development work by the same company resulted in extensions of producing areas in the Lake St. John field in Louisiana, the Cranfield field in Mississippi, and the discovery of a new deep productive sand in the Barataria field, Louisiana.

The California Company also took the lead in development of the Rangely field in Colorado, where the results are regarded as the outstanding production development of 1945 in the United States. Indications are that the Rangely pool may prove to be the largest ever found in the Rocky Mountain region. Our holdings embrace more than 50 per cent of the indicated reserves in this field. The company has ten drilling rigs at work on new wells and all the wells drilled to date are producers.

As a result of the Rangely operations, together with additional production from the Wilson Creek field, The California Company has become the largest producer in Colorado, accounting for more than half the state's total.

Standard Oil Company of Texas continued an active pace of exploratory and producing operations. A number of new land holdings were acquired which cover possible oil bearing structures of substantial size. Development was begun in the Sivells Bend area in north Texas, where the company holds large acreage. The first company well there has been completed as a producer and others are being drilled. At the Smith Point field in Galveston Bay seven additional producing wells were completed.

PEACETIME CONVERSION

Most oil products for military purposes are manufactured basically by the same processes as those used for products supplied civilian consumers in normal times. Therefore, our Company was able to accomplish the shift to peacetime production by relatively few adjustments, in comparison with full-scale plant conversions faced by so many other industries.

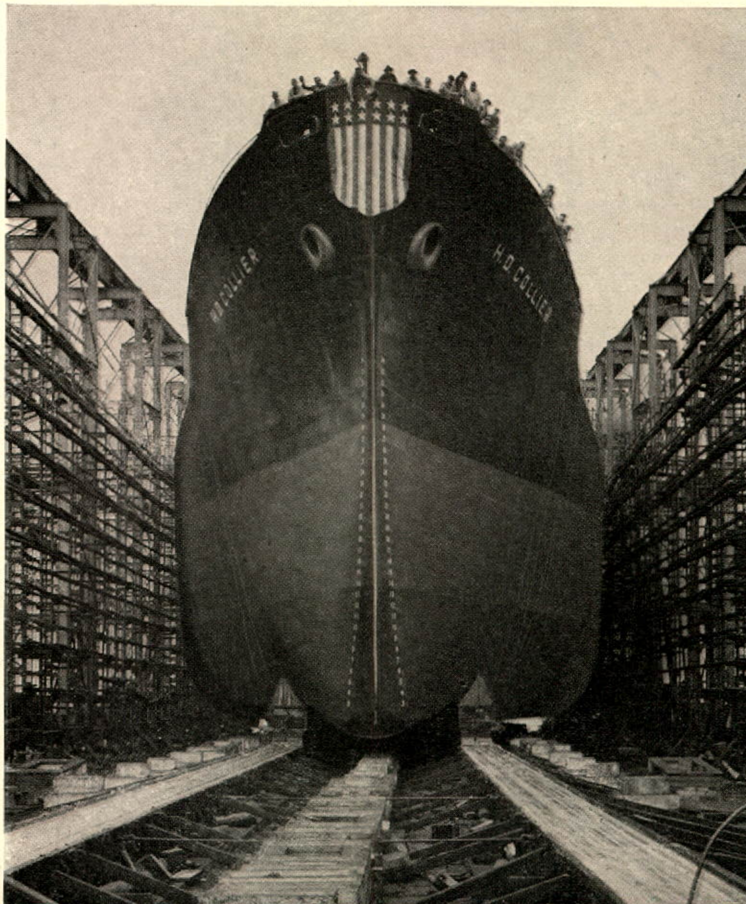
When wartime restrictions were removed the Company was able promptly to place on the market motor gasolines of greatly improved quality over prewar fuels. Our new premium grade "Chevron Supreme" gasoline was soon available to motorists at all our outlets in the West, from Canada to Mexico, and was followed by the new regular grade, "Chevron."

These gasolines are the result of stimulated progress which crowded into the war years scientific achievements that otherwise might have taken much longer to accomplish. Similar progress was made in the development of lubricants and other products. The entire field of petroleum derivatives has been expanded to serve a wide range of new uses.

The Company's marketing organization was likewise well prepared for the expansion of civilian demand. In addition to plans related to Company owned service stations, advance preparations for return of the peacetime market included steps to enlarge distribution through individual dealers. Thousands of these dealers, as independent businessmen, are now featuring the Company's new "Chevron" trademark and products.

Plans had also been completed for a general long-range program of modernization and expansion affecting practically all phases of our operations. The blueprints for many projects were, in fact, complete or well advanced when war made it necessary to put them aside. The program is now being carried steadily forward. It includes additions and improvements to refin-

Launching of the *H. D. Collier*, one of five new tankers purchased since the war to strengthen Company's fleet.



eries, warehousing, shipping, and other facilities, and new laboratories for research. This work will cost approximately $20,000,000.

In addition, the Company's tanker fleet is being strengthened by purchase of five new modern vessels at a cost of about $13,000,000, offset in part by turn-in allowance on old tankers. Three of the new tankers were launched and placed in service before the end of 1945, and the others will be delivered during the first half of 1946.

