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HOLLIS & EASTERN R.R. , CO. 1978

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**R-3**

Class III Railroads  
Approved by GAO  
B-180230 (R0583)  
Expires 12-31-81

# annual report

INTERSTATE  
COMMERCE COMMISSION

JUN 17 1979

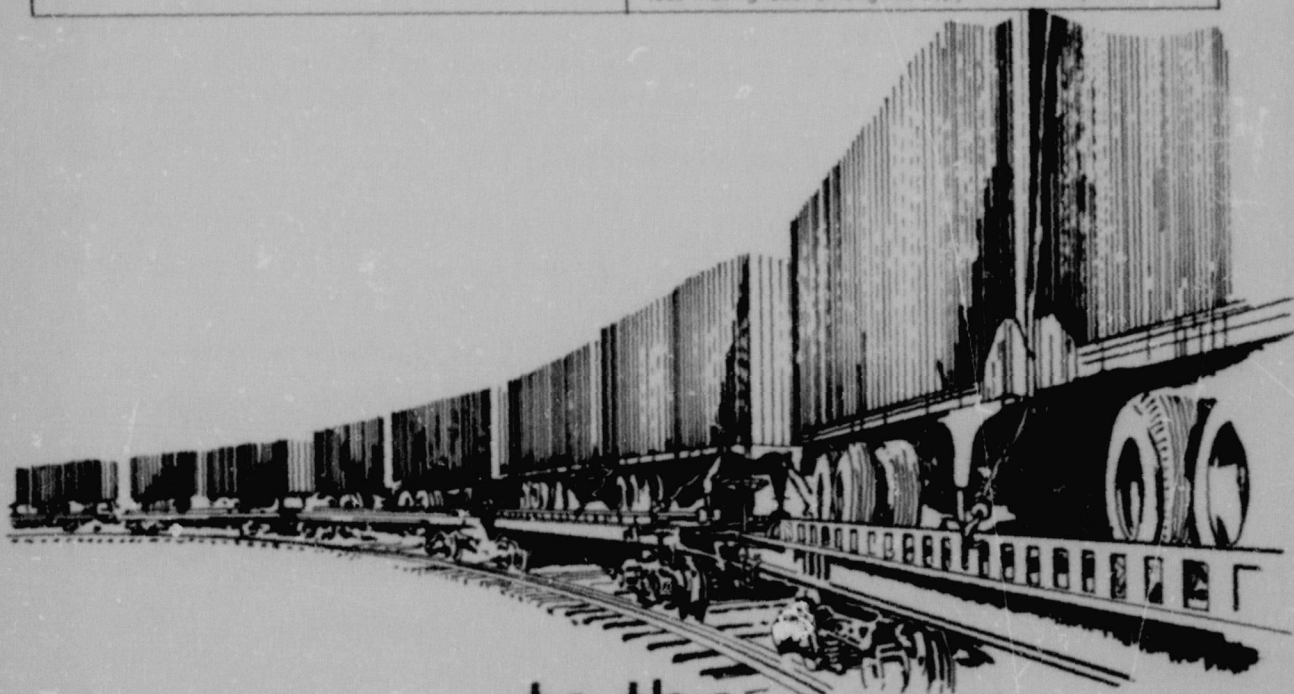
ADMINISTRATIVE SERVICES  
MAIL UNIT

RC002328 HOLLIS EAST 3 0 3 533300  
HE HOLLIS E EASTERN R.R. CO

DUKE DK 73521

correct name and address if different than shown

full name and address of reporting carrier  
(use mailing label on original, copy in full on duplicate)



to the  
**Interstate Commerce Commission**  
for the year ended December 31, 1978

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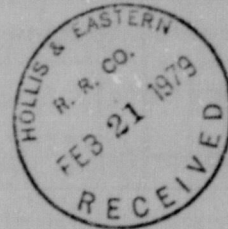
Interstate Commerce Commission  
Washington, D.C. 20423

FEB 14 1979

Bureau of Accounts

IN REPLY REFER TO: ACR-C MLC

Mr. Phil Simpson  
President  
Hollis & Eastern Railroad Company  
Duke, Oklahoma 73521



Dear Mr. Simpson:

Your gross carrier operating revenues are below \$10 million and in accordance with the provisions in Docket No. 36730, served June 23, 1978, we have reclassified your company to a Class III Railroad, effective January 1, 1978.

As a Class III Railroad, your company is required to file Annual Report Form R-3. We are presently preparing the 1978 Form R-3 and the form will be mailed approximately 90 days late. You should file this report 30 days after it is received.

Sincerely yours,

*James H. Bayne*  
James H. Bayne  
Chief, Section of Reports



INTERSTATE COMMERCE COMMISSION  
BUREAU OF ACCOUNTS  
WASHINGTON, D.C. 20423

January 1979  
REPORTING BULLETIN NO. 79-4

TO CHIEF ACCOUNTING OFFICERS OF CLASS III RAILROADS:

Distribution of the 1978 Annual Report Form R-3 will be delayed for approximately 60 days. Form R-3 should be distributed to Class III railroads no later than April 15, 1979. Therefore, we will extend the filing date until June 30, 1979.

