ON THE COVER:

The "Christmas tree," an arrangement of volute which controls an oil well, indicates that this Ontario field now is producing two crops—grain and oil. The story of this development, and the benefits it has brought, is told in "New Crop in Old Ontario," beginning on page 2.

AUGUST-SEPTEMBER • 1949
New Crop In Old Ontario

Southwestern Ontario farmers tend their land as before, but Imperial Oil's exploration program has brought in a new crop from their fields—oil and gas.

I was cleaning out the stable when the well blew,” Harvey De Jonghe recalls. “I shouted, ‘There she goes,’ and Dad just said, ‘Well, now we can add a few more feet to the new implement shed.’”

The biggest excitement on the De Jonghe’s 100-acre farm, near Wallaceburg, Ontario, when Becker No. 40 came in last February was caused by one of the drillers who fell into the sump pit while he was trying to get out of the new flow’s way. “It was pretty funny,” says Harvey. “He was oil from head to foot.”

But excitement or no, oil has made a difference to the De Jonghes in the past few months, just as it has to a dozen or more neighbouring farmers whose fields have suddenly become producing areas in southwestern Ontario’s rediscovery of oil.

The new implement shed is a good example. The De Jonghes had planned it for a year but had been held up by lack of materials. When Imperial moved on to the farm and found oil the De Jonghes’ first thought was that their new-found money should go back into their farm. The implement shed went up a little bigger than planned. A new garage for their late-model car is next on the building program.

The attitude of the De Jonghes concerning the oil that lies under their farm seems typical of the ideas held by other “oil farmers” of the district. They are immensely pleased to have the oil and the extra money it brings but they don’t count on it to make them rich and they certainly don’t intend to let a little unexpected prosperity interfere with their farming operations.

“The oil won’t last forever, but the farm will,” is the way young Harvey De Jonghe puts it. “Whatever we make from oil will go back into our farm or into the bank.”

The farm, like most of its neighbours, grows the cash crops common to the Wallaceburg area: tomatoes, sugar beets, pickling cucumbers and hybrid corn—all under contract for immediate and guaranteed sale. The De Jonghes’ flat, rich land also grows the more common farm crops, such as hay, wheat and alfalfa. Father and son are good farmers and a producing oil well on their property isn’t going to change that. Oil is just another “cash crop”—good to have but not all-important.

In the broad view the De Jonghes’ new implement shed points up three things about what’s going on in western Ontario’s rediscovered oil fields: how Imperial’s development in the area is helping one segment of the local farm population to increased prosperity; how that same development adds to the general well-being of the whole locality and all of its people through additional work, additional tax money in municipal treasuries and additional sup-
The old wells in the Oil Springs area still are pumped by a system of walking beams and jockey rods (background). In the background, tripod derricks over the wells dot the landscape.

The jerking rods pull and push around the clock, week days, Sundays and holidays.

The wells at Oil Springs, scores of them, have nearly come to the end of their usefulness. Now they produce so little crude that when a serious breakdown occurs at a pump the well is more likely to be abandoned than repaired. Except for the occasional operator working around his wells or the occasional tank truck hauling away a part of the field's spare harvest, the area is deserted. At twilight the slow, uneven rocking of the walking beams and the squeaking, spasmodic movement of the jerking rods give the impression of a fantastic deserted graveyard for old machinery, barely animate by a ghostly hand.

There has been no farming here since the wells first came into production more than half a century ago, nor will there be ever again. Working equipment takes up most of the surface space. Unfilled sump pits and broken and discarded machinery litter the rest. Spilled oil, the seepage of many decades, has ruined the soil in any case.

That's the old. The new development which began when Imperial started the present program of exploration and development in 1945, is altogether different.

Although its boom days are long gone, Oil Springs still is producing oil from old wells. Here workers check a sample before the oil is pumped through a pipe line to Sarnia.

Petrolia was once the centre of oil activity in southwestern Ontario and the building, known as the "Little Red Bank", was the structure which housed Canada's first oil exchange.

Imperial decided to re-survey the area using modern methods. The Company has drilled 208 wells. Many of them were disappointments but others brought in new production. In the Rockport area 16 oil and gas wells now are producing 450 barrels of oil and 750,000 cubic feet of gas daily. In the Kilbride area 12 gas wells have an open flow of 27,000,000 cubic feet a day and a delivery capacity of six to seven million cubic feet per day. There are 10 productive wells in the St. Lawrence, Danube and Wilson Creek areas which have yielded small, unimportant amounts of gas and oil. Most of these discoveries were in what geologists call the Salina-Guelph formation but two gas wells have been located in the Trenton formation.

Early in August, Imperial-Payne No. 1 well came in as probably the largest gas well in Ontario's history, with early tests indicating an open flow potential of as high as 40,000,000 cubic feet a day. The big gas well is about a mile and a half north and west of the Kilbride gas field. In its spectacular birth the well blew the drilling tools, three-quarters of a ton in weight, about 30 feet into the air.

A visit to the new fields quickly shows the difference between the earlier developments and those of the present. It is possible to drive through the heart of the Becher field almost without realizing that this is oil producing land. An occasional battery of storage tanks stands beside the road at the fringe of a field bearing a well-tended crop. Or once in a while a tiny cluster of olivet-painted pipes poke up over the top of the grass in the middle of a 10 or 15 acre tract. It might occupy a space as large as a good-sized living room. Once in a while, too, it is possible to see a drilling rig at work. A couple of acres of ground are all it requires for itself, its sump pit and elbow room for its crew and servicing equipment. When it moves on, the land is cleaned up, the sump pit filled, all signs of its passing wiped out. The farm land is as good as ever.

The second point made by the appearance of the De Jonghe's shiny new implement shed is equally easy to document. The indirect benefits to the Becher area are many and varied. Imperial Oil employs over 35 local residents in its development program. At the same time the Company, through its arrangements with local contractors, provides year round work for about 20 additional local men. During 1948 seven or eight drilling rigs were working and Imperial's fees to contractors amounted to just over a third of a million dollars. In the same way, most of the trucking involved in the producing operation is done by local contractors. The Company also spends a good deal of money locally for tools and for repair work.

All these expenditures add up to more money in circulation in the Becher area, including such larger centres as Wallaceburg and the city of Chatham, where Imperial's western Ontario headquarters are located. Thriving stores help to prove the point. So do the records of sales made by farm machinery dealers, automobile dealers and the suppliers of building materials for home or barn.

Other general benefits to the area come from the Company in the form of local taxes. In one township alone, Imperial Oil is currently paying some $2,000 a year in taxes and the payments are increasing every year as more wells are brought into production.

And not to be overlooked is the fact that Imperial's search for oil has led to the discovery of a considerable amount of natural gas which is immediately made available, through arrangements with gas companies serving western Ontario, to large areas where every cubic foot of the product is in great demand.
The farmers well know that they are not equipped financially or by experience to take the risks that are involved in searching for oil—some organization like Imperial has to assume the obligations and provide the funds that will give the search a chance to persuade to a rewarding finish.

Going back into western Ontario to look for a second crop of oil was, in fact, such a risky business that many people believed the operation could never prosper, even with the technical resources of Imperial behind it. For a while it looked as though the pessimists might be right. Thirty wells were drilled before the first production started. Even after that the job was hard and the field record none too promising. In some parts of the continent, once a field is established, drillers expect to strike oil nearly every time they sink a hole inside the boundaries. In the Becher field dry "islands" right in the middle of the producing area are not uncommon. About a third of the holes drilled in the proven area are dry, producing neither gas nor oil, yet the search goes on.