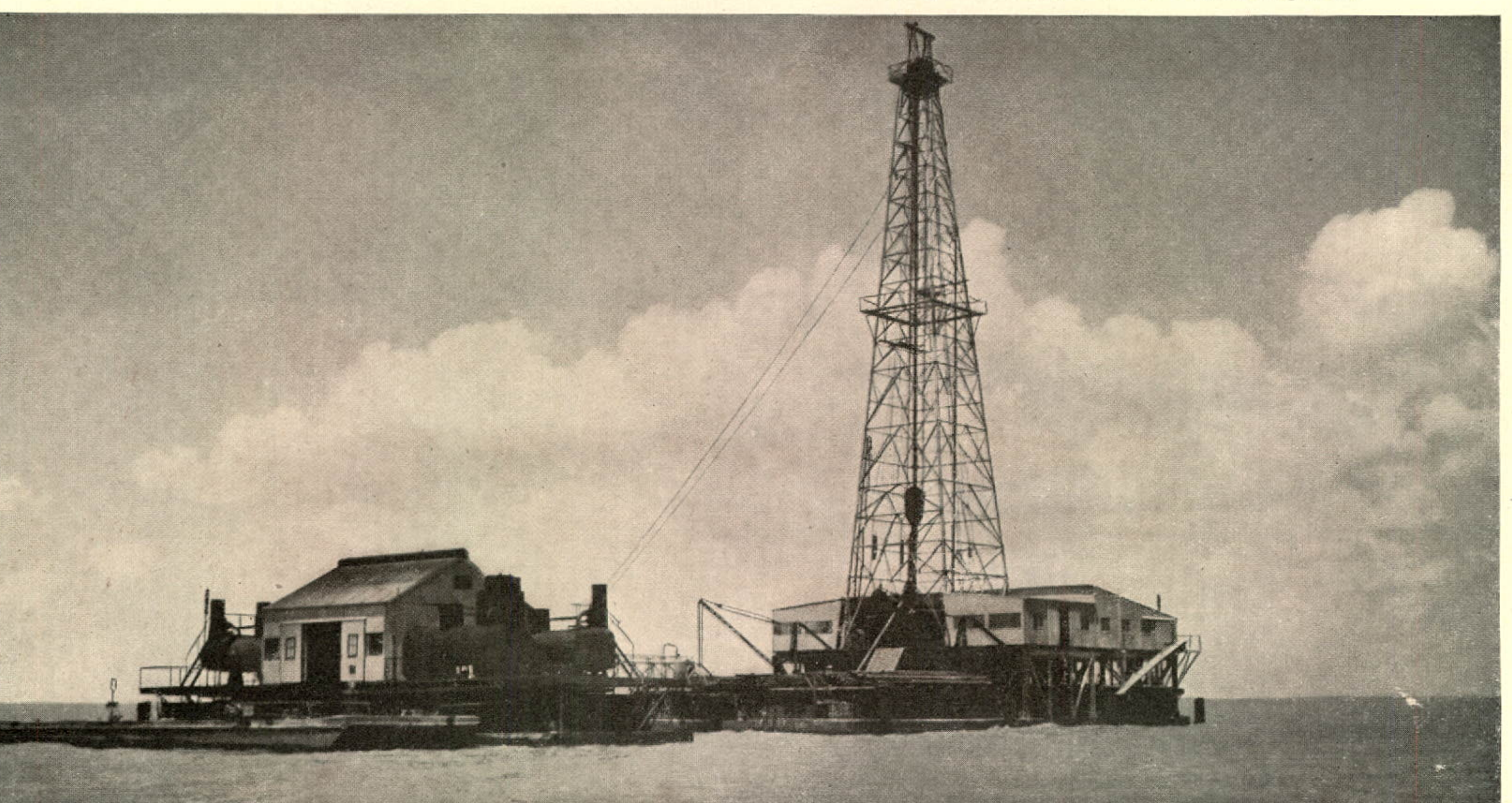
Work has begun on a new pipe line through the San Joaquin Valley with a capacity of 110,000 barrels daily to serve our Richmond refinery. An asphalt plant is being built at a cost of more than $1,000,000 near Portland, Oregon, for the California Asphalt Corporation, a new subsidiary formed during the year.

Improvements completed early in 1945 at the El Segundo butadiene plant, which we operate for the Government, brought a large increase in production for the California synthetic rubber program. Since the war this plant has continued to produce butadiene for peacetime needs.

As one of the results of our research program, a new plant at Richmond refinery was completed and put into operation in July to manufacture phthalic anhydride from petroleum for the Oronite Chemical Company, a subsidiary. This chemical product is used by manufacturers of paints of high durability, dyes, plastics, adhesives, and other items. Process and plant design were developed by the California Research Corporation, our research subsidiary.

A new enterprise, the American Gilsonite Company, was formed under joint ownership by our Company and Barber Asphalt Corporation

Drilling barge several miles offshore in Smith Point field, Galveston Bay, where Standard Oil Company of Texas has a number of producing wells.



A section of Dhahran camp, Saudi Arabia. Derrick marks one of 27 producing wells in Dammam field. In foreground is softball field for employees.

to mine and market gilsonite, a mineral related to petroleum. The company's holdings cover a greater part of the world's only known large deposits of gilsonite, in the Uintah Basin of Utah and Colorado. This waterproof and acid-resistant mineral is blended with asphalt in the manufacture of storage battery cases and has many other industrial uses.

GROWTH OF THE WEST

A factor already evident in our Company's postwar sales volume is the increased demand arising from gains in population and industry in the West. Observation of basic economic conditions encourages the view that these gains are not merely temporary. This is of significance to the Company, in view of the extent of its marketing operations in the western states.

Even before the war, expansion of population and general economic activity on the Pacific Coast had been outstripping that of the country as a whole. From 1900 to 1940 population in the West grew almost five times as fast as in the rest of the nation. War quickened this trend. Population in the five westernmost states is estimated to have made a net increase of more than 2,500,000, or about 25 per cent, from 1940 to 1945. Industrial development of the region also has risen above prewar trends. This development has been not only an expansion of established industry but it also includes activities in which the region previously was deficient.

PERSIAN GULF OPERATIONS

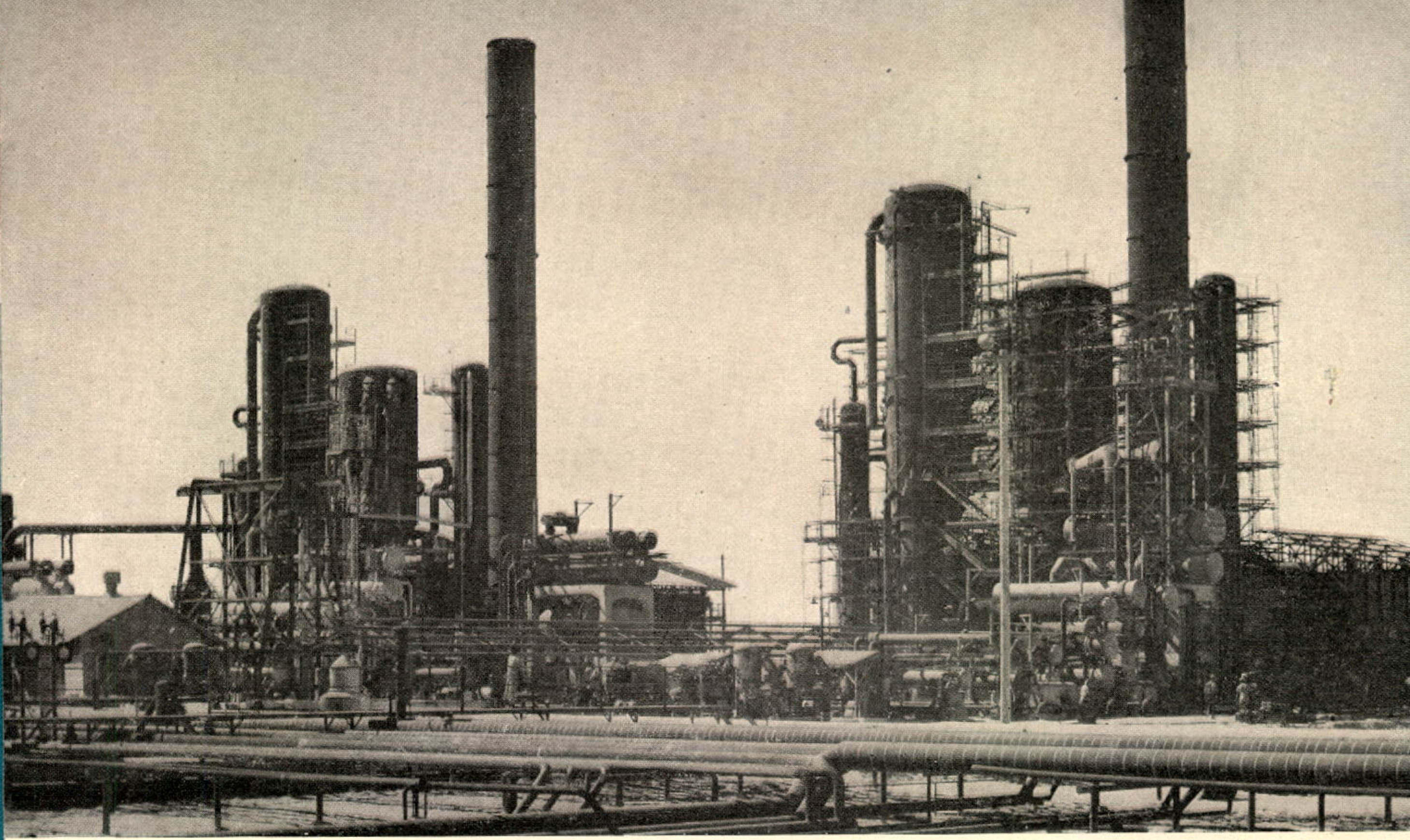
In the field of foreign operations our Company's interests in the Persian Gulf area remained