Docket No. 36730 (Sub. No. 1), Adoption of Annual Report Form R-3 for Class III Railroads, served to all railroads on December 22, 1978, and published in the Federal Register on December 28, 1978, (43 FR 60473) contains a draft copy of the new Form R-3. Please do not file this draft copy with the Commission, but use it as a guide to accumulate information which will be reported in Form R-3.

*James B. Thomas, Jr.*  
James B. Thomas, Jr.  
Director

## HOLLIS &amp; EASTERN RAILROAD CO.

BALANCE SHEET AS OF  
December 31, 1978

<u>CURRENT ASSETS</u>					
701 Cash		581278			
702 Traffic Balances					
706 Net Balance Receivable from Agent		2391923			
707 Miscellaneous Accounts Receivable		1178992			
709 Accrued Accounts Receivable					
711 Prepayments					
713 Other Current Assets					
Total Current Assets		4152193			
<u>PROPERTIES</u>					
731 Road and Equipment Property		41828262			
735 Accrued Depreciation-Road and Equipment		(2897958)			
Total Trans. Property Less Recorded Depn.		38930304			
737 Miscellaneous Physical Property					
Total Properties Less Recorded Depreciation		38930304			
<u>OTHER ASSETS AND DEFERRED CHARGES</u>					
741 Other Assets - Goodwill					
743 Other Assets					
Total Other Assets and Deferred Charges					
Total Assets				430824	97
<u>CURRENT LIABILITIES</u>					
751 Notes Payable					
752 Traffic Balances		(50579 31)			
753 Audited Accounts and Wages Payable					
754 Miscellaneous Accounts Payable		(938 48)			
757 Unmatured Interest Accrued					
759 Accrued Accounts Payable		(108 00)			
760 Federal Income Taxes Accrued					
761 Other Taxes Accrued		(570 44)			
763 Other Current Liabilities					
Total Current Liabilities		(52196 23)			
769 Ammt Payable A.H. Co.		(372867 37)			
Total Liabilities		(424564 10)			
<u>OTHER LIABILITIES AND DEFERRED CREDITS</u>					
782 Other Liabilities					
784 Reserve for Depreciation		(17935 31)			
Total Other Liabilities and Deferred Credits		(17935 31)			
<u>Shareholders' Equity</u>					
791 Capital Stock Issued		(75000 00)			
795 Add'l Paid in Capital - Goodwill		(30745 00)			
795 Add'l Paid in Capital					
<u>RETAINED INCOME</u>					
798 Retained Income - Unappropriated		117419 44			
Total Liabilities				430824	97



## Cal. Yr. - 1978

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

	(126 134 02)	
Operating Revenue	(4 510 009)	
Miscellaneous	(1 580 990)	
Total Railway Operating Revenue	(12 255 71)	
<b>OPERATING EXPENSES</b>		
Maintenance of Way and Structures		
Superintendence	4 100 30	
Railway Maintenance	30 644 66	
Maintaining Structures		
Retirements-Road		
Equalization and Structures		
Road Property Depreciation	3 746 72	
Other Maintenance of Way Expenses	1 486 25	
Total Maintenance of Way and Structures		39 977 93
Maintenance of Equipment		
Compressive Repairs	5 100 15	
Car Repairs		
Other Equipment Repairs	86 70	
Equipment Depreciation	5 431 52	
Other Equipment Expenses	2 035 49	
Total Maintenance of Equipment		15 652 86
Traffic		
Traffic Expenses		
Total Traffic		3 039 50
Transportation - Rail Line		
Superintendence and Dispatching	4 357 55	
Station Service	2 400 00	
Train Employees	7 320 52	
Train Fuel	6 888 34	
Other Train Expenses	2 203 21	
Loss and Damage		
Other Locally Expenses	8 766 49	
Other Rail Transportation Expenses		
Total Transportation-Rail Line		31 934 11
General		
Administration	12 409 66	
Insurance	2 864 55	
Other General Expenses	755 74	
Total General		16 029 95
Total Railway Operating Expenses		106 635 44
Net Revenue from Railway Operations		(25 620 59)
Railway Tax Accruals		
Taxes - R.R. B. Equipment		
Taxes - Income		
Taxes - R.R. Franchise		
Taxes - Railroad Unemployment Insurance		
Taxes - Employee Retirements		
Taxes - State of N.Y.		
Total Railway Tax Accruals		12 576 43
Railway Operating Income		(13 045 52)
Rent of Freight Cars	10 582 29	
Rent for Locomotives	1 065 04	
Rent for other Equipment	1 242 92	
Total Rents Payable		12 890 25
Net Railway Operating Income		(1 155 71)
<b>OTHER INCOME</b>		
Miscellaneous Rent Income	(1 501 73)	
Miscellaneous Income		
Total Other Income		(1 501 73)
Total Income		(1 657 44)
<b>MISCELLANEOUS DEDUCTIONS FROM INCOME</b>		
Miscellaneous Tax Accruals		
Miscellaneous Other Charges		
Total Miscellaneous Deductions		
Income Available for Fixed Charges		
Fixed Charges	30 522 78	
Income Available for Fixed Charges	16 227 00	
Income Available for Fixed Charges		46 749 78
Income Available for Fixed Charges		45 092 34

