

OFFICE MEMO

34-1232
PLAINTIFF'S EXHIBIT

B&R-340

December 11, 1975

TO: T. J. Feehan
FROM: R. M. Fitzgerald, Jr.
SUBJ: Supplement 1 to Contract No. RC-1142
Exxon Chemical Company U.S.A.

CONTRACT FILE

Attached is Exxon letter dated December 4 with a copy of Supplement 1 to the "umbrella" contract and Addendum No. 1 to the Job Specification for Line 4 Debottleneck Project.

Ray -
R. M. Fitzgerald, Jr.
Project Engineering Manager

RMF:djw

cc w/att: J. C. Norris/J. R. Ward
J. C. Burns, Jr.
C. A. Smith
File

DISTRIBUTION:
General Accounting-Original ✓
Contract file
Legal Dept.
R. K. Wilson
H. C. Ellis
F. Siems
Billing File--34-1232

EXX 011486

EXXON CHEMICAL COMPANY U.S.A.

P. O. Box 4004, Baytown, Texas 77520

December 4, 1975

EXXON
CHEMICALS

BAYTOWN CHEMICAL PLANT
J. J. COSTOLNICK
Manager

Contract No. RC-1142
Supplement 1
Line 4 Debottleneck Project

Mr. Ray M. Fitzgerald, Jr.
Brown & Root, Inc.
P. O. Box 3
Houston, Texas 77001

Dear Mr. Fitzgerald:

Supplement 1 to Contract No. RC-1142 authorizing the Second Assignment under the terms of Contract No. RC-1142 has been executed by duly authorized representatives of Brown & Root, Inc. and Exxon Chemical Company U.S.A., and it is requested that Brown & Root proceed immediately with the work.

Since approved funds for the completion of Line 4 Debottleneck Project are unavailable at this time, Exxon Chemical Company U.S.A. agrees to pay Contractor for work performed under the terms of Supplement 1 to Contract No. RC-1142 up to a maximum of \$30,000 through December 31, 1975.

Attached are four copies of Addendum No. 1 to the Job Specification, Line 4 Debottleneck Project, which provides additional specific information pertinent to coordination procedures for the Second Assignment.

The terms and conditions of Contract RC-1142 apply to all work to be performed under the initial assignment and the Second Assignment, it being understood that Exxon Chemical Company U.S.A. is not reserving engineering capacity nor committing any future work other than the two present assignments.

Let us know if there are any questions.

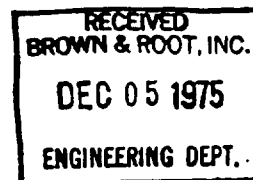
Very truly yours,

J. J. COSTOLNICK

By: *E. H. Busby*
E. H. Busby

EHB:fg
Attachments (4)

cc: RPO JMR FPJ GWB DBMcM
ARA DDD NPQC/TEC



An operating division of EXXON CHEMICAL COMPANY, a division of EXXON CORPORATION

EXX 011487

This AGREEMENT is made as of the 3rd day of Dec, 1975, between Brown & Root, Inc., having an office located at 4100 Clinton Drive, Houston, Texas 77001, (herein called CONTRACTOR) and Exxon Chemical Company U.S.A., an operating division of Exxon Chemical Company, a division of Exxon Corporation having an office located at 1333 West Loop South, Houston, Texas 77027 (herein called OWNER).

WITNESSETH THAT: OWNER and CONTRACTOR have entered into Contract No. RC-1142 on May 7, 1975, and amended by Contract Change Order No. 1 dated September 26, 1975, (hereinafter called CONTRACT) under which CONTRACTOR will perform process plant engineering, procurement and construction ASSIGNMENTS (hereinafter called ASSIGNMENTS) for OWNER.

CONTRACT also provides that CONTRACTOR shall perform additional engineering and/or procurement and/or construction ASSIGNMENTS as may be requested by OWNER from time to time providing that CONTRACTOR has adequate manpower available to accomplish said ASSIGNMENTS.

In consideration of the covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

- A. CONTRACTOR shall undertake and perform the engineering, procurement and construction of the Baytown Line 4 Debottleneck Project on designated site on OWNER's property at Baytown Chemical Plant, Baytown, Texas, as the SECOND ASSIGNMENT (hereinafter called SECOND ASSIGNMENT) in accordance with CONTRACT. CONTRACTOR represents that it has the capability including sufficient and competent supervisors and other personnel to efficiently and expeditiously accomplish SECOND ASSIGNMENT in a satisfactory manner.
- B. SECOND ASSIGNMENT shall be governed by all provisions, including but not limited to ARTICLE 4 - COSTS and ARTICLE 5 - FEE, of CONTRACT applicable to said SECOND ASSIGNMENT and modifications to CONTRACT by attached addenda. Said addenda is limited to the following:
 - 1. Addition of the following paragraphs to AGREEMENT RC-1142 to define the requirements for SECOND ASSIGNMENT. Said paragraphs are attached hereto and made a part hereof.
 - a. Scope of Work - Second Assignment (Replaces Paragraph B of ARTICLE 1 - WORK).
 - b. Schedule Performance - Second Assignment (Replaces Paragraph C of ARTICLE 2 - COMPLETION DATE).
 - c. Cost Performance - Second Assignment (Replaces Paragraph C of ARTICLE 3 - CONTRACT PRICE).
 - d. Fee - Second Assignment (Replaces Paragraph B-1 of ARTICLE 5 - FEE).
 - e. Contractor's Project Organization and Personnel - Second Assignment (Replaces Paragraph E of ARTICLE 7 - ENGINEERING - PROCUREMENT - CONSTRUCTION).

RC-1142-2
November 21, 1975

EXX 011488

2. Addition of Job Specification entitled "Line 4 Debottleneck Project"
with Table of Contents dated October 31, 1975.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in
their respective corporate names by their respective officers, thereunto duly
authorized as of the date and year first written above.

