

YEAR 1936

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

GENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE _____

February 28, 1937.

R. W. M. Jeffers,
Executive Vice-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 1936:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost, for the fifteen yearly periods, 1922 to 1936, inclusive, is set forth below:

Year	Production Tons	Average Days Worked	Mine Cost	Total Cost
1922	3,253,773.95	150.1	\$2.339	\$2.706
1923	3,241,104.85	205.1	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.3	2.078	2.292
1926	2,776,245.45	182.1	2.026	2.276
1927	2,750,430.20	202.9 214.7	1.854	2.114
1928	2,927,389.85	243.1 248.8	1.815	2.053
1929	3,060,632.25	265.5 270.9	1.673	1.875
1930	2,897,653.25	226.7 231.3	1.657	1.901
1931	2,453,527.24	183.9 189.5	1.640	1.893
1932	2,045,270.00	146.2 141.3	1.556	1.742
1933	2,097,558.23	143.4 145.3	1.377	1.588
1934	2,402,552.95	181.0 182.8	1.390	1.639
1935	2,887,731.30	214.2 215.3	1.412	1.648
1936	3,286,159.30	239.6 241.3	1.473	1.648

The working time of the mines increased last year 25.4 days, or 10.6 per cent.
The output increased 398,428 tons, or 13.8 per cent.

The total taxes paid during the calendar year 1936 were as shown below:

	<u>1935</u>	<u>1936</u>	
Federal taxes	\$381,740.63	\$213,377.40	Dec. \$168,363.23
Other taxes	<u>149,075.30</u>	<u>170,764.39</u>	Inc. <u>21,689.09</u>
TOTAL	\$530,815.93	\$384,141.79	Dec. \$146,674.14

Included in Federal taxes was an item of Social Security Tax, \$37,201.20.

Taxes charged to mining operations totaled \$272,961.28, a reduction of \$128,898.15. The total taxes charged to mining operations equaled 8.5 cents per ton of coal sold, a decrease of 5.8 cents per ton from 1935. General expenses, including salaries, insurance, injuries to persons, workmen's compensation insurance, etc., totaled for the year, \$290,248.17, an increase over 1935 of \$24,945.38.

The mine cost increased 6.1 cents, the total cost remained unchanged. The total mine labor cost for the year was \$1.015, an increase of 6.9 cents per ton. This increase was due to the fact that the wage increase effective Oct. 1, 1935, applying to but three months in 1935, extended over the entire year 1936. The item of general expense was decreased by the refund of the "Bituminous Coal Conservation Act of 1935", tax, \$42,680.18 which was refunded after the annulment of the tax features of the act on May 18, 1936.

Mechanical Loaders:

During the year 1936, the percentage of coal mechanically loaded was 99.95 per cent. On December 31, 1936, 153 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1935, set forth below:

Original capital investment	\$642,181.03
Depreciation to December 31, 1936	<u>432,576.77</u>
Original capital investment, less depreciation, January 1, 1937	\$209,604.26
Depreciation for the year 1936	<u>32,300.32</u>
Total tons loaded mechanically, 1936	3,284,569

Based on the total tonnage mined in 1936, the capital invested in loading machinery as of December 31st, was 6.38 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

The present wage agreement expires March 31, 1937, together with every other union wage scale, bituminous and anthracite, in the United States. The mine workers national officers met the Appalachian District operators in New York City, Feb. 17th, the mine workers demanding a six-hour day, a guarantee of 100 work days a year, two week's vacation with full pay, increases approximating 10 to 15 per cent in wage and tonnage rates, and one and one-half and double pay for overtime worked. The operators countered by asking for an eight hour day without change in wage and tonnage rates. As of this date the discussions are being continued in New York City.

Safety Measures:

Mine safety work inaugurated in 1923 continues to show progress with further room for improvement. The management definitely feels that the further expenditure of money except to maintain our established program would be futile, effort resting almost wholly with improvement in the capacity of subordinate line managers and a more careful attitude on the part of the workers. These things are striving to accomplish by precept, example, teaching, and by the payment of prizes for results obtained. During the year cash prizes totaling \$2,480 were distributed through the twelve months and at the close of the year an additional \$100 was awarded by lottery among the men who had passed the year without a lost

time accident. Fifteen suits of clothes costing \$600 were also awarded, the sum of all prizes awarded \$3,580.

That progress is being made is evidenced by the following comparison of man-hours of exposure per accident, fatal and non-fatal, combined:

<u>Period</u>	<u>Man hours worked</u>	<u>Total No. of accidents</u>	<u>Man-hours per accident</u>
5 years 1931-35	14,411,792	381	37,286
Year 1936	3,744,274	53	70,647
Increase 1936 over average of 5 year period			32,821
Percent increase			86.77

Six fatal accidents occurred in 1936 against eight in 1935.

Comparison of Fatal Accidents per Million Tons of Coal Mined
The Union Pacific Coal Company and United States, Compared
Thirteen 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	958	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	967 (Est.)	2.62 (Est.)
1936	6	1.82	1,046 (Est.)	2.41 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1936, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
For Thirteen 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

Expenditures for Safety Charged to Mine Costs
For Thirteen Year Period (Cont'd)

<u>Year</u>	<u>Labor and Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
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

The cost of workmen's compensation increased from 1.83 cents per ton in 1935, to 1.94 in 1936. With increased allowances for injuries recently granted by the Wyoming legislature, our compensation costs may further increase, they are, however, as yet but one-third of mine compensation costs suffered in Utah and Colorado.

The annual examination of the mines was conducted during September, 1936 by Mr. Lyman Fearn, former State Inspector of coal mines, Wyoming.

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 1936, 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

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a very good showing for 1936. Results for the calendar years 1935 and 1936 are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses and Taxes</u>	<u>Net Earnings</u>
1935	\$ 911,460	\$ 195,752	\$ 152,851	\$ 63,712
1936	1,000,519	183,021	160,850	78,655
Increase	\$ 89,059	-	\$ 7,999	\$ 14,943
Decrease	-	\$ 12,731	-	-

Accounts receivable, Merchandise Department, as of December 31, 1922, to 1936, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1922	\$65,507.14	1927	\$76,173.09	1931	\$89,499.63
1923	86,864.25	1928	71,904.97	1932	62,889.08
1924	62,737.39	1929	94,839.11	1933	59,174.60
1925	58,070.53	1930	78,988.94	1934	74,949.46
1926	58,419.15			1935	95,546.18
				1936	110,356.13

Pensions:

On December 31, 1936, a total of 58 men were carried on the pension rolls. During the year 5 names were added to the roll, no deaths occurring during the year. The total expenditure for pensions for the year 1936 was \$30,201.05, or .92 cents per ton of coal mined. The total sum paid for pensions, 1914 to 1936, inclusive, was \$287,851.81.

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 1936, 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

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

Social Betterments:

As heretofore, the Coal Company has taken an active part in assisting the social activities maintained by its employees. The several Community Councils carried on throughout the year in commendable manner. The total contributions made to social and welfare work during the year amounted to \$10,481.23, or .0031 per ton. Such included contributions to the Community Councils, Old Timers Association, Boy and Girl Scouts, Labor Day Celebration, churches, Christmas celebrations, bands, garden prizes, etc. A total of 49 boys and 74 girls attended the two Scout camps, each of two weeks' duration, held at New Fork Lake, July to August 2. Each of the camps were splendidly managed, the expense of operation cared for by the Scout organizations with the exception of \$717.90 absorbed by the coal company.

Old Timers Association:

The Twelfth Annual Old Timers Reunion was held Saturday, June 20, in the Old Timers Building at Rock Springs, with 750 Old Timers and their wives and guests in attendance. Mr. Charles Gregory was elected President. Mr. William Ritchie of Omaha, addressed the Old Timers. The organization, now consisting of 692 members, has grown into the most important social organization participated in by the Company's employees. Membership therein, based on twenty years continuous service, is much coveted.

Employees' Magazine:

The Employees' Magazine continued to maintain its standard of efficiency and interest, a total of 30,065 copies of the magazine distributed during the year, total net cost of publication for the year \$3,790.87, an increase over the previous year of \$353.57.

Measure of Man Power:

The number of mine employees in the service of the Company for the fifteen early periods is shown below:

<u>Period</u>	<u>Number 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	1,553	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

Due to the increase in demand for coal, 115 additional men were added to the force during the year. During the year, 7 apprentices were maintained in the shops at Rock Springs, Reliance, Winton, Superior and Hanna, including 3 electrical, 2 machinist, 1 blacksmith, and 1 welder.

GENERAL:

The First Aid Field Day was held June 19th, and as usual, was very heavily attended, the work gaining in interest with each succeeding year. Nine men's first aid teams were entered in the contest, with five Boy Scouts', five Senior Girl Scouts', and four Junior Girl Scouts' teams likewise engaged in the contest. The team representing Superior "B" Mine won first place in the men's competition with a score of 499.33. The Winton team finished second with 497.66 points, and Superior "C" Team took third place with a score of 497.00. In the Scout competition, Superior won the Senior Girls' contest, Hanna occupying second, and Rock Springs third place. Rock Springs won the Junior Girl Scouts' contest, with Hanna second and Reliance third. The Boy Scouts' contest was won by the Hanna Japanese team, with the Hanna mixed team second, and the Superior team in third place.

During the year a Joseph A. Holmes Safety Association Certificate of Honor, presented to Unit Foreman, Mr. Grover Wiseman, "B" Mine, Superior, for

supervising the men under his direction for four and one-half years, with a total exposure of 222,380 man hours, without a lost time accident.

A similar Certificate of Honor was awarded to The Company, Mine No. 4 at Rock Springs operating from April 17, 1923, to January 6, 1936, producing 490,329 tons of coal with 4,313,040 man-hours of exposure, employing an average of 214 men without a fatal accident.

A further increase in the demand for coal occurred in 1936, with the result that the production for the year as well as working time was materially increased. The growth in output from 1932, the year of low production, is shown below:

<u>Year</u>	<u>Tons Mined</u>	<u>Increase from 1932</u>	<u>Per Cent</u>
1932	2,045,270		
1933	2,097,558	52,288	2.56
1934	2,402,553	357,283	17.47
1935	2,887,731	842,461	41.19
1936	3,286,139	1,240,869	60.68

We anticipate a production of 3,500,000 tons during the year 1937. No labor troubles were encountered during the year, and no changes in wages or hours of work occurred.

The year 1936, in extent of improvements and magnitude of expenditures, is the largest in the history of the Coal Company. The largest project was that covering the improvements to the Rock Springs power plant. By the winter of 1935 the demand for electric power had become such that the plant was heavily overloaded. Plans and specifications were made during the latter part of 1935 and early in 1936 for a substantial addition to the plant. It was eventually decided to make the following additions: Install two high-pressure steam boilers with accessories, one 5,000-K.W. high-pressure turbo-generator with condenser, a hot-process water-treating plant, coal-handling machinery and bunkers, switch-ward, and suitable building.

On February 14, 1936, a contract was entered into with the Stearns-Roger Manufacturing Company, of Denver, Colorado, for the installation of the larger part of the equipment for the power plant, part of the boiler work being done by the Babcock & Wilcox Company. The switchboard was installed by our own staff.

The excavation for the turbine foundation was started during the week ending March 7th. The No. Two, or low-pressure boiler was put in operation during the week ending August 15th, the No. One, or high-pressure boiler was put in service during the week ending August 29th, and the entire plant has been operated satisfactorily since September 8, 1936. On account of taking on additional load, peaks increased from 9500 K.W. to 11,000 K.W.

The second major project was at the Reliance mines, where a new mine in No. 7 Seam was opened, the slope having reached a distance of 1,521 feet by the end of the year, the First North and South Entries having been turned, an 80-foot air shaft sunk and fan installed. With the addition of more extensive development, this mine will be a large producer during the latter part of 1937.

A modern steel tippie was also constructed at Reliance, replacing the old wooden structure. The new tippie is equipped with shaking screens, picking tables, and loading booms, and is operating in excellent shape with first-class preparation. The mine track gauge was also widened from thirty to forty-two inches, and 50 mine cars having a capacity of four tons each were installed, together with additional locomotives, loading and other machinery. We will obtain the full benefit from these improvements during 1937, through increased production and lower costs. Diamond drilling done at Reliance during the year insures extensive coal reserves for the new No. 7 Mine.

Another large project was the continuation of the Diamond drilling program at Superior, which further enlarged the available coal reserves to approximately thirty-five million tons. As a result of these Diamond drilling operations, a new mine was planned, to be known as the D. O. Clark Mine, located in the vic-

unity of "D" Mine, Superior. An appropriation of \$999,040 was authorized for the development of the new mine and plans were completed during the year, and at this writing the Utah Construction Company are sinking two slopes and will, within a short time, commence the task of sinking two air shafts. The D. O. Clark mine will take the place of Mines "B", "C", "D", and "E" at Superior, which are rapidly being exhausted, and will have a daily production of 5,000 tons, with an annual output of 1,000,000 tons. The proven coal reserve surrounding this mine will last thirty-five years, and an equal tonnage can be obtained west thereof, which can be moved through the D. O. Clark Mine for loading over the same tippie. This new development precludes the necessity for moving the town of Superior, eliminating also the expense of extending the Winton Branch which was anticipated for some years.

The Diamond drilling program at Reliance, Winton and Superior, and that carried over from 1935, amounted to \$42,278.93, and was charged to cost of production, with the following results:

	<u>Total Cost</u>	<u>Tonnage</u>	<u>Cost per ton</u>
Reliance	\$4,362.81	490,266	\$.00890
Winton	5,649.53	506,829	.01115
Superior	<u>32,266.59</u>	890,386	.03624
Total	\$42,278.93		
All Mines		3,286,159	\$.01287

Another major project was the installation of three hundred fifty four-ton pit cars at Hanna, replacing the old wooden cars of small capacity. This project also included the remodeling of the tippie, installing conveyors and tary dump, the results from these improvements being most satisfactory. When the Hanna improvements were under consideration, it was estimated that a saving of nine cents per ton would be accomplished, and the results so far obtained would indicate that there will be no difficulty in doing this.

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 1936, inclusive, together with the mine cost and total cost of coal per ton, figures that are again 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	17,690,026	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	Effect of wage
1927	18,464,497	1.85	2.29	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 "
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	19,065,041	1.47	1.85	" .1629 "

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 16.29 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 tippie Reliance representing further substantial Capital additions.

This report contains figures of past tonnage mined, the 1936 production

286,159 tons, an increase over 1932 of sixty per cent and over 1935 of nearly fourteen per cent. It is anticipated that the output for 1937 will approximate 500,000 tons. With a possibility that fuel oil prices may become so high in the next few years as to make it necessary to change the western lines back to coal, it would seem desirable to watch that situation closely, keeping in mind plans for additional mine output.

The growing cost of taxation, workmen's compensation and similar items, plus a probable increase in wages effective April 1, 1937, suggests a higher level of production costs, the possibility of effecting operating savings decreasing. A portion of these increases can perhaps be met by new methods and further improvement in management. The supply of mine labor once plentiful is now almost non-existent and absenteeism and labor turn-over is now beginning to appear.

The property sustained a serious loss in the resignation of Mr. D. C. Keehan, Chief Electrician by resignation Jan. 1, 1937, and by the death of Mr. T. Henkell, General Master Mechanic on Jan. 27, 1937, and the now apparent incapacitation of Mr. James L. Libby, Assistant Chief Engineer, now in the hospital suffering from encephalitis, a malignant form of brain disease.

Respectfully submitted,

Original Signed
EUGENE McAULIFFE

President

YEAR 1935

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

SENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

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February 28, 1936.

Mr. W. M. Jeffers,
Executive Vice-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 1935:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost, for the fourteen yearly periods, 1922 to 1935, 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>
1922	2,253,773.95	166.0	\$2.539	\$2.706
1923	3,241,104.85	198.8	2.597	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.815	2.053
1929	3,060,632.25	270.9	1.673	1.875
1930	2,897,653.25	231.3	1.657	1.901
1931	2,453,527.24	189.5	1.640	1.893
1932	2,045,270.00	141.3	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	215.3	1.412	1.648

The working time of the mines increased 34.3 days, or 18.9 per cent. The output increased 485,178.35 tons, or 20.2 per cent. The total taxes paid during the calendar year 1935 were as shown below:

	<u>1934</u>	<u>1935</u>	<u>Increase</u>
Federal taxes	\$302,989.71	\$381,740.63	\$ 78,750.92
Other taxes	139,189.60	149,075.30	9,885.70
TOTAL	\$442,179.31	\$530,815.93	\$ 88,636.62

Taxes charged to mining operations totaled \$401,859.43, an increase of \$54,876.24. The total taxes charged to mining operations equaled 13.84 cents per ton, a decrease of 1.06 cents per ton from 1934.

General expenses, including salaries, insurance, injuries to persons, workmen's compensation insurance, etc., totaled for the year, \$265,302.79, an increase over 1934 of \$26,454.25.

The mine cost increased 2.2 cents and the total cost increased 0.9 cents per ton over 1934. The total mine labor cost for the year was \$.946, an increase of 4.4 cents per ton. Effective October 1st, the wage scale of the mine workers was increased 9.32 cents per ton, this increase, when spread over the year, equal to 2.96 cents per ton. The item of general expense was also increased by the application, on November 1, 1935, of the "Bituminous Coal Conservation Act of 1935", approximately 3.2 cents per ton, this increase spread over the year 1935, equal to 0.65 cents per ton. A summary of the increases taking effect April 1, 1934, and subsequent thereto, which will apply to 1936 output, is shown below:

<u>Item</u>	<u>Effective</u>	<u>Cost Per Ton</u>
Seven-hour day	April 1, 1934	\$.1089
Wage increase	October 1, 1935	.0932
Bituminous Coal Conservation Act of 1935	November 1, 1935	.0320
TOTAL		\$.2341

Mechanical Loaders:

During the year 1935, the percentage of coal mechanically loaded was 99.03 per cent. On December 31, 1935, 155 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1935, set forth below:

Original capital investment	\$ 600,432.38
Depreciation to December 31, 1935	<u>411,629.06</u>
Original capital investment, less de-	
preciation, January 1, 1936	\$ 188,803.32
Depreciation for the year 1935	<u>28,781.94</u>
Total tons loaded mechanically, 1935	2,859,708.50

Based on the total tonnage mined in 1935, the capital invested in loading machinery as of December 31st, was 6.6 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

The existing wage agreement expires March 31, 1937. Doubtless a demand for a six-hour day will again appear.

Safety Measures:

Mine safety work inaugurated in 1923 and continued without cessation, has resulted in a substantial improvement in the number of manshifts worked and tons produced per fatal and non-fatal accident. The year 1935 unfortunately produced a total of 8 fatal accidents, which raised the severity rate, the number of man hours per lost time accident, however, much improved, increasing from 44,455 in 1934 to 52,241 in 1935, an increase of 17.5 per cent. The total

fatalities suffered in The Union Pacific Coal Company mines, with the ratio per million tons of coal mined, compared with similar statistics covering all bituminous coal mines in the United States, for the years 1923 to 1935, inclusive, are shown below:

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

Year	The Union Pacific Coal Company		All Bituminous Mines, U.S.	
	Fatalities	Fatalities per 1,000,000 Tons	Fatalities	Fatalities per 1,000,000 Tons
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	3.56
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	2.73
1932	1	.50	958	3.09
1933	3	1.43	833	2.50
1934	3	1.25	958	2.65
1935	8	2.76	967 (Est.)	2.63 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1935, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
For Thirteen Year Period

Year	Labor and Material	Tons Mined	Cost Per Ton
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

Keeping in mind that novelty is an important element in the work of inspiring interest in safety practices, it was decided near

the close of 1935, to substitute monthly awards for the annual program heretofore maintained. During the year 1936, each mine going through the preceding month without a lost time accident will be awarded four prizes, three to mine workers, of \$15, \$10 and \$5, with a prize of \$10 for underground unit foreman. It is believed that the monthly method of award will conduce to a greater measure of interest in safety. The splendid results obtained from the award arrangement are well expressed in the following comparisons:

<u>Year</u>	<u>Number of Injuries</u>	<u>Man Hours Worked Per Injury</u>	<u>Number of Mine Sections</u>	
			<u>Total</u>	<u>Without Injury</u>
1931	157	20,188	32	9
1932	60	43,454	34	12
1933	42	60,550	36	21
1934	59	47,469	47	18
1935	63	52,241	71	36

The cost of workmen's compensation increased from 1.74 cents per ton in 1934, to 1.83 in 1935. Additional numerous old and severe cases were cleared up, and when allowance is made for such, the actual cost will approximate that of the previous year.

The annual examination of the mines was conducted during the summer of 1935 by Mr. William Moorhead, Mine Superintendent of Salt Lake City, 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
and
SOUTHERN WYOMING UTILITIES COMPANY (Electric Department)
Material and Supplies on Hand, December 31st,
Years 1923 to 1935, Inclusive

<u>Year</u>	<u>Coal Company</u>	<u>Utilities Company</u>	<u>Total</u>	<u>Reduction from 1923</u>
1923	\$ 586,341	\$ -	\$ 586,341	\$ -
1924	418,797	12,823	431,620	154,721
1925	339,313	11,379	350,692	235,649
1926	267,095	11,782	278,877	307,464
1927	253,075	6,501	259,576	326,765
1928	265,130	5,648	270,778	315,563
1929	273,036	4,960	277,996	308,345
1930	255,064	5,167	260,231	326,110
1931	239,052	4,295	243,347	342,994
1932	196,792	4,575	201,367	384,974
1933	187,267	2,345	189,612	396,729
1934	192,586	2,929	195,515	390,826
1935	208,278	3,959	212,237	374,104

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a very good showing for 1935. Results for the calendar years 1934 and 1935 are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses and Taxes</u>	<u>Net Earnings</u>
1934	\$ 746,952	\$ 196,575	\$ 139,093	\$ 47,003
1935	<u>911,460</u>	<u>195,752</u>	<u>152,851</u>	<u>63,712</u>
Increase	\$164,508	-	\$ 13,758	\$ 16,709
Decrease	-	\$ 823	-	-

Accounts receivable, Merchandise Department, as of December 31, 1922, to 1935, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1922	\$65,507.14	1927	\$76,173.09	1931	\$59,499.63
1923	86,864.25	1928	71,904.97	1932	62,889.08
1924	62,737.39	1929	94,839.11	1933	59,174.60
1925	58,070.53	1930	78,988.94	1934	74,949.46
1926	58,419.15			1935	95,546.18

Pensions:

On December 31, 1935, a total of 53 men were carried on the pension rolls. During the year 7 names were added to the roll, 2 pensioners dying during the year, suggesting a net increase of 5 names. The total expenditure for pensions for the year 1935 was \$27,913.11, or 0.97 cents per ton of coal mined. The total sum paid for pensions, 1914 to 1935, inclusive, was \$257,650.76.

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 1935, 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

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

Social Betterments:

As heretofore, the Coal Company has taken an active part in assisting the social activities maintained by its employees. The several Community Councils carried on throughout the year in commendable manner. The total contributions made to social and welfare work during the year amounted to \$8,974.28, or \$.0031 per ton. Such in-

cluded contributions to the Community Councils, Old Timers Association, Boy and Girl Scouts, Labor Day Celebration, churches, Christmas celebrations, bands, garden prizes, etc. A total of 94 boys and 112 girls attended the two Scout camps, each of two weeks' duration, held at New Fork Lake, July 7 to August 5. Each of the camps were splendidly managed, the expense of operation almost wholly cared for by the Scout organizations.

Old Timers Association:

The Eleventh Annual Old Timers Reunion was held Saturday, June 22nd, in the Old Timers Building at Rock Springs, with 600 Old Timers and their wives and guests in attendance. Mr. Frank L. McCarty was elected President. Chief Justice of the Supreme Court of Wyoming, Hon. Ralph Kimball, addressed the Old Timers. The organization, now consisting of 660 members, has grown into the most important social organization participated in by the Company's employees. Membership therein, based on twenty years continuous service, is assiduously sought for.

Employees' Magazine:

The Employees' Magazine continued to maintain its standard of efficiency and interest, a total of 27,875 copies of the magazine distributed during the year, total net cost of publication for the year \$3,437.30, an increase over the previous year of \$180.74.

Measure of Man Power:

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

<u>Period</u>	<u>Number 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

Due to the increase in demand for coal, 377 additional men were added to the force as of December 31st. During the year, 14 apprentices were maintained in the shops at Rock Springs, Reliance, Winton, Superior and Hanna, including 6 electrical, 5 machinist, 2 blacksmith, 2 welder, and 1 auto mechanic apprentices.