Standard Oil Company of California

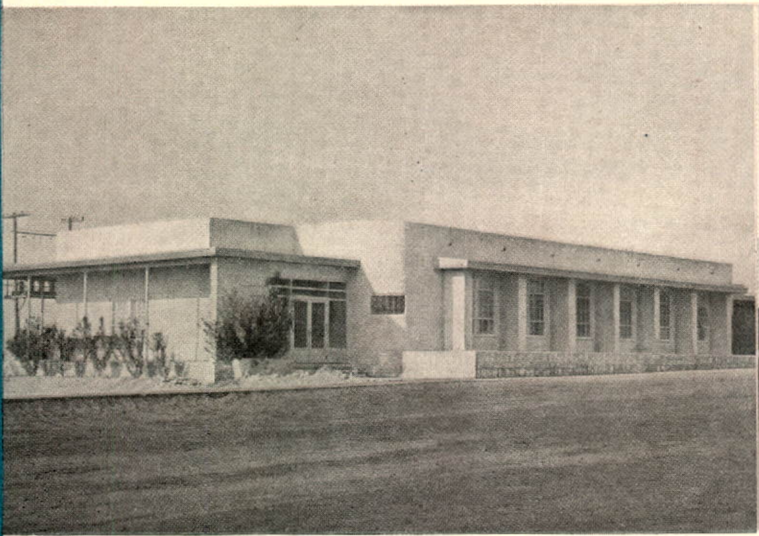
AND SUBSIDIARY, AFFILIATED AND ASSOCIATED COMPANIES

Name of Company and Principal Business		*Principal Areas of Operation and Company Voting Interest (%)*	
UNITED STATES			
STANDARD OIL COMPANY OF CALIFORNIA	Exploration, Producing, Transporting, Refining and Marketing	California, Washington, Oregon, Arizona, Nevada, Idaho, Utah, Hawaii, Alaska (a)	......
STANDARD STATIONS, INC.	Service Station Management	Seven Western States (see above)	100
ORONITE CHEMICAL COMPANY	Chemicals	California & Washington (a); Export	100
CALIFORNIA SPRAY-CHEMICAL CORPORATION	Chemical Sprays	United States & Foreign	59.87
PACIFIC PUBLIC SERVICE COMPANY	This Company and Subsidiaries Produce, Transport and Market Gas, Electricity and Bottled Waters	California	48.12
HUNTINGTON BEACH COMPANY	Oil Royalties and Land	California	63.57
MURVALE OIL COMPANY	Producing	California	100
STANDARD GAS COMPANY	Oil and Gas Transportation	California	100
CALIFORNIA RESEARCH CORPORATION	Research and Development	California	100
CALIFORNIA ASPHALT CORPORATION	Refining Asphalt Products	Oregon	100
THE CALIFORNIA COMPANY	Exploration, Producing, Manufacturing, Transporting and Marketing	Rocky Mountain, Central & Southeastern States, California (a)	100
THE CALIFORNIA OIL COMPANY	Marketing	New Jersey (a)	100
STANDARD OIL COMPANY OF TEXAS	Exploration, Producing, Refining and Marketing	Texas & New Mexico; California	100
PASOTEX PIPE LINE COMPANY	Oil Transportation	Texas	100
COL-TEX REFINING COMPANY	Producing, Refining and Marketing	Texas (a)	62.50
MURPHY OIL COMPANY	Producing	Wyoming	100
AMERICAN BITUMULS COMPANY	Asphalt Emulsions, Asphalts, Oils, etc.	United States & Puerto Rico	98.24
CALIFORNIA COMMERCIAL COMPANY, INC.	Service Company	New York & Washington, D.C.	100
PACIFIC TANKERS INC.	Operating Tankers	. . . .	60
AMERICAN GILSONITE COMPANY	Gilsonite	Utah	50
CANADA			
STANDARD OIL COMPANY OF BRITISH COLUMBIA LIMITED	Refining and Marketing	Western Canada	100
THE CALIFORNIA STANDARD COMPANY	Exploration and Producing	Alberta, Canada	100
CENTRAL AND SOUTH AMERICA			
CALIFORNIA STANDARD OIL COMPANY	Marketing	Guatemala & El Salvador	100
RICHMOND PETROLEUM COMPANY OF CALIFORNIA	Exploration Management	South America	100
RICHMOND PETROLEUM COMPANY OF COLUMBIA	Exploration	Colombia	100
RICHMOND EXPLORATION COMPANY	Exploration	Venezuela	100
CORO PETROLEUM COMPANY	Exploration	Venezuela	50
CALIFORNIA PETROLEUM EXPLORATION COMPANY	Exploration	Venezuela	100
MIDDLE EAST AND FAR EAST			
AMERICAN OVERSEAS PETROLEUM COMPANY	Exploration Management	Netherlands East Indies	50
ARABIAN AMERICAN OIL COMPANY	Exploration, Producing, Refining and Marketing	Saudi Arabia	50
THE BAHREIN PETROLEUM COMPANY LIMITED	Exploration, Producing and Refining	Bahrein Island (Persian Gulf)	50
N. V. NEDERLANDSCHE PACIFIC PETROLEUM MAATSCHAPPIJ	Exploration	Netherlands East Indies	50
OTHER FOREIGN AREAS			
STANDARD OIL COMPANY OF CALIFORNIA	Marketing	Foreign Export Markets	....
INTERNATIONAL BITUMEN EMULSIONS CORPORATION	Asphalt Emulsions	North & South America & Far East	100
FOREIGN TANKSHIP CORPORATION	Marine Transportation	Foreign Commerce	100
FAR EASTERN PETROLEUM COMPANY LIMITED	Investments	Bahama Islands	100
CALIFORNIA TEXAS OIL COMPANY, LIMITED	Marine Transportation and Marketing	This Company and its Subsidiaries Market in Various Eastern Countries including South and East Africa, Egypt, India, Ceylon, Indo-China, Malaya, Philippines, China, Korea, Japan, Australia, New Zealand, etc.	50

(a) Distributes in interstate commerce into other states.



