

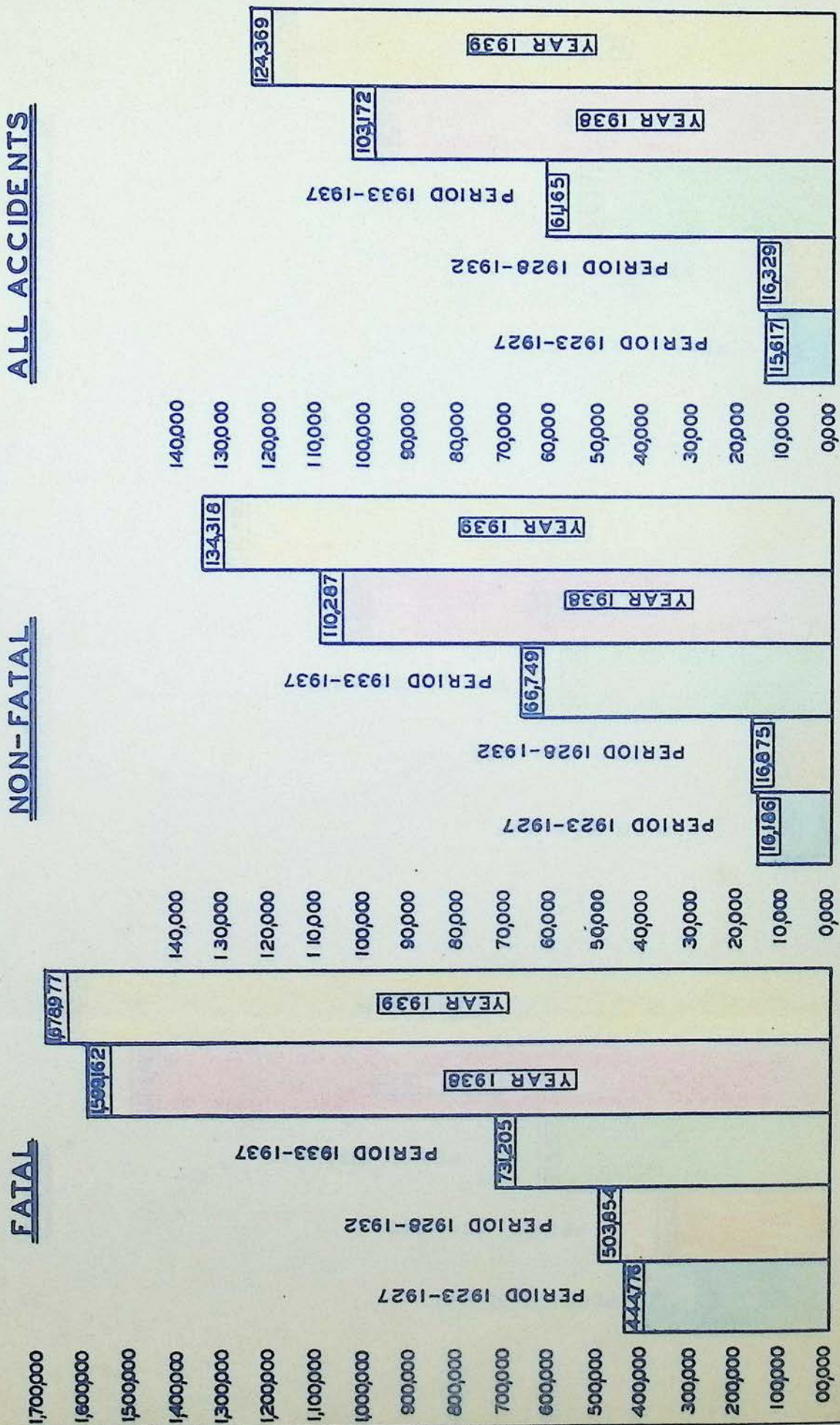


UNION PACIFIC COAL CO.

ACCIDENT PERFORMANCE - THREE 5 YEAR PERIODS-YEARS 1923-1937.

YEARS 1938 AND 1939 SHOWN SEPARATELY.

MAN-HOURS WORKED PER ACCIDENT.



ACCIDENT PERFORMANCE - THREE 5 YEAR PERIODS-YEARS 1923-1937.

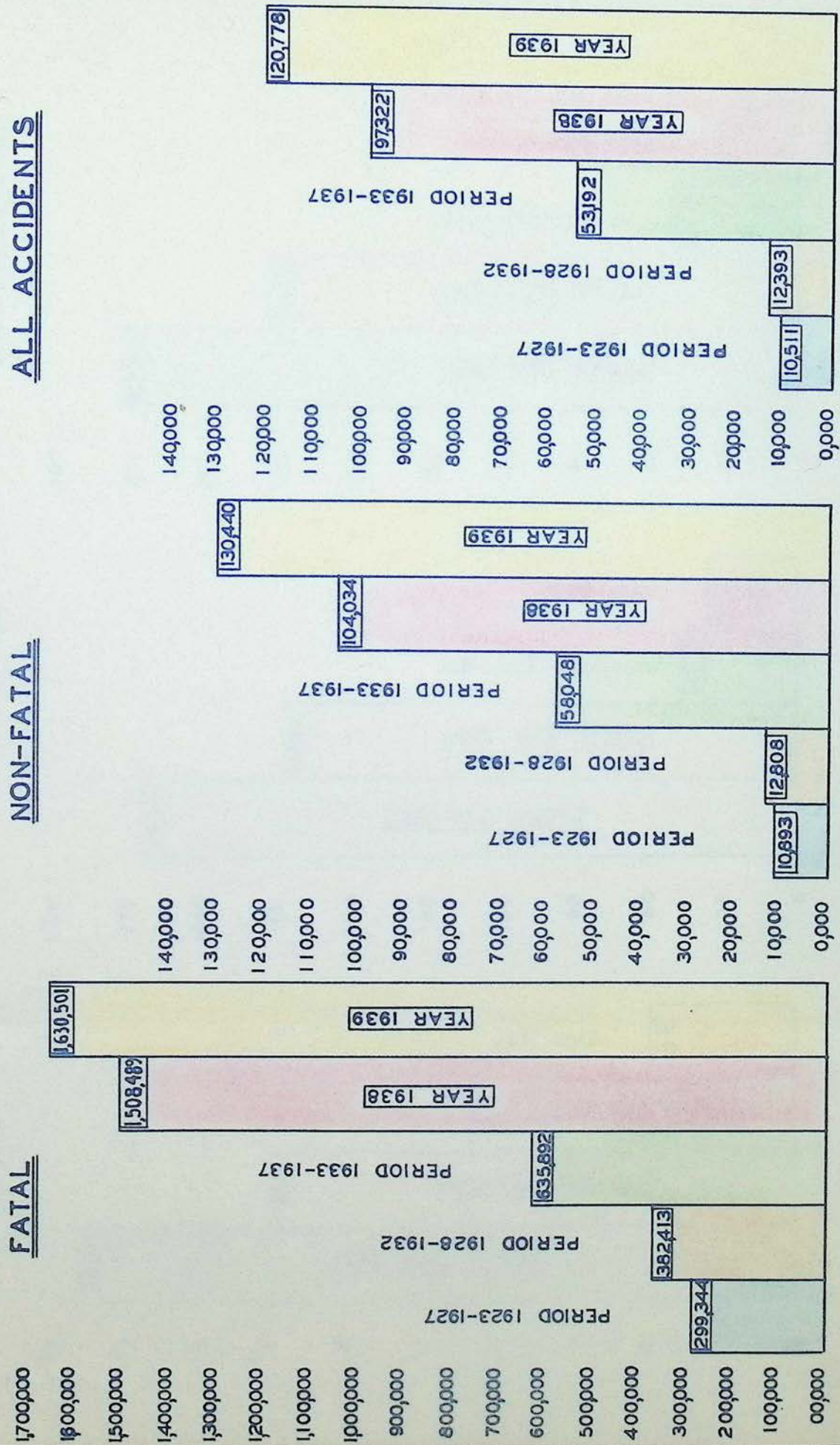
YEARS 1938 AND 1939 SHOWN SEPARATELY.

TONS MINED PER ACCIDENT

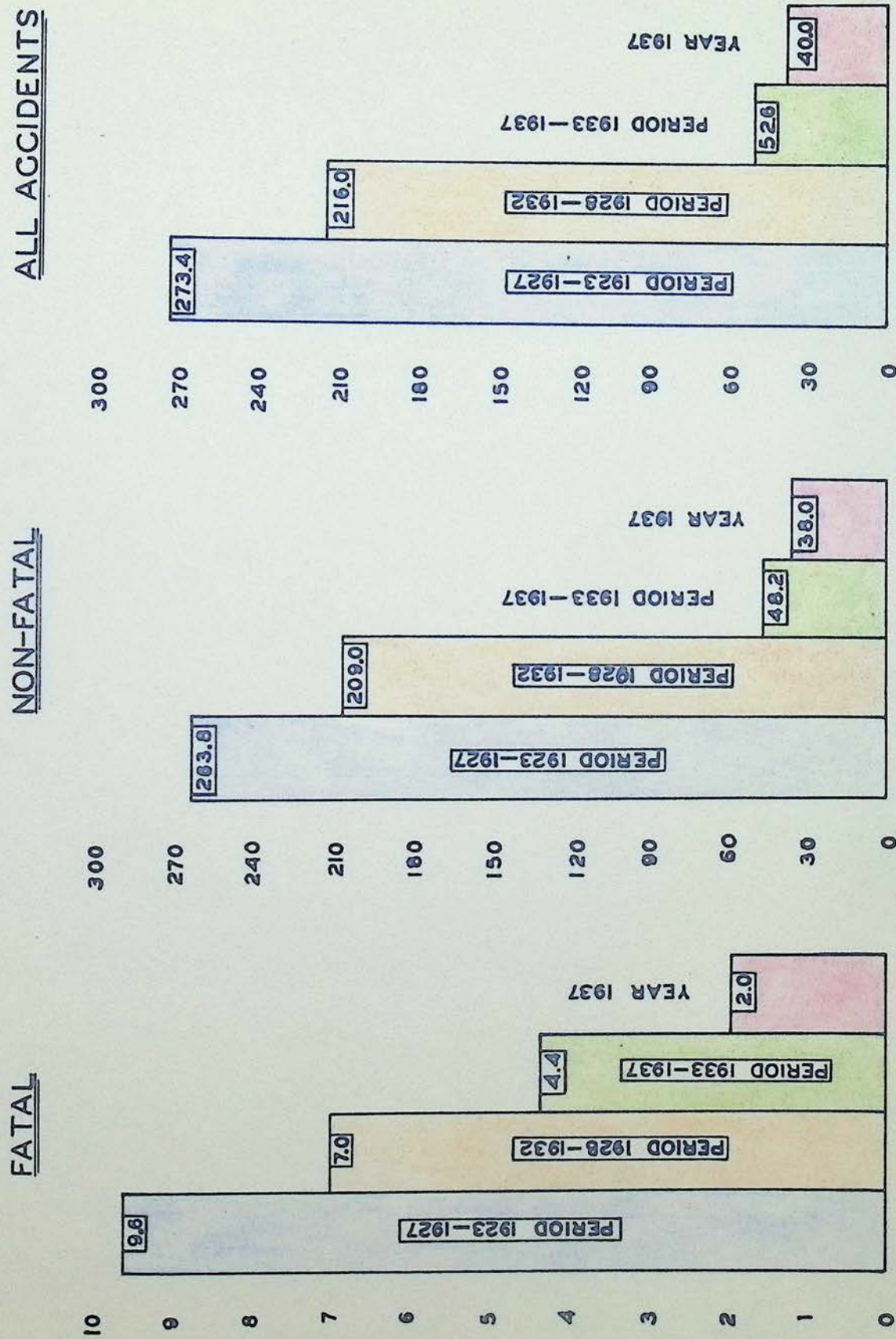
FATAL

NON-FATAL

ALL ACCIDENTS

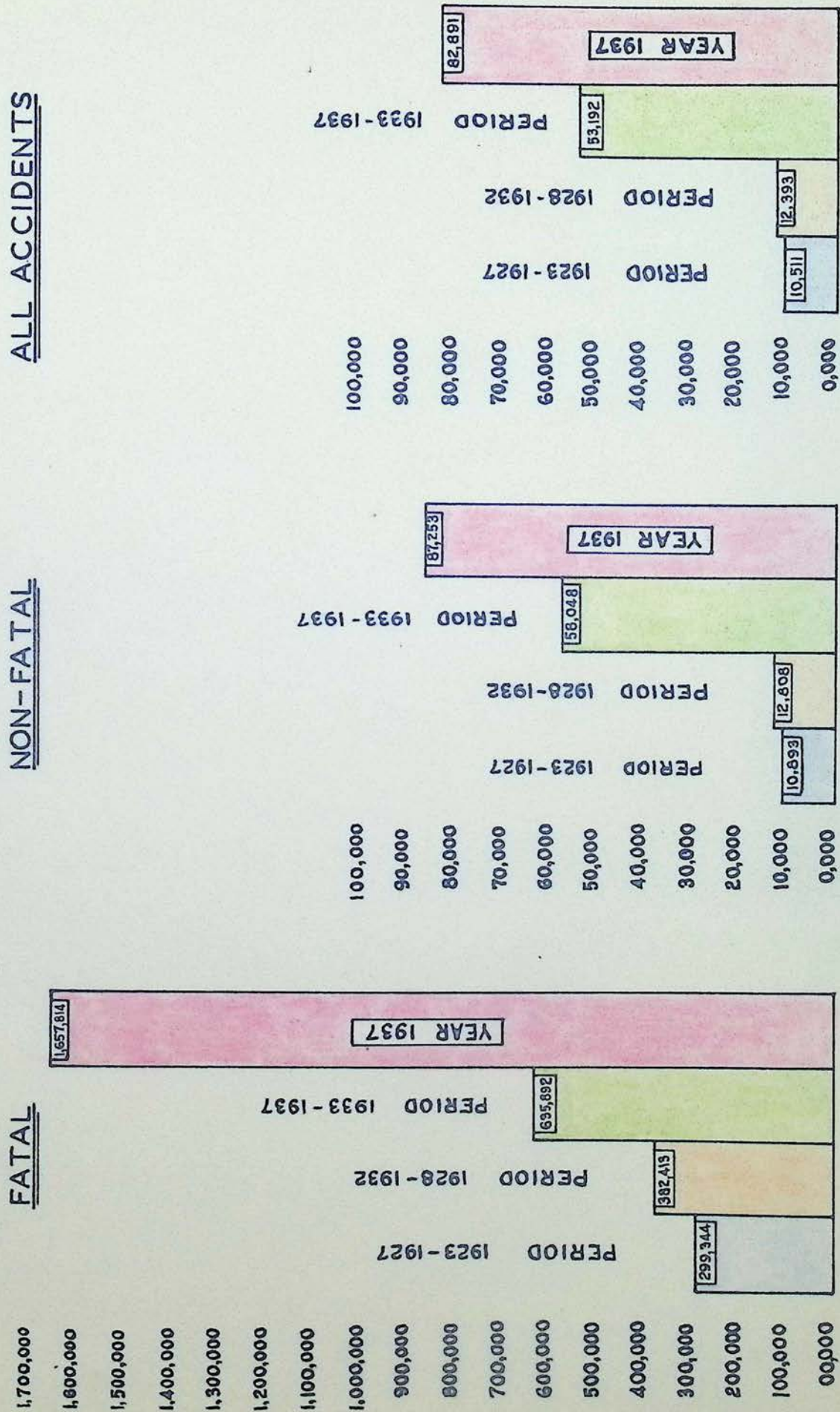


AVERAGE NUMBER OF ACCIDENTS — THREE 5 YEAR PERIODS — 1937 SHOWN SEPARATELY



ACCIDENT PERFORMANCE—THREE 5 YEAR PERIODS—YEAR 1937 SHOWN SEPARATELY

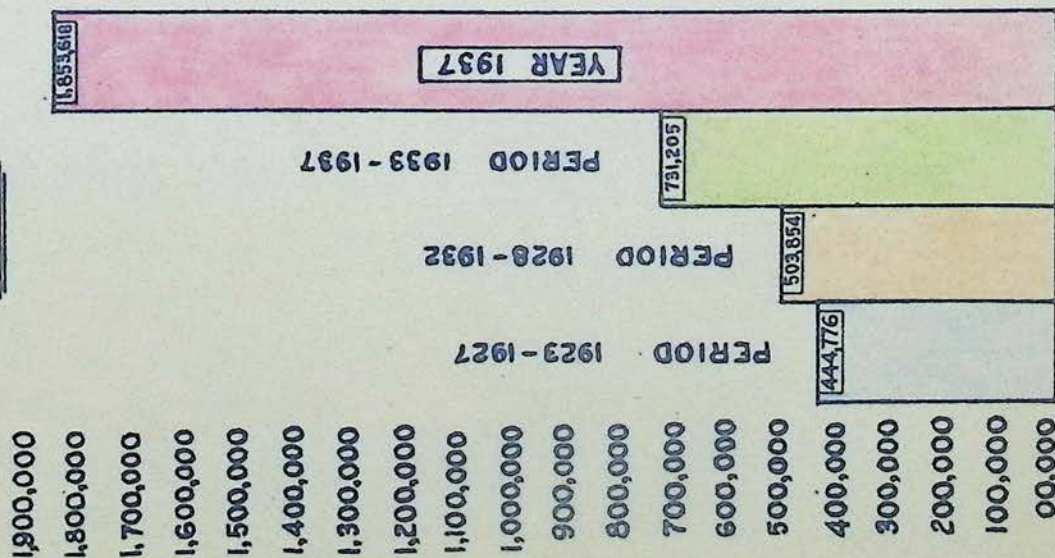
TONS MINED PER ACCIDENT



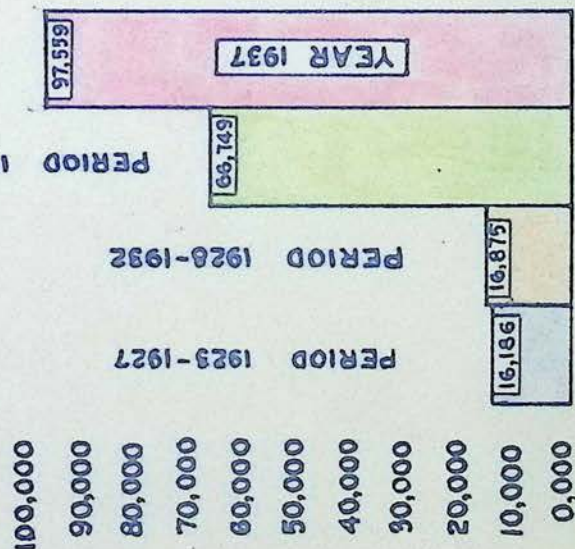
ACCIDENT PERFORMANCE—THREE 5 YEAR PERIODS—YEAR 1937 SHOWN SEPARATELY

MAN-HOURS WORKED PER ACCIDENT

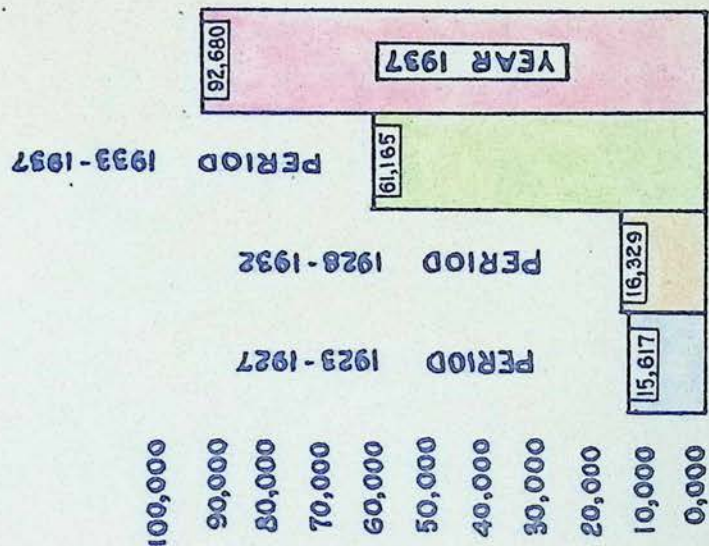
FATAL



NON-FATAL



ALL ACCIDENTS



YEAR 1943

April 8, 1944

Mr. W. M. Jeffers - President
Union Pacific Railroad Company
Omaha, Nebraska

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1943:

MINE PRODUCTION AND COSTS:

Total tons produced, average days worked, mine cost, and total cost, for the five years, 1939 to 1943, inclusive, are set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1939	3,261,003.45	157.5	\$ 1.503	\$ 1.752
1940	3,588,589.60	170.9	1.471	1.651
1941	4,276,185.60	210.4	1.573	1.806
1942	5,283,346.25	272.9	1.709	1.931
1943	6,136,041.95	341.2	1.941	2.118

The working time of the mines increased last year 68.3 days, or 25.0 percent. The output increased 852,695.70 tons, or 16.14 percent. All mines are double shifted, that is, crews for two eight-hour shifts are maintained, with the exception of "D" Mine, Superior, and No. 4 Mine, Rock Springs, which are nearing exhaustion and are under heavy cover, making double-shifting extra-hazardous. Both of these mines will be exhausted this year. Mine costs increased \$.232 per ton, and the total cost of all coal sold increased \$.187 per ton.

The following is the production by districts for the past three years:

	<u>1941</u>		<u>1942</u>		<u>1943</u>	
	<u>Tons</u>	<u>Per Cent</u>	<u>Tons</u>	<u>Per Cent</u>	<u>Tons</u>	<u>Per Cent</u>
Rock Spgs.	857,274.35	20.1	964,078.80	18.3	1,160,325.30	18.9
Reliance	938,116.90	21.9	1,209,641.90	22.9	1,396,828.30	22.8
Stansbury	-	-	-	-	53,571.75	.9
Winton	702,312.25	16.4	856,775.45	16.2	860,207.65	14.0
Superior	1,119,878.65	26.2	1,481,153.80	28.0	1,622,234.45	26.4
Hanna	658,603.45	15.4	771,696.30	14.6	1,042,674.50	17.0
TOTAL	4,276,185.60	100.0	5,283,346.25	100.0	6,136,041.95	100.0

For the year 1944, with the heavy war load carried by the railroad, it is anticipated that the demand will be such that the production should approximate 6,750,000 tons.

TAXES:

The total taxes paid during the calendar years 1942 and 1943 were as shown below:

	<u>1942</u>	<u>1943</u>	<u>Decrease</u>
Federal Taxes	\$581,962.23	\$554,604.18	\$27,358.05
Other "	366,885.45	346,418.74	20,466.71
Total	\$948,847.68	\$901,022.92	\$47,824.76

MECHANICAL LOADERS:

During 1943 our coal was 100 percent mechanically loaded.

On December 31, 1943, 220 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1943, set forth below:

Original capital investment	\$915,676.70
Depreciation to December 31, 1943	<u>483,825.91</u>
Original cost less accrued depreciation	<u>\$431,850.79</u>
Depreciation for the year 1943	\$ 67,641.37

Based on the total tonnage mined in 1943, the depreciated capital investment in loading machinery as of December 31 was 7.0 cents per ton.

TIME WORKED AND EARNINGS OF EMPLOYEES:

Since 1926, an accurate record of the earnings of all union-

ayed mine employees has been maintained, from which the following resume has been abstracted:

Year	Avg. No. Union Employees Working	Avg. Shifts Worked	Average Net Earnings		
			Per day	Per Month	Per Year
1939	2,159.7	197.9	\$ 7.17	\$ 118.25	\$1,419.00
1940	2,114.9	213.6	7.18	127.80	1,533.60
1941	2,286.2	227.8	8.05	152.84	1,834.08
1942	2,500.5	269.3	8.69	195.04	2,340.48
1943	2,662.7	305.6	9.58	243.96	2,927.52

SAFETY MEASURES:

A comparison of tons mined and man-hours worked per accident for the past twenty-one years is set forth in the following insert:

THE UNION PACIFIC COAL COMPANY

Comparison of tons mined, and total man-hours worked per Fatal, Non-fatal and All Accidents
FOUR 5-YEAR PERIODS, 1923 TO 1942, INCLUSIVE
AND YEAR 1943

Year	Tons Mined	Percent- age Loaded Mechan- ically	Number of Accidents			Tons Mined per Accident			Man-hours Worked	Man-hours per Accident		
			Fatal	Non- fatal	Total	Fatal	Non- fatal	Total		Fatal	Non- fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 yrs.	14,368,523	15.61	48	1319	1367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 yrs.	13,384,472	63.18	35	1045	1080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 yrs.	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,162	110,287	103,172
1939	3,261,003	100.00	4	23	27	815,251	141,783	120,778	3,357,955	839,489	145,998	124,369
1940	3,588,590	100.00	6	24	30	598,098	149,525	119,620	3,555,408	592,568	148,142	118,514
1941	4,276,186	100.00	5	30	35	855,237	142,536	122,177	4,162,132	832,426	138,738	118,918
1942	5,283,346	100.00	9	36	45	587,038	146,760	117,408	5,398,445	599,827	149,957	119,965
5 yrs.	19,426,103	100.00	26	142	168	747,158	136,804	115,632	19,672,265	756,626	138,537	117,097
1943	6,136,042	100.00	4	70	74	1,534,011	87,658	82,919	6,751,936	1,687,984	96,456	91,242

Although our man-hours per accident showed a considerable decrease compared with 1942, the safety results were better than expected, considering the large labor turnover, additional days worked, and number of new men employed. No First Aid Field Day was held in 1943, due to our inability to spare the time to conduct the contests.

During the twenty-one year period shown, the following sums were paid for awards to injured employees and employees' dependents through the Wyoming Workmen's Compensation Act:

<u>Period</u>	<u>Tons Coal Mined</u>	<u>Compensation Awards</u>	<u>Awards per Ton</u>
1923-27	14,366,523	\$ 254,739.46	\$.0177
1928-32	13,384,472	209,622.38	.0157
1933-37	15,989,629	212,478.38	.0162
1938-42	19,426,103	310,458.02	.0160
Yr. 1943	6,136,042	71,383.64	.0116

The payments made into the Workmen's Compensation Fund, 1943 compared with 1942, are shown below:

<u>Paid in for</u>	<u>Year 1942</u>	<u>Year 1943</u>
Workmen's Compensation	\$115,509.19	\$71,383.64
Catastrophe Insurance	16,863.11	3,805.16
Policing	1.00	1.00
Total	\$132,373.30	\$75,189.80
Decrease		\$57,183.50

The Company's credit balance in the fund was increased from \$132,308.80 as of December 31, 1942, to \$163,436.62 as of December 31, 1943, an increase of \$31,127.82. Our cost per ton for Workmen's Compensation and Catastrophe Insurance for the past five years was as follows:

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Workmen's Compensation	\$.0106	\$.0159	\$.0171	\$.0219	\$.0116
Catastrophe Insurance	.0027	.0026	.0028	.0032	.0006
Total	\$.0133	\$.0185	\$.0199	\$.0251	\$.0122

The heavy increase in wage rates necessitates a corresponding increase in the Company's credit balance in the Workmen's Compensation Fund. However, the marked increase in tons mined contributed to the substantial reduction in cost of workmen's compensation per ton mined.

Fatal Accidents per Million Tons of Coal Mined
The Union Pacific Coal Company and United States, Compared

<u>Year</u>	<u>The Union Pacific Coal Co.</u>		<u>All Bituminous Mines, U. S.</u>	
	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>
1939	4	1.23	867	2.19
1940	6	1.67	1,204	2.61
1941	5	1.17	1,071	2.09
1942	9	1.70	1,254	2.16
1943	4	.65	1,175 (Est.)	2.01 (Est.)

Expenditures for Safety Charged to Mine Costs

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1939	\$ 62,905.80	3,261,003	\$.019
1940	77,864.69	3,588,590	.022
1941	89,868.62	4,276,186	.021
1942	106,423.95	5,283,346	.020
1943	141,744.71	6,136,042	.023

Federal and State inspection agencies continued their examinations of our mines during the year, with frequent inspections by our own Safety Department. No examination was made of our mines by an outside engineer.

Our Winton No. 1 Mine worked 309,755 man-hours with one lost-time accident, and Superior "D" Mine worked the entire year without a lost-time accident, with 245,730 man-hours. These mines will be considered in awarding the Sentinels of Safety trophy.

The monthly and general safety meetings were continued during the year 1943. Cash, war bonds and war savings stamps were awarded.

MINE MATERIAL AND SUPPLIES:

The changes in value of stocks of mine material and supplies carried since December 31, 1939, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY

Material and Supplies on Hand,
December 31, Years 1939 to 1943, Inclusive

<u>Year</u>	<u>Amount</u>
1939	\$ 323,998
1940	258,944
1941	417,677
1942	529,920
1943	1,031,240

Much of the increase shown is due to larger inventories incident to increased output, and a heavy construction program, with higher cost of material used.

MERCHANDISE STORES:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, made a net profit of \$59,197.19 in 1943. As in 1942, Mr. Jefferis again experienced difficulty in obtaining merchandise for sale, and the continued supervision by OPA and other governmental agencies likewise hampered our store operations. The help situation continued to be a difficult one, as in most cases the men who have not been called into the armed forces prefer to work in the mines for the higher rate of wages paid, making it necessary to employ a number of women in our stores.

The general results for 1942 and 1943 are shown by the following:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1942	\$1,395,230	\$207,302	\$220,312	\$77,075
1943	<u>1,504,357</u>	<u>204,227</u>	<u>247,340</u>	<u>59,197</u>
Inc.	\$ 109,127	-	\$ 27,028	-
Dec.	-	\$ 3,075	-	\$17,878

Accounts Receivable, Merchandise Department, as of December 31, 1939 to 1943, inclusive, are shown in the following:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1939	\$118,059.33
1940	115,502.61
1941	112,584.73
1942	65,571.20
1943	57,234.30 (Dec. \$8,336.90)

COMMERCIAL SALE OF COAL:

Sale of coal to the Reynolds-Updike Coal Company, The Harris Coal Company, Rock Springs Fuel Company, and A. F. Cameron of Hastings, Nebraska, was continued through the year. The sale of coal at Hanna, 1939 to 1943, inclusive, is set forth below:

<u>Year</u>	<u>Tons Sold</u>	<u>Avg. Price Received</u>	<u>Avg. Total Cost</u>	<u>Profit</u>	
				<u>Per Ton</u>	<u>Amount</u>
1939	18,618.80	\$2.433	\$1.558	\$.875	\$16,291.45
1940	22,354.60	2.357	1.464	.893	19,962.66
1941	24,442.65	2.454	1.709	.745	18,209.77
1942	48,309.65	2.379	1.871	.508	24,541.30
1943	58,679.55	2.288	1.872	.416	24,410.69

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

In addition to the coal delivered to the four distributors at Hanna, as shown above, coal was sold in 1943 from our Rock Springs district mines to commercial operators for resale as fol-

lows, much of this coal shipped to the Pacific Northwest:

<u>Rock Springs District</u>	<u>1942</u> <u>Tons</u>	<u>1943</u> <u>Tons</u>
Gunn-Quealy Coal Company	5,718.60	9,274.15
Rock Springs Fuel Company		930.00
A. F. Cameron		57.65
		<u>10,261.80</u>

<u>Reliance District</u>		
Gunn-Quealy Coal Company	1,217.15	13,660.90
The Harris Coal Company	2,129.60	160.90
The Colony Coal Company		1,645.45
A. F. Cameron	52.55	
Rock Springs Fuel Company		<u>1,176.70</u>
	<u>3,399.30</u>	<u>16,643.95</u>

<u>Winton District</u>	
Gunn-Quealy Coal Company	152.20

<u>Superior District</u>		
The Colony Coal Company		5,103.85
Rock Springs Fuel Company	25,146.65	17,512.45
A. F. Cameron	103.80	302.85
Gunn-Quealy Coal Company		<u>3,399.40</u>
	<u>25,250.45</u>	<u>26,318.55</u>
TOTAL	34,368.35	53,376.50

MEASURE OF MANPOWER:

The number of mine employes in the service of the company, as of January 1, for five yearly periods follows:

<u>Year</u>	<u>Number of Men</u>	<u>Increase</u>	<u>Percent</u>
1940	2,383	-	-
1941	2,378	5 (Decrease)	0.2
1942	2,756	378	15.7
1943	2,859	476	20.0
1944	2,942	559	23.5

CAPITAL AND NON-CAPITAL EXPENDITURES:

During the year capital expenditures, and improvements charged to operating expenses, were made as follows:

<u>District</u>	<u>Capital Expenditures</u>	<u>Non-Capital Expenditures</u>
Rock Springs	\$ 34,037.22	\$ 66,144.46
Reliance	102,334.18	106,473.80
Stansbury	1,433,157.40	-
Winton	12,527.08	36,547.45
Superior	369,192.60	44,246.10
Hanna	92,979.91	70,611.34
Total	\$2,044,228.39	\$324,023.15

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1943, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

<u>Year</u>	<u>Avg. Investment During Year</u>	<u>Producing Cost, Including Depreciation and Depletion</u>	<u>Total Cost Including 5% Interest on Investment</u>
1921	\$ 16,751,316	\$2.48	\$2.83
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,027,565	2.21	2.61
1925	18,109,380	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16
1932	19,009,832	1.56	2.15
1933	18,959,995	1.38	1.94
1934	18,647,891	1.39	1.88
1935	18,634,464	1.41	1.83
1936	19,065,141	1.47	1.85
1937	19,795,047	1.54	1.93
1938	20,336,570	1.51	1.94
1939	20,554,994	1.50	1.91
1940	20,969,455	1.47	1.85
1941	21,435,232	1.57	1.90
1942	21,603,026	1.71	1.99
1943	22,606,012	1.94	2.20

ROCK SPRINGS:

All of the recoverable coal in rooms, and room and entry pillars in No. 4 Mine, will be mined early in 1944. There is a considerable tonnage of coal in the slope pillars, and a study will be undertaken to determine just how much of this coal can be safely mined from this area. It would appear that we may assume a small daily tonnage from this mine for the year 1944.

No. 8 Mine tonnage will be maintained, and No. 11 Mine tonnage will increase somewhat over 1943.

RELIANCE:

The area of recoverable coal in No. 1 Mine, No. 7½ Seam, is diminishing on account of encountering dirty coal in advanced development entries.

No. 7 Seam has shown good production for the year 1943, and production from this mine will be maintained in 1944.

The development of No. 11 Seam will continue, assuring increased production for 1944.

STANSBURY:

Work has gone ahead on this project during the year 1943. The rock tunnel was driven a distance of 3,800 feet to No. 7½ Seam which was reached November 30th, No. 3 Seam was encountered at 2,400 feet on July 29th, and No. 1 Seam was burned out. The timbering was completed in the tunnel March 15, 1944.

The tipple, shop, warehouse, and office buildings were completed in addition to the bathhouse, boarding house, and twelve modern tenements. The railroad tracks were completed with the exception of one empty-storage and two loaded-storage tracks. Modern

fan installations have been made at both mines.

