Eleventh Annual Report

The Pure Oil Company

Columbus, Ohio

For the Year Ended March 31, 1925
The Pure Oil Company

GENERAL OFFICES

COLUMBUS, OHIO

NEW YORK CITY
MINNEAPOLIS
TULSA, OKLAHOMA

PHILADELPHIA
PITTSBURGH
CINCINNATI
DALLAS

CHICAGO
WARREN, PA.
CHARLESTON, W. VA.

OFFICERS

B. G. Dawes - Chairman of the Board - Columbus, Ohio
H. M. Dawes - President - Columbus, Ohio
W. E. Hutton - Vice-President - Cincinnati, Ohio
R. W. McIlvain - Vice-President - Columbus, Ohio
C. B. Watson - Vice-President - Columbus, Ohio
N. H. Weber - Vice-President - Columbus, Ohio
H. N. Cole - Vice-President - Tulsa, Oklahoma
C. C. Burr - Vice-President - Columbus, Ohio
F. S. Heath - Secretary and Treasurer - Columbus, Ohio
C. E. Mason - Asst. Secretary and Treasurer - Columbus, Ohio
C. M. Himman - Asst. Secretary and Treasurer - New York City
C. H. Jay - Comptroller - Columbus, Ohio

DIRECTORS

B. G. Dawes - W. F. Burdell
H. M. Dawes - W. C. Fairbanks
H. N. Cole - F. S. Heath
A. E. Humphreys, Jr. - W. W. Mills
W. E. Hutton - R. W. McIlvain
N. H. Weber

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Eleventh Annual Report of the Directors of
The Pure Oil Company

For the Fiscal Year Ended March 31, 1925

COLUMBUS, OHIO, MAY 1, 1925.

To THE SHAREHOLDERS:

Herewith is submitted the Eleventh Annual Report of The Pure Oil Company for the year ended March 31, 1925.

The outstanding Common Stock of the Company has been increased in the amount of $1,413,475.00, of which $1,225,150.00 was issued in exchange for the stock of the Oklahoma Producing & Refining Corporation of America, the remainder, $188,325.00 having been disposed of to employees of The Pure Oil Company. All of the properties of the Oklahoma Producing & Refining Corporation have been merged with The Pure Oil Company as of June 30, 1924.

The funded indebtedness of the Company has been reduced from $28,055,000.00, as of one year ago, by $7,241,500.00 on account of serial maturities, to a net amount at the present time of $20,813,500.00.

An amount of $3,848,802.17 was carried to surplus after the payment of dividends on the Preferred Stock and six per cent or $1.50 per share on the Common Stock. This indicates an earning of $2.84 per share on the Common Stock after the payment of all previous charges.

The properties of the Company are particularly well balanced for the operation of a complete cycle in the oil industry, from well to consumer. While there has been a condition of over-production of crude oil during a portion of the past year, The Pure Oil Company, owing to the fact that it is well fortified in all its departments, did not suffer from any temporary disturbance of the proper balance in the margins between the producing, refining or marketing phases of the business. Its margin for operations is dependent upon the one factor of the difference between the cost of production and the price to the ultimate consumer.

Shortly after the close of the fiscal year the Company purchased the producing properties of the Humphreys-Boyd Oil Company in the Wortham field in Texas, almost directly adjoining other production which the Company owns at Mexia and Powell. The purchase of this property is not reflected in this report.

Through the Orinoco Oil Company, The Pure Oil Company has large holdings in Venezuela in the Lake Maracaibo region, the development of which is just being entered upon.

All of the properties of the Company are in satisfactory operating condition and no unusual or major developments or construction seem, at the present time, to be required, except that an expenditure of approximately $1,450,000.00 for additional refining capacity at the principal eastern refinery of the Company at Marcus Hook, Pennsylvania, is contemplated.

HENRY M. DAWES,
President.

