

MONSANTO CHEMICALS LIMITED - NEWPORT

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CHLORALKALI OPERATIONS NEWPORT

The target date for shutting down the Newport Chlorine Plant is January 1st. 1969.

The 1969 Budget has been prepared on this basis and absorbs F.I.E. costs which for 1968 totalled £25,818. There is no depreciation in the Budget for M & E (1968 - £8,772)

Purchasing Department are now in a position to proceed to contract and secure a satisfactory raw material supply position (R.C. Lebrecht August 27th. 1968)

Net gain on Operation Retirement will be £144,446.

1969 net operation saving on shut down against manufacturing cost will be £4,537

1971 estimated savings on the same basis with forecasted adjustment in Hydrogen price £27,500.

It is recommended that the shut down date of January 1st. 1969 be implemented, based on the attached Retirement Request outline.

FM/EM
19.9.69


F. MACDONALD

DSW 200535

STLCOPCB4058599

TITLE:**RETIREMENT OF CHLORALKALI OPERATIONS - NEWPORT****SUMMARY OF PROPERTY TO BE RETIRED**

Gross asset value to be retired	£ 396,096
Less accrued depreciation	£ 369,042
Estimated retirement loss (% of Gross Asset Value)	6.8
Dismantling Expense	£ 15,000
Salvage values equipment, Copper and Mercury	£ 194,000
Capital required to improve Chlorine Off-loading facilities	£ 7,500
Nett gain on retirement operation	£ 144,446

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369042

27054
15000

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194000
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151946
75

EFFECT ON OPERATIONS

Shut down against continued manufacturing saving in 1969	£ 4,537
Estimated Saving 1971	£ 27,500

DSW 200536

STLCOPCB4058600

The existing De Nora installation consists of 46 cells constructed in granite slab lined steel shells operating at 15,000 amps. to produce 17 tons per day. Newport Short Fall this year is estimated at 1,570 tons and by 1972 this will be 4,650 tons. The plant is completely outdated, in extremely poor state of repair in all sections, and maintenance costs are running at £11 ton chlorine. In addition, The Works Medical Officer states that the plant is operating at unacceptable high Mercury toxicity levels.

Hydrogen off-gas with a purchase cost at 48/- per 1,000 cu. ft. and required for hydrogenation of rubber chemical intermediates has ensured that the operation of the chloralkali plant was economic until this year.

Purchasing Department now state that a satisfactory raw material position can be established under contract as follows:-

1. Chlorine - £24.13.5 per ton (2.62 £ / lb)
Hydrogen - £ 1.15.4 per 100 scf (42 £ / 100 scf)
including facility charge
48% Caustic Soda - £13.10.3 per ton (1.39 £ / lb)
2. Acceptable security of supply
3. Acceptable price protection
4. Acceptable future flexibility

Hydrogen price will fall to 25/- per 1,000 within 2 years and to 18/- if a local pipe line supply becomes available.

Based on these figures, shut down in 1969 would result in a saving of £4,537 against continued manufacture after discounting an allocation of £34,314 for Factory Expenses. 1969 Budget allowances for new projects and increased capacity levels will absorb £26,336 leaving £7,978 against continuing chlorine, hydrogen and caustic alkali distribution operations. With hydrogen price at 25/- the net saving on shut down operation will be £27,500 p.a. estimated by 1971.

Recovery and disposal of Mercury and Copper at F.T. price indices represent a value of £194,000. Murgatroyds have indicated that they will purchase all mercury recoveries.

Dismantling costs are estimated at £15,000.

Chlorine bulk storages, vapourisation and distribution systems will be retained and an expenditure of £7,500 will be required to improve chlorine bulk receipt facilities and rail access for road or rail supplies. Bulk caustic alkali storages will be retained. Sodium Hypochlorite facilities will remain in operation.

It is not proposed to dismantle any of the buildings involved, for all three main buildings have potential utilisation. The book value of buildings is £80,783 accrued depreciation £27,362, leaving an investment balance of £53,421. The conversion of the cell house to a warehouse would save £8,000 per annum, in warehouse hire charges for Newport products. Such conversions will be submitted as separate projects.

23 redundant operators will become available for new projects and to meet normal wastage.

Maintenance and other craft personnel, total 17, will become redundant and are available for transfer to other activities.

DSW 200538

STLCOPCB4058602

APPENDIX

NEWPORT CHLORALKALI OPERATIONS

	<u>1968 Est.</u>	<u>1969</u>	<u>1971</u>
Production million lbs. Chlorine	12.68	13.37	
Cost of Manufacture after Caustic and Hydrogen credits	£209,800	£221,214	
Alternative cost of Purchased Chlorine	£141,543	£147,235	
DIFFERENTIAL (A)	£ 68,257	£ 73,979	
Hydrogen Credit	£ 45,176	£ 51,812	
Alternative purchase for internal usage	£ 72,364	£ 81,600	
Savings on Steam for H ₂ compression	£ 5,000	£ 5,000	
Hydrogen Loss (B)	£ 22,188	£ 24,788	
Factory Indirect Expenses (C)	£ 32,680	£ 34,314	
Depreciation (D)	£ 10,340	£ 10,340	
(A) - (B + C + D)	£ 3,049	£ 4,537	£27,500
Discontinued Warehouse Hire		£ 8,000	£ 8,000
Nett operation gain after Cell House Conversion		£ 12,537	£35,500

NOTE: Purchase price Cl₂ 1968 £25. 0. 0. per ton
 " " " 1969 £24. 13. 5. per ton
 " H₂ 1968 3.6 m.c.f. at 42/- plus 36.4 m.c.f. at 35/-
 " " 1969 46 m.c.f. at 35/-
 Rental of £1100 for each year

Prodn. Qty/£ for 1968 based on Jan-Aug figures and for 1969 on Budget data, with adjustment of H₂ by reason of S'flex meter check.

In 1969 Budget there is no provision for Building & Yard Expense or Admin. & General Expenses which total £25818 in 1968. There is also no dep'n shown on the 1969 Budget for M. & E. (1968 figure £8772)

RECOVERY VALUES

Copper New £600 per ton Scrap £410
Mercury New £3 per lb. Second hand £2.10.0

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