And the pessimists are no longer heard. Oil is paying off again at last for the district. The risk-taking has been justified. As of right now it appears certain that drilling rigs will be pounding through their 24-hour shifts in western Ontario for a long time to come.

Imperial also found oil on Borden Johnson’s farm and now Mr. Johnson is having the farmhouse rebuilt. Farmers owning their own mineral rights are paid an oil royalty of 12 1/2 per cent.
G. L. Stewart  
Imperial’s New President

Chief executive is veteran employee

The two top men of Imperial’s management team have exchanged duties and responsibilities in a move linked with the continued development and expansion of the Company’s interests and activities across Canada.

Following the annual meeting at Sarnia, George L. Stewart, chairman of the board of directors, was elected president, and Henry H. Hewston, president, was elected chairman of the board.

Mr. Stewart has now taken over active direction of Imperial’s affairs and Mr. Hewston will have more time to devote to broader activities in the Company’s interests.

Imperial’s new president is a westerner, born in Winnipeg, who began his career in the oil industry with Imperial 33 years ago and who has since worked in many parts of Canada. He is a specialist in directing the manufacture of oil products but his wide experience and many years in high executive offices have given him a broad knowledge of all phases of the business.

Mr. Stewart is an engineer who almost adopted teaching as a career. He received his secondary education in Winnipeg and upon matriculation, enrolled at McGill University. He graduated in 1914 as a Bachelor of Science, Mechanical Engineering, and remained at McGill for nearly two years as a lecturer and demonstrator.

Attracted by the expansion of the Canadian oil industry, he decided to leave academic life and, in 1916, joined Imperial’s engineering department at Sarnia. This was the period in which Imperial’s manufacturing facilities were being increased from coast to coast. Canada had grown rapidly and the country needed oil products of many types. Imperial’s engineers were in the building stage; Sarnia refinery at Halifox was being planned; Isaac refinery at Vancouver had been completed just two years before.

Sarnia’s engineering department was a busy place, concerned with all this construction, and Mr. Stewart soon demonstrated his marked ability.

Two years after joining the Company he was transferred to the new refinery at Halifox where he became mechanical superintendent. Then, in 1919, he was appointed to the head office of the manufacturing department in Toronto where he worked for three years until he was sent to Regina refinery as assistant superintendent.

By 1923 he was back at Sarnia, where he had started with the Company, but his position was assistant superintendent. In 1931 he was appointed superintendent at Sarnia, the largest refinery in the British Commonwealth. In 1934 he became general manager in charge of all of Imperial’s refineries from coast to coast with his head office in Toronto.

As general manager of refineries, Mr. Stewart was closely associated with all the problems of supplying oil products for Canada in the immediate post-war years and then with the huge task of war supply.

In 1944, he was elected a vice-president and director of Imperial Oil, in charge of the Company’s manufacturing operations.

Undertaking further responsibilities in the post-war period which has been marked by great developments in western Canada, Mr. Stewart was elected chairman of Imperial’s board of directors in April, 1947. And now his new position as president of the Company means that he is assuming still larger executive duties for Imperial.

A gracious, sympathetic man, Mr. Stewart has always been interested in community affairs and particularly those concerned with educational matters. As a result he has formed many warm friendships both inside and outside the Company and in many parts of Canada.

With the exception of the transfer which occurred in the positions of president and chairman of the board of directors, Imperial’s management team remained unchanged after the annual meeting. The directors are: C. E. Caron, M. L. Haier, F. G. Hall, A. E. Halvorson, H. H. Hewston, O. B. Hopkins, F. C. Mechin, G. L. Stewart and J. R. White. O. B. Hopkins, J. R. White, F. G. Hall and K. A. Henderson were re-elected vice-presidents and Mr. Henderson was also re-appointed as treasurer. James McGrath and Colin D. Clecklen were re-appointed as comptroller and general secretary, respectively. J. A. New is general counsel and J. W. Hamilton is counsel.
H. H. Hewetson
Chairman Of The Board

Former president assumes new duties

To his new position as chairman of Imperial's board of directors, Henry H. Hewetson brings a brilliant record of achievement in the oil industry of North America. His long association with Imperial Oil Ltd. and with other companies has given him an exceptional knowledge of the industry which will assist him in his new and special work concerned with broader activities in the Company's interests.

As president of Imperial for the past four years, Mr. Hewetson has guided the Company through the complexities of a period of unparalleled development in which the new discoveries of western oil have changed the entire Canadian petroleum industry.

Complex problems are nothing new to Mr. Hewetson. He has met them at many stages in his career which began with Imperial in 1919.

In the early 1930's he was vice-president and general manager of the Standard Oil Co. of Louisiana and when he left Baton Rouge in 1935, to return to Imperial Oil in Canada, his departure was marked by significant tributes to his "splendid record, leadership and loyalty to his men". These were expressed at various gatherings of refinery workers, business men and community organizations and they were summed up in a newspaper editorial as follows:

"Mr. Hewetson came here four years ago at a very difficult time. The nation had then begun the depression that was to go even more serious with the passing of the next few years, but the oil industry was at the very bottom of its own peculiar depression..."

"He had a difficult job and at times a disagreeable job, for refining oil is like any other manufacturing job—the article must be produced at a figure that will allow a profit at the selling price, and with the retail price of gasoline constantly going down, to bring costs down as fast as sale prices dropped required real skill."

"Mr. Hewetson, under these difficult conditions, speedily won the confidence and goodwill of the men who work at the plant. They found he was always fair and just in his decisions, whose support and aid could be counted upon in any proper move."

The editorial concluded by saying that Mr. Hewetson was leaving not only with the best wishes of the refinery employees but also with the "cordial goodwill of the citizens of Baton Rouge".

When Mr. Hewetson returned to Imperial Oil in 1935, he turned his attention to marketing operations. In 1938 he became direct head of marketing for Imperial and two years later was elected a director and a vice-president.

Mr. Hewetson was placed in charge of the broad direction of all of Imperial's many activities when he became president of the Company in September, 1945, following the death of R. V. Labanor.

The period since then has witnessed the most intensive search for oil in Canada's history. Imperial's exploration resulted in major discoveries at Leduc, Woodend, Redwater, Golden Spike and elsewhere in the west, while new activities in southwestern Ontario brought increased production there.

The developments in the west called for many important decisions by Mr. Hewetson and his associates. These were added to all the other complicated factors that influenced the years in which Canada changed from war to a peacetime economy and in which there was a great increase in the demand for petroleum products.

Mr. Hewetson's term as president was marked by the greatest expansion in the history of the Company and of the oil industry in Canada.
Canada's First Supertanker

The "Imperial Alberta", one of the largest and fastest tankers afloat, has joined the fleet to carry oil to Canada.

On the Supertanker's broad decks, workmen coiled into neat circles the long cables which welders use. The sound of riveting hammers died away and the whisper of paint brushes ceased.

Below the huge hull other workmen were coating the slipways. First a hard, then a soft, grease went on the heavy timbers.

At the bow, a bunting-draped platform was dwarfed by the tall steel hull. The Imperial Alberta, Canada's largest tanker, was almost ready for launching at Chester, Pennsylvania.

The props which supported the hull during construction were knocked aside and the ways groaned as the weight bore upon them—8,000 tons of steel and brass and copper, welded and riveted into a graceful ship. Out in the Delaware river, men in a rowboat anxiously watched a small busy bob in the stream. It would tell them when the tide was right for the launching.

Ten minutes before launching time, a whistle sounded, warning that the $5,500,000 Imperial Alberta would soon be on her way. Now only a dozen stout oak planks held the ship. Once they were sawn through, she would be free.