(Please add note for continuation of text)
The Pure Oil Company and Subsidiaries

CONSOLIDATED BALANCE SHEET

at March 31, 1925

ASSETS

Property, Plant and Equipment .................................................. $178,246,437.62
Stock in Treasury ................................................................. 316,000.00
Other Investments ........................................................................ 2,987,927.24

CURRENT ASSETS:
Cash ................................................................. $ 3,198,614.13
Marketable Securities ........................................................... 19,331.28
Accounts Receivable ............................................................. 5,192,618.95
Notes and Trade Acceptances Receivable .............................. 456,427.12
Stocks of Finished Oils ....................................................... 8,055,506.12
Stocks of Crude Oils .............................................................. 14,088,370.85
Material and Supplies ......................................................... 3,578,591.36
Deferred Charges ................................................................. 1,670,123.13

TOTAL ASSETS ............................................................... $217,809,947.80

LIABILITIES, CAPITAL AND SURPLUS

CAPITAL STOCK OUTSTANDING:
Common ................................................................. $ 71,504,900.00
Preferred ................................................................. 23,000,000.00
Preferred—The Moore Oil Refining Company .................. 800,000.00

Funded Debt:
Sinking Fund Gold Notes .................................................. $11,038,500.00
Purchase Money Gold Notes ............................................... 9,000,000.00
Equipment Trust Certificates ........................................... 250,000.00
Serial Notes—Pure Oil Steamship Company ..................... 525,000.00

CURRENT LIABILITIES:
Accounts Payable .............................................................. $ 2,841,778.22
Notes Payable ................................................................. 9,100,000.00
Accrued Taxes ................................................................. 460,668.26
Accrued Interest ................................................................. 355,239.83

SURPLUS AND RESERVES:
Compensation and Liability Insurance ............................... $ 166,549.72
Depreciation and Depletion .................................................. 35,585,093.71
Other Reserves ................................................................. 53,677.04
Surplus ................................................................. 53,125,541.02

TOTAL LIABILITIES, CAPITAL AND SURPLUS ................................ $217,809,947.80

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The Pure Oil Company and Subsidiaries

CONSOLIDATED STATEMENT OF
INCOME AND SURPLUS

For the Year Ended March 31, 1925

Gross Earnings................................................................. $104,397,303.49
Costs and Operating Expenses Including Taxes.............................. 84,441,312.76

NET OPERATING EARNINGS...................................................... $ 19,955,990.73

DEDUCT:

Interest and Discount on Notes.............................................. $ 1,671,018.96
Federal Taxes........................................................................... 255,082.63 1,926,101.59

NET INCOME AVAILABLE FOR RESERVES AND SURPLUS........... $ 18,029,889.14

DEDUCT:

Abandonment of Leases and Reserves for Depreciation and Depletion................................................................. 7,477,028.83

BALANCE TO SURPLUS.................................................................................. $10,552,860.31
Surplus April 1, 1924 ................................................................. $ 49,279,738.85
Less Surplus Adjustments....................................................... 771,576.55 48,508,162.30

$ 59,061,022.61

DEDUCT CASH DIVIDENDS:

Preferred ........................................................................... $ 1,668,890.00
Common .............................................................................. 4,263,591,59 5,932,481.59

SURPLUS AT MARCH 31, 1925......................................................... $ 53,128,541.02

We have audited the Balance Sheets of THE PURE OIL COMPANY and of its Subsidiary Companies for the fiscal year ended March 31, 1925, and certify that the attached Consolidated Balance Sheet is in accord with the books and in our opinion correctly shows the condition of the affairs of the Company and of its Subsidiaries at that date.

The Consolidated Statement of Income and Surplus in our opinion correctly shows the results from operation of THE PURE OIL COMPANY and its Subsidiaries for the year.

Respectfully submitted,

J. D. CLOUD AND COMPANY,
Certified Public Accountants.

CINCINNATI, OHIO, May 1, 1925.
The Pure Oil Company

TRANSFER AGENTS

Guaranty Trust Company of New York, New York
Central Trust Company of Illinois, Chicago, Illinois
The Provident Savings Bank & Trust Company, Cincinnati, Ohio
T. J. Jones and E. H. Monroe, Columbus, Ohio

REGISTRARS

Central Union Trust Company of New York, New York
The Citizens Trust & Savings Bank, Columbus, Ohio
The Fourth and Central Trust Company, Cincinnati, Ohio
Continental and Commercial Trust & Savings Bank, Chicago, Illinois