GENERAL:

The First Aid Field Day was held June 21st, and as usual, was very heavily attended, the work gaining in interest with each succeeding year. Seven men's first aid teams were entered in the contest, with six Boy Scouts', five Senior Girl Scouts', and five Junior Girl Scouts' teams likewise engaged in the contest. The team representing Superior "B", "C" and "E" Mines won first place in the men's competition with a score of 498-1/3. The Winton team finished second with 496-1/3 points, and Hanna No. 2 Team took third place with a score of 494-2/3. In the Scout competition, Hanna won the Senior Girls' contest, Superior occupying second, and Reliance third place. Superior won the Junior Girl Scouts' contest, with Winton second and Hanna third. The Boy Scouts' contest was won by the Hanna boys' team, with the Hanna Japanese team second, and the Superior team in third place.

On First Aid Field Day, Mr. E. H. Denny, District Engineer, U. S. Bureau of Mines, Denver, representing The Joseph A. Holmes Safety Association, presented to The Union Pacific Coal Company certificates of honor for enviable safety records, one for the performance in all mines, two to Superior "C" Mine, and one to Rock Springs No. 4 Mine.

On August 23rd, 200 men, employees of Superior "C" Mine; members of the staff of The Union Pacific Coal Company; representatives of the U. S. Bureau of Mines, and Mr. Theodore Marvin, were entertained at a dinner in the Old Timers Building. At the close of the dinner, Mr. Marvin, Editor of "The Explosives Engineer," published by The Hercules Powder Company, again presented to the Company the "Sentinels of Safety" trophy, which is awarded annually by The Hercules Powder Company for the best outstanding safety record shown by a bituminous mine in the United States, the bronze trophy of attractive design, won the previous year by Superior "B" Mine, now in possession of Superior "C" Mine, to be retained for the period of one year.

The increased demand for coal shown in 1935 was cared for through the medium of double shifting the mines and the employment of additional men. Wage negotiations were delayed throughout the summer by the failure of operators and mine workers in the Appalachian coal fields to arrive at a basis of settlement, with the result that on September 23rd, all bituminous mines in the United States suspended operation, this suspension continuing until October 1st, when work was resumed. Anticipating the suspension period, 46,352 tons of coal were purchased from commercial mines in the Rock Springs and Kemmerer field, in addition to the normal tonnage ordinarily supplied

by these mines. Not until December 19, 1935, was the joint wage agreement signed, increases of 50 cents per day of seven hours paid to all outside and inside men other than those engaged on mechanical loaders, an increase of 70 cents granted to mechanical loading crews. The pick miners' rate was increased 9 cents per ton, and an increase of 6.5 cents per ton was given to men loading on pit car loaders. An increase of ten per cent in dead work and yardage was also allowed, the measure of this increase set out on an earlier page of this report.

The increase in manpower, approximating 20 per cent, employed in 1935, was almost wholly drawn from the families of older employes, and while this addition of young men was necessary and desirable, the expense of training same resulted in an increase in mine labor costs.

Development work has been well maintained in all mines, with the exception of "B" and "E" Mines, Superior, and No. 3 Mine, Winton, these mines rapidly working out. A new opening in the No. 7 Seam at Reliance was started during the year and will be brought into production with the completion of the new Reliance tibble. At Winton, a rock tunnel was driven a distance of 825 feet from No. 1 to No. 7 $\frac{1}{2}$ Seam, reopening the latter seam, thus providing additional production. All mines were double shifted during the year, and for a portion of the time, Reliance, Hanna, and No. 4 Mine, Rock Springs, were worked on a three-shift basis. Later, this system was changed, the mines working six days per week, rotating the employes, two shifts per day.

Additional diamond drilling will be done in the vicinity of Superior during the year 1936, and "D" Mine will be reopened in order

to maintain the existing output until new development can be secured, which represents a task of major proportion. The work of constructing the new tibble at Reliance is well under way, and should be completed by July 1, 1936.

Due to the increase in demand for electric power, an extension to the present power plant at Rock Springs was authorized, and it is expected that same will be ready for operation in August, 1936, estimated cost approximately \$500,000.

During the year 1935, our properties were honored with numerous visitors from abroad, including mining men from Great Britain, Australia, and New Zealand.

With the exception of the enforced suspension of one week, above referred to, labor relations have been most satisfactory. What new situation will arise with the expiration of the present wage agreement on March 31, 1937, it is difficult to anticipate. There is definite danger of the Union making demands for not only a shorter work day, but increased wage rates.

Respectfully submitted,

Original Signed
EUGENE MCAULIFFE

President.

YEAR 1934

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

EUGENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE _____

March 20, 1935.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
120 Broadway, New York, N. Y.

Dear Sir:

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1934:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost, for the thirteen yearly periods, 1922 to 1934, 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>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	198.8	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.815	2.053
1929	3,060,632.25	270.9	1.673	1.875
1930	2,897,653.25	231.3	1.657	1.901
1931	2,453,527.24	189.5	1.640	1.893
1932	2,045,270.00	141.3	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

The working time of the mines increased 37.6 days, or 26.2 per cent. The output increased 304,994.72 tons, or 14.54 per cent. The total taxes paid during the calendar year 1934 were as follows:

	<u>1933</u>	<u>1934</u>	<u>Increase</u>
Federal taxes	\$120,576.69	\$302,989.71	\$182,413.02
Other taxes	136,415.88	139,189.60	2,773.72
Total	\$256,992.57	\$442,179.31	\$185,186.74

Taxes charged to mining operations totaled \$346,983.19, an increase of

\$145,465.10. The total taxes charged to mining operations equaled 14.9 cents per ton, an increase of 5 cents per ton over 1933. General expenses, including salaries, insurance, injuries to persons, workmen's compensation insurance, etc., totaled for the year \$238,848.54, an increase over 1933 of \$8,006.13.

The mine cost increased 1.3 cents and the total cost increased 5.1 cents per ton over 1933. The total mine labor cost for the year was \$.902, an increase of 3.6 cents per ton. The application of the seven-hour day effective April 1, 1935, resulted in an increase of approximately 11.0 cents per ton for the nine months' period, and 8.47 cents per ton for the year 1934.

Mechanical Loaders:

During the year 1934, a further increase in percentage of coal mechanically loaded was obtained, rising from 90.55 per cent in 1933 to 97.41 per cent in 1934. As of December 31st, approximately 100 per cent of the tonnage was loaded mechanically. On December 31, 1934, 153 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1934, set forth below:

Original capital investment	\$554,689.54
Depreciation to December 31, 1934	<u>382,847.12</u>
Original capital investment, less depreciation, January 1, 1935	\$171,842.42
Depreciation for the year 1934	<u>32,092.31</u>
Total tons loaded mechanically, 1934	2,340,247

Based on the total tonnage mined in 1934, the capital invested in loading machinery as of December 31st was 7.1 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 Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	187.4	\$9.43	\$168.46	\$1,965.87
1927	1,781.8	214.7	9.02	171.82	2,064.03
1928	1,675.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.43	170.91	2,050.92
1930	1,765.7	231.3	7.49	155.53	1,866.36
1931	1,698.9	189.5	7.43	128.42	1,541.04
1932	1,609.5	141.5	6.65	100.22	1,202.64
1933	1,559.9	143.4	5.92	90.73	1,088.76
1934	1,651.6	181.0	5.82	104.58	1,254.96

The existing wage agreement expires March 31, 1935, and a further increase is very generally anticipated within the industry.

Safety Measures:

Mine safety work inaugurated in 1923 and continued without cessation, has resulted in a substantial improvement in the number of manshifts worked and tons produced per fatal and non-fatal accident. The total fatalities suffered in The Union Pacific Coal Company mines, with the ratio per million tons of coal mined, compared with similar statistics covering all bituminous coal mines in the United States, for the years 1923 to 1934, inclusive, are shown below:

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

Year	The Union Pacific Coal Company		All Bituminous Mines, U. S.	
	Fatalities	Fatalities per 1,000,000 Tons	Fatalities	Fatalities per 1,000,000 Tons
1923	16	4.94		
1924	9	3.19	1,955	3.46
1925	6	2.16	1,906	3.94
1926	8	2.88	1,834	3.53
1927	7	2.54	2,065	3.60
1928	8	2.73	1,742	3.36
1929	12	3.91	1,729	3.45
1930	8	2.76	1,705	3.19
1931	6	2.40	1,619	3.46
1932	1	.50	1,050	2.78
1933	3	1.43	958	3.09
1934	3	1.25	853	2.50
			893 (Est.)	2.50 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1934, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
for Twelve Year Period

Year	Labor and Material	Tons Mined	Cost per Ton
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	51,416.94	2,097,558	.025
1934	46,144.07	2,402,553	.019

The practice inaugurated on July 1, 1931, of giving prizes of major value for improved safety performance was continued through 1934, one automobile and sixteen cash prizes, totaling \$1,300, awarded. For 1935, two prizes, consisting of full transportation and traveling expenses from Rock Springs or Hanna, to Seward, Alaska, by train and teamship, will be substituted for the automobile awarded in 1934. In addition to the Alaskan trips, sixteen cash prizes will also be awarded.

The splendid results obtained from the award arrangement are well expressed in the following comparisons:

Year	No. of Injuries	Man Hours Worked Per Injury	Per Cent of Increase or Decrease			Number of Mine Sections	
			Over Year 1931	Over Year 1932	Under Year 1933	Total	Without Injury
1931	157	20,188	-	-	-	32	9
1932	60	43,454	115	-	-	34	12
1933	42	60,550	200	39	-	39	21
1934	59	47,469	135	9	22	47	18

Our safety performance fell off in 1934, when three fatalities were suffered, the same as in 1933. However, the manhours worked per compensable accident dropped as shown by the following table, a general safety slippage reported in all industry during the year. The cost of workmen's compensation increased from 1.40 cents per ton in 1933, to 1.74 in 1934. Numerous old and severe cases, however, were cleared up, and when allowance is made for such, the actual cost will approximate that of the previous year.

As the relative question of mine safety under hand and mechanical loading has been raised from time to time, the following statement showing safety results obtained for three periods of four years each, during which time the per cent of coal mechanically loaded grew from 9.78 to 85.56, proves effectually that machinery is not a dominant factor in the safety problem. It will be observed that the third period of four years set forth in the table following, shows most excellent progress.

Comparison of Percentage of Coal Loaded Mechanically, Man Hours Worked, Number Fatal Accidents, Number Non-Fatal Compensable Accidents, Man Hours Worked per Fatal and Non-Fatal Compensable Accident, Three Periods of Four Years Each

	1923-4 -5-6	1927-8- 9-30	1931-2 -3-4
Per Cent Coal Loaded Mechanically	9.78	52.47	85.56
Man Hours Worked	17,741,904	15,465,544	11,120,587
Fatalities	41	35	14
Man Hours Per Fatality	432,729	441,873	794,328
Ratio	100.0	102.1	183.6
Non-Fatal Compensable Accidents	1,150	1,134	437
Man Hours Per Non-Fatal Compensable Accident	15,427	13,638	25,448
Ratio	100.0	88.4	165.0

The annual examination of the mines was conducted during the summer of 1934 by Mr. Charles Catterall, Sr., Mine Foreman, Sheridan-Wyoming Coal Company, Monarch, Wyoming.

Reliance Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine Fire, which amounted to \$114,072.11 between 1922 and 1932, with no expenditure in 1933, amounted to but \$92.49 in 1934.

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 and SOUTHERN WYOMING ELECTRIC COMPANY
Material and Supplies on Hand December 31st
For Years 1923 to 1934, Inclusive

Year	Coal Company	Electric Company	Total	Reduction from 1923
1923	\$ 586,341	\$ -	\$ 586,341	\$ -
1924	418,797	12,823	431,620	154,721
1925	339,313	11,379	350,692	235,649
1926	267,095	11,782	278,877	307,464
1927	253,075	6,501	259,576	326,765
1928	265,130	5,648	270,778	315,563
1929	273,036	4,960	277,996	308,345
1930	255,064	5,167	260,231	326,110
1931	239,052	4,295	243,347	342,994
1932	196,792	4,575	201,367	384,974
1933	187,267	2,345	189,612	396,729
1934	192,586	2,929	195,515	390,826

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a very good showing for 1934. Results for the calendar years 1933 and 1934 are shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses and Taxes</u>	<u>Net Earnings</u>
1933	\$ 609,646	\$ 173,118	\$ 127,260	\$ 32,620
1934	<u>746,951</u>	<u>196,575</u>	<u>139,093</u>	<u>47,005</u>
Increase	\$ 137,305	\$ 23,457	\$ 11,833	\$ 14,385

Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1934, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$ 65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,175.09
1928	71,904.97
1929	94,839.11
1930	78,988.94
1931	59,499.63
1932	62,889.08
1933	59,174.60
1934	74,949.46

Pensions:

On December 31, 1934, a total of 48 men were carried on the pension rolls. During the year 4 names were added to the roll, 8 pensioners dying during the year, suggesting a net reduction of 4 names. The total expenditure for pensions for the year 1934 was \$29,410.28, or 1.22 cents per ton of coal mined. The total sum paid for pensions, 1914 to 1934, inclusive, was \$229,737.65.

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 1934, 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	2.055	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	53,295.53
1929	35,174.75	2.927	1.675	1.252	44,050.78
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	50,620.40	2.540	1.609	.951	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

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

Local Betterments:

The Community Councils maintained their previous active interest in affairs in all districts, much local relief work conducted by the councils. The Boy and Girl Scout organizations continued their work, and membership is again increasing. Seventy-four boys and an equal number of girls attended separate summer camps for ten days at New Fork Lake 125 miles north of Rock Springs, and the Hanna Boy and Girl Scouts also went into separate summer camps for a two-weeks period each. Both of these camps were splendidly managed, the results obtained most flattering.

Religious work was continued in the various communities by the Roman Catholic, Protestant, and Mormon Churches. No demands were made on the company for relief contributions during the year, each community

taking care of its own people, the Red Cross organization, as heretofore, awarded the facilities of a work room for sewing of garments by volunteer forces, etc.

Old Timers' Association:

The Tenth Annual Old Timers Reunion was held Saturday, June 16th, in the Old Timers Building at Rock Springs, with 635 Old Timers and their wives and guests in attendance. Mr. William McIntosh was elected President. Mr. T. S. Hogan, Presidential Member of Division 1, NRA, addressed the Old Timers. The Old Timers organization, with our four brass bands and the Scotch Kiltie Band, plus the Community Councils and the Boy and Girl Scout movement, have contributed to our existing, very comfortable, labor relation.

Employee's Magazine:

The Employee's Magazine continued to maintain its standard of efficiency and interest, a total of 27,165 copies of the magazine distributed during the year, total net cost of publication for the year \$3,256.56, an increase over the previous year of \$503.74.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$3,256.56 for The Employee's Magazine, a total of \$8,103.20 was expended in connection with the entertainment of the Old Timers, the Community Councils, Boy and Girl Scout Activities, Labor Day Celebration, Fourth of July Celebration, Christmas celebration, charity, churches and other religious organizations, bands and music, engineering scholarships, and other minor matters, this amount representing approximately 4.7 mills per ton of coal produced.

Measure of Man Power:

The number of mine employees in the service of the company for

the thirteen yearly periods is shown below:

<u>Period</u>	<u>Number 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	1,730	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	1,735	1,941	52.8
Jan. 1, 1935	1,869	1,805	49.1

Due to the application of the seven-hour day, effective April 1, 209 additional employees were engaged during the year, a major number sons or wards of employees, and particularly adapted to the more active requirements attached to work as motormen, trip riders, drivers, etc., these young men adapting themselves to the service very quickly and without any of the traditional inhibitions of the older employees. During the year, ten apprentices were maintained in the shops at Rock Springs, Superior, Winton, and Hanna, including 5 electrical, 2 machinist, 1 blacksmith, 1 welder, and 1 auto mechanic apprentice.

General:

The very successful record established after April 24, 1933 for eye injuries, due to the requirement that all employees were protective goggles, continued throughout the year, not a single eye accident suffered between April 24, 1933 and the end of 1934.

The amendment to the Coal Code, effective April 1, 1934, fixing the work period at seven hours per day and 35 hours per week, was put into effect in all mines, the increased cost per ton of coal sold to Union Pacific System Lines set forth below:

<u>Month, 1934</u>	<u>Amount of Increase</u>	<u>Increased Cost Per Ton</u>
April	\$20,202.98	
May	19,294.20	\$.1110
June	17,586.26	.1187
July	19,339.74	.1187
August	23,957.32	.1168
September	25,060.02	.1114
October	28,093.00	.1040
November	24,257.76	.1049
December	25,456.48	.1075
		<u>.1050</u>
TOTAL	\$ 203,247.76	\$.1098

The First Aid Field Day was held June 15th, and as usual, was very heavily attended, the work gaining in interest with each succeeding year. Ten men's first aid teams were entered in the contest, with six Boy Scouts', six Senior Girl Scouts' and five Junior Girl Scouts' teams likewise engaged in the contest. The team representing Superior "B", "C" and "E" Mines won first place in the men's competition with a score of 498-1/3. The Reliance team finished second with 495-2/3 points, and Hanna No. 1 team took third place with a score of 495. In the Scout competition, Hanna won the Senior Girls' contest, Superior occupying second, and Rock Springs Nyoda No. 1 team third place. Hanna won the Junior Girl Scouts' contest, with Superior second and Reliance third. The Boy Scouts' contest was won by the Hanna boys' team, with the Hanna Japanese team second, and the Superior team in third place.

On First Aid Field Day, Mr. E. H. Denny, District Engineer, U. S. Bureau of Mines, Denver, representing The Joseph A. Holmes Safety Association, presented to seven employees of our Superior "C" mine, silver medals and certificates of honor for meritorious work done in rescuing the Gornik brothers from a fall of rock experienced during the preceding year. Mr. Denny also presented to The Union Pacific Coal Company certificates of honor for enviable safety records

attained in Rock Springs No. 4, Winton No. 1, and Superior "B" Mines.

On September 18th, 200 men, employees of Superior "B" Mine; members of the staff of The Union Pacific Coal Company; representatives of the U. S. Bureau of Mines, and Dr. William Reid of Fife, Scotland, were entertained at a dinner in the Old Timers Building. At the close of the dinner, Mr. Theodore Marvin, Editor of "The Explosives Engineer", published by the Hercules Powder Company, presented to the company the "Sentinels of Safety" trophy, which is awarded annually by the Hercules Powder Company for the best outstanding safety record shown by a bituminous mine in the United States, the bronze trophy of attractive design, won by Superior "B" Mine, in whose possession it will be retained for the period of one year.

Weekly sectional safety meetings were conducted during the year in all districts, and the regular monthly general safety meetings were also maintained on schedule, certain of the districts showing a much increased interest in safety work, this situation very noticeable at Reliance.

Underground development work in the several mines was well maintained during the year, No. 2 Mine, Hanna, however, closed down with all removable mineral exhausted on April 20th, No. 6 Mine at Hanna under development, not operated during the year. With an additional appropriation for diamond drilling, further exploration work looking toward additional mineral for Mines "B", "C" and "E", Superior, will be carried on during the present year, "E" Mine having a further life of approximately 2-1/2 years, "B" Mine 4 years from January 1, 1935. The matter of obtaining further mineral for development in the Superior district is receiving the attention of the management.

The existing wage scale expires by limitation on March 31, 1935, and negotiations for renewal of same are under way at the time this report is written. Rather extraordinary demands have been made by the U. M. W. of A. in the matter of shorter hours and increased wages in all of the bituminous mines in the United States, it probable however, that the present work-day of seven hours will be maintained, and that some advance will be made necessary in day and tonnage rates.

Labor relations throughout the year 1934 were conducted in a most satisfactory manner. With the death of Mr. John P. White, Joint Umpire, on September 21st, Mr. James Morgan was appointed as Mr. White's successor, effective December 1, 1934.

Respectfully submitted,

[Faint stamp: RECEIVED DECEMBER 1934]

President

YEAR 1933

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

EUGENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE _____

February 17, 1934.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Co.,
120 Broadway, New York, N. Y.

Dear Sir:-

I submit herewith the following resume of The Union Pacific Coal Company operations for the year 1933:

Mine Production and Costs:

Total tons produced, average days worked during the year, mine cost and total cost for the twelve yearly periods, 1922 to 1933, 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>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	198.8	2.597	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.815	2.053
1929	3,060,632.25	270.9	1.673	1.876
1930	2,897,653.25	231.3	1.657	1.901
1931	2,455,527.24	189.5	1.640	1.893
1932	2,045,270.00	141.3	1.556	1.742
1933	2,097,558.25 2,402,552.91	143.4	1.377	1.588

The working time of the mines increased 2.1 days, or 1.5 per cent.

The output increased 52,288.23 tons, or 2.55 per cent. The total taxes paid during the calendar year 1933 were as follows:

Federal taxes	\$120,576.69
Other taxes	<u>136,415.88</u>
Total	\$256,992.57

Taxes charged to mining operations totaled \$201,518.09, an increase of \$86,891.76. The total taxes charged to mining operations equaled 9.6 cents per ton, or an increase of 4 cents per ton over 1932. General expenses, including salaries, insurance, injuries to persons, workmen's compensation insurance, etc., totaled for the year \$230,842.41, a decrease from 1932 of \$23,710.54.

The mine cost decreased 17.9 cents and the total cost decreased 15.4 cents per ton from 1932. The total mine labor cost for the year was \$.866, a decrease of 14.3 cents per ton. About 10 cents of this decrease was due to changes in the wage agreement, the revised wage scale taking effect July 1, 1932, present date of expiration April 30, 1934.

Mechanical Loaders:

During the year 1933, a further increase in percentage of coal mechanically loaded was obtained, rising from 81.13 per cent in 1932 to 90.55 per cent in 1933. We anticipate that the tons mechanically loaded will increase to not less than 95 per cent during the year 1934. As of December 31, 1933, 145 loading units were in service, total capital investment in mechanical loaders, with depreciation to December 31, 1933, set forth below:

Original capital investment	\$ 577,725.95
Depreciation to December 31, 1933	<u>402,435.64</u>
Original capital investment, less depreciation, January 1, 1934	\$ 175,290.31
Depreciation for the year 1933	39,129.24
Total tons loaded mechanically, 1933	1,899,438

Based on the total tonnage mined in 1933, the capital invested in loading machinery as of December 31st was 8.3 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	Average Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	187.4	\$9.45	\$165.46	\$1,965.87
1927	1,781.8	214.7	9.02	171.82	2,064.03
1928	1,673.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.45	170.91	2,050.92
1930	1,765.7	251.3	7.49	155.53	1,866.36
1931	1,698.9	189.5	7.43	128.42	1,541.04
1932	1,609.5	141.5	6.65	100.22	1,202.64
1933	1,559.9	143.4	5.92	90.73	1,088.76

The reduction in daily, monthly and annual earnings from 1932 is almost wholly due to the change in the wage scale, a limited reduction effected through the medium of an increased percentage of coal loaded mechanically. It will not be practical to effect any further reduction in the wage rates and it is fair to assume that if living costs are further advanced by the changes made in the purchasing power of the dollar, some portion of the reductions made in the past few years must be restored.

Safety Measures:

Mine safety work inaugurated in 1923 and continued without cessation, has resulted in a substantial improvement in the number of manshifts worked and tons produced per fatal and non-fatal accident. The total fatalities suffered in The Union Pacific Coal Company mines, with the ratio per million tons of coal mined, compared with similar statistics covering all bituminous coal mines in the United

states for the years 1923 to 1933, inclusive, are shown below:

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

Year	The Union Pacific Coal Company		All Bituminous Mines, U. S.	
	Fatalities	Fatalities per 1,000,000 Tons	Fatalities	Fatalities per 1,000,000 Tons
1923	16	4.94	1,953	3.46
1924	9	3.19	1,906	3.84
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	958	3.09
1933	3	1.43	782 (Est.)	2.38 (Est.)

Safety expenditures chargeable to mine costs for the calendar years 1923 to 1933, inclusive, are set forth below:

Expenditures for Safety Charged to Mine Costs
for Eleven Year Period

Year	Labor and Material	Tons Mined	Cost per Ton
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	98,574.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,541.47	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

The mines suffered three fatalities during 1933 compared with one fatal accident in 1932. One of the three deaths occurred to an employe 49 years of age, who fell off of a step-ladder in the wash house at Hanna, it possible that this man's physical condition had something to do with the accident.

On July 1, 1931, we inaugurated the arrangement to give

prizes of major value for an improved safety record, two automobiles given away in 1931, with two additional in 1932. In 1933, surface employes were brought under the safety prize program and one automobile, with fourteen cash prizes totaling \$1,450, were distributed on February 9, 1934. The splendid results obtained from the new award arrangement are well expressed in the following comparisons:

<u>Year</u>	<u>Number of Injuries</u>	<u>Man Shifts Worked Per Injury</u>	<u>Per Cent of Increase</u>		<u>Number of Mine Sections Without Injury</u>	
			<u>Over Year 1931</u>	<u>Over Year 1932</u>	<u>Total</u>	<u>Injury</u>
1931	157	2,524	-	-	32	9
1932	60	5,432	115	-	34	12
1933	42	7,569	199	39	39	21

It will be observed that in 1933, the number of manshifts worked per compensable injury increased 199 per cent over the record for 1931, 21 sections passing through the year without a lost-time injury as against 9 sections in 1931. In the last six months of 1931, but 511 men qualified to participate in the awards. In 1932, the number increased to 745 men, and in 1933, to 1,002 men, plus 200 surface employes who, before 1933, had not been given a chance to participate. Several of the unit foremen and their sections have passed two years, and a number two and one-half years, without a single lost-time injury, the cost of workmen's compensation reduced from 2.14 cents per ton in 1931 to 1.45 cents per ton in 1932, and 1.40 cents per ton in 1933.