The shipyard crews took no chances. Two big cross-cut saws—one a spare—lay beside the oak planks on each side of the bow. At a signal the sawyers fell to, and bright dust spattered from the planks.

On the launching platform stood the sponsor, Mrs. E. C. Manning, with her husband Premier Manning of Alberta at her side; John G. Pew, president of the Sun Shipbuilding and Dry Dock Company, which built the vessel; G. L. Stewart, president, and H. H. Howse, chairman of the board of Imperial Oil; and scores of officials of both companies, their wives, guests and a sprinkling of newspapermen and photographers.

Just as the oak planks began to give, Mr. Pew signalled Mrs. Manning, who said, "I christen thee "Imperial Alberta"." The traditional champagne formed over the ship's bow and the towering bulkheads fell to, and bright dust spattered from the planks. On the launching platform stood the sponsor, Mrs. E. C. Manning, with her husband Premier Manning of Alberta at her side; John G. Pew, president of the Sun Shipbuilding and Dry Dock Company, which built the vessel; G. L. Stewart, president, and H. H. Howse, chairman of the board of Imperial Oil; and scores of officials of both companies, their wives, guests and a sprinkling of newspapermen and photographers.

Just as the oak planks began to give, Mr. Pew signalled Mrs. Manning, who said, "I christen thee "Imperial Alberta"." The traditional champagne foamed over the ship's bow and the towering bulkheads fell to, and bright dust spattered from the planks.

ON THE SUPERTANKER'S BROAD DECKS, WORKMEN COILED INTO NEAT CIRCLES THE LONG CABLES WHICH WELDERS USE. THE SOUND OF RIVETING HAMMERS DIED AWAY AND THE WHISPER OF PAINT BRUSHES CEASED.
Ships are subject to rigid inspection and here Peter Duncan, Imperial Oil marine architect, checks over a Liberty ship with Alex Canny, Canadian government steamship inspector. The Liberty ship began to move, slowly and ponderously, then with gathering speed.

The Imperial Alberta plunged stern-first into the Delaware and swung upstream as bustling tows took her in tow. Hull No. 568 became a ship on April 4, 1949.

The Imperial Alberta should serve Canada well in supplying the crude oil which Canadians are using in ever-increasing quantities. Soon she will be well known in Halifax, where her cargoes will supply Imperoyal refinery, and at Portland, Maine, where the oil she brings from South America or the Middle East will be pumped through the Montreal-Portland pipe line to supply Imperoyal’s Montreal East refinery.

Canada’s largest tanker is 626 feet long, 82.5 feet in breadth and 42.5 feet in depth. Her deadweight tonnage is 26,500 and her cargo capacity is 228,000 barrels or 7,980,000 gallons—if her cargo were gasoline, it would be enough to drive every passenger car in Canada for 100 miles.

The Imperial Alberta’s rated speed is 16 knots. Two oil-fired boilers feed high-pressure steam to 12,500-shaft horsepower turbines which in turn drive a single propeller to give her this speed.

Along with her great capacity and high speed, the ship will be able to unload rapidly. Four pumps, driven by turbines, will give her a discharge capacity of 20,000 barrels an hour through cargo suction lines 14 inches in diameter. This high capacity means more efficient operation in loading and unloading, reduces the time which the ship has to spend in port, and so permits it to spend more time on its job of carrying oil.

The modern navigation aids are available on the bridge—radar, gyroscope, automatic steering, depth recorder, direction finder and high-frequency radio.

In the galley the equipment is all-electric, with ovens of the latest design. The messrooms have their own refrigerators. Quarters are especially good, with not more than two men to a room, and bath facilities for every four. There are recreation rooms for officers and men, and a well-equipped hospital.

Three weeks after she was launched, the Imperial Alberta was ready for sea trials. On April 25 she sailed quietly down the Delaware river and headed out into the Atlantic. The trials tested the entire ship and her equipment. Lifeboats were swung out; anchors dropped; steering gear, compasses, and all her navigation aids were checked by experts. The testing crew “tried to tear the propeller off her” in a crash stop.

In 24 hours at sea the men aboard tested everything that could be tested and the ship came through successfully. Soon after she reached port, she was turned over to her new owners, the Imperial Oil Shipping Co., Ltd., and the blue-and-white house flag appeared at her radar mast.

On her first voyage the Shipping Company sent her to Puerto La Cruz, Venezuela, to pick up her first load of crude oil and deliver it to Portland.

The Imperial Alberta is one of several super tankers which the Sun shipyards are building at Chester for the oil industry. They are the most efficient units yet devised for the transport of oil by sea, for their large capacities, combined with high speed and high discharge rate, permit them to carry oil much more economically than smaller and slower ships.

During World War II the 16,500 deadweight ton "T-2" type tankers was devised by the U.S. Maritime Commission, and this ship was considered about 30 per cent. more efficient than the average pre-war tanker. Now, because its larger capacity and higher speed mean lower operating costs, the super tanker is expected to perform 20 per cent. more efficiently than the T-2, on voyages of comparable length.

Three-point view of Imperial

Financial reports? Let the economists read them," you may say. "Facts and figures are not my line.”

That’s what I tried to say when the subject of a story on Imperial’s annual report was discussed. But it was no use. “We don’t want an expert’s report, we want the layman’s point of view,” was the reply.

Out came the annual report then, with the map of Canada on the cover showing in brilliant shades of yellow, blue and orange, the most favorable, less favorable and unfavorable areas for finding oil. I had read earlier reports but had skipped lightly over the section which contains the profit and loss statement, the balance sheet and the source and disposition of funds. Now I was supposed to write a story on that very section!

Like a small schoolboy who leaves the hardest problem until the last, I began once more to read the over-all account of the Company’s operations for 1948 and to look very carefully at the pictures. Yes, it was easy to see why the report had been praised by the newspaper. The black and white drawings showing Imperial employees at work gave a graphic description of the number and variety of jobs in the oil industry. Then the account of the activities of the various departments—exploration and production, manufacturing and marketing, transportation, and employee relations, was clear and concise.

All this was interesting but it wasn’t helping to solve the problem of the financial statements at the back of the book. When I finally turned to this section I found that most of it was pretty straightforward but every so often an item appeared which was completely baffling. The obvious thing to do was to bother somebody in the comptroller’s department.
By the time I reached the department's office, I'd figured out exactly what I wanted to learn from the financial reports.

As an employee, a shareholder (more than half of Imperial's 12,000 employees are shareholders of the Company) and also a consumer, I found myself examining those statements with different thoughts in mind.

As an employee, I was interested in security. Was the Company financially sound? What was its investment in me as an individual employee—that is, how much money had been spent to provide me with a job? I knew Imperial had a reputation for paying good wages and salaries but would it be able to continue to do so?

As a shareholder, I wanted to know how the business was being run, whether profitably and with a view to future requirements. I also wanted to know more about dividends. Why did part of my earnings as a shareholder have to be ploughed back into the Company instead of coming to me in the form of dividends?

As a consumer, I was anxious to know if I could be assured of a continued supply of good petroleum products at reasonable prices.

And finally, as all three, employee-shareholder-and-consumer, I wanted to know more about the Company's business. Where did the money come from? Where did it go? What was a long-range view of the Company? How did Imperial's earnings in 1948 compare with other years?

Well, the people in the comptroller's office told me that I should be able to find the answers to most of these questions in the three main financial statements. They told me I could think of them as three windows through which I could get a clearer view of the financial side of the Company's operations.

But they warned me about two things. They told me that those statements were just statements of operations and conditions as they had been during 1948 and as they were at the end of 1948. I would have to see them very carefully, my tax accountant especially, to make guesses about the future from them. They also told me that accountants, like lawyers, have developed a language pretty well all their own and I would have to find out exactly what the terms meant.

