f.l. – Bevan

CC: Mr. R. H. Cowlishaw
Mr. J. C. Gonzalez
Mr. P. L. Griffiths
Dr. R. A. Kehoe
Mr. J. H. Schaefer

March 23, 1945

Mr. T. R. A. Bevan
The Associated Ethyl Company Limited
Artillery House, Artillery Row
London, S.W.1
England

Dear Mr. Bevan:

The rate of return of empty drums from abroad is now exceeding the rate of shipment to the degree that plant inventory is building up rapidly. A large number of the drums on hand on the plant are no longer suitable for shipment and should be scrapped. Furthermore, from now on it appears that the surplus of drums returned to the plant over requirements represents additional drums to be scrapped.

Last year drums returned exceeded drums shipped by 5,300. Through March 15 we received 28,000 empty drums at Deepwater, this including domestic returns as well. Undoubtedly for the entire year 1945 the excess of drums returned over shipments will be not less than 20,000 and perhaps as much as 40,000.

The monthly report of pool account has fallen behind during the past two months because of the vast number of returns. Whereas, we reported 3,941 55's of Ethyl ownership and 8,056 of Associated, it is our estimate that as of March 13 we have about 13,000 drums of Ethyl ownership and 18,000 of Associated, a total of 31,100. Of these approximately 14,000 are no longer serviceable and should be scrapped.

Because of our agreement as of March 20, 1944 for pool handling of drums we thought we should acquaint you with the scrap outlook both as it exists today and as it will probably build up in the future. Under the terms of our agreement, each company would bear its pro rata share of the scrap write-off proportionate to its percentage of drums in the pool account as of the end of the month in which the drums were scrapped. On the basis of the February report our share of the pool is therefore about 33% and your share 67%. This will change from month to month with receipts of additional drums. For example, we already pointed out that as of the middle of March, our share of the pool has probably increased to around 40%. As we see it the account is adjusted automatically by the end of each month, reflecting the receipts and shipments on behalf of Ethyl and Associated.

We plan to proceed as soon as possible with the actual scrapping of these drums and of course will report physical write-offs as they occur. However, the outlook at the moment is not too bright for accomplishment of the program with which we are faced. We are trying to get set up so that at least those drums now requiring scrapping can be taken care of during the balance of the year. This is essential, as it is our best means of creating additional space at the plant for continued build-up of drum inventory.

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In carrying out the scrap program at the plant, there would be no billing to Associated or Ethyl as long as each retained a credit balance in the pool. However, we wanted to acquaint you with the outlook that a large number of drums would have to be scrapped so that you would be aware of the dollar write-off of assets involved. In addition, since there is a possibility that drum inventory will build up in England, it appears desirable that arrangements should also be made for scrapping of drums by you rather than returning empties from the United Kingdom to the States merely for the purpose of physical scrapping.

We have just received your letter of February 23 to Mr. Cowlishaw attaching list of nearly 11,000 Lend-Lease drums that have been returned to England. Your letter pointed out that you were to be debited $10 per drum, and Mr. Cowlishaw will take care of this feature. In addition, we are examining our records to determine those drums which have already been returned to the plant and for which the Navy has already been credited $10 each. We plan to eliminate such drums from the list and then to arrange for the issue of credit to the Navy for the balance of the drums, at $10 each. Mr. Cowlishaw will also take care of these arrangements after the plant notifies him of the drum records.

At this time it appears desirable for you to develop the possibility of scrapping any surplus containers yourselves. Originally we were of the opinion that the 10,663 drums were mainly surplus, but since receipt of your letter of March 2, it appears that you must have had need for the use of most of these drums. You pointed out that most of them have now been shipped to Aruba, Curacao, Trinidad, and Abadan and this would be an indication that you do not have such a large surplus of drums at this time that there is need for an immediate scrap program in England. However, if drums should accumulate to the point that they represent a large surplus over requirements, at that time we think it would be well for you to be in a position to scrap these drums physically rather than having us absorb the return freight expense for reshipment to the States where they would only have to be scrapped. At such time that you might be required to scrap drums for our account, if you will advise us the numbers, we can then adjust our records and give credit appropriately. For instance, if you have been debited for Lend-Lease drums returned to England, and then have no use for them but are faced with scrapping them, it would appear that in those cases we might be required to give you credit for the drums. This, of course, is in the event that you have not used them for Associated shipments.

For your information it might be well to point out the usual procedure for scrapping drums. They should first be given the inside wash followed by acid wash using hot inhibited sulphuric acid at the maximum acid concentration of 15% and maximum temperature of 65°C. Following this the drums can be crushed and disposed of as scrap metal provided you are satisfied that there is no possibility of nuisance suit from a purchaser under alleged claims of lead poisoning. When crushed drums have been disposed of in this country, we always obtain a signed waiver of all responsibility from the purchaser.

If acid wash facilities are not available then perhaps it would not justify the expense of installation. In that event you may be able to select an isolated area in which the drums can be burned and following this, they could be crushed for disposal as salvage sheet metal. Before burning the drums, the plugs should be removed and the heads punctured to allow ready release of any products of combustion and decomposition.

Inasmuch as we are both faced with the scrapping of a large number of drums, it would be well to keep the cost at a minimum. Both of the two methods referred to above may prove costly. In their place we might even consider selection of swamp ground on plant property, if available, into which the drums might merely be dumped and sunk. Years ago we use to do this at the plant. However, we do not look upon this as an answer to the problem, as it may result in a bigger headache some day when use of the land for construction purposes might even be required. Dr. Kehoe's views on this are that we would merely be delaying our problem and some day might find ourselves with a headache. It is entirely a question of how and when that land might be required later on. Also, of course, this involves the careful analysis of the drainage from the swamp to determine possibilities of contamination therefrom.

We have had quite a discussion with Dr. Kehoe on this entire subject, and he is really concerned with the magnitude of the problem. Possibilities of contamination exist, dependent upon the method selected for scrapping the drums. He is quite willing to cooperate with you and I am sure he would be only too glad to give you his views on any method which you may have in mind. As for ourselves, we feel that the scrapping of drums by you is basically your responsibility and problem.

Undoubtedly we are both going to get into considerable scrap costs before we are through. We don't want to get into a lot of bookkeeping, nor do we think that you would want to either. It is too early as yet to determine what our scrap cost is going to be, but when we have better information we would suggest that when we scrap Associated drums (quantity determined in accordance with pool arrangement) we would bill you at a flat charge per drum, and likewise, when you scrap drums for our account, you would also bill us at a fair rate, perhaps the same rate. I am sure that we should have no difficulty in arriving at a mutually satisfactory basis.

In the meantime, we are giving a lot of thought to methods of physical scrapping, and if we come up with anything interesting, we shall be sure to pass the information along to you.

We should appreciate receiving your comments on this program.

Yours very truly,

CW

C. Wasserman
Resident Manager

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