Brown & Root, Inc.

Attest J. C. Norris
(Signature of Contractor's Officer)

J. C. Norris
Vice President
(Typed Name and Title)

T. J. Feehan
(Signature of Contractor's Officer)

T. J. Feehan
Senior Group Vice President
(Typed Name and Title)

Attest L. P. Olinde
(Signature of OWNER's Officer)

L. P. Olinde
Assistant Secretary
(Typed Name and Title)

Exxon Chemical Company U.S.A.,
an operating division of Exxon
Chemical Company, a division of
Exxon Corporation

M. E. Gillis
(Signature of OWNER's Officer)

M. E. Gillis
Executive Vice President
(Typed Name and Title)

RC-1142-2
November 21, 1975

EXX 011489

ARTICLE I - WORK

The following paragraph replaces Paragraph B entitled "Scope of Work - Initial Assignment":

B. Scope of Work - Second Assignment

1. For its SECOND ASSIGNMENT, CONTRACTOR shall engineer, procure and construct the Baytown Line 4 Debottleneck Project (herein referred to as PLANT) on designated site (herein referred to as WORK SITE) on OWNER's property at Baytown Chemical Plant, Baytown Texas in accordance with CONTRACT. CONTRACTOR shall furnish all supervision, engineering and procurement services, consultations, construction services, other services required, equipment and materials, labor, construction tools and equipment, construction utilities and supplies, temporary structures and facilities, and transportation, including without limitation hauling, unloading and handling to, at and from WORK SITE, required for the proper engineering and procurement and the successful construction of PLANT, all of which together with the engineering procurement and construction shall be defined as WORK (herein referred to as WORK) for said SECOND ASSIGNMENT.
2. JOB SPECIFICATION, for the aforesaid SECOND ASSIGNMENT, is the bound collection of documents entitled "Line 4 Debottleneck Project." Said JOB SPECIFICATION at date of CONTRACT with Table of Contents dated October 31, 1975 is incomplete.

RC-1142-2
November 21, 1975

EXX 011490

ARTICLE 2 - COMPLETION DATE

The following paragraph replaces Paragraph C entitled "Schedule Performance - Initial Assignment":

C. Schedule Performance - Second Assignment

1. For the SECOND ASSIGNMENT, CONTRACTOR shall be responsible for scheduling, progress reporting, forecasting and controlling completion for the Baytown Line 4 Debottleneck Project. CONTRACTOR's schedules, progress reports, schedule forecasts and schedule control activities shall be subject to agreement by OWNER. All CONTRACTOR's calculations and documents supporting said schedules, reports and forecasts shall be available to OWNER on request.
2. For the aforesaid ASSIGNMENT, CONTRACTOR shall prepare a detailed work schedule as specified in Paragraph B-2 above.
3. CONTRACTOR shall use the aforesaid detailed work schedule as specified in Paragraph B-3 above.

RC-1142-2
November 21, 1975

EXX 011491

ARTICLE 3 - CONTRACT PRICE

The following paragraph replaces Paragraph C entitled "Cost Performance - Initial Assignment":

C. Cost Performance - Second Assignment

1. For its SECOND ASSIGNMENT, CONTRACTOR shall be charged with the obligation for estimating, budgeting, reporting, forecasting and controlling of costs for the Baytown Line 4 Debottleneck Project. CONTRACTOR's cost estimates, cost reports, cost forecasts and cost control activities shall be subject to agreement by OWNER. All CONTRACTOR's calculations and documents supporting said estimates, reports and forecasts shall be available to OWNER on request.
2. CONTRACTOR shall use the detailed cost estimate and CONTRACT PRICE BUDGET for the aforesaid SECOND ASSIGNMENT in the manner specified in Paragraph B-3 above.

RC-1142-2
November 21, 1975

EXX 011492

ARTICLE 5 - FEE

The following paragraph replaces Paragraph B-1 under Paragraph B entitled "Determination of Fee for Home and Branch Office Services":

B. Determination of Fee for Home and Branch Office Services

1. CONTRACTOR's fixed FEE at date of authorization of the Second ASSIGNMENT for furnishing home and branch office services for said Second ASSIGNMENT is One Hundred Seventy-Six Thousand Seven Hundred Eighty-One U.S. dollars (U.S. \$176,781.00). Fixed FEE for the Second ASSIGNMENT is subject to adjustment pursuant to the provisions of Paragraph D below.

For each subsequent assignment, fixed fee related to CONTRACTOR furnishing home and branch office services shall be established based on estimate agreed by OWNER and CONTRACTOR of CONTRACTOR's net incremental reimbursable home and branch office manhours pursuant to Paragraph B-5-a of ARTICLE 4 - COSTS, required to accomplish WORK for said ASSIGNMENT multiplied by the applicable rate or rates specified below:

<u>Cumulative Home and Branch Office Reimbursable Manhours</u>	<u>US\$/Reimbursable Manhour</u>
0 to 100,000	\$4.20
Over 100,000 to 200,000	\$3.90
Over 200,000 to 500,000	\$3.51
Above 500,000	\$2.93

The cumulative home and branch office reimbursable manhours in the above schedule is the sum total of agreed estimates of CONTRACTOR's home and branch office reimbursable manhours for the initial ASSIGNMENT and all subsequent ASSIGNMENTS including CHANGES.

A fixed FEE is not subject to renegotiation and is subject to adjustment only for CHANGES pursuant to Paragraph D below. Rates specified above are not subject to renegotiation, escalation or adjustment for CHANGES or for any other reason; provided, however, that for any ASSIGNMENT authorized prior to October 1, 1977 that exceeds 200,000 home office reimbursable manhours, the rates specified above may be equitably adjusted by mutual agreement for application to work performed on said ASSIGNMENT subsequent to October 1, 1977.

