Mr. Darnell
See notes TAD

The RUBEROID Co.

NEW YORK, N. Y. 10017

JUN - 8 1966

PLAINTIFF'S EXHIBIT GF-1123

For Attention Mr. T. A. Dent

Date June 2,1966

Copy to Messrs. D. Neil, W. Neel, I. Matthews

Reference

Subject ASBESTOS OPERATION, EDEN MILLS, VT.

During the week of May 30, I visited our Asbestos Mining and Milling operation. In addition to general familiarization, my purposes were:

1. To determine if we could accomplish cost savings by the utilization of less expensive bags.

2. To determine if the relationship of sales demand to ore potential caused us to waste material which material might be utilized in certain products at Erie 16th St.

Mr. Matthews and Mr. Gilmore, along with other members of the staff were very, very helpful. Some general observations are:

1. Housekeeping appeared very good.
2. Working relationships between the various departments appeared excellent.
3. Planning and daily control appear to be very satisfactory with major supervision well aware of both long and short term.
4. Road beds around the pits are in excellent condition and should materially contribute to smooth operation and lower mainenance costs on equipment.
5. Dust conditions inside the Mill appear satisfactory, however, no regular dust count readings are made. We should consider a program, possibly with our insurance carrier, of regular dust count testing, to assure that we are holding mill dust within desired limits.
6. The dry discharge results in a great deal of dust outside the building. If there is not a health hazard then the cost for correction may not be warranted. If it is a health hazard, we should study corrective means.
7. The majority of screening equipment appeared to be fully loaded. It may be that study might indicate that additional screens would result in increased percent yield or an increase in fibre value. This is pure speculation on my part; plant people might know the answer to this without any detailed study.

The above comments are made for whatever value might be gained through another set of eyes.

The following are some specific recommendations:

1. BAGS and BAGGING

Approximately $23,000 per year could be saved in kraft bag prices if we would use the same weight bag as used by J-M. However, prior experience indicates that we need the heavier bag for our type of pressure packers. It may be possible to redesign our present packers to permit use of lower cost bags. A separate letter will be sent on this.

Another approach to bag savings is to replace our present packers with the J-M or Nicolet type. This would not allow us to use lower cost bags but would also allow us to pressure pack directly into burlap yielding an additional $15,000 savings. I feel the plant ought to obtain information on the cost of other type packers to determine if any I.A. is warranted.

2. FLOATS

Our dust collection system is producing floats in the order of 2,000 - 2,500 tons per year more than our sales. This material which cannot be beneficially utilized in other grades, is going to the dump. This material has a list price value (less I.M. Discount) of about $90,000. Incremental costs for bagging, warehousing and shipping would be in the order of about $16,000. We ought to consider the possibility of some special marketing plan for this material. Further, if we have a quality problem with our floats, we ought to study what can be done.

3. WAREHOUSING

The plant feels that its warehouse is inadequate. The discontinuance of rail service at Morrisville may make the selection of another warehousing site mandatory. Regardless of what future site is considered best, we ought to consider any benefits we would obtain from increased capacity. It is probable that with low stocks we may -- to meeting shipping dates, be producing to order. By operation in this manner, we may not be obtaining the maximum value from the particular ore being processed at that time. What I am trying to express here is that a larger warehouse may allow us to operate the mill on the basis of extracting the maximum value from the ore being processed at any given time. This might result in greater profits than operating with the objective of producing certain grades required for order at the time.

If the Mine Personnel feel that existing warehouse condition cause loss of value, then some type of records should be maintaned to determine the monetary value.

4. INCREASING PROFITS

The following are some observations that relate to increasing profits through increasing the sales value of the ore we process rather than through reduced costs, increased through out or higher percent yields.

It is my feeling that if there is any merit to any of the suggestions, a meeting of the marketing and production people will be necessary to further explore the subject. There are several approaches to the objectives:

a. Selling the present fibre in the highest Quebec test grade to which it conforms. Some examples are:

(1) Our present 7TS, which lists at $32.50 is the equivalent of our 7M which lists at $39.20. For the 2,152 tons of 7TS sold in 1965. This means increased sales value of $14,000 per year.

(2) Our 5R almost averages 5K. This means that much of our 5R might actually be 5K which lists for about $20. per ton more than 5R.

(3) Our 7D almost averages 6D which latter grade lists for $16. per ton more

There are other examples of lower grades having average values almost that of higher priced grades. Perhaps these might be better looked at in terms of putting unnecessary value in our fibre or "overgrading", some examples are:

but in both Lake & JM overgrade more than us in these grades. How about?

(1) Both our 4T and 5D have substantially more long fibres in them than required by Quebec test. An actual physical mixing of our production of both these grades would result in an increased sales value of $35,000 per year for the 2,695 tons involved, that is instead of having 1,538 tons of 4T and 1,155 tons of 5D to sell, we would have 2,693 tons of 4T which would still be an overgraded fibre.

(2) Our present 7D mixed with our 6D would still yield an overgraded 6D but would increase the sales value by $24,000 per year.

I realize that competitive conditions may dictate the need for our giving more value than required by price list guarantees, and, therefore none of of the specific cases mentioned may be practical. However, in view of the many changing conditions in both the market and in mining and milling, I am trying to suggest that we take another look at our practices. Further, that the look be taken from the viewpoint of how to extract volume of mill-feed. From this, we would then determine our output by grades and then determine if such an output could be sold.

In summary, I was very favorably impressed by the operation and the people concerned, Any suggestions which are offered are not because I think any major balls are being dropped. They are offered to stimulate some additional ideas which may assist in obtaining additional profits.

OK

Get them together

I think it would be well for the fibre sales and manufacturing people to meet at some convenient time to review the total sales, - manufacturing situation, and we might develop some new objectives or confirm the wisdom of present practices.

WD

W. Darrell

WD:gw