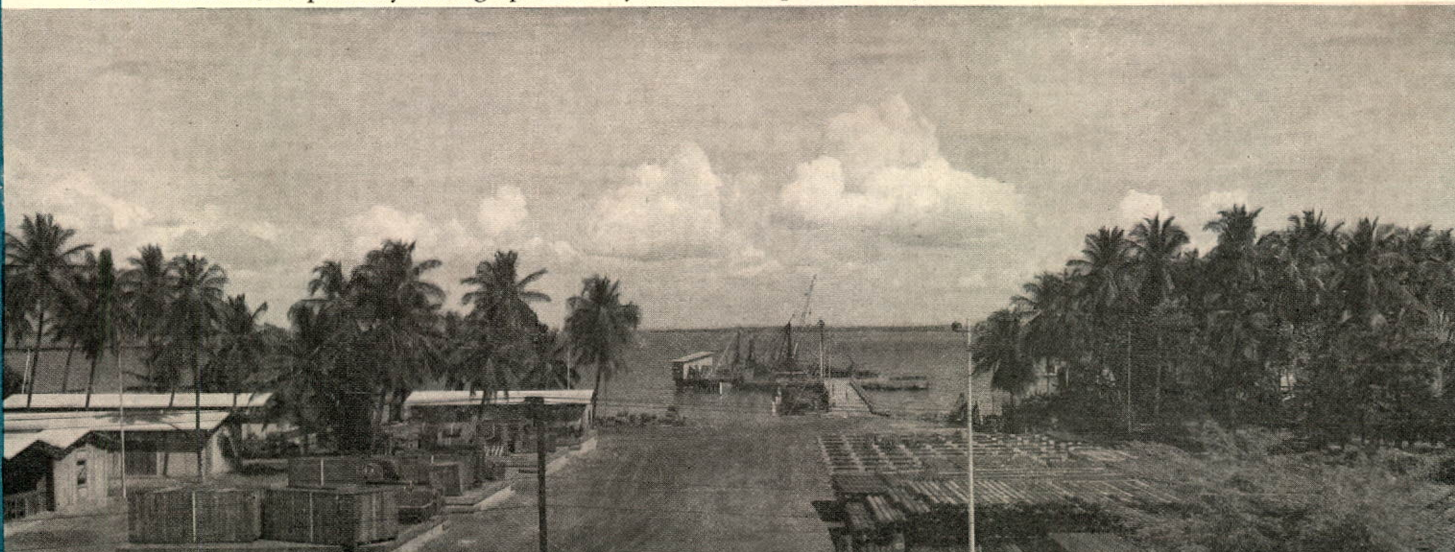
Crude stills at Ras Tanura, newly completed refinery of Arabian American Oil Company. Capacity is 75,000 barrels daily.



A mess hall, typical of facilities for oil workers in Saudi Arabia.

Bahrein workers loading barge with drums of refinery products.

Main terminal for exploratory drilling operations by Richmond Exploration Co., on west side of Lake Maracaibo, Venezuela.



the most significant. Arabian American Oil Company and The Bahrein Petroleum Company Limited, which are jointly owned by Standard of California and The Texas Company, materially expanded their operations and are entering the postwar period with facilities capable of sustaining an enlarged volume of business. These joint operations have now been developed to a point where they rank among the more important foreign oil holdings of the world. The recent progress which has been made in the development of Persian Gulf activities is demonstrated by the following facts:

Oil production in Saudi Arabia now exceeds 125,000 barrels daily and is expected to reach 150,000 barrels in the spring of 1946, when pipe line facilities now under construction are completed. Discovery in 1945 of a new field, known as Qatif, increased the number of proven fields in Arabia to four and added to the volume of oil reserves, which are estimated to extend into billions of barrels. Supplementing Arabian production, the Bahrein company is producing approximately 20,000 barrels daily on Bahrein Island.

The new Ras Tanura refinery in Arabia is now in operation with a daily capacity of 75,000 barrels. The Bahrein refinery is running over 60,000 barrels daily and soon will increase its throughput to more than 80,000 barrels.

Marketing operations are being converted to a peacetime basis. Terminals and other marketing facilities in the far Pacific area, which suffered war damage, are being rehabilitated and plans are in progress for the extension and expansion of sales activities.

The Trans-Arabian Pipe Line Company, also jointly owned, was organized in 1945 and has been actively negotiating with the various governments concerned for rights-of-way for the proposed line from Saudi Arabia to the Mediterranean Sea. These negotiations are proceeding satisfactorily. Construction of the pipe line is a major project planned for the future.

For 1945 the Arabian American Oil Company estimates income at $3,600,000 after all charges and taxes. The 1945 net income of The Bahrein Petroleum Company Limited is estimated at $10,500,000. No dividends were paid by these companies, and the earnings were applied to expansion of operations. Standard of California's 50 per cent interest in these earnings is not included in our income statement.

ACTIVITIES IN SOUTH AMERICA

In South America exploratory activities were continued by wholly owned subsidiaries under management of our Richmond Petroleum Company of California. In Venezuela our concessions total 2,890,089 acres, and in Colombia 701,764 acres.

A prospect well is drilling on one of a large group of concessions west of Lake Maracaibo in Venezuela. Drilling is currently getting under way on two other wells. Extensive geological and geophysical work is also being conducted to

The Standard Hour, now in its 20th year, is heard Sunday evenings over a coastwide network. Here the San Francisco Opera orchestra and leading artists are giving a broadcast version of "Boris Godunov," one of a series on The Standard Hour during the 1945 opera season. Gaetano Merola is conducting. The soloists, left to right, are Vivian Della Chiesa, Frederick Jagel, Margaret Harshaw, Frances Castellani, and Ezio Pinza.

evaluate our holdings in this area. In the Orinoco Delta area, eastern Venezuela, we are also carrying on geological and geophysical activities.

OUR EMPLOYEES

During the year the number of our employees who had left to enter the armed forces rose to more than 9,000. Since the war ended an increasing number of these men and women have come back to the Company. Their return has been facilitated by advisory committees formed for the purpose of expediting their re-employment.