RC-1142-2
November 21, 1975

EXX 011493

ARTICLE 7 - ENGINEERING - PROCUREMENT - CONSTRUCTION

The following paragraph replaces Paragraph E entitled "Contractor's Project Organization and Personnel - Initial Assignment":

E. Contractor's Project Organization and Personnel - Second Assignment

1. For its SECOND ASSIGNMENT, CONTRACTOR's home and branch office key personnel pursuant to Paragraph D-1 above shall include:

Engineering Project Manager
Project Engineer
Cost/Schedule Coordinator
Cost Engineer
Project Scheduler

R. M. Fitzgerald, Jr.

J. C. Burns, Jr.

C. A. Smith

C. A. Smith

This service to be provided by the
Planning & Scheduling Group of
Contractor's Petro Chem Group

Project Procurement Manager

This service to be provided by Contractor's Purchasing Department

2. For its SECOND ASSIGNMENT, CONTRACTOR's construction key personnel pursuant to Paragraph D-2 above shall be:

Construction Project Manager

H. C. Ellis

RC-1142-2
November 21, 1975

EXX 011494

EXXON CHEMICAL COMPANY U.S.A.

ADDENDUM NO. 1

TO

JOB SPECIFICATION

LINE 4 DEBOTTLENECK PROJECT

CAUTIONARY NOTICE

This specific document contains technical information that is the property of Exxon Chemical Company U.S.A. It is furnished to the recipient strictly for use in connection with the unit concerned, is to be held proprietary and returned upon request.

Appropriation 80053
December 3, 1975

EXX 011495

ADDENDUM NO. 1
TO
JOB SPECIFICATION
LINE 4 DEBOTTLENECK PROJECT
EXXON CHEMICAL COMPANY U.S.A.

The following revisions, additions, and deletions apply to the Job Specification for Line 4 Debottleneck with Table of Contents, Revision 0, dated October 31, 1975.

Introduction to Job Specification, Page 1, Par. 1d and 2d

Change Baytown Engineering Standards to read Exxon Engineering Standards, Volume I and II.

Coordination Procedure, Page 1

Add to the first paragraph:

Section 50 of Exxon Engineering Standards entitled "Instructions to Contractors" contains specific requirements for job execution in addition to those found in the Coordination Procedure Supplements 1 through 22 inclusive. Where conflicting requirements occur within the two above mentioned documents, Contractor shall bring it to the attention of Owner and Owner shall provide Contractor with a decision as to which document takes precedence. Except for conflicts, both documents are to be followed.

Supplement 2, Procurement, Page 202

Add the following under Par. I, A Scope:

Reference Documents

BTES 50-3-4.1A, Inquiry Specifications - Instructions

BTES 50-3-5.1A, Standard Clauses - Instructions

Supplement 7, Accounting and Invoicing, Page 701

Add the following under Par. I, A Scope:

References

BTES 50-6-6.1D

Supplement 10, Microfilming

Owner will provide microfilms. Contractor will provide Owner with original tracings and/or alternative reproducibles for drawings prepared by Contractor and drawings required of Vendors in accordance with BTES 50-3-1.A including applicable Standard Print Clauses, reference BTES 50-3-4.1A. All drawings to be microfilmed must be legible and of good quality.

Supplement 11, Mechanical Catalog, Page 1101

Change I, Scope, Par. B to read as follows:

Contractor will update five (5) existing Mechanical Catalogs by inserting Line 4 Debottleneck Project data in appropriate sections. Contractor will provide additional volumes as may be required to accommodate

EXX 011496

the additional material and will reorganize existing mechanical catalog data and insert new data as appropriate to provide an integrated mechanical catalog, including revisions to the Table of Contents.

Supplement 20, Protection of Owner/ERE's Technology, Page 2001

Add the following to I Scope of Work:

- B. The capacity of the facilities as a whole is considered extra sensitive information. It is appropriate to discuss capacities of individual segments within the facility. This is to define but not to limit the extent of extra sensitive information.

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12/1/75

EXX 011497

RESPONSIBILITIES FOR EXECUTION
PLASTICS LINE 4 DEBOTTLENECK PROJECT

BAYTOWN PLASTICS DIVISION MANAGER
L. G. Haynes

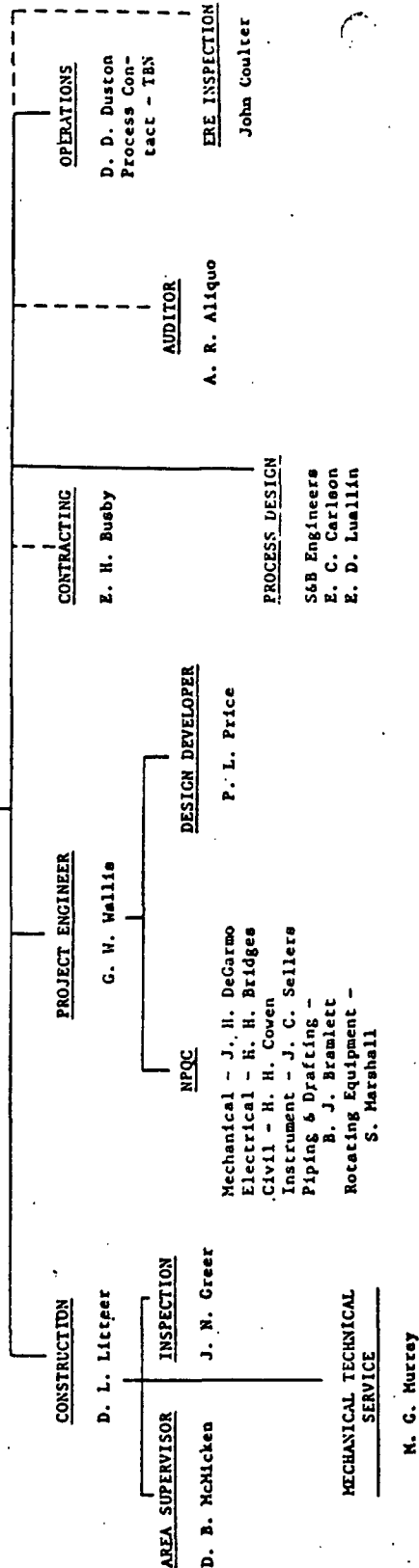
BAYTOWN ENGINEERING DIVISION MANAGER
R. P. Orgonas

PROJECT MANAGER
F. P. Jones

PLASTICS TECHNOLOGY DIVISION
POLYPROPYLENE MANAGER
R. D. Motring

BROWN & ROOT, INC.