The annual examination of the mines was conducted during the summer of 1933 by Mr. Arthur Vail, former Superintendent, Central Coal & Coke Company, Rock Springs, Wyoming, now the Presidential Representative of the Bituminous Coal Code of Fair Competition, National Recovery Administration.

Reliance Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine Fire, which amounted to \$114,072.11 between 1922 and 1932, inclusive, disappeared in 1933.

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 and SOUTHERN WYOMING ELECTRIC COMPANY
Material and Supplies on Hand December 31st,
1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932 and 1933.

Year	Coal Company	Electric Company	Total	Reduction from 1923
1923	\$ 586,341	\$ -	\$ 586,341	\$ -
1924	418,797	12,823	431,620	154,721
1925	339,313	11,379	350,692	235,649
1926	267,095	11,782	278,877	307,464
1927	253,075	6,501	259,576	326,765
1928	265,130	5,648	270,778	315,563
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1930	255,064	5,167	260,231	326,110
1931	239,052	4,295	243,347	342,994
1932	196,792	4,575	201,367	384,974
1933	187,267	2,345	189,612	396,729

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made a very good showing for

1933: Results for the calendar years 1922 to 1933, inclusive:

Year	Total Sales	Inventory Value	Total Operating Expenses & Taxes	Net Earnings
1922	\$ 991,315	\$ 283,269	\$ 169,294	\$ 3,063 (Def.)
1923	1,193,975	240,249	194,372	55,314
1924	1,041,506	229,236	182,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,813	170,907	57,586
1927	933,022	242,893	174,444	54,961
1928	942,799	245,983	181,739	62,966
1929	1,027,355	240,450	188,539	71,577
1930	972,825	208,612	181,434	67,858
1931	833,855	188,608	166,764	52,327
1932	654,617	163,529	134,315	33,921
1933	609,646	173,118	127,260	32,620
Increase	-	\$ 9,589	-	-
Decrease	\$44,971	-	\$ 7,055	\$ 1,301

The net earnings decreased \$1,301, a rather remarkable showing in view of the fact that the total payrolls of the company decreased \$526,049, or 21.3 per cent.

Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1933, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$ 65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,173.09
1928	71,904.97
1929	94,839.11
1930	78,988.94
1931	59,499.63
1932	62,889.08
1933	59,174.60

Pensions:

On December 31, 1933, a total of 52 men were carried on the pensions rolls. During the year 7 names were added to the roll, 3 pensioners dying during the year, suggesting a net addition of 4 names. The total expenditure for pensions for the year 1933 was \$30,008.57, or 1.43 cents per ton of coal mined. The total sum paid for pensions, 1914 to 1933, inclusive, was \$200,327.57.

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 1933, 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

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

Subsidiary Coal Land Companies:

During the year, on formal authority received from the Board of Trustees, the payment of mineral taxes on the lands of the Illinois Union Coal Company, Macoupin County, Illinois, was discontinued. The total cost of continuing the Illinois Union property during the year was: general expenses \$230.00, franchise tax \$50.00, total \$280.00.

Social Betterments:

During the year 125 tenements were re-shingled and 115 repainted. Various other non-capital improvements were made, the total non-capital expenditures for betterments for the year being \$122,575.59.

The Community Councils maintained their previous active interest in affairs in all districts, much local relief work conducted by the councils. The Boy and Girl Scout organizations continued their work and although reduced manpower and earnings made the maintenance of the troops difficult, membership is nevertheless increasing. Twenty-seven boys attended a summer camp for ten days at New Fork Lake

125 miles north of Rock Springs, and the Hanna Boy and Girl Scouts also went into separate summer camps for a two-weeks period each. Both of these camps were splendidly supervised, no accidents occurring to the children.

Religious work in the various communities has been well maintained on the part of the Roman Catholic, Protestant and Mormon Churches. No demands were made on the company for relief contributions during the year, each community taking care of its own people, the Red Cross organization afforded the facilities of our library for sewing of garments by volunteer forces, etc.

Old Timers' Association:

The Ninth Annual Old Timers Reunion was held Saturday, June 10th, in the Old Timers Building at Rock Springs, the building crowded to capacity. Mr. D. V. Bell, former Superintendent of the Green River Water Works Company, now pensioned, was elected President. The Honorable Leslie A. Miller, Governor of Wyoming, addressed the Old Timers in a most felicitous manner, remaining through the day to participate in the entire program. The Old Timers organization, with our four brass bands and the Scotch Kiltie Band, plus the Community Councils and the Boy and Girl Scout movement, have worked wonders in the matter of building up the manners and morale of our employes.

Employes' Magazine:

The Employes' Magazine continued to maintain its standard of efficiency and interest, a total of 27,400 copies of the magazine distributed during the year, total net cost of publication for the year \$2,747.82, a reduction from the previous year of \$230.58.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$2,747.82 for The Employes'

Magazine, a total of \$8,974.28 was expended in connection with the entertainment of the Old Timers, the Community Councils, Boy and Girl Scout activities, Labor Day Celebration, Fourth of July Celebration, Christmas Celebration, charity, churches and other religious organizations, bands and music, engineering scholarships, and other minor matters, this amount representing approximately 4.5 mills per ton of coal produced.

Measure of Man Power:

The number of mine employees in the service of the company for the twelve yearly periods is shown below:

<u>Period</u>	<u>Number 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

The revision of the last contract with the United Mine Workers of America, admitting of a system of apprentices in and about the machine and blacksmith shops resulted in nine boys being placed under apprentice wage agreements. Our labor situation throughout the year was entirely satisfactory, the putting into effect of the five-day work week provided for by the Bituminous Coal Code, NRA, necessitating the employment of a total of 120 young men, 94 unmarried, 26 married, the unmarried men largely the sons or wards of present employees. With the coming of the code, a number of employees coming some years ago from Iowa and Illinois, returned to these states, anticipating employment in a more satisfactory region, many of these

men very grievously disappointed.

General:

Early in the year, it was decided to equip all mine employes above and below ground with shatter-proof protective goggles. All men were examined by a competent oculist and 475 pairs of protective goggles, ground for correction, were furnished, 1,175 pairs furnished to men not requiring correction of eyesight. The 1,650 pairs of goggles furnished cost, including examinations, \$5,544.12, a sum approximating the annual expenditure for workmen's compensation paid to men receiving injuries to eyes, not a single eye accident occurring to any employe since April 24, 1933, up to and including the writing of this report. All newly employed men, (and all replacements required by employes) will be required to secure protective goggles at their own expense. In this way, the expense of compensation for injured eyes will be eliminated. All mine employes are now equipped with protective hats and goggles, a very large percentage of the men wearing protective shoes and gloves.

On August 1, 1933, the merchandise store forces, auditing department and mine clerks were brought under the general code of the N.R.A. With the promulgation of the Bituminous Coal Code, the auditing department and mine clerks were restored to their previous schedules of 44 and 48 hours per week. With the month of November, 1933, extended reports covering wages, hours worked, and monthly earnings, were called for by the National Recovery Administration, the cost of this information for the month of November approximating \$400 for preparation, subsequent monthly costs ranging from \$200 to \$250, the continuance of these reports depending upon the action of the National Recovery Administration. Bituminous coal operators of

the United States will meet with the National Recovery Administration in Washington sometime in March to consider the continuance or discontinuance of the Bituminous Coal Code, and if continued, what changes in administration will be necessary.

The most serious situation confronting the industry is the insistent demands being made for a six-hour day with thirty-hour work week without reduction in present daily wage rates. The undersigned, acting as chairman of a committee, recently prepared an extended brief setting forth the absolute impossibility of shortening the work day in the Rocky Mountain-Pacific Region without the industry suffering further and disastrous losses of tonnage to natural gas, fuel oil, and wood fuel.

The residue of mining equipment left at Cumberland was disposed of in 1933, and the Cumberland mines have been fully charged off and definitely disposed of. There remains in the Cumberland district merely the mineral, lands and water rights still owned by the Coal Company.

Staff reductions, including clerks, totaling 22 employees, with annual wage payments of \$60,276, were effected during the year.

The property has been well maintained, the rate of recovery per acre has been increased, and no labor troubles of whatever character were suffered during the year. With reasonable prospects for increased production during the year 1934, further reductions in mine and total costs will be secured providing it is not found necessary to increase wage rates with the renewal of the present wage agreement, which expires April 30, 1934.

Respectfully submitted,

EUGENE MCMAULIFFE

President

YEAR 1932

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

ENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO
FILE 200-41

February 24, 1933.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Co.,
120 Broadway, New York, N. Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1932 is submitted for your information:

Mine Production and Costs:

Tons produced, average days worked during the year, mine cost and total cost for the eleven yearly periods, 1922 to 1932, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	198.8	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.815	2.053
1929	3,060,632.25	270.9	1.673	1.875
1930	2,897,653.25	231.3	1.657	1.901
1931	2,453,527.24	189.5	1.640	1.893
1932	2,045,270.00	141.3	1.526	1.742

The working time of the mines fell off 48.2 days, or 25.43 per cent, and a decrease in total output of 408,257.24 tons, or 16.64 per cent, occurred during the year. Federal income, state,

city and county taxes, chargeable to operation, totaled \$114,626.33, a decrease of \$190,808.70, or 62.47 per cent. The decrease of \$190,808.70 represented a decrease of \$141,581.74 paid as Federal income tax compared with 1931, a Federal income tax credit of \$24,725.22 received in 1932, and a decrease in other taxes of \$24,501.74. Other general expenses, including salaries, insurance, injuries to persons, employees' liability insurance, etc., totaled for the year, \$254,552.95, a reduction from 1931 of \$42,642.83.

The mine cost decreased \$.084 per ton, and the total cost decreased \$.151 per ton. The wage agreement taking effect December 1, 1928, and expiring June 30, 1932, was again revised downward, the new agreement taking effect July 1, 1932, and expiring April 30, 1933, effecting a reduction of approximately \$.20 per ton in cost of production. The cost per ton for labor during the year 1932 was reduced \$.128 per ton. Of this amount, approximately \$.10 was due to change in wage scales effective during the half year. The wage scale now in effect will be extended without change for a period of one year, May 1, 1933 to April 30, 1934, inclusive. Since 1922, the cost of production has progressively reduced, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the nine last years, shown herewith:

Comparison in Total Cost of Production
Eleven Year Period, 1922-23-24-25-26-27-28-29-30-31-32,
with Reduction Per Ton and Amount

<u>Year</u>	<u>Tonnage</u>	<u>Total Cost</u>	<u>Reduction from 1922</u>		<u>Reduction from 1923</u>	
			<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>
1922	2,253,773.95	\$2.706				
1923	3,241,104.85	2.548	\$.158	\$512,094.56		
1924	2,821,677.80	2.441	.265	747,744.61	\$.107	\$301,919.52
1925	2,779,064.54	2.292	.414	1,150,532.72	.256	711,440.51

Year	Tonnage	Total Cost	Reduction from 1922		Reduction from 1923	
			Per Ton	Amount	Per Ton	Amount
1926	2,776,245.45	\$2.276	\$.430	\$1,193,785.54	\$.272	\$755,138.76
1927	2,750,430.20	2.114	.592	1,628,254.68	.434	1,193,686.70
1928	2,927,389.85	2.053	.653	1,911,585.57	.495	1,449,057.97
1929	3,060,632.25	1.875	.831	2,550,185.40	.673	2,059,805.50
1930	2,897,653.25	1.901	.805	2,332,610.86	.647	1,874,781.65
1931	2,453,527.24	1.893	.813	1,994,718.46	.655	1,607,060.34
1932	2,045,270.00	1.742	.964	1,971,640.28	.806	1,648,487.62

TOTAL				\$15,993,152.68		\$11,601,378.57
Less reduction in depletion cost						
1925-26-27-28-29-30-31-32 (\$.032						
per ton)				694,036.30		694,036.80
Net reduction in cost of production				\$15,299,065.88		\$10,907,291.77

Mechanical Loaders:

During the year 1932, the use of mechanical loaders was further extended and on December 31, 1932, a total of 158 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1932, as follows:

Original Capital Investment	\$ 578,285.47
Depreciation to December 31, 1932	363,808.14
Original Capital Investment Less Depreciation	\$ 214,473.33
Depreciation for Year 1932	56,818.66
Total Tons Loaded Mechanically, 1932	1,659,149.00

Based on the 1932 tonnage, the Capital Investment in loading machinery as of December 31st, approximated 12.9 cents per ton for coal so loaded. The proportion of coal loaded mechanically increased from 3.2 per cent in 1923 to 81.13 per cent in 1932, and an effort is being made to bring this figure up to 90 per cent in 1933.

Measure of Time Worked and Earnings:

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

Year	No. of Men Employed	Average Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	137.4	\$9.43	\$163.46	\$1,965.87
1927	1,781.8	214.7	9.02	171.82	2,064.03
1928	1,673.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.43	170.91	2,050.92
1930	1,765.7	231.3	7.49	155.53	1,866.36
1931	1,698.9	189.5	7.43	128.42	1,541.04
1932	1,609.5	141.3	6.65	100.22	1,202.64

The reduction in earnings per day from 1926 to 1928 were almost wholly due to increased mechanization of mines. The reduction in wages effective during the year 1929 brought about a further reduction of approximately \$1.05 per day. In 1930, 1931, and until June 30, 1932, earnings were decreased by reduced demand, and with the reduced wage scale effective July 1, 1932, a combination of reduced demand and lower wages resulted in the relative low earnings shown for 1932. The average daily wage for 1933 will show a further decrease.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened, but one fatality occurring in 1932. The total fatalities suffered by the Union Pacific Coal Company, with the ratio per 1,000,000 tons of coal mined, compared with similar statistics covering all mines in the United States for the years 1923 to 1932, inclusive, shown below:

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

Year	The Union Pacific Coal Company		All Mines United States	
	Fatal Accidents	Fatalities per 1,000,000 tons	Fatal Accidents	Fatalities per 1,000,000 tons
1923	16	4.94	2,458	3.74
1924	9	3.19	2,396	4.17
1925	6	2.16	2,234	3.84
1926	8	2.88	2,510	3.83
1927	7	2.54	2,224	3.73
1928	8	2.73	2,171	3.81

The Union Pacific Coal Company

All Mines United States

		All Mines United States	
<u>Year</u>	<u>Fatal Accidents</u>	<u>Fatalities per 1,000,000 tons</u>	<u>Fatalities per 1,000,000 tons</u>
1929	12	3.91	
1930	8	2.76	2,187 3.59
1931	6	2.40	2,074 3.91
1932	1	0.50	1,463 3.31
			1,180 (Est.) 3.32 (Est.)

Safety expenditures, chargeable to mine costs, for the calendar years 1923 to 1932, inclusive, are shown below:

Expenditures for Safety Charged to Mine Costs
For Ten Year Period

Year	Labor and Material	Tons Mined	Cost Per Ton
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

During the year 1932, but one fatality occurred on the property, a favorable showing compared with six deaths in 1931 and an average of 9.22 deaths for each of the preceding nine years. It is to be noted that Mine No. 4, Rock Springs, has been in operation since April 17, 1923, and Mine "C", Superior, since July 6, 1927, without a fatal accident. Both of these mines were awarded The Joseph A. Holmes Safety Association Certificate for their long and successful safety records in June, 1932.

A brief comparison of results obtained toward reduced accidents, 1932 compared with 1931, will prove interesting:

Deaths produced per injury, fatal and non-fatal, increased	118 %
Man shifts per injury, fatal and non-fatal, increased	115 %
Man shifts per fatal injury increased	393 %
Deaths produced per fatal injury increased	400 %

To a large extent, the plan of awarding two automobiles and \$50 in cash prizes, inaugurated during the last half of 1931, and

continued through 1932, was responsible for the better safety record made. The annual examination of the mines by an outside engineer or safety man, was made in 1932 by Mr. G. C. Dalrymple, Assistant State Coal Mine Inspector of Colorado.

The work of the Boy and Girl Scouts First Aid and Safety teams was carried on during the year, fifteen girls' teams and eight boys' teams participating in a contest held at Rock Springs on June 10th, the Hanna Mt. Elks' Team awarded the major prize, the Hanna Boy Scouts' Team also winning the boys' contest.

On June 10th, the Annual Inter-Company First Aid and Mine Rescue Contest was also held, with a team from the Washington Union Coal Company and ten teams from The Union Pacific Coal Company participating, this contest conducted under the auspices of the United States Bureau of Mines, the Hanna team awarded the principal prize.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine fire in 1926 were further reflected in the results obtained from 1927 to 1932, inclusive, the amount so expended, with cost per ton, from 1922 to the end of 1932, shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost per Ton</u>
1922	\$28,033.10	\$.1018
1923	18,745.99	.0517
1924	12,567.26	.0429
1925	10,281.04	.0530
1926	28,060.66	.1253
1927	4,411.75	.0169
1928	3,802.71	.0128
1929	2,444.60	.0070
1930	2,564.26	.0078
1931	2,768.99	.0102
1932	391.75	.0016

114,072.11

At the present time, the several fire zones remain in a very satisfactory condition.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies since December 31, 1923, is shown by the following statement:

UNION PACIFIC COAL COMPANY and SOUTHERN WYOMING ELECTRIC COMPANY
Material and Supplies on Hand December 31st
1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931 and 1932

Year	Coal Company	Electric Company	Total	Reduction from 1923
1923	\$ 586,341	\$ -	\$ 586,341	\$ -
1924	418,797	12,823	431,620	154,721
1925	339,313	11,379	350,692	235,649
1926	267,095	11,782	278,877	307,464
1927	253,075	6,501	259,576	326,765
1928	265,130	5,648	270,778	315,563
1929	273,036	4,960	277,996	308,345
1930	255,064	5,167	260,231	326,110
1931	239,052	4,295	243,347	342,994
1932	196,792	4,575	201,367	384,974

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made an excellent showing for 1932, results for the calendar years 1922 to 1932, inclusive, shown below. Mr. Jefferis came to the property in the summer of 1923.

Year	Total Sales	Inventory Value	Total Operating Expenses & Taxes	Net Earnings
1922	\$ 991,315	\$ 283,269	\$ 169,294	\$ 3,063 (Def.)
1923	1,193,975	240,249	194,372	55,314
1924	1,041,506	229,236	182,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,813	170,907	57,586
1927	933,022	242,893	174,444	54,961
1928	942,799	245,988	181,739	62,966
1929	1,027,355	240,450	188,539	71,577
1930	972,825	208,612	181,434	67,858
1931	833,855	188,608	166,764	52,327
1932	654,617	163,529	134,315	33,921

Decrease \$179,238 \$ 25,079 \$ 32,449 \$18,406

The net earnings decreased \$18,406.22 from the previous year, or 35.2 per cent, the total pay rolls reduced \$816,191.70, or 24.8 per cent.

The Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1932, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$ 65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,173.09
1928	71,904.97
1929	94,839.11
1930	78,988.94
1931	59,499.63
1932	62,889.08

Pensions:

On December 31, 1932, a total of 48 men were carried on our pension rolls. During the year, nine new names were added to the list, and two pensioners died, making a net addition of seven names. The total expenditures for pensions for the year 1932 was \$26,528.81, equal to \$.013 per ton of coal mined. The total sum paid for pensions, 1914 to 1932, inclusive, was \$170,318.80.

Sale of Coal at Hanna:

With the completion of the purchase payments due the Sheridan Coal Company covering the Winton, Wyoming, mines, an agreement was entered into under date of August 14, 1924, and which was renewed from time to time, the present agreement running to and including March 31, 1933, these agreements covering the purchase of Hanna coal f.o.b. cars on tipple tracks at Hanna by the Sheridan Coal Company, and three other lesser companies. The sales so made to the Sheridan Coal Company for the calendar years 1925 to 1932, inclusive, are shown 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

The figures for 1932 include 3,730.05 tons sold by The Harris Coal Company of Denver, and 1,651.15 tons sold by the Reynolds-Udike Coal Company of Omaha, and 2,907.40 tons sold by A. F. Cameron of Hastings, Nebraska. The "average total cost" shown is that covering all coal sold at Hanna, including the items of general expenses and taxes. The additional tonnage that these sales produced increased the total running time of the mines, with a resultant reduction in production costs.

Subsidiary Coal Land Companies:

During the year 1932, there was advanced to the Illinois Union Coal Company for payment of taxes, \$4,081.53, for general expenses, \$240.00, a total of \$4,321.53. The abandonment of this property has been recommended by the undersigned.

Social Betterments:

No material improvement in housing was attempted in 1932; however, the usual repair program was maintained, 66 tenements reshingled and the usual painting program was carried out at Rock Springs. At Superior, 70 tenements were reshingled and water costing \$9,734.62 was moved into the village by railway tank car. At Reliance 29, at Hanna 21, and at Winton, 13 tenements were reshingled. Various other non-capital improvements were made; the total expenditures for betterment charged to operation for the year was \$131,105.10.

The Community Councils maintained an active interest in community affairs at all points, and the Boy and Girl Scout movement was continued, the Boy Scout and Girl Scout camps at New Fork Lake successfully conducted for two periods of ten days each. Religious work in the several communities has been well maintained on the part of the Protestant, Mormon and Roman Catholic denominations.

Night classes in Administration, Home Economics and Mining were carried on during the closing months of the year, and these classes were carried over through the winter season.

The usual prizes were awarded in the several mining districts for the most attractive gardens and cleanest premises.

The Community Councils at Hanna, Rock Springs, Winton, Reliance and Superior continued to conduct the local amusement, relief and social work requirements of the several communities, with a minimum of assistance from the Coal Company.

With an evident necessity for community relief appearing in October, relief organizations were created at Rock Springs and Superior. At Reliance, Winton and Hanna, the local Community Clubs have carried on through the means of public subscription support. At all places the actual needy are being well cared for without drawing on tax funds.

Old Timers' Association:

On Saturday, June 11, 1932, the Eighth Annual Reunion of the Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of 157 men and one woman employe whose service equalled or exceeded twenty years. Mr. James Moon, the first President of the Association and the oldest man in point of service, with 58 years of continuous service, was again in attendance.

Some 800 employees, wives and guests were entertained at the Annual Banquet, in the Old Timers' Building, Mr. Carl R. Gray, President, The Union Pacific System, delivering the principal address. Mr. Scott Turner, Director of The U. S. Bureau of Mines, was also in attendance. An old time dance conducted in the Old Timers' Building served to entertain the members, their wives, daughters and friends during the evening. During the afternoon, four brass and the Scotch Kiltie bands discoursed inspiring music and numerous athletic contests were conducted on the grounds adjoining the Building.

The estimation in which the Old Timers' Association is held, and its value to the men and the Company, grow with each succeeding year.

Employees' Magazine:

On December 31st, the Employees' Magazine closed its ninth year, 28,100 copies distributed during the year, the magazine a much anticipated visitor in the homes of all employees of The Union Pacific Coal Company, the Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year 1932 totalling \$2,978.40, a decrease of \$3,149.60 from the previous year. The size of the magazine decreased from an average of 47 pages in 1931 to 43 pages in 1932.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$2,978.40 for the Employees Magazine, a total of \$12,303.76 was expended in connection with the entertainment of the Old Timers' Association and for contributions made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day, Christmas, etc., making the total amount expended on social and betterment work

\$15,282.16, or approximately 7.5 mills per ton of coal produced.

Conclusion:

A most satisfactory measure of co-operation was given the Company throughout the year by the citizens of Rock Springs and our outside mining villages, as well as the officers of the various labor organizations, the business and professional men, and the clergy.

Due to the lessened demand for coal, the working force was decreased as shown by the tabulation following, 94 men, the number of Union employes in service at all mines for eleven yearly periods shown below:

<u>Period</u>	<u>Number 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	33.9
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

Our labor situation was well composed throughout the year, the turnover negligible. Mr. John P. White, former President of the United Mine Workers of America, and a member of the Bituminous Coal Commission, appointed by President Woodrow Wilson in 1922, continued as Joint Umpire to settle unadjudicated disputes between the operators and mine workers. But one question has arisen between this Company and its employes since the arrangement was placed in effect, (April 5, 1929), but Mr. White's presence within the field and the numerous addresses made by him have served to enlighten the men relative to the mine labor situation elsewhere.

The property is being well maintained and given opportunity for working time and output, material further reductions in costs could be readily made.