A water system was installed, the supply being received from the Reliance well. A main of 17,166 feet was laid between the Reliance plant and Stansbury together with distributing system, and two 50,000-gallon storage tanks were constructed.

The production from this district now approximates 1,000 tons per day. Later in the year, when all equipment has been delivered, the production will probably reach 2,000 tons per day. The greater part of the production for several months will be from development. Stansbury produced 53,571.75 tons for the year 1943 from development in Nos. 3 and 7½ Seams driven ahead of the tunnel. This coal was hauled by trucks and dumped into railroad cars over a temporary tipple.

WINTON:

No. 3 Mine closed down on November 30, 1943, on account of all minable coal being exhausted. No. 1 and No. 7½ Mines will absorb some of the No. 3 Mine production. It is doubtful if the Winton mines will show an increased production in 1944 over 1943.

SUPERIOR:

"D" Mine continues to operate and will maintain its present production for one more year.

D. O. Clark Mine has not had as large a daily production as anticipated, a contributing factor being the large labor turnover and shortage of labor.

During 1943 a water well, test hole No. 14, was drilled about nine miles east of Superior and a good flow of excellent

water was developed. An additional hole, No. 15, was drilled in the same vicinity with a good supply of water, the quality being the same as in Well No. 14.

In August, 1943, a contract was entered into for the construction of approximately nine miles of cast iron main of six inches and eight inches in diameter, with three concrete storage tanks of 60,000-gallon capacity each, and one concrete storage tank of 100,000-gallon capacity, together with concrete pumping station and power line. The wells have been equipped with Byron-Jackson deep well submersible pumps. The pumping station has been equipped with three centrifugal pumps, two operating with one standby.

It was also necessary to install approximately 12,000 feet of cast iron main on "B", "C", and "D" Camps, replacing wooden main put in service from 1908 to 1913 and is no longer serviceable. On account of severe weather, this work was discontinued in December, 1943, and will be completed by June 30, 1944. In addition to supplying water for our own operations, water will be sold to the Union Pacific Railroad Company, Rock Springs Fuel Company, the Town of South Superior, and the Federal Housing Project at Paulsen Place.

HANNA:

Development in No. 4-A Mine has been well maintained during the year. The new tibble installation completed during 1943 is working out very satisfactorily.

Production from pillars along 2 North Entry, No. 4 Mine

started in 1943, will be completed by June, 1944. This mine will then be abandoned, and the tibble dismantled.

GENERAL:

There were no fires inside the mines from any cause during the year.

Tenement No. 104 at Winton was damaged by fire, the cause of which apparently was an overheated stove.

Fire caused the complete destruction of tenements Nos. 109, 110, 132, 133, and 134 at Hanna on November 27th, the cause of which is undetermined.

We continued to maintain the system of guarding our properties. On December 4, 1943, we took off twenty-five watchmen, believing it would be no longer necessary to maintain such a large force. We feel that the cutting down of our force has had no adverse effect.

The payroll deduction plan for the purchase of United States War Savings Bonds by our employees has been continued during the year. It has taken a great deal of work to keep this system effective. As of December 31, 1943, there were 1,673 employees purchasing bonds regularly through this plan, and during the year a total of 28,454 bonds were so purchased at a total purchase price of \$651,437.50. Since the inception of this plan in July, 1941, our employees have purchased 42,084 bonds at a purchase price of \$970,637.50, with a maturity value of \$1,290,950.00. The payroll deduction system of purchasing bonds has become quite well established and is working much better than formerly.

SCRAP:

During the year 1943, we loaded and shipped scrap metal as follows:

Iron	564.75 gross tons
Copper & brass	34,394 pounds

LABOR:

The labor situation remains a difficult problem. During the calendar year 1943, we employed 3,265 men, 3,182 quitting our service. At the end of the year 1943, we had 2,942 employees.

Including December, 1943, we had lost 720 of our employees who had joined the armed forces of the United States, 176 leaving our service for that purpose during the year 1943. These men, of course, represent young men, many of them trained on the properties and skilled in their several occupations. The men replacing them, with few exceptions, have had very little, if any, mining experience and are not fitted for mining work. Many of them are inefficient, with an entire lack of responsibility to either the employing company or the war effort.

During the year we recruited men from Wyoming, Colorado, Iowa, Missouri, Arkansas, Kansas, Illinois, and Indiana, having as many as four recruiters employed at one time. This work is still being continued. All of our men are employed through the United States Employment Service offices in the several states in which we recruit. Negotiations for recruitment are being carried on through the Regional Manager of the War Manpower Commission in Denver, Mr. John R. McCusker. The following is a statement of expenses for 1942 and 1943 for this purpose:

	<u>Year 1942</u>	<u>Year 1943</u>
Cash advanced for tickets and meals	\$16,555.54	\$34,625.72
Cost of advertising for mine workers, and doctors' fees for physical ex- aminations	1,881.08	7,449.64
Salaries of recruiters, including expenses	5,026.85	15,768.96
Refunds account continuous service of one year	-	2,478.19
	<u>\$23,463.47</u>	<u>\$60,322.51</u>
Less:		
Collections on payrolls from earn- ings of employes	<u>9,132.17</u>	<u>26,720.65</u>
Net Cost	\$14,331.30	\$33,601.86

While it is causing us considerable expense to carry on this program, there is apparently no other method of obtaining new employes and the expenses for this probably will increase during the year 1944. In fact, the labor situation each year gets more difficult with the restrictions placed upon our recruiters by the United States Employment Service in the states where we must employ labor.

The following is a comparison of women in our employment in 1943 compared with 1942, showing the occupations in which they are engaged:

are engaged:	<u>A p p r e n t i c e s</u>						<u>Slate Pickers on Tipple</u>		<u>Total</u>	
	<u>Machinists</u>		<u>Electricians</u>		<u>Welders</u>		<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>
	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>	<u>1942</u>	<u>1943</u>
Rock Springs	3	4	3	3			5	10	11	17
Reliance	2	3	2	1	2	1	4	9	10	14
Winton	1	1	1	1			5	10	7	12
Superior	1	2	1	2	1	1	6	13	9	18
Hanna	<u>1</u>	<u>6</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12</u>	<u>16</u>	<u>13</u>	<u>22</u>
Total	8	16	7	7	3	2	32	58	50	83

The women employes continue to do a good job. On the tipples we find them much more reliable than men whom we formerly employed at this work.

The mines operated steadily during the year with the exception of twelve days, June 1-6, inclusive, June 21-23, inclusive, and November 1-3, inclusive, when all mines were shut down on account of the failure to reach an agreement in the Appalachian field. These strikes caused a loss of production of about 276,489 * tons.

About fifty men on the night shift were involved in a strike, December 13-18, inclusive, at the Stansbury mine, not then producing coal, but which was getting ready to put a new tippie and other equipment into operation. Five men were discharged, including Verne Sather, President of the local union, Walter Matson, Financial Secretary, Jack Lebar, Recording Secretary, and Anton Starman and Chester Spicer, who were active in preventing the men from going to work.

ABSENTEEISM :

Absenteeism continues to grow, and in spite of frequent talks at our safety meetings and personal contact by our officials, nothing apparently appeals to our employes in the way of cutting down their absence from work. With the higher earnings from the new wage agreement, absenteeism will continue to increase during the year 1944. This can be understood by comparing the following table which shows the absenteeism for all districts during the last six months of 1942 and for the entire year of 1943:

* Per EMSA memorandum 11-13-43
Part 3, Root operation file 070-1

<u>Month</u>	<u>1942</u>	<u>Total Absentees</u>
July		3,974
August		3,404
September		3,605
October		5,053
November		7,902
December		<u>8,093</u>
Total, Last Half 1942		32,031

<u>Month</u>	<u>Absentees</u>	<u>Month</u>	<u>Absentees</u>
January	9,669	July	10,748
February	9,040	August	12,420
March	9,571	September	11,372
April	10,123	October	12,555
May	11,629	November	10,959
June	<u>7,722</u>	December	<u>9,895</u>
Total, First Half 1943	57,954	Total, Last Half 1943	67,949
		Total, Year 1943	125,903

Lack of efficiency continues, as indicated by the following statement for the years 1941, 1942 and 1943. It will be understood that for the years 1941 and 1942 our employees worked seven hours per day, and for 1943 seven hours per day until November 15, when an eight-hour day went into effect; the average work-day for the year 1943 was 7.117 hours.

	<u>1941</u>	<u>1942</u>	<u>1943</u>
Total Man Shifts	520,797	673,203	813,672
Total Tons Mined	4,271,628.45*	5,283,346.25	6,136,041.95**
Tons Mined per Man Shift	8.20	7.85	7.54
Decrease in tons mined per man shift compared with previous year		.35	.31
Per cent decrease		4.3	3.9

* Does not include 4,557.15 tons mined from No. 11 Seam, Reliance, while under construction.

** Includes 53,571.75 tons loaded from Stansbury mine while under development.

VACATIONS:

The following is a statement of vacation payments for the years 1941, 1942, and 1943, which shows a very considerable increase for the year 1943 compared with 1941 and 1942:

	<u>1941</u>	<u>1942</u>	<u>1943</u>
Vacation Pay	\$35,980	\$37,520	\$87,300
Man-shifts	520,797	673,203	813,672
Cost per man-shift	\$.069	\$.056	\$.107

TENEMENTS:

The housing situation continued to be a pressing one.

We continued to rehabilitate our boarding houses and other available buildings for the accommodation of single men, and in order to help the general situation, we constructed fifty 2-room apartments. We also completed the construction of thirty 4-room and six 5-room modern houses at Superior, six 5-room modern houses at Hanna, and twelve modern houses at Stansbury, together with one boarding house at Stansbury, fully equipped to take care of fifty single employees.

In December, we started the remodeling of twenty additional automobile box cars at Reliance. During the early part of 1944, ten box cars were remodeled at Hanna and twenty at Superior. In addition to this, the Federal Housing Agency is constructing seventy semi-modern houses at Superior. Some of these will be completed during the early part of 1944 and the remainder probably by June, 1944. Further, the Federal Government is constructing in the southerly part of Rock Springs seventy-six modern houses. The Superior Lumber Company also has an application in to build twelve modern houses. There are sixty-five conversions being made on private properties in Rock Springs, the Government taking a seven-

year lease and paying all the expense of conversion into apartments and at the end of a seven-year period, the houses will probably be returned to the owners. We plan to construct fifty additional houses at Stansbury in 1944. All this construction should help the housing situation.

The following statement shows the expenditures for maintenance of tenements for the past five years:

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
No. of houses	1,109	1,109	1,104	1,326	1,435
Cost of Main- tenance	\$50,778.13	\$47,301.71	\$65,813.64	\$171,339.63	\$106,194.77
Avg. Cost per House	54.80	42.65	59.62	129.22	74.00

The high cost of maintenance of tenements in 1943 was due in a measure to the high cost of repairs to box cars, which have exceedingly hard service, also to the fact that cost of the furnishings for box cars and two-room apartments are included.

With regard to the furnishing of box cars for the families whom we ship in, the following is a statement of the expenses and collections incurred during the year for this property. It should be noted that Rock Springs shows a credit which was adjusted in January, 1944.

	<u>Box Car Furnish- ings</u>	<u>2-room Apt. Furnish- ings</u>	<u>Total Cost</u>	<u>Less: Rent Received</u>	<u>Net Cost</u>
Rock Spgs.	\$1,004.15	\$ -	\$1,004.15	\$4,310.17	\$3,306.02
Reliance	3,057.27	3,576.64	6,633.91	1,810.15	4,823.76
Winton	2,727.46	1,380.47	4,107.93	2,383.39	1,724.54
Superior	3,773.31	5,409.21	9,182.52	7,446.16	1,736.36
Hanna	6,760.29	-	6,760.29	1,532.66	5,227.63
Total	\$17,322.48	\$10,366.32	\$27,688.80	\$17,482.53	\$10,206.27

COMMUNITY COUNCILS:

The Community Councils have continued operating during the year and seemed to answer the community needs.

BOY AND GIRL SCOUTS:

Boy and Girl Scout work continued along about the same lines as formerly. However, we had some difficulties in getting leadership on account of so many of our leaders going into the armed forces.

ENGINEERING SCHOLARSHIP:

We had no contest for engineering students in 1943, and we have no student at present at any of the colleges; Robert Haueter, John Dasovich and Vernon Gras being in the active service of the United States Army.

OLD TIMERS' REUNION:

The annual reunion of the Old Timers' Association was not held on account of our inability to take time to have the celebration.

EMPLOYEES' MAGAZINE:

The Employees' Magazine continued to function during the year 1943.

POWER PLANTS:

The Rock Springs power plant continued to operate very satisfactorily during 1943, although heavily loaded. The total production for the year was 62,708,000 KWH, an increase of 4,521,000 KWH, or 7.77 percent, over the previous year. The highest peak load was 15,000 KW, which occurred November 20th, while the highest 60-minute peak was 12,000 KWH. The maximum 24-hour output was 195,000 KWH on November 19th and December 11th, while the greatest monthly production was that in March, 5,750,000 KWH.

The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1939</u> <u>KWH</u>	<u>1940</u> <u>KWH</u>	<u>1941</u> <u>KWH</u>	<u>1942</u> <u>KWH</u>	<u>1943</u> <u>KWH</u>
Used for plant auxiliaries and boiler room	5,187,500	5,842,900	4,340,840	4,338,200	4,374,610
Used at No. 6 Wells	703,254	703,500	706,900	702,200	693,300
Sold to So. Wyo. Utilities Co.	10,639,922	10,950,007	12,574,855	15,149,109	15,459,405
Used at UP Coal Co's. Mining Districts	<u>26,400,726</u>	<u>28,457,688</u>	<u>30,764,066</u>	<u>35,424,885</u>	<u>39,936,394</u>
Total Distributed	42,931,402	45,954,095	48,386,661	55,614,394	60,463,709
Transmission losses	<u>2,479,598</u>	<u>3,022,905</u>	<u>2,621,339</u>	<u>2,572,606</u>	<u>2,244,291</u>
Total Generated	45,411,000	48,977,000	51,008,000	58,187,000	62,708,000

The production from the Hanna Power Plant showed an increase of 8.67 percent over the previous year. The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1939</u> <u>KWH</u>	<u>1940</u> <u>KWH</u>	<u>1941</u> <u>KWH</u>	<u>1942</u> <u>KWH</u>	<u>1943</u> <u>KWH</u>
Mine Department	3,835,900	3,467,200	4,536,100	5,333,950	5,933,650
Commercial	<u>1,068,400</u>	<u>1,156,700</u>	<u>1,167,000</u>	<u>1,268,550</u>	<u>1,271,450</u>
Sub-total	4,904,300	4,623,900	5,703,100	6,602,500	7,205,100
Used for power plant and boiler plant auxili- aries	<u>1,261,650</u>	<u>1,219,700</u>	<u>1,317,600</u>	<u>1,505,200</u>	<u>1,605,800</u>
Total Generated	6,165,950	5,843,600	7,020,700	8,107,700	8,810,900

No transmission losses are taken into account at Hanna, as all meters are located at the bus bars in the power plant. Commercial kilowatt hours cover power sold and power used by all departments other than the mine department.

PENSIONERS:

The following statement shows the number of pensioners on the rolls and the cost of pensions for the past five years:

	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
Number pensioners on roll Jan. 1	59	58	54	54	53
No. added during year	6	-	3	-	-
No. died during year	7	4	3	1	8
Total cost of pen- sions for year	\$34,241.31	\$31,479.19	\$30,202.13	\$30,906.86	\$28,944.79

There were 45 pensioners on the rolls as of January 1, 1944.

Respectfully submitted,

Original Filed
EUGENE MAULIFFE

President

YEAR 1942

April 12, 1943

Mr. W. M. Jeffers - President
Union Pacific Railroad Company
Omaha, Nebraska

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1942:

MINE PRODUCTION AND COSTS:

Total tons produced, average days worked during the year, mine cost, and total cost, for the five years, 1938 to 1942, inclusive, are set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1938	3,016,977.85	150.6	\$ 1.510	\$ 1.731
1939	3,261,003.45	157.5	1.503	1.752
1940	3,588,589.60	170.9	1.471	1.651
1941	4,276,185.60	210.4	1.573	1.806
1942	5,283,346.25	272.9	1.709	1.931

The working time of the mines increased last year 62.5 days, or 29.7 percent. The output increased 1,007,160.65 tons, or 23.55 percent. All mines are double shifted, that is, crews for two 7 hour shifts are maintained. Mine costs increased \$.136 per ton, and the total cost of all coal sold increased \$.125 per ton.

The following is the production by districts for the past three years:

	<u>1940</u>		<u>1941</u>		<u>1942</u>	
	<u>Tons</u>	<u>Per Cent</u>	<u>Tons</u>	<u>Per Cent</u>	<u>Tons</u>	<u>Per Cent</u>
Rock Springs	785,986.20	21.9	857,274.35	20.1	964,078.80	18.3
Reliance	766,024.90	21.3	938,116.90	21.9	1,209,641.90	22.9
Winton	572,047.70	16.0	702,312.25	16.4	856,775.45	16.2
Superior	919,658.55	25.6	1,119,878.65	26.2	1,481,153.80	28.0
Hanna	544,872.25	15.2	658,603.45	15.4	771,696.30	14.6
TOTAL	3,588,589.60	100.0	4,276,185.60	100.0	5,283,346.25	100.0

For the year 1943, with the heavy war load carried by the railroad, it is anticipated that the demand will be such that the production should approximate 6,500,000 to 7,000,000 tons.

TAXES:

The total taxes paid during the calendar years 1941 and 1942 were as shown below:

	<u>1941</u>	<u>1942</u>	<u>Increase</u>
Federal Taxes	\$488,858.16	\$581,962.23	\$ 93,104.07
Other Taxes	<u>342,901.99</u>	<u>366,885.45</u>	<u>23,983.46</u>
Total	\$831,760.15	\$948,847.68	\$117,087.53

MECHANICAL LOADERS:

During the year 1942, the percentage of coal mechanically loaded was 100.0 percent. On December 31, 1942, 203 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1942, set forth below:

Original capital investment	\$ 764,961.48
Depreciation to December 31, 1942	<u>430,722.04</u>
Original cost less accrued depreciation	<u>\$ 334,239.44</u>
Depreciation for the year 1942	\$ 44,411.91

Based on the total tonnage mined in 1942, the depreciated capital investment in loading machinery as of December 31 was 6.3 cents per ton.

TIME WORKED AND EARNINGS OF EMPLOYEES:

Since 1926, an accurate record of the earnings of all unionized mine employees has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Avg. Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	208.5	\$9.43	\$163.76	\$1,965.12
1927	1,781.8	228.8	9.02	171.82	2,061.84
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	183.9	5.92	90.73	1,088.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,338.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,240.8	215.6	6.85	123.09	1,477.08
1938	2,169.8	186.3	7.11	110.42	1,325.04
1939	2,159.7	197.9	7.17	118.25	1,419.00
1940	2,114.9	213.6	7.18	127.60	1,533.60
1941	2,286.2	227.8	8.05	152.84	1,834.08
1942	2,500.5	269.3	8.69	195.04	2,340.48

SAFETY MEASURES:

Our accident prevention work was continued without abatement, a slight increase in man-hours of exposure per lost-time accident occurring in 1942, equal to 0.88 percent.

The comparison for the twenty years separated into four periods of five years each is set forth in the insert following:

THE UNION PACIFIC COAL COMPANY

Comparison of tons mined, and total man-hours worked per Fatal, Non-fatal and All Accidents

FOUR 5-YEAR PERIODS, 1923 TO 1942, INCLUSIVE

Year	Tons Mined	Percent- age Loaded Mechan- ically	Number of Accidents			Tons Mined per Accident			Man-hours Worked	Man-hours per Accident		
			Fatal	Non- fatal	Total	Fatal	Non- fatal	Total		Fatal	Non- fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 yrs.	14,368,523	15.61	48	1319	1367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 yrs.	13,384,472	63.18	35	1045	1080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 yrs.	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,162	110,287	103,172
1939	3,261,003	100.00	4	23	27	815,251	141,783	120,778	3,357,955	839,489	145,998	124,369
1940	3,588,590	100.00	6	24	30	598,098	149,525	119,620	3,555,408	592,568	148,142	118,514
1941	4,276,186	100.00	5	30	35	855,237	142,536	122,177	4,162,132	832,426	138,738	118,918
1942	5,283,346	100.00	9	36	45	587,038	146,760	117,408	5,398,445	599,827	149,957	119,965
5 yrs.	19,426,103	100.00	26	142	168	747,158	136,804	115,632	19,672,265	756,626	138,537	117,097

During the twenty-year period shown, there were paid for awards to injured employes and employes' dependents through the Wyoming Workmen's Compensation Act, the following sums:

Period	Tons Coal Mined	Compensation Awards	Awards per Ton
1923-27	14,368,523	\$ 254,739.46	\$.0177
1928-32	13,384,472	209,622.38	.0157
1933-37	13,989,629	212,478.38	.0152
Yr. 1938	3,016,978	30,257.06	.0100
Yr. 1939	3,261,003	34,676.02	.0106
Yr. 1940	3,588,590	57,041.94	.0159
Yr. 1941	4,276,186	72,973.81	.0171
Yr. 1942	5,283,346	115,509.19	.0219

The payments made into the Workmen's Compensation Fund, 1942 compared with 1941, are shown below:

<u>Paid in for</u>	<u>Year 1941</u>	<u>Year 1942</u>
Workmen's Compensation	\$72,973.81	\$115,509.19
Catastrophe Insurance	12,041.38	16,863.11
Policing	1.00	1.00
Total	\$85,016.19	\$132,373.30
Increase		\$ 47,357.11

The Company's credit balance in the fund was increased from \$86,821.00 as of December 31, 1941, to \$132,308.80 as of December 31, 1942, an increase of \$45,487.80. Our cost per ton for Workmen's Compensation and Catastrophe Insurance for the past five years was as follows:

	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
Workmen's Compensation	\$.0100	\$.0106	\$.0159	\$.0171	\$.0219
Catastrophe Insurance	.0027	.0027	.0026	.0028	.0032
Total	\$.0127	\$.0133	\$.0185	\$.0199	\$.0251

The sharp increase in wage rates adds to compensation payments, as does the increase in tonnage mined. As has been shown, the Company's credit balance in the fund was increased an amount slightly below the increase shown above. The catastrophe insurance fund having now attained the statutory limit of \$200,000, further payments into same have been suspended.

Comparison of Fatal Accidents per Million Tons of Coal Mined,
The Union Pacific Coal Company and United States, Compared,
Twenty Yearly Periods

<u>Year</u>	<u>The Union Pacific Coal Co.</u>		<u>All Bituminous Mines, U. S.</u>	
	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>
1923	16	4.94	1,953	3.46
1924	11	3.90	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.88	2,065	3.60
1927	7	2.55	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.92	1,705	3.19
1930	8	2.76	1,619	3.46

Year	<u>The Union Pacific Coal Co.</u>		<u>All Bituminous Mines, U. S.</u>	
	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>	<u>Fatalities</u>	<u>Fatalities per Million Tons</u>
1931	6	2.45	1,080	2.63
1932	1	.49	958	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.67
1935	8	2.77	968	2.60
1936	6	1.83	1,098	2.52
1937	2	.60	1,198	2.68
1938	2	.66	880	2.52
1939	4	1.23	867	2.19
1940	6	1.67	1,204	2.61
1941	5	1.17	1,071	2.09
1942	9	1.70	1,191 (Est.)	2.07 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1942, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs for Twenty Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,981.08	3,241,105	\$.022
1924	152,754.18	2,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055
1927	88,880.00	2,750,430	.032
1928	98,374.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034
1931	70,830.24	2,453,527	.029
1932	57,591.39	2,045,270	.028
1933	51,416.84	2,097,558	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,887,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019
1938	57,622.92	3,016,978	.019
1939	62,905.80	3,261,003	.019
1940	77,864.69	3,588,590	.022
1941	89,868.62	4,276,186	.021
1942	106,423.95	5,283,346	.020

On account of the numerous inspection agencies, both State and Federal, repeatedly examining our properties, and also because of the war situation, no examination was made of our mines by an outside engineer during the year.

The annual First Aid Field Day was held Friday, June 19th, at Rock Springs, with the usual teams from all districts competing. The winners were:

Men's Teams

Superior D. O. Clark, first
Winton Nos. 3 & 7 $\frac{1}{2}$, second
Superior "D", third

Senior Girl Scout Teams

Superior, first
Hanna, second
Reliance, third

Junior Girl Scout Teams

Superior, first
Reliance, second
Winton, third

Boy Scout Teams

Superior, first
Hanna, second
Reliance, third

The United States Bureau of Mines awarded to Winton No. 1 Mine a certificate of honorable mention in the National Safety Competition, the citation thereon reading as follows:

CERTIFICATE
OF HONORABLE MENTION
Awarded By
THE UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

To

THE WINTON NO. 1 MINE

Winton, Wyoming

of The Union Pacific Coal Company

In Accordance with the Rules Governing the
NATIONAL SAFETY COMPETITION

For Having Operated 287,450 Man-Hours With an
Accident-Severity Rate of NO Days Lost for Each
Thousand Man-Hours Worked During the Calendar Year 1941

Monthly Safety meetings were held in all districts as in the past, and cash and novelty prizes awarded similarly, with the exception that on and after the month of October, War Savings Stamps were substituted for the usual novelty prizes.

The two general Safety meetings were held as usual, with the exception that, because of the war conditions, it was impossible to give away an automobile as in the past, so a \$1,000 Series G War Bond was given at each meeting in its place, and smaller bonds were substituted for the usual cash prizes.

MINE MATERIAL AND SUPPLIES:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY
Material and Supplies on Hand, December 31,
Years 1923 to 1942, Inc.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1923	\$ 586,341	1933	\$ 187,267
1924	418,797	1934	192,586
1925	339,313	1935	208,278
1926	267,095	1936	264,269
1927	253,075	1937	336,555
1928	265,130	1938	271,289
1929	273,036	1939	323,998
1930	255,064	1940	258,944
1931	239,052	1941	417,677
1932	196,792	1942	529,920

Much of the increase shown is due to larger inventories incident to increased output, with higher cost of material used.

MERCHANDISE STORES:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a net profit of \$77,074.84 in 1942. The general results for 1941 and 1942 compared are shown by the following:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1941	\$1,192,235	\$ 217,319	\$201,739	\$68,913
1942	<u>1,395,230</u>	<u>207,302</u>	<u>220,312</u>	<u>77,075</u>
Inc.	\$ 202,995	-	\$ 18,573	\$ 8,162
Dec.	-	\$ 10,017	-	-

The outlook from a profit standpoint for the year 1943 is not encouraging. First, there is the difficulty of obtaining adequate stocks of merchandise, the rationing of many staple articles, the restrictions on credit. Articles such as furniture, radios, electrical appliances, washing machines, refrigerators, which formerly found a ready sale and constituted a large part of our store merchandising operations, have been practically cut off, and we will obtain no revenue from this source. There will be a further continuance of restrictive regulations by the OPA and other Governmental agencies, which take up much of the time of the staff, and the continual changes in these regulations will make the year 1943 a most trying one for Mr. Jefferis and his staff in the respective stores. A material reduction in sales and in net revenues is anticipated. It is difficult, also, to secure suitable help. Many have gone into defense industries, and a number have been inducted into the armed forces of the United States.

Accounts Receivable, Merchandise Department, as of December 31, 1936 to 1942, inclusive, are shown in the following:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1936	\$110,356.13
1937	120,990.23
1938	94,980.72
1939	118,059.33
1940	115,502.61
1941	112,584.73
1942	65,571.20 (Decrease - \$47,013.53)

COMMERCIAL SALE OF COAL:

Sale of coal to the Reynolds-Updike Coal Company, The Harris Coal Company, Rock Springs Fuel Company, and A. F. Cameron of Hastings, Nebraska, was continued through the year. The sale of coal at Hanna, 1937 to 1942, inclusive, is set forth below:

<u>Year</u>	<u>Tons Sold</u>	<u>Avg. Price Received</u>	<u>Avg. Total Cost</u>	<u>Profit</u>	
				<u>Per Ton</u>	<u>Amount</u>
1937	30,410.50	\$2.556	\$1.472	\$1.084	\$32,964.98
1938	23,833.80	2.632	1.543	1.089	25,955.00
1939	18,618.80	2.433	1.558	.875	16,291.45
1940	22,354.60	2.357	1.464	.893	19,962.66
1941	24,442.65	2.454	1.709	.745	18,209.77
1942	48,309.65	2.379	1.871	.508	24,541.30

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

In addition to the coal delivered to the four distributors at Hanna, as shown above, coal was sold in 1942 from our Rock Springs district mines to commercial operators for resale as follows:

<u>Rock Springs District</u>	<u>Tons 1942</u>
Gunn-Quealy Coal Company	5,718.60
<u>Reliance District</u>	
Gunn-Quealy Coal Company	1,217.15
The Harris Coal Company	2,129.60
A. F. Cameron	52.55
	<u>3,399.30</u>
<u>Superior District</u>	
Rock Springs Fuel Company	25,146.65
A. F. Cameron	103.80
	<u>25,250.45</u>
TOTAL	34,368.35

The Rock Springs district coal was turned over to the distributors for shipment to the Northwest, more particularly for the bunkering of Russian ships, and for Government war activities.

MEASURE OF MANPOWER:

The number of mine employes in the service of the company, as of January 1, for twenty-one yearly periods follows:

<u>Year</u>	<u>Number of Men</u>	<u>Reduction</u>	<u>Per Cent</u>
1923	3,674	-	-
1924	2,877	797	21.6
1925	2,830	844	23.9
1926	2,470	1,204	33.0
1927	2,111	1,563	42.5
1928	1,884	1,790	48.7
1929	1,729	1,945	52.6
1930	1,921	1,753	47.7
1931	1,822	1,852	50.4
1932	1,813	1,861	50.6
1933	1,719	1,955	53.2
1934	1,733	1,941	52.8
1935	1,869	1,805	49.1
1936	2,246	1,428	38.9
1937	2,361	1,313	35.7
1938	2,448	1,226	33.3
1939	2,336	1,338	36.4
1940	2,383	1,291	35.1
1941	2,378	1,296	35.3
1942	2,756	918	25.0
1943	2,859	815	22.2

CAPITAL AND NON-CAPITAL EXPENDITURES:

During the year capital expenditures, and improvements charged to operating expenses, were made as follows:

CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$ 361,592.37
Reliance	199,754.88
Stansbury	59,735.31
Winton	55,834.39
Superior	77,958.28
Hanna	429,988.35
Total	\$1,184,863.58

NON-CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$164,092.48
Reliance	77,183.98
Winton	45,488.14
Superior	102,437.97
Hanna	84,032.27
Merchandise Stores, all districts	6,646.00
Total	\$479,880.84

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1942, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

<u>Year</u>	<u>Avg. Investment During Year</u>	<u>Producing Cost Including Depreci- ation & Depletion</u>	<u>Total Cost In- cluding 5% Interest on Investment</u>
1921	\$ 16,751,316	\$2.48	\$2.83
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,027,565	2.21	2.61
1925	18,109,380	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16
1932	19,009,832	1.56	2.15
1933	18,959,995	1.38	1.94
1934	18,647,891	1.39	1.88
1935	18,634,464	1.41	1.83
1936	19,065,141	1.47	1.85
1937	19,795,047	1.54	1.93
1938	20,336,570	1.51	1.94
1939	20,554,994	1.50	1.91
1940	20,969,455	1.47	1.85
1941	21,435,232	1.57	1.90
1942	21,603,026	1.71	1.99

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five percent on the average yearly investment, thus bringing costs to a true basis. With an increase of \$.102 per ton in wage cost, effective April 1, 1941, labor costs are now on a substantial equality with those paid in the year 1927. To produce the heavy tonnage required by the railroad in 1942, a substantial amount of work was performed with overtime payments of 50 percent, or time and one-half. A new wage agreement doubtless carrying increases in wages is now being negotiated.

ROCK SPRINGS:

Mining conditions in No. 4 Mine continue difficult on account of heavy cover causing frequent bumps, and making it difficult to maintain tracks in the lower workings. The production from No. 4 Mine dropped to some extent during the year, this being absorbed by No. 11 Mine. We will endeavor to maintain a production of about 1,000 tons per day from this mine during 1943.

No. 11 Mine (E Plane) was reopened during the year and started producing coal on July 24th. At the present time the production is 800 to 1,000 tons per day, which will be increased. The production so far has been largely from development work, which has reached a stage where it will be possible during 1943 to obtain a substantial part of the production from wide work.

The re-opening of the mine was quite expensive, and consisted of widening entries and slopes, putting in new timber, replacing the old 30-inch gauge with 42-inch gauge track, installing new pit cars, shaking conveyors, mining machines, and new main hoist and pumping equipment. On the outside, we remodeled the tibble, putting in new dump, new pit-car scales, car haul on tibble, installing conveyor and crusher, putting in motor track from tibble to material yard, built a small shop, bathhouse, lamphouse and mine office, rehabilitated railroad tracks and railroad track scales. There was also installed a water system for the mine and tenements, the supply line laid from Reliance pumping plant to the storage tank at No. 11 Mine, a distance of 10,634 feet, consisting of 3-inch galvanized pipe, and a 60,000-gallon storage tank. In addition to this there was laid 1,054 feet of cast-iron pipe from the tank to the distribution system serving the tibble and houses. An Aerovane fan was installed to supply a sufficient volume of air for the life of this mine.

Prior to getting No. 11 Mine in operation, a total of \$29,575.17, covering preliminary work done, was charged to operations in Nos. 4 and 8 Mines, Rock Springs.

A total of 947 feet of diamond-drilling was done to test the No. 3 Seam ahead of the main slope, this drilling proving up additional coal reserves. We estimate the life of this mine at about ten years.

The present production from No. 8 Mine will be maintained during 1943, although the haul is very long, and, with the prevailing mining conditions, the production cost will remain high.

RELIANCE:

The Reliance mines have a large capacity, but production has been reduced greatly due to the prevailing shortage of mine labor. The rock tunnel to No. 11 Seam was finished early in February, and development in this seam was continued during the year, the production being all from development work. During 1943, the production from this seam, from both wide and narrow work, will show a substantial increase. All the coal reserves in No. 1 Seam were exhausted during the year, and work discontinued.

WINTON:

Development work is being maintained in the Winton mines in Nos. 1 and 7½ Seams. Coal reserves in No. 3 Seam are being rapidly exhausted, and our production will cease from this seam after the present year.

SUPERIOR:

"C" Mine was closed and abandoned May 29, 1942.

"D" Mine will continue to maintain production for the Year 1943, but all the coal reserves will be exhausted by the end of this year, and the men transferred to the D. O. Clark Mine. The life of "D" Mine has been extended by prospecting to the dip of the old workings.

Production from the D. O. Clark Mine was disappointing during 1942, largely due to our inability to secure suitable labor supply. The total production for the year was 1,141,101.15 tons, an increase of 65 percent over 1941. Every effort will be made to increase the daily production from this mine during 1943, and this can readily be accomplished if a sufficient supply of mine labor is available.