Project Manager - R. M. Fitzgerald, Jr.



EXX 011498

Exxon Chemical Company U.S.A.
Job Specification
Line 4 Debottleneck Project

Coordination Procedure
Revision 0
October 31, 1975
Page 2

Project Organization

Mr. R. M. Fitzgerald, Jr. has been designated Contractor's Project Manager. He will supervise and coordinate all aspects of the Contractor's duties and responsibilities relating to the Work. All contacts with the Contractor will be through its Project Manager.

Mr. _____ has been appointed Owner's Project Executive and is the duly authorized representative of Owner.

Mr. F. P. Jones has been appointed Owner's Project Manager.

The Owner's Project Manager or his authorized representative(s) are the Contractor's only contacts with the Owner (except as specified in the Agreement).

The normal relationships between the various organizations concerned with the project are indicated in chart form on Page 3.

EXX 011499

ADDRESSES

Owner's Project Manager - F. P. Jones

Exxon Chemical Company U.S.A.
P. O. Box 4004
Baytown, Texas 77520
TWX 910-881-5522
Phone: 427-5711, Ext. 3863

Owner's Project Engineer - G. W. Wallis

Exxon Chemical Company U.S.A.
c/o Brown & Root, Inc.
4100 Clinton Drive
Houston, Texas
Phone: 676-3561

Owner's Construction
Supervisor - D. B. McMicken

Exxon Chemical Company U.S.A.
P. O. Box 4004
Baytown, Texas 77520
Phone: 427-5711, Ext. 3532

Owner's Contracting
Engineer - E. H. Busby

Exxon Company, U.S.A.
P. O. Box 4019
Baytown, Texas 77520
TWX 910-881-5522
Phone: 427-5711, Ext. 2189

EE Inspection (Houston) - J. W. Coulter

Inspection Section
Exxon Research & Engineering Co.
P. O. Box 1296
Exxon Chemical Building
Suite 980
1333 West Loop South
Houston, Texas 77001
Phone: 713-221-3228

Contractor's Project
Manager - R. M. Fitzgerald, Jr.

Brown & Root, Inc.
4100 Clinton Drive
Houston, Texas
TELEX 713-762-943

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12/1/75

EXX 011500

SCHEDULE B

CORRESPONDENCE ORIGINATING WITH CONTRACTOR

	Owner's Project Manager	Owner's Project Engineer	Owner's Contracting Engineer	Owner's Construction Supervisor
<u>Correspondence</u>				
General	0	1	-	-
Contractual	0	1	1	-
Invoice for Payment	-	0+1	-	-
Schedules	1	1	-	1
Progress Reports	1	1	-	1
Insurance	-	1	1	-
Change Proposals (For Approval)	-	1	-	1
<u>Procurement & Subcontracts: Expediting & Inspection</u>				
See distribution outlined in Schedule C				
<u>Specifications (Design & Purchase & Subcontracts</u>				
Index List	-	2	-	-
For Review	-	2	-	-
Final	-	2	-	-
<u>Drawings</u>				
Schedule and Index	-	2	-	1
For Review	-	2	-	-
For Construction (Including Vendor's Drawings)	-	See Schedule D		
Original Tracings (At Completion of Project)	-	1	-	-
<u>Mechanical Catalog & Addendum</u>	-	5	-	-

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12/1/75

EXX 011501

SCHEDULE C

PROCUREMENT, INSPECTION, AND EXPEDITING CORRESPONDENCE DISTRIBUTIONORIGINATING THROUGH CONTRACTOR

	Owner's Project Engineer	Owner's Construction Supvr.	Owner's Inspector	Contractor	Owner's Contracting Engineer	EE Inspection - Houston	Owner's Spare Parts Coordinator (J. O. Casey)
<u>Procurement</u>							
Contractor's Vendors List	0+2	-	-	A	1	-	-
Release of Inquiry for Bids	2	-	-	A	-	-	-
Bid Summary and Purchase Recommendation	1	-	-	A	-	-	-
Purchase Orders with Attachments	2	-	-	A	1	3	-
Subcontracts	4	1	-	-	-	-	-
Record of Orders	1	1	-	A	-	-	-
Material Invoices, Packing Lists and Bills of Lading	2	-	-	3	-	-	-
Forecasts of Commitments and Expenditures	0	-	-	A	-	-	-
Follow-up Correspondence with Vendors	1	-	-	A	-	3	-
Minutes of Meetings with Vendors and Subcontractors	1	1	-	A	-	3	-
<u>Spare Parts</u>							
Recommend Parts List	2	-	-	A	-	-	-
Complete Parts List (Approved)	2	-	-	A	-	-	-
<u>Inspection</u>							
Inspection Notices (By Vendors)	1	-	-	-	-	1	-
Rejection Notices	1	-	1	1	-	A	-
Release Notices	-	-	1	1	-	A	-
Inspection Reports (Including Mill Test Certificates)	1	-	1	1	1	A	-
Waivers	1	-	1	1	-	A	-

EXX 011502

PROCUREMENT, INSPECTION, AND EXPEDITING CORRESPONDENCE DISTRIBUTIONORIGINATING THROUGH CONTRACTOR

	Owner's Project Engineer	Owner's Construction Supvr.	Owner's Mech. Tech. Service Supvr.	Contractor	Owner's Contracting Engineer	EE Inspection - Houston	Owner's Spare Parts Coordinator (J. O. Casey)
<u>Expediting</u>							
Material Status Report	1	-	1	A	-	1	-
Expediting Reports	1	1	A	-	-	1	-
<u>General Procurement, Expediting Inspection Correspondence</u>	0+1	-	-	1	-	-	-
(As Applicable)							

Notes:

- A - Originator
 O - Original or cover letter
 X - Send copy only if affected.

