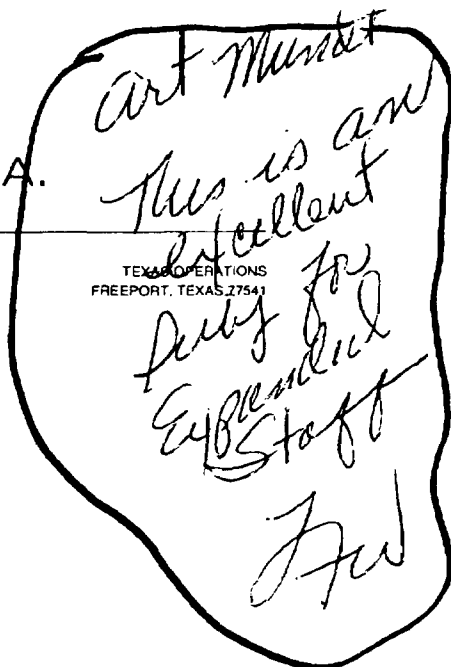




DOW CHEMICAL U.S.A.



October 18, 1988

T.O.B.
EXPANDED STAFF
SAFETY DIRECTORS
LOSS PREV. SUPPORT TEAM

cc: Kent Davis, 2020 Midland
Tom Gibson, 2030 Midland

TEXAS OPERATIONS LOSS PREVENTION REPORT - 3RD QUARTER 1988

There was one reportable (>\$50,000) loss estimated at \$300,000 that occurred during the third quarter. Two non-reportable losses totaling \$51,000 also occurred this quarter. 1988 year-to-date losses total \$711,000 comparing well with a 1987 YTD total of \$1,021,000. Details on the individual losses are included on the following page.

The emphasis item for this quarter follows:

Are We Undermining Vital Loss Prevention Systems?

There is a strong effort within Texas Operations to rid our facilities of all forms of asbestos to eliminate exposure potential in future activities. We recently became aware of a possible problem area in this effort with regard to the removal of asbestos pipe flange gaskets. In one case, a plant has adopted the policy that anytime maintenance work is done on a piping system, any asbestos gaskets found would be replaced with Gylon® (a material of Teflon® base) gaskets. In applications where these gaskets are part of "firesafe" systems installed to isolate a possible flammable leak or spill, in a fire the Gylon® gasket would probably fail due to high temperatures. We feel it is essential that our "fire-safe" systems in process plants be identified and no changes in gaskets be permitted which might destroy the integrity of the system. There is a possible high temperature substitute for asbestos in the form of a spiral wound gasket with flexible graphite fillers (e.g. Union Carbide's Grafoil®). Compatibility of the flexible graphite with your product must be verified. For information or assistance in testing contact Janna Ellis, Materials Technology, ext. 2396.

Are all of your EBV systems still "fire-safe" if so designed?

PLAINTIFF'S EXHIBIT

DOW-2464

AN OPERATING UNIT OF THE DOW CHEMICAL COMPANY

**Quality
Performance**
Means More At Dow

ST0408430

ST0408430

October 18, 1988

TEXAS OPERATIONS LOSS SUMMARY - 3RD QUARTER (**bolded**) - YTDA. Reportable Losses (>\$50,000)

<u>Date</u>	<u>Location</u>	<u>Description</u>	<u>Loss M\$</u>
1/15/88	Unit 2 - OC	Transformer failure	165
3/09/88	Power 3	Hydrogen explosion Auxiliary Room	72
9/25/88	Salt Grass Power	GT-51 Compressor Section Wreck	300*

B. Non-Reportable Losses (>\$10,000 <\$50,000)

1/09/88	Chlorinated Ethane Prods.	API Tank damage due to vacuum	30
1/11/88	Aviation Dept.	Aircraft damage emergency landing	15
1/16/88	Allyl Chloride	Transformer, Sw Gear Damage due to fault	40
4/11/88	Power 6	Boiler feed pump damage - ran dry	38
7/30/88	Utilities Dist.	Barge "hit & run" dock damage A-800	26
8/02/88	Dow Pipeline	Lightning damage Hilge Pump Station	25
OVERALL LOSS TOTAL (\$M)			711