We shall always remember and hold in honor those for whom there will be no homecoming, the 115 of our employees who gave their lives in the service of their country.

It is fitting that we should acknowledge the loyalty and co-operation of the Company's employees throughout the recent trying times. Their efforts brought repeated honors to the Company for outstanding war production. They have shown the same spirit by voluntary contributions to war activities as citizens, evidenced by their bond purchases through the Company which had exceeded $20,000,000 at the end of 1945; by their notable record in support of the blood donor program, and by many other examples.

During the latter part of the year the parent

Company, and shortly thereafter most subsidiaries, reduced working hours to a standard 40-hour week from the longer schedules which had prevailed during the war. This reduction in hours was accompanied by an increase of 15 per cent in basic wage and salary rates, which subsequently was raised to 18 per cent. Affected were practically all parent Company employees except marine department vessel personnel, who were granted an increase at the hours prevailing for maritime workers. Employees of Standard Stations, Inc., received an increase in their basic wage rates and commissions.

Viewed in all of its aspects, the management feels that the year warrants satisfaction with the broad progress made by the Company. Heavy production demands for war were fulfilled, as in preceding years. When peace came we were ready with a soundly planned program, and in a position to make the most of the Company's opportunities in an expanding future.

BY ORDER OF THE BOARD OF DIRECTORS

President

Chairman of the Board

March 22, 1946

In classrooms throughout the West more than half a million children listen each Thursday to the Standard School Broadcast, a program in music education now in its 18th year. Standard of California issues each year a manual for correlating the programs with school studies.

Five Years of Figures on Operations

Parent Company and Domestic Subsidiaries

	1941	1942	1943	1944	1945
Gross Production of Crude Oil (including royalty) (barrels):					
California	33,872,247	42,075,043	49,670,951	57,890,573	63,292,944
Other Domestic	5,011,916	5,065,337	6,983,432	10,291,759	16,047,625
Total	38,884,163	47,140,380	56,654,383	68,182,332	79,340,569
Purchases of Crude Oil (excluding royalty) (barrels):					
California	28,816,350	37,276,866	38,644,162	37,893,391	33,367,787
Other Domestic	3,849,589	4,164,822	4,733,891	6,444,687	7,308,847
Total	32,665,939	41,441,688	43,378,053	44,338,078	40,676,634
Production of Natural Gas and Natural Gasoline (including royalty):					
Natural Gas—(1,000 cu. ft.)	90,497,056	104,535,263	124,573,239	141,295,838	145,334,130
Natural Gasoline—(barrels)	3,163,904	2,818,179	3,426,982	3,958,163	4,091,979
Acreage of Oil and Gas Properties	1,156,881	1,353,323	2,567,244	2,979,666	3,068,584
Number of Producing Oil and Gas Wells	2,878	3,627	4,058	4,299	4,668
Number of Natural Gasoline Plants	19	19	18	20	19
Pipe Lines—(miles):					
Trunk Lines*	512	688	688	666	666
Branch Lines	62	61	61	66	66
Gathering Lines	710	695	633	684	710
Pipe Line Runs of Crude Oil and Products—(barrels)	86,776,415	113,671,087	139,787,353	154,811,371	157,931,765
Refinery Runs of Crude Oil—(barrels)	57,129,421	67,488,992	82,311,528	89,407,264	93,343,802
Sales of Crude Oil and Products—(barrels)	75,711,682	91,905,944	106,667,146	116,020,355	123,135,537
Sales of Natural Gas—(1,000 cu. ft.)	82,727,008	80,901,884	92,934,071	102,934,682	90,571,132

**Includes 177 miles of leased line in the last four years.*

Consolidated Balance Sheet . . . DECEMBER 31, 1945

ASSETS

Current Assets:			
Cash in banks and on hand		$ 30,343,801.92	
U. S. Government securities, at cost		41,940,768.69	
Federal income taxes refundable (Note A)		5,546,169.59	
Accounts receivable—U. S. Government		9,248,725.44	
Accounts and notes receivable—trade (less reserve)		23,109,377.14	
Other accounts and notes receivable (less reserve)		2,786,508.35	
Inventories:			
Crude oil and products, at cost which is below market		30,409,543.46	
Other merchandise, at cost		778,048.65	
Materials and supplies, at or below cost		12,369,938.16	$156,532,881.40
Long Term Accounts and Notes Receivable (Less Reserve)			3,640,656.87
Securities of and Advances to Companies Operating in Foreign Countries:			
Wholly owned subsidiary companies, at book value of net assets (Notes B and G)		$ 40,759,510.62	
Associated companies (50% owned or less), at cost		42,858,061.65	83,617,572.27
Securities of and Advances to Companies Operating in the United States:			
Affiliated companies (over 50% owned), at or below cost (Note C)		$ 7,047,645.99	
Associated companies (50% owned or less), at or below cost:			
Pacific Public Service Company	$3,963,572.79		
Other companies	1,017,120.23	4,980,693.02	
Other security investments, at or below cost		3,682,602.29	15,710,941.30
Fixed Assets, Less Reserves (Note D)			473,027,029.31
Prepaid and Deferred Charges:			
Prepaid royalties		$ 791,562.22	
Prepaid taxes		2,876,848.28	
Other prepaid and deferred charges		2,148,948.23	5,817,358.73
			$738,346,439.88

LIABILITIES

Current Liabilities:			
Accounts payable, etc., general		$ 26,100,648.70	
Serial notes due August 1, 1946		1,500,000.00	
Accrued interest on funded debt		392,884.02	
Federal taxes on income for 1945 (estimated) (Note E)		6,300,000.00	
Other accrued taxes payable		8,796,538.59	$ 43,090,071.31
Liability to Annuitants Not Included in Company's Annuity Plan (Estimated) (Note F)			1,637,000.00
Funded Debt:			
Serial notes due in equal annual amounts from August 1, 1947 to 1955, inclusive		$ 13,500,000.00	
2¾% Debentures due August 1, 1966		25,000,000.00	38,500,000.00
Deferred Credits			247,079.63
Reserves:			
General insurance reserve		$ 15,481,113.55	
Reserve for employees' benefits		2,060,000.00	
Reserve for contingencies—general (Note G)		18,000,000.00	
Reserve for contingencies—prior years' Federal income taxes, etc. (Note E)		9,728,821.70	45,269,935.25
Capital Stock and Surplus:			
Capital stock:			
Authorized—15,000,000 shares, no par value			
Issued—13,003,953 shares, stated value $25.00 per share		$325,098,825.00	
Surplus (see accompanying statement):			
Capital surplus	$166,679,359.40		
Earned surplus (of this sum $28,614,820.18 was carried forward from predecessor company)	117,824,169.29	284,503,528.69	609,602,353.69
			$738,346,439.88

(See accompanying notes to financial statements.)