In the D. O. Clark Mine, wide and narrow work has been well balanced, and development work has been maintained. It was planned to drive a tunnel from No. 15 Seam to No. 9 Seam, but because of the difficult labor situation, we are as yet unable to commence this work. It will be necessary, however, to start this work soon, facilitating the handling of coal from No. 9 Seam.

A total of 901 feet of diamond drilling was put down to prospect further Nos. 9 and 15 Seams. The drilling in No. 9 Seam indicates we have additional coal reserves in this seam beyond those originally anticipated. The costs in the D. O. Clark Mine were satisfactory during 1942, having passed the development stage.

The water situation at Superior continues to be a serious problem. The mine water, as it rises in the old workings of "B" Mine, with probably some infiltration from old "E" Mine, even with treating, continues to be unsatisfactory, and it has been necessary to haul water to Superior in tank cars, requiring our

employees to travel to a cistern in the vicinity of the water-treating plant to obtain water for drinking and cooking, the water pumped from the mine being largely used for other household purposes.

During the year, and after a study of the water situation and recommendations made by Mr. R. G. Greene, of the Union Pacific Railroad Company, and Mr. W. T. Nightingale, Vice President and Geologist for the Mountain Fuel Supply Company, a well was started in Superior and drilled to a depth of 1,300 feet, into the Golden Wall sandstones, which were thought to be water bearing. When that depth was reached, and it was found that the sandrock was not water bearing, and, except for a small amount of water developed in the upper sandstones, the supply of which was nominal and not adapted for domestic use, this hole was abandoned. Further study was made by Mr. Greene, he recommending three possible sources of supply, as follows:

Project A. The exploration of what is geologically known as the Erickson sand at a site approximately $7\frac{1}{2}$ miles east of Superior.

Project B. An expansion of the Union Pacific Railroad Company's present producing area at Point of Rocks Station, $13\frac{1}{2}$ miles southeasterly of Superior.

Project C. The exploration of possible water-producing sands at a comparatively shallow depth in the NW $\frac{1}{4}$ of Section 13,

Township 21 North, Range 103 West, about 2 miles northwesterly of the D. O. Clark Mine.

Project C was attempted, and a well drilled about two miles northwest of the D. O. Clark Mine. This hole reached the Golden Wall sandstone, at a total depth of 995 feet, with results similar to those found in the well drilled in the town of Superior, the sands proving non-water-bearing. We are now planning to drill a test well about eight miles east of Superior, under Project A. This well will be drilled to a depth of 1,000 feet and, if water in sufficient volume and suitable for domestic use is found, it will be necessary to lay about eight miles of pipe line and to install a pumping plant at this point. If water is not found at this point, then Mr. Greene suggests Point of Rocks, Project B above, as a source of water supply, where the Railroad now obtains water for its operations. If it should be necessary to develop a source of water supply at Point of Rocks, it would prove a very expensive one, what with the difficulty of obtaining materials under present Governmental restrictions, and the high head against which the water must be pumped. Be that as it may, it will be necessary somehow to furnish a source of domestic water for the town of Superior, as the present water is so unsatisfactory that many of our employes are leaving our service because of the quality of water furnished. If we are to maintain a satisfactory labor supply, we must secure potable water.

STANSBURY MINE:

During 1942 much preliminary prospecting work was done to develop a new mine two miles north of Reliance. An extensive diamond-drilling program was undertaken, and, from May to December, 1942, 10,238 feet of drilling was done to prove the coal reserves. In the early stages of this drilling program, coal reserves in the amount of 35,111,000 tons were developed. The seams workable in part or all of the territory drilled are Nos. 3, 5, 1, 7 $\frac{1}{2}$, 7, 8, 9, and 11. Later drilling has augmented the reserves to about 35,651,000 tons. Later diamond-drilling, however, has developed some burned-out areas in Nos. 1 and 3 Seams which, while not reducing the total amount of available coal reserves, has made it somewhat more difficult to plan future development operations.

On November 4, approval for developing the mine, was received, and by the end of the year, a preliminary open cut was made, and contract was let to Maurice Haggerty for the tunnel work. The driving of this rock tunnel a distance of approximately 2,400 feet to No. 3 Seam, and an additional 1,400 feet to No. 1 Seam, a total length of 3,800 feet, will be pushed steadily during the present year. The railroad grading was completed from the South Pass Branch to the mine, a distance of 12,600 feet, and one track was laid for the hauling in of material.

Preliminary work for driving openings from the surface in Nos. 3 and 1 Seams to intersect the rock tunnel, and to provide adequate ventilation for the mine workings has been started, and the coal will be hauled by truck to the railroad. We expect to get a limited production from this mine, probably about 750 to 1,000 tons per day, by the end of the present year. During 1943, necessary mine buildings and tenements will be constructed, the railroad tracks completed, a motor line from the tunnel entrance to the tipple location will be laid, and a permanent new steel tipple built. This mine will eventually produce 5,000 tons per day, and will take the place of Nos. 4 and 8 Mines, Rock Springs, and a reduced production from Winton mines.

HANNA:

Development work at No. 4-A Mine was well maintained during the year. Two 400-h.p. motors were installed on the main L Plane hoist, new railroad yards were built, railroad tracks and track scale installed, new tipple constructed, and a rock tunnel was driven from the tipple site to intercept L Plane, a distance of 785 feet, this work all completed during the year. The entire layout has been in operation since September 9th, and is working satisfactorily, except that it was found necessary to install a secondary crusher with conveying equipment in order to handle satisfactorily the larger lumps of coal found in this area. Plans for the added crusher are under way, and this project will

be completed and in operation in the summer of 1943.

The Union Pacific Water Company installed a pipe line to furnish water for all mining operations and tenements at the new location.

A foundation was put in for a new bathhouse, mine foremen's office, and lamp house, which will be completed during the present year. Nearly all material for the construction of this building is on the ground. Concrete approaches were built for the main manway and slope, as a protection against fire.

GENERAL:

At the close of 1942, the nine mines of the Company were operating and maintaining 91.38 miles of underground trackage. A total of 57.8 miles of narrow work, that is, slopes, entries, air courses, and cross-cuts, were driven in 1942.

There were no fires inside the mines from spontaneous combustion or from other sources, during the year.

Tenement No. 333, Rock Springs, occupied by Harry James, janitor at the General Office Building, was damaged by fire the evening of December 18; the fire developed when Mr. James' daughter attempted to pour some gasoline into the kitchen stove. The daughter died the next day from burns suffered.

We have maintained special guards for the defense of the properties on account of war conditions, this working out satisfactorily, and no sabotage of any kind has been attempted. We

feel that, with the present force guarding the mines, the mining and water properties, we are adequately protected.

The payroll deduction plan for the purchase of United States War Savings Bonds by our employees was continued during the year. As of December 31, 1942, there were 1,969 employees purchasing bonds regularly through this plan, and during the year a total of 12,315 bonds were so purchased, at a total purchase price of \$277,387.50. Since the inception of this plan in July, 1941, our employees have purchased 13,729 bonds at a purchase price of \$321,375, with a maturity value of \$428,500. This does not, of course, include bonds purchased by employees independently from banks or post offices. Generally speaking, our employees have responded very well to this appeal. Many employees prefer to purchase the bonds personally, rather than to do so under the payroll allotment plan. It has taken considerable persuasion to convert some of our employees to this method of paying for their bonds.

SCRAP:

During the year 1942, scrap metal was loaded and shipped as follows:

Iron	1,227.53 gross tons
Copper, brass and bronze	16,357 pounds

LABOR:

The labor situation proved very difficult during 1942. During the year 2,691 men were hired, and 2,598 left our service,

there being 2,859 men in our employ as of the end of the year, exclusive of the general office forces.

Up to the end of 1942, a total of 544 men had left the employ of this company to enter the armed forces of the United States.

About 80 percent of our labor supply has been stable, the remaining 20 percent representing those who are "drifters." The new men being employed are, to a large extent, inefficient, and their work generally unsatisfactory. They apparently have no idea of responsibility to the job, or a desire to integrate themselves with the operations of the company.

In July, we sent Mr. W. E. Wells to Clarksville, Arkansas, to recruit men, and, when it seemed difficult to obtain new employees without paying transportation, we instituted a system of advancing transportation for new employees and their families, they to refund the amount to us. Up to the end of the year we advanced a total of \$16,555.54 for transportation, and we have re-collected during that same period \$9,132.17 of that amount. No doubt a very substantial amount of this money will not be collected, and it will be necessary to charge the loss to Operations, as many of the employees to whom we advance transportation money move on, failing to carry out their obligation. During the time Mr. Wells was in Arkansas, he shipped approximately 370 men to Wyoming.

Mr. H. J. Harrington was sent to Spokane, Washington, to Farragut, Idaho, and to the vicinity of Pittsburg, Kansas, and Mr. Wells to Leadville, Colorado, under instructions of the United States Employment Service, none of these sources developing any employes. On November 18th, Mr. Wells and Mr. Harrington were sent to Springfield, Litchfield, and Herrin, Illinois. Mr. Wells is still in Herrin and is continuing to ship a few men to Wyoming. Mr. Harrington, in November, made visits to Casper, Powell, Cody, and Worland, Wyoming, picking up a number of men, these visits made at the suggestion of the United States Employment Service. Mr. V. O. Murray was sent to Lead, South Dakota, on October 21st, with the enforced closing down of the Homestake Mine, our thought being to pick up some of those men who would be unemployed.

On October 24th, Mr. John R. McCusker, Regional Director of the War Manpower Commission, Denver, notified us that it would be necessary for us to discontinue employing men, and to withdraw Mr. Wells from Clarksville, Arkansas, Mr. Harrington from Kansas, and Mr. Murray from South Dakota. Mr. Murray had located quite a number of men, but we were not allowed to employ them, Mr. McCusker stating they were needed for other critical war industries. Since that time we have been employing men through and with the assistance of the United States Employment Service in Southern Illinois; as of date of this report, the supply of men in Southern Illinois is apparently exhausted.

The labor outlook for 1943 is not encouraging. The prospects are that the labor supply will be more difficult than for 1942. However, we are using every means possible to fill the vacancies in our working forces.

In September, it was decided to employ some women for work for which they might be fitted, on the tipples and in the shops, and at the end of the year there were 50 women employed in these classes of work, as follows:

Location	Apprentices			Slate Pickers on Tipple	Total
	Mach- inists	Elec- tricians	Welders		
Rock Springs	3	3	-	5	11
Reliance	2	2	2	4	10
Winton	1	1	-	5	7
Superior	1	1	1	6	9
Hanna	<u>1</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>13</u>
Total	8	7	3	32	50

Generally, these women employees have proved satisfactory, their work measuring up to the services rendered by male employees.

ABSENTEEISM:

Another thing that has militated against our production has been and still continues to be the very large amount of voluntary absenteeism, for which there seems to be no remedy. Frequent talks at Safety meetings, both by our own officials and by people we have brought in to talk to the men on this situation, have not been productive of results. On the contrary, absenteeism is steadily increasing, particularly since November 1st, when the mines started working seven days per week, with time and one-half paid for all time in excess of 35 hours each week. In order to maintain production, we worked on Armistice Day and Thanksgiving

Day, paying time and one-half for these two holidays.

We have found no remedy for this situation. Apparently the employes are earning too much money, and are indifferent to the winning of the war; no appeal to their patriotism or their duties as citizens seems to have any effect. On the contrary, the more steadily we work, the more absenteeism we have, as shown by the following table, which shows the man-days lost from this cause for the last six months of the year, the period during which records were kept:

Month	Rock Springs	Reliance	Winton	Superior	Hanna	Total
July	728	945	872	1,148	281	3,974
August	713	1,032	607	839	213	3,404
September	709	880	780	920	316	3,605
October	1,141	1,080	1,129	1,408	295	5,053
November	1,961	1,866	1,650	1,886	539	7,902
December	2,064	1,763	1,773	1,831	662	8,093
Total for Last Six Months, 1942						32,031

During November, in an effort to combat this situation, a system was inaugurated of awarding U. S. War Savings Bonds as premiums for steady work. In November, a \$500 bond was given, and in December, bonds amounting to \$1,200 were given, the amounts pro-rated among the districts in proportion to the number of men employed at each, with a separate drawing for each district. This was further changed for the month of January, 1943, to provide for the awarding of a single \$1,000 bond. The bonds were awarded by placing in a bowl the names of all employes who had not missed a single day at work during the month, and drawing from the bowl, in a manner similar to that used for awarding the Safety prizes, a representative of the Union being called in to participate in the drawing.

The drop in efficiency during 1942 compared with 1941, due to the many new employees, absenteeism, and other causes, is shown by the following:

	<u>1941</u>	<u>1942</u>
Total Man Shifts	520,797	673,203
Total Tons Mined	4,276,185.60	5,283,346.25
Tons Mined Per Man Shift	8.20	7.85
Decrease in Tons Mined Per Man Shift		.35
Per Cent of Decrease		4.3

VACATIONS:

Payments made during the year to employees under the clause in the wage contract covering vacation pay amounted to \$37,520, or \$.055734 per man shift. This compares with a total of \$35,980, or \$.069384 per man shift in 1941.

TENEMENTS:

The housing situation has been a most difficult one. A large number of single employees, the sons of our older employees, who have left to enter the armed forces, has developed a serious housing situation, inasmuch as the parents have not taken in anyone to replace the relatives who have left our employ to go into the service. We feel we have lost accommodations for 300 to 350 employees on this account. Boarding houses have been rehabilitated, and buildings in all our districts which have been used for other purposes have been remodeled, and we are using them for housing accommodations for new employees. In addition to this, we purchased from the Union Pacific Railroad Company 200 condemned box cars, remodeling them at a cost of \$565.74 each, making two-room houses

for employes' living quarters. These box-car houses are located as follows:

Rock Springs	52 *
Reliance	30
Winton	25
Superior	63
Hanna	<u>30</u>
Total	200

* Includes two cars put together to form a community hall.

While this has not entirely solved our problem, it has been the means of furnishing both married and single employes with housing facilities of a more or less temporary nature. With the difficulty of obtaining priorities for the building of suitable houses, the utilization of these box cars has been a real life-saver, and has been of incalculable benefit in housing our employes.

After a delay of 110 days in obtaining priority order early in 1942, we received authority to build twenty 4-room houses at Reliance, thirty 4-room houses and six 5-room houses at Superior, and six 5-room houses at Hanna. On account of the delay in obtaining the necessary authority and the furnishing of the material, only the twenty houses at Reliance had been finished and placed in use by December 31. The thirty 4-room houses at Superior are partially completed, and probably will be ready for occupancy in the late spring of 1943. The construction on the twelve 5-room houses was at a stand-still for some time on account of the inability of the contractor to prosecute the work; they will be completed before June 1, 1943.

The following statement shows the expenditures for maintenance on tenements for the past five years:

	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
Number of Houses	1,111	1,109	1,109	1,104	1,326
Cost of Main-tenance	\$56,200.60	\$60,778.13	\$47,301.71	\$65,816.64	\$171,339.63
Avg. Cost per House	\$50.59	\$54.80	\$42.65	\$59.62	\$129.22

The cost of maintenance includes the cost of remodeling the box cars, and the work done on the boarding houses and other buildings, but does not include the cost of furnishing the box cars. It was found necessary to provide furnishings for these box-car houses, as the families who were shipped in from Arkansas, who were the principal occupants of the box cars, had no household goods and no means with which to purchase them. However, many of them have expressed a desire to purchase the furniture provided, which they are doing by payroll deductions with their rental payments. The houses were furnished at an average cost of \$99.55 each.

COMMUNITY COUNCILS:

The Community Councils have continued their usual activities during the year, and have expanded somewhat. One of their new activities is the sponsoring of weekly or monthly dances for the school children in the community halls.

BOY AND GIRL SCOUTS:

The Scouts' activities during the year were carried on as usual, with the Scout camps at Newfork Lake, and the participation of the Boy and Girl Scouts in the Annual First Aid Field Day.

ENGINEERING SCHOLARSHIP:

Greater interest is being shown in this opportunity, as there were eleven candidates for the scholarship in 1942. It was difficult to choose among the candidates, as several of them were well qualified, but after the competitive examination was given, Robert Haueter, of Superior, was chosen. Mr. Haueter is at present attending the Missouri School of Mines.

On account of the induction of 18- and 19-year-old boys into the armed forces, Mr. Haueter and the 1941 student, John Dasovich, are expecting to be called to the Army early in 1943. The 1940 student, Vernon Gras, is a Junior at the Colorado School of Mines this year, and is a member of the Enlisted Men's Reserve; he expects to be allowed to finish his schooling before being inducted into active service with the Army. It is our hope that these young men will come back to us after the war is closed.

OLD TIMERS' REUNION:

The eighteenth annual reunion of the Old Timers' Association was held at Rock Springs Saturday, June 20, with Lieutenant Colonel James B. Clearwater, of Fort Francis E. Warren, as the principal guest and speaker at the banquet. The membership this year in the Old Timers' Association was 843, an increase of 9 over 1941. Because of the war situation, the evening program was discontinued.

EMPLOYEES' MAGAZINE:

The Employees' Magazine completed successfully the nine-

teenth year of its service to our working forces and their families.

POWER PLANTS:

The Rock Springs power plant continued to operate very satisfactorily during the year. The total production for 1942 was 58,187,000 KWH, an increase of 7,179,000 KWH, or 14.07 percent, over 1941. The highest peak load was 14,500 KW, which occurred March 15, while the highest 60-minute peak was 12,000 KWH. The maximum 24-hour output was 192,000 KWH, on January 7, while the greatest monthly production was that in December, 5,649,000 KWH.

The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1938</u> <u>KWH</u>	<u>1939</u> <u>KWH</u>	<u>1940</u> <u>KWH</u>	<u>1941</u> <u>KWH</u>	<u>1942</u> <u>KWH</u>
Used for plant auxiliaries and boiler room	5,326,800	5,187,500	5,842,900	4,340,840	4,338,200
Used at No. 6 Wells	614,989	703,254	703,500	706,900	702,200
Sold to So.Wyo. Utilities Co.	10,713,673	10,639,922	10,950,007	12,574,855	15,149,109
Used at The U. P. Coal Co's. Mining Dists.	<u>26,048,005</u>	<u>26,400,726</u>	<u>28,457,688</u>	<u>30,764,066</u>	<u>35,424,885</u>
Total Distributed	42,703,467	42,931,402	45,954,095	48,386,661	55,614,394
Transmission Losses	<u>2,021,533</u>	<u>2,479,598</u>	<u>3,022,905</u>	<u>2,621,339</u>	<u>2,572,606</u>
Total Generated	44,725,000	45,411,000	48,977,000	51,008,000	58,187,000

The production from the Hanna Power Plant showed an increase

of 15.48 percent over the previous year. The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1938</u> <u>KWH</u>	<u>1939</u> <u>KWH</u>	<u>1940</u> <u>KWH</u>	<u>1941</u> <u>KWH</u>	<u>1942</u> <u>KWH</u>
Mine Dept.	4,051,550	3,835,900	3,467,200	4,536,100	5,333,950
Commercial	<u>993,500</u>	<u>1,068,400</u>	<u>1,156,700</u>	<u>1,167,000</u>	<u>1,268,550</u>
Sub-total	5,045,050	4,904,300	4,623,900	5,703,100	6,602,500
Used for power plant & boiler plant auxili- aries	<u>1,015,100</u>	<u>1,261,650</u>	<u>1,219,700</u>	<u>1,317,600</u>	<u>1,505,200</u>
Total gen- erated	6,060,150	6,165,950	5,843,600	7,020,700	8,107,700

No transmission losses are taken into account at Hanna, as all meters are located at the bus bars in the power plant. Commercial kilowatt hours cover power sold and power used by all departments other than the mine department.

PENSIONERS:

The following statement shows the number of pensioners on the rolls and the cost of pensions for the past five years:

	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>
No. pensioners on roll January 1st	62	59	58	54	54
No. added during year	2	6	-	3	-
No. died during year	5	7	4	3	1
Total cost of pen- sions for year	\$31,213.50	\$34,241.31	\$31,479.19	\$30,202.13	\$30,906.86

There were 53 pensioners on the rolls as of January 1, 1943.

REAL ESTATE:

On account of the restrictions placed on building operations, including the construction of new homes, by the Governmental agencies, real estate sales, particularly town lots, have been at a minimum during the year, and this situation will continue for 1943. In fact, the only sale made during the year was Lot 4, Block 10, Clark Addition, sold to the A. M. E. Church, Baker's Chapel, for a total price of \$550.00.

The following statement shows payments made to the Lion Coal Corporation under Lease Agreement No. 3130, covering lands in Section 12, at Lionkol:

<u>Year</u>	<u>Tons</u>	<u>Royalty (15¢ per ton)</u>	<u>Rental</u>	<u>Rental for Pumping and Vent.Mach.</u>	<u>Total</u>
1931	1,074.00	\$ 161.10	\$ -	\$ -	\$ 161.10
1932	59,539.95	8,930.98	600.00	900.00	10,430.98
1933	108,620.86	16,293.14	600.00	-	16,893.14
1934	99,756.68	14,963.50	600.00	-	15,563.50
1935	72,664.59	10,899.72	600.00	-	11,499.72
1936	61,804.73	9,270.73	600.00	-	9,870.73
1937	62,635.62	9,395.36	600.00	-	9,995.36
1938	69,443.51	10,416.51	600.00	-	11,016.51
1939	80,912.91	12,136.94	600.00	-	12,736.94
1940	94,886.20	14,232.94	600.00	-	14,832.94
1941	45,083.57	6,762.55	600.00	-	7,362.55
1942	3,546.10	531.92	100.00	-	631.92
Total	759,968.72	\$113,995.39	\$6,100.00	\$ 900.00	\$120,995.39

The mining of the reserves under this contract has been completed, the Lion Coal Corporation was so notified, and rider to the contract executed providing for the cancellation of same as of February 28, 1943.

Respectfully submitted,

Original Signed
EUGENE McAULIFFE

YEAR 1941

200-41

April 6, 1942

Mr. W. M. Jeffers - President
Union Pacific Railroad Company
Omaha, Nebraska

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1941:

MINE PRODUCTION AND COSTS:

Total tons produced, average days worked during the year, mine cost, and total cost, for five yearly periods, 1937 to 1941, inclusive, are set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1937	3,315,628.05	217.7	\$ 1.540	\$ 1.734
1938	3,016,977.85	150.6	1.510	1.731
1939	3,261,003.45	157.5	1.503	1.752
1940	3,588,589.60	170.9	1.471	1.651
1941	4,276,185.60	210.4	1.573	1.806

The working time of the mines increased last year 39.5 days, or 23.1 percent. The output increased 687,596.00 tons, or 19.16 percent. All mines are double shifted, that is, crews for two 7 hour shifts are maintained.

The total taxes paid during the calendar years 1940 and 1941, were as shown below:

	<u>1940</u>	<u>1941</u>	<u>Increase</u>
Federal Taxes	\$143,747.09	\$488,858.16	\$345,111.07
Other Taxes	<u>297,872.88</u>	<u>342,901.99</u>	<u>45,029.11</u>
Total	\$441,619.97	\$831,760.15	\$390,140.18

Mine costs increased \$.102 per ton and the cost of all coal sold increased \$.155 per ton.

MECHANICAL LOADERS:

During the year 1941, the percentage of coal mechanically loaded was 100.0 percent. On December 31, 1941, 216 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1941, set forth below:

Original capital investment	\$782,083.71
Depreciation to Dec. 31, 1941	<u>483,262.48</u>
Original cost less accrued depreciation	\$298,821.23
Depreciation for the year 1941	42,722.84

Based on the total tonnage mined in 1941, the depreciated capital investment in loading machinery as of December 31, was 7.0 cents per ton.

TIME WORKED AND EARNINGS OF EMPLOYEES:

Since 1926, an accurate record of the earnings of all unionized mine employees has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Avg. Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	208.5	\$9.43	\$163.76	\$1,965.12
1927	1,781.8	228.8	9.02	171.82	2,061.84
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	183.9	5.92	90.73	1,088.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,338.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,240.8	215.6	6.85	123.09	1,477.08
1938	2,169.8	186.3	7.11	110.42	1,325.04
1939	2,159.7	197.9	7.17	118.25	1,419.00
1940	2,114.9	213.6	7.18	127.80	1,533.60
1941	2,286.2	227.8	8.05	152.84	1,834.08

SAFETY MEASURES:

Our accident prevention work was continued without abatement, a slight increase in man-hours of exposure per lost-time accident occurring in 1941, equal to 0.34 percent.

The comparison for the fifteen years separated into three periods of five years each, with years 1938, 1939, 1940, and 1941, shown separately, is set forth in the insert following:

THE UNION PACIFIC COAL COMPANY

Comparison of tons mined, and man-hours worked Inside and Outside per Fatal, Non-fatal and All Accidents

THREE 5-YEAR PERIODS AND FOUR YEARS, 1938, 1939, 1940, AND 1941

Year	Tons Mined	Percent-age Loaded Mechanically	Number of Accidents			Tons Mined per Accident			Man-hours Worked	Man-hours per Accident		
			Fatal	Non-fatal	Total	Fatal	Non-fatal	Total		Fatal	Non-fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 yrs.	14,368,523	15.61	48	1319	1367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 yrs.	13,384,472	63.18	35	1045	1080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 yrs.	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,162	110,287	103,172
1939	3,261,003	100.00	4	23	27	815,251	141,783	120,778	3,357,955	839,489	145,998	124,369
1940	3,588,590	100.00	6	24	30	598,098	149,525	119,620	3,555,408	592,568	148,142	118,514
1941	4,276,186	100.00	5	30	35	855,237	142,536	122,177	4,162,132	832,426	138,738	118,918
4 yrs.	14,142,757	100.00	17	106	123	831,927	133,422	114,982	14,273,820	839,636	134,659	116,047

During the nineteen year period shown, there were paid for awards to injured employees and employees' dependents through the Wyoming Workmen's Compensation Act, the following sums:

<u>Period</u>	<u>Tons Coal Mined</u>	<u>Compensation Awards</u>	<u>Awards per Ton</u>
1923-27	14,368,523	\$254,739.46	\$.0177
1928-32	13,384,472	209,622.38	.0157
1933-37	13,939,629	212,478.38	.0152
Yr.1938	3,016,978	30,257.06	.0100
Yr.1939	3,261,003	34,676.02	.0106
Yr.1940	3,588,590	57,041.94	.0159
Yr.1941	4,276,186	72,973.81	.0171

The payments made into the Workmen's Compensation Fund, 1941 compared with 1940, are shown below:

<u>Paid in for:</u>	<u>Year 1940</u>	<u>Year 1941</u>
Workmen's Compensation	\$57,041.94	\$72,973.81
Catastrophe Insurance	9,227.75	12,041.38
Policing	10.00	1.00
Total	\$66,279.69	\$85,016.19
Increase		18,736.50

The Company's credit balance in the fund was increased from \$67,647.10 as of December 31, 1940, to \$86,821.00 as of December 31, 1941, an increase of \$19,173.90.

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>
Workmen's Compensation	\$.0179	\$.0100	\$.0106	\$.0159	\$.0171
Catastrophe Insurance	.0028	.0027	.0027	.0026	.0028
Policing	.0001	-	-	-	-
Total	\$.0208	\$.0127	\$.0133	\$.0185	\$.0199

The sharp increase in wage rates adds to compensation payments, as does the increase in tonnage mined. As has been shown, the Company's credit balance in the fund was increased an amount slightly exceeding the increase shown above.

Comparison of Fatal Accidents per Million Tons
of Coal Mined, The Union Pacific Coal Company
and United States, Compared, Nineteen Yearly
Periods.

<u>The Union Pacific Coal Co.</u>			<u>All Bituminous Mines, U. S.</u>	
<u>Year</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	16	4.94	1,953	3.46
1924	11	3.90	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.88	2,065	3.60
1927	7	2.54	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.91	1,705	3.19
1930	8	2.76	1,619	3.46
1931	6	2.40	1,050	2.78
1932	1	.50	858	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	968	2.60
1936	6	1.82	1,098	2.51
1937	2	.60	1,198	2.68
1938	2	.66	880	2.51
1939	4	1.23	867	2.18
1940	6	1.67	1,204	2.61
1941	5	1.17	1,052 (Est.)	2.09 (Est.)

Safety expenditures chargeable to mine costs for the calendar
years 1923 to 1941, inclusive, are set forth below:

Expenditures for Safety Charged to
Mine Costs for Nineteen Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,981.08	3,241,105	\$.022
1924	152,754.18	2,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055
1927	88,880.00	2,750,430	.032
1928	98,374.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034
1931	70,830.24	2,453,527	.029
1932	57,591.39	2,045,270	.028
1933	51,416.84	2,097,558	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,887,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019
1938	57,622.92	3,016,978	.019
1939	62,905.80	3,261,003	.019
1940	77,864.69	3,588,590	.022
1941	89,868.62	4,276,186	.021

The annual examination of the mines was conducted during July and August, 1941, by Mr. L. E. Weichel, Mining Engineer of Scranton, Pennsylvania.

MINE MATERIAL AND SUPPLIES:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY
Material and Supplies on Hand, December 31,
Years 1923 to 1941, Inc.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1923	\$ 586,341	1932	\$ 196,792
1924	418,797	1933	187,267
1925	339,313	1934	192,586
1926	267,095	1935	208,278
1927	253,075	1936	264,269
1928	265,130	1937	336,555
1929	273,036	1938	271,289
1930	255,064	1939	323,998
1931	239,052	1940	258,944
		1941	417,677

Much of the increase shown is due to larger inventories incident to increased output, with higher cost of material used.

MERCHANDISE STORES:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a net profit of \$68,913.01 in 1941. The general results for 1940 and 1941 compared, are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1940	\$1,007,013	\$193,176	\$170,008	\$61,129
1941	<u>1,192,235</u>	<u>217,319</u>	<u>201,739</u>	<u>68,913</u>
In-				
crease	\$ 185,222	\$ 24,143	\$ 31,731	\$ 7,784

Accounts Receivable, Merchandise Department, as of December 31, 1936 to 1941, inclusive, are shown in the following:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1936	\$110,356.13
1937	120,990.23
1938	94,980.72
1939	118,059.33
1940	115,502.61
1941	112,584.73

The increase in Accounts Receivable since 1936 is due to heavy sales of furniture, refrigerators, washing machines, radios, and other household equipment, most of which is sold on installments, these sales covered by chattel mortgage, our losses from these installment sales negligible, the total uncollectible accounts charged off in 1941, \$94.48. A decrease of \$2,917.88 was made in Accounts Receivable in 1941.

SALE OF COAL AT HANNA:

Sale of coal to the Reynolds-Udike Coal Company, The Harris Coal Company, Rock Springs Fuel Company, and A. F. Cameron of Hastings, Nebraska, was continued through the year. The sale of coal at Hanna, 1937 to 1941, inclusive, is set forth below:

<u>Year</u>	<u>Tons Sold</u>	<u>Avg. Price Received</u>	<u>Avg. Total Cost</u>	<u>Profit</u>	
				<u>Per Ton</u>	<u>Amount</u>
1937	30,410.50	\$2.556	\$1.472	\$1.084	\$32,964.98
1938	23,833.80	2.632	1.543	1.089	25,955.00
1939	18,618.80	2.433	1.558	.875	16,291.45
1940	22,354.60	2.357	1.464	.893	19,962.66
1941	24,442.65	2.454	1.709	.745	18,209.77

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

MEASURE OF MAN POWER:

The number of mine employes in the service of the Company for twenty yearly periods follows:

57,444
avg. 2,394

68237
2,409

<u>Period</u>	<u>Number of Men</u>	<u>Reduction</u>	<u>Percent</u>
Jan. 1, 1923	3,674	-	-
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,830	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,945	52.6
Jan. 1, 1930	1,921	1,753	47.7
Jan. 1, 1931	1,822	1,852	50.4
Jan. 1, 1932	1,813	1,861	50.6
Jan. 1, 1933	1,719	1,955	53.2
Jan. 1, 1934	1,733	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1
Jan. 1, 1936	2,246	1,428	38.9
Jan. 1, 1937	2,361	1,313	35.7
Jan. 1, 1938	2,448	1,226	33.3
Jan. 1, 1939	2,336	1,338	36.4
Jan. 1, 1940	2,383	1,291	35.1
Jan. 1, 1941	2,378	1,296	35.3
Jan. 1, 1942	2,756	918	25.0

2859
2944
3115
3168

CAPITAL AND NON-CAPITAL EXPENDITURES:

During the year capital expenditures, also improvements charged to operating expenses, were made as follows:

CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$ 71,538.03
Reliance	148,000.76
Winton	34,894.55
Superior	222,074.91
Hanna	21,164.68
Miscellaneous (Purchase of Colo. land)	302.47
Total	\$497,975.40

NON-CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$ 99,745.69
Reliance	53,103.86
Winton	48,827.39
Superior	35,976.88
Hanna	59,397.27
Merchandise Stores, all districts	4,233.00
Total	\$301,284.09

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1941, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

<u>Year</u>	<u>Avg. Investment During Year</u>	<u>Producing Cost Including Depreci- ation & Depletion</u>	<u>Total Cost In- cluding 5% Int. on Investment</u>
1921	\$ 16,751,316	\$2.48	\$2.83
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,027,565	2.21	2.61
1925	18,109,380	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16
1932	19,009,832	1.56	2.15
1933	18,959,995	1.38	1.94
1934	18,647,891	1.39	1.88
1935	18,634,464	1.41	1.83
1936	19,065,141	1.47	1.85
1937	19,795,047	1.54	1.93
1938	20,336,570	1.51	1.94
1939	20,554,994	1.50	1.91
1940	20,969,455	1.47	1.85
1941	21,435,232	1.57	1.90

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five percent on the average yearly investment, thus bringing costs to a true basis. With an increase of \$.102 per ton in wage cost, effective April 1, 1941, labor costs are now on a substantial equality with those paid in the year 1927.

GENERAL - ALL MINES:

At the close of 1941, the nine mines of the Company were operating and maintaining 84.64 miles of underground trackage. A total of 42.3 miles of narrow work, that is, slopes, entries, air courses, and cross-cuts, were driven in 1941.

Our most recent study of Rock Springs No. 4 Mine indicates that we are reaching the final limit of development, the very heavy cover under which we are now working causing frequent bumps, which will ultimately make the mine unsafe for operation. Production in this mine will begin to shrink during the latter part of the current year.

No. 11 Mine, formerly known as "E" Plane, near Rock Springs, is being reopened and placed in condition for production, new machinery and mine cars under purchase. This mine was driven on the basis of 30-inch gauge and the main haulage entries and slopes are now being widened to take care of 42-inch gauge cars and machinery. The wooden tippie will be retained after reconstruction and reinforcement, and arrangements have been made with the Railroad Company to rehabilitate the mine tracks which are the property of the Coal Company. This mine should be under production in August and will take up some of the tonnage which will be lost through No. 4 Mine.