With these warnings in mind I took a look at the first of the three windows—the profit and loss statement. I found that there were really two sections in this window: one section, page 19, showed the Company's earnings $16,873,163 for the year from its business of making and selling petroleum products while the other section, page 17, showed earnings plus income from subsidiary companies. That $16,873,163 looked like a lot of money until I came across another figure showing it was all that was left to the Company after $544,573,220 worth of goods had been made and sold.

But millions were not in my line. I felt much more at home where those large totals were broken down into typical retail sales of $134,449,000. I found that 12 cents of the dollar which Imperial received was eaten up by the cost of doing business, mostly wages and payments for materials and equipment. What happened to the remaining 12 cents? That was easy too. A little more than seven cents went to pay taxes, and a little less than five cents was labelled "profit". In other words, of the 12 cents margin of receipts over expenses, more than 58% was going into various taxes paid to the government. The Company profits had not studied Imperial's profit and loss statement.

But I was still not through with profit and loss. I noticed that by the time all the operating earnings had been taken into account, together with all the dividends received from subsidiaries and other sources, and after charges had been made to take care of the wear and tear on equipment, there was a total of nearly $23 millions of income for the year. The report showed me that this worked out to slightly over 94 cents a share.

This was good news to me as a shareholder. A year before the earnings had been 76½ cents a share. Then it occurred to me that I had only been getting 50 cents in dividends and I wondered why, when my stock was earning 84 cents I should sit back and be content with a measly half dollar.

But this, I was told, was because 34 cents a share was going right back into the business to make more and better jobs for me as an employee, and more and better products for me as a consumer. That 34 cents also made my investment in Imperial more sound. Added to money from other sources it was helping to find new reserves of oil which, in turn were saving the country millions of dollars in valuable U.S. currency, to build pipe lines and tankers, service stations and refineries.

At this point I found myself looking through the second window—the financial position and disposition of funds. The first item I saw looked vaguely familiar—cash from earnings after dividends—$20,683,824. Then I should say that was my old friend the net profit for the year, but after being adjusted for dividend payments, depreciation, etc.

When I looked at this table again, I saw that a total of over $71 millions of cash had been made available to the Company during the year. How could that be, I wondered? Since the net profit for the year was about $23 millions, then the Company must have spent nearly $50 millions more in 1948 than it earned!

From what I learned there are two very different kinds of money that may come into a company during the year. One is labelled "earnings from operations", the other is called "capital". It's like the wheat farmer who sells his crops—the profits he makes are his earnings for the year. Next year he will grow another crop and make further earnings. But if he decides to sell a part of the farm which he owned for many years, the money he receives from the sale is capital.

Earnings and capital both may come from a variety of sources and situations. Both kinds of receipt must be listed in the accounts. In the profit and loss statement I had been looking only at the earnings side of the picture. The source and disposition statement related these income items to the earnings and the capital changes for the year.

Of the money made available to Imperial during 1948, over half came from the sale of International Petroleum Co. Ltd. shares which it had owned for many years. While not all the cash had been received from this source the bulk of it was, still more than $38 millions had arrived at the cash wickets. The Company had also received over $20 millions from shareholders in the form of earnings put back into the business, as well as $6 millions from our borrowings— and a little over $6 millions which came in when we sold the other investments and other assets.

Well, that made up the total money that came in during the year but what had happened to it?

The answer to that was in the second half of the table and I soon discovered that it had not all been spent by any means. Some $29 millions were in the form of increased working capital. Another $2.5 millions had been transferred to the pension fund society. The largest item of all was some $36.6 millions which had been invested in plant and equipment.

This last item seemed to answer many of my questions. As a shareholder I told me that helped my stock in Imperial lay a substantially modernized and expanded plant that would add to the value of my investment. There were the new tankers, the new refinery at Edmonton, the great catalytic cracker at Montreal and other improvements.

Then I thought of myself as an employee again. I saw that Imperial had nearly $37 millions of new tools in the form of new buildings and equipment would improve working conditions in the Company.

*STATEMENT OF PROFIT AND LOSS*  
FOR THE YEAR ENDED DECEMBER 31, 1948

<table>
<thead>
<tr>
<th>Operating Income — from producing, transporting, refining and marketing operations of Imperial Oil Limited, after deducting all selling, administrative and general expenses</th>
<th>$54,044,682.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income — less: Provision for depreciation and depletion</td>
<td>$7,745,583.19</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$37,299,098.94</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Other Income — from dividends of Canadian subsidiaries, and other companies, etc.</td>
<td>$3,204,305.35</td>
</tr>
<tr>
<td>Loss — Canadian taxes on income</td>
<td>$3,203,305.19</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Net Profit for the Year</td>
<td>$7,571,334.51</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Net Profit for the Year</td>
<td>$92,852,070.60</td>
</tr>
</tbody>
</table>

*Continued. For detailed figures see Imperial Oil Limited annual report for 1948.*

AUGUST-SEPTEMBER 1949

IMPERIAL OIL REVIEW
And finally I thought of myself as a customer, thought of the gasoline and oil for the new car that my family had just bought. I realized that as a result of these expenditures we would have no difficulty in taking care of its delicate aspects because there would be more and better products.

It was now time to look through the third window, the balance sheet. My financial friends told me that a balance sheet is like one of those "action-stopper" pictures taken with a very fast camera. The picture catches the action at a split second; the balance sheet shows the position of the company on a particular day—in this case on Friday, December 31, 1948.

Although it looked rather formidable, the balance sheet wasn’t as difficult as I had expected. I learned as | went and I found that one of the first things you have to check when looking at a balance sheet is the “working capital.” This is an accounting of the cash that the company could call upon at a given moment (in our statement, at the end of the year). It is made up of what is owing to the company; cash on hand or in the bank; government bonds; trade accounts (owed by customers); and money invested in stocks (inventories).

From the total debt which the company will owe, we can subtract (wages, suppliers’ bills, taxes and other short-term debts) the amount of the company’s current assets and current liabilities in the working capital. Well, on this count it looked as though Imperial had grown a good deal healthier during the year. At the end of 1948 our working capital was a little over $110 million, whereas a year before it had been down around $67 million.

This improvement of over $43 million was a little hard to figure out. I knew we hadn’t earned that much, and I wondered where on earth the money could have come from.

But the explanation wasn’t so difficult when I looked back at the previous year’s balance sheet. I found that stock in trade (inventories) had gone up about $30 million and the money owing the company had increased about $32 million. Then I remembered the sale of International Petroleum shares which made it possible to increase these items to meet the needs of the business.

Turning to the liabilities side of the balance sheet, I was puzzled by such terms as capital surplus and earned surplus. I learned that, in view of all the work the company was doing in the development of western oil fields, there was certainly no “surplus” of either capital or earnings! To me, a surplus means having money more than you need for your immediate purposes. But I was told that a capital surplus really refers to profits earned on the stock of investments such as the Imperial Petroleum and those profits are returned to the business and are being used. Earned surplus is just an indication of the earnings which shareholders, during more than 60 years, have left in the Company to expand its operations and increase their investments. If they had taken the money out as dividends instead of leaving it in the expansion, the Company could not have developed as it has.

So, by my own definition, capital surplus and earned surplus didn’t amount to anything at all. Just records of money which is mostly tied up in fixed assets such as pipes, refinery, buildings, etc.

Another thing I wanted to find out from this balance sheet was how big an investment my job represented. How much, I wondered, did the shareholders have to put up so that I and more than 12,000 other employees could look forward to a regular week’s work and a regular week’s pay?