Consolidated Statement of Income . . . *YEAR 1945*

Gross Operating Income:		
Sales of products and merchandise and revenues from other operations (after deducting State sales and motor fuel taxes and Federal gasoline and lubricating oil taxes in the sum of $52,702,022.24)		$343,327,684.34
Operating Charges:		
Cost of products and merchandise sold and other operating costs, including selling, general and administrative expenses (exclusive of items shown separately below)	$207,072,172.37	
General taxes (exclusive of State sales and motor fuel taxes and Federal gasoline and lubricating oil taxes treated as a reduction of gross operating income, and Federal taxes on income)	10,836,976.04	
Provision for depreciation, depletion and amortization (Notes A and D)	45,825,416.95	
Exploration expenses and costs of unproductive wells (Note D)	16,461,510.85	280,196,076.21
		$ 63,131,608.13
Other Income:		
Dividends from affiliated companies (Note C)	$ 847,476.70	
Other dividends	654,457.70	
Profits (net) of wholly owned subsidiary companies operating in foreign countries (Note B)	3,506,055.44	
Rents, interest and miscellaneous items	1,208,910.12	6,216,899.96
		$ 69,348,508.09
Other Deductions:		
Interest on funded debt	$ 949,250.00	
Loss on investment in an associated company operating in a foreign country	704,052.66	
Miscellaneous	140,577.15	1,793,879.81
		$ 67,554,628.28
Provision for Federal Taxes on Income and Contingencies Relating Thereto (Estimated) (Note E)		7,000,000.00
		$ 60,554,628.28
Provision for Contingencies—General (Note G)		5,000,000.00
Income Carried to Earned Surplus		$ 55,554,628.28

Consolidated Statement of Surplus . . . *YEAR 1945*

Surplus at Beginning of Year:		
Capital surplus	$166,679,359.40	
Earned surplus	94,192,294.72	$260,871,654.12
Adjustments—Charges:		
Earned surplus:		
Charges in connection with the Annuity Plan (Note F)	$ 2,396,453.20	
Accelerated amortization of war facilities applicable to prior years (less credit for Federal income taxes) (Note A)	3,518,394.51	5,914,847.71
		$254,956,806.41
Income for the year		55,554,628.28
		$310,511,434.69
Dividends ($2.00 per share in cash)		26,007,906.00
Surplus at End of Year:		
Capital surplus	$166,679,359.40	
Earned surplus (See note on Balance Sheet)	117,824,169.29	
		$284,503,528.69

(See accompanying notes to financial statements.)

Notes to Financial Statements

A. The Company elected to accelerate amortization of certified war facilities for tax purposes; and, in its accounts, as to a substantial portion of such facilities. The additional amortization applicable to 1945, $4,348,666.20, was charged against income and the portion applicable to prior years, $9,064,564.10, less credit for Federal income taxes, $5,546,169.59, or $3,518,394.51, was charged to earned surplus.

B. It is the practice of the Company to consolidate its accounts with those of wholly owned subsidiary companies operating in the United States and its possessions. The investment in wholly owned subsidiary companies operating in foreign countries is carried in the consolidated balance sheet at the book value of the underlying net assets, and the profits or losses of these companies are included in the consolidated statement of income. Items recorded in foreign currencies have been converted into United States dollars as follows:

Current and working assets and current liabilities have been converted at rates of exchange in effect at the close of the year, and investments and fixed assets at rates in effect when acquired; depreciation has been calculated on the United States dollar cost of the properties. Profits and losses have been converted at average rates of exchange during the year and, together with the unrealized profits or losses resulting from the conversion of assets and liabilities as described above, are included in the statement of income.

C. The Company's interest in the undistributed earnings of unconsolidated affiliated companies has increased $3,594,073.57 (net) since acquisition; its interest in their 1945 profits (net) exceeded the dividends received from them during the year by $1,710,785.34.

The Company's interest in the estimated 1945 profits (net) of associated companies which are owned 50% by the Company and, in each case, 50% by another single interest, amounted to $7,065,000.00; no dividends were received from such companies during 1945. (Includes Arabian American Oil Company and The Bahrein Petroleum Company Limited. See page 14 of Annual Report.)

D. Properties, plant and equipment are carried at values approved by the Directors at organization in 1926, plus subsequent additions at cost, (less reserves):

Department	*Gross book value*	*Depreciation, depletion and amortization reserves*	*Net book value*
Producing	$620,140,325.47	$258,940,504.85	$361,199,820.62
Natural Gasoline	16,371,135.85	9,754,035.82	6,617,100.03
Pipe Line	34,817,470.69	24,595,405.83	10,222,064.86
Manufacturing	118,754,222.22	85,841,219.20	32,913,003.02
Marine	23,708,057.45	8,128,894.76	15,579,162.69
Marketing	62,859,488.66	31,371,592.15	31,487,896.51
Motor Transport	6,800,507.06	4,548,159.06	2,252,348.00
Other	18,187,591.33	5,431,957.75	12,755,633.58
Total	$901,638,798.73	$428,611,769.42	$473,027,029.31

Since January 1, 1943 the Company's practice in accounting for expenditures made in connection with oil and gas properties, and the method of determining the amount of depreciation, depletion and amortization charges related to such properties, has been as follows:

Exploration expenditures resulting in the acquisition or retention of properties are capitalized, while the remainder is charged to expense. Costs of drilling wells which are capable of producing are capitalized, and costs of unproductive wells are charged to expense. Costs of leaseholds which may ultimately prove unproductive are amortized at rates which are based upon past experience.

Reserves against investment in oil and gas producing properties are accumulated over the productive life of the properties by charges against income at per barrel rates on an overall basis as to the properties of each company, as follows:

The net book value of the producing properties at the beginning of the year plus estimated future costs of their development and less estimated salvage is divided by the estimated barrels of recoverable reserves of crude oil, natural gasoline, and dry gas expressed on an oil equivalent basis; the resulting unit rate is applied to the production for the year in arriving at the estimated depreciation and depletion.

Amortization of certified war facilities has been computed on the basis described in Note A.

Provisions for depreciation, amortization and obsolescence of plant and equipment other than those described above are computed at rates which are considered adequate in view of the nature and probable lives of the properties.

E. The provision of $7,000,000.00 in 1945 for estimated Federal taxes on income and contingencies relating thereto consists of $6,300,000.00 for normal tax and surtax, and $700,000.00 for contingencies.

The changes during 1945 in the Reserve for Contingencies—prior years' Federal income taxes, etc. were as follows:

Balance, December 31, 1944		$ 8,093,850.11
Transfer from current liabilities of unapplied portion of tax estimate for 1944, less related reduction in post-war refund		3,174,960.14
Provision from income		700,000.00
		$11,968,810.25
Payments in respect of taxes for prior years and interest thereon	$4,418,671.12	
Less — Assessments of Federal income taxes through 1939 applied against the Company's prepayment to the Collector of Internal Revenue	2,178,682.57	2,239,988.55
Balance, December 31, 1945		$ 9,728,821.70

At December 31, 1945 the balance of the prepayment to the Collector was $451,053.76, to be used in accordance with instructions from the Company to satisfy any Federal tax liability. Interest on all additional taxes assessed was paid in cash and charged against the reserve.