Respectfully submitted,

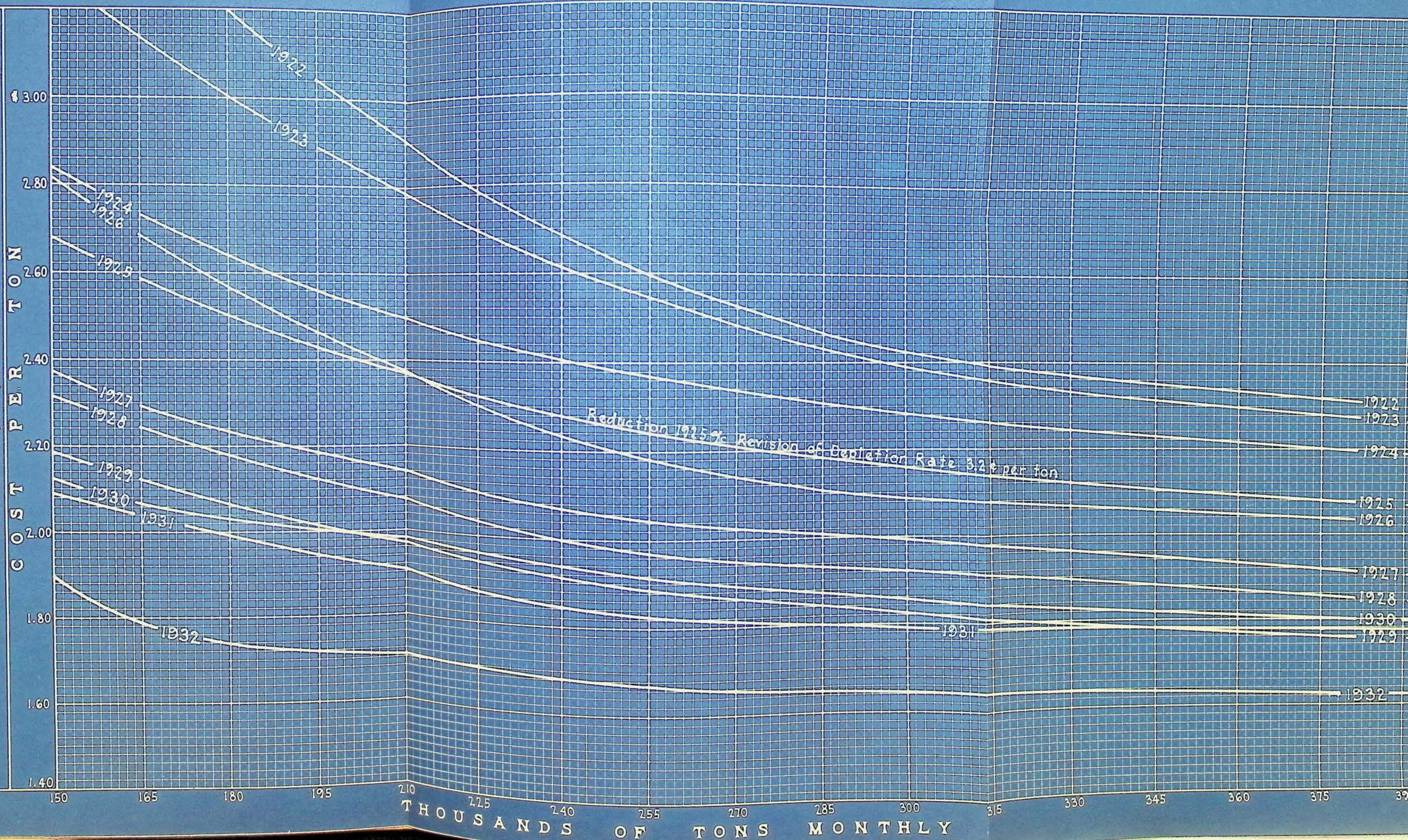
Original Signed
EUGENE McAULIFFE

THE UNION PACIFIC COAL COMPANY

PROPERTY INVESTMENT, TONS OF COAL MINED, COST OF PRODUCING COAL AND COST PER TON OF COAL MINED FOR THE
YEARS ENDED DECEMBER 31, 1921 TO 1932, INCLUSIVE

	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921
Figures for Property Investment												
Totals at beginning of year	\$19,140,984.83	18,967,719.78	18,884,691.59	18,736,779.59	18,546,084.84	18,382,828.86	18,148,954.15	18,069,806.04	18,085,324.46	17,963,072.92	17,600,823.15	15,996,423.79
Expenditures during year	139,190.70	622,903.15	357,556.08	323,788.81	323,262.30	278,147.36	377,103.98	206,871.35	227,852.91	195,347.82	475,814.01	1,769,668.08
Property Abandoned or Sold	306,543.63	449,639.10	274,527.99	175,876.71	135,547.55	114,911.38	143,229.27	127,723.24	243,371.33	73,096.28	113,564.24	165,268.72
Net Expenditures during year	167,354.95	173,265.05	83,028.09	147,912.10	198,714.75	163,235.98	233,874.71	79,148.11	15,518.42	122,251.54	362,249.77	1,604,399.36
	\$18,973,629.90	18,140,984.83	18,967,719.78	18,884,691.69	18,736,779.59	18,546,084.84	18,382,828.86	18,148,954.15	18,069,806.04	18,085,324.46	17,963,072.92	17,600,823.15
Average Investment of Southern Wyoming Electric Company	-	-	-	-	-	-	-	-	-	100,000.00	94,614.57	89,229.14
Balance at close of year	\$18,973,629.90	18,140,984.83	18,967,719.78	18,884,691.69	18,736,779.59	18,546,084.84	18,382,828.86	18,148,954.15	18,069,806.04	17,985,324.46	17,868,458.35	17,511,594.01
Average Investment during year	\$19,009,832.45	19,332,272.86	18,926,848.98	18,790,981.81	18,661,100.06	18,464,496.65	18,265,891.51	18,109,380.10	18,027,565.25	17,926,891.41	17,690,026.18	16,751,316.19
Coal Mined (Tons)	2,045,270.00	2,453,527.24	2,897,653.25	3,060,632.25	2,927,369.85	2,750,420.20	2,776,245.45	2,779,064.54	2,821,677.80	3,241,104.86	2,253,773.95	2,984,534.00
Cost of Producing Coal												
Cost of Production - Coal Mined	\$ 2,848,828.33	3,680,084.56	4,478,398.93	4,779,086.24	4,933,986.58	4,789,181.93	5,316,045.40	5,483,832.03	5,942,621.87	7,349,950.05	5,313,395.63	7,117,049.40
Depletion of Coal Lands	49,114.34	62,527.46	78,064.71	85,186.88	78,966.07	78,289.53	73,395.43	72,717.43	178,155.66	215,281.47	163,217.15	219,176.98
Depreciation of Structures & Equipment	265,157.83	281,117.22	243,592.52	255,923.72	249,748.90	253,019.99	235,403.87	217,676.39	215,630.23	204,054.98	199,247.03	177,751.16
Total	\$ 3,163,100.50	4,023,729.04	4,800,046.16	5,120,196.84	5,312,701.55	5,098,491.44	5,624,844.70	5,774,225.85	6,336,407.76	7,769,286.50	5,675,859.81	7,513,978.54
Adjustment for Changed Depletion Rate	-	-	-	-	-	-	-	-	98,558.39	119,096.95	90,294.19	121,253.11
Net Production Cost	\$ 3,163,100.50	4,023,729.04	4,800,046.16	5,120,196.84	5,312,701.55	5,098,491.44	5,624,844.70	5,774,225.85	6,237,849.37	7,649,189.55	5,585,565.62	7,392,725.43
General Expenses - Mining Operations	254,552.95	297,195.78	311,305.67	315,107.99	284,505.61	282,686.15	280,907.28	270,620.28	219,921.58	236,049.66	226,874.18	226,039.48
Total	\$ 3,437,653.45	4,320,924.82	5,111,351.83	5,435,304.83	5,597,207.16	5,381,177.59	5,905,751.98	6,044,846.13	6,457,770.95	7,885,239.21	5,812,439.80	7,618,764.91
Interest on Investment (5% on Average Investment)	950,491.62	966,613.64	946,342.45	939,549.09	932,555.00	923,224.84	913,294.58	905,469.01	901,379.26	886,344.57	884,501.31	837,565.81
Grand Total	\$ 4,388,145.07	5,287,538.46	6,057,694.28	6,374,853.92	6,529,762.16	6,304,402.43	6,819,046.56	6,950,315.14	7,359,149.21	8,781,593.78	6,696,941.11	8,456,330.72
Cost Per Ton Mined												
Production Cost (including Depreciation & Adjusted Depletion)	\$1.58	1.64	1.66	1.67	1.61	1.65	2.03	2.08	2.21	2.36	2.46	2.48
Total Cost (including General Expenses, but excluding Interest on Investment)	1.68	1.75	1.76	1.78	1.91	1.96	2.13	2.18	2.29	2.43	2.58	2.55
Grand Total Cost (including Interest on Investment)	2.15	2.16	2.09	2.08	2.23	2.29	2.46	2.50	2.61	2.71	2.97	2.83

in Wage Scale
July 1, 1932.



YEAR 1931

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

ENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE _____

February 11, 1932.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
120 Broadway, New York, N. Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1931 is submitted for your information:

Mine Production and Costs:

Tons produced, average days worked during the year, mine cost and total cost for the ten yearly periods, 1922 to 1931, is set forth below :

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1922	2,253,773.95	166.0	\$2,339	\$2,706
1923	3,241,104.85	198.8	2,397	2,548
1924	2,821,677.80	181.5	2,246	2,441
1925	2,779,064.54	174.4	2,078	2,292
1926	2,776,245.45	187.4	2,026	2,276
1927	2,750,430.20	214.7	1,854	2,114
1928	2,927,389.85	248.8	1,815	2,053
1929	3,060,632.25	270.9	1,673	1,875
1930	2,897,653.25	231.3	1,657	1,901
1931	2,453,527.24	189.5	1,640	1,893

The working time of the mines fell off 41.8 days, or 18.1 per cent, and a decrease in total output of 444,126.01 tons, or 15.33 per cent, occurred during the year. Federal income, state, city and

county taxes, chargeable to operation, totaled \$305,435.03, a decrease of \$74,884.43, or 19.69 per cent. Other general expenses, including salaries, insurance, injuries to persons, employes' liability insurance, etc., totaled for the year, \$297,195.78, a reduction from 1930 of \$14,109.89.

The mine cost decreased \$.017 per ton, and the total cost decreased \$.008 per ton. No change in the wage scale occurred during the year, the employees working under the revision of the August 16, 1920, scale, made effective December 1, 1928, and expiring June 30, 1932, the revision effecting a reduction of \$.162 per ton. Since 1922, the cost of production has progressively reduced, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the eight last years, shown herewith:

Comparison in Total Cost of Production
Ten Year Period, 1922-23-24-25-26-27-28-29-30-31,
With Reduction Per Ton and Amount

Year	Tonnage	Total Cost	Reduction from 1922		Reduction from 1923	
			Per Ton	Amount	Per Ton	Amount
1922	2,253,773.95	\$2,706				
1923	3,241,104.85	2,548	\$.158	\$512,094.56		
1924	2,821,677.80	2,441	.265	747,744.61	\$.107	\$ 301,919.52
1925	2,779,054.54	2,292	.414	1,150,532.72	.256	711,440.51
1926	2,776,245.45	2,276	.430	1,193,785.54	.272	755,138.76
1927	2,750,430.20	2,114	.592	1,628,254.68	.434	1,193,686.70
1928	2,927,389.85	2,053	.655	1,911,585.57	.495	1,449,057.97
1929	3,060,632.25	1,875	.831	2,550,185.40	.673	2,059,806.50
1930	2,897,653.25	1,901	.806	2,332,610.86	.647	1,874,781.65
1931	2,453,527.24	1,893	.813	1,994,718.46	.655	1,607,060.34
TOTAL				\$14,021,512.40		\$ 9,952,890.95

Less reduction in depletion cost
1925-26-27-28-29-30-31 (\$.032 per ton) \$ 628,638.16 \$ 628,638.16
Net reduction in cost of production \$13,392,874.24 \$9,324,252.79

Mechanical Loaders:

During the year 1931, the use of mechanical loaders was further extended and on December 31, 1931, a total of 146 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1931, as follows:

Original Capital Investment	\$ 538,552.65
Depreciation to December 31, 1931	<u>507,866.58</u>
Original Capital Investment Less Depreciation	\$ 230,686.07
Depreciation for Year 1931	59,799.58
Total Tons Loaded Mechanically, 1931	1,800,651.96

Based on the 1931 tonnage, the Capital Investment in loading machinery as of December 31st, approximated 12.8 cents per ton for coal so loaded. The proportion of coal loaded mechanically increased from 3.2 per cent in 1923 to 73.39 per cent in 1931, and an effort is being made to bring this figure up to 85 per cent in 1932.

Measure of Time Worked and Earnings:

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

Year	No. of Men Employed	Average Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	187.4	\$9.43	\$163.46	\$1,965.87
1927	1,781.3	214.7	9.02	171.82	2,064.03
1928	1,673.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.43	170.91	2,050.92

Year	No. of Men Employed	Average Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1930	1765.7	231.3	\$ 7.49	\$ 155.53	\$1,866.36
1931	1698.9	189.5	7.43	128.42	1,541.04

The reduction in earnings per day from 1926 to 1928 were almost wholly due to increased mechanization of mines. The reduction in wages effective during the year 1929 brought about a further reduction of approximately \$1.05 per day. The shrinkage in the daily wage was very largely taken up in the increase in working time afforded, until 1930, when due to lessened demand for coal, the working time fell off as shown.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened. However, six fatalities occurred in our Wyoming mines in 1931, the total fatalities suffered by The Union Pacific Coal Company, with the ratio per 1,000,000 tons of coal mined, compared with similar statistics covering all mines located in the United States for the years 1923 to 1931, inclusive, shown below:

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

<u>The Union Pacific Coal Company</u>			<u>All Mines United States</u>	
Year	Fatal Accidents	Fatalities per 1,000,000 Tons	Fatal Accidents	Fatalities per 1,000,000 Tons
1923	16	4.94	2,453	3.74
1924	9	3.19	2,396	4.17
1925	6	2.16	2,234	3.84
1926	8	2.88	2,510	3.83
1927	7	2.54	2,224	3.73
1928	8	2.73	2,171	3.81
1929	12	3.91	2,187	3.59
1930	8	2.76	2,074	3.91
1931	6	2.40	1,430 (Est.)	3.27 (Est.)

Safety expenditures, chargeable to mine costs, for the calendar years 1923 to 1931, inclusive, are shown below:

Expenditures for Safety Charged to Mine Costs
For Nine 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

During the year 1931, three fatalities occurred in Mine No. 8 at Rock Springs, one at Winton and one at Superior "B" Mine. In addition to the above, one death occurred to an employe of the contractor sinking the new air shaft serving No. 8 and No. 4 Mines.

Of the six men killed, five left dependent families. The total number of dependents was eight. The cause of death has been classified as follows:

Locomotive	1
Fall of Coal	1
Falls of Rock	2
By mine prop	1
Fall in Shaft	1
TOTAL	6

The average age of the men killed was 43.5 years, the youngest death occurring at 32 and the oldest at 70 years of age, the relation of the death period to age as follows:

32 years of age	1
34 years of age	1
38 years of age	2
49 years of age	1
70 years of age	1

TOTAL

6

A distinct improvement was made in 1931 in the number of compensable non-fatal accidents suffered, an increase of 43.9 per cent in man shifts per accident shown for the year. During the last half of the year, a special drive was made toward improvement, and two automobiles were promised for the best showing made toward safety. The machines will be awarded to the successful employees on February 26, 1932. Among the results obtained from this campaign was the complete introduction of safety hats and safety shoes. An attempt is now being made to equip all men working underground with gauze shields to protect their eyes when using the miner's pick. Taking the situation as a whole, it may be said that distinct progress toward safety is now being made.

The net number of fatal accidents to men engaged in actual mining operations was five, a reduction of one from 1930. The annual examination of the mines was carried out through Mr. S. K. Smith, a Consulting Engineer of St. Louis, Missouri. In addition, the usual examinations were made by the U. S. Bureau of Mines Engineers and the Chief State Mining Inspector of Wyoming.

The work of the Boy and Girl Scouts First Aid and Safety Teams is carried on during the year, fourteen girls' teams and four boys' teams participating in a contest held at Rock Springs on June 12, the Hanna Mt. Elks' team awarded the major prize, the Hanna Boy Scouts' team also winning the boys' contest.

On June 12th, the Annual Inter-Company First Aid and Mine Rescue Contest was also held, with a team from the Washington Union Coal Company and ten teams from The Union Pacific Coal Company participating, this contest conducted under the auspices of the United States Bureau of Mines, the Tono team again awarded the principal prize.

During the month of April, safety meetings were held at Rock Springs, Winton, Hanna and Superior, the writer, together with members of the operating staff, the Chief State Mine Inspector, and the Vice President and Secretary of the Miners' Union, in attendance, and on these occasions, suitable gifts were presented to mine workers who had rendered conspicuous work along safety lines.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine fire in 1926 were further reflected in the results obtained for 1927 to 1931, inclusive, the amount so expended, with cost per ton, from 1922 to the end of 1931, shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost Per Ton</u>
1922	\$ 28,035.10	\$.1018
1923	18,745.99	.0517
1924	12,567.26	.0429
1925	10,281.04	.0380
1926	28,060.66	.1253
1927	4,411.75	.0169
1928	3,802.71	.0128
1929	2,444.60	.0070
1930	2,564.26	.0078
1931	2,768.99	.0102

At the present time, the several fire zones remain in a very satisfactory condition.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies

Since December 31, 1923, is shown by the following statement:

UNION PACIFIC COAL COMPANY and SOUTHERN WYOMING ELECTRIC COMPANY
Material and Supplies on Hand December 31st
1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930 and 1931

<u>Year</u>	<u>Coal Company</u>	<u>Electric Company</u>	<u>Total</u>	<u>Reduction from 1923</u>
1923	\$ 590,004	--	\$ 590,004	--
1924	418,797	\$ 3,844	422,641	\$ 167,363
1925	287,965	2,947	290,912	299,092
1926	267,095	3,150	270,245	319,759
1927	233,075	6,501	259,576	330,428
1928	265,130	2,581	267,711	322,291
1929	273,086	2,198	275,284	314,715
1930	255,064	5,167	260,231	329,773
1931	239,052	4,295	243,347	346,657

Merchandise Stores:

Our merchandise stores, under the continuing management of R. E. R. Jefferis, Manager of Stores, made an excellent showing for 1931, results for the calendar years 1922 to 1931, inclusive, shown below. Mr. Jefferis came to the property in the summer of 1923.

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1922	\$ 991,315	\$ 283,269	\$ 169,294	\$ 3,063 (Def.)
1923	1,193,975	240,249	194,372	55,514
1924	1,041,506	229,236	182,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,813	170,907	57,586
1927	933,022	242,893	174,444	54,961
1928	942,799	245,988	181,739	62,966
1929	1,027,355	240,450	188,539	71,577
1930	972,825	208,612	181,434	67,958
1931	833,855	188,608	166,764	52,527
<hr/>				
Decrease	\$138,970	\$ 20,004	\$ 14,670	\$15,531

The net earnings decreased \$15,530.54 from the previous year, or 22.8 per cent, the total pay rolls reduced \$704,083.57, or 17.6 per cent.

The Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1931, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$ 65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,173.09
1928	71,904.97
1929	94,839.11
1930	78,988.94
1931	59,499.63

The reduction in Accounts Receivable was made possible by restricting sales to men whose earnings were decreasing. Sales of all character fell off in 1931, our sales as shown maintained by increase in sale of gasoline and oil, auto tires, etc. Our inventory will be further decreased, anticipating dull business preceding the large scale making period.

Pensions:

On December 31, 1931, a total of 41 men were carried on our pension rolls. During the year, six new names were added to the list, and one pensioner died, making a net addition of five names. The total expenditures for pensions for the year 1931 was \$22,421.53, equal to \$.00913 per ton of coal mined. The total sum paid for pensions, 1914, to 1931, inclusive, was \$143,789.99.

Sale of Coal at Hanna:

With the completion of the purchase payments due the Sheridan Coal Company covering the Winton, Wyoming, mines, an agreement was entered into under date of August 14, 1924, and which was renewed from time to time, the present agreement running to and including March 31, 1932, these agreements covering the purchase of Hanna coal to be cars on tippie tracks at Hanna by the Sheridan Coal Company.

the sales so made to the Sheridan Coal Company for the calendar years 1925 to 1931, inclusive are shown below:

Year	Tons Sold	Average Price Received	Average Total Cost	Profit	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	60,809.02
1928	44,524.30	3.053	1.856	1.197	53,295.58
1929	35,174.75	2.927	1.675	1.252	44,050.78
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

The figures for 1931 include 2,147.85 tons sold by The Morris Coal Company of Denver, and 2,700.70 tons sold by the Reynolds-dike Coal Company of Omaha. The "average total cost" shown is that covering all coal sold at Hanna, including the items of general expenses and taxes. The additional tonnage that these sales produced increased the total running time of the mines, with a resultant reduction in production costs. Natural gas is displacing all Wyoming coals very rapidly.

Sidary Coal Land Companies:

During the year 1931, there was advanced to the Illinois Coal Company for payment of taxes, \$8,925.81; for general expenses, \$240.00, a total of \$9,165.81. We are promised a reduction of the assessed valuation of this property of from \$15.00 to \$6.00 per acre on taxes due May 1, 1932.

Engineering Scholarships:

No candidate for scholarship was chosen in 1931. Student John Grillos will graduate from the Missouri School of Mines this

summer and will be given employment in some suitable capacity. All three students are doing most efficient school work.

Social Betterments:

No material improvement in housing was attempted in 1931; however, the usual repair program was maintained, 44 tenements re-shingled and the usual painting program was carried out at Rock Springs. At Superior, 52 tenements were re-shingled and water costing \$2,720.68 was moved into the village by railway tank car. At Hanna, 21 tenements were re-shingled and the sum of \$5,196.12 was spent remodeling the Community House. Various other non-capital improvements were made; the total expenditures for betterment charged to operation for the year was \$90,977.54.

The Community Councils maintained an active interest in community affairs at all points, and the Boy and Girl Scout movement was continued, the Boy Scout and Girl Scout camps at New Fork Lake successfully conducted for two periods of ten days each. Religious work in the several communities has been well maintained on the part of the Protestant, Mormon and Roman Catholic denominations.

Night classes in Administration, Home Economics and Mining were carried on during the closing months of the year, and these classes were carried over through the winter season.

The usual prizes were awarded in the several mining districts for the most attractive gardens and cleanest premises.

The Community Councils at Hanna, Rock Springs, Winton, Reliance and Superior continued to conduct the local amusement, relief and social work requirements of the several communities, with a minimum assistance from the Coal Company.

With an evident necessity for community relief appearing in October, relief organizations were created at Rock Springs and Superior, both supported by an assessment of one per cent on the salaries of mine workers, mine officials and salaried business men. At Alliance, Winton and Hanna, the local Community Clubs have carried on through the means of public subscription support. At all places where actual needy are being well cared for without drawing on tax funds.

Old Timers' Association:

On Saturday, June 13, 1931, the Seventh Annual Reunion of the Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of 30 men and one woman employee whose service equalled or exceeded twenty years. Mr. James Moon, the first President of the Association and the oldest man in point of service, with 57 years of continuous service, was again in attendance.

Some 700 employees, wives and guests were entertained at the Annual Banquet, in the Old Timers' Building, Rt. Rev. E. N. Schmuck, Episcopal Bishop of Wyoming, delivering the principal address. An old time dance conducted in the Old Timers' Building served to entertain the members, their wives, daughters and friends during the evening. During the afternoon, four brass and the Scotch Kiltie bands discoursed inspiring music and numerous athletic contests were conducted on the grounds adjoining the Building.

The estimation in which the Old Timers' Association is held and its value to the men and the Company grow with each succeeding year.

Employees' Magazine:

On December 31st, the Employees' Magazine closed its eighth year, 30,675 copies distributed during the year, the magazine a much anticipated visitor in the homes of all employees of The Union Pacific Coal Company, the Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year 1931 totaling \$6,128.00, an increase of \$1,138.84 from the previous year. The size of the magazine increased from an average of 45 pages in 1930 to 47 in 1931.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$6,128.00 for the Employees' Magazine, a total of \$15,248.59 was expended in connection with the entertainment of the Old Timers' Association and for contributions made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day, Christmas, etc., making the total amount expended on social and betterment work \$21,376.59, or approximately 8.7 mills per ton of coal produced.

Conclusion:

A most satisfactory measure of co-operation was given the company throughout the year by the citizens of Rock Springs and our outside mining villages, as well as the officers of the various labor organizations, the business and professional men, and the clergy.