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EXX 011503

SCHEDULE "D"

CONSTRUCTION DRAWINGS
DISTRIBUTION

(FOR EXXON ORGANIZATION)

1. All drawings shall be full size.
2. Copies of drawings shall be distributed to the following:

<u>Name</u>	<u>Title</u>	<u>Number of Copies</u>
G. W. Wallis	Project Engineer	One
D. B. McMicken	ECMD Supervisor	Two
D. D. Duston	Operating Contact	One
J. N. Greer	Inspector	One
J. C. Brewer	ECMD Electrical Specialist	Four, Partial Package (1)

(1) Package includes only the Electrical Drawings.

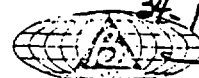
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12/1/75

EXX 011504

Brown & Root, Inc. Post Office Box Three, Houston, Texas 77001

Thomas J. Feehan
Senior Group Vice President

(713) 676-4361



DAVID

Dodd

Contract File

34 12 32

January 23, 1976

Mr. E. H. Busby
Exxon Chemical Company, U.S.A.
P. O. Box 4004
Baytown, Texas 77520

Dear Mr. Busby:

As requested in your January 22 letter, I am returning one (1) executed copy of Change Order 2 to Contract RC-1142.

I understand that Mr. Foley will obtain the certified insurance certificates directly from Highlands.

Yours very truly,

T. J. Feehan

TJF:sr

cc: J. T. Gossett
J. C. Norris
J. D. Ross
R. K. Wilson

DISTRIBUTION

~~J. D. Lamar~~ - Original
Contract File
Billing File - 1232
D. K. Dodson
M. Estes
H. C. Ellis
F. Siems

EXX 011482

CONTRACT CHANGE ORDER

APPROPRIATION Various
WORK REQUEST

Change Order 2, Issued January 20, 1976 to Contract RC-1142
 Dated May 7, 1975 between Exxon Chemical Company U.S.A.,
 an operating division of Exxon Chemical Company, a division of Exxon Corporation
 and Brown & Root, Inc., Contractor.
 Unit, Equipment, or Facility Involved Compounding & Finishing Expansion, Phase 1 Line 4 Debottleneck
Project

Contractor is authorized and agrees to make the following additions to or deductions from the work provided under the above Contract, performance of and payment therefor, except as otherwise specified herein, to be subject to all terms and conditions of said Contract:

ARTICLE 20 - INSURANCE

This Change Order provides that workmen's compensation insurance on Contractor's employees under Article 20-B-1 of Contract RC-1142 be provided in accordance with the plan outlined in a letter dated December 23, 1975 from Mr. Andrew F. Crist of Highlands Insurance Company to Mr. G. L. Foley of Petroleum Casualty Company. A copy of this letter is attached hereto and made a part hereof. It is understood and agreed that this plan will apply to the first two awards under Contract RC-1142; i.e., Compounding Finishing Phase Project, and Line 4 - Debottleneck Project plus any future assignments under the Contract. It is further agreed that the effective date of this plan is January 1, 1976.

ORIGINAL AMOUNT OF CONTRACT	\$	<u>Unit Price</u>
ADDITION		
AMOUNT OF THIS DEDUCTION	\$	<u>Unit Price</u>

IN WITNESS WHEREOF the parties hereto have executed this Change Order the day and year first above written.

ACCEPTED:BROWN & ROOT, INC.By TJ FeehanSenior Group Vice Pres.

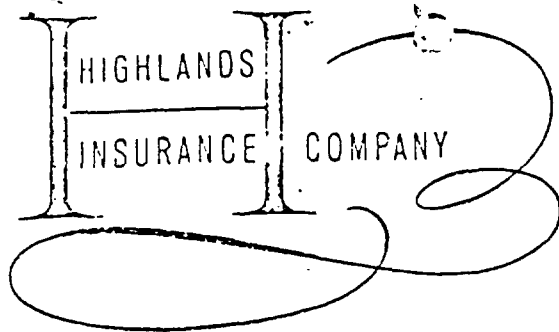
EHB:fg (Title)
 cc: F. P. Jones

Exxon Chemical Company, U.S.A.,
 an operating division of Exxon Chemical Company,
 a division of Exxon Corporation

By J. D. Manning

Purchasing Head
 Baytown Refinery

EXX 011483



600 JEFFERSON STREET, HOUSTON, TEXAS 77002
CABLE: U.S. RISK TELEX: 762314 PH. 224-5541

December 23, 1975

Mr. G. L. Foley
Petroleum Casualty Company
P. O. Box 2180
Houston, Texas 77001

Re: Brown & Root, Inc. - Exxon
Chemical Project

Dear Tiny:

This letter will confirm the Highlands proposal to provide Workmen's Compensation coverage for Brown & Root on the umbrella contract with Exxon Chemical Company U.S.A. for the first two assignments - the compounding and finishing expansion - Phase I project and the line four (4) de-bottlenecking, effective 1/1/76. The basic program will be as follows:

1. Coverages - Statutory Workmen's Compensation, including Employer's Liability as required under the terms of the contract.
2. Rating Program - Maximum - None
Minimum - Basic x Tax Multiplier
Basic .10
Loss Conversion factor 1.10 of incurred losses (attached is definition of incurred losses)
Tax Multiplier 1.05

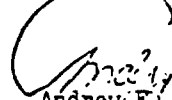
Example:

Ultimate Premium = (Standard Premium x .10 + Loss x 1.10) 1.05

There will be an endorsement stating that Exxon Chemical U.S.A. will be responsible for payment of premium and will be entitled to all refunds due, along with an endorsement restricting coverage to the respective jobs.