At Reliance, the work of driving a tunnel 2,343 feet to the No. 11 Seam, started in March, 1941, was completed at the end of January, 1942. Steel timbers, lagged with redwood, were installed on concrete footings, and 75-pound relay rails were laid on creosoted cross ties, providing permanent track. No. 11 Seam is now under development and will be a substantial producer during the concluding

months of this year.

At Winton, development has been maintained in the No. 1 Seam by the installation of an auxiliary hoist, allowing for mining from one additional entry. An increase in production was obtained from the No. 7 $\frac{1}{2}$ Seam, and No. 3 Seam has maintained its usual production.

At Superior, "C" and "D" Mines are now working on retreat, and the operation in "C" Mine will be completed about mid-summer, when all the material will be removed, the men and equipment transferred to D. O. Clark Mine. "D" Mine will continue in operation for another year, when it will be necessary to abandon that opening, transferring men and material to D. O. Clark Mine.

D. O. Clark Mine, which produced 434,936 tons in 1940, increased its output in 1941 to 691,640 tons, the daily production now about 4,000 tons, which will be increased during the year. If the coal is required, D. O. Clark will be able to produce 1,000,000 tons this year, and with the closing of "C" and "D" Mines, it can be brought up to 1,250,000 to 1,300,000 tons.

We still have a water problem at Superior, the present water supply, taken from the old mines, even when treated, growing progressively harder, and is now practically unfit for domestic use. We propose to drill a well, approximating 1,100 feet in depth, to the Golden Wall sandstone, where geologists promise a potable and sufficient water supply.

At Hanna, development work in "L" Plane territory was conducted during the year, a total of 20,260 feet of this work driven. Two 400-HP motors for "L" Plane hoist, which have been on order for

several months, should arrive at an early date. The addition of these two motors will provide sufficient hoisting capacity to insure a satisfactory production. A contract was let to Maurice Haggerty, Rock Springs, for the driving of a rock tunnel from the vicinity of the new tibble to "L" Plane, this tunnel 1,363 feet in length. The open cut and a small amount of rock work was driven in 1941, and it is anticipated that the tunnel will be completed in June of this year.

Contract was let to Allen & Garcia Company, Chicago, for the completion of a five-track steel tibble. After considerable difficulty in the matter of priorities, work is now going forward, a substantial amount of the equipment purchased. The contractor anticipates starting work on foundations about April 15th. A single track was laid up to the tibble last year and during the summer it will be necessary to complete the empty and loaded storage tracks, ballasting same, etc., getting ready for production when the tibble is completed, which we anticipate will be sometime in August of this year.

No mine fires occurred inside the mines during the year. However, a faulty flue in the new hoist house, No. 7 Seam, D. O. Clark Mine, was discovered on fire and extinguished on October 25th last. The hoist house was still in the hands of the contractor, who made the necessary repairs, rebuilding the flue to avoid a recurrence.

As a result of the war situation, our limited number of guards was reinforced in all districts, particularly at the power plants, powder houses, and other vulnerable points, 28 guards being on duty at all times. These men work 40 hours per week, and it is necessary to keep extra men to insure seven days' service. The major number

are employed during the 16-hour period which covers a part of daylight and all hours of darkness. All guards are armed and have been commissioned as deputy sheriffs.

In July, 1941, following the leadership of the Railroad Company, a payroll deduction plan was installed, enabling employees to purchase U. S. Defense Savings Bonds through payroll deductions. At the close of the year, 32 percent of our employees have made purchases; however, a large number of employees prefer to make their own purchases directly from banks and through the post offices.

Due to heavy production and longer working time, it was decided during the year to establish a general night foreman in each district to reinforce the supervisory staff. On December 1, H. C. Livingston, formerly Chief Engineer, was appointed General Superintendent, in addition to the then General Superintendent, Mr. V. O. Murray, the work of these two men alternating, each one working one week during the day and one week at night.

PRODUCTION:

The total production for the year 1941 was 4,276,185.60 tons, the largest in the history of the Company. This represented an increase of 687,596 tons, or 19.16 percent, over 1940, and an increase of 566,939, or 15.28 percent, over 1910, the largest previous year.

The following shows the production by districts for the past two years:

	1940		1941	
	Tons	Percent	Tons	Percent
Rock Springs	785,986.20	21.9	857,274.35	20.1
Reliance	766,024.90	21.3	938,116.90*	21.9

(Cont'd.)

	1940		1941	
	<u>Tons</u>	<u>Percent</u>	<u>Tons</u>	<u>Percent</u>
Winton	572,047.70	16.0	702,312.25	16.4
Superior	919,658.55	25.6	1,119,878.65	26.2
Hanna	<u>544,872.25</u>	<u>15.2</u>	<u>658,603.45</u>	<u>15.4</u>
Total	3,588,589.60	100.0	4,276,185.60*	100.0

*Includes 4,557.15 tons loaded from No. 11 Seam, Reliance, under development.

Superior was the largest producer during the year, with Reliance in second place. For the year 1942, the production has been tentatively set at 5,000,000 tons, which will require all districts to increase their production.

LABOR:

The labor situation proved a rather difficult one during the year on account of many of our employes leaving to join the armed services of the United States, many others leaving without any reason, to accept employment in industries where they considered the work was more attractive. A great many men were hired who spent but a short time in our employ. A total of 1,254 men was employed during the year, and 876 men left our employ, a tremendously large labor turnover, and the outlook for the year 1942 is less encouraging. Labor is constantly on the move, 1941 showing the largest labor turnover we have had for many years. There is also a possibility that labor may be short, as well as less efficient, during the coming year, as many of our best men are going into other industries and to work for the United States Government projects.

The Wage Contract with the United Mine Workers of America was renewed as of April 1, 1941, expiring March 31, 1943, the increases in

the daily wages running from \$1.00 to \$1.40 per day. The increase in costs for the year amounted to \$.102; this is not a true picture, however, as the heavy increase in production reduced our costs somewhat. Had we had the same production in 1941 as in 1940, our increase in labor costs would have been higher than the figures shown. In addition to this, the hiring and training of so many new men, while not directly measurable, further increased our labor costs.

The Wage Contract also carried a clause providing for paid vacations for mine workers, these payments amounting in 1941 to \$35,980, or \$.069384 per man shift.

TENEMENTS:

The upkeep work on tenements was maintained during the year; the following statement shows the expenditures for the past five years:

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>
No. of Houses	1,107	1,111	1,109	1,109	1,104
Cost of Maintenance	\$60,829.73	\$56,200.60	\$60,778.13	\$47,301.71	\$65,816.64
Average Cost per House	54.95	50.59	54.80	42.65	59.62

During the year 1942, all unnecessary tenement expenditures will be eliminated on account of the difficulty in obtaining both labor and material.

POWER PLANTS:

The additions to the Rock Springs Power Plant functioned satisfactorily during the year, the net increase in power production 4.15 percent. The load was more uniformly distributed over the year on account of the higher tonnage mined per month.

With the rebuilding of Nos. 1 and 2 Boilers, air-cooled walls were installed, and the changing of No. 2 Boiler from the low pressure to the standard high pressure of 450 pounds, we have now sufficient boiler capacity. The plant generally operates with one boiler using two burners, two boilers using one burner each, and one boiler as a stand-by. The lighter load on the boilers has cut down repair work to a considerable extent, and it is now much more convenient to clean the boilers and make the necessary repairs.

The highest peak load for the year was 14,600 K.W., which occurred on September 15, this the highest peak the plant has ever experienced, which indicates that we are approaching the full capacity of the 7,500 K.W. and 5,000 K.W. high-pressure generators, and, if the load continues during this year, as it probably will on account of the greater demand for coal production, it may be necessary to cut in one of the low-pressure 2,500 K.W. turbo-generators.

An industrial fence was erected around the power plant and flood lights installed during the early part of 1941. The gates are kept locked at all times, and no unauthorized persons are allowed to visit the plant.

The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1937</u> K.W.H.	<u>1938</u> K.W.H.	<u>1939</u> K.W.H.	<u>1940</u> K.W.H.	<u>1941</u> K.W.H.
Used for plant auxiliaries and boiler room	5,484,900	5,326,800	5,187,500	5,842,900	4,340,840
Used at No. 6 Wells	544,082	614,989	703,254	703,500	706,900

(Cont'd.)

	<u>1937</u> K.W.H.	<u>1938</u> K.W.H.	<u>1939</u> K.W.H.	<u>1940</u> K.W.H.	<u>1941</u> K.W.H.
Sold to So. Wyo. Utilities Co.	10,815,055	10,713,673	10,639,922	10,950,007	12,574,855
Used at The U.P. Coal Co's. Min- ing Districts	<u>27,043,583</u>	<u>26,048,005</u>	<u>26,400,726</u>	<u>28,457,688</u>	<u>30,764,066</u>
Total Distributed	43,987,620	42,703,467	42,931,402	45,954,095	48,386,661
Transmission Losses	<u>1,646,380</u>	<u>2,021,533</u>	<u>2,479,598</u>	<u>3,022,905</u>	<u>2,621,339</u>
Total Generated	45,534,000	44,725,000	45,411,000	48,977,000	51,008,000

The production from the Hanna Power Plant showed an increase of 20.14 percent over 1940. The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1937</u> K.W.H.	<u>1938</u> K.W.H.	<u>1939</u> K.W.H.	<u>1940</u> K.W.H.	<u>1941</u> K.W.H.
Mine Department	3,671,550	4,051,550	3,835,900	3,467,200	4,536,100
Commercial	<u>1,046,700</u>	<u>993,500</u>	<u>1,068,400</u>	<u>1,156,700</u>	<u>1,167,000</u>
Sub-total	4,718,050	5,045,050	4,904,300	4,623,900	5,703,100
Used for power plant & boiler plant auxil- iaries	<u>1,083,600</u>	<u>1,015,100</u>	<u>1,261,650</u>	<u>1,219,700</u>	<u>1,317,600</u>
Total Generated	5,801,650	6,060,150	6,165,950	5,843,600	7,020,700

No transmission losses are taken into account at Hanna, as all meters are located at the bus bars in the power plant. Commercial kilowatt hours cover power sold and power used by all departments other than the mine department.

COMMUNITY COUNCILS:

The Community Councils have functioned efficiently during

the year, and performed much valuable work among our employes and their families.

BOY AND GIRL SCOUTS:

The activities of these groups were about as usual, the year being highlighted by the annual camps at Newfork Lake, and by the Boy and Girl Scout competitions at the Annual First Aid Field Day. The Boy Scouts assisted in the nation-wide aluminum drive, as well as in the waste-paper campaign in the latter part of the year, and at least one group of Senior Service Girl Scouts has been formed, consisting of the older girls, their purpose being to study and develop ways in which they can be of service during the present national emergency.

ENGINEERING SCHOLARSHIP:

Again this year there were four qualified candidates for the Engineering Scholarship, the winner being John Nick Dasovich, of Rock Springs. Mr. Dasovich entered the Colorado School of Mines for the Fall term of 1941.

FIRST AID AND SAFETY WORK:

Eleven men's teams, and thirteen Boy and Girl Scout teams, participated in the annual First Aid Field Day at Rock Springs on Friday, June 20, the winners being as follows:

Men's Teams	Superior D. O. Clark, first Winton No. 7 $\frac{1}{2}$, second Superior "D", third
Senior Girl Scout Teams	Rock Springs, first Superior, second Hanna, third
Junior Girl Scout Teams	Rock Springs, first Hanna, second Reliance, third

Boy Scout Teams

Superior, first
Hanna, second
Reliance, third

The Joseph A. Holmes Safety Association also awarded to The Union Pacific Coal Company, through Mr. E. H. Denny, of the United States Bureau of Mines, three Certificates of Honor, as follows:

To Reliance No. 1 Mine, for operating 3,143,972 man hours without a fatality, from January 25, 1933, to December 31, 1940 (and continuing), employing an average force of 261 men, and producing 3,024,350.70 tons of coal.

To Rock Springs No. 4 Mine, for operating without a lost-time accident from July 27, 1939, to December 15, 1940, and producing 479,041.90 tons of coal with 501,462 man hours of exposure with an average force of 259 men.

To Superior "C" Mine, for operating without a fatality from October 20, 1933, to December 31, 1940 (and continuing), employing an average force of 176 men, producing 1,712,380.35 tons of coal in 1,967,140 man hours of exposure.

SAFETY MEETINGS:

There was no change from former years in the method of holding the monthly Safety meetings at all districts, and the awarding of cash and novelty prizes was continued as in the past. The cash prizes were given only when the individual mine had gone through the entire previous month without a lost-time accident. Novelty prizes, consisting of clothing, merchandise, food, sporting goods, etc., were given away at all monthly Safety meetings, regardless of the Safety record made.

On Saturday, September 27, a banquet was held in the Old Timers' Building, at which the "Sentinels of Safety" trophy was awarded for the sixth time to this company, this time to Rock Springs

No. 4 Mine. The presentation was made by Dr. Thomas T. Read of Columbia University, New York, who is a member of the Board of Awards in the National Safety Competition.

The highlight of Safety work during the year was the formation of the Alpha Chapter of SIGMA TAU EPSILON, the Safety Honor Society, which is the first Greek letter society ever established to honor men who have made for themselves an enviable position in the work of mine-accident prevention. Forty-three supervisory officials of the Company became charter members at the organization meeting on Thursday evening, February 27, 1941, and additional meetings were held quarterly, at which six additional members were accepted during the year.

PREMIUM:

The payment of Premium and Bonus was discontinued as of April 30, 1941. The total payments made for the four months of the year during which these plans were in effect amounted to \$24,206.03, or \$.00566 per ton on all coal mined during the year. With the high wage scale paid, the necessity for bonus payments ceased.

OLD TIMERS' REUNION:

The Old Timers' Association met in annual Reunion on Saturday, June 21, 1941. Mr. W. M. Jeffers, President of the Union Pacific Railroad, and Dr. William R. Chedsey, head of the Missouri School of Mines and Metallurgy, Rolla, Missouri, were the principal speakers at the banquet. The membership in the Old Timers' Association was then 834, an increase of 37 over the previous year, and a total increase of 551 since the organization in 1925.

EMPLOYEES' MAGAZINE:

This marked the eighteenth year of publication for the Employees' Magazine, which continued to be an important medium in the administration of Company-Employee relations.

PENSIONERS:

The following statement shows the number of pensioners on the rolls and the cost of the pensions for the past five years:

	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>
No. Pensioners on roll January 1	58	62	59	58	54
No. added during year	5	2	6	-	3
No. died during year 1		5	7	4	3
Total cost of pensions for year	\$32,362.28	\$31,213.50	\$34,241.31	\$31,479.19	\$30,202.13

There were 54 pensioners on the rolls as of January 1, 1942.

REAL ESTATE:

Nearly all lots have been sold in the platted additions, and it will be necessary, in the year 1942, to find other areas in which homes may be built.

The real estate sales for the year 1941 were as follows:

Pryde Addition	9 lots	\$ 5,025.00
Brooks Addition	2 lots	600.00
Clark Addition	Part of 1 lot	650.00
Original Town	" " 3 lots	725.00
Wardell Addition	6 lots	5,985.43
Miscellaneous acreage		<u>18,536.25</u>
Total		\$31,521.68

The following is statement of payments to the Lion Coal Corporation under Lease Agreement No. 3130, covering lands at Lionkol:

<u>Year</u>	<u>Tons</u>	<u>Royalty (15¢ per Ton)</u>	<u>Rental</u>	<u>Rental for Pumping and Vent. Mach.</u>	<u>Total</u>
1931	1,074.00	\$ 161.10	\$ -	\$ -	\$ 161.10
1932	59,539.95	8,930.98	600.00	900.00	10,430.98
1933	108,620.86	16,293.14	600.00	-	16,893.14
1934	99,756.68	14,963.50	600.00	-	15,563.50
1935	72,664.59	10,899.72	600.00	-	11,499.72
1936	61,804.73	9,270.73	600.00	-	9,870.73
1937	62,635.62	9,395.36	600.00	-	9,995.36
1938	69,443.51	10,416.51	600.00	-	11,016.51
1939	80,912.91	12,136.94	600.00	-	12,736.94
1940	94,886.20	14,232.94	600.00	-	14,832.94
1941	45,083.57	6,762.55	600.00	-	7,362.55
Total	756,422.62	\$113,463.47	\$6,000.00	\$900.00	\$120,363.47

The coal under this lease is practically all worked out, and steps have been taken to cancel the lease as of February 28, 1942.

WAGE CONTRACT:

After extended controversy between the UMWA and the Appalachian coal operators, with a division occurring between the Northern and Southern Appalachian districts, an agreement was arrived at in the Northern Appalachian field on June 19, 1941, the Southern Appalachian agreement not completed until July 5, 1941.

During the wage negotiation period, which assumed rather shameless proportions, the representatives of the Federal Government showing a partisan attitude throughout, strikes occurred in the Southern Appalachian field as well as in Alabama and other outside districts.

With the completion of the two Appalachian agreements, we were enabled to execute a new contract on August 6, 1941, the terms and conditions of same applying retroactively to and including April 1, 1941, the contract to expire on March 31, 1943.

In the beginning it was given out by the mine workers that

they would demand an increase of \$1.00 per manshift, but later this demand was widened to include 40 cents additional per day for men employed on mechanical loaders, and insofar as the Southern Appalachian field was concerned, a further addition of 40 cents was attached to that field, equalizing the basic rates between the Northern and Southern Appalachian districts.

We had no other alternative than to follow the Appalachian district lead although our basic rates are materially higher than those that obtain in any other state in the Union with the exception of Montana. Colorado, New Mexico, Utah, and Washington also carry rates above the Appalachian field, although somewhat lower than those that obtain in Montana and Wyoming. No cessation of work occurred during the contract discussion period, and a new contract must be negotiated early in 1943.

The entire operating staff and workers returned a commendable measure of industrious and loyal service during the year, for which we are duly appreciative.

Respectfully submitted,

Original Signed
EUGENE MAULIFFE

President

YEAR 1940

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

UGENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE 200-41

March 20, 1941

Mr. W. M. Jeffers, President,
Union Pacific Railroad Company,
Omaha, Nebraska.

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1940:

MINE PRODUCTION AND COSTS:

Total tons produced, average days worked during the year, mine cost and total cost, for five yearly periods, 1936 to 1940, inclusive, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1936	3,286,159.30	239.6	\$ 1.473	\$ 1.648
1937	3,315,628.05	217.7	1.540	1.734
1938	3,016,977.85	150.6	1.510	1.731
1939	3,261,003.45	157.5	1.503	1.752
1940	3,588,589.60	170.7	1.471	1.651

The working time of the mines increased last year 13.21 days, or 8.4 per cent. The output increased 327,586.15 tons, or 10.04 per cent. All mines are double shifted, that is crews for two 7 hour shifts are maintained.

The total taxes paid during the calendar years 1939 and 1940, were as shown below:

	<u>1939</u>	<u>1940</u>	
Federal Taxes	\$327,351.05	\$143,747.09	Dec. \$183,603.96
Other Taxes	<u>283,577.31</u>	<u>297,872.88</u>	Inc. <u>14,295.57</u>
Total	\$610,928.36	\$441,619.97	Dec. \$169,308.39

Mine costs decreased \$.032 per ton and the cost of all coal sold decreased \$.101 per ton. An artificial item of \$104,193.35 or \$.032 per ton was set up in 1939 as a contingent liability for Railroad Retirement excise taxes, which, with an amendment to the law, permanently eliminates mine workers from this Act. The crediting of above item, equal to \$.029 per ton on 1940 output, accounted for \$.061 per ton, leaving a net reduction in cost of coal sold of \$.040 per ton, attributable to other causes.

MECHANICAL LOADERS:

During the year 1940, the percentage of coal mechanically loaded was 100.0 per cent. On December 31, 1940, 207 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1940, set forth below:

Original capital investment	\$788,828.54
Depreciation to Dec. 31, 1940	<u>514,521.33</u>
Original cost less accrued depreciation	\$274,307.21
Depreciation for the year 1940	\$ 46,273.81

Based on the total tonnage mined in 1940, the depreciated capital investment in loading machinery as of December 31st, was 7.6 cents per ton.

TIME WORKED AND EARNINGS OF EMPLOYEES:

Since 1926, an accurate record of the earnings of all unionized mine employes has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Avg. Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	208.5	\$9.43	\$163.75	\$1,965.12
1927	1,781.8	228.8	9.02	171.82	2,061.84
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	183.9	5.92	90.73	1,088.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,338.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,240.8	215.6	6.85	123.09	1,477.08
1938	2,169.8	186.3	7.11	110.42	1,325.04
1939	2,159.7	197.9	7.17	118.25	1,419.00
1940	2,114.9	213.6	7.18	127.80	1,533.60

SAFETY MEASURES:

Our accident prevention work was continued without abatement, a deflection in man-hours of exposure per lost-time accident, however, occurring in 1940, equal to five per cent. More serious was the high percentage of fatal accidents occurring singly. Fluctuations in man-hours obtained will occur, however, and steps are being taken to revive the high measure of interest shown by employes in 1939.

The comparison for the fifteen years separated into three periods of five years each, with years 1938, 1939 and 1940 shown separately, is set forth in the insert following:

THE UNION PACIFIC COAL COMPANY

Comparison of tons mined, and man-hours worked Inside and Outside per Fatal, Non-fatal and All Accidents

THREE 5-YEAR PERIODS AND YEARS 1938, 1939 AND 1940

Year	Tons Mined	Percent- age Loaded Mechan- ically	Number of Accidents			Tons Mined per Accident			Man-hours Worked	Man-hours per Accident		
			Fatal	Non- fatal	Total	Fatal	Non- fatal	Total		Fatal	Non- fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 yrs.	14,368,523	15.61	48	1319	1367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 yrs.	13,384,472	63.18	35	1045	1080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 yrs.	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,162	110,287	103,172
1939	3,261,003	100.00	3	24	27	1,087,001	135,875	120,778	3,357,955	1,119,318	139,915	124,369
1940	3,588,590	100.00	6	24	30	598,098	149,525	119,620	3,555,408	592,568	148,142	118,514

During the eighteen year period shown, there were paid for awards to injured employees and employees' dependents through the Wyoming Workmen's Compensation Act, the following sums:

Period	Tons Coal Mined	Compensation Awards	Awards per ton
1923-27	14,368,523	\$254,739.46	\$.0177
1928-32	13,384,472	209,622.38	.0157
1933-37	13,989,629	212,478.38	.0152
Yr. 1937	3,315,628	59,355.84	.0179
Yr. 1938	3,016,978	30,257.06	.0100
Yr. 1939	3,261,003	34,676.02	.0106
Yr. 1940	3,588,590	57,041.94	.0159

The payments made into the Workmen's Compensation Fund, 1940, compared with 1939, are shown below:

<u>Paid in for</u>	<u>Year 1939</u>	<u>Year 1940</u>
Workmen's Compensation	\$34,678.02	\$57,041.94
Catastrophe Insurance	8,689.35	9,227.75
Policing	10.00	10.00
Total	\$43,375.37	\$66,279.69
Increase		\$22,904.32

The Company's credit balance in the fund was decreased from \$72,928.14 as of December 31, 1939, to \$67,647.10, as of December 31, 1940.

Comparison of Fatal Accidents per Million Tons of Coal Mined, The Union Pacific Coal Company and United States, Compared, Eighteen Yearly Periods

<u>Year</u>	<u>The Union Pacific Coal Co.</u>		<u>All Bituminous Mines, U.S.</u>	
	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	16	4.94	1,953	3.46
1924	9	3.19	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.88	2,065	3.60
1927	7	2.54	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.91	1,705	3.19
1930	8	2.76	1,619	3.46
1931	6	2.40	1,050	2.78
1932	1	.50	858	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	968	2.60
1936	6	1.82	1,098	2.51
1937	2	.60	1,198	2.68
1938	2	.66	900 (Est.)	2.64 (Est.)
1939	2	.61	867 (Est.)	2.22 (Est.)
1940	6	1.54	1,156 (Est.)	2.55 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1940, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs For Eighteen Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$71,981.08	3,241,105	\$.022
1924	152,754.18	2,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055

Safety expenditures - Continued)

Year	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1927	\$ 38,880.00	2,750,430	\$.032
1928	98,374.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034
1931	70,830.24	2,453,527	.029
1932	57,591.39	2,045,270	.028
1933	51,416.84	2,097,558	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,887,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019
1938	57,622.92	3,016,978	.019
1939	62,905.80	3,261,003	.019
1940	77,864.69	3,588,590	.022

The annual examination of the mines was conducted during August, 1940, by Dr. L. E. Young, Mining Engineer of Pittsburgh, Pennsylvania, and Mr. W. H. Walsh, Safety Engineer for Southern Wyoming commercial operators.

MINE MATERIAL AND SUPPLIES:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY
Material and Supplies on Hand, December 31st, Years
1923 to 1940, Incl.

Year	<u>Coal Co.</u>	<u>Year</u>	<u>Coal Co.</u>
1923	\$ 586,341	1932	\$ 196,792
1924	418,797	1933	187,267
1925	339,313	1934	192,536
1926	267,095	1935	208,278
1927	253,075	1936	264,269
1928	265,130	1937	336,555
1929	273,036	1938	271,289
1930	255,064	1939	323,998
1931	239,052	1940	258,944

MERCHANDISE STORES:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a net profit of \$61,129.19 in 1940. The general results for 1939 and 1940 compared, are shown below:

Year	Total Sales	Inventory Value	Total Operating Expenses & Taxes	Net Earnings
1939	\$ 994,780	\$188,931	\$173,862	\$82,836
1940	1,007,013	193,176	170,008	61,129
Difference (Inc.)	\$12,233	(Inc.)\$4,245	(Dec.)\$ 3,854	(Dec.)\$ 1,707

Accounts Receivable, Merchandise Department, as of December 31, 1935, to 1940, inclusive, are shown below:

<u>Accounts Receivable - Merchandise Department</u>	
Year	Amount
1935	\$ 95,546.18
1936	110,356.13
1937	120,990.23
1938	94,980.72
1939	118,059.33
1940	115,502.61

The increase in Accounts Receivable since 1935 is due to heavy sales of furniture, refrigerators, washing machines, radios and other household equipment, most of which is sold on installments, these sales covered by chattel mortgage, our losses from these installment sales negligible, the total uncollectible accounts charged off in 1940, \$1,038.42. A decrease of \$2,556.72 was made in Accounts Receivable in 1940.

SALE OF COAL AT HANNA:

Sale of coal to the Reynolds-Updike Coal Company, The Harris

Coal Company, Rock Springs Fuel Company and A. F. Cameron of Hastings, Nebraska, was continued through the year. The sale of coal at Hanna, 1936 to 1940, incl., is set forth below:

Year	Tons Sold	Avg. Price Received	Avg. Total Cost	Profit	
				Per Ton	Amount
1936	28,185.45	\$2.649	\$1.426	\$1.223	\$34,470.80
1937	30,410.50	2.556	1.472	1.084	32,964.98
1938	23,833.80	2.632	1.543	1.089	25,955.00
1939	18,618.80	2.433	1.558	.875	16,291.45
1940	22,354.60	2.357	1.464	.893	19,962.66

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

MEASURE OF MAN POWER:

The number of mine employes in the service of the Company for nineteen yearly periods is shown below:

Period	Number of Men	Reduction	Per Cent
Jan. 1, 1923	3,674	-	0
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,830	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,945	52.6
Jan. 1, 1930	1,921	1,753	47.7
Jan. 1, 1931	1,822	1,852	50.4
Jan. 1, 1932	1,813	1,861	50.6
Jan. 1, 1933	1,719	1,955	53.2
Jan. 1, 1934	1,733	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1
Jan. 1, 1936	2,246	1,428	38.9
Jan. 1, 1937	2,361	1,313	35.7
Jan. 1, 1938	2,448	1,226	33.3
Jan. 1, 1939	2,336	1,338	36.4
Jan. 1, 1940	2,383	1,291	35.1
Jan. 1, 1941	2,378	1,296	35.3

CAPITAL AND NON-CAPITAL EXPENDITURES:

During the year capital expenditures, also improvements charged to operating expenses, were made as follows:

CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$614,310.00
Reliance	51,689.54
Winton	31,448.17
Superior	238,852.31
Hanna	12,340.13
Total	\$948,640.15

NON-CAPITAL EXPENDITURES

<u>District</u>	<u>Total</u>
Rock Springs	\$ 52,649.53
Reliance	40,793.68
Winton	34,773.79
Superior	28,062.09
Hanna	79,392.68
Merchandise Stores, all districts	7,257.00
Total	\$242,928.77

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1940, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

Year	Avg. investment during year	Producing cost including Depreciation & Depletion	Total cost including 5% Int. on investment
1921	\$16,751,316	\$2.48	\$2.83
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,027,565	2.21	2.61
1925	18,109,380	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16

Effect of wage changes from 1921
 Red. \$.0130 ton
 " .1620 "
 " .1620 "
 " .1620 "

Year	Avg. investment during year	Producing cost including Depreciation & Depletion	Total cost including 5% Int. on investment
1932	\$19,009,832	\$1.56	\$2.15 Red. \$.2680 ton
1933	18,959,995	1.38	1.94 " .3650 "
1934	18,647,891	1.39	1.88 " .3316 "
1935	18,634,464	1.41	1.83 " .2265 "
1936	19,065,141	1.47	1.85 " .1629 "
1937	19,785,047	1.84	1.93 " .0949 "
1938	20,338,570	1.51	1.94 " .0949 "
1939	20,554,994	1.50	1.91 " .0949 "
1940	20,969,455	1.47	1.85 " .0949 "

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five per cent on the average yearly investment, thus bringing costs to a true basis. It will be observed that our wage rates are yet 9.49 cents per ton below the 1921 figure.

GENERAL, ALL MINES

The total number of lineal feet and miles of track operated in all mines was as of December 31st, as follows:

	Feet	Miles
Rock Springs No. 4 Mine	34,474	6.53
Rock Springs No. 8 Mine	60,885	11.53
Total, Rock Springs	95,359	18.06
Reliance Outside	11,100	2.11
Reliance No. 1 Seam, No. 1 Mine	7,360	1.39
Reliance No. 7 $\frac{1}{2}$ Seam, No. 1 Mine	29,680	5.62
Reliance No. 7 Seam, No. 7 Mine	43,950	8.32
Total, Reliance	92,090	17.44
Winton Outside	5,890	1.12
Winton No. 1 Mine	20,900	3.96
Winton No. 7 $\frac{1}{2}$ Mine	21,280	4.03
Winton No. 3 Mine	10,700	2.02
Total, Winton	58,770	11.13
Superior "B" Mine	25,500	4.83
Superior "C" Mine	24,150	4.57
Superior "D" Mine	52,925	10.02
Superior D.O. Clark Mine	102,575	19.42
Total, Superior		

	<u>Feet</u>	<u>Miles</u>
Hanna Outside	5,151	.98
Hanna No. 4 Mine	74,500	14.11
Total, Hanna	<u>79,651</u>	<u>15.09</u>
TOTAL, ALL MINES, ALL DISTRICTS	428,445	81.14

The measure of narrow work (other than rooms) driven in 1940, is shown below:

	<u>Feet</u>
Rock Springs No. 4 Mine	9,106
Rock Springs No. 8 Mine	7,800
Total, Rock Springs	<u>16,906</u>
Reliance No. 1 Seam, No. 1 Mine	4,930
Reliance No. 7½ Seam, No. 1 Mine	30,560
Reliance No. 7 Mine	39,730
Total, Reliance	<u>75,220</u>
Winton No. 1 Mine	14,498
Winton No. 7½ Mine	13,705
Winton No. 3 Mine	5,950
Total, Winton	<u>34,153</u>
Superior "C" Mine	1,960
Superior "D" Mine	2,400
Superior D. O. Clark Mine	76,445
Total, Superior	<u>80,805</u>
Hanna No. 4 Mine	15,049
TOTAL, All Mines, All Districts	222,133

This would indicate that the development work has been kept well ahead of production in all districts, the largest increase being at the Superior D. O. Clark Mine, and at the Reliance No. 7 Mine. The D. O. Clark Mine showed a total narrow work driven for the year 1940 of 76,445 feet, and previously driven 76,880 feet. This combined gives a total development for the D. O. Clark Mine of 153,325 feet.

Part of the lower workings in Reliance No. 1 Mine were drained during the year, and 4,930 feet of narrow work driven in this mine. This will develop about 200,000 tons of coal which has been under water for some time.

The total amount of narrow work driven in all mines during the year, which includes main entries, back entries, air courses, slopes, crosscuts, etc., amounted to 222,133 feet, or 42.07 miles.

GENERAL:

It is our plan to drive a rock tunnel 2,600 feet in length at Reliance, connecting No. One and No. Eleven Seams, in order to maintain the working area required to maintain full mine capacity, this work to start early in 1941. "B" Mine, Superior, was closed on September 6, 1940, and all equipment and material has been removed therefrom, all mineable coal having been worked out, the men transferred to other Superior Mines. "C" and "D" Mines are now being operated on retreat, the probable life of "C" Mine one year, that of "D" Mine two years, depending upon working time. The D. O. Clark Mine will readily take up the tonnage now coming from "C" and "D" Mines, the present production of the D. O. Clark Mine 2,500 tons daily.

Practically all development in the D. O. Clark Mine has been in narrow work, only a few rooms opened in No's. 7 and 15 Seams. In the No. 7 $\frac{1}{2}$ Seam, main and back entries have been driven a total of 5,050 feet to intercept the rock tunnel driven from the No. 7 Seam, this tunnel practically completed in 1940. With this tunnel finished, the disposal of a heavy tonnage through the No. 7 Seam dumping station will be made without difficulty.

In 1940, the No. 7 Seam rise slope was driven to daylight, thus creating an additional intake for air, reducing the volume of air entering the mine through the rock slope intake. We further

plan to bring No. 7 $\frac{1}{2}$ Seam out to daylight further reducing the air flow on the rock intake slope.

At Hanna, "L" Plane slope was driven to daylight in May, 1940, and with the construction of a new opening and tippie, now under way and to be completed in 1942, the haul at Hanna will be greatly reduced, effecting a reduction in mine cost of approximately 8 cents per ton, or \$40,000 annually. The new opening will shorten the distance travelled underground (now 4 $\frac{1}{2}$ miles), by employees. The new mine will be known as No. 4-A.

On August 11th, a fire started in No. 7 $\frac{1}{2}$ Seam at Winton due to an electrician and his helper failing to disconnect a mining machine cable used for repair work purposes when mine was idle, a fall of roof coal creating an arc and subsequent coal fire. A well-intentioned workman, Mr. Harold Morgan, undertook to go in against the smoke, losing his life by suffocation, the entry sealed August 11th, and reopened for production October 4th.