* Preliminary

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3RD QUARTER HIGHLIGHTS

1. Jan Seth, Texas and U.S. Area Loss Prevention Manager, has elected to take early retirement. A reorganization of the Loss Prevention function has been made with Art Mundt named Director of Safety and Loss Prevention. In a related move, John Murphy, of Michigan Division Loss Prevention, will assume the position of Texas Loss Prevention Supervisor and head the reactive chemicals program.
2. George Odell left the Loss Prevention group during July to accept a position at Ethylbenzene A.
3. A change of address occurred for the Loss Prevention group in September when the offices were moved from APB to B-101.
4. Loss Prevention and Reactive Chemical Audits were conducted for eleven groups in conjunction with the Consolidated Audit Program. Groups included were EDC-NPA/Unit 1, Spec. Epoxy Novalac, Salt Dome Operations, TDI, Ethylbenzene A, Chlorinated Methanes, Power IV & VI, Allyl Chloride/Epi, VERSENE®, Dow Pipeline, and Vinylidene Chloride/CHLOROTHENE®.
5. A Burner Management Systems Workshop was held July 14-15. The workshop had 21 participants, making the total attendance for this workshop 105 since its beginning in Texas Operations in 1985.
6. Loss Prevention concurrences were given for 89 capital projects during the quarter.
7. The team sponsored by Loss Prevention to develop a safety standard for low pressure storage tanks has completed the proposed standard and submitted it for Safety Director organization approval. Walt Hoffman served on this team.
8. One loss prevention orientation presentation was made in conjunction with the Training Department's Technical & Professional Training Program.
9. Two reactive chemical incidents occurred during the quarter, bringing the total to 11 YTD.
10. The Emergency Operations Planning Committee (EOPC) were called into emergency session due to the threat of Hurricane Gilbert. Luckily, it proved to be just a good drill for Texas Operation's hurricane preparedness.