**A. SCHEDULES OMITTED BY RESPONDENT**

1. The respondent, at it's option, may omit pages from this report provided there is nothing to report or the schedules are not applicable.
2. Show below the pages excluded and indicate the schedule number and title in this space provided below.
3. If no schedules were omitted indicate "NONE".

Page	Schedule No.	Title
NONE		



## 101. IDENTITY OF RESPONDENT

1. Give the exact name\* by which the respondent was known in law at the close of the year

**Hollis & Eastern Railroad Company**

2. State whether or not the respondent made an annual report to the Interstate Commerce Commission for the preceding year, or for any part thereof. If so, in what name was such report made? **Hollis & Eastern Railroad Company**

3. If any change was made in the name of the respondent during the year, state all such changes and the dates on which they were made  
**No change**

4. Give the location (including street and number) of the main business office of the respondent at the close of the year  
**Rt. 62 West, Duke, Oklahoma, 73532**

5. Give the titles, names, and office addresses of all general officers of the respondent at the close of the year. If there are receivers who are recognized as in the controlling management of the road, give also their names and titles, and the location of their offices.

Line No.	Title of general officer (a)	Name and office address of person holding office at close of year (b)
1	President	Phil Simpson, P.O. Box 750, Dallas, Texas, 75221
2	Vice president	William Petty, P.O. Box 750, Dallas, Texas, 75221
3	Secretary	Robert Harbison, NBC Bldg., Altus, Oklahoma
4	Treasurer	Phil Simpson, Dallas, Texas
5	Controller or auditor	
6	Attorney or general counsel	Robert Harbison, Altus, Oklahoma
7	General manager	Charles Onan, P.O. Box C, Duke, Oklahoma 73532
8	General superintendent	
9	General freight agent	
10	General passenger agent	
11	General land agent	
12	Chief engineer	
13		

6. Give the names and office addresses of the several directors of the respondent at the close of the year, and the dates of expiration of their respective terms.

Line No.	Name of director (a)	Office address (b)	Term expires (c)
14	Howard Cotner	213 N. Hudson, Altus	Oct. 15, 1979
15	W. T. Green	Duke, Oklahoma	Oct. 15, 1979
16	Roland Hall	Duke, Oklahoma	Oct. 15, 1979
17	Don Cook	P.O. Box 750, Dallas	Oct. 15, 1979
18	O. M. Montgomery	P.O. Box 750, Dallas	Oct. 15, 1979
19	Johnny O. Cain	P.O. Box 750, Dallas	Oct. 15, 1979
20	Phil Simpson	P.O. Box 750, Dallas	Oct. 15, 1979
21	William Petty	P.O. Box 750, Dallas	Oct. 15, 1979
22			
23			

7. Give the date of incorporation of the respondent **10-15-58** 8. State the character of motive power used **Diesel-Electric**

9. Class of switching and terminal company **N/A**

10. Under the laws of what Government, State, or Territory was the respondent organized? If more than one, name all. Give reference to each statute and all amendments thereof, effected during the year. If previously effected, show the year(s) of the report(s) setting forth details. If in bankruptcy, give court of jurisdiction and dates of beginning of receivership or trusteeship and of appointment of receivers or trustees  
**Oklahoma Charter obtained under provisions of title 6, Oklahoma statutes annotated section I (not in bankruptcy).**

11. State whether or not any corporation or association or group of corporations had, at the close of the year, the right to name the major part of the board of directors, managers, or trustees of the respondent, and if so, give the names of all such corporations and state whether such right was derived through (a) title to capital stock or other securities issued or assumed by the respondent, (b) claims for advances of funds made for the construction of the road and equipment of the respondent, or (c) express agreement or some other source **The Republic Gypsum Company has the right to name any portion of the Board of Directors.**

12. Give hereunder a history of the respondent from its inception to date, showing all consolidations, mergers, reorganizations, etc., and if a consolidated or merging corporation give like particulars for all constituent and subconstituent corporations. Describe also the course of construction of the road of the respondent, and its financing **Respondent was incorporated Oct 15, 1958 under the Laws of the State of Oklahoma. During Feb. 1959**

\*Use the initial word the when (and only when) it is a part of the name, and distinguish between the words railroad and railway and between company and corporation.