PRODUCTION:

The production for the year was 3,588,589.60 tons, this being an increase of 10 per cent over 1939. This was the largest year's production in the history of the Company with the exception of 1910, when 3,709,247 tons were mined. At that time the Company, in addition to furnishing coal for the Union Pacific Railroad's requirements, also shipped coal commercially, and a large commercial demand was caused by strikes in the coal mines in the eastern part of the United States. The following shows a comparison of the production by districts for 1910 and 1940:

	1910		1940	
	Tons	Per Cent	Tons	Per Cent
Rock Springs	1,212,770	32.7	785,986.20	21.9
Reliance			766,024.90	21.3
Winton			572,047.70	16.0
Superior	1,019,454	27.5	919,658.55	25.6
Hanna	652,427	17.6	544,872.25	15.2
Cumberland	590,753	15.9		
Pleasant Valley	233,843	6.3		
Total	3,709,247	100.0	3,588,589.60	100.0

It will be noticed that the Reliance production is now very close to that of Rock Springs, and Superior continues to maintain the highest production for the system. This condition will continue for some years at least on account of the opening and development of the D. O. Clark Mine, with its large potential tonnage. Seven districts engaged in the 1910 production, Cumberland and Pleasant Valley (Utah), now non-existent.

LABOR:

No difficulty was experienced in securing labor during the year, a total of 262 men employed during the period. It is however difficult to understand why, when there is so much unemployment, that so many of our employes, mostly young men, leave our service without apparent reason. A few entered the service of the United States Army and Navy, but this number is negligible compared with the total who left our service. Youthful irresponsibility and a desire to get out into the world enter into this situation.

TENEMENTS:

Tenement repair work was maintained in 1940, and the following statement shows the expenditures for the past five years:

	1936	1937	1938	1939	1940
Number of Houses	1,106	1,107	1,111	1,109	1,109
Cost of Main-tenance	\$61,591.92	\$60,829.73	\$56,200.60	\$60,778.13	\$47,301.71
Average Cost per House	\$55.69	\$54.95	\$50.59	\$54.80	\$42.65

This statement does not include the cost of moving 42 houses at Hanna in 1940 from the old location in old No. 1 Town to the new Butler Addition, at a cost of \$33,471.38. A total of 78 houses have been moved and rebuilt at Hanna in the past three years, at a cost of \$59,652.77. We feel this improvement was fully justified, the cost of maintaining the houses very high, and the living conditions in old No.1 Town, on account of the lack of drainage, were deplorable. This investment will also reduce the annual tenement maintenance at Hanna, as the reconditioned houses should require only nominal repairs for some years.

COMMUNITY COUNCILS:

The Community Councils have pursued their annual activities, and have proved to be an important factor in welfare work, and in the social life of our employes.

BOY AND GIRL SCOUTS:

The Boy and Girl Scout work has been maintained during the year, the activities characterized by the formation of several "packs" of Cub Scouts, consisting of those boys under the age of 12 years, who are not eligible for membership in the regular Boy Scout organization.

ENGINEERING SCHOLARSHIP:

Four qualified candidates presented themselves for the Engineering Scholarship given by this Company this year. Mr. Vernon Gras was the successful contestant, having passed the com-

petitive examination with the highest grade. Mr. Gras entered the Colorado School of Mines for the Fall term of 1940, his record to date being up to school requirements. Walfred Mensala, who was awarded the Scholarship in 1938, failed in his studies during the early part of 1940, and was barred from school for the 1940-41 school year. We withdrew all financial assistance from him on account of his apparent lack of interest. This student made a fine record during his first year in school, but was a distinct failure the second year. Lack of effort and an apparent lack of interest resulted in his failure in his studies.

FIRST AID AND SAFETY WORK:

On Saturday, June 16th, the annual First Aid Field Day was held at Rock Springs, fifteen men's teams and fifteen Boy and Girl Scout teams taking part. The winning teams were as follows:

Men's Teams

Engineers, first
Hanna No. 1, second
Superior "D", third

Junior Girl Scout Teams

Hanna, first
Winton, second
Rock Springs, third

Senior Girl Scout Teams

Winton, first
Hanna, second
Superior, third

Boy Scout Teams

Superior, first
Hanna, second
Hanna Japanese, third

Mr. E. H. Denny, of the United States Bureau of Mines, again presented The Union Pacific Coal Company with four Joseph A. Holmes Safety Association Certificates of Honor, as follows:

To Winton No. 1 Mine, for operating without a lost-time accident from October 29, 1938, to December 31, 1939 (and continuing), employing an average of 207 men, with 338,465 man-hours of exposure and producing 330,393.25 tons of coal.

To Hanna No. 4 Mine, for operating without a fatality from July 30, 1935, to December 31, 1939 (and continuing), employing an average of 299 men, working 2,159,446 man-hours and producing 2,303,772.90 tons of coal.

To Reliance No. 1 Mine, for operating without a fatality from January 25, 1933, to December 31, 1939 (and continuing), employing an average of 263 men, working 2,780,125 man-hours and producing 2,629,981.30 tons of coal.

And to Superior "C" Mine, for operating without a fatality from October 20, 1933, to December 31, 1939 (and continuing), employing an average of 176 men, working 1,717,611 man-hours and producing 1,476,902.50 tons of coal.

1940 was a rather bad year for fatalities, six having occurred, as follows:

Donald Walker, run over by runaway trip, which he apparently tried to stop, in Winton No. 3 Mine, January 10th.

Maurice E. Sheldon, struck and knocked against Joy Loader by prop which was kicked out by a heavy cave, in Reliance No. 7 Mine, March 15th.

William A. Carnahan, squeezed between empty and loaded trips in Hanna No. 4 Mine, May 23rd.

Harold Morgan, asphyxiated by smoke and gases from fire in No. 7 $\frac{1}{2}$ Mine, Winton, August 11th.

Lester M. Gregory, crushed by fall of rib coal in Winton No. 1 Mine, November 2nd.

Dugi Balen, struck by runaway trip on slope of Rock Springs No. 8 Mine, November 18th.

Superior was the only district which operated through the year without a fatality. In addition to the above, it was also necessary to take into account the accident to Joe Faigl, who was injured in 1939 in No. 8 Mine, Rock Springs, and who died April 8, 1940. Had it not been for the large number of fatalities, our accident record would not have been an unfavorable one.

SAFETY MEETINGS:

The monthly Safety meetings at all districts were continued as in the past, with the awarding of cash and novelty prizes at each with no change in method except that it was necessary for a mine to work only two consecutive months to be eligible for the suit of clothes award rather than three consecutive months as formerly.

The Annual Safety Meeting was held Friday evening, February 16th, but, instead of one big meeting being held in the Old Timers' Building at Rock Springs as heretofore, simultaneous meetings were held in all districts. The program originated in the Old Timers' Building and was carried to Reliance, Winton, and Superior by radio, and to Hanna by a leased wire. The rules were changed to provide that an employe must be present at one of the meetings to be eligible for the Safety awards.

The winner of the Grand Prize for 1939, a new Chevrolet Sedan, was Rudolph E. Piz, of Superior "D" Mine. Messrs. M. J. Dolenc, Superior D. O. Clark Mine, Hugh McLean, Superior "D" Mine, and John Clark, Hanna, were winners of cash prizes of \$100, \$50, and \$25, respectively. Mr. I. N. Bayless was Chairman of the meeting, and the following speakers participated on the program: Mr. Frank Hunter, Safety Agent of the Union Pacific Railroad; Mr. E. H. Denny, District Engineer of the United States Bureau of Mines, Salt Lake City, Utah; Mayor Albert E. Nelson, Rock Springs; Mr. Eugene McAuliffe, and Mr. George B. Pryde. Mr. Thomas Berta, Manager of the Rialto Theatre, Rock Springs, assisted by Miss Joan Watkins and Deputy Mine Inspectors Robert Reay and R. E. Gildroy, conducted the drawing.

The Mid-Year Safety Meeting was held in the various districts Thursday evening, July 11th, in a similar manner to the Annual Safety Meeting, with the exception that Superior as well as Hanna was connected to the Old Timers' Building by wire, the whole program being broadcast over radio station KQRS.

General Manager Bayless was chairman of the combined meetings, speaking from the stage of the Old Timers' Building, Rock Springs. Others participating were Mr. Eugene McAuliffe, speaking from Hanna; Mr. George B. Pryde, speaking from Superior; and Mr. R. R. Knill, speaking in the Old Timers' Building. Mr. Thomas Berta and his assistants, Miss Jean Orme, Mr. Alfred Carey, President of District No. 22, U.M.W. of A., Mr. Allan Hensala, President of Local No. 2309, Rock Springs, and Mr. Roy Sather, President of Local No. 2174, Rock Springs, conducted the drawing.

The winner of the Grand Prize at the Mid-Year Safety Meeting, a Ford V-8 Sedan, was Mr. Stanley F. Strock, of Rock Springs, employed as Assistant Pipeman in the Machine Shop, while the winners of the cash prizes were Mr. Joe Kelly, Sr., Reliance No. 1 Mine, \$50; Donald L. Clark, Winton No. 1 Mine, \$25; and John A. Campbell, Watchman, Hanna, \$25.

On Saturday, September 7th, in the Old Timers' Building, Rock Springs, the "Sentinels of Safety" trophy was awarded to this Company for the fifth time, on this occasion to Winton No. 1 Mine. The presentation was made by Mr. Cadwallader Evans, Jr., Vice President and General Manager of The Hudson Coal Company, Scranton, Pennsylvania, one of the mines under his jurisdiction having won the trophy in the anthracite-coal-mining division.

The entire program was broadcast over the radio, and other speakers were: Mr. George B. Pryde, Chairman of the meeting; Mr. James Sampson, Chief Coal Mine Inspector for the State of Wyoming; Mr. R. R. Knill, Safety Engineer; Mr. Theodore Marvin, Editor of "The Explosives Engineer", through whose generosity this trophy is made available; Mr. Eugene McAuliffe, who accepted the trophy on behalf of Winton No. 1 Mine; Mr. E. H. Denny, District Engineer of the United States Bureau of Mines, who presented the individual certificates for the men, as well as a Certificate of Honorable Mention for Superior "C" Mine, which was runner-up in the competition; Mr. F. V. Hicks, Superintendent at Winton, who accepted the certificates for the men; and Mr. I. N. Bayless.

The Annual Safety Meeting for the awarding of the prizes for the second half of 1940 was held as usual in all districts the evening of Friday, February 28th, 1941.

The monthly cash prizes awarded at the monthly Safety meetings were the same as they have been for several years past, the amounts won by the various mines during the year being as follows:

	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$485	12.62
Rock Springs No. 8 Mine	360	9.36
Reliance No. 1 Mine	360	9.36
Reliance No. 7 Mine	400	10.40
Winton No. 1 Mine	400	10.40
Winton Nos. 3 and 7½ Mines	320	8.32
Superior "C" Mine	360	9.36
Superior "D" Mine	440	11.45
Superior D. O. Clark Mine	280	7.28
Hanna No. 4 Mine	440	11.45
TOTAL	<u>\$3,845</u>	<u>100.00</u>

In addition, a suit of clothes was awarded to each mine each month in which it had worked two or more months, consecutively, without a lost-time accident. In all, 72 suits were awarded. The

following shows the distribution of these suits for the past five years:

	1936	1937	1938	1939	1940
Rock Springs No. 4 Mine	7)	4	5	5	11
Rock Springs No. 8 Mine	1)	1	6	2	7
Reliance No. 1 Mine	-	3)	4	6	5
Reliance No. 7 Mine	-)	1	3	8
Winton No. 1 Mine	2)	5)	5	12	8
Winton Nos. 3 & 7½ Mines))	8	6	6
Superior "B" Mine	1	2	9	-	-
Superior "C" Mine	-	5	3	7	6
Superior "D" Mine	-	9	7	8	10
Superior D.O. Clark Mine	-	-	-	5	3
Hanna No. 4 Mine	5	3	8	5	8
TOTAL	15	32	56	59	72

In addition to the above suits of clothes awarded monthly, one suit will be awarded as a "free-for-all" prize at the Annual Safety Meeting to be held February 28th.

In order to compete for the cash prizes mentioned above, it was necessary for the mine to go through the entire month without a lost-time accident. However, novelty prizes, consisting of clothing, merchandise, food, sporting goods, etc., were given away at all Safety meetings, whether or not the mines were eligible for the cash prizes. The following statement shows the cost of annual and monthly Safety prizes since the year 1931:

Year	Cash	Automobiles Trips & Lot	Suits of Clothes	Novelty Prizes	Total	Cost Per Ton
1931	\$ 250.00	\$ 2,014.00	\$	\$	\$ 2,264.00	\$.000923
1932	250.00	1,765.00			2,015.00	.000985
1933	1,250.00	872.35			2,122.35	.001012
1934	1,300.00	773.00			2,073.00	.000863
1935	1,625.00	596.70			2,221.70	.000769
1936	2,980.00		478.21		3,458.21	.001052
1937	3,000.00	957.78	982.15	1,486.00	6,425.93	.001938
1938	4,520.00	931.00	1,243.74	2,265.46	8,960.20	.002970
1939	4,415.00	1,560.34	1,217.96	2,262.21	9,455.51	.002899
1940	4,090.00	1,918.00	1,828.32	2,267.72	10,104.04	.002816
TOTAL	\$23,680.00	\$11,388.17	\$5,750.38	\$8,281.39	\$49,099.94	\$.001732

POWDER:

A study was made of the handling and distribution of our powder during the year. New insulated powder cars were built, and our whole system of powder handling and distribution was revamped, providing greater Safety. Powder boxes are kept locked, and the Unit Foremen are the only employees authorized to distribute powder underground. A running daily inventory is kept of the powder in each box.

MECHANICAL LOADING:

During the year the following mechanical loading equipment was purchased and installed:

Superior
3 25-H.P. Goodman Shaking Conveyors
1 Standard 7-BU Joy Loader

Our production has been 100 per cent mechanically loaded for the past four years.

PREMIUM

There has been no change in the method of making Premium and Bonus payments during the year. The total awards made during the year, compared with 1939, were as follows:

	<u>BONUS</u> (Cost Basis)			
	1939		1940	
	Amount	Per Cent	Amount	Per Cent
Rock Springs No. 4 Mine	\$ 250.00	6.9	\$ 725.00	20.1
Rock Springs No. 8 Mine	650.00	18.1	375.00	10.4
Reliance No. 1 Mine	400.00	11.1	175.00	4.9
Reliance No. 7 Mine	625.00	17.4	75.00	2.1
Winton	250.00	6.9		
Superior "C" Mine	625.00	17.4	275.00	7.6
Superior "D" Mine	375.00	10.4	575.00	16.0
Superior D.C. Clark Mine			800.00	22.2
Hanna No. 4 Mine	425.00	11.8	600.00	16.7
TOTAL	\$3,600.00	100.00	\$3,600.00	100.0
Cost per ton	\$.0011		\$.0010	

PREMIUM
(Tons Per Man Shift Basis)

	<u>1939</u>		<u>1940</u>	
	Amount	Per Cent	Amount	Per Cent
Rock Springs No. 4 Mine	\$ 4,180.81	7.6	\$ 5,035.94	8.1
Rock Springs No. 8 Mine	1,895.22	3.4	2,806.66	4.5
Reliance No. 1 Mine	7,075.40	12.8	7,109.64	11.5
Reliance No. 7 Mine	16,023.22	29.1	17,224.88	27.8
Winton	8,041.02	14.6	8,393.26	13.5
Superior "B" Mine	5,248.41	9.5	1,405.85	2.3
Superior "C" Mine	2,165.25	3.9	3,041.53	4.9
Superior "D" Mine	4,112.54	7.5	7,051.02	11.4
Superior D.O. Clark Mine	6,140.91	11.2	9,781.40	15.6
Hanna No. 4 Mine	207.19	.4	112.13	.2
TOTAL	\$55,089.97	100.0	\$61,962.31	100.0
Cost per ton	\$.0169		\$.0173	

The Premium paid amounted to an average of \$0.793 per man shift worked on machines earning the premium. Premium was paid on 50.19 per cent of the coal loaded by shaking conveyors, while 41.50 per cent of the shaking conveyor loaders participated in the Premium during the year.

The following comparison shows the cost per ton, all coal loaded, of the premium and bonus payments for the past five years:

<u>Year</u>	<u>Total Tons Mined</u>	<u>Total Bonus & Premium</u>	<u>Cost per ton</u>
1936	3,286,159	\$ 3,600.00	\$.0011
1937	3,315,628	17,544.90	.0053
1938	2,978,601*	44,381.38	.0149
1939	3,261,003	58,689.97	.0180
1940	3,588,590	65,562.31	.0183

*Excludes D. O. Clark Mine production, 38,377.35 tons.

OLD TIMERS' REUNION:

The Sixteenth Annual Reunion of The Union Pacific Coal Company's Old Timers' Association was held Saturday, June 15, 1940. The officers elected for the ensuing year were: Mr. John Retford, Rock Springs, President; Mr. Hugh Harrigan, Reliance, Vice President; Mr. Andrew G. Hood, Superior, Secretary; Mr. Frank Tallmire, Rock Springs, Treasurer. Mr. Paul Weir, Mining Engineer of Chicago,

addressed the members at the annual banquet. The membership of the Association continues to grow, as shown by the following:

<u>Year</u>	<u>Membership</u>	<u>Inc. over 1925</u>
1925	283	--
1926	346	63
1927	397	114
1928	425	142
1929	446	163
1930	484	201
1931	521	238
1932	558	275
1933	611	328
1934	635	352
1935	660	377
1936	692	409
1937	711	428
1938	725	442
1939	752	469
1940	797	514

EMPLOYEES' MAGAZINE:

The Employees' Magazine completed its seventeenth year of publication, and continued to be read with much interest by our employees and by our friends outside of our organization.

POWER PLANTS:

The largest project undertaken during the year 1940, both as to magnitude and expenditures of a Capital nature involved, was the second addition to the Rock Springs Power Plant. Two Babcock & Wilcox 450-pounds-pressure steam generators with a capacity of 75,000 pounds of steamer hour were installed, together with one 7,500-K.W. General Electric turbo-generator and all necessary auxiliaries, the total expenditure amounting to \$598,619.22. This will give us sufficient generating capacity for some years to come. Even after the installation of the improvements in 1936, on account of taking over the load of the Commercial mines in this area the power plant was quickly loaded

to capacity. In January, 1940, peak demands of 12,900 K.W. were reached, this being in excess of the rated capacity of the plant, the equipment at that time consisting of three 2,500-K.W. low-pressure turbo-generators, and one 5,000-K.W. high-pressure generator, leaving no reserve capacity. With the installation of the new boilers and the new turbo-generator we will now have reserve capacity both in the generation of steam and of electric power. The highest peaks (13,400 K.W. on December 16th) are being carried at present without difficulty by the two high-pressure machines, the low-pressure generators being held in reserve.

The work was started the week ending April 13th, and the plant put in operation November 1, 1940. Late in 1940, the work of changing over one of the boilers installed in 1936 from low pressure to high pressure was undertaken to bring this boiler up to the same operating pressure as the other boiler installed in 1936 and the two additional boilers installed in 1940, making all steam-generating units operating at the high pressure, 450 pounds. Steam at 150 pounds pressure will be furnished for the operation of the low-pressure turbo-generators through a de-superheater and reducing valve from the high-pressure boilers, when it is necessary to do so. During the early part of 1941, No. 1 Boiler will be entirely rebuilt, and the setting will have air-cooled walls similar to the other three boilers.

This will give us ample boiler capacity for any load demands of the plant, i.e., four boilers of standard construction and pressure. At no time will more than three boilers be in use, with one boiler held in reserve. The old boiler plant will

be dismantled and abandoned in the spring of 1941.

With the new plant operating entirely on high-pressure steam, economies in the use of both coal and water will be obtained for the year which were not possible under the former mixed-pressure operation, and the installation of sufficient boiler capacity will make for more flexible and satisfactory operation.

The production of energy for the year showed an increase of 7.85 per cent over 1939. The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1936</u> <u>K.W.H.</u>	<u>1937</u> <u>K.W.H.</u>	<u>1938</u> <u>K.W.H.</u>	<u>1939</u> <u>K.W.H.</u>	<u>1940</u> <u>K.W.H.</u>
Used for plant auxiliaries and boiler room	4,372,170	5,484,900	5,326,800	5,187,500	5,842,900
Used at No. 6 Wells	491,600	544,082	614,989	703,254	703,500
Sold to So. Wyo. Util.Co.	8,022,463	10,815,055	10,713,673	10,639,922	10,950,007
Used at The U. P. Coal Company's Mining Districts	25,771,037	27,043,583	26,048,005	26,400,726	28,457,688
Total Distributed	38,657,270	43,887,620	42,703,467	42,931,402	45,954,095
Transmission Losses		<u>1,646,380</u>	<u>2,021,533</u>	<u>2,479,598</u>	<u>3,022,905</u>
Total Generated		45,534,000	44,725,000	45,411,000	48,977,000

(Note: Transmission losses not available for year 1936).

The production from the Hanna power plant showed a decrease of 5.23 per cent under 1939. The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1936</u> <u>KWH</u>	<u>1937</u> <u>KWH</u>	<u>1938</u> <u>KWH</u>	<u>1939</u> <u>KWH</u>	<u>1940</u> <u>KWH</u>
Mine Department	3,261,000	3,671,350	4,051,550	3,835,900	3,467,200
Commercial	867,900	1,046,700	993,500	1,068,400	1,156,700
Sub-Total	4,128,900	4,718,050	5,045,050	4,904,300	4,623,900
Used for power plant and boiler plant auxiliaries	1,124,100	1,083,600	1,015,100	1,261,650	1,219,700
Total Generated	5,253,000	5,801,650	6,060,150	6,165,950	5,843,600

There are no transmission losses taken into account at Hanna, all meters being located at the bus bars in the power plant. Commercial kilowatt hours covers power sold and power used by all departments other than the Mine Department.

During the latter part of the year a total of 36 meters was installed, as well as several pole transformers, and distribution and service lines rebuilt to provide better electric power service to commercial customers at Hanna.

PENSIONERS:

The following statement shows the number of pensioners on the rolls and the cost of the pensions for the past five years:

	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>
Number Pensioners on roll January 1st	53	58	62	59	58
Number added during year	5	5	2	6	0
Number died during year	0	1	5	7	4
Total cost of pensions for year	\$30,201.05	\$32,362.28	\$31,213.50	\$34,241.31	\$31,479.19

There were 54 pensioners on the rolls as of January 1, 1941.

REAL ESTATE:

Sales of real estate were maintained at a high level during

the year, the lots in the Pryde Addition being nearly closed out. It will be necessary to give consideration to laying out a new addition during the year 1941, as we have very few unsold lots for dwelling-house purposes.

The real estate sales for the year 1940 were as follows:

Pryde Addition	15 lots	\$ 9,050.00
Brooks Addition	1 lot	450.00
Clark Addition	2 lots	6,000.00
Miscellaneous		9,450.00
Total		\$ 24,950.00

The following is statement of payments to the Lion Coal

Corporation under lease Agreement No. 3130, covering lands at

Lionkol:

Year	Tons	Royalty (15¢ per ton)	Rental	Rental for Pumping and Vent. Mach.	Total
1931	1,074.00	\$ 161.10			\$ 161.10
1932	59,539.95	8,930.98	\$ 600.00	\$ 900.00	10,430.98
1933	108,620.86	16,293.14	600.00		16,893.14
1934	99,756.68	14,963.50	600.00		15,563.50
1935	72,664.59	10,899.72	600.00		11,499.72
1936	61,804.73	9,270.73	600.00		9,870.73
1937	62,635.62	9,395.36	600.00		9,995.36
1938	69,443.51	10,416.51	600.00		11,016.51
1939	80,912.91	12,136.94	600.00		12,736.94
1940	94,886.20	14,232.94	600.00		14,832.94
TOTAL	711,339.05	\$106,700.92	\$5,400.00	\$ 900.00	\$113,000.92

This area is now nearly worked out, and we are now preparing a statement to submit to the Lion Coal Corporation people looking to the abandonment of the property early this year. This has been a rather expensive operation on account of numerous faults and sand-rock intrusions, together with the long haul, adding to the general mine costs. It has, however, extended the life of No. 8 Mine.

WAGE CONTRACT:

The wage contract entered into with the United Mine Workers

of America on May 6, 1937 and extended on May 15, 1939, to expire on March 31, 1941, is now up for renewal. Since April 1, 1934, when a contract was entered into between the Appalachian District operators and their employes (under the auspices of the N.R.A.), major negotiations have been confined to that portion of the coal fields, all outside districts following the changes made in the Appalachian field. Rather extraordinary demands were submitted by the Mine Workers on March 11, 1941, it generally anticipated that an increase in wage rates will be granted, the measure of same yet undetermined, the new agreement to run for two years from April 1, 1941.

The entire operating staff and workers returned a commendable measure of industrious and loyal service during the year, for which we are duly appreciative.

Respectfully submitted,

Original Signed
EUGENE MCAULIFFE

President

YEAR 1939

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

EUGENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE 200-41

Feb. 20, 1940

Mr. W. M. Jeffers, President,
Union Pacific Railroad Company,
Omaha, Nebraska.

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1939:

MINE PRODUCTION AND COSTS:

Total tons produced, average days worked during the year, mine cost and total cost, for five yearly periods, 1935 to 1939, inclusive, is set forth below:

Year	Production Tons	Average Days Worked	Mine Cost	Total Cost
1935	3,887,731.30	214.2	1.412	1.648
1936	3,286,159.30	239.6	1.473	1.648
1937	3,315,628.05	217.7	1.540	1.734
1938	3,016,977.85	150.6	1.510	1.731
1939	3,261,003.45	157.5	1.503	1.752

The working time of the mines increased last year 6.9 days, or 4.6 per cent. The output increased 244,025.60 tons, or 8.09 per cent. The sharp reduction in running time from 1937 as shown is due in part to all mines working on a double shift basis, i.e. 14 hours, the average tons mined in each 14 hours worked was in 1937, 15,230, in 1938, 20,033, in 1939, 21,696.

The total taxes paid during the calendar years 1938 and 1939, were as shown below:

	1938	1939	Increase
Federal taxes	\$175,468.92	\$327,351.05	\$151,882.13
Other taxes	288,439.86	283,577.31 (Dec)	4,862.55
Total	\$463,908.78	\$610,928.36	\$147,019.58

Mine costs decreased \$.007 per ton but the cost of all coal sold increased \$.021 per ton. This increase was due to the fact that taxes, including an item of \$104,193.35, were set up as a contingent liability for Railroad Retirement, taxes accrued since January 1, 1937, this item alone equal to \$.032 per ton. The ruling of the Railroad Retirement Board expressed in an opinion given by the Board's Counsel, that employees of Railroad owned coal companies were subject to the Railroad Retirement and Railway Unemployment Acts, which is being contested by the Railroads and their Coal Companies, made it necessary to collect accrued taxes insofar as possible from the mine workers, and to set up for the Coal Company its proportion of taxes accrued. As of December 31, 1939, a total of \$84,176.74 had been collected from mine worker employees, which sum has been impounded awaiting the determination of the question. An attempt is now being made to resolve this question through an amendment to the law, which would specifically exclude mine workers from the provisions of same.

MECHANICAL LOADERS:

During the year 1939, the percentage of coal mechanically loaded was 100.0 per cent. On December 31, 1939, 200 loading units were in service, total capital investment in mechanical loaders, with depreciation to Dec. 31, 1939, set forth below:

Original capital investment	\$779,523.53
Depreciation to Dec. 31, 1939	<u>498,744.17</u>
Original cost less accrued depreciation	\$300,779.36
Depreciation for the year 1939	\$ 40,980.25

Based on the total tonnage mined in 1939, the depreciated capital investment in loading machinery as of Dec. 31st, was 9.2 cents per ton.

TIME WORKED AND EARNINGS OF EMPLOYEES:

Since 1926, an accurate record of the earnings of all unionized mine employees has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Avg. Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	209.5	\$9.43	\$163.46	\$1,965.87
1927	1,781.8	228.8	9.02	171.82	2,064.03
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	193.9	5.92	90.73	1,089.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,336.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,340.8	215.6	6.85	123.09	1,477.08
1938	2,169.8	186.3	7.11	110.42	1,325.04
1939	2,159.7	197.9	7.17	118.25	1,419.00

SAFETY MEASURES:

The accident prevention work inaugurated in 1923 continues to show extraordinary progress, not only during the six years, 1933-1938, but an all high record was again reached in 1939. While no record of non-fatal accidents or man-hours of exposure is available for the five year period, 1918-1922, preceding the year 1923, the fatalities totalled 61, with a total production of 14,012,895 tons, or one death for each 229,719 tons mined.

The comparison for the fifteen years separated into three periods of five years each, with years 1938 and 1939 shown separately, is set forth in the insert following:

THE UNION PACIFIC COAL COMPANY

Comparison of tons mined, and man-hours worked Inside and Outside per Fatal, Non-fatal and All Accidents

THREE 5-YEAR PERIODS AND YEARS 1938 AND 1939

Year	Tons Mined	Percentage Loaded Mechanically	Number of Accidents			Tons Mined per Accident			Man-hours Worked	Man-hours per Accident		
			Fatal	Non-fatal	Total	Fatal	Non-fatal	Total		Fatal	Non-fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 yrs.	14,368,523	15.61	48	1319	1367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 yrs.	13,384,472	63.18	35	1045	1080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 yrs.	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,162	110,287	103,172
1939	3,261,003	100.00	2	25	27	1,630,501	130,440	120,778	3,357,955	1,678,977	134,318	124,369

During the seventeen year period shown, there was paid in actual awards to injured employees and employees' dependents through the Wyoming Workmen's Compensation Act, the following sums:

Period	Tons Coal Mined	Compensation Awards	Awards per ton
1923-27	14,368,523	\$277,284.03	\$.0193
1928-32	13,384,472	253,804.06	.0190
1933-37	13,989,629	173,320.23	.0124
Yr. 1937	3,315,628	33,070.42	.0100
Yr. 1938	3,016,977	31,650.27	.0105
Yr. 1939	3,261,003	34,676.02	.0106

The payments made into the Workmen's Compensation Fund, 1939, compared with 1938, is shown below:

<u>Paid in for</u>		<u>Year 1938</u>	<u>Year 1939</u>
Workmen's Compensation		\$30,357.06	\$34,676.02
Catastrophe Insurance		8,216.73	8,689.35
Policing		10.00	10.00
Total		<u>\$38,493.29</u>	<u>\$43,375.37</u>
Increase			\$ 4,882.08

The Company's credit balance in the fund was decreased from \$77,396.16 as of Dec. 31, 1938, to \$72,928.14, as of Dec. 31, 1939.

Comparison of Fatal Accidents per Million Tons of
Coal Mined, The Union Pacific Coal Company and
United States, Compared - Seventeen
Yearly Periods

Year	<u>The Union Pacific Coal Company</u>		<u>All Bituminous Mines, U. S.</u>	
	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	18	4.94	1,953	3.46
1924	9	3.19	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.88	2,065	3.60
1927	7	2.54	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.91	1,705	3.19
1930	8	2.76	1,619	3.46
1931	6	2.40	1,050	2.78
1932	1	.50	858	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	968	2.60
1936	6	1.82	1,098	2.51
1937	2	.60	1,198	2.68
1938	2	.66	900 (Est.)	2.64 (Est.)
1939	2	.61	890 (Est.)	2.29 (Est.)

Safety expenditures chargeable to mine costs for the calendar

years 1923 to 1939, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
For Seventeen Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$71,981.08	3,241,105	\$.022
1924	152,754.18	3,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055
1927	88,880.00	2,750,430	.032
1928	98,374.68	2,927,380	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034

(Safety expenditures - (Contd))

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1931	\$70,830.24	2,453,527	\$.029
1932	57,591.39	2,045,370	.028
1933	51,416.84	2,097,559	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,887,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019
1938	57,622.92	3,016,978	.019
1939	62,905.80	3,261,003	.019

The annual examination of the mines was conducted during August, 1939, by Mr. Chas. H. Pullen, Safety Engineer for the Chicago, Wilmington and Franklin Coal Company of Southern Illinois.

MINE MATERIAL AND SUPPLIES:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY
Material and Supplies on Hand, December 31st, Years
1923 to 1939, Incl.

<u>Year</u>	<u>Coal Co.</u>	<u>Year</u>	<u>Coal Co.</u>
1923	\$ 586,341	1931	\$ 239,052
1924	418,797	1932	196,792
1925	339,313	1933	187,267
1926	267,095	1934	192,586
1927	253,075	1935	208,278
1928	265,130	1936	264,269
1929	273,036	1937	336,555
1930	255,064	1938	271,289
		1939	323,998

MERCHANDISE STORES:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, show an increase in profit over 1938, of \$3,785.29, our total payrolls falling off from \$3,580,140 in 1938 to \$3,504,260 in 1939, a reduction of \$75,860. The results for the year 1938 and 1939 are shown below:

Year	Total Sales	Inventory Value	Total Operating Expenses & Taxes	Net Earnings
1935	\$975,886	\$176,428	\$163,003	\$59,051
1939	994,780	188,931	173,862	63,836
Increase	\$ 18,894	\$ 12,503	\$ 11,859	\$ 3,785

Accounts Receivable, Merchandise Department, as of December 31, 1935, to 1939, incl., are shown below:

Accounts Receivable - Merchandise Dept.

Year	Amount
1935	\$95,546.18
1936	110,356.13
1937	120,990.23
1938	94,880.72
1939	118,059.33

The increase in Accounts Receivable since 1935 is due to heavy sales of refrigerators, washing machines, radios and other household equipment most of which is sold on instalments, these sales covered by chattel mortgage, our losses from these instalment sales negligible, the total uncollectible accounts charged off in 1939, \$941.42. An increase of \$23,078.61 was made in Accounts Receivable in 1939.