There seemed to be one obvious way to find out. Take the book values of the shareholders’ investment and simply divide by 12,000, the number of employees. This I did, and I found that the average investment for each employee’s job amounted to nearly $13,000.

I’ve been thinking about that figure over here, wondering just where I would lay my hand on $13,000 if I wanted to get a job like this one. I have without the help of the Imperial Oilbolden!

Finally, I wanted to find out just how much thought the Company gives to meeting future obligations and possible emergencies. My friends in the company’s office pointed to an item headed “Reserves” and I saw it totalled nearly $28 million.

“Where is that money?” I immediately asked. “The balance sheet says there is $12 millions in cash and bonds. Where are the $28 million?”

This caused a bit of amusement. “To begin with,” I was told, “please note these reserves are officered on the ‘liabilities’ (what we owe) side of the balance sheet, not on the ‘assets’ (what we own) side.”

**SALES RECEIPTS, COSTS AND PROFITS OF IMPERIAL OIL LIMITED FOR THE YEAR 1948**

**COST OF CRUDE OIL AND OTHER RAW MATERIALS**

**MANUFACTURING AND PACKAGING**

**MARKETING**

**TAXES**

**PROFITS**

**DISPOSITION OF EACH DOLLAR RECEIVED FROM OPERATIONS DURING 1948**

**Profitability**

> *from the Imperial Oil Limited annual report for 1948*
I ventured to say it didn't seem to make sense to call something that you are going to owe a "reserve". It was submitted that perhaps there could be a better term but the fact is accountants like to stick to their technical language.

So it turned out that those entries on the "liabilities" side are really just an indication of money that will or may have to be paid out in the course of time—$5,815,000 for employees' annuities, for example, will have to be paid. Then there is the reserve for shrinkage of inventory values. With nearly $90 million of inventory it is prudent to recognize that any drop in prices of raw materials and products would wipe out a good deal of money. Another reserve (for fire, marine and other insurance) is a reminder of the possibility of loss by some disaster such as the sinking of a tanker at sea, or fire in a refinery.

In other words these reserves on the "liabilities" side are "drive carefully" signs to warn of known or possible contingencies. They aren't big additional amounts of cash tucked away somewhere. If they were cash they would be included in "cash" on the assets side. If the amounts of these reserves were not shown as reserves they would have to be added to the surplus account which in turn represents part of everything the Company owns, as listed in the assets statement.

There is, however, another kind of reserve shown on the assets side. It is called "reserves for depreciation and depletion" and amounts to more than $100 million. It is subtracted from the original cost of all land, leases and wells, buildings, plant, transporta-

tion and other equipment which amounts to about $10% million.

That again, as I was told, is just a reminder that over the years $100 million of the cost of all the leases, wells, buildings, equipment, etc. has been used up in day-to-day operations. To show such things at their original cost would be to overstate their present worth and defeat the purpose of the balance sheet which is to give a real picture of the Company's worth. A true picture must take into account the cost of wear and tear and deterioration.

It seemed a little sad to lose that pleasant, fanciful idea of large sums of money tucked away somewhere as reserves. But it was comforting to know our comptroller people are realistic about the assets and are not losing sight of big expenditures that will have to be made as the years go by and of others that may have to be made in some emergency.

By this time I had looked through all three windows of Imperial's financial house and as a shareholder-employee and consumer felt satisfied with the view.

And so with this picture of Imperial Oil in mind, I strolled back from the comptroller's office thankful that by comparison my personal bookkeeping is so simple.

—John O'Sullivan

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**BALANCE SHEET**

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<th>Liabilities and Capital</th>
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<td></td>
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<table>
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<th>Liabilities and Capital</th>
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</tbody>
</table>

*Condensed. For detailed figures see Imperial Oil Limited annual report for 1949.

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Business On The Wing

Early one day in September last year, a DC-3 took off from Malton airport at Toronto and headed east.

From the outside, the plane didn't look much different from any of the smaller airliners. Inside it was quite a bit different. There was no stewardess; the seats were not in the conventional rows, one behind another, but instead were arranged in groups so that meetings could be held; and all the passengers were oil industry specialists. On board were the then president and two vice-presidents of Imperial Oil Ltd. The other two were either heads of Company departments or staff experts of one sort or another.

The DC-3 returned to Montreal on that same date but a few days later it took to the air again with very much the same group on board. This time it headed west.

After passing by Winnipeg and at Calgary, where it picked up the heads of Imperial's western producing and exploration activities, the plane flew to

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AUGUST-SEPTEMBER • 1949

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Edmonton for a quick visit to the great new oil fields in that area. In a week the DC-3 was back in Toronto and its passengers had returned to their usual duties.

The DC-3 is one of four planes operated by Imperial's air transportation department. Its trips illustrate how air transportation has increased the flexibility of Company operations. As a result of these two flights, Imperial's top executives were able to earn the problems and help with on-the-spot decisions affecting widely separated and greatly differing areas of Company activities.

The trip to Medicine Hat was concerned with operations at Imperial's Montreal Refinery where Canada's first fluid catalytic cracking unit had been completed not long before. The problems there were chiefly those of refining and marketing methods.

The longer trip to the west took place just as the newly discovered Redwater field was coming into production. Besides being on hand to observe the first production from the well that, added to the earlier discoveries at Leduc and Woodlawn, was to change Canada's oil history, the passengers accomplished many other things in their airbone week.

They had direct contact with the producing operations in the new fields and with the manufacturing problems at Imperial's refinery in Edmonton; they talked with farmers who own land in the new fields; they witnessed the equipment and the oil developments; they visited the University of Saskatchewan in Saskatoon for special discussions about oil; and they made stops at marketing centres like Winnipeg to study the distribution problems of the west.

The plane saved valuable time and even in the air its cabin was the scene of what were in effect miniature meetings of Imperial's board of directors.

Things like this can only happen in the air as long as this is merely a part of what the air age has meant to Imperial.

Planes have quickened the pace and cut the cost of field exploration. Personnel, supplies and equipment have been moved by air to distant areas, permitting rapid completion of important projects. Planes have performed mercy flights and have been used in other emergencies. They have been on aid to the navigation of Imperial tankers. They have become a valuable help in maintaining Company communication.

Because it is only in its second year of operation, Imperial's air transportation department is relatively unknown outside the Company. It is a complete and well-rounded organization, manned by a total of 12 pilots and 12-engineers, most of them veterans of the R.C.A.P., who operate and maintain the four planes.

The advantage of air travel has been recognized by Imperial for many years. From time to time, when space was not available on regular commercial airlines, or when schedules were not convenient, planes have been chartered by the Company. The discovery of Leduc in 1947 brought the need for a great increase in the movement by air of personnel and equipment. Imperial decided in the interests of efficiency that it should operate its own air transportation department.

Organization plans were drawn up and in October, 1947 R. Bruce Middleton, A.F.C., a former R.C.A.P. wing commander, was made manager of the department. Capt. Middleton is well qualified for the job because in addition to working for a short time in Imperial's aviation sales department, he is a veteran of more than 16,500 flying hours in Canada, Europe, the Mediterranean, South America and the Far East.

In August the reservation section of the general traffic department, which arranges transportation and accommodation for company personnel required to travel, was merged with the air transport department. Capt. Middleton as manager and chief pilot now has as assistant manager J. P. Morton who was in charge of the reservation section. The full title of the department is now air transport and reservation department.

For several months the department operated a single transport plane, but now it has four aircraft—two based at Toronto and two at Calgary. While flights extend to many ports of Canada and the United States, the bulk of flying is over western Canada and the Northwest Territories, aiding the search for oil and the development of established fields.