I trust you will find the above in order, however, if you have any questions, please advise.

Sincerely,


Andrew F. Crist
Vice President

AFC/rm

Attach.

EXX 011484

DEFINITION OF INCURRED LOSSES

"Incurred Losses" means the sum of:

1. All loss actually paid by the Company,
2. Reserves for unpaid losses, including losses incurred but not reported, as estimated by the Company,
3. Interest accruing after entry of a judgment against the insured,
4. Expenses incurred in seeking recovery against a third party, and
5. Allocated loss adjustment expenses representing the following expenses of the Company in connection with claim settlements, which can be directly allocated to a particular claim:
 - a) Attorney's fees
 - b) Court and other specific items of expense such as:
 - 1) Medical examination to determine the extent of Company's Liability
 - 2) Expert medical or other testimony
 - 3) Laboratory and X-Ray
 - 4) Autopsy
 - 5) Stenographic
 - 6) Witnesses and Summonses
 - 7) Copies of Documents
 - c) The following shall not be included as allocated loss adjustment expenses:
 - 1) Salaries and traveling expenses of Company employees (other than amount allocated as attorney's fees)
 - 2) Overhead
 - 3) Adjusters' fees (fees paid to independent adjusters, or attorneys, for adjusting claims.)

EXX 011485

CONTRACT CHANGE ORDER

APPROPRIATION
WORK REQUEST

Change Order 1, Issued 9/26/75 to Contract RC-1142

Dated 5/7/75 between Exxon Chemical Company U.S.A.,

an operating division of Exxon Chemical Company, a division of Exxon Corporation

and BROWN & ROOT, INC., Contractor.

Unit, Equipment, or Facility Involved Compounding and Finishing Expansion, Phase 1

Contractor is authorized and agrees to make the following additions to or deductions from the work provided under the above Contract, performance of and payment therefor, except as otherwise specified herein, to be subject to all terms and conditions of said Contract:

ARTICLE 5-FEE

The following paragraphs shall be substituted for paragraph B entitled "Determination of Fee for Home and Branch Office Services."

B. Fee - Initial Assignment

1. CONTRACTOR'S fixed FEE for the initial ASSIGNMENT for furnishing home and branch office services for said initial ASSIGNMENT is Two Hundred Ninety-five Thousand, Six Hundred and Eight U.S. dollars (US \$295,608). Fixed FEE for the initial ASSIGNMENT is subject to adjustment pursuant to the provisions of paragraph D below.

It is understood that the above fixed FEE is based upon CONTRACTOR'S "Summary of Estimated Home Office Reimbursable Manhours Required" dated September 4, 1975, and includes additions and deletions due to Project Variance Notices 1, 3, 4, 6, 7, 9, 10, and 13. It is agreed that said fixed FEE also includes all amounts invoiced as FEE for Home and Branch Office Service from date of Contract to date of this Change Order No. 1.

(Continued on Page 2)

ORIGINAL AMOUNT OF CONTRACT	\$	<u>Unit Price</u>
ADDITION	\$	<u>Changed Fee from Unit Price</u>
AMOUNT OF THIS DEDUCTION	\$	<u>Basis to Fixed Fee</u>

IN WITNESS WHEREOF the parties hereto have executed this Change Order the day and year first above written.

ACCEPTED:

Brown & Root, Inc.

J. J. Costolnick
Senior Group Vice Pres.
(Title)

EHB/jd
10/3/75 FTPhilips/FPJones

Exxon Chemical Company, U.S.A.,
an operating division of Exxon Chemical Company,
a division of Exxon Corporation

By J. J. Costolnick
J. J. Costolnick, Plant Manager

EXX 011505

Contract RC-1142
Change Order 1
9/26/75

-2-

B₁. Determination of Fee for Home & Branch Office Services - Subsequent Assignments

1. For each subsequent ASSIGNMENT, fixed FEE related to CONTRACTOR furnishing home and branch office services shall be established based on estimate agreed to by OWNER and CONTRACTOR of CONTRACTOR'S net incremental reimbursable home and branch office manhours pursuant to paragraph 8-5-a of ARTICLE 4 - COSTS, required to accomplish WORK for said subsequent ASSIGNMENT multiplied by the applicable rate or rates specified below:

Note: Balance of this paragraph same as balance of ARTICLE 5-B-1, Page 21, of original contract.

2. Same as ARTICLE 5-B-2 of original contract.
3. Same as ARTICLE 5-B-3 of original contract.
4. Same as ARTICLE 5-B-4 of original contract.

EXX 011506

Brown & Root, Inc.

Walter E. Hesson
Vice President

CONTRACT FILE

Post Office Box Three, Houston, Texas 77001

(713) 676-4365



MAR 17 1976

Contract
34-1232

March 8, 1976

Exxon Chemical Company
c/o Brown & Root, Inc.
(Engr. West - Room F-7)
Post Office Box 3
Houston, Texas 77001

Attention: Mr. Fred Phillips
Project Manager

Gentlemen:

Based on the results of a recent survey, our Operating Committee has authorized a general wage increase, copies attached, for the Houston and adjacent area, effective April 4, 1976.

The general wage increase will be granted to those that have a single rate indicated; those that have a range of rates indicated will receive a merit increase as deemed appropriate.