SALE OF COAL AT HANNA:

Sale of coal to the Sheridan Coal Co., Reynolds-Uplike Coal Co., The Harris Coal Co., Rock Springs Fuel Co., and A. F. Cameron of Hastings, Nebraska, was continued through the year. The Sheridan Coal Co. discontinued purchases early in the year. The sale of coal at Hanna, 1935 to 1939, incl., is set forth below:

Year	Tons Sold	Avg. Price Received	Avg. Total Cost	Profit	
				Per Ton	Amount
1935	29,124.60	\$2.586	\$1.649	\$.938	\$27,316.87
1936	28,185.45	2.649	1.426	1.223	34,470.80
1937	30,410.50	2.556	1.472	1.084	32,964.98
1938	23,933.80	2.633	1.543	1.090	25,955.00
1939	18,618.80	2.433	1.559	.875	16,291.45

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

MEASURE OF MAN POWER:

The number of mine employees in the service of the Company for eighteen yearly periods is shown below:

<u>Period</u>	<u>Number of Men</u>	<u>Reduction</u>	<u>Per Cent</u>
Jan. 1, 1923	3,674	-	0
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,830	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,845	52.6
Jan. 1, 1930	1,921	1,753	47.7
Jan. 1, 1931	1,822	1,852	50.4
Jan. 1, 1932	1,813	1,861	50.6
Jan. 1, 1933	1,719	1,955	53.2
Jan. 1, 1934	1,733	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1
Jan. 1, 1936	2,246	1,428	39.9
Jan. 1, 1937	2,361	1,313	35.7
Jan. 1, 1938	2,448	1,326	33.3
Jan. 1, 1939	2,336	1,338	36.4
Jan. 1, 1940	2,383	1,291	35.1

CAPITAL AND NON-CAPITAL EXPENDITURES:

During the year capital expenditures, also improvements charged to operating expenses, were made as follows:

CAPITAL EXPENDITURES

<u>District</u>	<u>To Mines</u>	<u>To Mer. Stores</u>	<u>Total</u>
Rock Springs	\$50,262.70	\$12,807.09	\$63,069.79
Reliance	62,765.90	-	62,765.90
Winton	17,611.84	-	17,611.84
Superior	181,284.08	843.30	182,127.38
Hanna	41,688.13	48,889.91	90,578.04
TOTAL	\$353,612.65	\$62,540.30	\$416,152.95

NON-CAPITAL EXPENDITURES

<u>District</u>	<u>To Mines & Bldgs.</u>	<u>To Mer. Stores</u>	<u>Total</u>
Rock Springs	\$ 48,847.32	\$108.00	\$ 48,955.32
Reliance	45,371.71	-	45,371.71
Winton	28,667.47	-	28,667.47
Superior	42,228.69	1,649.00	43,877.69
Hanna	68,449.99	1,426.00	69,875.99
TOTAL	\$233,565.18	\$3,183.00	\$236,748.18

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following

statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1939, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

Year	Avg. investment during year	Producing cost including Depreciation & Depletion	Total cost including 5% int. on investment
1921	\$16,751,316	\$2.48	\$2.83
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,027,565	2.21	2.61
1925	18,109,320	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16
1932	19,009,832	1.56	2.15
1933	18,959,995	1.38	1.94
1934	18,647,891	1.39	1.88
1935	18,634,464	1.41	1.83
1936	19,065,141	1.47	1.85
1937	19,795,047	1.54	1.93
1938	20,336,570	1.51	1.94
1939	20,554,994	1.50	1.91

Effect of wage
changed from 1921
Red. \$.0130 ton
" .1620 "
" .1620 "
" .1620 "
" .2680 "
" .3650 "
" .3316 "
" .2865 "
" .1629 "
" .0949 "
" .0949 "
" .0949 "

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five per cent on the average yearly investment, thus bringing costs to a true basis. It will be observed that our wage rates are yet 9.49 cents per ton below the 1921 figure.

During 1921, the Winton properties were acquired and since that year coal reserves costing approximately \$225,000 were added to Capital Account. The new addition to the Rock Springs power plant costing \$543,661, the new opening and steel tipples at Reliance, costing \$222,518, together with \$1,245,320 spent on the D. O. Clark Mine

at Superior, represent recent heavy capital additions.

GENERAL, ALL MINES

The total number of lineal feet and miles of track operated in all mines was as of December 31st, as follows:

	<u>Feet</u>	<u>Miles</u>
Rock Springs No. 4 Mine	25,925	4.91
Rock Springs No. 8 Mine	54,378	10.28
Total, Rock Springs	80,303	15.19
Reliance Outside	10,300	1.93
Reliance No. 1 Seam, No. 4 Mine	7,150	1.35
Reliance No. 7 $\frac{1}{2}$ Seam, No. 4 Mine	31,400	5.85
Reliance No. 7 Seam, No. 7 Mine	35,600	6.72
Total, Reliance	84,250	15.95
Winton Outside	5,590	1.06
Winton No. 1 Mine	20,450	3.87
Winton No. 7 $\frac{1}{2}$ Mine	16,580	3.14
Winton No. 3 Mine	9,950	1.89
Total, Winton	52,570	9.96
Superior "B" Mine	16,800	3.18
Superior "C" Mine	29,400	5.57
Superior "D" Mine	27,100	5.13
Superior D.O. Clark Mine	25,700	4.87
Total Superior	99,000	18.75
Hanna Outside	7,497	1.42
Hanna No. 4 Mine	90,183	17.08
Total, Hanna	97,680	18.50
TOTAL, All Mines, All Districts	413,703	78.35

The record of track operated, consists of entry, slope and mainline haulage with a few room tracks used at Reliance and Hanna where Joy Leaders are used. No room tracks are used at Superior, Winton or Rock Springs. Haulage tracks now are built with 70-pound rail which are being laid on creosoted ties, with electric bonding and trolley wires where electric locomotives are used. A limited amount of temporary short haul trackage is used, all room steel of 20-pound weight eliminated. The measure of narrow work (other than rooms) driven in 1939 is shown below:

Rock Springs No. 4 Mine	Feet 14,615
Rock Springs No. 8 Mine	9,715
Total, Rock Springs	<u>24,330</u>
Reliance No. 1 Seam, No. 4 Mine	None
Reliance No. 7 $\frac{1}{2}$ Seam, No. 4 Mine	16,600
Reliance No. 7 Seam, No. 7 Mine	36,330
Total, Reliance	<u>53,930</u>
Winton No. 1 Mine	11,520
Winton No. 7 $\frac{1}{2}$ Mine	11,996
Winton No. 3 Mine	4,845
Total, Winton	<u>28,361</u>
Superior "B" Mine	None
Superior "C" Mine	3,900
Superior "D" Mine	3,450
Superior D. O. Clark Mine	64,770
Total, Superior	<u>72,120</u>
Hanna No. 4 Mine	17,384

TOTAL, All Mines, All Districts 195,125, or 36.95 miles

There was no development work driven in Reliance No. 1 Seam, No. 4 Mine in 1939, as this mine is all on retreat. Also, no development work was driven in Superior "B" Mine, as this mine will be finished in May of the present year. The total narrow work driven in the Superior D. O. Clark Mine since starting in the coal is 76,880 feet, or 14.56 miles.

ROCK SPRINGS:

The mine costs at Rock Springs showed an improvement of \$.067 per ton in 1939. The reduction in Labor, Material and Power has been encouraging when consideration is given to the length of the hauls involved, and the great depth of cover under which these mines are now operating. No. 3 Slope in No. 8 Mine has reached a total length of almost twelve thousand feet.

RELIANCE:

During the past three years, the charges in No. 7 Mine for both material and labor for development have been quite high on account

of the rapid development being made, 36,330 feet in No. 7 Seam. This mine has now reached the stage where a large production will be obtained for 1940. In No. 1 Seam we continued to mine slope pillars, and this work is now pretty well completed. Pillar recovery will be continued in an area which will be released with the new pumping arrangement which we plan for No. 7½ Seam, together with a drill hole to be sunk to the lower workings to connection with this pumping station. We have estimated this recovery to be approximately 200,000 tons, which will all be on The Union Pacific Coal Company lands. No. 7½ Seam has about reached the boundary of the workable coal, and in the next few years this mine will be largely on retreat work. We plan to drive a tunnel during 1940 to connect Nos. 9 and 11 Seams thus maintaining the tonnage of the Reliance district when the mineable reserves in No. 7½ Seam have been exhausted.

WINTON:

Development work has been continued at Winton, particularly in No. 7½ Seam. Plans have been made for handling the additional water encountered in this seam, during 1940. The mining conditions and the height of the coal to the south in this seam are quite encouraging, and the production costs in this mine for 1940 should be reduced to some extent.

It will be necessary to start a sub-slope to the south in No. 1 Seam, as the main slope, which is in low and dirty coal, has reached the limit of economical haulage for the outside hoist. It is planned to move the slope to the south in clean coal, where the expense and necessity of driving through this dirty coal on the main slope will be eliminated.

No. 3 Seam has reached the limit of the workable coal, and

all work on this seam will be on the retreat, until the remaining reserves have been worked out. Some prospecting work was done in No. 13 Entry in 1939, but it was developed that the boundary of the workable coal had been reached.

SUPERIOR:

"B" Mine is being rapidly worked out, and should be abandoned in the early part of May, 1940. "C" and "D" Mines are largely on retreat work, and will probably last from three to four years.

The development of the D. O. Clark Mine has been carried forward as rapidly as possible, considering the need for the production. It will now be necessary to push the development with all possible speed in No. 7 $\frac{1}{2}$ Seam during 1940, as the coal in this seam must be mined out first in order to release the coal in the underlying seam. A contract will be let in the early part of 1940 for a rock tunnel connecting No. 7 Seam with No. 7 $\frac{1}{2}$ Seam, so that coal may be hauled direct to No. 7 Loading Station. At present this coal is dropped down the man and material slope, and this practice will be discontinued with the completion of the rock tunnel.

The total narrow work driven in D. O. Clark Mine since it was taken over from the contractors totals 76,880 feet. The length of development from which rooms can now be turned is 12,550 feet.

The figures on development work in the D. O. Clark Mine are very interesting, as indicating the large amount of narrow work it is necessary to drive in four working seams, to put a modern mine on a producing basis for retreat work. The 76,880 feet of narrow work (of which 12,550 feet is available for room work), represents the slopes, manways, haulageways, crosscuts, permanent air courses, etc., which must be in operation before any rooms may be turned.

The figures for No. 7 Seam, Reliance, as well as those for the D. O. Clark Mine, Superior, are interesting also because, in both, the narrow work is driven and rooms are opened entirely with mechanical loaders, no hand work involved. Had it been necessary to drive with hand work the 64,770 feet of narrow work which was completed in the D. O. Clark Mine in 1939, it would have taken four or five years to complete the task, with a large force of men, with a relatively low output. Reducing the narrow work to yards (21,590), at an average cost of \$2.50 per yard, would have resulted in an expenditure for hand work of \$53,975, or \$0.2563 per ton on the 1939 production, which was 210,581.30 tons. The figures shown above indicate the rapidity with which a mine may be developed mechanically, and the reduction in cost where no yardage payments are involved.

The Labor costs at the D. O. Clark Mine were kept very well in line, even with the mine entirely on narrow work. Principally on account of the large amount of new and heavy track necessary, the extension of pipe lines, and other similar items, our Material costs were up about nine cents per ton at Superior for 1939. With the permanent air courses, slopes, and other narrow work driven, territory for rooms will be much more rapidly developed during the year 1940, and we expect to have some wide work in operation during the latter part of the year. The development work will also be speeded up with the transferring to the D. O. Clark Mine of the "B" Mine tonnage in May, 1940.

HANNA:

All retreat work on the main slope at No. 4 Mine has been completed and the slope sealed off. All the production now comes

from the North Slope.

The mileage of track now used (18.75 miles), suggests the necessity for a new opening and new tipple for this mine at an early date. The hauls are now extremely long and expensive, particularly the item of maintenance. Our engineers are developing plans for a new opening north of the present workings, and for a new tipple and railroad tracks for same.

All material and equipment was removed in 1939 from the main slope, manway, and return air course which were sealed immediately below the main station pump a distance of 1,750 feet from the main slope portal. The fan on the south main return was stopped October 17, 1939, and the entire main slope area is now being ventilated by a split from the north slope fan with satisfactory results. Plans have been made to move the 8-foot Aerovane fan now idle, to "L" Panel return air course, during the coming summer.

Development work has been kept well ahead of production in this mine, the total available developed coal at the end of the year approximating 1,250,000 tons. The driving of "L" Panel to the surface will be pushed rapidly during the early part of 1940.

Great improvement has been made in haulage in rooms by a more efficient track lay-out, using heavy rails. All coal is now hauled out of rooms by mine locomotives, these motors being equipped with cable reels. The use of horses was entirely abandoned at Hanna in the early part of 1939, and no livestock is now used either inside or outside.

In the territory developed during 1939, mining conditions are improving, the coal being exceptionally clean and of good qual-

ity. There is also a slight increase in the height of the seam, and a flattening out of the pitch would seem to indicate more favorable mining conditions in the "L" Plane territory.

LABOR:

Labor was plentiful during the year. We have continued the system instituted some years ago of employing mostly sons and wards of our mine employees. There were 322 new men employed during the year.

TENEMENTS:

The usual work has been done to maintain tenements, and the following statement shows these expenditures for the past five years:

	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Number of Houses	1,109	1,106	1,107	1,111	1,109
Cost of Main- tenance	\$54,810.49	\$61,591.92	\$60,829.73	\$58,300.60	\$60,778.13
Average Cost per house	\$ 49.42	\$ 55.69	\$ 54.95	\$ 50.59	\$ 54.80

The amount for 1939 shown in this statement does not include the cost of moving thirty houses at Hanna to the new Butler Addition, \$21,716.32. These houses were in a bad state of repair, and were in an unlivable location on account of lack of surface drainage. Moving them has worked a great improvement, and plans have been worked out and estimates made for the moving of the remaining forty-two houses to the Butler Addition.

COMMUNITY COUNCILS:

The Community Councils have continued their activities during the year, and have done much valuable community work in our various mining districts.

BOY AND GIRL SCOUTS:

Although the work of the Boy and Girl Scouts showed a slump in the latter part of the year, in some of the districts, the committees are being reorganized, and the prospects for the coming year are good. Somehow it seems necessary to provide leadership and impetus from the official staff to keep this type of work alive.

FIRST AID AND SAFETY WORK:

All new employees received training in First Aid, so that we might maintain our Standard of one hundred per cent training for all employees. The annual First Aid Field Day was held in the Old Timers' Building on June 16th, with twenty-nine teams taking part, seventeen Boy Scout and Girl Scout teams and twelve men's teams. The winners were as follows:

Men's Teams

Superior "B", first
Superior "D", second
Winton No. 7, third

Boy Scout Teams

Hanna Japanese, first
Reliance, second
Superior, third

Senior Girl Scout Teams

Superior, first
Rock Springs, second
Hanna, third

Junior Girl Scout Teams

Superior, first
Rock Springs, second
Hanna, third

Following the contests, Mr. E. H. Denny, of the United States Bureau of Mines, presented to The Union Pacific Coal Company four Certificates of Honor awarded by the Joseph A. Holmes Safety Association as follows:

To No. 1 Mine, Reliance, Wyoming, for operating without a fatality from January 25, 1933, to December 31, 1933 (1,154 working days), employing an average of 265 men who worked 2,417,945 man hours and produced 2,256,844.50 tons of coal. The mine is entirely mechanized and pillars are extracted.

To "B" Mine, Superior, Wyoming, for operating without a lost-time accident from September 20, 1937, to December 31, 1938 (206.5 working days), employing an average of 200 men who worked 334,649 man hours and produced 350,703.10 tons of coal. The mine is entirely mechanized and pillars are extracted.

To "C" Mine, Superior, Wyoming, for operating without a fatality from October 20, 1933, to December 31, 1938 (1,072 working days), employing an average of 175 men who worked 1,470,014 man hours and produced 1,256,782.60 tons of coal. The mine is entirely mechanized and pillars are extracted.

To No. 4 Mine, Hanna, Wyoming, for operating without a fatality from July 30, 1935, to December 31, 1938 (710 working days), employing an average of 301 men who worked 1,701,538 man hours and produced 1,613,901.05 tons of coal from a bed approximately 30 feet thick on a pitch of approximately 17 degrees. This mine had only 3 lost-time accidents in 1938 and established an accident severity rate per 1,000 man hours of 0.273.

Hanna continued to operate during the year without a fatality, making the fourth consecutive no-fatality year for that district. Reliance and Winton districts also operated through the year without a fatality.

SAFETY MEETINGS:

There was no change made in the method of awarding cash and novelty prizes at the monthly Safety meetings during the year, and the interest in these meetings continued.

The annual Safety Meeting was held Friday, February 3rd, at which the Grand Prize for Safety in 1938 was awarded, the winner Mr. Hugo J. Melrose, of Superior. Mr. Hugh McLeod, State Inspector of Coal Mines; Mr. James Morgan, Regional Director of the Congress of Industrial Organizations; and Mr. E. H. Donny, District Engineer of the United States Bureau of Mines, and the undersigned, all addressed the meeting.

As announced at the annual Safety Meeting mentioned above, the mid-year Safety Meeting was held in the Old Timers' Building Wednesday evening, July 13th, for the purpose of awarding a lot in the Pryde Addition to Rock Springs for Safety work, the winner of this lot Mr. F. Russell Daniels. Speakers at this meeting were C. E. Krieger, Chief of Police of Rock Springs, George B. Pryde, and W. H. Walsh, Safety Engineer for the commercial operators in this field.

On September 2, 1939, the Sentinels of Safety Trophy, the bronze statuette provided by The Explosives Engineer (house organ of the Hercules Powder Company) and awarded annually for Safety work by the United States Bureau of Mines through the medium of a National Safety Competition, was presented to Superior "B" Mine by Mr. R. C. Allen, of the Oglebay, Norton Company, on behalf of The Explosives Engineer. This was the second time Superior "B" mine was successful in winning this trophy, the first time having been for Safety work in 1933. Speakers at this meeting, in addition

to Mr. Allen, were R. R. Knill, Safety Engineer; M. R. Budd, a member of the staff of The Explosives Engineer; A. W. Dickinson, of the American Mining Congress, Washington, D. C.; George B. Pryde, Vice President, Operation; Eugene McAuliffe, President, who accepted the trophy; E. H. Denny, of the United States Bureau of Mines, who presented the individual certificates to Geo. A. Brown for distribution to the men working in "B" Mine; and J. E. Clark, an employe of "B" Mine. Mr. Denny also presented a Joseph A. Holmes Safety Association Certificate of Honor to Mr. John E. Holmes, of Reliance, the citation reading as follows:

"The Joseph A. Holmes Safety Association Awards this Certificate of Honor to John E. Holmes, of Reliance, Wyoming, for having worked for sixty-three years in twenty-six different coal mines without sustaining a lost-time accident. He still works underground at the age of seventy-three."

The monthly cash Safety prizes were the same as they have been in recent years, i.e., \$15, \$10, and \$5 for the men and \$10 for the Unit Foremen in each mine which went through one month without a lost-time accident. The amounts of the cash prizes won by the various mines during the year were as follows:

	Amount	Per Cent
Rock Springs No. 4 Mine	\$400	9.43
Rock Springs No. 8 Mine	360	8.49
Reliance No. 1 Mine	440	10.39
Reliance No. 7 Mine	320	7.55
Winton No. 1 Mine	520	12.26
Winton Nos. 3 & 7 $\frac{1}{2}$ Mines	440	10.38
Superior "C" Mine	480	11.32
Superior "D" Mine	480	11.32
Superior D. O. Clark Mine	400	9.43
Hanna No. 4 Mine	400	9.44
TOTAL	\$4,340	100.00

Fifty-nine suits of clothes were also awarded, one to each mine each month after which the mine had worked three or more months, consecutively, without a lost-time accident.

In addition to the cash prizes and suits of clothes, novelty prizes, consisting of clothing, merchandise, food, sporting goods, etc., were given away at all Safety meetings.

The following statement shows the total cost of annual and monthly Safety prizes since the year 1931:

Year	Cash	Automobiles, Trips & Lot	Suits of Clothes	Novelty Prizes	Total	Cost Per Ton
1931	\$ 250.00	\$2,014.00			\$2,264.00	\$.000923
1932	250.00	1,765.00			2,015.00	.000925
1933	1,250.00	873.35			2,123.35	.001012
1934	1,300.00	773.00			2,073.00	.000863
1935	1,625.00	596.70			2,221.70	.000769
1936	2,980.00		\$ 478.21		3,458.21	.001052
1937	3,000.00	957.78	982.15	1,486.00	6,425.93	.001938
1938	4,520.00	931.00	1,243.74	2,265.46	8,960.20	.002970
1939	4,240.00	1,560.34	1,217.96	2,262.21	9,280.51	.002846
TOTAL	\$19,415.00	\$9,470.17	\$3,922.06	\$6,013.67	\$38,820.90	\$.001567

PREMIUM:

Premium and Bonus production awards were made during the year on substantially the same basis as for the past several years.

The total awards made during the year, compared with the previous year, were as follows:

	<u>BONUS</u> <u>(Cost Basis)</u>			
	1938		1939	
	Amount	Per Cent	Amount	Per Cent
Rock Springs No. 4 Mine	\$ 350.00	9.7	\$ 250.00	6.9
Rock Springs No. 6 Mine	250.00	7.0	650.00	18.1
Reliance No. 1 Mine			400.00	11.1
Reliance No. 7 Mine	750.00	20.8	625.00	17.4
Winton	775.00	21.5	250.00	6.9
Superior "B" Mine	325.00	9.0	-	-
Superior "C" Mine	200.00	5.6	625.00	17.4
Superior "D" Mine	650.00	18.1	375.00	10.4
Hanna No. 4 Mine	300.00	8.3	425.00	11.8
Total	\$3,600.00	100.0	\$3,600.00	100.0
Cost per ton	\$.0012		\$.0011	

The bonus payments are awarded to the men in the mines who show the best relative showing in cost of labor, material and power used, compared with their own previous twelve month's performance, this arrangement offers a stimulus to all men employed above and below ground.

	<u>PREMIUM</u> (Tons per Man Shift Basis)			
	<u>1938</u>		<u>1939</u>	
	<u>Amount</u>	<u>Per Cent</u>	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$5,519.83	13.5	\$4,180.81	7.6
Rock Springs No. 8 Mine	2,807.48	6.9	1,895.23	3.4
Reliance No. 1 Mine	4,672.74	11.5	7,075.40	12.8
Reliance No. 7 Mine	10,603.12	26.0	16,023.22	29.1
Winton	7,388.30	18.1	8,041.02	14.6
Superior "B" Mine	5,213.32	12.8	5,248.41	9.5
Superior "C" Mine	2,377.84	5.8	2,165.25	3.9
Superior "D" Mine	1,961.17	4.8	4,112.54	7.5
Superior D. O. Clark Mine			6,140.91	11.2
Hanna No. 4 Mine	237.58	.6	207.19	.4
Total	\$40,781.38	100.0	\$55,089.97	100.0
Cost per ton	\$.0137		\$.0169	

This premium payment applies only to men employed on shaking conveyors and Duckbills costing in 1939, \$.0169 per ton. Prior to the institution of the premium arrangement in 1930, the average production per man was for each seven hours employed on shaker conveyors, 12.25 tons. In 1939, the production averaged 13.87 tons, an increase of 13.22 per cent. As the cost per ton for labor in the operation of Conveyors and Duckbills approximates \$.60, the net gain received from the bonus, after payment of same, approximates \$.0625 per ton.

The following is a comparison of the cost per ton, all coal loaded, of the combined bonus and premium payments for the past five years:

<u>Year</u>	<u>Total Tons Mined</u>	<u>Total Bonus & Premium</u>	<u>Cost per ton</u>
1935	3,887,731	\$ 9,165.00	\$.0032
1936	3,286,159	3,600.00	.0011
1937	3,315,628	17,544.80	.0053
1938	3,978,601*	44,381.38	.0149
1939	3,261,003	58,689.97	.0180

*Excludes D. O. Clark Mine production, 38,377.35 tons.

OLD TIMERS' REUNION:

On Saturday, June 17, 1939, the Old Timers' Association of The Union Pacific Coal Company met in its fifteenth Annual Reunion. The officers elected were: Mr. Obie Powell, Superior, President; Mr. John Retford, Rock Springs, Vice President; Mr. A. G. Hood, Superior, Secretary; and Mr. Frank Tallmire, Rock Springs, Treasurer. Mr. W. M. Jeffers, President of the Union Pacific Railroad Company, made a very inspiring address at the banquet. The Association showed a further increase in membership, as indicated below:

<u>Year</u>	<u>Membership</u>	<u>Inc. over 1925</u>
1925	283	-
1926	346	63
1927	397	114
1928	425	142
1929	446	163
1930	484	201
1931	531	238
1932	558	275
1933	611	328
1934	635	352
1935	660	377
1936	692	409
1937	711	428
1938	725	442
1939	752	469

EMPLOYEES' MAGAZINE:

The Magazine is widely read by our employees and by many outsiders. It completed in 1939 its sixteenth year of publication.

POWER PLANTS:

Plans were worked out for the installation of a new 7,500-K.W. turbo-generator at Rock Springs, together with auxiliaries and the necessary boilers, the estimated cost being \$573,888, but no definite action was taken on this installation during the year. It will be necessary to make additions soon, as the load peaks are increasing at a rapid rate. During the year 1939, several peaks of 12,700 K.W. were recorded. It was necessary during the year to make extensive repairs to the three batteries of old B. & W. low-pressure boilers in order to secure an adequate steam supply. The production of energy showed an increase of 1.53 per cent over the previous year.

The following statement shows the total power generated and the distribution of same for the past five years:

	<u>1935</u> <u>K.W.H.</u>	<u>1936</u> <u>K.W.H.</u>	<u>1937</u> <u>K.W.H.</u>	<u>1938</u> <u>K.W.H.</u>	<u>1939</u> <u>K.W.H.</u>
Used for plant auxiliaries and boiler room	3,659,050	4,372,170	5,484,900	5,326,800	5,187,500
Used at No. 6 Wells	498,000	491,600	544,082	614,989	703,254
Sold to So. Wyo. Util. Co.	4,938,063	8,022,463	10,815,055	10,713,673	10,639,922
Used at The U.P. Coal Company's Mining Districts	23,122,287	25,771,037	27,043,583	26,049,005	26,400,726
Total Distributed	32,217,400	38,657,270	43,887,620	42,703,467	42,931,402
Transmission Losses	1,459,770	1,751,561	1,646,320	2,021,533	2,479,598
Total Generated	33,677,170	40,408,831	45,534,000	44,725,000	45,411,000

(Note: Transmission losses estimated for years 1935 and 1936.)

The production from the Hanna power plant increased 1.74 per cent over 1938. The following statement shows the total power generated and the distribution of the same for the past five years:

	1935 K.W.H.	1936 K.W.H.	1937 K.W.H.	1938 K.W.H.	1939 K.W.H.
Mine Department	2,764,640	3,261,000	3,671,350	4,051,550	3,835,900
Commercial	776,460	867,900	1,046,700	993,500	1,068,400
Sub-Total	3,541,100	4,128,900	4,718,050	5,045,050	4,904,300
Used for power plant and boiler plant aux- iliaries	1,039,100	1,124,100	1,083,600	1,015,100	1,261,650
Total Generated	4,580,200	5,253,000	5,801,650	6,060,150	6,165,950

The reports for Hanna for the years previous to 1939 did not include the power used to operate auxiliaries within the plant, the amounts shown above as sub-totals for these years being considered the total power generated.

There are no transmission losses taken into account at Hanna, all meters being located at the bus bars in the power plant.

Commercial kilowatt hours at Hanna covers power sold and power used by all departments other than the Mine Department.

PENSIONERS:

The following statement shows the number of pensioners on the rolls and the cost of the pensions for the past five years:

	1935	1936	1937	1938	1939
Number Pensioners on roll January 1st	48	53	58	62	59
Number added during year	7	5	5	2	6
Number died during year	2	0	1	5	7
Total cost of pen- sions for year	\$27,913.11	\$30,301.05	\$32,362.28	\$31,213.50	\$34,241.31

There were 58 pensioners on the rolls as of January 1, 1940

REAL ESTATE:

The real-estate sales for the year 1939 were as follows:

Wardell Addition	3 lots	\$1,796.05
Pryde Addition	7 lots	4,025.00
Clark Addition	5 lots	3,495.00
Lowell Addition (Reposessed)*	1 lot	<u>150.00</u>
TOTAL		\$9,156.05

*Lot 1, Block 19, Lowell Addition, originally sold to Mr. John Subic in 1937. When he did not keep up payments on same, the contract was cancelled, the lot reposessed, and Mr. Subic's down payment refunded to him.

The year 1939, proved a very fortunate one for the property when taken as a whole. The Safety record established is up to the standard of the best British and Continental practice, suggesting that continued vigilance will be necessary to maintain same. While the production, 3,261,003 tons, represented an increase from 1938, of 244,026 tons, or 8.09 per cent, there was picked up from storage in May, 1939, a total of 56,788 tons without which our mine production would have approximated 3,317,791 tons.

Our labor situation has, insofar as our own forces are concerned, been most satisfactory; our mines were, however, closed from May 5th to 15th, ten calendar or seven working days, because of the failure of the coal operators and mine workers to agree on a new schedule for the Appalachian field. Since the inception of The National Recovery Administration under General Hugh S. Johnson in 1934, the coal producing districts west of the Appalachian field have had neither voice nor vote in the making of coal mining agreements. In-

stead they are compelled to stand by until the Appalachian agreement is consummated, to thereafter apply any changes in hours and rates of pay there made to their respective schedules.

The shut-down of the mines west of the Appalachian field was contrary to our implied contract agreement and can only be excused by the fact that the Eastern operators stood out on a technicality (that of a closed U.M.W. of A. agreement), which they afterwards acceded to, the consumption of storage coal held by the consumers a substantial factor in operator opposition to continued production.

As the bituminous wage contracts in force throughout the nation expire simultaneously on March 31, 1941, the railroad coal storage stocks should be raised during the summer of 1940 from the present proportions of 182,592 tons, to not less than 250,000 tons, which would represent approximately 30 days fuel supply.

Two important items of construction confront the property, the first, the expansion of the Rock Springs power plant, costing approximately \$600,000. As shown in detail in this report, the power load carried by the plant now exceeds during peak load periods the total generator capacity of the plant, the three low pressure turbo-generators now 20 years old. With a combined total capacity on the four machines of 12,000 K.W., peaks of 12,900 are now developing, a condition that is not altogether defensible. The income above operating costs, depreciation and taxes received from the sale of electric energy at Rock Springs, \$176,761.86 in 1939, and \$2,170,431.72 from 1924, to 1939, inclusive, warrants the continuation of adequate public service as well as that required for

the Company's mines.

The second pressing improvement needed is that of the relocation of Mine No. 4 at Hanna, where 489,871.85 tons was produced in 1939. The present opening and tippie of archaic wooden construction was established in 1911, and is now in a very decrepit condition, due to age of timber. During the years the tippie has been amplified by the addition of shaker screens, crusher, box car loader and rotary dump, creating a complex and hard to maintain situation. The coal now mined in No. 4 Mine is being moved in excess of four miles, and is handled with three separate hoists and two very long motor hauls, the cost of haulage a steadily mounting charge. With the installation of a new tippie in the center of the area now being worked, a saving of \$40,000 annually in cost of production could be effected, this saving equal to 13.3 per cent on a new plant for which plans and estimates now being made will show a probable total cost, including railroad tracks, approximating \$300,000. These two items will leave the property without further need of new locations for approximately five years, when Rock Springs Nos. 4 and 8 Mines will be exhausted.

The operating staff and workers returned a commendable measure of industrious and loyal service during the year, for which we desire to express due appreciation.

Respectfully submitted,

Original Signed
EUGENE MAULIFFE

President

YEAR 1938

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

GENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO
200-41
FILE

March 20, 1939.

Mr. W. M. Jeffers, President,
Union Pacific Railroad Company,
Omaha, Nebraska.

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1938:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost, for five yearly periods, 1934 to 1938, inclusive, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1934	2,402,552.95	181.0	1.390	1.639
1935	2,887,731.30	214.2	1.412	1.648
1936	3,286,159.30	239.6	1.473	1.648
1937	3,315,628.05	217.7	1.540	1.734
1938	3,016,978.00	150.6	1.510	1.731

The working time of the mines decreased last year 67.1 days, or 30.8 per cent. The output decreased 298,650.05 tons, or 9.0 per cent. The sharp reduction in running time shown is due in part to all mines working on a double shift basis, i.e. 14 hours, the average tons mined in each 14 hours worked was in 1937, 15,230, in 1938, 20,033.

The total taxes paid during the calendar years 1937 and 1938, were as shown below:

	<u>1937</u>	<u>1938</u>	<u>Increase</u>
Federal taxes	\$146,710.82	\$175,468.92	\$28,758.10
Other taxes	269,498.69	288,439.86	18,941.17
Total	\$416,209.51	\$463,908.78	\$47,699.27

Mine costs decreased \$.03 per ton and cost of all coal sold decreased \$.003 per ton. The total cost of labor decreased 3.2 cents, material decreased 2.1 cents, depletion and depreciation increased 1.9 cents and power 0.4 cents per ton.

Mechanical Loaders:

During the year 1938, the percentage of coal mechanically loaded was 100.0 per cent. On December 31, 1938, 188 loading units were in service, total capital investment in mechanical loaders, with depreciation to Dec. 31, 1938, set forth below:

Original capital investment	\$737,453.61
Depreciation to Dec. 31, 1938	<u>500,026.44</u>
	\$237,427.17
Depreciation for the year 1938	\$ 36,762.32
Total tons loaded mechanically, 1938 exclusive of D. O. Clark tonnage	2,978,600

Based on the total tonnage mined in 1938, the depreciated capital investment in loading machinery as of Dec. 31st, was 7.9 cents per ton.

Time Worked and Earnings of Employees:

Since 1926, an accurate record of the earnings of all unionized mine employees has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Average Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	208.5	\$9.43	\$163.46	\$1,965.87
1927	1,781.8	228.8	9.02	171.82	2,064.03
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	183.9	5.92	90.73	1,088.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,338.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,240.8	215.6	6.85	123.09	1,477.08
1938	2,169.8	186.3	7.11	110.42	1,325.04

Safety Measures:

The accident prevention work inaugurated in 1923 continues to show extraordinary progress, not only during the five years, 1933-1937, but an all high record was again reached in 1938. While no record of non-fatal accidents or man-hours of exposure is available for the five year period, 1918-1922, preceding the year 1923, the fatalities totalled 61, with a total production of 14,012,895 tons, or one death for each 229,719 tons mined.

The comparison for the fifteen years separated into three periods of five years each, with years 1937 and 1938 shown separately, is set forth below:

<u>Period</u>	<u>Number accidents</u>			<u>Tons mined per accident</u>			<u>Man-hours per accident</u>		
	<u>Fatal</u>	<u>Non-fatal</u>	<u>Total</u>	<u>Fatal</u>	<u>Non-fatal</u>	<u>Total</u>	<u>Fatal</u>	<u>Non-fatal</u>	<u>Total</u>
1923-27	48	1,319	1,367	399,344	10,893	10,511	444,776	16,186	15,617
1928-32	35	1,045	1,080	382,413	12,808	12,393	503,854	16,875	16,329
1933-37	22	241	263	635,892	58,048	53,192	731,205	66,749	61,165
Year 1937	2	38	40	1,657,814	87,253	82,891	1,853,618	97,559	92,680
Year 1938	2	29	31	1,508,489	104,034	97,322	1,599,163	110,287	103,172

The following comparison of total injuries (fatal and non-fatal), per million man-hours of exposure, in the bituminous mines of the United States and the Rocky Mountain region, with Wyoming separated between the mines of The Union Pacific Coal Company and all mines in the state, will prove of interest:

NUMBER OF INJURIES - FATAL & NON-FATAL - PER MILLION MAN-
HOURS OF EXPOSURE - BITUMINOUS COAL MINES U.S.A.

