C. L. Bradford - G. O.

January 18, 1972

J. H. Davidson
G. G. Kosup/W. W. Overall

RECLAMATION PROCEDURE

P. J. A. Marsh
Brussels

Attached is the referenced Reclamation Procedure. Note that our reclamation program is not approved, particularly with respect to PCB/PCT fluids. Management sees an inconsistency in refusing to sell the products but continuing to reclaim them.

C. L. Bradford

/pep
Attachment

MONS 039098

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6L897/JA14/1224/1226/1/AH161/QZQ

ATT C L BRADFORD ST LOUIS JAN.14/1972/AS 066

CC G G KOSUP ST LOUIS

GIL KOSUP-S MONTHLY REPORT INDICATE YOU HAVE A SALESMEN PROCEDURE AVAILABLE FOR PYDRAUL RECLAMATION STOP WE ARE ASSUMING WE CAN-- CONTINUE TO HAVE PCB AND PCT PYDRAULS RECLAIMED BY NYCO HERE AND WOULD APPRECIATE COPY OF YOUR PROCEDURE SOONEST

PETER MARSH BRUSSELS

Attached is the referenced Reclamation Procedure. Note that our ~~management~~ is not approved ~~our~~ reclamation Program ~~and it is entirely possible they will not~~ particularly with respect to PCB/PCT Fluids Management Sees inconsistency in refusing to sell the products but continuing to reclaim them.

MONS 039099

SALES AND MARKETING PROCEDURE FOR MONSANTO'S

PYDRAUL RECLAMATION PROGRAM

1) Salesman introduces customer to Monsanto reclamation program by showing advantages in economics, performance and water pollution control (see attached sheet).

   A. Fill out preliminary information sheets and send to Product Group and Findett Service Company, St. Charles, Missouri.

   B. Salesman can at that time quote an approximate reclaim price of $1.50 to $1.85/gallon. Freight and any reconstituting agents not included.

   C. Have customer send a one (1) gallon sample to *Monsanto Company, care of Findett Service Company, St. Charles, Missouri, for analysis.

2) After analysis by Findett, Product Group will then quote to salesman a firm price and percent of reclaim obtainable from customer's used fluid.

3) Salesman quotes a firm price per gallon reclaimed and percent reclaimed yield to customer based on the sample received. The price may require adjustment with time because of continuous addition of reconstituting agents, unusual amounts of contamination, etc. The price can be for processing only or may include freight and reconstituting agents. The eventual invoice that goes from Monsanto to customer will include processing for each gallon reclaimed plus freight (both ways) and any reconstituting agents.

4) Customer is then instructed to contact Monsanto Company, care of Findett Service Company, St. Charles, Missouri (314 + 723-0240) to make shipping arrangements for used fluid.

* When possible use Monsanto Company rather than Findett Service Company when talking to customer.

5) Used fluid is then shipped freight collect to Findett. At the same time a purchase order from the customer is sent to Monsanto Industrial Chemicals Company, Contract Section, St. Louis, Missouri 63166. The purchase order shall include --

A. Purchase order number.

B. Price quoted per reclaimed gallon.

C. Quantity open.

D. Amount of used fluid shipped to Findett.

E. "Ship to" address.

F. "Bill to" address.

G. Requested delivery date.

6) Immediately a copy of this purchase order shall be sent to Findett Service Company by Monsanto's Contract Section.

7) Findett processes the fluid, runs an analysis and then ships the material back to the customer, freight prepaid. Findett will handle all shipping arrangements and payment of freight bills to take advantage of the back haul cost saving. Reclaim fluid samples are to be fire tested by Monsanto prior to or after shipment depending on the customer's situation.

8) As soon as the reclaimed material is shipped to customer, Findett forwards to Monsanto an invoice for the material processed (gallons shipped back to customer) plus all freight charges. In addition, the Findett invoice should be accompanied by the bill of lading of the shipment back to the customer. The Findett invoice shall also include the customer's purchase order number. The above mentioned invoice and bill of lading are to be sent to the Contract Section located at B-3-S. On initial orders the Contract Section will assign product and sales codes for each customer's fluid.

9) Contract Section then --

(1) Bills customer for:

(a) processing charges for reclaimed fluid shipped back,

(b) all freight charges (separate item),

(c) all reconstituting materials used (separate item).

(2) Forward the Findett invoice for processing to Accounts Payable for payment.

The advantage of this procedure is that billing of the customer and payment to Findett is handled by one group, thereby reducing the number of people involved.

10) To assure that this procedure works as smoothly as possible, the Contract Section will need (1) prices for customer's reclaimed fluids, (2) conversion from gallons to pounds by product and by customer, (3) product code and sales code by product and by customer.

The reclamation program offers advantages to the customer in areas of economics, performance and water pollution control.

ECONOMICS

Titanic Corporation currently uses 50,000 gallons of Pydraul 312A at $2.05/gallon (net of freight).