Due to the lessened demand for coal, the working force was decreased as shown by the tabulation following, 9 men, the number of union employees in service at all mines for ten yearly periods shown below:

<u>Period</u>	<u>Number 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	25.9
Jan. 1, 1926	2,470	1,204	35.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	43.7
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

Our labor situation was well composed throughout the year, the turnover nominal. Mr. John P. White, former president of the United Mine Workers of America, and a member of the Bituminous Coal Commission, appointed by President Woodrow Wilson in 1922, continued as Joint Umpire to settle unadjudicated disputes between the operators and mine workers. No question has arisen between this company and its employees since the arrangement was placed in effect, (April 16, 1929) but Mr. White's presence within the field and the numerous addresses made by him have served to enlighten the men relative to their rather enviable earnings and working conditions.

Taking into account the marked depression suffered by all business during the year, the results obtained are not altogether unsatisfactory.

Respectfully submitted,

Original Signed
EUGENE McAULIFFE

YEAR 1930

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

ENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE 200-41

February 25, 1931.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
39 Broadway, New York, N. Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1930 is submitted for your information:

Mine Production and Costs:

Tons produced, average days worked during the year, mine cost and total cost for the nine yearly periods, 1922 to 1930, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	198.8	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.815	2.053
1929	3,060,632.25	270.9	1.673	1.875
1930	2,897,653.25	231.3	1.657	1.901

The working time of the mines fell off 39.6 days, or 14.6 per cent, and a decrease in total output of 162,979.00 tons, or 5.3 per cent, occurred during the year. Federal Income, State, City, and County taxes, chargeable to operation, totaled

\$380,319.46, an increase of \$91,780.04, or 31.8 per cent. The taxes chargeable to mine operation in 1928 totaled \$394,242.06, and the reduction in taxes paid in 1929 was due to the proportion of credit applicable to Coal Mining Department, account of abandonment of the Imperial Coal and Coke Company lands in British Columbia, same amounting to \$112,422.74. With this situation in mind, the increase in taxes, 1930 compared to 1929, will be readily understood. Other general expenses, including salaries, insurance, injuries to persons, employes' liability insurance, etc., totaled for the year, \$311,305.67, a reduction from 1929 of \$3,802.32.

The mine cost decreased \$.016 per ton, while the total cost increased \$.026 per ton, due to increase in the total taxes paid, before mentioned. No change in the wage scale occurred during the year, the employes working under the revision of the August 16th, 1920, scale, made effective December 1st, 1928, and expiring June 30th, 1932, the revision effecting a reduction of \$.162 per ton. Since 1922, the cost of production has progressively reduced, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the seven last years, shown herewith:

Comparison in Total Cost of Production for
Nine Year Period, 1922-23-24-25-26-27-28-29-30, with
Reduction Per Ton and Amount

<u>Year</u>	<u>Tonnage</u>	<u>Total Cost</u>	<u>Reduction from 1922</u>		<u>Reduction from 1923</u>	
			<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>
1922	2,253,773.95	\$2,706				
1923	3,241,104.85	2,548	\$.158	\$ 512,094.56		
1924	2,821,677.80	2,441	.265	747,744.61	\$.107	\$ 301,919.52
1925	2,779,064.54	2,292	.414	1,150,532.72	.256	711,440.51
1926	2,776,245.45	2,276	.430	1,193,785.54	.272	755,138.76
1927	2,750,430.20	2,114	.592	1,628,254.68	.434	1,193,686.70
1928	2,927,389.85	2,053	.653	1,911,585.57	.495	1,449,057.97
1929	3,060,632.25	1,875	.831	2,550,185.40	.673	2,059,805.50
1930	2,897,653.25	1,901	.805	2,332,610.86	.647	1,874,781.65
<u>Total</u>				<u>\$12,026,793.94</u>		<u>\$ 8,345,830.61</u>
Less reduction in depletion cost						
1925-26-27-28-29-30 (\$.032 per ton)				550,125.29		550,125.29
Net reduction in cost of production				\$11,476,668.65		\$ 7,795,705.32

Mechanical Loaders:

During the year 1930, the use of mechanical loaders was further extended and on December 31, 1930, a total of 107 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1930, as follows:

Original Capital Investment	\$ 471,599.12
Depreciation to December 31, 1930	251,432.53

Original Capital Investment	
Less Depreciation	\$ 220,166.59
Depreciation for year 1930	63,529.91
Total Tons Loaded Mechanically, 1930	1,721,659.70

Based on the 1930 tonnage, the Capital Investment in loading machinery as of December 31st, approximated 12.8¢ per ton for coal so loaded. The proportion of coal loaded mechanically increased from 3.2 per cent in 1923 to 59.4 per cent in 1930, and an effort is being made to bring this figure up to 70 per cent in 1931.

Measure of Time Worked and Earnings:

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

<u>Year</u>	<u>No. of Men Employed</u>	<u>Average Days Worked</u>	<u>Average Net Earnings</u>		
			<u>Per Day</u>	<u>Per Month</u>	<u>Per Year</u>
1926	2,103.5	187.4	\$ 9.43	\$ 163.46	\$1,965.87
1927	1,781.8	214.7	9.02	171.82	2,064.03
1928	1,673.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.43	170.91	2,050.92
1930	1,765.7	231.5	7.49	155.53	1,866.36

The reduction in earnings per day from 1926 to 1928 were almost wholly due to increased mechanization of mines. The reduction in wages effective during the year 1929, brought about a further reduction of approximately \$1.05 per day. The shrinkage in the daily wage was very largely taken up in the increase in working time afforded, until 1930, when due to lessened demand for coal, the working time fell off as shown.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened. However, eight fatalities occurred in our Wyoming mines in 1930, the

total fatalities suffered by The Union Pacific Coal Company, with the ratio per 1,000,000 tons of coal mined, compared with similar statistics covering all mines located in the United States for the years 1923 to 1930, inclusive, shown below:

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

<u>Union Pacific Coal Company</u>			<u>All Mines United States</u>	
<u>Year</u>	<u>Fatal Accidents</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatal Accidents</u>	<u>Fatalities per 1,000,000 Tons</u>
1923	16	4.94	2,458	3.74
1924	9	3.19	2,396	4.17
1925	6	2.16	2,234	3.84
1926	8	2.88	2,510	3.83
1927	7	2.54	2,224	3.73
1928	8	2.73	2,171	3.81
1929	12	3.91	2,187	3.62
1930	8	2.76	2,074 (Est.)	3.91

Safety expenditures, chargeable to mine costs, for the calendar years 1923 to 1930, inclusive, are shown below:

Expenditures for Safety Charged to Mine Costs
For Eight Year Period

<u>Year</u>	<u>Labor & 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	98,574.68	2,927,390	.034
1929	97,274.79	3,060,632	.032
1930	98,341.47	2,897,653	.034

During the year 1930, each of our six Wyoming mining communities suffered one or more fatal injuries, the eight fatalities distributed as follows:

Rock Springs No. 8 Mine	1
Reliance No. 1 Mine	1
Winton No. 4 Mine	1
Cumberland No. 1 Mine	1
Hanna No. 2 Mine	1
Hanna No. 4 Mine	1
Superior "E" Mine	2
Total	8

The eight men killed left dependent families. The total number of dependents was 19, of which 11 were children. The cause of death has been classified as follows:

Electrocuted	1
Infection	1
Mine Car	1
Falls of Coal	1
Falls of Rock	2
Mining machine	1
By loading machine	1
Total	8

The average age of the men killed was 43.1 years, the youngest death occurring at 29 and the oldest at 52 years of age, the relation of the death period to age as follows:

29 years of age	1
38 years of age	1
39 years of age	1
46 years of age	2
47 years of age	1
48 years of age	1
52 years of age	1
Total	8

Two of the eight men killed were in the employ of contractors at the time of their death; one man, Mr. Wm. Hackett, employed in driving a rock tunnel by contract, the other, Mr.

J. M. Kossenjons, a machine man in the employ of The Goodman Manufacturing Company of Chicago. This man was directing the movement of an experimental loader which was being placed in Hanna No. 4 Mine for test purposes. While no workmen's compensation was charged against The Union Pacific Coal Company for these two deaths, the State Inspector of Mines is compelled to list the two accidents against the coal company. The net number of fatal accidents to men engaged in actual mining operations was six, a reduction of fifty per cent from 1929. The annual examination of the mines was carried out through Mr. J. W. Paul, Senior Engineer, U. S. Bureau of Mines, and Mr. A. S. Watts, Mining Engineer of Salt Lake City, formerly Chief Engineer of the Utah Fuel Company.

The work of the Boy and Girl Scouts First Aid and Safety Teams was carried on during the year, twelve girls' teams and four boys' teams participating in a contest held at Rock Springs on June 13, the Winton Girl Scouts' team awarded the major prize, the Hanna Boy Scouts' team winning the boys' contest.

On June 13th, the Annual Inter-Company First Aid and Mine Rescue Contest was also held, with a team from the Washington Union Coal Company and nine teams from The Union Pacific Coal Company participating, this contest conducted under the auspices of the United States Bureau of Mines, the Tono team awarded the principal prize.

During the month of February, safety meetings were held at Winton, Rock Springs, and Superior, the writer, together with members of the operating staff, the Chief State Mine Inspector, and the Vice President and Secretary of the Miners' Union, in attendance, and on these occasions, suitable gifts were presented to mine workers selected

by a vote of their associates as having made the principal contribution to mine safety during the year.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine fire in 1926 were further reflected in the results obtained for 1927, 1928, 1929 and 1930, the amount so expended, with cost per ton, from 1922 to the end of 1930, shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost Per Ton</u>
1922	\$28,033.10	\$.1018
1923	18,745.99	.0517
1924	12,567.26	.0429
1925	10,281.04	.0380
1926	28,060.66	.1253
1927	4,411.75	.0169
1928	3,802.71	.0128
1929	2,444.60	.0070
1930	2,564.26	.0078

At the present time, the several fire zones remain in a very satisfactory condition.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies since December 31, 1923, is shown by the following statement:

Union Pacific Coal Company and Southern Wyoming Electric Company
Material and Supplies on Hand December 31st
1923, 1924, 1925, 1926, 1927, 1928, 1929 and 1930

<u>Year</u>	<u>Coal Company</u>	<u>Electric Company</u>	<u>Total</u>	<u>Reduction from 1923</u>
1923	\$ 590,004	-	\$ 590,004	-
1924	418,797	\$ 3,844	422,641	\$ 167,363
1925	287,965	2,947	290,912	299,092
1926	267,095	3,150	270,245	319,759
1927	233,075	6,501	259,576	330,428
1928	265,130	2,581	267,711	322,291
1929	273,036	2,193	275,229	314,775
1930	255,064	5,167	260,231	329,773

Our material stocks were increased in 1928 and further increased in 1929, as a result of a growing mechanical loading installation, requiring additional repair parts kept in stock. A further increase in loading machine repair parts became necessary in 1930.

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made an excellent showing for 1930, results for the calendar years 1922 to 1930, inclusive, shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1922	\$ 991,315	\$ 283,269	\$ 169,294	\$ 3,063 (Def.)
1923	1,193,975	240,249	194,372	55,314
1924	1,041,506	229,236	182,308	43,276
1925	946,226	214,144	165,764	61,522
1926	932,159	239,813	170,907	57,586
1927	933,022	242,893	174,444	54,961
1928	942,799	245,988	181,739	62,966
1929	1,027,355	240,450	188,539	71,577
1930	972,825	208,612	181,434	67,858
<hr/>				
Decrease	\$ 54,530	\$ 31,838	\$ 7,105	\$ 3,719

The net earnings decreased \$3,718.79 from the previous year, or 5.2 per cent, a very favorable showing, the total mine pay rolls reduced \$273,196.09, or 7.3 per cent.

The Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1930, inclusive are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,173.09
1928	71,904.97
1929	94,839.11
1930	78,988.94

The reduction in Accounts Receivable was made possible by the collection of outstanding balances from the sale of radios, washing machines, etc., sold on time payments; sales of this character falling off in 1930, our total sales maintained by increase in sale of gasoline and oil, bakery products, etc. Plans are now under way to sell electric refrigerators to employes and such should prove a material addition to our total sales in 1931.

Pensions:

On December 31, 1930, a total of 37 men were carried on our pension rolls. During the year, 3 new names were added to the list, and 2 pensioners died, making a net addition of one name. The total expenditures for pensions for the year 1930 was \$22,191.22, equal to \$.0076 per ton of coal mined. The total sum paid for pensions, 1914 to 1930, inclusive, was \$121,368.46.

Sale of Coal at Hanna:

With the completion of the purchase payments due the Megeath Coal Company covering the Winton, Wyoming, mines, an agreement was entered into under date of August 14, 1924, and which was renewed from time to time, the present agreement running to and including March 31, 1931, these agreements covering the purchase of

Hanna coal f.o.b. cars on tipple tracks at Hanna by the Sheridan Coal Company. The sales so made to the Sheridan Coal Company for the calendar years 1925 to 1930, inclusive, are shown 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

The "average total cost" shown is that covering all coal sold at Hanna, including the items of general expenses and taxes. The additional tonnage that these sales produced increased the total running time of the mines, with a resultant reduction in production costs.

Sanitary Improvements - Rock Springs:

The improvements made in the city of Rock Springs, beginning in the year 1925, were continued during the year 1930, a further improvement in the number and character of street lights effected. The park location conveyed to the City under the reclamation agreement presents an example of civic betterment of which the whole city is very proud.

Subsidiary Coal Land Companies:

During the year 1930, there was advanced to the Illinois Union Coal Company for payment of taxes, \$9,763.88; for general expenses, \$241.00; a total of \$10,004.88. An attempt is being made to effect a reduction in the assessed value of this property, the

outcome of these negotiations uncertain.

Exhaustion of Cumberland Mines:

On April 20th, 1929, No. 2 South Mine at Cumberland was worked out and abandoned, and on June 30th, 1929, No. 2 Mine was similarly exhausted. The last remaining mine in the Cumberland field, No. 1, was exhausted and abandoned on June 19th, 1930. The production at Cumberland for 1930 was 87,169 tons. The Cumberland properties produced their first coal in 1901, the output in that year 218,736 tons; the total production of coal during the life of the properties, 14,171,417 tons. The village of Cumberland celebrated the final closing of the mines in June, 1930, many former officials and employes of the Company in attendance. Practically all houses and equipment were disposed of, and the Railroad Company will remove about seven miles of branch tracks no longer required.

No. 6 Mine, Hanna:

With the life of No. 2 Mine, Hanna, relatively short, the work of developing No. 6 Mine at Hanna was inaugurated in 1930. This mine is located on the No. 1 Seam, the coal prospected by crop openings and diamond drill holes bored in 1929 of excellent quality and thickness. The first coal (47.70 tons) was loaded in September, the total production of development coal for the year, 6,621.05 tons. A temporary tippie and railroad tracks were constructed in 1930 and the work of developing this mine will go forward gradually, preparatory to replacing No. 2, approaching exhaustion.

Engineering Scholarship:

In 1928, an annual scholarship covering the four year course in mining engineering was instituted, the candidates to be selected from sons or wards of employes or deceased employes, these

young men to be educated at the expense of the Company, with an opportunity given for suitable employment during each annual vacation period, with a permanent position after graduation.

But two candidates appeared for examination in 1928, the scholarship awarded to Manual John Grillos, 19 years of age, a graduate of the Rock Springs High School, one of seven children of Greek parentage, neither the father nor mother speaking the English language. This student entered the Missouri School of Mines and Metallurgy at Rolla, Missouri.

In May, 1929, three candidates for the second scholarship appeared for examination; Mr. Frank P. Lebar leading with a grade of 74.7 points. Mr. Lebar is the son of a former employe who died in service, and is of Slavonic nationality. He elected to enter the Colorado School of Mines at Golden, Colorado, and both students are reported as attentive and making fair grades.

In June, 1930, four applicants appeared for the third scholarship, Mr. John E. Willson of Rock Springs, the successful candidate, leading with a grade of 81 per cent. Mr. Willson, the first successful candidate of English speaking parents, elected to enter the Colorado School of Mines, and has done splendid work for a first year man. All three students are making a success of their school work and will doubtless make good employes.

Social Betterments:

A continuous attempt has been made toward the improvement of the Company's tenement houses, a number of houses at Superior and Reliance modernized, and a large number of tenement houses, outbuildings and fences painted during the year.

The Community Councils maintained an active interest in community affairs at all points, and the Boy and Girl Scout movement was continued, the Boy Scout and Girl Scout camps at New Fork Lake successfully conducted for two periods of ten days each. Religious work in the several communities has been well maintained on the part of the Protestant, Mormon and Roman Catholic denominations.

Night classes in Administration, Home Economics and Mining were carried on during the closing months of the year, and these classes were carried over through the winter season.

The usual prizes were awarded in the several mining districts for the most attractive gardens and cleanest premises.

The Community Councils at Hanna, Rock Springs, Winton, Reliance and Superior continued to conduct the local amusement, relief and social work requirements of the several communities, with a minimum of assistance from the Coal Company.

Old Timers' Association:

On Saturday, June 14th, 1930, the Sixth Annual Reunion of The Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of 484 men and one woman employe whose service equalled or exceeded 30 years. Mr. James Moon, the first President of the Association and the oldest man in point of service, with 56 years of continuous service, was again in attendance.

Some 700 employes, wives and guests were entertained at the annual Banquet, in the Old Timers' Building. Rev. W. McMurdo Brown of Denver delivered the principal address. An old time dance

conducted in the Old Timers' Building served to entertain the members, their wives, daughters and friends during the evening.

The estimation in which the Old Timers' Association is held and its value to the men and the Company grow with each succeeding year.

Employees' Magazine:

On December 31st, the Employees' Magazine closed its seventh year, 2,600 copies distributed monthly, the Magazine a much anticipated visitor in the homes of all employes of The Union Pacific Coal Company, the Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year 1930 totalling \$4,989.16, a decrease of \$1,441.08 from the previous year. The size of the magazine decreased from an average of 47 pages in 1929 to 45 in 1930. Miss Jessie McDiarmid, editor, resigned July 6th, and was succeeded by Miss Eunice M. Gilbert on November 1st.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$4,989.16 for the Employees' Magazine, a total of \$15,707.28 was expended in connection with the entertainment of the Old Timers' Association and for contributions made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day, Christmas, etc., making the total amount expended on social and betterment work \$20,696.44, or approximately 7.1 mills per ton of coal produced. The total expenditure made for the Employees' Magazine and for general welfare work in 1928 was \$25,296.67, and in 1929, \$25,024.21.

Conclusion:

A most satisfactory measure of co-operation was given the Company throughout the year by the citizens of Rock Springs and our outside mining villages, as well as the officers of the various labor organizations, the business and professional men, and the Clergy.

Due to the lessened demand for coal, the working force was decreased as shown by the tabulation following, 99 men, the number of Union employes in service at all mines for nine yearly periods shown below:

<u>Period</u>	<u>Number 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

Our labor situation was well composed throughout the year, the turnover nominal. Mr. John P. White, former president of the United Mine Workers of America, and a member of the Bituminous Coal Commission, appointed by President Woodrow Wilson in 1922, continued as Joint Umpire to settle unadjudicated disputes between the operators and mine workers. No question has arisen between this company and its employes since the arrangement was placed in effect, (April 16th, 1929), but Mr. White's presence within the field and the numerous

addresses made by him have served to enlighten the men relative to their rather enviable earnings and working conditions.

Taking into account the marked depression suffered by all business during the year, the results obtained are not altogether unsatisfactory.

Respectfully submitted,

Original signed
EUGENE McCAULIFFE

President

YEAR 1929

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

McAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO
FILE 200-41

February 28, 1930.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
39 Broadway, New York, N. Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1929 is submitted for your information:

Mine Production and Costs:

Tons produced, average days worked during the year, mine cost and total cost for the eight yearly periods, 1922 to 1929, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	198.8	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	167.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114
1928	2,927,389.85	248.8	1.915	2.053
1929	3,060,632.25	270.9	1.673	1.875

An increase of 133,242.40 tons (4.5%) in total output occurred during the year; the mine cost was reduced \$.142 and total cost of all coal sold was reduced \$.176 per ton. Federal Income, state, county, and city taxes chargeable to mining operations totalled \$288,559.42, a decrease of \$105,702.64; other general expenses, including salaries, insurance, injuries to persons, employees'

liability insurance, etc., totalled for the year \$315,107.99, a net increase of \$30,602.39.

The wage scale under which our Wyoming mines are working went into effect August 16, 1920, a strike occurring April 1st to August 16th, 1922. Since 1922, the cost of production has progressively reduced, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the six last years, shown herewith:

Comparison in Total Cost of Production for
Seven Year Period, 1922-23-24-25-26-27-28-29, with
Reduction Per Ton and Amount

Year	Tonnage	Total Cost	Reduction from 1922		Reduction from 1923	
			Per Ton	Amount	Per Ton	Amount
1922	2,253,773.95	\$2.706				
1923	3,241,104.65	2.548	\$.158	\$512,094.56		
1924	3,821,677.80	2.441	.265	747,744.61	\$.107	\$301,919.52
1925	2,779,064.54	2.292	.414	1,150,532.72	.256	711,440.51
1926	2,776,245.45	2.276	.430	1,193,785.54	.272	755,138.76
1927	2,750,430.20	2.114	.592	1,628,254.68	.434	1,193,686.70
1928	2,927,399.85	2.053	.653	1,911,593.57	.495	1,449,057.97
1929	3,060,632.25	1.875	.831	2,550,185.40	.673	2,059,805.50
Total				\$ 9,694,183.03		\$ 6,471,048.96
Less reduction in depletion cost 1925-26-27-28-29 (\$.032 per ton)				457,400.39		457,400.39
Net reduction in cost of production				\$ 9,236,782.69		\$ 6,013,648.57

No changes in wages or conditions were made from the resumption of work in 1922 up to and including November 30, 1928. On December 1, 1928, a new wage agreement, expiring June 30, 1932, was put into effect, the new agreement effecting a reduction in labor costs of \$.162 per ton.

Mechanical Loaders:

During the year 1929, the use of mechanical loaders was further extended and on December 31, 1929, a total of 85 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1929, as follows:

Original Capital Investment	\$ 437,125.60
Depreciation to December 31, 1929	191,732.99
Original Capital Investment	-----
Less Depreciation	\$ 245,392.61
Depreciation for Year 1929	66,781.32
Total Tons Loaded Mechanically, 1929	1,774,279.65

Based on the 1929 tonnage, the Capital Investment in loading machinery as of December 31st, approximated 13.8¢ per ton for coal so loaded. The proportion of coal loaded mechanically increased from 5.2 per cent in 1923 to 58.0 per cent in 1929.

Measure of Time Worked and Earnings:

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

Year	No. of Men Employed	Average Days Worked	Average Net Earnings		
			Per Day	Per Month	Per Year
1926	2,103.5	187.4	\$ 9.43	\$ 163.46	\$1,965.87
1927	1,781.8	214.7	9.02	171.82	2,064.03
1928	1,673.7	248.8	8.60	186.23	2,234.76
1929	1,707.6	270.9	7.43	170.91	2,050.92

The reduction in earnings per day from 1926 to 1928 were almost wholly due to increased mechanization of mines. The reduction in wages effective during the year 1929, brought about a further reduction of approximately \$1.05 per day. The shrinkage in the daily wage has very largely been taken up in the increase in working time afforded,

all men averaging 271 out of a possible 305 working days in 1929.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened. However, twelve fatalities occurred in our Wyoming mines in 1929, the total fatalities suffered by The Union Pacific Coal Company, with the ratio per 1,000,000 tons of coal mined, compared with similar statistics covering all mines located in the United States for the years 1921 to 1929, inclusive, shown below:

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

Year	<u>Union Pacific Coal Company</u>		<u>All Mines United States</u>	
	<u>Fatal Accidents</u>	<u>Fatalities per 1,000,000 Tons</u>	<u>Fatal Accidents</u>	<u>Fatalities per 1,000,000 Tons</u>
1921	15	4.36	1,987	3.92
1922	8	3.54	1,979	4.15
1923	16	4.94	2,458	3.74
1924	9	3.19	2,396	4.17
1925	6	2.16	2,234	3.84
1926	8	2.88	2,510	3.83
1927	7	2.54	2,224	3.73
1928	8	2.73	2,171	3.81
1929	12	3.91	2,181 (Est.)	3.62

Safety expenditures, chargeable to mine costs, were somewhat reduced in 1929, the figures for the calendar years 1923 to 1929, inclusive, shown below:

Expenditures for Safety Charged to Mine Costs
Per Seven Year Period

<u>Year</u>	<u>Labor & Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,981.08	3,241,105	¢ .022
1924	152,754.18	2,821,670	.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

During the year 1929, each of our six Wyoming mining communities suffered one or more fatal injuries, the twelve fatalities distributed as follows:

Rock Springs No. 8 Mine	3
Reliance No. 1 Mine	1
Winton No. 3 Mine	1
Cumberland No. 1 Mine	1
Hanna No. 2 Mine	3
Hanna No. 4 Mine	1
Superior "B" Mine	1
Superior "K" Mine	1
Total	<u>12</u>

Eleven of the twelve men killed left dependent families.