<u>Year</u>	<u>United States All Mines</u>	<u>Colorado All Mines</u>	<u>Utah All Mines</u>	<u>Montana All Mines</u>	<u>New Mexico All Mines</u>	<u>Washington All Mines</u>	<u>Wyoming U.P. Coal Company All Mines</u>	<u>Wyoming All Mines</u>
1930	97.1	96.1	201.0	84.9	83.2	135.7	71.8	124.6
1931	92.4	97.1	156.2	81.1	66.3	115.1	49.8	125.6
1932	84.1	111.6	116.3	65.8	69.6	97.8	23.0	57.2
1933	79.3	115.9	103.5	78.7	65.8	90.3	16.9	55.5
1934	81.1	109.4	123.8	82.8	76.6	86.8	22.1	58.0
1935	83.8	111.7	121.5	77.6	62.6	87.2	19.4	46.9
1936	77.0	101.7	122.7	72.4	66.5	129.5	14.4	42.7
1937	81.2	101.2	89.7	73.6	67.7	149.4	10.8	42.2
1938	75.6	93.0	101.7	82.4	62.5	140.1	9.1	38.7

Data other than for The Union Pacific Coal Co. taken from U. S. Bureau of Mines' reports.

During the sixteen year period shown, there was paid in actual awards to injured employes and employes' dependents through the Wyoming Workmen's Compensation Act, the following sums:

<u>Period</u>	<u>Tons Coal Mined</u>	<u>Compensation Awards</u>	<u>Awards per ton</u>
1923-27	14,368,523	\$277,224.03	\$.0193
1928-32	13,384,472	253,804.06	.0190
1933-37	13,989,629	173,320.23	.0124
Year 1937	3,315,628	33,070.48	.0100
Year 1938	3,016,978	31,650.27	.0105

The reduction in payments made into the Workmen's Compensation fund, 1938, compared with 1937, is shown below:

<u>Paid in for</u>	<u>Year 1937</u>	<u>Year 1938</u>
Workmen's Compensation	\$59,355.84	\$30,257.06
Catastrophe insurance	9,194.07	8,216.73
Policing	535.00	10.00
Total	\$69,084.91	\$38,483.29
Decrease		\$30,601.12

The Company's credit balance in the fund was increased from \$75,303.05 as of Dec. 31, 1937 to \$77,396.16 as of Dec. 31, 1938.

Comparison of Fatal Accidents per Million Tons of Coal Mined
The Union Pacific Coal Company and United States, Compared
Sixteen Yearly Periods

<u>Year</u>	<u>The Union Pacific Coal Company</u>		<u>All Bituminous Mines, U.S.</u>	
	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	16	4.94	1,953	3.46
1924	9	3.19	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.68	2,065	3.60
1927	7	2.54	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.91	1,705	3.19
1930	8	2.76	1,619	3.46
1931	6	2.40	1,050	2.78
1932	1	.50	858	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	968	2.60
1936	6	1.82	1,038 (Est.)	2.52 (Est.)
1937	2	.60	1,195 (Est.)	2.70 (Est.)
1938	2	.66	900 (Est.)	2.64 (Est.)

Safety expenditures chargeable to mine costs for the calendar years

1923 to 1938, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
For Sixteen Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,981.08	3,241,105	\$.022
1924	152,754.18	2,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055
1927	88,880.00	2,750,430	.032
1928	98,374.68	2,927,380	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034
1931	70,830.24	2,453,527	.029
1932	57,591.39	2,045,270	.028
1933	51,416.84	2,097,558	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,887,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019
1938	57,622.92	3,016,978	.018

The annual examination of the mines was conducted during July, 1938 by Mr. Matt Strannigan, Safety Engineer for the Wyoming commercial mines.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY

Material and Supplies on Hand, December 31st,
Years 1923 to 1938, Inclusive.

<u>Year</u>	<u>Coal Company</u>	<u>Year</u>	<u>Coal Company</u>
1923	\$ 586,341	1931	\$ 239,052
1924	418,797	1932	196,792
1925	339,313	1933	187,267
1926	267,095	1934	192,586
1927	253,075	1935	208,278
1928	265,130	1936	264,269
1929	273,036	1937	336,555
1930	255,064	1938	271,289

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, while not making profits equal to 1937, did as well as could be expected in the circumstances, our total payrolls falling off from \$3,972,593 in 1937, to \$3,580,140 in 1938, a reduction of \$392,453. The results for the years 1937 and 1938 are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1937	\$1,107,302	\$187,246	\$166,714	\$82,620
1938	975,686	176,428	162,003	59,051
Decrease	\$ 131,616	\$ 10,818	\$ 4,711	\$23,569

Accounts receivable, Merchandise Department, as of December 31, 1933, to 1938, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1933	\$ 59,174.60
1934	74,949.46
1935	95,546.18
1936	110,356.13
1937	120,990.23
1938	94,980.72

The increase in Accounts Receivable since 1933 is due to heavy sales of refrigerators, washing machines, radios and other household equipment most of which is sold on installments, these sales covered by chattel mortgage, our losses from these installment sales negligible, the total uncollectible accounts charged off in 1938, \$1,004.52. A reduction of \$26,010.00 was made in Accounts Receivable in 1938.

Sale of Coal at Hanna:

Sale of coal to The Sheridan Coal Company, Reynolds-Updike Coal Company, The Harris Coal Company, and A. F. Cameron of Hastings, Nebraska, was continued through the year, the Rock Springs Fuel Company added Dec. 1, 1938. The sale of coal at Hanna, 1925 to 1938, inclusive, is set forth below:

Year	Tons Sold	Average Price Received	Average Total Cost	Profit	
				Per Ton	Amount
1925	50,662.20	\$3.038	\$2.118	\$.920	\$46,609.22
1926	53,912.90	3.055	2.053	1.002	55,020.73
1927	58,809.50	3.046	2.012	1.034	60,809.03
1928	44,524.30	3.053	1.856	1.197	53,295.58
1929	35,174.75	2.927	1.675	1.252	44,030.78
1930	33,605.80	2.741	1.734	1.007	33,841.04
1931	30,610.00	2.658	1.709	.949	29,048.89
1932	30,620.40	2.540	1.609	.931	28,507.59
1933	27,733.36	2.424	1.534	.890	24,632.69
1934	34,203.10	2.520	1.566	.954	32,629.76
1935	29,124.60	2.536	1.643	.938	27,318.87
1936	28,185.45	2.649	1.426	1.223	34,470.80
1937	30,410.50	2.556	1.472	1.084	32,964.98
1938	23,833.80	2.632	1.543	1.089	25,955.00

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

Measure of Man Power:

The number of mine employes in the service of the Company for seventeen yearly periods is shown below:

<u>Period</u>	<u>Number of Men</u>	<u>Reduction</u>	<u>Per Cent</u>
Jan. 1, 1923	3,674	-	-
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,830	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,945	52.6
Jan. 1, 1930	1,921	1,753	47.7
Jan. 1, 1931	1,822	1,852	50.4
Jan. 1, 1932	1,813	1,861	50.6
Jan. 1, 1933	1,719	1,955	53.2
Jan. 1, 1934	1,733	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1
Jan. 1, 1936	2,246	1,428	38.9
Jan. 1, 1937	2,361	1,313	35.7
Jan. 1, 1938	2,448	1,226	33.3
Jan. 1, 1939	2,336	1,338	36.4

Capital and non-capital expenditures:

During the year capital expenditures and improvements charged to operating expenses were made as follows:

Capital Expenditures

<u>District</u>	<u>To Mines</u>	<u>To Mer. Stores</u>	<u>Total</u>
Rock Springs	\$5,304.39	\$1,067.46	\$6,371.85
Reliance	51,883.94	417.70	52,301.64
Winton	-	-	-
Superior	562,049.06	-	562,049.06
Hanna	19,258.36	417.00	19,675.36
Miscellaneous	-	-	265.00
Total	\$638,495.75	\$1,902.16	\$640,662.91

Non-capital Expenditures

<u>District</u>	<u>To Mines</u>	<u>To Mer. Stores</u>	<u>Total</u>
Rock Springs	\$58,311.12	\$ 810.00	\$ 59,121.12
Reliance	46,978.76	-	46,978.76
Winton	25,054.52	-	25,054.52
Superior	12,094.86	398.00	12,492.86
Hanna	57,012.53	330.00	57,342.53
Total	\$199,451.79	\$1,538.00	\$200,989.79

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1938, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

<u>Year</u>	<u>Avg. investment during year</u>	<u>Producing cost including Depreciation & Depletion</u>	<u>Total cost including 5% int. on investment</u>
1921	\$16,751,316	\$2.48	\$2.85
1922	17,690,026	2.48	2.97
1923	17,926,891	2.36	2.71
1924	18,037,565	2.21	2.61
1925	18,109,380	2.08	2.50
1926	18,265,892	2.03	2.46
1927	18,464,497	1.85	2.29
1928	18,651,100	1.81	2.23
1929	18,790,982	1.67	2.08
1930	18,926,849	1.66	2.09
1931	19,332,273	1.64	2.16
1932	19,009,832	1.56	2.15
1933	18,959,995	1.38	1.94
1934	18,647,891	1.39	1.88
1935	18,634,464	1.41	1.83
1936	19,065,141	1.47	1.85
1937	19,795,047	1.54	1.93
1938	20,336,570	1.51	1.94

Effect of wage changes from 1921
 Red. \$.0130 ton
 " .1620 "
 " .1620 "
 " .1620 "
 " .2680 "
 " .3650 "
 " .3316 "
 " .2265 "
 " .1629 "
 " .0949 "
 " .0949 "

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five per cent on the average yearly investment, thus bringing costs to a true basis. It will be observed that our wage rates are yet 9.49 cents per ton below the 1921 figure.

During 1921 the Winton properties were acquired and since that year coal reserves costing approximately \$225,000 were added to Capital Account, the new addition to the Rock Springs power plant costing \$543,661, the new opening and steel tipple at Reliance, costing \$222,518, together with \$1,064,037 spent on the D. O. Clark Mine at Superior, representing heavy recent capital additions.

GENERAL. ALL DISTRICTS:

Rock Springs:

While the costs at Rock Springs Mines Nos. 4 and 8 have improved somewhat during the year 1938, the long hauls and adverse physical conditions in these mines do not offer any hope for a substantial reduction in costs in the future.

Reliance:

The development in No. 7 Seam, Reliance, made rapid progress, the slope reaching a distance of 2,950 feet, with six entries turned to the north and seven to the south. The First and Second North Entries have intercepted No. 2 Slope. The maximum production from this seam will be reached during the year 1939, with a very reasonable cost.

Winton:

Development work was continued at Winton during the year, but a great deal of water was being encountered in the lower workings of Nos. 1 and 7½ Seams. Additional pumping facilities will be installed in No. 1 Seam during 1939, and it will be necessary to install pumps of greater capacity in No. 7½ Seam in 1940.

The No. 7½ Seam development work continued to go forward with encouraging results. The height of the coal at the face of No. 5 South Entry is 10 feet. No. 12 North Entry, No. 3 Seam, has been extended during the year, and shows 6 feet of clean coal at the face. We plan to extend this entry just as far as the clean coal continues.

Superior:

During the year, extensive development work in the D. O. Clark Mine was carried forward. The Utah Construction Company completed its work on April 1, 1938. On completion of the work under the original and the supplemental contracts with The Utah Construction Company, we took over the work with our own forces, driving the parting and putting in steel timbers on No. 15 Seam Parting. Also, No. 7 Seam Main Entry and Slope were extended during the year.

In addition to the rock work, coal development amounting to a total of 12,110 lineal feet was driven in Seams Nos. 7, 9, and 15. A motor-generator set was installed in No. 7 Seam, and a hoist in each of the three seams. In No. 9 Seam, the slope was driven to a point 264 feet from the main entry, and the air course was connected to No. 7 Shaft. In No. 15 Seam, the Parting, the Main Entry, the Main Slope and the Air Courses were driven.

The installation of the entire conveying system in the Belt Conveyor Slope, including drives and dumping stations in Nos. 7 and 15 Seams, was awarded to the Link-Belt Company. The No. 7 Seam Loading Station and the two upper sections of the belt conveyor were completed and put into operation August 15th, and the No. 15 Seam Loading Station and the two lower sections of the belt conveyor on October 27th.

The contract for the construction of the tipple was awarded to the Allen & Garcia Company, this work being completed and the tipple put into operation August 15th.

The railroad tracks serving this mine, including the empty and loaded-car storage tracks, were completed and put into operation September 16th.

At the end of the year, a maximum of 500 tons per day was being produced, and, with the installation of additional machinery, the production from this mine can be increased to 1,200 to 1,500 tons per day, depending upon the

amount of coal required, by the end of the year 1939.

The following are the total amounts paid to the various contractors for work at the D. O. Clark Mine, during 1937 and 1938:

The Utah Construction Company	\$ 310,943.92
Allon & Garcia Company	86,743.95
Link-Belt Company	208,698.19
Kellogg Lumber Company	13,524.72
Union Pacific Railroad Company	30,068.90

The total capital expenditure as of December 31, 1938, was \$1,064,036.67.

A total of 38,377.35 tons of coal was produced from development work during 1938 in Seams Nos. 7, 9, and 15, the cost of producing this coal being charged to Capital Account and the realization received therefrom credited to Capital Account. The development of No. 7½ Seam will go forward during the year 1939.

The older mines at Superior are mostly on retreat. During the latter part of 1939, "B" Mine will reach a point where its production will be very low, and the D. O. Clark Mine will take up this loss in production.

Hanna:

All retreat work in the main slope will be completed in March, 1939, which will require all production to come from the North Slope area.

TENEMENTS

Tenement maintenance has been kept up as usual, and the expenditures for the last five years are as follows:

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
Number of Houses	1,111	1,109	1,106	1,107	1,111
Cost of Maintenance	\$44,813.67	\$54,810.49	\$61,591.92	\$60,829.73	\$56,200.60
Average Cost per house	\$ 40.34	\$ 49.42	\$ 55.69	\$ 54.95	\$ 50.59

COMMUNITY COUNCILS

The Community Councils have functioned excellently during the year, and have proved a valuable adjunct to our operations.

BOY AND GIRL SCOUTS

Interest in the Boy and Girl Scout work has been maintained during the past year, with good prospects for the coming year.

FIRST AID AND SAFETY WORK

Classes in First Aid were continued during the year, so that all employees might receive this training, and our standard of one hundred per cent training for all employees was maintained.

On Friday, June 17th, sixteen Boy and Girl Scout First Aid Teams and eleven men's teams took part in the annual First Aid Field Day. The winners were as follows:

Men's teams:

Superior "B", first
Hanna No. 1, second
Hanna No. 2, third

Senior Girl Scout teams:

Rock Springs, first
Reliance, second
Hanna, third

Junior Girl Scout teams:

Superior, first
Hanna, second
Winton, third

Boy Scout teams:

Hanna, first
Superior, second
Hanna Japanese, third

During the contest, Dr. F. W. Clayton, of Omaha, gave a short but inspiring talk. After the contest, Mr. W. J. Jenkins, President of the Consolidated Coal Company, St. Louis, and Mr. Fred L. Wilkey, Secretary of the Illinois Coal Operators Association, Chicago, were introduced, speaking briefly.

On September 10th, the Sentinels of Safety award was presented to Superior "D" Mine for having attained top position in Safety in the National Safety Competition among all bituminous coal mines in U.S.A. Mr. W. H. Cameron, Secretary and Managing Director of the National Safety Council, made the presentation of the trophy. "D" Mine's record in 1937 was 301,051 man-hours worked with no lost-time injuries.

At this same meeting, Mr. E. H. Denny, of the United States Bureau of Mines, presented three Joseph A. Holmes Safety Association Certificates of Honor as follows:

To Superior "B," "C," "D," and "E" Mines, awarded Certificate of Honor for operating without a fatality from December 11, 1935, to December 31, 1937, employing an average of 587 men, working 1,928,551 man-hours and producing 1,795,552.65 tons of coal. "B" and "C" Mines had previously worked over a year without a lost-time accident, producing more than 600,000 tons of coal.

To Reliance Mines, awarded Certificate of Honor for operating without a fatality from January 25, 1933, to December 31, 1937, employing an average of 282 men, working 2,201,764 man-hours in 1,001.3 days, and producing 2,015,432.30 tons of coal.

To The Union Pacific Coal Company, awarded Certificate of Honor for improving its accident record from 444,776 man-hours per fatality and 15,617 man-hours per accident in the 5 years 1923 to 1927, to 731,205 man-hours per fatality and 61,165 man-hours per accident in the 5 years 1933 to 1937. Tons per fatality in the first period were 299,344 and in the latter period 635,892; tons per accident in the first period were 10,511 and in the latter period 53,192.

The year 1938 showed a further substantial improvement in Safety work, as indicated by the attached statement showing a comparison of tons mined and man-hours worked, inside and outside, per fatal, non-fatal and all accidents for the periods 1923-1927, 1928-1932, and 1933-1937, compared with the year 1938:

COMPARISON OF TONS MINED AND MAN HOURS WORKED INSIDE AND OUTSIDE
PER FATAL, NON-FATAL AND ALL ACCIDENTS,
THREE 5-YEAR PERIODS AND 1938

Year	Tons Mined	Per Cent Loaded Mechanically	Number of Accidents			Tons Mined Per Accident			Man-hours worked	Man-hours Per Accident		
			Fatal	Non-Fatal	Total	Fatal	Non-Fatal	Total		Fatal	Non-Fatal	Total
1923	3,241,105	3.32	16	287	303	202,569	11,293	10,697	5,581,040	348,815	19,446	18,419
1924	2,821,678	5.72	11	237	248	256,516	11,906	11,378	4,340,800	394,618	18,316	17,503
1925	2,779,065	9.55	6	305	311	463,177	9,112	8,936	3,850,664	641,777	12,625	12,381
1926	2,776,245	21.67	8	246	254	347,031	11,285	10,930	3,969,400	496,175	16,136	15,627
1927	2,750,430	40.28	7	244	251	392,918	11,272	10,958	3,607,344	515,335	14,784	14,372
5 years	14,368,523	15.61	48	1,319	1,367	299,344	10,893	10,511	21,349,248	444,776	16,186	15,617
1928	2,927,390	51.29	8	294	302	365,924	9,957	9,693	3,858,672	482,334	13,125	12,777
1929	3,060,632	57.97	12	270	282	255,053	11,336	10,853	4,126,880	343,907	15,285	14,634
1930	2,897,653	59.42	8	270	278	362,207	10,732	10,423	3,872,648	484,081	14,343	13,930
1931	2,453,527	73.39	6	152	158	408,921	16,142	15,529	3,169,584	528,264	20,852	20,061
1932	2,045,270	81.13	1	59	60	2,045,270	34,665	34,088	2,607,116	2,607,116	44,188	43,452
5 years	13,384,472	63.18	35	1,045	1,080	382,413	12,808	12,393	17,634,900	503,854	16,875	16,329
1933	2,097,558	90.55	3	40	43	699,186	52,439	48,780	2,543,104	847,701	63,578	59,142
1934	2,402,553	97.41	3	59	62	800,851	40,721	38,751	2,800,683	933,561	47,469	45,172
1935	2,887,731	99.03	8	56	64	360,966	51,567	45,121	3,291,205	411,401	58,771	51,425
1936	3,286,159	99.95	6	48	54	547,693	68,462	60,855	3,744,274	624,046	78,006	69,338
1937	3,315,628	99.50	2	38	40	1,657,814	87,253	82,891	3,707,237	1,853,618	97,559	92,680
5 years	13,989,629	97.18	22	241	263	635,892	58,048	53,192	16,086,503	731,205	66,749	61,165
1938	3,016,978*	100.00	2	29	31	1,508,489	104,034	97,322	3,198,325	1,599,163	110,287	103,172

*Includes 38,377.35 tons loaded D. O. Clark Mine, Superior

Superior and Hanna also continued to operate during 1938 without a fatality, that being the third consecutive year in which these two districts have gone through the year without a fatality. Rock Springs mines suffered no fatalities in 1938.

COMPENSATION

The following comparison shows the cost per ton of the various Industrial Insurance funds to The Union Pacific Coal Company for the five-year period 1934 to 1938, inclusive:

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
Workmen's Compensation	.0144	.0149	.0159	.0179	.0100
Catastrophe Insurance	.0024	.0025	.0026	.0028	.0027
Policing	<u>.0006</u>	<u>.0009</u>	<u>.0009</u>	<u>.0001</u>	<u>-</u>
TOTAL	.0174	.0183	.0194	.0208	.0127

SAFETY MEETINGS

The monthly cash and novelty prizes were continued during the year, and seemed to hold the interest of the men in the Safety meetings and in the Safety program generally.

The annual Safety meeting was held February 4th, at which time the five-passenger automobile was awarded to Lawrence Bays, of "C" Mine, Superior, over 1,400 employees, their families and friends being in attendance.

Again, the monthly cash Safety prizes were continued during the year 1938 in the amounts of \$15, \$10, and \$5 for the men and \$10 for the Unit Foremen in each mine which went through one month without a lost-time accident. The amounts of the cash prizes won by the various mines during the year were as follows:

	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$440	9.73
Rock Springs No. 8 Mine	400	8.84
Reliance No. 1 Mine	440	9.73
Reliance No. 7 Mine	400	8.84
Winton No. 1 Mine	480	10.62
Winton Nos. 3 & 7 $\frac{1}{2}$ Mines	480	10.62
Superior "B" Mine	520	11.50
Superior "C" Mine	360	8.00
Superior "D" Mine	480	10.62
Hanna No. 4 Mine	520	11.50
TOTAL	\$4,520	100.00

In addition to the above, a suit of clothes was awarded each month to every mine which had worked three or more months, consecutively, without a lost-time accident, and novelty prizes, consisting of clothing, sporting goods, food, etc., were given to each mine each month. There were 56 suits of clothes awarded during the year and distributed among the various mines as follows:

Rock Springs No. 4 Mine	5 suits
Rock Springs No. 8 Mine	6 suits
Reliance No. 1 Mine	4 suits
Reliance No. 7 Mine	1 suit
Winton No. 1 Mine	5 suits
Winton Nos. 3 & 7 $\frac{1}{2}$ Mines	8 suits
Superior "B" Mine	9 suits
Superior "C" Mine	3 suits
Superior "D" Mine	7 suits
Hanna No. 4 Mine	8 suits.

The following statement shows the cost of annual and monthly Safety

prizes since the year 1931:

<u>Year</u>	<u>Cash</u>	<u>Automobiles and Trips</u>	<u>Suits of Clothes</u>		<u>Novelty Prizes</u>	<u>Total</u>	<u>Cost Per Ton</u>
			<u>No.</u>	<u>Amount</u>			
1931	\$ 250.00	\$ 2,014.00				\$2,264.00	\$.000923
1932	250.00	1,765.00				2,015.00	.000985
1933	1,250.00	872.35				2,122.35	.001012
1934	1,300.00	773.00				2,073.00	.000863
1935	1,625.00	596.70				2,221.70	.000769
1936	2,980.00		15	\$ 478.21		3,458.21	.001052
1937	3,000.00	957.78	32	982.15	\$1,486.00	6,425.93	.001938
1938	4,520.00	931.00	56	1,315.79	2,265.46	9,032.25	.002994
TOTAL	\$15,175.00	\$ 7,909.83	103	\$2,776.15	\$3,751.46	\$29,612.44	\$.001377

MECHANICAL LOADING:

During the year one 7-BU Joy Loader was purchased for the D. O. Clark Mine, Superior.

The following is a comparison for the five-year period:

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
Total tons mined	2,403,553	2,887,731	3,286,159	3,315,628	3,016,978*
Tons Loaded mechanically	2,340,247	2,881,073	3,284,569	3,315,628	3,016,978*
Per cent mechanically loaded coal	97.41%	99.77%	99.95%	100.00%	100.00%
Increase over 1934		2.36%	2.54%	2.59%	2.59%

*--Includes 38,377.35 tons produced from the D. O. Clark Mine while under construction.

PREMIUM:

There was no change during the year in the method of making bonus and premium awards. The total awards made during the year were as follows, compared with the previous year:

	<u>BONUS</u> (Cost Basis)			
	<u>1937</u>		<u>1938</u>	
	<u>Amount</u>	<u>Per Cent</u>	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$ 350.00	9.7	\$ 350.00	9.7
Rock Springs No. 8 Mine	450.00	12.5	250.00	7.0
Reliance	1,000.00	27.8	750.00	20.8
Winton	400.00	11.1	775.00	21.5
Superior "B" Mine	375.00	10.4	325.00	9.0
Superior "C" Mine	275.00	7.7	200.00	5.6
Superior "D" Mine	300.00	8.3	650.00	18.1
Hanna No. 4 Mine	450.00	12.5	300.00	8.3
Total	\$ 3,600.00	100.0	\$3,600.00	100.0
Cost per ton	\$.0011		\$.0012	

	<u>PREMIUM</u> (Tons Per Man Shift Basis)			
	1937 (6 months)		1938	
	<u>Amount</u>	<u>Per Cent</u>	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$ 1,745.44	12.5	\$ 5,519.83	13.5
Rock Springs No. 8 Mine	2,071.47	14.9	2,807.48	6.9
Reliance No. 1 Mine	1,303.12	8.6	4,674.03	11.5
Reliance No. 7 Mine	2,731.01	19.6	10,601.83	26.0
Winton	1,359.01	9.7	7,388.30	18.1
Superior "B" Mine	3,341.26	24.0	5,213.32	12.8
Superior "C" Mine	304.01	2.2	2,377.84	5.8
Superior "D" Mine	1,162.14	8.3	1,961.17	4.8
Hanna No. 4 Mine	23.62	.2	237.58	.6
Total	\$13,941.08	100.0	\$40,781.38	100.0
Cost per ton	\$.0042		\$.0137	

The following is a comparison of the cost per ton, all coal loaded, of the premium and bonus payments for the last five years:

<u>Year</u>	<u>Total Tons Mined</u>	<u>Total Bonus & Premium</u>	<u>Cost per ton</u>
1934	2,402,553	\$21,848.08	\$.0091
1935	2,887,731	9,165.00	.0032
1936	3,286,159	3,600.00	.0011
1937	3,315,628	17,541.08 (6 months)	.0053
1938	2,978,601	44,381.36	.0149

DEVELOPMENT

The development and maintenance work has been kept up during the year, and the mines are in excellent condition for maximum production.

OLD TIMERS' REUNION

The fourteenth Annual Reunion of the Old Timers' Association was held at Rock Springs on Saturday, June 18, 1938, at which Mr. O. C. Buehler, Hanna, was elected President and Mr. Obie Powell, Superior, was elected Vice President, while Mr. Frank Tallmire and Mr. A. G. Hood were reelected Treasurer and Secretary, respectively. It was arranged that Mr. W. M. Jeffers, President of the Union Pacific Railroad, would address the Old Timers' Reunion, but, due to his inability to come, Mr. J. L. Haugh, Vice President spoke in his stead.

The Association continues to grow in numbers, the following tabulation

showing the increase in membership since its inception in 1925:

<u>Year</u>	<u>Membership</u>	<u>Inc. over 1925</u>
1925	283	--
1926	346	63
1927	397	114
1928	425	142
1929	446	163
1930	484	201
1931	521	238
1932	558	275
1933	611	328
1934	635	352
1935	660	377
1936	692	409
1937	711	428
1938	725	442

EMPLOYEES' MAGAZINE

The Magazine continued publication for its fifteenth year, and was very well received by its readers.

POWER PLANTS

On account of its still being necessary to operate part of the old boiler room at the Rock Springs power plant in order to carry our heavy load, the unit costs have not been as low as anticipated. During the year we have reached peaks in excess of 12,000 K.W., and plans and estimates will be worked up during the year 1939 for additions consisting of two high-pressure steam boilers and an additional high-pressure turbine, probably of 7,500-K.V.A. capacity. There were no general interruptions to service during the year, and the plant operated most efficiently. The production of energy for the year showed a decrease of 1.8 per cent under the previous year.

The following statement shows the total power generated and the distribution of same for the last five years:

	<u>1934</u> <u>K.W.H.</u>	<u>1935</u> <u>K.W.H.</u>	<u>1936</u> <u>K.W.H.</u>	<u>1937</u> <u>K.W.H.</u>	<u>1938</u> <u>K.W.H.</u>
Used for plant auxiliaries & boiler room	3,378,120	3,659,050	4,372,170	5,484,900	5,326,800
Used at No. 6 Wells	454,900	498,000	491,600	544,082	614,989
Sold to So. Wyo.Util. Company	4,546,690	4,938,063	8,022,463	10,815,055	10,713,673
Used at The U.P. Coal Company's Mining Dists.	<u>20,847,641</u>	<u>23,122,287</u>	<u>25,771,037</u>	<u>27,043,583</u>	<u>26,048,005</u>
Total Distributed	29,227,351	32,217,400	38,657,270	43,887,620	42,703,467
Transmission Losses				<u>1,646,380</u>	<u>2,021,533</u>
Total Generated				45,534,000	44,725,000

(NOTE: Transmission losses not available for years 1934, 1935 and 1936.)

The net income from operation of the Rock Springs power plant was for the three years shown:

Year 1936	\$143,082.58
Year 1937	168,953.70
Year 1938	164,974.47

The production from the Hanna power plant increased 6.9 per cent over 1937. The following statement shows the total power generated and the distribution of the same for the last five years:

	<u>1934</u> <u>K.W.H.</u>	<u>1935</u> <u>K.W.H.</u>	<u>1936</u> <u>K.W.H.</u>	<u>1937</u> <u>K.W.H.</u>	<u>1938</u> <u>K.W.H.</u>
Mine Dept.	2,078,800	2,764,640	3,261,000	3,671,350	4,051,550
Commercial*	<u>686,100</u>	<u>776,460</u>	<u>867,900</u>	<u>1,046,700</u>	<u>993,500</u>
Total Generated	2,764,900	3,541,100	4,128,900	4,718,050	5,045,050

*--Commercial K.W.Hrs. covers power sold and power used by all consumers other than Mine Department.

PENSIONERS

The following statement shows the number of pensioners on the rolls and the cost of the pensions for the last five years:

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>
Number Pensioners on roll Jan. 1	52	48	53	58	62
Number added during year	4	7	5	5	2
Number died during year	8	2	0	1	5
Number at end of year	48	53	58	62	59
Total cost of pensions for year	\$29,410.28	\$27,913.11	\$30,201.05	\$32,362.28	\$31,213.50

REAL ESTATE:

The real estate sales for the year 1938 are shown in the following statement:

Brooks Addition	2 lots	\$ 750.00
Pryde Addition	1 lot	600.00
Parcel adjacent to Clark Addition		<u>800.00</u>
TOTAL		\$2,150.00

The following is statement of payments made to Lion Coal Corporation under Lease Agreement No. 3130, covering lands at Lionkol:

<u>Year</u>	<u>Tons</u>	<u>Royalty (15¢ per Ton)</u>	<u>Rental</u>	<u>Rental for Pumping and Vent. Mach.</u>	<u>Total</u>
1931	1,074.00	\$161.10	.		\$ 161.10
1932	59,539.95	8,930.98	\$ 600.00	\$900.00	10,430.98
1933	108,620.86	16,293.14	600.00		16,893.14
1934	99,756.68	14,963.50	600.00		15,563.50
1935	72,664.59	10,899.72	600.00		11,499.72

(Cont'd)

<u>Year</u>	<u>Tons</u>	<u>Royalty (15¢ per Ton)</u>	<u>Rental</u>	<u>Rental for Pumping and Vent. Mach.</u>	<u>Total</u>
1936	61,804.73	9,270.73	\$600.00		\$9,870.73
1937	62,635.62	9,395.36	600.00		9,995.36
1938	69,443.51	10,416.51	600.00		11,016.51
TOTAL	535,539.94	\$80,331.04	\$4,200.00	\$900.00	\$85,431.04

On February 17, 1939, an extension of the wage contract expiring March 31, 1939, was arranged with the officers of District No. 22, U.M.W. of A., the mines to continue at work until a basic agreement is reached in the Appalachian field, any changes in the basic rates or hours of work made in the east to be applied in all outlying districts, including Illinois, Indiana, the southern, southwestern and western states.

Saturday, September 17th, was a memorable day in the history of The Union Pacific Coal Company and Rock Springs, the occasion that of dedicating a monument commemorating the seventieth anniversary of the first mining of coal in the Rock Springs District, which occurred in 1868.

A rough granite boulder, six feet high and five and one-half feet wide was formally unveiled and dedicated, its location just west of the Railroad passenger station. The monument bears the following inscription:

BENEATH THIS MONUMENT
COAL WAS FIRST MINED
IN THIS DISTRICT

SITE OF UNION PACIFIC NO. 1 MINE
A.D. 1868

ERECTED SEPTEMBER 17, 1938

Hon. T. S. Taliaferro, Jr. acted as master of ceremonies, the dedicatory address made by Hon. Leslie A. Miller, Governor of Wyoming. Inspiring addresses

were also made by Hon. B. B. Brooks, former Governor and serving as Chairman of the Wyoming Historical Landmark Commission, and by Mr. William M. Jeffers, President of the Union Pacific Railroad. The affair was a most auspicious one, a large concourse of people present. Among the distinguished guests present were, Hon. Fred H. Blume, Chief Justice of the Wyoming Supreme Court; Brigadier General Ernest D. Peck, Commanding Officer of Fort Francis B. Warren; Hon. W. E. Mullen, Mr. Warren Richardson and Mr. Tracy S. McCracken, all of Cheyenne; Mrs. P. J. Quealy of Kemmerer, Wyoming; Mr. H. C. Mann, Vice-President, Union Pacific Railroad, Omaha, and Mr. Joseph S. Weppner of Rock Springs. Both Mr. Richardson and Mr. Weppner members of the Landmark Commission.

Mr. James V. Macdonald, General Master Mechanic, died on April 26, 1938. He had been in the employ of this company about 39 years when he died. He served his apprenticeship as machinist, later being shop foreman and master mechanic at Rock Springs, and master mechanic at Reliance, and at the time of his death was employed as General Master Mechanic. Mr. Macdonald was a valued employee, and his loss was greatly regretted.

The management of the Coal Company expresses freely its thanks to the operating staff and employees, who have given the properties loyal and efficient service throughout the year.

Respectfully submitted,

Original Signed
EUGENE McAULIFFE

President

YEAR 1987

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

EUGENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE _____

February 26, 1938.

Mr. W. M. Jeffers, President,
Union Pacific Railroad Company,
Omaha, Nebraska.

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1937:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost, for six yearly periods, 1932 to 1937, inclusive, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1932	2,045,270.00	146.2	\$1.556	\$1.742
1933	2,097,558.23	143.4	1.377	1.588
1934	2,402,552.95	181.0	1.390	1.639
1935	2,887,731.30	214.2	1.412	1.648
1936	3,286,159.30	239.6	1.473	1.648
1937	3,315,628.05	217.7	1.540	1.734

The working time of the mines decreased last year 21.9 days, or 9.1 per cent. The output increased 29,468.75 tons, or 0.9 per cent.