(Cont. on Page 10)

## 107. STOCKHOLDERS

Give the names of the 30 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent (if within a year prior to the actual filing of this report), had the highest voting powers in the respondent, showing for each his address, the number of votes which he would have had a right to cast on that date had a meeting then been in order, and the classification of the number of votes to which he was entitled, with respect to securities held by him, such securities being classified as common stock, second preferred stock, first preferred stock, and other securities, stating in a footnote the names of such other securities (if any). If any such holder held in trust, give (in a footnote) the particulars of the trust. In the case of voting trust agreements give, as supplemental information in schedule No. 70S, the names and addresses of the 30 largest holders of the voting trust certificates and the amount of their individual holdings. If the stock book was not closed or the list of stockholders compiled within such year, show such 30 security holders as of the close of the year.

Line No.	Name of security holder	Address of security holder	NUMBER OF VOTES, CLASSIFIED WITH RESPECT TO SECURITIES ON WHICH BASED				
			Number of votes to which security holder was entitled	Stocks			Other securities with voting power
				Common	Preferred	First	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Republic Housing Corp.	Dallas, Texas	6836	6836			
2	Farmers Union Coop	Duke, Oklahoma	50	50			
3	Hugh Cotner Agency	Altus, Oklahoma	25	25			
4	B.E. Darby	Duke, Oklahoma	25	25			
5	W.T. Green	Duke, Oklahoma	20	20			
6	Harmon County Coop	Hollis, Oklahoma	20	20			
7	Hollis Cotton Oil Mill	Hollis, Oklahoma	20	20			
8	Harry W. Pitzer	Gould, Oklahoma	20	20			
9	Mona Hurne	Altus, Oklahoma	13	13			
10	Darby's Mercantile	Duke, Oklahoma	12	12			
11	Synthia Thomas	Altus, Oklahoma	12	12			
12	R.E. Alexander	Duke, Oklahoma	10	10			
13	E.I. Anderson	Duke, Oklahoma	10	10			
14	H.S. Beanland	Gould, Oklahoma	10	10			
15	M.H. Carrell	Gould, Oklahoma	10	10			
16	Emory Crow, Jr.	Gould, Oklahoma	10	10			
17	J.T. Cunningham	Hollis, Oklahoma	10	10			
18	Dixon Kerchoff	Hollis, Oklahoma	10	10			
19	W.P. Graves	Hollis, Oklahoma	10	10			
20	F. Lauzy Guest	Hollis, Oklahoma	10	10			
21	Hall Motor Co.	Hollis, Oklahoma	10	10			
22	Home Lumber Co.	Hollis, Oklahoma	10	10			
23	W. Long	Hollis, Oklahoma	10	10			
24	Ed Masters	Hollis, Oklahoma	10	10			
25	Ralph W. Mitchell	Duke, Oklahoma	10	10			
26	R.S. Moran	Hollis, Oklahoma	10	10			
27	F.E. Motley	Hollis, Oklahoma	10	10			
28	Garland Motley	Hollis, Oklahoma	10	10			
29	Carl Putnam	Hollis, Oklahoma	10	10			
30	M.L. Roberson	Duke, Oklahoma	10	10			

Footnotes and Remarks

## STOCKHOLDERS REPORTS

1. The respondent is required to send to the Bureau of Accounts, immediately upon preparation, two copies of its latest annual report to stockholders.

Check appropriate box:

☐ Two copies are attached to this report.

☐ Two copies will be submitted \_\_\_\_\_ (date)

☒ No annual report to stockholders is prepared.



## 200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - ASSETS

(Whole Dollars)

Line No.	Item (a)	Respondent Only	
		Balance at Close of Year (b)	Balance at Beginning of Year (c)
	CURRENT ASSETS	\$	\$
1	Cash	5,813	3,561
2	Temporary Cash Investments		
3	Special Deposits	35,709	8,729
4	Accounts Receivable		
5	Less: Allowance for Uncollectible Accounts		
6	Accumulated Deferred Income Tax Charges		
7	Other Current Assets	41,522	12,290
8	Total Current Assets		
	OTHER ASSETS		
9	Special Funds		
10	Other Investments and Advances (Less Allowances and adjustments \$ )	-0-	16,227
11	Other Assets (Less Depreciation and Amortization \$ )	-0-	16,227
12	Other Deferred Debits	-0-	16,227
13	Total Other Assets		
	ROAD AND EQUIPMENT		
14	Road and Equipment Property and Improvements on Leased Property	418,283	378,525
15	Less: Accumulated Depreciation and Amortization	(28,980)	20,543
16	Net Road and Equipment	389,303	357,982
17	Total Assets	430,825	386,499
	CURRENT LIABILITIES		
18	Loans and Notes Payable	-0-	4,000
19	Accounts Payable	51,626	54,804
20	Interest and Dividends Payable	-0-	275
21	Federal Income Taxes Accrued	570	1,975
22	Other Taxes Accrued		
23	Other Current Liabilities		
24	Equipment Obligations and Other long-term Debt Due Within One Year	52,196	61,054
25	Total Current Liabilities		
	NON CURRENT LIABILITIES		
26	Funded Debt Unmatured		
27	Equipment Obligations		
28	Capitalized Lease Obligations		
29	Accumulated Deferred Income Tax Credits	390,303	292,027
30	Other Long-term Liabilities and Deferred Credits	390,303	292,027
31	Total Non current Liabilities		
	SHAREHOLDERS' EQUITY		
	Capital Stock:		
32	Common Stock	75,000	75,000
33	Preferred Stock		
34	Discount on Capital Stock	30,745	30,745
35	Additional Capital		

