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To: D. E. Michels - Houston
J. C. Ledvina

From: E. R. Taylor - Westlake
Date: March 7, 1986

Subject: CHEMICAL WASTE MANAGEMENT, INC.
PROPOSED INCINERATOR

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VISTA

Interoffice
Communication

In view of your recommendation that Vista purchase options in an incineration facility (Gulf Coast), please review the attached proposal submitted by Chemical Waste Management, Inc. for a RCRA incinerator in Port Arthur, Texas.

I regret not having a clean copy to give you.


E. R. Taylor

mbr
Enclosure

cc + enc.: RTF MGH

CWH 000000856



Chemical Waste Management, Inc.
521 North Belt, Suite 600
Houston, Texas 77060
713/820-5267

January 30, 1986

Ed Taylor
Vista Chemical
P. O. Box 727
Westlake, LA 70669

Dear Mr. Taylor:

We appreciated the opportunity to meet with you on January 29, to describe Chemical Waste Management's proposal for constructing and operating a RCRA incinerator at our existing site in Port Arthur Texas. As discussed, we are committed to expanding our network to serve all the hazardous waste management requirements of our customers in the Triplex. We also believe that Chemical Waste Management (CWM) is uniquely capable of providing whatever mix of technologies and offsite facilities you may require in the years ahead. The development concept outlined below summarizes an approach that appears to be mutually beneficial. We welcome your early response in order for this project to become a reality over the next three years.

- CWM would own and operate the proposed incinerator on its property at Port Arthur.
- CWM would apply for all permits in its name and would have lead responsibility for permit activity (with active support from local customers).
- A single incinerator would be constructed initially, with a capacity of 50MM BTU/hr; an identical unit would be included in the permit application for future expansion.
- The incinerator would be designed to handle a full range of materials: liquids and solids, high and low ash, for example, primarily on a campaign basis. This would provide maximum operating flexibility and the broadest possible scope of services to customers.

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- CWM would be prepared to finance and accept full liability for operation of this facility; however, users would be required to subscribe, on a take or pay basis, for eighty percent of the capacity of the first unit before CWM commits to construct the project.
- The take or pay commitment by subscribers would be expected to extend for a minimum of three, but not more than four years. The length of the take or pay commitment would be determined by the payback period needed to amortize the initial capital investment.
- Rates for the take or pay commitment would be set initially at then prevailing rates at our Chicago incinerator and would be adjusted semiannually to reflect additional costs of meeting material changes in regulatory or operating parameters.
- Pricing during the take or pay period would be adjusted semiannually, as needed, to reflect material changes in regulatory or operating parameters.
- Commitments would be needed on the following schedule:
 - Feb. 28, 1986 - Potential subscribers confirm their interest in the project and nominate quantities of waste streams that are likely candidates for incineration.
 - Aug. 1, 1986 - Data is refined to the point that a draft permit application can be prepared based on specific waste streams identified by each potential subscriber.
 - Dec. 31, 1986 - Subscribers sign take or pay commitments for incineration capacity.
- Commitments for capacity by subscribers would not be transferable outside the subscriber's own corporate family, except in cases where a subscribing plant is sold. In addition, CWM would not be responsible for reselling any capacity not used by a subscriber, although it may agree to do so if CWM's retained capacity (twenty percent) has already been sold.

- After the payback period, each subscriber would have an annual right of first refusal to renew its original capacity commitment. Also, after the payback period, it would have the option to reduce its commitment; however, its future rights would then be limited to that amount.
- Transportation, handling, lab analysis, and other routine waste management services typically contracted by CWM would be included as part of the fee structure in the take or pay contract. Surcharges will be added for extraordinary services not covered by the fee structure.

In summary, CWM proposes to offer to subscribers a state-of-the-art RCRA incinerator at Port Arthur. Rates for use of the unit will be competitive, and will be based on take or pay contracts over a three to four year payback period.

We would appreciate hearing from you as soon as possible regarding your interest in meeting with us further to refine the above proposal.



Thomas E. Noel
Vice President
Southern Region

TN:cn

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