It is requested that you acknowledge receipt hereof by signing in the space provided below and returning one copy of this letter to the attention of the undersigned at the address set out above.

Very truly yours,

BROWN & ROOT, INC.


W. E. Hesson

WEH:lks
Attachment

ACKNOWLEDGEMENT:

BY: 

TITLE: Project Manager

DATE: 3/16/76

DISTRIBUTION:

Orig. - J. P. Lamar
Copy - Contract file - J. T. Gossett
Billing File 34-1232
Keith Dodson
M. Estes
L. A. Woolverton
H. C. Ellis
Fred Siems

EXX 011481

Contract File
34-1232

Brown & Root, Inc. Post Office Box Three, Houston, Texas 77001

Jack T. Gossett
Senior Vice President

(713) 676-4363



July 14, 1975

Exxon Chemical Company
c/o Brown & Root, Inc.
(Engr. West - Room F7)
Post Office Box 3
Houston, Texas 77001

Attention: Mr. Fred Phillips
Project Manager

Gentlemen:

The enclosed wage rates have been approved by our management and will become effective on August 17, 1975.

This wage adjustment has been deemed necessary, by our Operating Committee, so that we may remain competitive with wages being paid by others in our area.

A blanket raise will be granted to those that have a single wage indicated, and those that have a range of pay indicated will receive a merit raise as deemed appropriate.

We will appreciate your returning the acknowledgement copy after you have reviewed the revised rates.

Very truly yours,

J. T. Gossett

JTG:lks

ACKNOWLEDGEMENT:

By:

Title: Project Manager

Date: 7/24/75

7-29-75 DISTRIBUTION: J. P. LAMAR - Original
Contract File
Marvin Estes
Harold Ellis

T. P. Allison, Jr.
R. K. Wilson

JUL 25 1975

EXX 011507

DATE: August 17, 1975

JOB NUMBER 34-1232
EXXON CHEMICAL COMPANY - U.S.A.
BAYTOWN, TEXAS

<u>CLASSIFICATION</u>	<u>HOURLY RATE</u>
BOILERMAKER	7.65
BRICKMASON	7.85
CARPENTER	7.55
CEMENT FINISHER	7.55
ELECTRICIAN	7.65
INSULATOR	7.65
IRONWORKER - STRUCTURAL	7.65
IRONWORKER - REINFORCING	7.55
LABORER - COMMON	3.50 - 5.05
LABORER - SEMI-SKILLED	4.25 - 5.30
MECHANIC - HEAVY DUTY	7.40
MILLWRIGHT	7.65
OPERATOR - HEAVY	7.65
OPERATOR - LIGHT	6.90
OILER	3.75 - 6.45
PAINTER - SPRAY	7.40
PAINTER - BRUSH	7.20
PIPEFITTER	7.65
INSTRUMENT FITTER	7.55
PLUMBER	7.65
RIGGER	7.65
TRUCK DRIVER - HEAVY	6.25
TRUCK DRIVER - LIGHT	5.55
WELDER - PIPE	7.65
WELDER - STRUCTURAL	7.55
HELPER - GRADE I	5.30 - 6.45
HELPER - GRADE II	4.65 - 5.80
HELPER - GRADE III	3.55 - 5.15
PARTY CHIEF	5.35 - 8.00
INSTRUMENT MAN	4.50 - 7.40
RODMAN - CHAINMAN	3.90 - 6.60
LEADERMAN	\$0.25 ABOVE JOURNEYMAN RATE
FOREMAN	\$0.60 ABOVE JOURNEYMAN RATE
GENERAL FOREMAN	\$1.00 ABOVE JOURNEYMAN RATE

Rates subject to periodic review and adjustment.



EXX 011508

ACCOUNTING ROUTING

FROM: DONALD H. HARBOUR

TO: ANDERSON PUSTEJOVSKY

ELTING ROBERTSON

11 LAMAR *g* RODGERS

LONG SORENSEN

MC CAULEY *2* STUESSY *for contract file*

MILLER WILKES

NORRIS

- () For you to handle
- () Investigate and report to me
- () For your information, please return
- () ~~Read and file~~
- () Make corrections
- () Complete and review with me

REMARKS:

*We're bidding this job -
looks hopeful of getting
Retain for contract file -*

EXX 011509

ROUTING SLIP

Date 3-5-55 1955

TO	FROM	TO	FROM
		Larry Kopecky	
Harry G. Austin		Jim Lamar	
Larry Bennett		R. I. Loban	
James K. Bishop		E. M. Marselli	
E. H. Blaschke		C. T. Martin	
George R. Brown		Albert Maverick	
Wm. A. Brown		David Miller	
B. W. Bryant		George L. Morris	
Dave Cooney		J. G. Munisteri	
Dave Craig		Robert E. Nebel	
L. J. Derrick		J. C. Norris	
L. B. Devenney		Foster Parker	
G. A. Dobelman		Howard Payne	
L. C. Estes		W. B. Pieper	
Drew M. Farmer		R. E. Plack	
Darrell Farris		Ben H. Powell, Jr.	
T. J. Feehan		George Rayburn, Jr.	
M. M. Fitch		E. D. Redding	
B. L. Frennesson		W. M. Rice	
Herbert J. Frenslley		Bob Robertson	
Walter Gard		Wayne Rodgers	
Tony Gibson		W. R. Ryan	
Lem Goodwin		E. L. Tallichet	
Hugh W. Gordon, Jr.		W. H. Tonking	
Jack Gossett		Delbert R. Ward	
Glenn Hamilton		D. E. Warfield	
P. H. Harbour		J. A. Winner	
W. E. Heffler		Lee Yarbrough	
Wayne Hise		E. M. Zerr, Jr.	
W. L. Hokanson			
Harry Hutchens			
H. M. Jacobson			

- ☐ For you to handle
 - ☐ For your signature
 - ☐ Sent in error
 - ☐ Make corrections
 - ☐ Investigate and report to me
 - ☐ Returned as requested
 - ☒ For your information, please return
 - ☐ See me personally before replying

- ☐ For your approval
 - ☐ Read and file
 - ☐ Advise what to do
 - ☐ Confidential
 - ☐ Take up with
 - ☐ For your comments

Remarks: Notes on 1st. Criminal Meeting Conference

FORM M-13 REV 2/74

EXX 011510

CONFERENCE NOTES EXXON CHEMICAL COMPANY, U.S.A.
BAYTOWN/HOUSTON CHEMICAL EXPANSION PAGE 1 OF 9

LOCATION  Houston, Texas (Brown & Root, Inc., Administration Bldg.)

