INTER-OFFICE COMMUNICATION

TENNECO HYDROCARBON CHEMICALS DIVISION
(RES-202-71CD)

DATE MAY 10, 1971

TO: MANAGEMENT

CC: HEO

FOR: MR. R. M. PATE✓

FROM: MR. R. E. SIMMONS

RE: VCM FROM SHELL

This is in answer to Mr. Caine's question concerning how much monomer Tenneco should commit to purchase from Shell Chemical Company during 1971. We estimate that Tenneco will require 20 MM lbs., plus or minus 10 MM lbs. from Shell during 1971. Based upon Tenneco Plastics Division requiring 122 MM lbs. during June through December and Hydrocarbon's estimated acetylene production and sales, we will require Shell to ship 20 MM lbs. during the period September through December, 1971.

Shipments would commence on September 1, 1971, and would be at a rate of 5.0 MM lbs/mo. An additional 5 MM to 10 MM lbs. could be required if we are successful in cancelling both the Conoco and PPG purchase options. If there is a steel strike, VCM purchases from Shell would be reduced by the same amount at which TPD estimates reduced PVC sales, i.e., about 7.5 MM lbs. If there is a strike, we would not plan to take any monomer from Shell during September if we are unsuccessful in cancelling the Conoco and PPG options. We can probably better define the Shell VCM requirement by August 1, 1971.

We had hoped to sell VCM to Pemex and Allied during the fourth quarter, 1971, such that the total amount of VCM available from Shell (75 MM lbs.) could be purchased and resold at a substantial profit. However, both Pemex and Allied indicate they do not require VCM during the remainder of 1971.

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R. E. SIMMONS

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