Of the four aircraft Imperial's 15-passenger Dakota, or D.C. 5, is the same class plane used by the R.C.A.P. for transporting troops and supplies. It operates out of Toronto's Malton airport.

Also at Toronto is the Grammun Goose used for short flights and to reach territory where only water landings can be made. This amphibious aircraft transports engines and other technical men to such remote places as Seven Islands on the north shore of the lower St. Lawrence. Here Imperial recently constructed a 35,000 barrel tank farm to supply petroleum products to the $200 million Quebec-Labrador iron ore development, 360 miles inland.

Calgary is the home port of the Company's 17-passenger Lodestar which is used for long range flights over western Canada, the Northwest Territories, and the western United States. For light freight and reconnaissance work in the north, the Company also uses a 10-passenger Fairchild-Hisky and it has become a familiar sight to residents of Quebec West, Yellowknife, Aklavik, and other distant centres.

These planes were kept so busy in 1948 that at the end of the year it was found they had flown more than 1,850,000 passenger miles; had carried 4,000 passengers and 74,415 pounds of freight—and all without accident. This accident-free record was due as much to efficient maintenance work as it was to the skill of the pilots.

The pilots are kept "up to date" by Bruce Middleton who, in addition to his office or "ground" duties, maintains a constant check on the efficiency of both air and ground crews. Every pilot holds a public transport license, the same as T.C.A. pilots and must undergo half-yearly instrument rating examinations by the department of transport. Failure to pass this examination means "grounding" or loss of license to the pilot.

The operational record of the six department pilots read like the outline for a world geography book, collectively, they have covered the greater part of the globe.

The six are Bruce Middleton, W. G. Proudfoot, Duney Driscoll and L. L. "Mac" MacKinnon, who use Toronto as their chief flying base; and in the west, Gordon Latham, captain of the Lodestar, and his co-pilot Jim Keir.

Each of the pilots has had a long and varied flying career. Proudfoot flew with the R.C.A.P.'s "Mili- cious" or Trans-Atlantic squadron when Middleton was its commanding officer. Driscoll, the "shipper" of Imperial's Grammun Goose, is a former T.C.A. pilot and during the war was a Boeing test pilot. "Mac" MacKinnon completed 83 operations made up of one tour on bombers and two and-a-half tours with the famous Pathfinder squadron and was awarded the D.F.O. and Bar and the D.F.C.

Latham is a former Canadian Pacific Airlines pilot who was a wartime instructor at the air observers training school at Edmonton. Keir flew as a bush pilot and with commercial airlines and also is a veteran of R.C.A.P. Bomber Command. He handled the Company's Fairchild-Hisky before becoming "ground" officer and now instructor.

Six ground crew members keep the planes airworthy. The ground crew men, or aero-engineers, are not "grounded" as the name suggests, but often...
fly to make tests in the air and to provide assistance on long flights.

Bruce Middleton states: "The ground crew have a great responsibility in keeping aircraft serviceable. We couldn't operate at top efficiency if it were not for the work and skill of our aero-engineers. Both ground and air crew function as a team."

Chief of the aero-engineers is Bob Quinn, whose wartime duties included that of inspector-in-chief of the Martin engines at a military depot. Bob is stationed at Toronto and is assisted by Dan Leigh and Ken Stephenson, both R.C.A.F. veterans.

A co-worker is Frank W. Williams, an aero-engineer who has had extensive experience with helicopters. At Calgary, and J. M. Mason, who worked for a time in South America before joining Imperial, and J. L. Janseman, who is a former Canadian Pacific Airlines aero-engineer and also a war veteran.

The department has a woman member in Miss Blanche Henry at Toronto. She keeps track of all operations and completes the flight reports that tell the story of the department's work.

These reports contain all operational statistics - many of which concern strictly routine trips. But others are the facts about dramatic emergency flights. An example was the flight in December last when the Leduc transported an injured employee from just south of the Arctic Circle to Calgary.

On a Saturday night when the clocks were off duty, word was received at Calgary about 10:30 p.m. that an employee at Norman Wells had been severely injured when a gun used by the man exploded in his hand. The crew members were quickly rounded up and rushed to the airport. They had their aircraft headed north at 12:00 midnight.

At Norman Wells the crew refueled and prepared the plane for the return flight. Just before take-off the injured man was loaded on the plane accompanied by a nurse from the hospital.

The crew had the patient in a Calgary hospital by 2:00 p.m. - just 14 hours after they started the 2,500 mile flight.

If air transportation had not been available the injured man could only have been taken out over land. This would have entailed several weeks of travel by dog team and cataract-river. The mountains and lakes and wilderness trails to the railway head.

Emergency trips make the best stories but the basic work of the department is the same. The personnel and equipment to operation points on more routine flights. A time-saver for the passengers is meal service while in the air. In these cases the bottom fell out from repeated services. The tea bags were bought over and over again until they were limp and smooched; but even the last cupful was appreciated.

"Meals in flight" were a boon in the spring of 1940 when aircraft were "sweating up" the Great Lakes to determine if the waters were safe for navigation. Planes were able to remain alight longer and finished the survey quickly. As a result, Imperial's tankers were in operation several days ahead of schedule.

In addition to the prepared meals the planes also carry emergency rations. While no pilot relishes the thought of a forced landing he knows that he must be ready for one. It's often the unexpected that happens, as was the case last January when the Leduc landed in a snow storm at Casper, Wyoming, municipal airport.

Ground drift had cut visibility to only a few feet when the plane landed. Runways, strangely enough, were blown clear of snow as the big plane, piloted by Gordon Latham taxied up to the control tower. It was one o'clock on a Saturday afternoon.

Others in the plane were M. L. Haider, who is a director of Imperial Oil and manager of the producing department; Paul Harris, engineer with Ethyl Corporation, Great Falls, Mont.; co-pilot, Jimmy Keir, and aero-engineer Juno Janseman.

The occupants of the plane started for town in a car. They got no further than the terminal entrance at the main highway when blinding snow and mounting drifts forced them to the airport.

By this time cars and trucks were disappearing under 15 to 20-foot drifts. A roaring wind reached a velocity of 60 to 70 miles an hour. The temperature dropped to just above zero.

By mid-afternoon the travellers were certain they were in for a long wait. They didn't realize it then it would be 5:00 p.m. Sunday before they were to see Casper, or that the 22 pounds of emergency food rations, from the Leduc, would provide only the food for a crowd of storm victims that grew with each hour. There was no restaurant at the airport.

Besides 48 tea bags and eight packages of chicken noodle soup, the emergency箱 contained four packages of Hydricep, two pounds of sugar, eight tins of meat, 32 ounces of cereal, eight tins of dried fruit, four packets of cocoa, chocolate bars, tins of butter, and four forks and spoons.

One compartment of the emergency pack included a "mountain cook set" and four more tins but a stove was missing. In the building two old electric hot plates were found. Only one spoon in the emergency pack undertook a welding job and soon had the second at work.

A few cups and plates were located and paper cups from the kitchen until the bottoms fell out from repeated services. The tea bags were bought over and over again until they were limp and smooched; but even the last cupful was appreciated.

The chicken soup was served without the noodles. The noodles were held back for further boiling. Many cups of "soup" than eight packages ever produced before.

At the peak of the storm 160 persons jammed the noon. Most were motorists who had been stranded on the nearby highways. Attracted by the beacon they reached the terminal by using the landing strip. Many brought children bundled up in blankets. Some of the youngsters were wrapped in coats, contributed by fathers who reached the airport in snowmobiles. Many of the travellers who had battled drifts for long periods suffered frost bite and a few were treated for exposure.