The total number of dependents was 25, of which 14 were minor children. The wife of one of the men killed was an inmate of a home for mental disability, this workman also leaving a minor son. The cause of death has been classified as follows:

Mine Cars and Locomotives	3
Falls of Coal	3
Falls of Rock	6
Total	<u>12</u>

The average age of the men killed was 44.6 years, the youngest death occurring at 37 and the oldest at 54 years of age, the relation of the death period to age as follows:

37 years of age	1
40 years of age	2
41 years of age	1
43 years of age	3
44 years of age	1
46 years of age	1
53 years of age	2
54 years of age	1
Total	12

The average length of time these twelve men served with our company was ten years, the shortest period four years, the longest period nineteen years, indicating that lack of experience was not a contributing factor.

A study of the records was made to determine the day of the week and the hour of the day on which the injuries causing the twelve deaths occurred, with the following results:

<u>Date</u>	<u>Day of Week</u>	<u>Time of Day</u>
Febr. 8, 1929	Friday	3:20 P.M.
Febr. 14, 1929	Thursday	12:45 P.M.
Febr. 14, 1929	Thursday	12:45 P.M.
Febr. 22, 1929	Friday	9:15 A.M.
March 8, 1929	Friday	10:35 A.M.
May 6, 1929	Monday	6:45 P.M.
May 9, 1929	Thursday	2:30 P.M.
June 20, 1929	Thursday	11:00 A.M.
June 22, 1929	Saturday	1:10 P.M.
Sept. 9, 1929	Monday	3:00 P.M.
Oct. 30, 1929	Wednesday	12:15 P.M.
Dec. 9, 1929	Monday	3:00 P.M.

It is quite evident from the compilation last submitted that the element of fatigue as expressed by the hour under which the accident occurred, did not enter into the situation, and likewise the day of the week would seem to have very little to do with the matter, three on Monday, one on Wednesday, four on Thursday, three on Friday, and one on Saturday. Three accidents occurred between 12 noon and 3:00 P.M., or within one hour and thirty minutes after the lunch hour, and three accidents occurred between 3 and 4 P.M., the remaining six accidents occurring at various times between 9 A.M. and 7 P.M.

The unsatisfactory results obtained and the number of fatal and non-fatal accidents occurring in our Wyoming properties last year have given me great concern.

In June last, I appealed to the U. S. Bureau of Mines to make a study of accidents occurring from falls of roof and coal, the Bureau detailing an engineer to make this study, which, when received, offered very little in the way of constructive suggestions.

I again brought the matter to the attention of the Director of the Bureau, asking him to detail to this task, Mr. J. W. Paul, Senior Engineer, in charge of their Pittsburgh experimental station, and who has given his personal attention to roof accident matters for some two years, Mr. Paul spending three or four weeks in our mines, submitting certain suggestions which are being put into effect.

Not satisfied that our Safety Engineer, Mr. J. A. Smith, was sufficiently aggressive in enforcing discipline, arrangements were made to return him to regular engineering work, Mr. Vernon O. Murray, former U. S. Bureau of Mines engineer, employed on February 15th as Safety Engineer, vice J. A. Smith, assigned to other duties.

During the year, a small convenient size book of safety rules was printed, published and distributed to all men employed in and around the mines, and the usual annual examination of the mines from a safety standpoint was made by Mr. T. L. Doorley, formerly employed as Superintendent of the H. J. Frick Coal & Coke Company. Mr. Doorley also made numerous suggestions for betterment, which were promptly put into effect.

It should be borne in mind that the majority of our fatal accidents occur in work related to hand mining, it entirely possible however that the transition from hand to mechanical mining, which

will continue for two or three years, contributes to some extent to the accident hazard.

As a further stimulus toward mine safety, the work of the Boy and Girl Scout First Aid and safety teams was again enlarged and expanded during the year, thirteen girls teams and seven boys teams participating in a contest held at Rock Springs during the month of July, the Hanna Girl Scouts team again awarded the major prize, a trip to Kansas City, where they were given an opportunity to attend the International First Aid and Mine Rescue Contest, sponsored by the United States Bureau of Mines, where the girls team made a number of public demonstrations of their skill. The Hanna Boy Scouts team won a trip to Yellowstone Park, where they demonstrated before various groups of tourists.

During the month of July the Annual Inter-Company First Aid and Mine Rescue Contest was held, with a team from the Washington Union Coal Company and ten teams from The Union Pacific Coal Company participating, this contest conducted under the auspices of the United States Bureau of Mines, four of the Bureau's engineers present, as well as two representatives of the United States Geological Survey, the Hanna team awarded the principal prize.

During the month of March, safety meetings were held at Winton, Rock Springs, Reliance, Superior, Cumberland and Hanna, the writer, together with members of the operating staff, the Chief State Mine Inspector, and the Vice President and Secretary of the Miners' Union, in attendance, and on these occasions, suitable gifts were presented to mine workers selected by a vote of their associates as having made the principal contribution to mine safety during the year.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance

No. 1 Mine fire in 1926 were further reflected in the results obtained for 1927, 1928 and 1929, the amount so expended, with cost per ton, from 1922 to the end of 1929, shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost Per Ton</u>
1922	\$28,033.10	
1923	18,745.99	\$.102
1924	12,567.26	.052
1925	10,281.04	.043
1926	33,006.74	.035
1927	4,411.75	.125
1928	3,802.71	.017
1929	2,444.60	.013
		.007

At the present time the several fire zones remain in a very satisfactory condition.

Mine Material and Supplies:

The changes in value of stocks of mine material and supplies since December 31, 1923, is shown by the following statement:

Union Pacific Coal Company and Southern Wyoming Electric Company
Material and Supplies on Hand December 31st
1923, 1924, 1925, 1926, 1927, 1928 and 1929

	<u>1923</u>	<u>1924</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>
Coal Co.	\$590,004	\$418,797	\$287,965	\$267,095	\$233,075	\$265,130	\$273,036
Electric Co.		3,844	2,947	3,150	6,501	2,581	2,193
Total	\$590,004	\$422,641	\$290,912	\$270,245	\$259,576	\$267,711	\$275,229
Reduction from 1923	\$167,363	\$299,092	\$319,759	\$330,428	\$322,291	\$314,775	

Our material stocks were increased in 1928 and further increased in 1929, as a result of a growing mechanical loading installation, requiring additional repair parts kept in stock.

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. R. Jefferis, Manager of Stores, made an excellent showing for 1929,

results for the calendar years 1922 to 1929, inclusive, shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1922	\$ 991,315	\$ 293,269	\$ 169,294	\$ 3,063 (Def.)
1923	1,193,975	240,249	194,372	55,314
1924	1,041,506	229,236	192,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,813	170,907	57,526
1927	933,022	242,893	174,444	54,961
1928	942,799	245,938	181,739	62,966
1929	1,027,355	240,450	188,539	71,577
Increase	\$84,886 (Dec.)	\$5,538	\$6,800	\$8,611

The net earnings increased \$8,611 over the previous year, or 13.7 per cent, a very favorable showing, the total mine pay rolls reduced (due to change in wage scale) \$261,930.98, or 6.5 per cent.

The Accounts Receivable, Merchandise Department as of December 31, 1922 to 1929, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$65,507.14
1923	66,864.25
1924	62,737.39
1925	58,070.53
1926	58,419.15
1927	76,173.09
1928	71,904.97
1929	94,839.11

The increase in Accounts Receivable (approximating \$23,000 of December 31st) compared with the same day the year before, was occasioned by heavy sales of radios and washing machines sold on time

payments, a chattel mortgage taken to secure each such sale. As of January 31st, 1930, the Accounts Receivable had been reduced \$15,698.04, the balance standing at \$79,141.07. A material portion of our store sales are now made up of heavy items sold on payments, the Encyclopedia Britannica added to our stock of installment merchandise in December, 1929.

The branch store and gasoline filling station opened in the east portion of Rock Springs in 1928, together with a bakery for the production of the bread and pastry requirements of the combined stores of the Company, has shown a steady increase in earning capacity. The volume of business done made it necessary to construct an additional room in 1929, and it will be necessary to add an additional electric oven in 1930.

Pensions:

On December 31st, 1929, a total of 36 men were carried on our pension rolls. During the year, 13 new names were added to the list, one of whom died on June 16th. Another death occurred earlier in the year, making the net addition to the list for the year, 11 names. The total expenditures for pensions for the year 1929 was \$17,846.41, equal to \$.0058 per ton of coal mined. The average age of the 36 pensioners carried on the rolls as of December 31, 1929, was 69.6 years.

Wyoming Stockmen's Loan Company:

My report for the year 1927 contained advice that the capital stock (par value \$250,000) held by The Union Pacific Coal Company in the Wyoming Stockmen's Loan Company had been redeemed at face value, a dividend of \$15,265.00 received January 23, 1928. A further dividend of \$5,937.50 was received on March 4, 1929, representing a final closure of the Loan Company's affairs. In addition to the original capital investment of \$250,000, the sum of \$21,202.50 was paid to The Union Pacific

Coal Company.

Sale of Coal at Hanna:

With the completion of the purchase payments due the Hogeath Coal Company covering the Winton, Wyoming, mines, an agreement was entered into under date of August 14, 1924, and which was renewed under further agreement dated June 7, 1927, and running to and including March 31, 1930, both agreements covering the purchase of Hanna coal f.o.b. cars on tipple tracks at Hanna by the Sheridan Coal Company. The sales so made to the Sheridan Coal Company for the calendar years 1925 to 1929, inclusive, are shown 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	83,912.90	3.055	2.053	1.002	55,020.75
1927	58,809.50	3.046	2.012	1.034	60,809.02
1928	44,524.30	3.053	1.856	1.197	53,205.58
1929	35,174.75	2.927	1.675	1.252	44,030.78
Total	243,083.65	\$3.028	\$1.959	\$1.069	\$259,765.33

The "average total cost" shown is that covering all coal sold at Hanna, including the items of general expenses and taxes. The additional tonnage that these sales produced increased the total running time of the mines, with a resultant reduction in production costs.

Sanitary Improvements - Rock Springs:

The improvements made in the City of Rock Springs, beginning in the year 1925, were continued during the year 1929, approximately one-half mile of main streets were paved and a further improvement in the number and character of street lights effected. The park location conveyed to the City under the reclamation agreement has grown in appearance and value, and is now much used by the older people in particular.

During the calendar year, a total of 6 lots located in Brooks and Clark Additions were sold to individual purchasers at a total sales price of \$2,918.39.

Subsidiary Coal Land Companies:

An advance of \$281.56 was made for account of the Imperial Coal and Coke Company, Ltd., during the year, and in a similar way, \$9,888.25 was spent for account of the Illinois Union Coal Company. On June 4, 1929, the Board of Trustees, The Union Pacific Coal Company, authorized dissolution of the Imperial Coal and Coke Company, Ltd., that the payment of taxes be discontinued, and the property forfeited as of no immediate value.

Exhaustion of Cumberland Mines:

On June 30, 1928, Mine No. 2 at Cumberland was permanently closed, all removable mineral exhausted therefrom, the production of coal in the Cumberland field during the year 1928, 258,564 tons. No. 2 South Mine was permanently closed on April 20, 1929, the tons mined in 1929 at Cumberland totaled 180,720.65. It is anticipated that No. 1 Mine will be exhausted in May, 1930, closing out Cumberland completely.

The following mines have been maintained without production for some time, it probable that one or two of these mines will be placed on production during the summer of 1930 to meet the deflections sustained by the closing of the Cumberland Mines:

<u>Location</u>	<u>Number</u>	<u>Daily Capacity Tons</u>
Rook Springs	2	1,400
Reliance	4	800
Winton	9	500
Superior	"A"	500
Superior	"D"	1,200
Total daily capacity - tons		4,400

Engineering Scholarship:

In 1928, an annual scholarship covering the four year course in

mining engineering was instituted, the candidates to be selected from sons or wards of employes or deceased employes, these young men to be educated at the expense of the Company, with an opportunity given for suitable employment during each annual vacation period, with a permanent position after graduation.

But two candidates appeared for examination in 1928, the scholarship awarded to Manual John Grillos, 19 years of age, a graduate of the Rock Springs High School, one of seven children of Greek parentage, neither the father nor mother speaking the English language. This student entered the Missouri School of Mines and Metallurgy at Rolla, Missouri.

In May, 1929, three candidates for the second scholarship appeared for examination; Mr. Frank P. Lebar leading with a grade of 4.7 points. Mr. Lebar is the son of a former employe who died in service, and is of Slavonic nationality. He elected to enter the Colorado School of Mines at Golden, Colorado, and both students are reported as attentive and making fair grades. They will be given work at the mines during the summer holiday season.

Special Betterments:

A continuous attempt has been made toward the improvement of the Company's tenement houses, several blocks of concrete sidewalk constructed in various communities and a large number of tenement houses, buildings and fences painted during the year, the total expenditures of work of this sort as follows:

Painting houses	\$13,267.67
Buildings and fences	1,647.18
New sidewalks	6,828.40
Grading streets	2,000.00

Total	\$23,443.25

The labor turnover during the year was nominal. A number of men were hired during the last part of the year to care for the falling off in tonnage at Cumberland, many of the Cumberland men electing to discontinue mine work.

The Community Councils maintained an active interest in community affairs at all points, and the Boy and Girl Scout movement was continued, the Boy Scout and Girl Scout camps at New Fork Lake successfully conducted for two periods of two weeks each. Religious work in the several communities has been well maintained on the part of the Protestant, Mormon and Roman Catholic denominations. The Eastern Orthodox Catholic Church was open for a portion of the period.

While the man force at Cumberland is continuously shrinking, ^{is} the employees' band at that point still actively maintained. Each district now maintains a band capable of rendering excellent music.

Night classes in Administration, Home Economics and Mining were carried on during the closing months of the year and these classes were carried over through the winter season.

The usual prizes were awarded in the several mining districts for the most attractive gardens and cleanest premises.

The Community Councils at Hanna, Rock Springs, Winton, Reliance, Superior and Cumberland continued to conduct the local amusement, relief and social work requirements of the several communities, with a minimum of assistance from the Coal Company.

Old Timers' Association:

On Saturday, July 20, 1929, the Fifth Annual Reunion of The Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of 445 men and one woman employe whose service equalled or exceeded 20 years, 34 employees with an average of 44.6 years' service carried on the Forty Year Honor

List, Mr. James Moon, the first President of the Association and the oldest man in point of service, with 55 years of continuous service, in attendance.

Some 650 employees, wives and guests were entertained at the Annual Banquet, in the Old Timers Building specially constructed for the old employees; Mr. C. B. Huntress of Washington, D. C. delivered the principal address. Special entertainment recalling many old-time incidents and scenes was presented to the Association and guests at an evening entertainment held in the Rialto Theater.

The estimation in which the Old Timers' Association is held and its value to the men and the Company grow with each succeeding year.

Employee's Magazine:

On December 31st, the Employee's Magazine closed its sixth year, 2,600 copies distributed monthly, the Magazine a much anticipated visitor in the homes of all employees of The Union Pacific Coal Company, the Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year 1929 totalling \$6,430.24, an increase of \$868.59 from the previous year. The size of the magazine increased from an average of 43 pages in 1928 to 47 in 1929, the cost per page, \$.00438, or \$.114 per page per year.

Measure and Cost of Welfare Work:

In addition to the expenditure of \$6,430.24 for the Employee's Magazine, a total of \$18,593.97 was expended in connection with the entertainment of the Old Timers' Association and for contributions made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day, Christmas, etc., making the total amount expended on social and betterment work \$25,024.21, or approximately 8.1 mills per ton of coal produced. The total expenditure made for the Employee's Magazine and for general welfare work in 1928 was

\$25,296.67.

Conclusion:

A most satisfactory measure of co-operation was given the Company throughout the year by the citizens of Rock Springs and our outside mining villages, as well as the officers of the various labor organizations, the business and professional men and the clergy.

Due to additional demand for coal, the working force was increased as shown by the tabulation following, 192 men, the number of Union employes in service at all mines for eight yearly periods shown below:

<u>Period</u>	<u>Number 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

Our labor situation was well composed throughout the year.

The selection of Mr. John P. White, former president of the United Mine Workers of America, and a member of the Bituminous Coal Commission, appointed by President Woodrow Wilson in 1922, as Joint Umpire to settle adjudicated disputes between the operators and mine workers, which took effect on April 16th, added materially to the stability of the situation. No question has arisen between this company and its employes since the arrangement was placed in effect, but Mr. White's presence within the field and the numerous addresses made by him have served to enlighten the men relative to their rather enviable earnings and working conditions.

It is proposed to further increase the percentage of coal

loaded mechanically during 1930, and with the closing out of the Cumberland field, but one mine in which no machinery is used, will remain, viz., Hanna No. 2, which will be exhausted in two or three years. To take the place of Hanna No. 2 Mine, the preliminary work of developing Hanna No. 6 Mine is now under way, an area containing approximately 6,000,000 tons of coal now prospected and proven by drill and prospect holes.

If the business of the country is reasonably well maintained, the year 1930 should be passed in a satisfactory manner.

Respectfully submitted,

President

YEAR 1928

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

GENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO

FILE 200.41

February 12, 1939.

Mr. E. F. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
120 Broadway, New York, N.Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1938 is submitted for your information:

Coal Production and Cost:

Tons produced, average days worked during the year, mine cost and total cost for the seven year period, 1932 to 1938, is set forth below:

Year	Production Tons	Average Days Worked	Mine Cost	Total Cost
1932	2,353,773.95	166.0	\$2.339	\$2.706
1933	3,341,104.85	198.6	2.397	2.948
1934	2,821,677.87	181.5	2.346	2.441
1935	2,779,064.34	174.4	2.375	2.392
1936	2,776,345.45	187.4	2.325	2.276
1937	2,750,430.20	214.7	1.894	2.114
1938	2,927,389.85	245.5	1.815	2.053

An increase of 176,959.65 tons (4.5%) in total output occurred during the year; the mine cost was reduced \$.039 and total cost of all coal sold was reduced \$.061 per ton. Federal income, state, county, and city taxes chargeable to mining operations totalled \$398,342.06, a decrease of \$13,520.56; other general expenses, including salaries, insurance, injuries to persons, employee liability insurance, etc., totalled for the year \$294,509.61, a net increase of \$1,819.46. The wage scale under which our Wyoming mines are working went into effect

August 16, 1921, a strike occurring April 1st to August 16th, 1922. Since 1922 the cost of production has reduced progressively, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the five last years, shown herewith:

Comparison in Total Cost of Production for Seven Year
Period, 1922-23-24-25-26-27-28, with Reduction Per Ton and Annual

Year	Revenue	Total Cost	Reduction from 1922		Reduction from 1923	
			Per Ton	Amount	Per Ton	Amount
1922	2,253,773.95	\$2.706				
1923	3,241,104.55	2.548	\$.158	\$ 512,094.56		
1924	2,821,677.80	2.401	.205	747,744.61	\$.107	\$ 301,912.92
1925	2,779,054.34	2.292	.414	1,150,532.72	.296	711,440.51
1926	2,776,245.45	2.276	.430	1,193,753.34	.272	755,138.76
1927	2,730,430.20	2.114	.592	1,626,234.68	.434	1,193,686.70
1928	2,927,389.85	2.053	.653	1,911,505.57	.495	1,449,057.97
Total				97,143,997.68		84,411,243.46
Less reduction in depletion						
cost 1925-26-27-28 (\$.032 per ton)				359,460.16		359,460.16
Net reduction in cost of						
production				96,784,537.52		84,051,783.30

No changes in wages or conditions were made from the resumption of work in 1921 up to and including November 30, 1925. On December 1, 1925, a new wage agreement, expiring June 30, 1932, was put into effect, the new agreement, based on 10 per cent of output loaded mechanically, will effect a reduction in labor costs approximately \$.15 per ton.

Mechanical Loaders

During the year 1928 the use of mechanical loaders was further extended additional mines at Winston, Bellesco and Superior and additional loaders were installed at Rock Springs. Certain changes in the location of specific machines were also made in order to meet new conditions as developed by past experience.

On December 31, 1928, a total of 61 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1928, as follows:

Original Capital Investment	\$363,322.64
Depreciation to December 31, 1928	104,289.67
Original Capital Investment Less Depreciation	\$259,032.97
Depreciation for Year 1928	59,215.69
Total Tons Loaded Mechanically, 1928	1,501,577.70

Based on the 1928 tonnage, the Capital Investment in loading machinery as of December 31st approximated 17.2¢ per ton for coal so loaded.

The following comparison of tons of coal loaded and cost per ton f.o.b. the mine for the calendar years 1927 and 1928 will prove of interest:

	1927	1928
Tons Loaded	1,107,775.85	1,501,577.70
Mine Cost	\$799,362.03	\$1,079,040.93
Depreciation	\$3,507.37	\$59,215.69
Labor, Material, Operation and Maintenance Cost per Ton	\$.640	\$.719
Depreciation per Ton	.039	.039
Total Cost per Ton	.679	.758

The proportion of coal loaded mechanically increased from 21 per cent in 1926 to 51.2 per cent in 1928. The increase in cost per ton was due to placing machines in mines where the natural conditions were less favorable.

Wage Contract:

The terms and conditions of the wage contract made effective August 16, 1921, were continued through extensions until November, 1928, when a new agreement, running December 1, 1928, and running until June 30, 1932, was placed in effect. Negotiations leading to the new wage scale began with a joint wage scale meeting held in Cheyenne commencing September 10, 1928. This committee continued in session

all September 25th, when an adjournment was taken without an agreement. Under instructions issued by the Southern Wyoming Coal Operators Association, the writer met Mr. John L. Lewis, President of the United Mine Workers of America, in Chicago October 24, 1935, Mr. Lewis sending National Union Representative Frank Hafferty to Cheyenne with instructions to work out an agreement containing a modification of the so-called Jacksonville Scale, as authorized by the Union's Policy Committee. A Joint Scale Committee which adjourned September 25th reconvened on October 3rd, reporting on October 11th, an agreement subject to referendum vote of the workers. Before the agreement could be submitted to the workers for approval or disapproval, representatives of the Industrial Workers of the World, who came into the field in Colorado, induced the men employed in all mines (Company and commercial) at earlier to suspend work effective October 16th, the Company's mines at Bellvue and Hinton following, those at Rock Springs, Cumberland and Hanna remaining at work. The majority of the commercial mines in the Rock Springs and Kemmerer fields also suspended, all men, however, back at work October 20th.

When the referendum vote was counted it was found that 1,516 voted for and 2,025 against the new agreement. The Joint Wage Scale Committee thereupon reconvened in Rock Springs November 8th, adjourning November 13th, after reaffirming the Cheyenne agreement, which was again submitted to the men in Southern Wyoming only, with the result that 2,025 votes were cast for and 1,516 against the revised scale.

To settle the contract matter required the presence of Mr. John P. White, Vice-President, in addition to five national representatives of the Union, the dissatisfaction caused wholly by I.W.O. men who came into the field from Colorado after their strike, called in the Fall of 1927, was lost after seven or more participants were killed by law enforcement officers.