## 200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY—Continued

(Whole Dollars)

Line No.	Item  (a)	Respondent G's	
		Balance at Close of Year (b)	Balance at Begin- ning of Year (c)
	SHAREHOLDERS' EQUITY—Continued	\$	\$
	Retained Earnings:		
36	Appropriated		
37	Unappropriated	(117,419)	(72,327)
38	Net unrealized Loss on Noncurrent Marketable Equity Securities		
39	Less: Treasury Stock		
40	Net Shareholders' Equity	(11,674)	33,418
41	Total Liabilities and Shareholders' Equity	430,825	386,499



## 200. COMPARATIVE STATEMENT OF FINANCIAL POSITION - EXPLANATORY NOTES

The notes listed below are provided for the purpose of disclosing supplementary information concerning matters which have an important effect on the financial condition of the carrier. The carrier shall give the particulars called for herein and where there is nothing to report, insert the word "none"; and in addition thereto shall enter in separate notes with suitable particulars other matters involving material amounts of the character commonly disclosed in financial statements under generally accepted accounting and reporting principles, except as shown in other schedules. This includes explanatory statements explaining (1) service interruption insurance policies and indicate the amount of indemnity to which respondent will be entitled for work stoppage losses and the maximum amount of additional premium respondent may be obligated to pay in the event such losses are sustained by other railroads; (2) particulars concerning obligations for stock purchase options granted to officers and employees; and (3) what entries have been made for net income or retained income restricted under provisions of mortgages and other arrangements.

1. Amount (estimated, if necessary) of net income or retained income which has to be provided for capital expenditures, and for sinking and other funds pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts \$ -0-

2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made \$ -0-

3. (a) Explain the procedure in accounting for pension funds and recording in the accounts the current and past service pension costs, indicating whether or not consistent with the prior year: NONE

(b) State amount, if any, representing the excess of the actuarially computed value of vested benefits over the total of the pension fund \$ N/A

(c) Is any part of pension plan funded? Specify Yes No X

(i) If funding is by insurance, give name of insuring company N/A

(ii) If funding is by trust agreement list trustee(s) N/A

Date of trust agreement or latest amendment N/A

If respondent is affiliated in any way with the trustee(s), explain affiliation: N/A

(d) List affiliated companies which are included in the pension plan funding agreement and describe basis for allocating charges under the agreement N/A

(e)(i) Is any part of the pension plan fund invested in stock or other securities of the respondent or any of its affiliates? Specify Yes No X

If yes, give number of the shares for each class of stock or other security: N/A

(ii) Are voting rights attached to any securities held by the pension plan? Specify Yes No X If yes, who determines how stock is voted? N/A

4. State whether a segregated political fund has been established as provided by the Federal Election Campaign Act of 1971 (18 U.S.C. 610). YES NO X

## 210. RESULTS OF OPERATIONS

### INSTRUCTIONS

1. Disclose the requested information for the respondent pertaining to the results of operations for the year.
2. List dividends from investments accounted for under the cost method on the appropriate line, under subsection "Other Income." List dividends accounted for under the equity method on the appropriate line under the "Income from Affiliated Companies" subsection of this schedule.
3. All contra entries hereunder should be indicated in parenthesis.

210. RESULTS OF OPERATIONS		
Line No.	Item (a)	Amount for Current Year (b)
	ORDINARY ITEMS	\$
	OPERATING INCOME	
	Railway Operating Income	
		126,154
1	Freight	
2	Passenger	6,101
3	Other	132,255
4	Total Railway Operating Revenues	132,099
5	Railway Operating Expenses	156
6	*Net Revenue from Railway Operations	
	OTHER INCOME	
7	Dividend income	
8	Interest income	1,502
9	Other income; Other	
	Income from affiliated companies:	
10	Dividends	
11	Equity in undistributed earnings (losses)	1,502
12	Total other income (Lines 7-11)	1,658
13	Total income (Lines 6, 12)	
	OTHER DEDUCTIONS	
14	Miscellaneous deductions from income	46,750
15	Fixed charges	
	UNUSUAL OR INFREQUENT ITEMS	
16	Unusual or infrequent items (debit) credit	-0-
17	Income (loss) from continuing operations (before income taxes) (Line 13 less Lines 14-16)	(45,092)
	PROVISIONS FOR INCOME TAXES	
	Income taxes on ordinary income:	
18	Federal income taxes	
19	State income taxes	
20	Other income taxes	
21	Provisions for deferring income taxes	
22	Income before extraordinary items (Line 17 less Lines 18-22)	(45,092)
	EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES	
23	Extraordinary items (net)	
24	Income taxes on extraordinary items	
25	Provisions for deferred taxes - Extraordinary items	
26	Total extraordinary items (Lines 23-25)	
27	Cumulative effect of changes in accounting principles	
28	(Less applicable income taxes of \$ )	
29	Net income	(45,092)



