

*By Mr. Donnelly:*

Q. In refining your gasoline, you will be getting also kerosene and by-products from the same operation?—A. We would be. Those figures are not included in this.

*By Hon. Mr. Ralston:*

Q. How do you separate the costs of handling other products that are not refined through your service stations?—A. Some of those costs can be charged direct to the product. For example, freight. You move a freight car, a tank car of gasoline, and you know it is gasoline. If it is kerosene, you know it is kerosene. If it is fuel oil, you know that. You can charge that direct. You can charge many of the other expenses direct; but there are other items which cannot be charged direct, my salary, for example. There is no way of distributing between gasoline and kerosene or fuel oil, the matter of my salary.

*By Mr. Hanson:*

Q. That all goes into overhead?—A. All goes into overhead, and that is described—

Q. So that you have different operations?—A. Over all the products, yes.

*By Mr. Bothwell:*

Q. How do you distribute the cost of crude?—A. The cost of crude is charged into the refinery and allocated over the products that are produced.

Q. What method of computation do you use to allocate them?—A. That would be a very difficult question to answer at the moment.

Q. You must have some method that is adopted generally, I would say.—A. We have a method, and it is a method that is, I think, common to many refineries and it is based on a book published some years ago by an eminent British accountant in conjunction with an American accountant. That system is the system that we are using to establish our refining costs.

Q. Can you tell us what that system is?—A. I do not think I can go on and tell it exactly intelligently this morning. I am perfectly willing to explain it to anyone whom you would care to send. I have not got the figures in front of me; but I could give you that information, or give your accountant that information, by throwing the whole thing open to him. There are so many factors that enter into the manufacture of gasoline that figures have to be shown in order to answer that question intelligently.

*By Mr. Donnelly:*

Q. In this price you give us here, in regard to crude, what amount of crude is taken to make gasoline?—A. Seventy per cent.

Q. That is the crude that is taken and has produced gasoline?—A. Only?

Q. Only.—A. But of course in this figure of crude oil, there are other materials—

Q. What I mean is this: if you bring in 100 gallons of crude oil, you will get probably sixty or seventy—fifty to seventy gallons of gasoline out of it. Do you charge it all to the gasoline, or do you charge the amount that you get—A. Only the portion that produces gasoline. That is all that is in that statement.

*By Mr. Bothwell:*

Q. Can you tell us what proportion that is?—A. That will vary with the kind and type of crude that is being used. It is probably varying from day to day in our refineries.