The amount of additional liability for Federal taxes on this and prior years' income, which may result from the final interpretation of income tax laws and regulations, is not presently determinable; the reserve provided should be sufficient to meet such contingencies.

No provision has been made for income taxes which may be payable on distribution of profits of certain wholly owned subsidiary companies operating in foreign countries whose profits are included in the consolidated statements of income and surplus.

F. The liability as at December 31, 1945, according to actuarial estimates, for life annuities to employees retired prior to December 1, 1933, who are not covered by the present Annuity Plan for employees of the Company and its participating subsidiary companies, was approximately $1,637,000.00, as shown in the balance sheet. Payments to such annuitants are made directly by the Company.

The estimated liability for life annuities to employees retired between December 1, 1933 and June 1, 1939, who are covered by the present Annuity Plan and to whom the Company also makes direct payments, was approximately $5,108,000.00; as to employees who at December 31, 1945 had attained 25 or more years of credited service, the estimated liability was approximately $20,223,000.00. The total, $25,331,000.00, represents only the legal liabilities under the Annuity Plan and not potential liabilities as to employees who have not attained 25 years of credited service, as the latter's Company benefits under the Plan may be modified or completely terminated under certain conditions.

At December 31, 1945 the unapplied balance of the fund contributed by the Company, plus interest, held by The Prudential Insurance Company of America and available for the purchase of annuities in accordance with the provisions of the contract with that company, was approximately $28,605,000.00. In the event of termination of the Plan, the funds so held would first be applied against the Company's legal liability under the Plan, then towards the liability accrued at termination in respect of active employees who had not attained 25 years of credited service.

During 1945 the Company made a payment of $5,000,000.00 to The Prudential Insurance Company of America toward funding its obligations under the Plan, and made disbursements of $766,453.20 to annuitants retired prior to June 1, 1939, a total of $5,766,453.20. Of this amount, $2,450,000.00, the actuarial estimate of the accrual for services during the year of active employees, was charged against income, and the balance, $3,316,453.20, less $920,000.00 (the reduction during 1945 in the estimated liability to annuitants not included in the Company's Annuity Plan), a net amount of $2,396,453.20, was charged to earned surplus.

G. The Reserve for Contingencies—General, has been provided by charges against income of $8,000,000.00 in 1943, $5,000,000.00 in 1944 and $5,000,000.00 in 1945 to cover contingencies which might arise from operations under the conditions which prevailed during these years, such as extraordinary expenses in connection with conversion to peace time operations, and losses which might result from exploratory work undertaken by wholly owned subsidiary companies operating in foreign countries. During these years the exploratory program was accelerated in an effort to meet added requirements. Such activities are continuing but the results at this time are uncertain.

H. The Company received notification from the RFC Price Adjustment Board that there were no excessive profits on renegotiable government business for the year 1943. Proceedings have been initiated with respect to renegotiable sales in 1944 and data are being prepared for submission to the Board. Proceedings for 1945 have not as yet commenced.

I. The Company and its subsidiaries have certain contingent liabilities (other than those referred to in Notes E, F and H) in respect of litigation, as guarantor of notes and contracts of associated companies and others, and claims and commitments. Officials of the Company are of the opinion that such contingent liabilities will not result in any significant financial liability in relation to the total assets of the Company and its subsidiaries.

J. The Company acts as agent for the War Shipping Administration in the operation of tankers; at December 31, 1945 the difference between revenues collected and disbursements made to or on behalf of the Government agency, $565,373.23, represents cash on deposit in a special account in the name of the Company. Neither this cash nor the liability to account therefor is included in the balance sheet.

Report of Independent Public Accountants

TO THE BOARD OF DIRECTORS OF
STANDARD OIL COMPANY OF CALIFORNIA:

We have examined the consolidated balance sheet of Standard Oil Company of California and wholly owned subsidiary companies operating in the United States as at December 31 1945 and the consolidated statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances, and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary. Receivables from the United States Government were not confirmed but we satisfied ourselves by means of other auditing procedures as to these balances.

We are not in a position to express an opinion as to the final settlement of Federal taxes on income or the outcome of renegotiation of Government contracts (see Notes E and H to the financial statements). Otherwise, in our opinion, the accompanying consolidated balance sheet and the related statements of income and surplus, together with the notes thereto, present fairly the position of the combined companies at December 31 1945 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE, WATERHOUSE & CO.

San Francisco
March 22 1946

Financial Discussion

Working Capital—The ratio of current assets to current liabilities at the end of 1945 was 3.6 to 1, compared to 3.4 to 1 at the end of 1944. Following is a detailed comparison of current assets and liabilities at the end of the respective periods:

	December 31 1945	December 31 1944
CURRENT ASSETS		
Cash in banks and on hand	$ 30,343,802	$ 30,523,808
U. S. Government securities, at cost	41,940,769	48,843,000
Federal income taxes refundable	5,546,169	–
Accounts receivable—U. S. Government	9,248,725	25,857,568
Trade and other receivables	25,895,886	21,591,544
Inventories	43,557,530	46,436,631
Total Current Assets	$156,532,881	$173,252,551
CURRENT LIABILITIES		
Accounts payable, etc., general	$ 26,100,649	$ 29,249,154
Serial Notes due August 1, 1946	1,500,000	–
Accrued interest on funded debt	392,884	392,884
Federal income tax	6,300,000	12,329,000
Other accrued taxes	8,796,538	8,665,293
Total Current Liabilities	$ 43,090,071	$ 50,636,331
Working Capital	$113,442,810	$122,616,220
Ratio of Current Assets to Current Liabilities	3.6 to 1	3.4 to 1

Inventories of crude oil and products at the year end were 22,214,888 barrels valued at $30,409,543, an average of $1.37 per barrel, compared to 24,176,599 barrels valued at $33,598,547, an average of $1.39 per barrel at the close of 1944. The Company uses the "Last In, First Out" inventory method whereby current production costs and purchases are charged against current income.