Annual usage 50,000 x 2.05 = $102,500.

Since he must stop using 312A and may choose to go to the more expensive P/E fluids, his cost (at $3.33/gallon) would immediately become (if he decides to clean and refill):

50,000 x 3.33 = $166,500.

However, if he were to reclaim 50% of his existing fluid at $1.50/gallon (net of freight) and top up with P/E fluid his annual cost would be

25,000	x 3.33	=	$ 83,000
25,000	x 1.50	=	$ 37,400
Total			$120,400

This represents a saving of $46,100 over a complete change to a P/E fluid.

If he can go to 60% reclaim his total fluid cost would be

30,000	x 1.50	=	$ 45,000
20,000	x 3.33	=	$ 66,600
			$111,600

This is essentially the same as he was paying when using 312A.

PERFORMANCE

The reclaimed fluid returned to the customer is essentially identical to that of new fluid. It will meet the specifications that are established for reclaimed fluid between the customer and Monsanto as a result of the analysis by Findett.

WATER POLLUTION CONTROL

In the example, Titanic Corporation was buying 50,000 gallons per year and not recovering any of it, therefore it can be assumed it went into the environment, a small part into the air and land fills with a major portion into the water shed around the plant.

Through the recovery-reclamation process, at least a portion (depending upon how much is reclaimed) is prevented from entering the environment.

Because of water pollution limits imposed by Municipal, State and/or Federal agencies existing now and possible future limits, reclamation can prove helpful in meeting these limits by recovering part of the used fluid before it enters the water shed. Also actions that may be necessary to meet these water pollution limits usually will be beneficial in recovering used fluid.

SALESMAN'S

PRELIMINARY PYDRAUL RECLAMATION INFORMATION SHEET

NAME OF CUSTOMER _____

LOCATION OF PLANT(S) _____

APPLICATION _____

FLUID USED _____ CHEMICAL COMPOSITION _____

ANNUAL USAGE:

New Fluid _____ Reclaimed Fluid _____

PRICE/GALLON:

New Fluid _____ Reclaimed Fluid _____

IF PRESENTLY RECLAIMING, BY WHOM _____

_____

HOW MUCH USED FLUID CAN CUSTOMER PRESENTLY RECOVER? _____

_____

RECOVER IN DRUMS OR BULK? _____ RECEIVE RECLAIMED FLUID

IN DRUMS OR BULK? _____

WHAT TYPE OF CONTAMINANTS IN USED FLUID? _____

_____

_____

HOW DOES HE SEPARATE WATER? _____

ANY WATER POLLUTION LIMITS? _____ WHAT ARE THEY? _____

_____

_____

BY WHOM? _____

ANY WATER POLLUTION LIMITS EXPECTED? _____

WHAT ARE THEY? _____

_____

WHEN? _____

MONS 039105

Alternative No. 1

Continue as we are presently, Findett doing reclaiming, Monsanto none.

Advantages:

- Method already exists.
- May allow PCB/PCT fluids to reach the environment sooner.

Disadvantages:

- Likelihood that less sophisticated reclaimers would grow in number.
- Existing PCB/PCT fluids will be reclaimed by some reclaimers over which we have no control.
- Greater odds of spills and leaks into waterways.
- Our legal exposure is considerable because any PCB/PCT found in the environment will still be regarded as Monsanto's.
- Would substantially reduce Monsanto ability to get into phosphate ester reclamation.

Alternative No. 2

Take back all of our customers existing PCB/PCT fluids and Monsanto will:

A. Pay for transportation and destruction of used fluid and supply all replacement P/E fluid no charge, Monsanto cost - $4M to $6M.

or

B. Pay for transportation and destruction of used fluid but customer pays for all replacement P/E fluids, Monsanto cost - $.75 M to $1.0 M.

Advantages:

- Reduce considerably chance of litigation.
- Help convert our customers to P/E fluids quickly and strengthen our relations with them.
- Pydraul P/E reclamation program would be practical.

Disadvantages:

- Very costly.
- May set an industry precedent.
- Some large die casters may not accept, even though (A) seems highly attractive. They would have to undergo a highly costly shutdown to thoroughly flush.

Alternative No. 3

Proceed with the proposed reclamation program as presented reclaiming both P/E and PCB/PCT fluids.

Advantages:

- Existing PCB/PCT fluids can be controlled by Monsanto.
- Service to our customers to help them meet water pollution requirements.
- Legal exposure should be no worse than doing nothing (alternative no. 1).
- Profitable.
- Odds of legislation (within 5 years) that would result in a requirement that users incinerate PCB/PCT are good. If this occurs, we would be better able to minimize or eliminate Monsanto expense in changeover without causing customer anamosity.

Disadvantages:

- Monsanto Company still "involved" with PCB/PCT fluids although we are not selling or manufacturing them.
- PCB/PCT in industry longer (unless future legislation takes us off the hook).