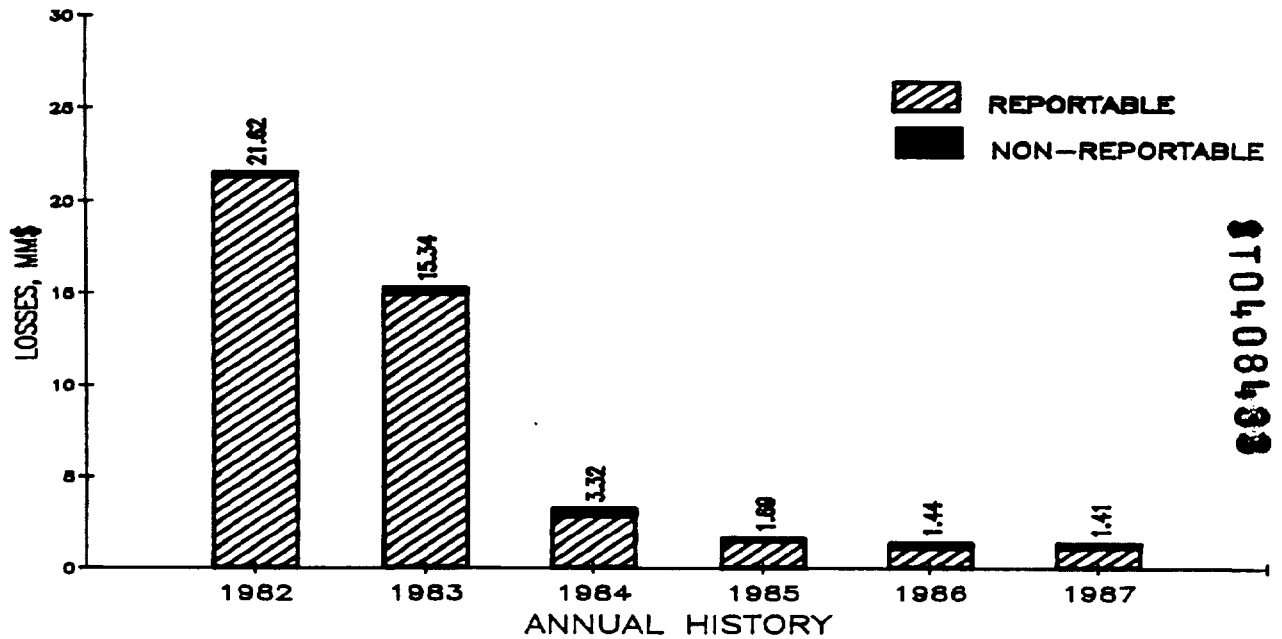
W. M. Hoffman
Loss Prevention
B-101

bj

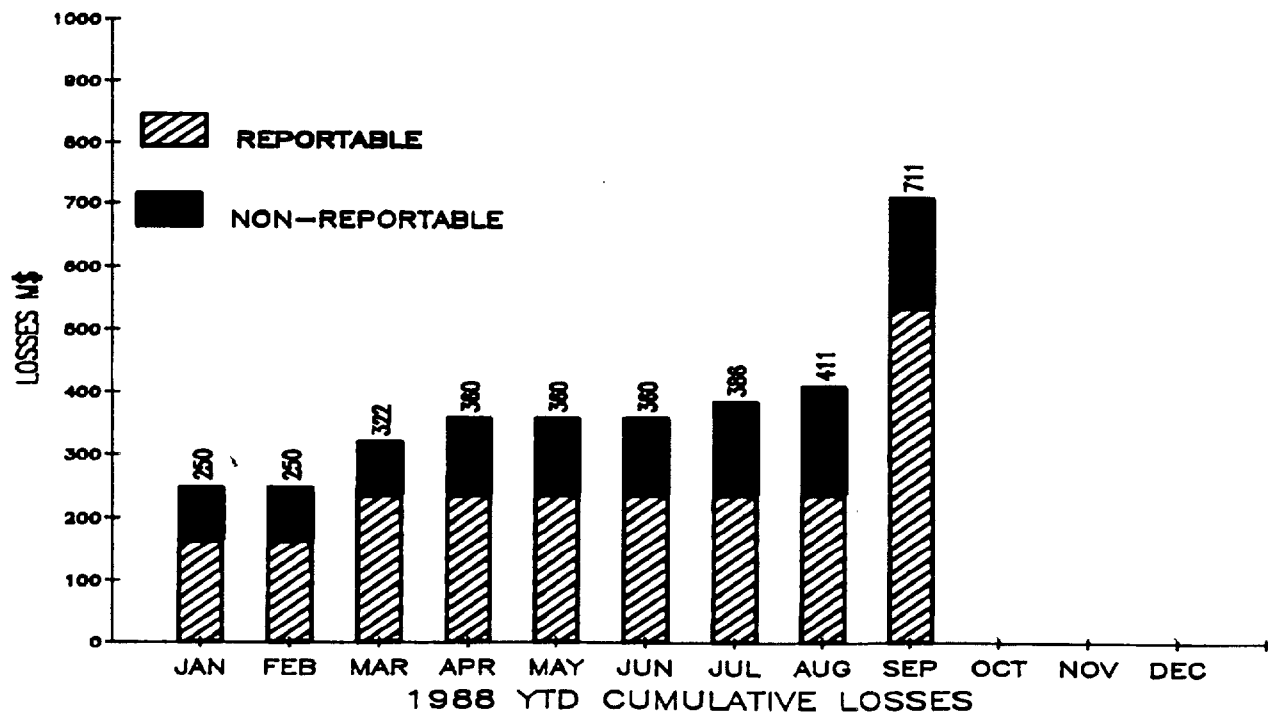
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LOSS PREVENTION REPORT

TEXAS OPERATIONS TOTAL LOSS HISTORY (Includes P.D., P.L., and B.I.)



1988 TEXAS OPERATIONS CUMULATIVE LOSSES (Includes Property Damage, Inventory and Business Interruption Losses)



DOW CHEMICAL U.S.A.

1988 PROPERTY DAMAGE - BUSINESS INTERRUPTION LOSSES

M \$

<u>Date</u>	<u>Location</u>	<u>Description</u>	<u>Property Damage</u>	<u>Product Loss</u>	<u>Business Interruption</u>	<u>Total</u>
1. 01/15/88	TX OP (ICD)	Transformer Failure	\$ 165			\$ 165
2. 03/09/88	TX OP (IPD) Plt A Power Gen.	Power Gen.-Hydrogen Explosion	72			72
3. 06/24/88	Western Division	Internal Explosion in Per-Tet Plant	123			123
4. 07/11/88	La. Division Brine Production	High Pressure Pipe Casing Failed	120			120
5. 09/15/88	La Division	PDC Mistakenly Loaded in Aluminum Railcars	45 *	20 *		65 *
6. 09/25/88	TX OP (IPD) Energy Systems	GT 51 Compressor Section Failure	300 *		0	300 *
TOTALS			\$ 825	\$ 20		\$ 845

(INCIDENTS > \$50 M)

* Preliminary

U.S. Area Loss Prevention
B-101
10/10/88

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