## 210. RESULTS OF OPERATIONS—Continued

(Whole Dollars)

Line No.	Item  (a)	Amount for Current Year (b)
RECONCILIATION OF NET RAILWAY OPERATING INCOME (NROI)		
30	Net revenues from railway operations	\$156
31	Income taxes on ordinary income	-0-
32	Provisions for deferred income taxes	-0-
33	Income from Lease of Road and Equipment	-0-
34	Rent for leased Roads and Equipment	-0-
35	Net Railway Operating Income	\$156
	Ton-miles, Revenue Freight (in thousands)	-0-



Continued from Page 1...

approximately 34 miles of railroad between Hollis and Altus, Oklahoma were acquired by purchase from the MKT Railroad Company. Purchase price was raised by sale of capital stock. Operations were commenced May, 1959 and in 1975 approximately 20 miles from Hollis to Duke, Oklahoma were abandoned.

## 330. ROAD AND EQUIPMENT PROPERTY

1. Give particulars of changes during the year in Road and Equipment property, and Improvements on leased property.
2. Gross charges during the year should include disbursements made for the specific purpose of purchasing, constructing, and equipping new lines, extensions of old lines, and for additions and betterments. Both the debit and credit involved in each transfer, adjustment, or clearance, between road and equipment accounts, should be included in columns (c) and (d), as may be appropriate, depending on the nature of the item. Adjustments in excess of \$100,000 should be explained.
3. Report on line 35 amounts not includable in the primary road accounts. The items reported should be briefly identified and explained in a footnote on page 10.

(Whole Dollars)

Line No.	ITEM (a)	Balance at beginning of year (b)	Gross charges during year (c)	Credits for property retired during year (d)	Balance at close of year (e)	Accrued depreciation at close of year (f)
1	(1) Engineering	\$ 9,031	\$	\$	\$ 9,031	\$
2	(2) Land for transportation purposes					
3	(2 1/2) Other right-of-way expenditures	28,667			28,667	
4	(3) Grading					
5	(5) Tunnels and subways	54,165	22,686	236	76,615	12,945
6	(6) Bridges, trestles, and culverts					
7	(7) Elevated structures	47,889	2,717	49	50,557	
8	(8) Ties	6,207			6,207	
9	(9) Rails	22,645			22,645	
10	(10) Other track material	21,215			21,215	
11	(11) Ballast	148,878			148,878	
12	(12) Track laying and surfacing					
13	(13) Fences, snowsheds, and signs					
14	(16) Station and office buildings					
15	(17) Roadway buildings					
16	(18) Water stations					
17	(19) Fuel stations					
18	(20) Shops and enginehouses	2,931			2,931	
19	(21) Grain elevators					
20	(22) Storage warehouses					
21	(23) Wharves and docks					
22	(24) Coal and ore wharves					
23	(25) TOFC/COFC terminals					
24	(26) Communication systems					
25	(27) Signals and interlockers					
26	(29) Power plants					
27	(31) Power-transmission systems					
28	(35) Miscellaneous structures	8,660			8,600	5,862
29	(37) Roadway machines					
30	(38) Roadway small tools					
31	(39) Public improvements - Construction					
32	(43) Other expenditures - Road					
33	(44) Shop machinery					
34	(45) Power-plant machinery					
35	Other (specify and explain)					
36	Total Expenditures for Road	350,288	25,403	285	375,406	18,807
37	(52) Locomotives	25,709	17,168	-0-	42,877	10,173
38	(53) Freight-train cars					
39	(54) Passenger-train cars					
40	(55) Highway revenue equipment					
41	(56) Floating equipment					
42	(57) Work equipment	2,528		2,528	-0-	
43	(58) Miscellaneous equipment	28,237	17,168	2,528	42,877	10,173
44	Total Expenditures for Equipment					