The following comparison of wages earned and time worked for years 1927 and 1928 shows a continuing improvement in monthly and annual earnings:

AVERAGE OF PAY ROLL AND TONNAGE MINED

<u>District</u>	<u>Year 1927</u>			<u>Year 1928</u>		
	<u>Daily</u>	<u>Per Month</u>	<u>Time Worked</u>	<u>Daily</u>	<u>Per Month</u>	<u>Time Worked</u>
Rock Springs	\$8.48	\$165.04	76.6	\$8.34	\$153.36	86.5
Wellness	9.31	157.16	66.2	9.39	181.62	76.1
Union	9.69	173.21	70.1	8.55	194.49	89.5
Superior	8.91	165.63	72.9	8.24	178.23	85.1
Wana	8.04	183.97	83.5	8.35	178.06	83.9
Amberland	10.32	199.74	75.9	9.66	218.76	89.1
All Mines	\$9.02	\$171.82	74.7	\$8.60	\$186.23	89.2
Earnings for year			\$2,064.03			\$2,234.76
Total net pay roll			\$3,677,687.79			\$3,742,071.97
Total tons mined			2,750,430.23			2,927,389.85
Total shifts worked			407,541			435,036
Average tons mined per shift			6.748			6.729
Average number of employees			1,781.80			1,673.70
Average days worked by employees			238.5			259.8

It will be observed that as a result of the expansion of the mechanical loading program from 40 per cent to 51 per cent of the total tons mined, the average earnings of all Union labor decreased 42¢ per day, the average production per man substantially the same, the earnings per man per year increasing from \$2,064.03 to \$2,234.76, or \$170.73 (8.3%) per year. The increase in annual earnings in the face of a reduced average daily wage was due to the increase in days worked from 238.5 in 1927 to 259.8 in 1928: in substance, while the unit daily wage decreased 4.6 per cent, the working year increased 8.9 per cent.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened. Eight fatalities occurred in our Wyoming mines in 1928, the total fatalities suffered by The Union Pacific Coal Company, with the ratio per 1,000,000 tons of coal mined, compared with similar statistics covering all mines located in the United States for the years 1921 to 1928, inclusive, shown below:

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

<u>Union Pacific Coal Company</u>			<u>All Mines United States</u>	
<u>Year</u>	<u>Fatal Accidents</u>	<u>Fatalities Per 1,000,000 Tons</u>	<u>Fatal Accidents</u>	<u>Fatalities Per 1,000,000 Tons</u>
1921	13	4.36	1957	3.92
1922	8	3.54	1979	4.15
1923	16	4.94	2458	3.74
1924	9	3.19	2396	4.17
1925	6	2.16	2234	3.84
1926	8	2.88	2510	3.83
1927	7	2.54	2224	3.73
1928	8	2.73	2224 (Est.)	3.88

With the completion of the work of installing water lines for use in keeping down coal dust, rock dust barriers to prevent the spread of mine explosions, and the creation of a minimum clearance of 30 inches between the outside rail and the edge of the haulageways, the expenditures for mine safety incurred in 1924, 1925 and 1926, chargeable to mine costs, were, as was the case in 1927, maintained on a lower level, an increase of \$9,494.68 over 1927 made. The figures for the calendar years 1923 to 1928, inclusive, are shown below:

car and a staff of men to each mining village, including Rock Springs, more than 60 per cent of our employees taking First Aid and mine safety training. Discipline for carelessness and unsafe practices has been administered in a number of cases, but withal a large percentage of the fatal and non-fatal accidents could be averted by the exercise of greater care on the part of the surface and underground supervisory forces.

During the year a thorough examination of our mines from a safety standpoint was made by Messrs. D. J. Parker and F. B. Cannon, engineers employed by the United States Bureau of Mines and who were assigned to the work of inspecting our mines by the Director of the Bureau at the request of the writer. While numerous minor matters relating to safety were called to our attention, the Supervising Engineer, Mr. D. J. Parker, in commenting on the conditions found, as outlined in his report, said:

"If this report is instrumental in furthering and making more successful, even in a small way, the movement for greater safety in your mines, which in my opinion rank second to none in the entire country with respect to accident prevention measures, then its purpose has been accomplished."

Additional safety inspectors were put on during the year, and in addition to the annual examination made by outside engineers such as Messrs. Parker and Cannon, a quarterly examination is made of each mine jointly by the Safety Engineer or his representative and representative workmen, one of whom is selected by the Local Union, the other by the Mine Superintendent. Four such examinations made of each mine during the year 1925.

As a further stimulus toward mine safety, the work of the Boy and Girl Scout First Aid and safety teams was enlarged and expanded during the year, eleven girls teams and three boys teams participating in a contest held at Rock Springs during the month of June, the Hanna Girl Scouts team awarded the major prize, a trip to Colorado Springs, where they were given an opportunity to attend a national

meeting of the Girl Scouts organization, the Hanna girls making a public demonstration of their skill on this occasion.

During the month of June the Annual Inter-Company First Aid and Mine Rescue Contest was held, with a team from the Washington Union Coal Company and eleven teams from the Union Pacific Coal Company participating, this contest conducted under the auspices of the United States Bureau of Mines, seven of the Bureau's engineers present, as well as two representatives of the United States Geological Survey, the Tono team awarded the principal prize.

During the month of March safety meetings were held at Winton, Rock Springs, Reliance, Superior, Cumberland and Hanna, the writer, together with members of the operating staff, the Chief State Mine Inspector, and the Vice President and Secretary of the Miners' Union, in attendance, and on this occasion three watches, suitably engraved, were presented to mine workers selected by a vote of their associates as having made the principal contribution to mine safety during the year. At the same time eleven medals were presented to mine foremen who had passed the year without suffering a fatal accident in their mines.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine fire in 1926 were reflected in the results obtained for 1927 and 1928, the amount expended, with cost per ton, from 1922 to the end of 1928 shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost Per Ton</u>
1922	\$25,033.10	\$.102
1923	15,745.99	.052
1924	12,567.26	.043
1925	10,281.04	.035
1926	33,006.74	.125
1927	4,411.75	.017
1928	3,802.71	.013

At the present time the several fire zones remain in a very satisfactory condition.

Mine Material and Supplies:

A continuing reduction in stocks of mine material and supplies has been effected since December 31, 1923, as shown by the following statement:

Union Pacific Coal Company and Southern Wyoming Electric Company
Material and Supplies on Hand December 31st
1923, 1924, 1925, 1926, 1927 and 1928

	1923	1924	1925	1926	1927	1928
Coal Company	\$590,004	\$415,797	\$287,965	\$267,035	\$253,075	\$265,130
Electric Company		3,544	2,947	3,150	6,501	2,561
Total	\$590,004	\$422,641	\$290,912	\$270,245	\$259,576	\$267,711
Reduction from 1923		\$167,363	\$299,092	\$319,759	\$330,428	\$322,291

Our material stocks were increased in 1928 as a result of a growing mechanical loading installation, requiring additional repair parts kept in stock.

Merchandise Stores:

Our merchandise stores, under the continuing management of Mr. E. E. Jeffers, Manager of Stores, made an excellent showing for 1928, results for the calendar years 1922 to 1928, inclusive, shown below:

Year	Total Sales	Inventory Value	Total Operating Expenses & Taxes	Net Earnings
1922	\$ 991,315	\$283,269	\$169,294	\$ 3,063 (Def.)
1923	1,193,975	340,249	194,372	55,314
1924	1,043,906	229,236	182,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,613	170,907	57,586
1927	933,022	242,693	174,444	54,961
1928	942,799	245,928	181,739	62,966
Increase	\$9,777	\$3,095	\$7,295	\$6,005

The net earnings increased \$6,005 over the previous year, or 14.5 per cent, which represents a good showing, the total mine pay rolls increasing (due to increased output) \$111,915.27, or 2.6 per cent.

The average number of Union employees on the Company's pay rolls decreased from 1781.8 in 1927 to 1673.7; one hundred and eight men, or 6 per cent. On January 1, 1928, the man power employed totalled 3,674.

The Accounts Receivable, Merchandise Department, as of December 31, 1922 to 1928, inclusive, are shown below:

Accounts Receivable - Merchandise Department

<u>Year</u>	<u>Amount</u>
1922	\$65,507.14
1923	86,864.25
1924	62,737.39
1925	58,070.53
1926	55,419.25
1927	76,173.09
1928	71,904.97

During the year a new branch store and gasoline filling station was opened at the east portion of Rock Springs, together with a bakery for the production of bread and pastry requirements of the combined stores of the Company. The volume of business done at this location has grown to an extent necessitating an extension of the building, the revenue received most satisfactory.

Employees

On December 31, 1928, the following ex-employees were carried as pensioners:

<u>Name</u>	<u>Occupation</u>	<u>Date Pensioned</u>	<u>Present Age</u>	<u>Monthly Pension</u>
L. Ritter	Clerk & Salesman	4/1/17	79	\$ 40.00
Bert Muir	Gen. Master Mechanic	4/16/25	70	90.23
John Cook	Pumper	5/1/26	75	50.00
Earl Bann, Sr.	Night Watchman	3/1/26	70	50.00
A. McDonald, Sr.	Mechanic	8/1/26	72	45.00
Ed Haffee, Sr.	Brattice Man	8/1/26	76	50.00
Trick Russell	Hoisting Engineer	8/1/26	67	50.00
Al Peterson	Miner	9/1/26	74	40.00
Ed. H. LeMay	Book Bann	1/1/27	67	90.00
Carried forward				465.23

<u>Name</u>	<u>Occupation</u>	<u>Date</u> <u>Commenced</u>	<u>Present</u> <u>Age</u>	<u>Monthly</u> <u>Pension</u>
Mr. Attyde, Jr.	Miner	Carried forward		\$465.23
Andrew Harris, Jr.	Miner	3/1/27	79	50.00
Mr. Moon	Laborer	5/1/27	72	50.00
John McElahan	Laborer	5/1/27	77	50.00
Mr. Benson	Foreman	5/1/27	71	40.00
W. Dean, Sr.	Payman	5/1/27	64	50.00
Mr. Crafts	Payman	5/1/27	68	50.00
John Hunter, Sr.	Foreman	7/16/27	78	50.00
Mr. Doss	Miner	5/1/27	66	50.00
Jacob Sidel	Miner	10/16/27	67	40.00
Joseph Byett	Laborer	10/16/27	73	40.00
Mr. C. Krichbaum	Miner	5/1/28	63	50.00
W. Sled (colored)	Night Watchman	5/1/28	68	40.00
Mr. Hill	Miner	7/1/28	60	40.00
Mr. Sandstrom	Blacksmith	8/1/28	64	40.00
Mr. Nelson	Carpenter	9/1/28	65	50.00
		12/1/28	67	50.00
Total				\$1,165.23

The total amount paid out for pensions during the year 1928 was \$12,392.76, and since the date of the first pension granted, January 1, 1914, \$81,330.63.

While during the year 1927 a total of five pensioners passed away, no deaths occurred during the year 1928. Six new names were added to the pension roll in 1928. The average age of the twenty-five pensioners carried on the rolls as of December 31, 1928, was 70.2 years.

Wyoming Stockmen's Loan Company:

My report for the year 1927 contained advice that the capital stock (par value \$250,000) held by The Union Pacific Coal Company in the Wyoming Stockmen's Loan Company had been redeemed at face value, a dividend of \$15,265.00 received May 26, 1928. We have since been advised that a further dividend of \$5,937.50 will be paid early in 1929, representing a final closure of the Loan Company's affairs.

Lease of Coal at Hanna:

With the completion of the purchase payments due the Hagoeth Coal Company covering the Winton, Wyoming, mines, an agreement was entered into under date of

August 14, 1924, and which was renewed under further agreement dated June 7, 1927, running to and including March 31, 1930, both agreements covering the purchase of Hanna coal f.o.b. cars on tippie tracks at Hanna by the Sheridan Coal Company. Sales so made to the Sheridan Coal Company for the calendar years 1925 to 1928, inclusive, are shown below:

	<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	\$2.128	\$.920	\$46,609.22
1926	53,912.90	3.055	2.053	1.002	55,020.73
1927	56,809.50	3.046	2.012	1.034	60,809.02
1928	44,524.30	3.053	1.856	1.197	53,295.56
Total	205,908.90	\$3.048	\$2.011	\$1.037	\$215,734.55

The "average total cost" shown is that covering all coal sold at Hanna, including the items of general expenses and taxes. The additional tonnage that these sales produced increased the total running time of the mines, with a resultant reduction in production costs.

City Improvements - Rock Springs:

The improvements made in the City of Rock Springs, beginning in the year 1925, were continued during the year 1928, approximately two miles of main streets were repaved and a substantial improvement in the number and character of street lights effected. The park location conveyed to the City under the reclamation agreement was further improved by the transfer of the Soldiers' Monument, originally located on 5th Street, in the south portion of the City.

During the calendar year a total of 26 lots and tracts of land located in the Original Town of Rock Springs and in Brooks, Dunning, Pilot Butte and Clark were sold to individual purchasers at a total sales price of \$18,626.93. A greater number of these sales made to employees.

Imperial Coal Land Commission:

A further advance of \$7,235.46 was made for account of the Imperial Coal and Coke Company, Ltd., during the year, and in a similar way \$9,573.03 was spent for account of the Illinois Union Coal Company.

Cumulation of Cumberland Mines:

On June 30, 1928, Mine No. 2 at Cumberland was permanently closed, all movable mineral exhausted therefrom, the production of coal in the Cumberland field during the year 1928, 256,364 tons.

With the close of the year the Cumberland capital investment was fully depreciated, and it is anticipated that No. 2 South Mine will be exhausted and closed early in 1929, leaving No. 2 Mine with a probable life of two years.

To offset the loss of production in the Cumberland field 500 tons of daily C.S.L. R.R. locomotive requirements was transferred during the latter portion of the year to the Rock Springs field.

The following mines have been maintained without production for some time, it probable that one or two of these mines will be placed on production during summer of 1929 to meet the deficiencies sustained by the closing of Cumberland No. 2 and No. 2 South:

<u>Location</u>	<u>Number</u>	<u>Daily Capacity Tons</u>
Rock Springs	2	1400
Reliance	4	800
Winton	9	500
Superior	"A"	500
"	"B"	1200
Total daily capacity - tons		4400

Engineering Scholarship:

During the year an annual scholarship covering the four year course in mining engineering was instituted, the candidates to be selected from sons or wards of employes or deceased employes, these young men to be educated at the expense of the Company, with an opportunity given for suitable employment during each annual vacation period, with a permanent position after graduation.

But two candidates appeared for examination in 1928, the scholarship awarded to Manuel John Grillon, 19 years of age, a graduate of the Rock Springs High School, one of seven children of Greek parentage, neither the father nor mother speaking the English language. This student entered the Missouri School of Mines and Metallurgy at Rolla, Missouri, during the year and is making a creditable showing.

Public Betterments:

A continuous attempt has been made toward the improvement of the Company's permanent houses, several blocks of concrete sidewalk constructed in various communities and a large number of tenement houses, outbuildings and fences painted during the year, the total expenditures for work of this sort as follows:

Painting houses	\$13,411.84
Buildings and fences	4,691.89
New sidewalks	4,072.05
Grading streets	899.70
Total	<u>\$23,075.48</u>

The labor turnover during the year has been relatively small, the total number of employes, other than officials, on the pay roll at the close of the year 1929, a reduction of 155 from the number shown at the close of 1927.

The Community Councils maintained an active interest in community affairs

all points, and the Boy and Girl Scout movement was continued, the Boy Scout camp at New York Lake successfully conducted for a two weeks period, but through an accidental sinking of a motor boat four Junior Girl Scouts were lost by drowning. At New York Lake camp on the evening of August 6th, a most regrettable accident, necessitating the closing of the camp after the second day, more vigorous attempts were safeguarding both the boys and the girls from drowning provided by the Administrative Committee, which is composed of non-employees, in the future.

Religious work in the several communities has been well maintained on the part of both the Protestant and Roman Catholic denominations. During the year a Eastern Orthodox Catholic Church was re-opened under the pastorate of a priest of Greek nationality.

While the men force at Cumberland is continuously shrinking, the employer's band at that point still maintains its leadership, whether expressed in point of numbers or skill. In addition to the band organized at Rock Springs in the latter part of 1927, a band was started at Superior during the year 1928, providing an employer's band in each mining district.

Eight classes in Administration, Home Economics and Mining were established during the closing months of the year, these classes to be carried over through the winter season.

The usual prizes were awarded in the several mining districts for the most attractive gardens and cleanest premises.

The Community Councils at Hanna, Rock Springs, Vinson, Reliance, Superior and Cumberland continued to conduct the local amusement, relief and social work in accordance with the requirements of the several communities, with a minimum of assistance from the Coal Company.

Old Timers' Association:

On Saturday, June 8, 1928, the Fourth Annual Meeting of The Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of 494 men and one woman employee whose service equaled or exceeded 20 years, 31 employees with an average of 43.7 years' service carried on the Forty Year Honor List, Mr. James Mann, the first President of the association and the oldest man in point of service, with 54 years of continuous service, in attendance.

Some 650 employees, wives and guests were entertained at the Annual Banquet; Mr. W. B. Wilson, former Secretary of Labor under President Woodrow Wilson, delivered the principal address. Special entertainment recalling many old-time incidents and scenes was presented to the Association and guests at an evening entertainment held in the Rialto Theater.

The estimation in which the Old Timers' Association is held and its value to the men and the Company grow with each succeeding year.

Employee Magazine:

On January 1st the Employee Magazine entered on its sixth year, 2600 copies distributed monthly, the Magazine a much anticipated visitor in the homes of all employees of The Union Pacific Coal Company, the Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year totaling \$5,561.65, a reduction of \$1,176.60 from the previous year.

Welfare and Cost of Welfare Work:

In addition to the expenditure of \$5,561.65 for the Employee Magazine, a total of \$19,735.02 was expended in connection with the entertainment of the Old Timers' Association and for contributions made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day,

Christmas, etc., making the total amount expended on social and betterment work \$29,396.67, or approximately 8.7 mills per ton of coal produced. The total expenditure made for the Employee's Magazine and for general welfare work in 1927 was \$20,111.81.

Conclusion

A most satisfactory measure of co-operation was given the Company throughout the year by the citizens of Rock Springs and our outside mining villages, as well as the officers of the various labor organizations, the business and professional men and the clergy.

During the period of wage adjustment the newspapers at Rock Springs were uniformly helpful, taking a definite position against the invading I.W.O. element.

The labor turnover has continued negligible, our man-power decreasing steadily, the number of Union employees in service at all mines for seven yearly periods shown below:

<u>Period</u>	<u>Number 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	1,363	42.5
Jan. 1, 1928	1,884	1,790	48.7
Jan. 1, 1929	1,729	1,945	52.6

The reductions in man-power shown have been made gradually and are due wholly to resignations, dismissal for disciplinary purposes only, death, disability, etc., no general reduction of force made at any time, such as occurs continuously within the coal industry. The result of this situation is that the character of

employees has steadily improved and is now very largely confined to men with families and the sons of old employees who live with their parents. With the reopening of one or two of the mines located in the Rock Springs district, additional men will be employed therein.

Respectfully submitted,

Original Signed
EUGENE MACAULIFFE

President

YEAR 1927

THE UNION PACIFIC COAL COMPANY
WASHINGTON UNION COAL COMPANY

EENE MCAULIFFE,
PRESIDENT

1416 DODGE STREET
OMAHA, NEBRASKA

IN REPLY, PLEASE REFER TO
FILE _____

February 29, 1928.

Mr. H. W. Clark,
Chairman, Board of Trustees,
The Union Pacific Coal Company,
120 Broadway, New York, N.Y.

Dear Sir:

The following resume of The Union Pacific Coal Company operations for the year 1927 is submitted for your information:

Mine Production and Costs:

Tons produced, average days worked during the year, mine cost and total cost for the six year period, 1922 to 1927, is set forth below:

<u>Year</u>	<u>Production Tons</u>	<u>Average Days Worked</u>	<u>Mine Cost</u>	<u>Total Cost</u>
1922	2,253,773.95	166.0	\$2.339	\$2.706
1923	3,241,104.85	193.8	2.397	2.548
1924	2,821,677.80	181.5	2.246	2.441
1925	2,779,064.54	174.4	2.078	2.292
1926	2,776,245.45	187.4	2.026	2.276
1927	2,750,430.20	214.7	1.854	2.114

A reduction (25,815.25 tons) in total output occurred during the year; the mine cost was reduced \$.172 and total cost of all coal sold was reduced \$.162 per ton, indicating an increase in general expense of \$.010 per ton. The increase in taxes, Federal Income, state, county, and city taxes, totalled \$15,922.07, equal to \$.007 per ton; other general expenses, including salaries, insurance, injuries to persons, employes liability insurance, etc., showed a net increase of \$1,778.77, equal to \$.002 per ton.

The wage scale under which our Wyoming mines are working took effect August 16, 1921, a strike occurring April 1st to August 16th, 1922. Since 1922 the cost of production has reduced progressively, the following comparison, with tons produced, total cost per ton, reduction from 1922 costs, and similar comparison with 1923 costs, for the four last years, shown herewith:

Comparison in Total Cost of Production for Six Year Period, 1922-23-24-25-26-27, with Reduction Per Ton and Amount

<u>Year</u>	<u>Tonnage</u>	<u>Total Cost</u>	<u>Reduction from 1922</u>		<u>Reduction from 1923</u>	
			<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>
1922	2,258,773.95	\$2.706				
1923	3,241,104.85	2.548	\$.158	\$ 512,094.56		
1924	2,821,677.80	2.441	.265	747,744.61	\$.107	\$ 301,913.52
1925	2,779,064.54	2.292	.414	1,150,532.72	.256	711,440.51
1926	2,776,245.45	2.276	.430	1,193,785.64	.272	755,130.76
1927	2,750,430.20	2.114	.592	1,628,254.68	.434	1,193,686.70
Total				\$5,232,412.11		\$2,962,185.49
Less reduction in depletion cost 1925-26-27 (\$.032 per ton)				265,783.69		265,783.69
Net reduction in cost of production				\$4,966,628.42		\$2,696,401.80

No changes in wages or conditions were made from the resumption of work in 1921 up to and including the close of 1927.

Mechanical Loaders:

During the year 1927 the use of mechanical loaders was extended to mines at Winton, additional loaders installed at Rock Springs and Superior, and certain changes in the location of specific machines made in order to meet certain new conditions developed by past experience.

On December 31, 1927, a total of 47 loading units were in service, the total amount of capital invested in mechanical loaders, with depreciation to December 31, 1927, as follows:

Original Capital Investment	\$327,143.12
Depreciation to December 31, 1927	105,589.83
Original Capital Investment	-----
Less Depreciation	\$221,553.29
Depreciation for Year 1927	43,807.57
Total Tons Loaded Mechanically, 1927	1,107,775.85

Based on the 1927 tonnage, the Capital Investment in loading machinery as of December 31st approximated 20¢ per ton for coal so loaded.

The following comparison of tons of coal loaded and cost per ton f.o.b. mine cars for the calendar years 1926 and 1927 will prove of interest:

	<u>1926</u>	<u>1927</u>
Tons Loaded	598,101.10	1,107,775.85
Mine Cost	\$425,898.61	\$709,362.03
Depreciation	23,209.89	43,807.57
Labor, Material, Operation and Maintenance Cost per Ton	\$.709	\$.640
Depreciation per Ton	.039	.039
Total Cost per Ton	\$.748	.679

The proportion of coal loaded mechanically increased from 1 per cent in 1926 to 40 per cent in 1927. The item of interest on the capital invested is not shown in the above statement of cost per ton, but such is not material, approximating but 1.05¢ per ton when

computed on the average amount of capital invested in loading machinery during the year, using 6 per cent as a basis.

Wage Contract:

The terms and conditions of the wage contract made effective August 16, 1921, and extended from time to time were renewed in March, 1927, by authority of the Policy Committee of the National Organisation of the United Mine Workers of America, who authorized individual companies and operators' associations to continue the so-called Jacksonville Agreement pending the establishment of a new wage agreement for the Central Competitive Field, including the states of Illinois, Indiana and Ohio and the western portion of Pennsylvania.

The Central Competitive Field operators met the Mine Workers at Miami, Florida, in February, 1927, the Western Pennsylvania operators not officially represented, the meeting adjourning without coming to any agreement, the terms and conditions of the Jacksonville Agreement suspended in the states of Illinois, Indiana, Ohio and Western Pennsylvania during the summer, work resumed in Illinois and Indiana under truce agreement dated October 1, 1927, to continue in force until March 31, 1928.

Under this agreement a joint commission was formed for the purpose of formulating a new wage scale for the mines in Illinois, the joint committee failing of agreement, adjourning sine die February 1, 1928. Subsequent to the disagreement which took place in Miami in February, 1927, the Illinois mines remained idle, various operators in Indiana, Ohio and Western Pennsylvania resuming work under varying conditions, certain operators accepting the Jacksonville scale, others working under modifications of same, e.g., the 1917, a much reduced

also, co-operative agreements, etc., the production of coal in the Union territory north of the Ohio and Potomac Rivers falling off sharply, with a further increase in production taking place in the non-union territory south of the Rivers.

The mine workers in Wyoming, Montana and Washington received full authority to continue at work, and no labor difficulties were experienced in the western Union fields during the year.

Representatives of the I.W.W. invaded Colorado, bringing practically all mines, including those of the Colorado Fuel & Iron Company, out on strike on October 18th, several Colorado fields seriously disorganized, such men as wished to work protected in the beginning by state peace enforcement officials, and later by Colorado State Militia, a riot costing the lives of six strikers occurring at the Columbine Mine of the Rocky Mountain Fuel Company in Weld County, two deaths occurring from violence in the southern part of the field, this strike formally called off by the I.W.W. in the latter part of February, 1928.

During the strike period the State Industrial Commission held exhaustive hearings relating to wages and working conditions, the Commission's findings not as yet made public. There is a well defined feeling that the short working time and other properly re-usable disabilities, such as short weights, failure to furnish track, fine timber and other material, etc., to mine workers is largely responsible for the willingness of the unorganized workers to respond to the preachments of the I.W.W.