Late Sunday when messengers finally made it possible to reach Casper, the airport building emptied, but not before many thanks had been expressed for Imperial's group effort.

The Casper episode is one of a long list of Imperial's aviation adventures which have accumulated over the years; air transportation is an old story to the Company because Imperial has been a pioneer in using planes for its work.

In 1921 the Company bought and operated two Junkers monoplanes. These were used to transport geologists and surveyors to Fort Norman, N.W.T., from Peace River, and to fly over the fringes of the Arctic Circle in the most northerly oil search on the continent to date. This exploit was described by Major General J. H. McDiarmid, then commander of civil aviation and later commissioner of the R.C.M.P., as the first commercial application of flight in Canada.

As Canada's aviation has developed, Imperial has attempted to encourage the growth of civil flying clubs and the Royal Canadian Flying Clubs Association in its efforts in ways as the presentation of aircraft to aid association officials in their duties.

While I. E. "Red" Mason oversaw one of the Leduc's engines Juno Janseman would pull out the oil and pass them up to him. Both work by ground crew ensures safe and efficient flying.

Imperial has also been a pioneer in providing the specialized fuel and lubrication requirements of Canadian planes. At one time it was estimated that Company products were used in nearly 90 out of every 100 miles flown in Canada. The Company's research laboratories have continued to develop products to meet not only the standard requirements of the most powerful aircraft in use today, but also the specialized needs of all types of aircraft operating under the varied conditions that try Canadian commercial operators, summer and winter, from Trans-Atlantic hops to Arctic flights.

Imperial's aviation products are available from coast to coast. At nearly every airport from Newfoundland to British Columbia the Esso tank wagon is a familiar sight to fliers and air passengers. These tank wagons deliver some 30,000,000 gallons of aviation fuel annually as compared with 5,000,000 gallons before the last war.

With such a long association with Canadian aviation it is only natural that Imperial should make full use of this air transportation, not only as a means of maintaining efficiency but as a practical example of its faith in Canada's future in the air.
Western Oil Meets Western Demand

Oil activities in western Canada rose to a new peak in the first half of 1949. Because of the rapid development of Alberta’s new fields, potential production exceeded the storage and refining capacity of the Prairie area and output of the established wells had to be reduced. Meanwhile, new discoveries by Imperial and other companies brought the promise of still greater oil reserves and the industry’s exploration program steadily broadened to include wider areas of Saskatchewan and the north.

Some people have called this the “growing pains” stage in the development of the western oil fields. The fields can supply more oil than they have ever produced before without the danger of an oversupply. But prevailing transportation costs restrict its movement. However, reserves are now considered sufficient to justify long-distance, low-cost facilities if adequate markets can be established. A preliminary step in this direction is the Edmonton-Regina pipeline. While this line will not reach wider markets than are now being served by Alberta oil it will bring this oil to a base nearer to zones of large consumption that are now being supplied from other sources.

The major fields at Leduc, Woodbend, and Redwater have continued to develop rapidly. By August, Imperial had 203 wells in the Leduc area with a total daily production of 20,725 barrels. At Redwater the Company had 29 wells, producing 3,983 barrels daily; and at Woodbend, 13 wells, producing 1,492 barrels a day. At Leduc the Company is drilling nine wells, with six at Redwater and one at Woodbend. Drills pull pipe at Imperial Schoppe No. 1 well, which found the thickest oil-producing formation ever discovered in Canada.

Many other companies are very active in these and other areas and the combined production is establishing new records for Canada. In March, production reached a peak of 53,000 barrels daily. This was in excess of prime refinery capacity and since then, in spite of the steadily increasing number of new wells, production has been cut back through voluntary market rationing to about 50,000 barrels daily.

Several important new finds are already helping to further the production potential for the year. The new Golden Spoke field, about 30 miles southwest of Edmonton, stands out among Imperial’s more recent discoveries which include finds at Ban Accord, Whitewood, and at Joseph Lake where the Company shared with other interests in drilling the discovery well.

Schoppe No. 1, the first well at Golden Spoke, made oil history in Canada, when it dialed up a producing zone of 549 feet, the thickest discovery found to date in the country. The well came in on February 10 at 3,362 feet and the bottom of the producing zone was not reached until drilling had continued on down to 5,007 feet.

On April 17th, the well was placed on production and in a brief test flowed at a rate that would equal 10,000 barrels a day. Under the present ratio to the well is now producing about 379 barrels a day.

So far the area of the Golden Spoke field has not been defined and only the one well is in production. It is yielding a good quality crude comparable to that being obtained at Leduc. High hopes are held for the field because of the thickness of the producing zone which compares with a maximum of 38 feet in the D-3 at Leduc and 189 feet at Redwater.

Bon Accord No. 1, located some 30 miles north and east of Edmonton, came in during March; followed in April by Imperial Whitewood, 12 miles east of Edmonton. Under provision Whitewood is producing about 30 barrels daily. The joint venture at Joseph Lake which came in during February, located 30 miles southwest of Edmonton, is producing about 30 barrels daily. The Bon Accord No. 1 has been worked over in an attempt to shut off the oil while which was being produced with the oil.

All of these fields are relatively close to the great Leduc, Woodbend and Redwater fields in the Edmonton area. Recently drilling by the Canadian Gulf Oil Company resulted in a discovery near Stettler, Alberta, about 80 miles southeast of Edmonton. This promises to open up a new district.

A result of these and other oil activities, Alberta’s revenue from oil is mounting steadily. In the fiscal year which ended last March 31, the province collected nearly $3.5 million in cash bonuses for Crown Reserve leases, plus at least $3 million for royalties, fees and rentals. This total of $11.5 million compares with a little over than $7.1 million in the previous year and only about $900,000 the year before. It is estimated that by the end of the present fiscal year the government will have collected between $20 and $25 million from oil revenues.

Meanwhile the search for new oil reserves is continuing at an even faster pace in wide areas of the western Canadian plains. In recent months many companies have begun new exploration activities that are still in the early stages of evaluation.

The Company is now operating 10 seismograph crews and one gravity meter crew in scattered areas of the west.

Through subsurface firms, Imperial has launched the most costly and gas exploration program yet undertaken in Alberta. The Company will explore three Crown reservations covering 231,930 acres west of Fort Vermilion about $300 miles northeast of Edmonton and within 90 miles of the Northwest Territories. Other companies have obtained or are obtaining leases in adjoining areas.

The intense activity in Alberta has created a new interest in the oil possibilities of Saskatchewan, where the first steps for a new large-scale exploration program were taken this spring. By the end of June at least 13 major or large independent American oil companies with Canadian joint participants have obtained permits on 17,000,000 acres of Crown-owned oil and gas rights spread across southern Saskatchewan.

So Imperial’s share in Saskatchewan exploration consists of leasing mineral rights towards some freehold land in southern Saskatchewan.

With only half of the year gone by, 1949 already had been established as another history-making period for the Canadian oil industry.
An Indian legend is transformed into an outstanding motion picture by a Canadian producer with imagination

The Indian legend of how the loon acquired the white bands around its neck has long been familiar up and down the northwestern coast of the continent. Now it will be known across the country through the filming of the story of "The Loon's Necklace".

The motion picture is considered one of the most unusual ever produced for technique, action and set design. It was judged the best Canadian film of 1948 by Canadian Film Awards, sponsored by the Canadian Association for Adult Education. It was also named among the 11 "world's most outstanding" non-commercial motion pictures at the International Film Festival at Edinburgh, last September. Recently it was given first place in the art and music classification at the Cleveland Annual Film Festival.