## 330. ROAD AND EQUIPMENT PROPERTY—Continued

Line No.	ITEM (a)	Balance at beginning of year (b)	Gross charges during year (c)	Credits for property retired during year (d)	Balance at close of year (e)	Accrued depreciation at close of year (f)
45 (71)	Organization expenses					
46 (76)	Interest during construction					
47 (77)	Other expenditures - General					
48	Total General Expenditures	-0-	-0-	-0-	-0-	-0-
49	Total	378,525	42,571	2,813	418,283	28,980
50 (80)	Other elements of investments					
51 (90)	Construction work in progress	-0-	-0-	-0-	-0-	-0-
52	Grand Total	378,525	42,571	2,813	418,283	28,980



## 705. IMPORTANT CHANGES DURING THE YEAR

Hereunder state the following matters, numbering the statements in accordance with the inquiries, and if no changes of the character below indicated occurred during the year, state that fact. Changes in mileage should be stated to the nearest hundredth of a mile. If any changes reportable in this schedule occurred under authority granted by the Commission in certificates of convenience and necessity, issued under paragraphs (18) to (22) of section 1 of the Interstate Commerce Act or otherwise, specific reference to such authority should in each case be made by docket number or otherwise, as may be appropriate.

1. All portions of road put in operation or abandoned, giving (a) termini, (b) length of road, and (c) dates of beginning operations or of abandonment.\*
2. All other important physical changes, including herein all new tracks built.\*
3. All leaseholds acquired or surrendered, giving (a) dates, (b) length of terms, (c) names of parties, (d) rents, and (e) other conditions.
4. All agreements for trackage rights acquired or surrendered, giving (a) dates, (b) length of terms, (c) names of parties, (d) rents, and (e) other conditions.
5. All consolidations, mergers, and reorganizations effected, giving particulars.
6. All stocks issued, giving (a) purposes for which issued, (b) names of stocks, and (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values; give similar information concerning all stocks retired (if any).
7. All funded debt issued, giving (a) purposes for which issued, (b) names of securities and (c) amounts issued, and describing (d) the actual consideration realized, giving (e) amounts and (f) values; also give particulars concerning any funded debt paid or otherwise retired, stating (a) date acquired, (b) date retired or canceled, (c) par value of amount retired.
8. All other important financial changes.
9. All changes in and all additions to franchise rights, describing fully (a) the actual consideration given therefor, and stating (b) the parties from whom acquired; if no consideration was given, state that fact.
10. In case the respondent has not yet begun operation, and no construction has been carried on during the year, state fully the reasons therefor.
11. All additional matters of fact (not elsewhere provided for) which the respondent may desire to include in its report.

1. NONE
2. NONE
3. NONE
4. NONE
5. NONE
6. NONE
7. NONE
8. NONE
9. NONE
10. N/A
11. NONE

\*If returns under items 1 and 2 include any first main track owned by respondent representing new construction or permanent abandonment give the following particulars:

Miles of road constructed -0-

Miles of road abandoned -0-

The item "Miles of road constructed" is intended to show the mileage of first main track laid to extend respondent's road, and should not include tracks relocated and tracks laid to shorten the distance between two points, without serving any new territory.



## 710. INVENTORY OF EQUIPMENT

## INSTRUCTIONS

1. Give particulars of each of the various classes of equipment which respondent owned or leased during the year.
2. In column (c) give the number of units of equipment purchased, built in company shops, or otherwise acquired.
3. Units leased to others for a period of one year or more are reportable in column (i); units temporarily out of respondent's service and rented to others for less than one year are to be included in column (e); units rented from others for a period less than one year should not be included in column (f). Units installed during the year and subsequently leased to others for a year or more should be shown as added in column (c), as retired in column (d), and included in column (i).
4. For reporting purposes, a "locomotive unit" is a self-propelled vehicle generating or converting energy into motion, and designed solely for moving other equipment. An "A" unit is the least number of wheel bases with superstructure designed for use singly or as a lead locomotive unit in combination with other locomotive units. A "B" unit is similar to an "A" unit, but not equipped for use singly or as a lead locomotive unit. A "B" unit may be equipped with hostler controls for independent operating at terminals.
5. A "self-propelled car" is a rail motor car propelled by electric motors receiving power from third rail or overhead, or internal combustion engines located on the car itself. Trailers equipped for use only in trains of cars that are self-propelled are to be included as self-propelled equipment.
6. A "Diesel" unit includes all units propelled by diesel internal combustion engines irrespective of final drive, and whether power may at times be supplied from external conductor. Units other than diesel-electric, e.g., diesel-hydraulic, should be identified in a footnote giving the number and a brief description. An "Electric" unit includes all units which receive electric power from an overhead contact wire or third rail, and use the power to drive one or more electric motors that propel the vehicle. An "Other self-powered unit" includes all units other than diesel or electric, e.g., steam, gas turbine. Show the type of unit, service and number, as appropriate, in a brief description sufficient for positive identification. An "Auxiliary unit" includes all units used in conjunction with locomotives but which draw their power from the "mother" unit, e.g., boosters, slugs, etc.
7. Column (h) should show aggregate capacity for all units reported in column (g), as follows: For locomotive units, report the manufacturers' rated horsepower (the maximum continuous power output from the diesel engine or engines delivered to the main generator or generators for tractive purposes); or tractive effort of steam locomotive units; for freight-train cars report the nominal capacity (in tons of 2,000 lbs.) as provided for in Rule 86 of the AAR Code of Rules Governing Cars in Interchange. Convert the capacity of tank cars to capacity in tons of the commodity which the car is intended to carry customarily; for passenger-train cars report the number of passenger seats available for revenue service, counting one passenger to each berth in sleeping cars.

