Twelfth Annual Report

The Pure Oil Company

Columbus, Ohio

For the Year Ended March 31, 1926
The Pure Oil Company
GENERAL OFFICES, COLUMBUS, OHIO

DIVISION OFFICES

NEW YORK  TULSA
CHICAGO  CINCINNATI
PHILADELPHIA  CHARLESTON, W. VA
MINNEAPOLIS  BEAUMONT, TEX.
PITTSBURGH  ATLANTA, GA.

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. Hinman  -  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
I. B. Humphreys  W. W. Mills
W. E. Hutton  R. W. McIlvain
N. H. Weber  

(Page Two)
To the Shareholders:

Herewith is submitted the Twelfth Annual Report of The Pure Oil Company, for the year ended March 31, 1926.

After paying $1,670,505.00 in dividends on its preferred stock, and six and one-half per cent (6 1/2%) on its common stock, amounting to $4,937,515.85, the Company added $6,372,358.13 to its Surplus and provided $8,342,837.41 for Reserves. The funded debt consists only of $10,430,000.00 Sinking Fund Gold Notes.

Current assets of $28,847,694.96 equalled more than three and one-third (3 1/3) times current liabilities of $8,561,056.67 at the close of the fiscal year, and in the course of that period current assets declined $5,741,764.85 against a reduction of $14,580,129.64 in current and funded liabilities.

The outstanding common stock of the Company was increased in the amount of $4,454,350.00, which was issued for the purchase of producing properties of the Humphreys-Boyd Oil Company in the Wortham field in Texas.

During the year the Company disposed of its stock in the Pure Oil Pipe Line Company of Texas, at the same time making an arrangement by which The Pure Oil Company is safeguarded by a supply of crude oil for the Smiths Bluff and Marcus Hook Refineries in addition to its own production, to which the line was tributary.

During a period of thirty days, the Company offered to its employees a plan for purchase of its 6% Preferred Stock, the installments to be deducted from the monthly salaries of subscribers over a period of four years. While the benefits which the employees will realize under this plan are very considerable, the response on their part exceeded expectations. The average payroll of the Company covered about 8500 employees through the year, of which approximately 5450 were eligible to subscribe and 4175, or 78 per cent, participated for a total subscription of $4,325,700.00. The plan does not contemplate the issuance of any new stock by the Company.

During the year the contributory group insurance plan was put into effect, to which 95 per cent of the eligible employees subscribed.

The Marcus Hook Refinery was completely modernized and rebuilt during the year, and important additions to the refining capacities were made at the Muskogee and Heath Refineries, which will result in increased output, increased profits and economies of operation.

The marketing facilities of the Company were increased and conditions in that department materially improved during the recent year. The profitable marketing of our products has been materially strengthened in all of the territory which the Company reaches, particularly in the southeastern section of the country.

The net earnings of the Company are the largest in its history, and the outlook for the coming year is satisfactory.

HENRY M. DAWES,
President.
# The Pure Oil Company and Subsidiaries

## CONSOLIDATED BALANCE SHEET

at March 31, 1926

## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, Plant and Equipment</td>
<td>$184,374,270.47</td>
</tr>
<tr>
<td>Stock in Treasury</td>
<td>316,000.00</td>
</tr>
<tr>
<td>Other Investments</td>
<td>4,049,260.87</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,140,021.23</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>250,000.00</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>5,116,977.04</td>
</tr>
<tr>
<td>Notes and Trade Acceptances Receivable</td>
<td>738,823.79</td>
</tr>
<tr>
<td>Stocks of Finished Oils</td>
<td>10,014,126.74</td>
</tr>
<tr>
<td>Stocks of Crude Oils</td>
<td>5,716,077.41</td>
</tr>
<tr>
<td>Material and Supplies</td>
<td>3,871,668.75</td>
</tr>
</tbody>
</table>

Prepaid Insurance, Taxes, Interest and Deferred Charges: 1,333,088.85

**TOTAL ASSETS**: $218,920,815.15

## LIABILITIES, CAPITAL AND SURPLUS

### CAPITAL STOCK OUTSTANDING:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common</td>
<td>$75,959,250.00</td>
</tr>
<tr>
<td>Preferred</td>
<td>23,000,000.00</td>
</tr>
<tr>
<td>Preferred—The Moore Oil Refining Company</td>
<td>800,000.00</td>
</tr>
</tbody>
</table>

### FUNDED DEBT:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinking Fund Gold Notes</td>
<td>10,430,000.00</td>
</tr>
</tbody>
</table>

### CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$2,724,628.56</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>4,350,000.00</td>
</tr>
<tr>
<td>Accrued Taxes</td>
<td>1,252,605.38</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>233,822.73</td>
</tr>
</tbody>
</table>

**TOTAL CURRENT LIABILITIES**: 8,561,056.67

### SURPLUS AND RESERVES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Insurance</td>
<td>$215,992.16</td>
</tr>
<tr>
<td>Depreciation and Depletion</td>
<td>10,402,351.33</td>
</tr>
<tr>
<td>Other Reserves</td>
<td>49,765.84</td>
</tr>
<tr>
<td>Surplus</td>
<td>59,500,899.15</td>
</tr>
</tbody>
</table>

**TOTAL SURPLUS AND RESERVES**: 100,170,008.48

**TOTAL LIABILITIES, CAPITAL AND SURPLUS**: $218,920,815.15
The Pure Oil Company and Subsidiaries

CONSOLIDATED STATEMENT OF
INCOME AND SURPLUS

For the Year Ended March 31, 1926

Gross Earnings .................................................. $118,715,184.02
Costs and Operating Expenses .................................. 96,726,230.02

Net Operating Earnings ......................................... $ 21,988,954.00
Add—Non-Operating Profits ...................................... 2,812,771.86

Total Income ..................................................... $ 24,801,725.86

Deduct:
Taxes, including Federal Income Tax ......................... $ 2,391,932.20
Interest and Discount on Notes ............................... 1,144,654.34

Net Income Available for Reserves and Surplus ............ $ 21,265,139.32

Deduct:
Reserved for Depreciation and Depletion and Abandonment of Leases ........................................ 8,342,837.41

Balance to Surplus ................................................ $ 12,922,301.91

Surplus April 1, 1925 ........................................... $ 53,128,541.02
Add—Surplus Adjustments ...................................... 58,077.07

Total Surplus at March 31, 1926 .............................. $ 59,500,899.15

We have audited the Balance Sheets of THE PURE OIL COMPANY and of its Subsidiary Companies for the fiscal year ended March 31, 1926, 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, 1926.
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