Net Investment in Wholly Owned Subsidiaries and Asssociated Companies Operating in Foreign Countries amounted to $83,617,572 at December 31, 1945, an increase of $29,651,821 during the year. Expansion of properties and facilities in Saudi Arabia required further advances of $17,500,000 to Arabian American Oil Company. The balance of the increase, $12,151,821, was principally to companies engaged in exploration activities in South America. The following tabulation shows the total investment in this group of companies by geographical areas:

Companies operating in the following areas:	Book Value of Underlying Net Assets of Wholly Owned Subsidiaries	Investment in Associated Companies	Total
Saudi Arabia and Bahrein Island	$ 4,700,000	$35,607,621	$40,307,621
Netherlands East Indies		6,735,651	6,735,651
South America	26,260,633	206,918	26,467,551
Canada	6,484,804		6,484,804
All Other	3,314,073	307,872	3,621,945
Total	$40,759,510	$42,858,062	$83,617,572

Fixed Assets—Gross additions to properties, plant and equipment for the year amounted to $64,101,834, principally for:

Items related to the production of crude oil and gas, including drilling of wells, acquisition of properties and other facilities:		
By the parent company (primarily in California)	$24,872,134	
By subsidiaries (primarily outside of California)	22,664,881	$47,537,015
Transportation facilities		7,967,742
Refinery construction		4,386,810
Marketing facilities		2,708,287

The gross book value of properties and equipment retired, dismantled or sold during the year was $22,528,079, including $11,485,201, the cost of six old tankers turned in as partial payment for three new tankers.

From 1941 through 1945 the Company increased its capacity to supply vital war and civilian products, investing during this period $215,886,784 in properties, plant and equipment, of which $37,317,960 was for certified war facilities which the Company elected to fully amortize for tax purposes as permitted under the Internal Revenue Code. The Company also elected to fully amortize these certified war facilities, with the exception of marine vessels, in its accounts as of September 30, 1945.

Gross Operating Income in 1945 amounted to $343,327,684, the highest in the Company's history. This was an increase of $14,548,703 over 1944, or 4.4%. Sales of crude oil and products reached an all-time high of 123,135,537 barrels, an increase over 1944 of 7,115,182 barrels, or 6.1%.

Operating Charges for the year were $280,196,076, an increase over like items in 1944 of $15,173,826, or 5.7%. This increase was due to accelerated amortization on war facilities as well as other general increases resulting primarily from a greater volume of business.

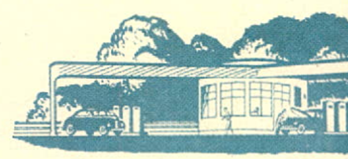
Profits (Net) of Wholly Owned Subsidiary Companies Operating in Foreign Countries amounted to $3,506,055 in 1945. A subsidiary company received income of $5,308,492 from The Texas Company in connection with the agreement relating to the latter Company's acquisition from the subsidiary of a 50% interest in Arabian American Oil Company and N. V. Nederlandsche Pacific Petroleum Maatschappij (at December 31, 1945 the balance still due from The Texas Company under the agreement amounted to $6,436,577). The major factors offsetting the aforementioned income were exploration losses of $1,232,992 in Canada and a loss of $975,624 on the investment in an associated company whose exploration activities in Egypt were discontinued in 1945.

Exploration Activities in Egypt, conducted by an associated company, were discontinued during the year. The estimated unrecoverable advances made by the Company and a wholly owned subsidiary resulted in losses of $1,679,677 on the venture. The Company sustained a loss of $704,053 and the subsidiary a loss of $975,624.

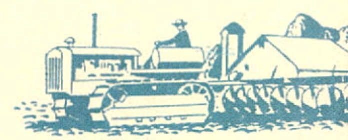
The Company's Products...

Standard of California and subsidiaries serve millions of motorists and all kinds of industries with an ever-increasing variety of petroleum products. Trademarks shown here are indicative of service created over the years by the Company.

Chevron: Born of wartime research are Chevron Aviation Gasoline and the motor car fuels, Chevron Supreme Gasoline and Chevron Gasoline. Backed by this trio, the Chevron trademark is now familiar throughout the West.



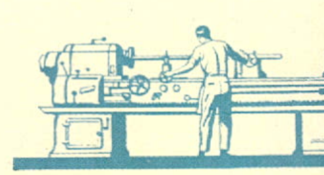
RPM Delo: Standard scientists contributed to lubrication progress by developing RPM Delo ten years ago. Today this Diesel engine lubricating oil is at work around the globe, in engines of agriculture, industry, transportation, and mining.



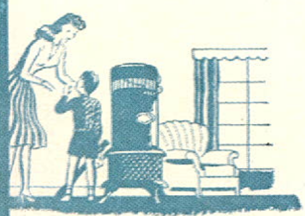
RPM: To millions of persons this trademark is the symbol of all types of RPM products that daily meet their petroleum needs. Among the products heading the RPM line are RPM Motor Oil, RPM Tractor Roller Lubricant, and RPM Gear Oil.

Zerolene: Trademark of our economy line of oils and lubricants. For decades, motorists and farmers throughout the West have relied upon Zerolene products for their cars, trucks, tractors, and agricultural motor equipment of all kinds.

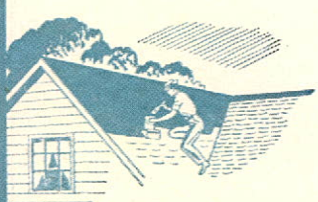
Calol: Industry looks to this trademark for more than half a hundred products used in all kinds of industrial equipment. Turbine Oils, Wool Yarn Greases, Rotary Drill Lubricants, Dredger Greases are some of the widely sold Calol products.



Flamo: Used by thousands of families living beyond city gas mains. Flamo is a liquefied petroleum gas used in every kind of gas appliance, from cook stoves to refrigerators, from water heaters to room heaters. It is a favorite in rural homes.

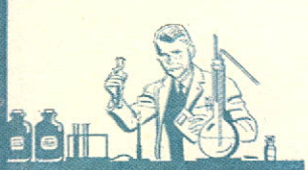


Pearl Oil: Trademark of the kerosene that is popular in Hawaii and Alaska as well as in the United States. Pearl Oil is used in stoves and heaters, lamps, brooders, incubators. Blazo is a companion fuel for use in gasoline pressure appliances.

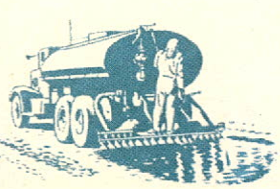


Standard: One of our best-known trademarks. Under it are sold a wide variety of products—Burner Oils, Petroleum Ether, Fly Spray, Diesel Fuels, Floor Waxes, Sheep Dip, Roof Paint—a petroleum product for almost every specialized need.

RPM Aviation Oil: Our compounded oil for all types of planes—another product that grew out of the Company's wartime research. RPM Aviation Oil provides the kind of lubrication that is required by modern high-speed engines.



Oronite: To highly industrial markets of the world go many products of our subsidiary, Oronite Chemical Company. Aliphatic acids, sodium sulfonates, and polybutenes are a few Oronite products used in utilities, mining, and manufacturing.



Bitumuls: American Bitumuls Company, an affiliate, manufactures asphaltic binders as liquid emulsions for spraying or mixing without heating. Widely used in paving work; also by industries to impart water resistance to their products.