## UNITS OWNED, INCLUDED IN INVESTMENT ACCOUNT, AND LEASED FROM OTHERS

Line No.	Item  (a)	Units in service of respondent at beginning of year (b)	Number added during year (c)	Number retired during year (d)	Number at close of year			Aggregate capacity of units reported in col. (g) (see ins. 7) (h)	Number leased to others at close of year (i)
					Owned and used (e)	Leased from others (f)	Total in service of respondent (e + f) (g)		
LOCOMOTIVE UNITS									
1	Diesel-Freight A units							(h.p.)	
2	Diesel-Freight B units								
3	Diesel-Passenger A units								
4	Diesel-Passenger B units								
5	Diesel-Multiple purpose A units	1	0	0	1	0	1	600	0
6	Diesel-Multiple purpose B units								
7	Diesel-Switching A units								
8	Diesel-Switching B units								
9	Total (lines 1-8)	1	0	0	1	0	1	XXXXXX	0
10	Electric-Locomotives								
11	Other self-powered units								
12	Total (lines 9, 10 and 11)							XXXXXX	
13	Auxiliary units								
14	Total Locomotive Units (lines 12 and 13)	1	0	0	1	0	1	XXXXXX	0





## 720. TRACKS

- (1) Show, by State, total mileage of tracks owned and operated by respondent Okla. - 16.31 Miles
- (2) Show, by State, mileage of tracks owned but not operated by respondent: First main track, NONE  
 second and additional main tracks, NONE; industrial tracks, NONE  
 yard track and sidings, NONE; total, all tracks, NONE (t)
- (3) Road is completed from (Line Haul Railways only)\* Altus, Ok. to Luke, Ok. Total distance, 14.45 miles.
- (4) Road located at (Switching and Terminal Companies only)\* N/A
- (5) Gage of track 4 ft. 8 1/2 in.
- (6) Weight of rail 65 lb. per yard.
- (7) Kind and number per mile of cross-ties Creosoted - 2781 Average
- (8) State number of miles electrified: First main track, NONE; second and additional main tracks, NONE  
 passing tracks, cross-overs, and turn-outs, NONE; way switching tracks, NONE yard switching tracks, NONE
- (9) Ties applied in replacement during year: Number of cross-ties, 1100; average cost per tie, \$ 6.25; number of feet (B.M.) of switch and bridge ties, 2050 Foot; average cost per M feet (B.M.), \$ 3436.59
- (10) Rail applied in replacement during year: Tons (2,000 pounds), 10; Weight per year, 65; average cost per ton, \$ 89.39

\*Insert names of places.

(t) Mileage should be stated to the nearest whole mile.





## VERIFICATION

The foregoing report must be verified by the oath of the officer having control of the accounting of the respondent. It should be verified, also by the oath of the president or other chief officer of the respondent, unless the respondent states on the last preceding page of this report that such chief officer has no control over the accounting of the respondent. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

## OATH

(To be made by the officer having control of the accounting of the respondent)

State of Texas

ss:

County of Dallas

John L. Rodda

(Insert here the name of the affiant)

makes oath and says that he is Asst. Secretary

(Insert here the official title of the affiant)

of Hollis & Eastern Railroad Company

(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Interstate Commerce Commission, effective during the said period; that he has carefully examined the said report, and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period

of time from and including January 1 1978, to and including December 31 1978

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and

county above named, this 11th day of June 1979

My commission expires

January 12, 1980

Linda K. Phillips

(Signature of officer authorized to administer oaths)

## SUPPLEMENTAL OATH

(By the president or other chief officer of the respondent)

State of Texas

ss:

County of Dallas

William C. Petty

(Insert here the name of the affiant)

makes oath and says that he is Vice President

(Insert here the official title of the affiant)

of Hollis & Eastern Railroad Company

(Insert here the exact legal title or name of the respondent)

that he has carefully examined the foregoing report; that he believes that all statements of fact contained in the said report are true, and that the said report is a correct and complete statement of the business and affairs of the above-named respondent and the operation of its property during

the period of time from and including January 1 1978, to and including December 31 1978

William C. Petty

(Signature of affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and

county above named, this 11th day of June 1979

My commission expires

January 12, 1980

Linda K. Phillips

(Signature of officer authorized to administer oaths)