During the year 1927 the Mine Workers Union suffered extra-

ordinary losses in manpower and revenue, many far-reaching injunctions issued by various courts located in Ohio and Pennsylvania, making it difficult for the Union to maintain a wide-spread, aggressive attitude. Thousands of mine workers and their families were forcibly removed from houses owned by the various companies which undertook to resume work on a non-union basis, and the dispossessed families, who have very largely lived during the winter months on contributions of money, food and clothing, have suffered heavily in the form of lack of proper food, clothing and shelter, many lives (particularly those of children) lost from excessive exposure.

The policy employed by the management of The Union Pacific Coal Company with respect to labor relations has followed along somewhat different lines from those employed by the majority of operators. We have attempted to effect a reduction in the unit wage and the cost of producing coal by the introduction of mechanical loaders, transferring men engaged in loading by hand and operating mining machines on a tonnage basis (whose earnings frequently reach \$18.00 to \$22.00 per day) to the task of operating mechanical loading devices, the results as affecting Union labor only well expressed in the following comparison taken from statements prepared by the Auditing Department on mine pay rolls and covering the calendar years 1926 and 1927.

ABSTRACT OF PAY ROLL AND TONNAGE SHEETS

<u>District</u>	<u>Year 1926</u>			<u>Year 1927</u>		
	<u>Daily</u>	<u>Per Month</u>	<u>Time Worked</u>	<u>Daily</u>	<u>Per Month</u>	<u>Time Worked</u>
Rock Springs	\$9.26	\$155.65	66.0	\$9.48	\$165.64	76.6
Alenco	9.47	153.83	63.7	9.51	157.16	66.2
Anton	9.91	171.59	67.9	9.69	173.21	70.1
Superior	9.59	158.95	65.0	8.91	165.63	72.9
Anna	8.64	181.32	82.3	8.64	183.97	83.5
Shirland	10.14	176.09	68.1	10.32	199.74	75.9
1 Mines	\$9.43	\$163.76	68.1	\$9.02	\$171.82	74.7
Earnings for year			\$1,965.87			\$2,064.03
Total net pay roll			\$4,135,200.78			\$3,677,687.79
Total tons mined			2,776,245.45			2,759,430.20
Total shifts worked			438,364			407,541
Average tons mined per shift			6.333			6.748
Average number of employees			2,103.50			1,781.80

It will be observed that as a result of the expansion of the mechanical loading program from 21 per cent to 40 per cent of the total tons mined, the average earnings of all Union labor decreased 10 per day, the average production per man increasing .415 tons, or 8 pounds per day, the earnings per man per year increasing from \$985.87 to \$2,064.03, or \$98.16 per year.

Safety Measures:

The mine safety work inaugurated in 1923 and continued persistently since that time has been amplified and strengthened. Seven fatalities occurred in our Wyoming mines in 1927, the total fatalities reported by The Union Pacific Coal Company, with the ratio per 1,000,000

ons of coal mined, compared with similar statistics covering all
ines located in the United States for the years 1921 to 1927, in-
lusive, shown below:

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

<u>Union Pacific Coal Company</u>			<u>All Mines United States</u>	
<u>Year</u>	<u>Fatal Accidents</u>	<u>Fatalities Per 1,000,000 Tons</u>	<u>Fatal Accidents</u>	<u>Fatalities Per 1,000,000 Tons</u>
1921	13	4.36	1987	3.92
1922	8	3.54	1979	4.15
1923	16	4.04	2458	3.74
1924	9	3.19	2396	4.17
1925	6	2.16	2234	3.84
1926	8	2.88	2610	3.85
1927	7	2.54		3.73

With the completion of the work of installing water lines for
in keeping down coal dust, rock dust barriers to prevent the spread
mine explosions, and the creation of a minimum clearance of 30 inches
between the outside rail and the edge of the haulageways, the expenditures
for mine safety, chargeable to mine costs, were substantially reduced in
1927, the figures for the calendar years 1923 to 1927, inclusive, shown
below:

Expenditures for Safety Charged to Mine Costs for
Five Year Period

<u>Year</u>	<u>Labor & Material</u>	<u>Tons Mined</u>	<u>Cost Per Ton</u>
1923	\$ 71,931.08	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	89,249.36	2,750,430	.032

Of the total of seven fatalities occurring during the year 1927, five occurred between March 11th and September 4th, inclusive, and at 11:00 A.M., November 18th, two lives were lost in Cumberland No. 1 Mine under conditions wholly and completely inexcusable, the accident due entirely to a most flagrant disregard of mine safety rules and the mining laws of Wyoming. This accident, wholly chargeable to bad local management, resulted in the dismissal of Superintendent William McIntosh and Mine Foreman John Campbell, each of whom were legally and morally responsible for the safe planning and conduct of a very simple task. The dismissal of a mine superintendent and a mine foreman, both experienced men in possession of Certificates of competency issued by the State, while representing, as judged by usual mining practice, drastic handling, will, I am sure, result in the working staff coming to a better realization of their responsibilities toward mine safety. The importance of the mine accident situation is well expressed in the fact that The Union Pacific Coal Company's mines located in Wyoming suffered a total of 602 fatal accidents in the twenty-eight years commencing January 1, 1900, and ending December 31, 1927.

As a stimulus toward mine safety, the work of Boy and Girl Scout safety teams was expanded and a joint contest held at Rock Springs in June, 1927, the winning girls' teams awarded substantial prizes, the winning boys team taken to Salt Lake City for a week's training, where a public demonstration was given, with numerous municipal and state officials in attendance, the Salt Lake City Fire Department honoring the boys with a special public fire drill.

The practice established in 1926 of awarding a gold watch

and chain to the mine worker in each district selected by his associates as having contributed the maximum effort toward mine safety in general, was continued through 1927, such awards restricted to districts that passed through the year without a fatality, or otherwise produced 500,000 tons of coal without a fatal accident, and arrangements are now being made to deliver watches to successful candidates located at Hanna, Reliance and Rock Springs.

In addition to the award of watches, arrangements were made to present to each mine foreman passing the year successfully without a fatality a suitable gold watch fob, and eleven such presentations will be made at an early date.

Plans are now under way to give every employe of the company First Aid training, this work to be conducted under the auspices of the United States Bureau of Mines, whose engineers will spend one two or three months in the vicinity of our mines during the summer of 1928.

Reliance No. 1 Mine Fire:

The heavy expenditures made in connection with the Reliance No. 1 Mine fire in 1926 were reflected in the results obtained for 1927, the amount so expended, with cost per ton, from 1922 to the end of 1927 shown below:

Cost of Controlling Reliance No. 1 Mine Fire

<u>Year</u>	<u>Amount</u>	<u>Cost Per Ton</u>
1922	\$26,033.10	\$.102
1923	18,745.99	.052
1924	12,567.26	.043
1925	10,281.04	.035
1926	33,006.74	.125
1927	4,411.75	.017

At the present time the fire zone remains in a very satisfactory condition.

Mine Material and Supplies:

A continuing reduction in stocks of mine material and supplies has been effected since December 31, 1923, as shown by the following statement:

Union Pacific Coal Company and Southern Wyoming Electric Company, Material and Supplies on Hand December 31st,
1923, 1924, 1925, 1926 and 1927

The Union Pacific Coal Company

<u>1923</u>	<u>1924</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>
\$590,004.44	\$418,796.68	\$287,864.80	\$267,095.25	\$253,074.93

Southern Wyoming Electric Company

	3,843.73	2,947.07	3,150.49	6,501.31	
Total	\$590,004.44	\$422,640.41	\$290,911.87	\$270,245.75	\$259,576.23
Reduction, Amount	\$167,364.03	\$131,728.54	\$ 20,666.12	\$ 10,669.49	
Reduction, per cent	28.4	31.2	7.1	3.9	

Reduction 1927 from 1923 = \$330,428.18 or 56.0 per cent.

Our material stocks have now reached that point where it is not reasonable to look for further reductions.

Merchandise Stores:

Our merchandise stores under the continuing management of Mr. E. R. Jefferis, Manager of Stores, made an excellent showing for 1927, results for the calendar years 1921 to 1927, inclusive, shown below:

<u>Year</u>	<u>Total Sales</u>	<u>Inventory Value</u>	<u>Total Operating Expenses & Taxes</u>	<u>Net Earnings</u>
1921	\$1,116,606	\$331,748	\$177,993	\$43,601
1922	991,315	233,269	169,294	3,063 (Def.)
1923	1,193,976	240,249	194,372	55,314
1924	1,041,506	229,236	182,308	43,276
1925	946,226	214,144	163,764	61,522
1926	932,159	239,813	170,907	57,586
1927	933,022	242,893	174,444	54,961
<hr/>				
Decrease	\$663	\$5,080	\$3,537	
Decrease				\$2,625
Per Cent	0.1	1.3	2.0	4.5

It will be observed that net earnings fell off \$2,625 from the previous year, or 4.5 per cent, this, however, representing a remarkable showing in the face of the fact that our total mine pay rolls reduced \$526,353.26.

During the year the J. C. Penney System of chain stores entered the Rock Springs field, and with but 1884 men on the Company's pay rolls on January 1, 1928, a reduction of 48.7 per cent from the man-power employed on January 1, 1923, new and expanded merchandising methods will be necessary in order that our stores be kept up to their maximum of efficiency and earnings, this situation further made necessary with the working out of our Cumberland District mines.

The Accounts Receivable, Merchandise Department, as of December 31, 1921, to 1927, inclusive, are shown below:

Accounts Receivable
Merchandise Department

<u>Year</u>	<u>Amount</u>
1921	\$42,222.25
1922	65,507.14
1923	66,864.25
1924	62,737.39
1925	58,070.55
1926	58,419.18
1927	76,173.09

The increase of approximately \$18,000 was due to very heavy Christmas sales, the Accounts Receivable as of January 31, 1928, reduced to \$65,572.42, and with reasonable working time we anticipate reducing our Accounts Receivable, Merchandise Department, to \$60,000 by April 1, 1928.

Plans are under way for the construction of a branch store and gasoline filling station at Rock Springs, together with a bakery for the production of the bread and pastry requirements of the connected stores of the Company, much of which is now of necessity purchased from small bakeries of inferior character.

Pensioners:

On December 31, 1927, the following ex-employees were carried as pensioners:

<u>Name</u>	<u>Occupation</u>	<u>Date Pensioned</u>	<u>Present Age</u>	<u>Monthly Pension</u>
L. Ritter	Clerk & Salesman	4/1/17	78	\$ 40.00
Robert Hult	Gen. Master Mechanic	4/16/25	69	30.25
Thomas Cook	Pumper	5/1/26	74	50.00
Walter Boon, Sr.	Night Watchman	5/1/26	69	50.00
Wm. McDonald, Sr.	Machinist	8/1/26	74	45.00
John McFee, Sr.	Brattice Man	8/1/26	75	50.00
Patrick Russell	Hoisting Engineer	8/1/26	66	50.00
Paul Peterson	Miner	8/1/26	73	40.00
Wm. M. LeHarr	Dock Boss	1/1/27	66	50.00
Wm. Attryde, Jr.	Miner	3/1/27	78	50.00
Andrew Tarris, Jr.	Miner	4/1/27	71	30.00
Wm. Moon	Laborer	5/1/27	76	50.00
Walter McMahon	Laborer	5/1/27	70	40.00
Wm. Benson	Foreman	5/1/27	63	50.00
Wm. Boon, Sr.	Pumpman	5/1/27	67	50.00
Wm. Crofts	Pumpman	7/16/27	77	50.00
John Hunter, Sr.	Foreman	8/1/27	65	50.00
Wm. Dona	Miner	10/16/27	66	40.00
Wm. Quick	Miner	10/16/27	72	40.00
Total				\$015.25

The total amount paid out for pensions during the year 1927 was \$10,015.13, and since the date of the first pension granted, January 1, 1914, \$68,938.07.

During the year 1927 the following pensioners died:

<u>Died</u>	<u>Name</u>	<u>Monthly Pension</u>	<u>Total Payments</u>
January 17th	Jos. Clark, Sr.	\$ 50.00	\$ 450.00
March 27th	E. B. Treat	109.42	3,794.70
April 25th	Wm. W. Williams	50.00	200.00
November 6th	Jas. C. Rae	40.00	300.00
December 29th	Mrs. Alex Briggs	50.00	4,800.00
Total		\$298.42	\$9,544.70

The average age of the nineteen pensioners carried on the rolls as of December 31, 1927, was 71 years.

On November 7, 1927, four worn-out Chinese ex-employees, Jin, Ah Bow, Ah Him and Ah Choo, left Rock Springs for San Francisco, where arrangements were perfected for their transport to their old

men in China, the first contingent of nine Chinese sent home November 14, 1925. The four men were outfitted with new clothing, rail and ocean transport was provided, with money to defray necessary expenses enroute, and in addition thereto an endowment of \$800.00 in antonesco money, payable in Hong Kong exchange, was given each man, the total cost of financing and transporting the four men \$2,518.87. The treatment afforded these old workmen won many complimentary remarks from the white mine workers, the citizens of Rock Springs and the daily press.

Wyoming Stockmen's Loan Company:

During the year 1921 The Union Pacific Coal Company entered into an agreement with certain other Wyoming interests to purchase a portion of the capital stock to be issued by a stockmen's loan company, the purpose of which was to serve as an intermediary between the cattle and sheep industry of Wyoming, then in a very bad financial condition as the result of the post-war liquidation which was taking place. Beginning with a payment of \$40,000, made January 11, 1922, further payments were made, until a total of \$250,000 was deposited with the Wyoming Stockmen's Loan Company, The Union Pacific Coal Company receiving capital stock in even amount in return for same.

During the year 1924 it was decided to partially liquidate the Loan Company, the livestock industry then moving toward solvency, and on March 11, 1925, one-fourth of the Coal Company's stock holdings were taken up by the Loan Company at par, and on July 6th, 1925, an additional one-fourth was similarly taken up, leaving the Coal Company with stock holdings of \$125,000 par value. Late in 1925 a further liquidation of one-fourth of the original stock issue was arranged for,

and a third payment of \$62,500 was made to this company February 3, 1926. A further reduction of this company's holdings, amounting to \$1,250, was made January 10, 1927, and the remaining outstanding stock held by the Coal Company was redeemed on January 26, 1928, the Coal Company receiving the sum of \$15,625.00 in the form of a dividend, in addition to the par value of \$250,000 capital stock purchased. The Coal Company, having effected its formal dissolution, will pay through the Trustees final settlement a further small sum to its former stockholders.

Sanitary Improvements - Rock Springs:

The improvements made in the City of Rock Springs, beginning in the year 1925, were continued during the year 1927, about three-fourths of a mile of main streets paved, with a further paving program approximating about two miles of streets planned for 1928.

The park location conveyed to the City under the reclamation agreement was improved by the construction of gravel walks, numerous trees planted, and the principal area sown with grass. Two small public comfort stations were constructed and are being maintained by the City in connection with the park.

During the calendar year a total of 51 lots and tracts of land located in the Original Town of Rock Springs and in Brooks, Manning and Clark Additions were sold to individual purchasers at a total sales price of \$51,022.20, the greater number of these sales made to employees.

Subsidiary Coal Land Companies:

The Union Pacific Coal Company, through stock ownership, owns

the Imperial Coal & Coke Company, Ltd., which in turn owns 43,970.49 acres of undeveloped coal lands located in the Kootenay District of Western British Columbia, adjoining the Alberta boundary. As of July 31, 1927, the total investment made by The Union Pacific Coal Company in the Imperial Company was \$1,200,249.40, of which \$341,417.30 represented taxes paid to the British Columbia authorities, the amount annually paid in taxes during the years 1922 to 1927, inclusive, \$6,322.

In August, 1927, accompanied by George Watkin Evans, mining engineer and geologist, Seattle, and Frank V. Hicks, of our Rock Springs engineering staff, I visited this property, making a six day reconnaissance, the results of this investigation set forth in an exhaustive report submitted to President C. R. Gray of the Imperial Coal Company, Ltd. As a further result of this investigation, and assisted by General Solicitor A. C. Spencer, of Portland, negotiations were opened with the British Columbia Provincial Authorities looking toward the possibility of reducing the annual tax bill, with result that the annual tax bill of \$26,322 was reduced to \$13,161, or 50 per cent.

The cost of mining coal in this district will always be very high, due to adverse physical conditions. With very limited opportunity for expanding the coal market, I see but limited future for this property within the next two generations. The country is extremely mountainous, the seams pitching heavily and badly disturbed, the cost of constructing a branch line to the center of the property approximating \$2,240,000.

The Illinois Union Coal Company, the capital stock of which is owned by The Union Pacific Coal Company, holds 24,975.95 acres of

coal and mining rights (Coal under 125 feet below the surface), without surface rights, in Macoupin County, Illinois, this land adjacent to the Chicago & Alton and Illinois Traction System Railroads and not very remote from the Chicago & North Western Railway.

As of December 31, 1927, this property cost, including taxes paid (\$78,830.15), a total of \$884,530.20. The taxes paid on the property for 1927 totalled \$8,152.76.

I can see no immediate future earning power for this property.

Local Betterments:

During the year a combination amusement hall, theater and lodge room was constructed at Hanna at a cost of \$31,801.56, this building leased to Thomas Love, who conducts a first class moving picture theater and other recreational facilities therein.

The Community Councils at Hanna, Rock Springs, Winton, Alliance, Superior and Cumberland conducted the amusement, relief and general social work of the several communities, with a minimum of assistance from the Coal Company.

The Boy and Girl Scout organizations established a permanent meeting place on New Fork Lake, 125 miles north of Rock Springs, building a substantial log central building, the cost of same absorbed by subscriptions received from the various communities, additional log buildings to be constructed during the coming summer.

Five employes' bands are now in existence and well maintained. In substance, the entertainment affairs of the several communities have been much improved.

Timers' Association:

On Saturday, June 11th, 1927, the Third Annual Meeting of Union Pacific Coal Company and Washington Union Coal Company Old Timers' Association convened in Rock Springs, with a membership of men and one woman employee whose service equalled or exceeded 20 years, 27 employees with an average of 44 years' service carried on the Twenty Year Honor List, Mr. James Moon, the first President of the Association, with 53 years of continuous service, in attendance.

Some 650 employees, wives and guests were entertained at the Annual Banquet; Mr. H. H. Loomis, General Solicitor, Union Pacific Railroad Company, delivered the principal address. Special entertainment recalling many old-time incidents and scenes was presented to the Association and guests at an evening entertainment held in the Elito Theater.

The estimation in which the Old Timers' Association is held grows with each succeeding year.

Employees' Magazine:

On January 1st the Employees' Magazine entered on its fifth year, 2600 copies distributed monthly, the Magazine a much anticipated visitor in the homes of all employees of The Union Pacific Coal Company, Washington Union Coal Company and the Southern Wyoming Electric Company, the net cost of publication for the year 1927 totalling \$733.25.

Source and Cost of Welfare Work:

In addition to the expenditure of \$6,733.25 for the Employees' Magazine, a total of \$13,373.56 was expended in connection with the entertainment of the Old Timers' Association and for contributions

made to local churches, National Red Cross, American Legion, Boy and Girl Scouts, the Fourth of July celebration, Labor Day, Christmas, etc., making the total amount expended on social and betterment work \$20,111.81, or approximately 7.3 mills per ton of coal produced. The total expenditure made for the Employees' Magazine and for general welfare work in 1926 was \$17,952.84.

New Headquarters Building at Rock Springs:

In February, 1927, the new Headquarters Building, located in Rock Springs, was taken over, the Operating, Engineering, Auditing, Treasury and Merchandising Departments of The Union Pacific Coal Company; the offices and Maintenance Departments of the Southern Wyoming Electric Company; and on November 15th the Operating, Accounting and Maintenance Departments of the Green River Water Works Company, the Rattlesnake Creek Water Company, and the Union Pacific Water Company, were installed in the new building.

This building, of ample capacity, with adequate vault space, has proven a substantial addition to the properties, various officials of the several companies, as well as the Rock Springs Merchandise Store, now under one roof instead of being widely scattered as they were previous to the completion of this building.

Conclusion:

The previous measure of co-operation given the Company by the citizens of Rock Springs and our mining villages, as well as the officers of the various labor organizations, business and professional men, clergy, etc., continued throughout the year.

The policy we have attempted to maintain is that of insisting on our employees taking leadership in social and welfare work in the

various mining villages, looking in a similar manner to our employees and the business and professional people of Rock Springs to take leadership in that community. We have refrained from assuming responsibility for the administration of various activities, other than First Aid and Mine Rescue work, which is maintained at the expense of the Coal Company with the assistance given by and under the direction of the representatives of the United States Bureau of Mines, who have been uniformly helpful in the conduct of mine safety work.

The labor turnover has been relatively negligible, our man-power decreasing steadily, the number of Union employees in service at all mines for six yearly periods shown below:

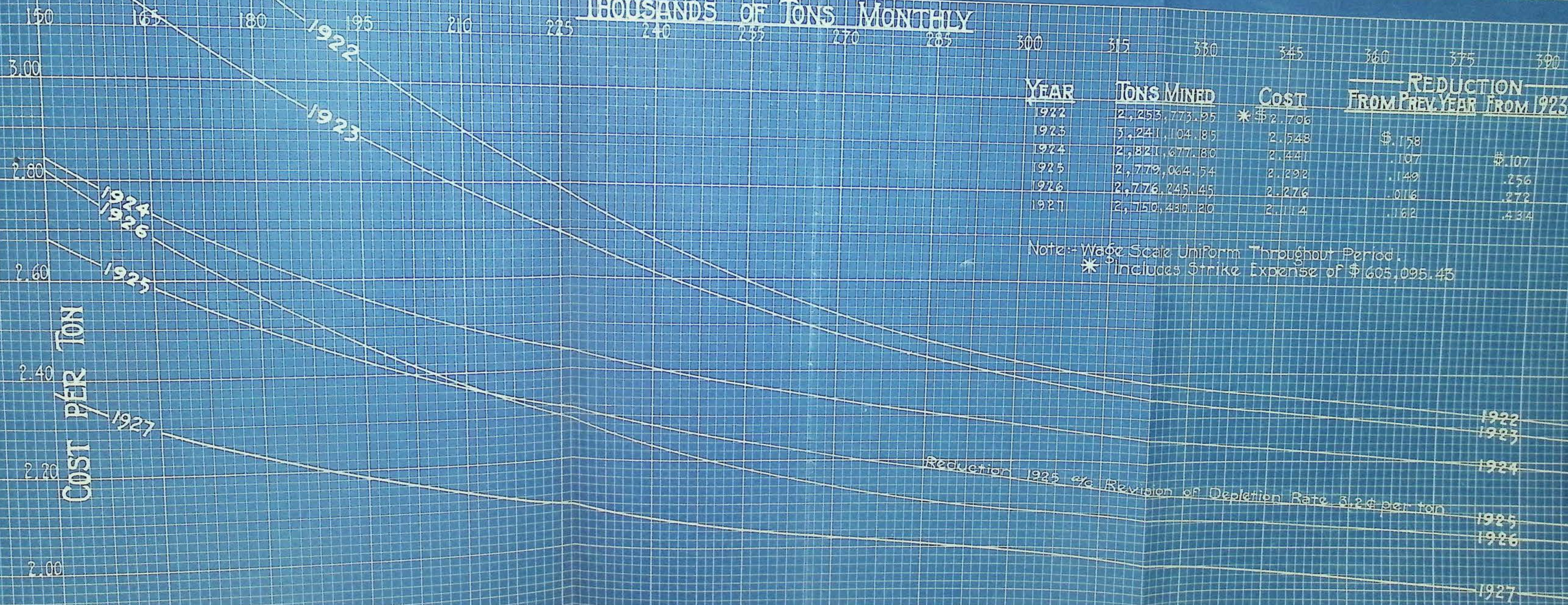
<u>Period</u>	<u>Number Men</u>	<u>Reduction</u>	<u>Per Cent</u>
Jan. 1, 1923	3,674	" "	" "
Jan. 1, 1924	2,877	797	21.6
Jan. 1, 1925	2,630	844	23.9
Jan. 1, 1926	2,470	1,204	33.0
Jan. 1, 1927	2,111	1,563	42.5
Jan. 1, 1928	1,884	1,790	46.7

The reductions in man-power shown have been made gradually and are due wholly to resignations, dismissal for disciplinary purposes only, death, disability, etc., no general reduction of force made at any time, such as occurs continuously within the coal industry. The result of this situation is that the character of employees has steadily improved and is now very largely confined to men with families and the sons of old employees who live with their parents.

Respectfully submitted,

Original Signed
EUGENE McAULIFFE

THOUSANDS OF TONS MONTHLY



YEAR	TONS MINED	COST	REDUCTION FROM PREV. YEAR	FROM 1923
1922	2,253,773.95	* \$2.706		
1923	3,241,104.85	2.548	\$.158	
1924	2,821,677.80	2.441	.107	\$.107
1925	2,779,064.54	2.292	.149	.256
1926	2,776,245.45	2.276	.016	.272
1927	2,750,430.20	2.114	.162	.434

Cost of Production Curves - Union Pacific Coal Company - 1922-3-4-5-6-7