The total taxes paid during the calendar year 1937 were as shown below:

	<u>1936</u>	<u>1937</u>	
Federal taxes	\$213,377.40	\$146,710.82	Dec. \$66,666.58
Other taxes	<u>170,764.39</u>	<u>269,498.69</u>	Inc. <u>98,734.30</u>
Total	\$384,141.79	\$416,209.51	Inc. \$32,067.72

Included in Federal taxes are Federal excise tax, Social Security Title VIII, \$37,756.68, and Federal excise on coal output, \$17,712.78. The Wyoming state taxes paid were:

Output tax on coal and other taxes,	\$190,693.92
State unemployment tax	70,771.32
State sales tax	<u>3,402.61</u>
Total state taxes	\$264,867.85

The total tax, Federal and State, equalled \$.1255 per ton, an increase of \$.0087 per ton over 1936.

Mine costs increased 6.7 cents per ton and cost of all coal sold increased 8.6 cents per ton. The total cost of labor increased 3.8 cents, material 1.7 cents, and depletion and depreciation 1.0 cent and power 0.2 cents per ton. Effective April 1, 1937, a wage increase of 9.73 cents per ton was put into effect resulting in an increase per ton for the year of \$226,665.40 or 6.8 cents per ton. Total cost per ton increased 8.6 cents per ton. A substantial portion of this increase is due to the excise tax levied under the terms of the two Bituminous Coal or so-called "Guffey" Coal Regulatory Acts. During 1936, a refund of \$42,680.18 which was paid under the first Guffey bill was received, while in 1937, as before stated, the sum of \$17,712.78 was paid under the terms of the second Guffey bill yet in effect. The total of the two sums equal to 1.8 cents per ton.

Mechanical Loaders:

During the year 1937, the percentage of coal mechanically loaded was 100.0 per cent. On December 31, 1937, 174 loading units were in service, total capital investment in mechanical loaders, with depreciation to Dec. 31, 1937, set forth below:

Original capital investment	\$724,076.01
Depreciation to Dec. 31, 1937	<u>464,071.24</u>
Original capital investment, less depreciation, Jan. 1, 1938	\$260,004.77
Depreciation for the year 1937	\$ 53,005.93
Total tons loaded mechanically, 1937	3,315,623

Based on the total tonnage mined in 1937, the depreciated capital investment in loading machinery as of Dec. 31st, was 7.8 cents per ton.

Time Worked and Earnings of Employees:

Since 1926, an accurate record of the earnings of all unionized mine employees has been maintained, from which the following resume has been abstracted:

Year	No. of Men Employed	Average Shifts Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	208.5	\$9.43	\$163.46	\$1,965.87
1927	1,781.8	228.8	9.02	171.82	2,064.03
1928	1,673.7	259.9	8.60	186.23	2,234.76
1929	1,707.6	276.0	7.43	170.91	2,050.92
1930	1,765.7	249.2	7.49	155.53	1,866.36
1931	1,698.9	207.4	7.43	128.42	1,541.04
1932	1,609.5	180.8	6.65	100.22	1,202.64
1933	1,559.9	183.9	5.92	90.73	1,088.76
1934	1,651.6	215.6	5.82	104.58	1,254.96
1935	1,925.2	225.7	5.93	111.53	1,338.36
1936	2,109.0	233.7	6.34	123.52	1,482.24
1937	2,240.8	215.6	6.85	123.09	1,477.02

The present wage agreement taking effect April 1, 1937, expires March 31, 1939, together with every other bituminous union wage scale. At the recent national convention of the United Mine Workers of America, a resolution was passed instructing their national officers to insist on a six-hour day, with the formulation of a new wage agreement in 1939. This demand has however been made repeatedly over a period of years. The anthracite industry was placed on a seven-hour day on May 1, 1937.

Safety Measures:

The accident prevention work inaugurated in 1923 showed extraordinary progress, not only during the five years, 1933-1937, but an all high record was reached in 1937. While no record of non-fatal accidents or man-hours of exposure are available for the five year period, 1918-1922, preceding the year 1923, the fatalities totalled 61, with a total production of 14,012,895 tons, or one death for each 229,719 tons mined.

The comparison for the fifteen years separated into three periods of five years each with year 1937 shown separately is set forth below:

Period	Number accidents			Tons mined per accident			Man-hours per accident		
	Fatal	Non-fatal	Total	Fatal	Non-fatal	Total	Fatal	Non-Fatal	Total
1923-27	48	1,319	1,367	299,344	10,893	10,511	444,776	16,186	15,617
1928-32	35	1,045	1,080	382,413	12,808	12,393	503,854	16,875	16,329
1933-37	22	241	263	635,892	58,048	53,192	731,205	66,749	61,165
Year 1937	2	38	40	1,657,814	87,253	82,891	1,853,618	97,559	92,680

The following comparison of total injuries (fatal and non-fatal,) per million man-hours of exposure, in the bituminous mines of the United States and the Rocky Mountain Region, with Wyoming separated between the mines of The Union Pacific Coal Company and all commercial mines in the state, will prove of interest:

NUMBER OF INJURIES - FATAL & NON-FATAL - PER MILLION MAN-HOURS OF EXPOSURE - BITUMINOUS COAL MINES U. S. A.

Year	United States All Mines	Colorado All Mines	Utah All Mines	Montana All Mines	New Mexico All Mines	Washington All Mines	Wyoming U.P. Coal Company Mines	Wyoming All Other Mines	Wyoming All Mines
1930	97.1	96.1	201.0	84.9	83.2	135.7	71.8	176.0	124.6
1931	92.4	97.1	156.2	81.1	66.3	115.1	49.8	214.6	125.6
1932	84.1	111.6	116.3	65.8	69.6	97.8	23.0	94.0	57.2
1933	79.3	115.9	103.5	78.7	65.8	90.3	16.9	98.0	55.5
1934	81.1	109.4	123.8	82.8	76.6	86.8	22.1	102.8	58.0
1935	83.8	111.7	121.5	77.6	62.6	87.2	19.4	58.5	46.9
1936							14.4		
1937							10.8		

Figures for 1936-7 where blank, not available. Data all other than Union Pacific Coal Co. taken from U. S. Bureau of Mines' reports.

During the fifteen year period, there was paid in actual awards to injured employees and employees' dependents through the Wyoming Workmen's Compensation Act, the following sums:

Period	Tons Coal Mined	Compensation Awards	Awards per ton
1923-27	14,368,523	\$277,224.03	\$.0193
1928-32	13,384,472	253,804.06	.0190
1932-37	13,989,629	173,320.23	.0124
Year 1937	3,315,628	33,070.48	.0100

Due to increases in rates made effective April 1, 1937 by statutory

amendment, we were compelled to increase our payments into the fund in its several departments as shown below:

<u>Paid in for</u>	<u>Year 1936</u>	<u>Year 1937</u>
Workmen's Compensation	\$ 52,273.68	\$59,355.84
Catastrophe insurance	8,650.78	9,194.07
Policing	<u>2,950.00</u>	<u>535.00</u>
Total	\$ 63,874.46	\$69,084.91
Increase		\$ 5,209.45

The Company's credit balance in the fund was increased from \$52,182.60 as of Dec. 31, 1936 to \$75,303.05 as of Dec. 31, 1937, and our payments into the fund will be sharply reduced in 1938.

Comparison of Fatal Accidents per Million Tons of Coal Mined
The Union Pacific Coal Company and United States, Compared
Fifteen Yearly Periods

<u>Year</u>	<u>The Union Pacific Coal Company</u>		<u>All Bituminous Mines, U. S.</u>	
	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatalities</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	16	4.94	1,953	3.46
1924	9	3.19	1,906	3.94
1925	6	2.16	1,834	3.53
1926	8	2.88	2,065	3.60
1927	7	2.54	1,742	3.36
1928	8	2.73	1,729	3.45
1929	12	3.91	1,705	3.19
1930	8	2.76	1,619	3.46
1931	6	2.40	1,050	2.78
1932	1	.50	858	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	968	2.60
1936	6	1.82	1,076 (Est.)	2.48 (Est.)
1937	2	.60	1,245 (Est.)	2.82 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1937, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
For Fifteen Year Period

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,981.08	3,241,105	\$.022
1924	152,754.18	2,821,678	.054
1925	129,233.41	2,779,064	.046
1926	153,915.11	2,776,245	.055
1927	88,880.00	2,750,430	.032
1928	98,374.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034
1931	70,830.24	2,453,527	.029
1932	57,591.39	2,045,270	.028
1933	51,416.84	2,097,558	.025
1934	46,144.07	2,402,553	.019
1935	50,433.16	2,867,731	.017
1936	64,611.41	3,286,159	.020
1937	62,343.56	3,315,628	.019

The annual examination of the mines was conducted during July, 1937 by Mr. George Jackson of the Independent Coal & Coke Company, Kenilworth, Utah.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies carried since December 31, 1923, is set forth in the following record:

THE UNION PACIFIC COAL COMPANY

Material and Supplies on Hand, December 31st,
Years 1923 to 1937, Inclusive.

<u>Year</u>	<u>Coal Company</u>	<u>Year</u>	<u>Coal Company</u>
1923	\$ 586,341	1930	\$ 255,064
1924	418,797	1931	239,052
1925	339,313	1932	196,792
1926	267,095	1933	187,267
1927	253,075	1934	192,586
1928	265,130	1935	208,278
1929	273,036	1936	264,269
		1937	336,555

The sharp falling off in demand for timber and other mine supplies, due to reduced demand for coal, plus material purchased for the new D. O. Clark Mine, left a heavy stock of material on hand December 31st; this stock is being reduced as rapidly as possible.

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made an excellent showing for 1937. Results for the calendar years 1936 and 1937 are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1936	\$1,000,519	\$183,021	\$160,850	\$78,655
1937	<u>1,107,302</u>	<u>187,246</u>	<u>166,714</u>	<u>82,620</u>
Increase	\$ 106,783	\$ 4,225	\$ 5,864	\$ 3,965

Accounts receivable, Merchandise Department, as of December 31, 1932, to 1937, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1932	\$ 62,889.08
1933	59,174.60
1934	74,949.46
1935	95,546.18
1936	110,356.13
1937	120,990.23

The increase in Accounts Receivable have grown since 1932 due to heavy sales of refrigerators, washing machines, radios and other like household equipment, nearly all of which is sold on installments, the debt covered by chattel mortgage; losses from installment sales negligible; total uncollectible accounts charged off in 1937, \$1,079.99, or about one-tenth of one per cent of sales.

Pensions:

On December 31, 1937, a total of 63 men were carried on the pension rolls. During the year five names were added to the roll, one death occurring during the year. The total expenditure for pensions for the year 1937 was \$32,362.28, or 0.98 cents per ton of coal mined. The total sum paid for pensions, 1914 to 1937, inclusive, was \$320,214.09

Sale of Coal at Hanna:

Sale of coal to The Sheridan Coal Company, Reynolds-Updike Coal Company, The Harris Coal Company, and A. F. Cameron of Hastings, Nebraska, was continued

through the year, the sale of coal at Hanna, 1925 to 1937, inclusive, set forth below:

<u>Year</u>	<u>Tons Sold</u>	<u>Average Price Received</u>	<u>Average Total Cost</u>	<u>Profit</u>	<u>Amount</u>
1925	50,662.20	\$3.038	\$2.118	\$.920	\$46,609.22
1926	53,912.90	3.055	2.053	1.002	55,020.73
1927	58,809.50	3.046	2.012	1.034	60,809.02
1928	44,524.30	3.053	1.856	1.197	53,295.58
1929	35,174.75	2.927	1.675	1.252	44,030.78
1930	33,605.80	2.741	1.734	1.007	33,841.04
1931	30,610.00	2.658	1.709	.949	29,048.89
1932	30,620.40	2.540	1.609	.931	28,507.59
1933	27,733.36	2.424	1.534	.890	24,682.69
1934	34,203.10	2.520	1.566	.954	32,629.76
1935	29,124.60	2.586	1.648	.938	27,318.87
1936	28,185.45	2.649	1.426	1.223	34,470.80
1937	30,410.50	2.556	1.472	1.084	32,964.98

The "average total cost" shown is that covering the cost of all coal sold at Hanna, including the items of general expenses and taxes.

Measure of Man Power:

The number of mine employees in the service of the Company for sixteen yearly periods is shown below:

<u>Period</u>	<u>Number of Men</u>	<u>Reduction</u>	<u>Per Cent</u>
Jan. 1, 1923	3,674	-	-
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,830	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,945	52.6
Jan. 1, 1930	1,921	1,753	47.7
Jan. 1, 1931	1,822	1,852	50.4
Jan. 1, 1932	1,813	1,861	50.6
Jan. 1, 1933	1,719	1,955	53.2
Jan. 1, 1934	1,733	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1
Jan. 1, 1936	2,246	1,428	38.9
Jan. 1, 1937	2,361	1,313	35.7
Jan. 1, 1938	2,448	1,226	33.3

Due to anticipated increase in demand for coal, 84 additional men were added to the force during the year. The mine forces were augmented early in 1937 anticipating a total demand for 3,500,000 tons of coal. During the closing months

of the year a sharp decrease in demand was experienced, and with an anticipated demand of 2,900,000 tons in 1938, the working forces will be allowed to reduce to a further extent.

Capital and non-capital expenditures:

During the year capital expenditures and improvements charged to operating expenses were made as follows:

Capital Expenditures

District	To Mines	To Mer. Stores	Total
Rock Springs	\$72,559.42	\$8,210.90	\$80,770.32
Reliance	142,249.03	416.91	142,665.94
Winton	51,418.56	-	51,418.56
Superior	520,714.24	237.85	520,952.09
Hanna	55,274.15	-	55,274.15
Total	\$842,215.40	\$8,865.66	\$851,081.06

Noncapital Expenditures

Rock Springs	\$ 54,676.46	\$1,574.98	\$ 56,251.44
Reliance	66,632.14	2,790.00	69,422.14
Winton	20,289.10	-	20,289.10
Superior	26,019.71	-	26,019.71
Hanna	70,150.32	1,087.42	71,237.74
Total	\$237,767.73	\$5,452.40	\$243,220.13

The measure of additional capital invested and the value of same necessarily enters into the cost of producing coal. The following statement represents the average capital investment of The Union Pacific Coal Company, 1921 to 1937, inclusive, together with the mine cost and total cost of coal per ton, figures that are invariably affected by any change in wage scales:

Year	Avg. investment during year	Producing cost including Depreciation & Depletion	Total cost including 5% int. on investment	
1921	\$ 16,371,316	\$2.48	\$2.83	
1922	17,690,025	2.48	2.97	
1923	17,926,891	2.36	2.71	
1924	18,027,565	2.21	2.61	
1925	18,109,380	2.08	2.50	
1926	18,265,892	2.03	2.46	
1927	18,464,497	1.85	2.29	Effect of wage changes from 1921
1928	18,651,100	1.81	2.23	Red. \$.0130 ton
1929	18,790,982	1.67	2.08	" .1620 "
1930	18,926,849	1.66	2.09	" .1620 "
1931	19,332,273	1.64	2.16	" .1620 "
1932	19,009,832	1.56	2.15	" .2680 "

(Contd)	Avg. investment during year	Producing cost including Depreciation & Depletion	Total cost including 5% int. on investment	
Year				
1933	\$ 18,959,995	1.38	1.94	Red. \$.3650 ton
1934	18,647,891	1.39	1.88	" .3316 "
1935	18,634,464	1.41	1.83	" .2265 "
1936	19,065,041	1.47	1.85	" .1629 "
1937	19,795,047	1.54	1.93	" .0949 "

The capital investment figures have been corrected to eliminate the investment now allocated to the Southern Wyoming Utilities Company, and an adjustment to cover reduction in depletion charges was also made in 1925. The total cost of coal includes interest at five per cent on the average yearly investment, thus bringing costs to a true basis. It will be observed that our wage rates are yet 9.49 cents per ton below the 1921 figure.

During 1921 the Winton properties were acquired and since that year coal reserves costing approximately \$225,000 were added to Capital Account, the new addition to the Rock Springs power plant and the new opening and steel tipples at Reliance, together with \$506,575 spent on the D. O. Clark Mine going in at Superior, representing heavy recent capital additions.

General, all districts:

During the year 1937, we continued to make extensive improvements, the most important being the opening of the new D. O. Clark Mine at Superior. An appropriation of \$999,040 was approved as of December 31, 1936, and, on January 20, 1937, a contract was let to The Utah Construction Company for the driving of two slopes, the Material and Manway Slope and the Conveyor Slope, together with the necessary crosscuts, drive pockets, etc., and the sinking of two air shafts, one, to No. 7 Seam, to a depth of approximately 240 feet, and the other, to No. 15 Seam, to a depth of approximately 540 feet. It was contemplated that this work would be completed by September 1st, but the contracting company did not make as rapid progress as anticipated, with the result that, at the end of the year, the total work under the contract had not been completed.

Due to the delay experienced by The Utah Construction Company in fin-

When their initial contract, we were unable to put our own forces in the slopes to drive the rock work necessary to the construction of the two mine bottoms therefore a supplementary contract was entered into with The Utah Construction Company on Sept. 20, 1937, whereby that company agreed to construct the two mine bottoms referred to. The Utah Company due to labor troubles and defective organization have been excessively slow in the completion of their work, and will conclude some eighty or ninety days behind their revised contract date of Dec. 31, 1937.

During 1937, the two slopes, with necessary crosscuts, were driven to a depth of 2,500 feet, connections were also made to No. 7 Seam and No. 15 Seam Air Shafts. All of the Manway Slope was timbered with steel sets, with the necessary concrete footings, and the major part of the Conveyor Slope timbering was also completed, together with the Drive Pockets Nos. 1 and 2. The shafts to Nos. 7 and 15 Seams were completed and the fan installations made. Installation of the motor-generator set to supply direct-current power for mining machinery was completed, and the necessary power lines and drainage lines installed. The 250-H.P. hoist at the Manway Slope was permanently installed, the concrete portals for both Manway and Conveyor Slopes were built, and 6,010 feet of railroad tracks laid to serve the D. O. Clark Mine.

The total amount of money expended on this work during 1937 was \$506,-575.07. During the year plans were worked up by the Company's Engineering Department for a conveying system from No. 15 Seam to the tippie, and also for the tippie structure. After four competitive bids were received, the Link-Belt Company, of Chicago, was awarded the contract for building the conveying system, and the Allen & Garcia Company, of Chicago, was awarded the contract for the complete tippie structure and equipment. These are to be completed by August 1, 1938.

The two rock slopes have intercepted five seams, viz.: Nos. 1, 7, 7 $\frac{1}{2}$, 10, and 15. Although all seams are not clean over the same areas, all will be good producers. The D. O. Clark Mine will go into production on the completion of the

kipple and the conveying system.

At Superior, also, there was installed a water-treating plant, to secure a domestic supply of water from the mines. For several years there has been a distinct shortage of water for domestic purposes at Superior, our principal requirements hauled in in railroad tank cars, which has proved very expensive, and withal did not furnish an adequate supply. With the completion of the Cochrane cold-process treating plant, which has a capacity of 200,000 gallons per 24 hours, the Company is now in excellent position to take care of the water requirements at Superior. The plant is working very satisfactorily, and there has been no complaint about the quality of the water.

During the year, a special study of the water situation at Superior was made with the help of Mr. William T. Nightingale, Geologist, of Rock Springs, the investigation developing that, about 300 feet below the present water wells at Superior, there is a sand rock about 200 feet in thickness, known as the Golden Wall sandstone. Mr. Nightingale anticipates that a good supply of water can be found in this sandstone, as it produces water of good quality south of Rock Springs.

Additional expenditures were made at our new power plant at Rock Springs, principally to eliminate delays. Magnetic switches were installed and the auxiliaries serving the two boilers were sectionalized. Prior to this time, several serious delays occurred on account of switches kicking out, caused by surges of current or electrical storms. With the improvements made, no further interruptions from the causes indicated are anticipated.

On the whole, the power plant has operated admirably during the year, no doubt, to the operators' becoming more familiar with the operating details. The cost has been rather disappointing, but the increase in depreciation, the installation of a water-treating plant with consequent charge for chemicals, and the necessity of keeping part of the old boiler plant operating as a stand-by, have all added to the cost of operation. There has been, however, a substantial increase in the output

of the plant, and an increase in the peak loads. For the year 1936 the peak load was 11,000 K.W., and the production, including that used for plant auxiliaries, was 38,657,270 K.W.H., while for 1937 the peak load was 11,900 K.W., an increase of 8 per cent, and the production was 43,887,620 K.W.H., an increase of 13.5 per cent. The net income from operation of the Rock Springs power plant was for the two years shown as follows:

Year 1936	\$143,082.58
Year 1937	<u>168,953.70</u>
Increase	\$ 25,871.12 18.1%

The development of No. 7 Seam at Reliance was continued during the year, and it is now becoming a very large producer. Opening up new entries, building stoppings and overcasts, making partings, etc., was quite expensive during the early part of the year, but the mine is now on a better producing basis, and the costs will no doubt be in line. A 7-BU Joy Loader was purchased for driving slopes in this mine. This machine has proven highly successful in slope driving, and it will also be used in room work and entries later on. The tunnel to No. 7 Seam Slope, Reliance, supported by steel beams and concrete, with redwood lagging, was completed during the year and put into operation. This will effect considerable economies in haulage. The construction of a new machine shop and general repair shop was completed at Reliance during the year, taking the place of the old shops which were a serious fire hazard, and which were not of sufficient capacity to take care of the work. This is a modern structure, well arranged to accomplish economies in repair work.

The workings in No. 7 $\frac{1}{2}$ Seam, Winton, were substantially extended during the year, and this opening promises to be a large producer.

On Account of the shortage of electrical power at Hanna, the 1,000-K.W. Allis-Chalmers machine was moved from Rock Springs to Hanna, the installation completed during the year. This has augmented the power supply at that point, and

there is now sufficient electrical capacity for some years to come. The moving of the general repair shops from the old site at No. 2 Mine, Hanna, to a location near the mouth of No. 4 Mine was nearly completed during the year. This will effect substantial economies, as it was found expensive to haul the machinery from the mine mouth to the location of the old shops.

During July, heavy rains in the Rock Springs area did considerable damage at Reliance to Company property, and a small amount of damage was done at Rock Springs, Winton and Superior. A great deal of damage was done to the branch railroad tracks to the Reliance and Winton mines, operation on this branch suspended for some two weeks.

Labor:

During the year enough men were employed to work the mines six days per week, but, on account of the railroad's demand for fuel not coming up to expectations, it was found that the Company was rather heavily overloaded with men, which decreased the earnings of the individual employes to some extent. A total of 395 new men were employed during the year. Labor was plentiful, and there was no difficulty in filling vacancies from local men, mostly sons or wards of our employes.

Tenements:

Tenement maintenance has been kept up as usual, and the expenditures for the last five years are as follows:

	<u>1933</u>	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>
Number of Houses	1,119	1,111	1,109	1,106	1,107
Cost of Maintenance	\$46,794.90	\$44,818.67	\$54,810.49	\$61,591.92	\$60,829.73
Avg. Cost per house	\$ 41.82	\$ 40.34	\$ 49.42	\$ 55.69	\$ 54.95

Community Councils:

The Community Councils have been quite active during the year, and, in most cases, have done excellent work.

Boy and Girl Scouts:

The Boy and Girl Scout work has continued to operate during the year,

with greater interest and an increase in membership.

First Aid and Safety work:

First Aid training was continued during the year, in order to maintain our one hundred per cent training for all employes.

On Friday, June 18th, sixteen Boy and Girl Scout First Aid teams and ten men's teams participated in the annual First Aid Field Day. The winners were as follows:

Men's teams:

Superior "D", first
Reliance, second
Superior "B", third

Senior Girl Scout teams:

Hanna, first
Reliance, second
Superior, third

Junior Girl Scout teams:

Superior, first
Hanna, second
Rock Springs, third

Boy Scout teams:

Superior, first
Hanna Japanese, second
Hanna, third

Two of our mines, Reliance No. 1 Mine and Hanna No. 4 Mine, received Honorable Mention in the National Safety Competition. Reliance No. 1 Mine worked 565,684 man-hours in 1937 with 3 lost-time accident causing 270 days of disability; the accident severity rate was 0.477. Hanna No. 4 Mine worked 518,999 man-hours in 1937 with 5 lost-time accidents causing 350 days of disability; the accident severity rate was 0.674.

Reliance, Winton, Superior and Hanna continued to operate during 1937 without a fatality, that being the second consecutive year in which those four districts have gone through the year without a fatality. Rock Springs suffered two fatalities, this, however, being a marked improvement over the previous year.

Safety Meetings:

The Safety meetings continued at each district during the year, with heavy attendance. In fact, not at any time since the Safety meetings have been instituted has there been such a large attendance as during 1937. The monthly cash and novelty prizes awarded for Safety seemed to hold the interest of the men and help

The attendance, with a very appreciable increase in the man hours worked per injury.

There was no general Safety meeting for all districts held during the year, as the annual awards for the year 1936, \$100 to each District, were given at the regular Safety meetings in the various Districts. However, for the year 1937, the annual award of an automobile was re-instituted, and the general Safety meeting for the presentation of this award was held in the Old Timers' Building on February 4, 1938.

The monthly cash prizes for Safety were continued during 1937 in the same amounts as the previous year, i.e., \$15, \$10, and \$5 to the men and \$10 to the Unit Foremen, these prizes awarded to each mine which went through one entire month without a lost-time accident. The cash prizes won by the various mines during the year were as follows:

	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$360	12.0
Rock Springs No. 8 Mine	240	8.0
Reliance No. 1 Mine	240	8.0
Reliance No. 7 Mine	280	9.3
Winton	360	12.0
Superior "B" Mine	320	10.7
Superior "C" Mine	400	13.3
Superior "D" Mine	360	12.0
Superior "E" Mine	120	4.0
Hanna No. 4 Mine	<u>320</u>	<u>10.7</u>
Total	\$3,000	100.0
Cost of automobile, annual award	<u>957.78</u>	
	\$3,957.78	

In addition to the above, a suit of clothes was given each month to the men in every mine which had worked three or more months, consecutively, without a lost-time accident, also, effective June 1st, numerous novelty prizes, consisting of food, clothing, hard-toed shoes, sporting goods in season, etc., were given at each district. There were 32 suits of clothes given away during the year, distributed among the various mines as follows:

Rock Springs No. 4 Mine	4 suits
Rock springs No. 8 Mine	1 suit
Reliance Nos. 1 & 7 Mines	3 suits
Winton	5 suits
Superior "B" Mine	2 suits
Superior "C" Mine	5 suits
Superior "D" and "E" Mines	9 suits
Hanna No. 4 Mine	3 suits
Total	32 suits

The following statement shows the cost of annual and monthly Safety prizes since the year 1931:

Year	Amount	Per Ton
1931	\$2,264.00	\$.000923
1932	2,015.00	.000985
1933	2,122.35	.001012
1934	2,073.00	.000863
1935	2,221.70	.000769
1936	2,980.00*	.000907
1937	3,957.78**	.001193
TOTAL	\$17,633.83	

*Does not include cost of 15 suits of clothes.

**Does not include cost of 32 suits of clothes, nor cost of novelty prizes.

Progress was made in the wearing of protective clothing during the year, 100 per cent of our employes are now wearing hard-toed shoes, and we are working on the use of protective gloves. It is hoped that in 1938 more progress will be made with the use of the gloves.

Premium:

For the first six months of 1937, premium payments for increased production were made on the same basis as had been used for the year 1936, i.e., \$200, divided into fifteen awards of \$10 each and ten awards of \$5 each, for the mine making the lowest ratio of cost for Labor, Material and Power in each month, and a second award of \$100, divided into five \$10 awards and ten \$5 awards for the mine making the next lowest ratio of cost.

However, effective July 1, 1937, this was changed to provide for three prizes, \$125, \$100, and \$75, respectively, for the three best cost ratio performances. In addition to this, effective July 1, 1937, a premium based on tons per man shift

was reinstituted for shaking conveyor crews, an amount of \$0.25 per ton being paid to the crew for all tonnage loaded during each pay-roll period above 15 tons per man shift in rooms and pillar work, and a similar amount paid for tonnage loaded above 13 tons per man shift in entry or narrow work.

The total premium awards made during the year were as follows:

	<u>Bonus</u> (Cost Basis)		<u>Premium</u> (Tons Per Man Shift Basis)	
	<u>Amount</u>	<u>Per Cent</u>	<u>Amount</u>	<u>Per Cent</u>
Rock Springs No. 4 Mine	\$ 350.00	9.7	\$ 1,745.44	12.5
Rock Springs No. 8 Mine	450.00	12.5	2,071.47	14.9
Reliance No. 1 Mine	1,000.00	27.8	1,203.12	8.6
Reliance No. 7 Mine			2,731.01	19.6
Winton	400.00	11.1	1,359.01	9.7
Superior "B" Mine	375.00	10.4	3,341.26	24.0
Superior "C" Mine	275.00	7.7	304.01	2.2
Superior "D" Mine	300.00	8.3	1,162.14	8.3
Hanna No. 4 Mine	450.00	12.5	23.62	.2
Total	\$3,600.00	100.00	\$13,941.08	100.0

The following is a comparison of the cost per ton, all coal loaded, of the premium payments for the last five years:

<u>Year</u>	<u>Total Tons Mined</u>	<u>Total Bonus & Premium</u>	<u>Cost per ton</u>
1933	2,097,558	\$24,304.12	\$.0116
1934	2,402,553	21,848.08	.0091
1935	2,887,731	9,165.00	.0032
1936	3,286,159	3,600.00	.0011
1937	3,315,628	17,541.08	.0053

Development:

The development and maintenance work in all our mines has been maintained during the year, and the mines are all in good physical condition. All worn out and obsolete equipment is being charged off to operation expense promptly.

Superior "E" Mine discontinued operations the last of March, all men and equipment transferred to "D" Mine, which was re-opened on April 1st. Practically all material has been recovered from "E" Mine. "B" Mine will maintain production for another year, but after that period the production from this mine will rapidly decrease.

The production from the Reliance mines has very visibly increased dur-

ing the year, and, with the present machinery and equipment, these mines are in a position to produce about 4,000 tons in two seven-hour shifts.

No. 8 Mine, Rock Springs, continues to be difficult and expensive to operate on account of the difficult physical conditions surrounding mining.

All mines were double-shifted during the year.

"E" Plane, Rock Springs, and No. 6 Mine, Hanna, remained closed. The water level in No. 6 Mine, Hanna, has been kept close to the face of the slope.

Old Timers' Reunion:

At the Thirteenth Annual Reunion of the Old Timers' Association, held at Rock Springs on Saturday, June 19, 1937, Mr. H. A. Wylan was elected President and Mr. Emil Bergquist, Vice President, while Mr. Frank Tallmire and Mr. A. G. Hood were re-elected Treasurer and Secretary, respectively. Dr. L. E. Young, of Pittsburgh, Pennsylvania, made a very inspiring address at the banquet.

The Association continued its growth, and the following tabulation shows the increase in membership since its organization in 1925:

<u>Year</u>	<u>Membership</u>	<u>Inc. over 1925</u>
1925	283	2
1926	346	63
1927	397	114
1928	425	142
1929	446	163
1930	484	201
1931	521	238
1932	558	275
1933	611	328
1934	635	352
1935	660	377
1936	692	409
1937	711	428

Employees' Magazine:

The Magazine continued publication for its fourteenth year very successfully. The net cost of producing the Magazine for the five years shown as follows:

<u>Year</u>	<u>Net Cost</u>
1933	\$ 2,747.82
1934	3,256.56
1935	3,437.30
1936	3,790.87
1937	3,767.50

A total of 232 copies of the Magazine are sent out monthly to individuals, industrial heads, colleges, public libraries, etc. The Magazine is gotten out by staff officials and employees, no special help maintained for editorial work.

Store Department:

On April 30th, a new Electrical Appliance store was opened on "K" Street, and the operations of this store were very successful during the last eight months of the year. This Electrical Appliance store shows total sales for the eight months of \$27,508.65, and a gross profit of \$6,651.37.

In connection with the electrical store, the Southern Wyoming Utilities Company established an office for the collection of light and water bills, taking over this function from the General Office and from the banks. This has worked out very successfully.

Real Estate:

During the year there was platted what is known as the Pryde Addition northeast of the General Office building, which contains 62 lots. Up to Dec. 31st, we have sold fourteen lots, and one house has been erected. During the spring of 1938, we anticipate there will be quite a number of homes put up in this addition.

The real estate sales for the year 1937 are shown in the following statement:

Brooks Addition	11 lots	\$ 2,794.33
Pryde Addition	14 lots	8,525.00
Clark Addition	1 lot	702.59
Kendall Addition	1 lot	300.00
Wardell Court	1 lot and house	4,000.00
Lowell Addition	1 lot and parcel of ground	300.00
Parcel of ground for highway purposes, Sec. 25		<u>1.00</u>
Total		\$16,622.92

Effective January 1, 1938, Mr. George B. Pryde was elected Vice-President, Operation and Mr. I. N. Bayless was appointed General Manager, the position formerly held by Mr. Pryde, that of Vice-President and General Manager, and Mr. Bayless, Assistant General Manager.

The year 1938 will not, as viewed from the situation existing in February, prove to be as satisfactory as the years 1936 and 1937 from a production standpoint, the marked shrinkage in railway fuel demand due to:

- (a) reduced freight traffic
- (b) the substitution of Diesel oil burning passenger locomotives for coal burners.

With a return of freight traffic in normal volume, the loss to oil burners can be fairly well absorbed in so far as mine costs are concerned.

The Rock Springs Mines Nos. 4 and 8 are becoming progressively more expensive to operate, both main slopes now down approximately 2.25 miles, necessitating heavy haulage expense. In addition, numerous faults in No. 8 Mine add to costs of operation; a growing heavier cover represents a third factor adding to expense of production. There is however a definite obligation to recover all the available coal from these mines, and the company must look to satisfactory costs at Reliance, Winton, Superior and Hanna to balance the Rock Springs situation.

No wage contract problems should appear in 1938, however the present wage agreement will expire on March 31, 1939 and certain preliminary work must be instituted by the operators if a six-hour day, without reduction wages, is to be further postponed.

The Bituminous Coal Act of 1937 has proved most annoying without any recompense whatever. An excise tax of one cent per ton has been paid on mine production. Since the effective date of the tax, June 21, 1937, and up to January 1, 1938 there was paid through this tax, \$17,712.78. A petition for exemption from the price fixing provisions of the Act was filed with the Coal Commission on July 6,

1937 and not having been acted upon, the Coal Company in so far as its sales to the Railroad Company, the Union Pacific Water Company and the Southern Wyoming Utilities Company are concerned, are not subject to price fixing or "fair practice" regulations. We look upon the Act as unworkable and believe that it will eventually be repealed, saving this company from \$30,000 to \$35,000 annually.

The Company was extremely unfortunate during the year 1937 in losing by death two old-time members of the general staff. On January 27th, Mr. Arthur T. Henkell, General Master Mechanic, died suddenly of a heart ailment, and on July 30th, after an illness of several months, Mr. James L. Libby, Assistant Chief Engineer, passed away. The loss of these two men was a severe blow to the Company.

The thanks of the management are freely extended to our mine employees and operating staff, who have given the properties loyal, painstaking service, throughout the year.

Respectfully submitted

Original Signed
EUGENE McAULIFFE

President