The story concerns Kelora, a blind medicine man who spends his days dreaming in the sun. He ignores his nagging wife and only the cry of the loon awakes him. One winter Kelora warns the people of his village that famine is about to strike but they laugh at him. Famine does strike, wolves raid the village and there is great sorrow. Kelora determines to save the village from further evil and so he dons a magic collar and armed with magic bow and arrows he seeks out and destroys the wolves.

In the spring blind old Kelora goes in search of the loon, who, so the legend goes, is his father. Finding the loon he begs for the restoration of his sight. The loon grants his wish and he is able to see, first dimly, then clearly and Kelora in gratitude draws off the magic collar and gently tosses it to the loon. The collar encircles its neck while some white shells break from the cord and fall on its black feathered back... and these markings you may see on the loon today.

The Loon's Necklace is filmed in color and a narrator tells the story at 35 actors, wearing carved wooden masks, enact the legend. The masks are more than a hundred years old and are still brilliant in their original pigments. They were lent by the National Museum of Canada to the producers through arrangements made by Dr. Douglas Leechman, archaeologist of the anthropological division of the museum. Dr. Leechman suggested the story, based on his studies of the Indians of B.C.

"The story is familiar all up and down the northwestern coast of the continent," said Dr. Leechman. "There are many legends as to how birds and animals acquired their distinguishing characteristics, not only in North American mythology but in that of the Old World as well.

"Indian children," Dr. Leechman said, "never tire of listening to these stories, although most of them have been repeated again and again. After..."
all, Indian children are much like children anywhere else in the world and just as our own kiddies ask for the story of Little Red Riding Hood, so did they ask their mothers or their grandmothers to tell the story of The Lion's Necklace, and always the beginning was the same: 'Many years ago there was an old blind medicine man, miserably poor...'

The 10 minute film was produced by Crawley Films Ltd. of Ottawa—a firm headed by husband and wife, who specialize in training and educational films. Imperial Oil, believing that the film should receive the widest possible distribution because of its unusual subject and artistic value, bought the Canadian rights at the beginning of the year and presented them, along with a number of prints of the film, to the Canadian Education Association.

Commenting on presentation of the film, Dr. J. G. Althouse, president of the C.E.A., said it was highly regarded 'as an educational and cultural medium. We plan extensive distribution of the film through all provincial departments of visual education and the rural circuits of the National Film Board'.

During the journey to the Lion's lair a violent storm arose. The lightning flashed, the Thunderbird roared and cast its fearful eyes down over all of the rain-drenched countryside. Kelso's wish for the return of his sight was granted and in gratitude he gently tossed his necklace around the Lion's neck.

The storm subsided and the gentle moon appeared and skirted the broken clouds as Kelso pushed on to see his frozen the Lion, who, to the legend states, was really his father.

Walker L. Taylor Becomes Assistant General Manager of Imperial's Exploration And Producing Operations

Walker L. Taylor, who has been in charge of Imperial's western producing operations for the past three years, recently was appointed assistant general manager of the Company's exploration and producing operations throughout Canada. Born in Edmonton, he attended the universities of Alberta and McGill and then served overseas in World War I with the 19th Alberta Dragoons and the R.A.F. After the war he joined Imperial Oil and was placed in charge of drilling activities in Alberta. In 1925 he transferred to Peru and remained there until 1928 when he returned to Turner Valley. In 1942 Mr. Taylor went to Norman Wells in charge of development and exploratory operations and for four years later he was appointed manager of producing operations in western Canada. His headquarters now will be in Toronto.

Robert B. Curran Succeeds Walker L. Taylor In Western Canada

Robert B. Curran, who succeeds Walker L. Taylor as manager of Imperial's western producing operations, is a former vice-president and director of the Carter Oil Co. Born in Tulsa, Oklahoma, Mr. Curran graduated from the University of Oklahoma in 1923 with a B.Sc. degree in geology. Following graduation he joined the Carter Oil Co. as production geologist and scout. Promotions followed rapidly and in succession he was appointed chief scout, head of the economics and statistical department, assistant to the present manager of the northwest division and, in 1947, vice-president of the company.

J. K. Jamieson Heads Engineering and Development Division

J. K. Jamieson has been named manager of Imperial's engineering and development division succeeding G. L. Macpherson who was recently appointed general manager of the Company's refineries. Mr. Jamieson was born in Medicine Hat, Alberta; is a graduate of the University of Alberta; and attended the Massachusetts Institute of Technology where he received his B.Sc. degree. He began his career in the oil industry with the Northwest Stellarene Co. of Count, Alberta, in 1932. During the war he served in the Dominion Government oil controller's department. Before assuming his present position, Mr. Jamieson was associate manager of Imperial's co-ordination and economics department, Toronto.

J. W. Wyse Receives 40-Year Service Button

John Walwyn Wyse, a sub-station inspector in the Quebec marketing division, was recently presented with a 40-year service button. Born in Quebec City, Mr. Wyse has worked for the Company in a number of cities, including Montreal, Toronto, Hamilton, as well as Quebec City. He has maintained an active interest in sports and was a member of the Quebec Midgets basketball team which won the championship of eastern Canada in 1959.
Personalities in the News (Cont’d.)

S. G. Coulthiis Appointed Vice-President And General Manager Of Imperial Pipe Line Co. Ltd.

S. G. Coulthiis, who has been associated with the oil industry in Alberta since 1917, has been made vice-president and general manager of the Imperial Pipe Line Co. Ltd. Mr. Coulthiis arrived in Canada in 1913 following graduation from the University of Michigan as a chemical engineer. He worked for the City of Calgary for three years and then became engaged in field operations in Turner Valley. In 1921 when the Royalite Oil Co. was formed he was its first employee. At first he was plant superintendent but he also had an interest in production and pipe lines and in 1935 became field superintendent. Later he played a leading part in setting up the Valley Pipe Line Co. and until his recent appointment was president and general manager of that company.

L. E. Bury, Imperial’s Purchasing Agent, Retires

L. E. Bury, purchasing agent for Imperial Oil since 1921, retired recently after 42 years of service. Mr. Bury was born in Springville, N.Y., and his early association with the oil industry began in 1907 when he joined Standard Oil Co. of New York. In 1915 he came to Imperial as assistant purchasing agent at Sarnia. The following year when it was decided to organize a Company-wide purchasing department, Mr. Bury was chosen assistant to the head of the department with headquarters in Toronto. Five years later he became purchasing agent.

B. C. Kitchen Becomes Purchasing Agent

B. C. Kitchen has been appointed to succeed L. E. Bury as purchasing agent for Imperial. Mr. Kitchen, who was born in Petrolia, Ont., joined Imperial in 1912 in the manufacturing-accounting department at Sarnia. Later he transferred to the purchasing department and in 1921 he was appointed assistant purchasing agent, which position he has held until his recent appointment. For two years during World War II, he was on loan to Polymer Corporation as coordinator of purchases.

Dr. R. K. Stratford Receives Honorary Degree

Dr. R. K. Stratford, head of the technical and research division of Imperial Oil, was honoured recently by the University of Western Ontario which awarded him a Doctor of Science degree (honoris causa). Dr. Stratford was born in Brantford, Ont. and attended the Ontario Agricultural College at Guelph; Amberley Agricultural college; and the University of Lyon, France. At Lyon, he became interested in petroleum research and prepared a thesis dealing with petroleum compounds for which he received his doctor’s degree. In 1934 he joined Imperial Oil as chief research chemist and five years later he was appointed head of the technical and research division.

*Imperial Oil Review*
Loading pier at local refinery: through these overhead pipes refined oil products flow to the tankers which will deliver them to supply points for distribution to homes and industries along the B.C. coast.