

Gulf Oil victorious over Texas oilman

United Press International
PITTSBURGH — Gulf Oil Corp. officially reorganized under Delaware law Wednesday, a victory over Texas oilman and dissident shareholder Boone Pickens after one of the biggest proxy battles in U.S. corporate history.

announced the results of a Dec. 2 stockholder vote approving the plan and declared the motion adopted.
 Officials of the No. 5 oil company then filed papers with Pennsylvania's secretary of state, making the re-chartering official.
 "It is clear that the shareholders understood the need to protect and preserve (our) progress and to continue our efforts to enhance their investment in Gulf," Lee said.
 The move makes Gulf Oil a subsidiary of a recently-formed Delaware company, Gulf Corp

and means Gulf Oil can keep it headquarters in Pittsburgh but operate under Delaware law, making it harder for Pickens or his allies to influence the company's affairs.
 Without the change, Pickens — leader of a dissident investment group holding 13.2 percent of Gulf's stock — probably could have placed two directors on the company's board at the annual meeting in May.

Spokesman for Pickens refused to say if he would pursue his lawsuit to block the reorganization. Pickens lost a plea to postpone the plan in federal court Monday.

But Pickens has vowed to keep pushing Gulf to boost its return to shareholders by placing oil and gas reserves into a royalty trust — a controversial tax shelter he pioneered.

The royalty trust concept was the underlying issue in the \$14 million proxy battle Gulf and Pickens waged over the reorganization plan last fall.

Gulf claims the idea won't work at a big oil company, although Mobil Corp. has asked the Internal Revenue Service to rule on its proposal to establish a \$1.5 billion royalty trust.

Warped



by Scott McCullar

Bell official says pricing policy threatening cheap phone service

United Press International
ST. LOUIS — A Southwestern Bell official said Wednesday that lack of a national pricing policy threatens the future of affordable local telephone service.
 "Clear the air of uncertainties surrounding telecommunications policy," said John Hayes, company vice-president for revenues and public affairs.

time when we can least afford misunderstanding."

Hayes said access charges and bypass of local networks are pivotal issues. Any phone system that does not use local telephone company equipment is a bypass. An example would be a company that installs its own private, telephone system.

Without fair access charges or some clear national pricing policy, state commissions will continue to pile costs onto "interexchange" carriers, said Hayes, adding that greater expenses will drive off large business customers.

"The fewer people on the network, the fewer customers over which to spread costs," he said. "That means higher telephone prices for those remaining on the network."

The Federal Communication Commission's order on access charges reduced the financial incentive of heavy users to bypass the network, Hayes said.

"In fact, the FCC plan is our best insurance policy against a bypass," he told a seminar for state utility commissioners and industry representatives.

A study by Touche Ross and Co. found that at least 25 percent of the Southwestern Bell Corp.'s large business customers in Missouri, Arkansas, Oklahoma, Kansas and Texas already have installed bypass systems.

"Two-thirds of all businesses surveyed are bypassing or plan to bypass within three years," Hayes said. "Network bypass is a fact and a growing concern."

Hayes said there are political incentives not to recognize a bypass problem, which would indicate the need for higher phone costs.

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Money hard to come by Funding plans studied

United Press International

DALLAS — With a scant six weeks remaining before its comprehensive report recommending an overhaul of the state's schools is due, the Select Committee on Public Education Wednesday began grappling with the basic issue of how to finance the planned changes.

Comptroller Bob Bullock, a member of the committee, unveiled an alternative method to fund public education which hinges on equalization of state funds distributed to school districts.

The equalization aspect revealed rifts between members of the blue-ribbon panel's oversight committee on what general form the public school overhaul should take.

"This is up-front equalization of the state funds," Bullock said of his funding proposal. "I think that for all students to get a quality education, they all have to start equal."

"How can you talk about quality education unless they're all equal?"

Under Bullock's proposal, school districts would receive three basic block grants for salaries and general expenses,

educating special students and transportation. Districts now receive funds under several more complex categories.

Bullock said his system would guarantee that districts with the greatest need are given priority in the distribution of state funds, meeting the concept of equalization.

He said if his plan had been in place during the current school year, 340 of the poorest school districts in the state would have received approximately \$123 million in additional state aid without requiring a tax raise, primarily at the expense of the Dallas and Houston districts which would have lost a combined \$30 million under the plan.

But Gov. Mark White, who attended the Wednesday meeting of the committee, said the panel should concentrate more on a quality education for all students and not an equal education.

"We need to be sure the kid in Cotulla is getting the same quality of education as the kid in Dallas," White said. "If we just equalize the number of dollars spent on every child, we won't be gaining a lot, we'll just be spending a lot."

White repeatedly proposed that the committee look to telecommunications and other forms of technology to bring about uniformity in the quality of education Texas students receive.

"Television is the most important learning tool that is underused today in education," White said. "Television is relatively cheap and we can uniformly apply it in every classroom across the state."

H. Ross Perot, the Dallas compute magnate who chairs the committee appointed by White, said equalization would have to be addressed and indicated it could raise new issues.

"If we have a good equalization program, do we want fewer school districts or we more school districts?" Perot said. "You could make a case for more school districts to put the schools back in the hands of the people."

But Lt. Gov. Bill Hobby deemed it "irrational" that Texas has more than 1,100 school districts and said consolidation would both ease implementation of the proposed school reforms and cut costs.

Though no cost has yet been put on the committee's preliminary proposals, Perot has said that without a revamping of the system, state spending for education will increase from the current \$8.3 billion a year to \$25 billion annually in the year 2,000 with no improvement in quality.

But Bullock warned Perot that state coffers already are strained.

"Just about any number (cost) you can recommend right now is more than we have," Bullock said. "We still don't think there's going to be any more money than our last estimate last year."

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