DATE: March 26, 1975

SUBJECT: REVIEW OF BROWN & ROOT'S PROPOSAL DATED MARCH 17, 1975, TO EXXON CHEMICAL COMPANY, U.S.A. FOR WORK AT THE BAYTOWN CHEMICAL PLANT AND THE HOUSTON CHEMICAL PLANT.

SESSION NO. 1 - GENERAL MEETING

ATTENDEES:

EXXON CHEMICAL

M. W. (Bill) Emmons-Exxon Engineering, Contracts Engineering
D. P. (Dan) Sarnowski-Exxon Engineering, Contracts Engineering
E. H. (Bus) Busby-Exxon U.S.A., Baytown Purchasing
M. (Mose) Davis-Exxon U.S.A., Baytown Audit
F. T. (Fred) Philips-Exxon Chemical U.S.A., Baytown Engineering
J. C. (Joe) Simon-Exxon Chemical U.S.A., Baytown Engineering

BROWN & ROOT, INC.

T. J. Feehan	A. Maverick
J. T. Gossett	D. M. Farmer
J. C. Norris	R. M. Cornforth
J. G. Munisteri	T. M. Turzak
F. W. Bell	A. C. Ter Poorten
D. H. Harbour	R. A. Michalk
J. R. Ward	J. D. Ross
R. K. Wilson	E. J. Macartney
H. Ellis	

1. Introductions were made by Jack Gossett and Bill Emmons.
2. The contract or contracts will be awarded and administered by the Baytown Chemical plant. It is not foreseen that Exxon R and E will participate beyond contract award except, possibly in a consultant role or for supplementary assistance.
3. The technical manpower projection curves, which were included in the proposal were discussed. Jim Norris explained that the manpower requirements made allowances for all work that we know about. It includes work that is committed but not yet released. The projection is still valid. No new work has been awarded since the proposal was submitted.

EXX 011511

4. Exxon requested comment on Brown & Root's potential for lump sum bidding or a "not to exceed" or "guaranteed max" formula after engineering is complete. It was explained that the climate is not suitable for Brown & Root to entertain acceptance of lump sum contracts at the present time. Basic reasons are: escalation is unpredictable, vendor delivery schedules cannot be relied upon, and acquisition of timely and accurate vendor data is difficult. Brown & Root would also be disinclined to consider an arrangement wherein certain cost elements were fixed and escalation would be allowed or fixed by formula for other elements.

Jack Gossett stated that it is Brown & Root's opinion that the type of contract proposed by Exxon is going to produce the most economical job and with best security for timely completion because Exxon would be involved at every step and participate in all major decisions. In a lump sum bidding contest, the contingency that Brown & Root would have to allow would far exceed any financial disadvantage that Exxon might feel exists under a cost plus type contract. In the event, however, that Exxon wanted to enter into an incentive type agreement, Jack said that we would be willing to talk about it after the scope was defined.

5. Bill Emmons stated that Exxon Chemical's investment plan for the Baytown/Houston Chemical expansion program is still intact although it can be anticipated that some slippages may occur. However, as in any discussions about the Exxon Chemical's investment plants, Bill said such discussions must be qualified. Exxon disclaims any binding commitment on the magnitude of the projects, the accuracy of engineering manpower estimates, or the scheduled release date of Design Specifications. The Design Specifications for the Baytown Compounding and Finishing project and the Houston Chemical No. 3 Esterification project are virtually complete, however, and will be released between April 15 and May 1.
6. Joe Munisteri offered clarification of the technical manpower projection curves (see item 3, above). The 700 people represented in these curves represent only Petroleum and Chemical Industries Engineering. Total technical staff in Brown & Root Houston numbers about 3300. When evaluating Brown & Root, one must assess total capability. If the required specialties are not available in one department, they can generally be found and made available from elsewhere in the organization.

7. Julian Ward explained that while the manpower projections generally indicate capacity to accomodate the Exxon Chemical work we are suffering in two areas; namely, electrical designers and civil-structural specialists. Depending upon the release date timing, it may not be possible to staff the projects with the best qualified personnel in these disciplines. Brown & Root is not alone in this situation; other Houston contractors seem to be experiencing the same dislocation. Fred Philips expressed concern because there will be a heavy requirement for these disciplines in the Baytown Finishing and Compounding project.

Jim Norris explained that Brown & Root wished to be completely candid about our capability and did not wish to misrepresent the facts. If Brown & Root is selected as a contractor for these projects it will be the first engineering job that we have executed for Exxon Chemical and it is our desire that it should be a good one.

8. In response to Bob Cornforth's question about the split of work under one or more umbrella contracts, Bill Emmons stated that no decision has been reached as to the number of contracts to be let or the division of work if more than one contractor is involved. He indicated that if there is more than one umbrella contract awarded, a decision will be made at the time of release of each job specification and this will be determined by contractors' workload, qualifications, experience with the type of facility proposed and evaluation of contractors prior performance.
9. Jack Gossett and Julian Ward responded to Bill Emmon's question about Brown & Root's experience with umbrella type contracts by citing a number of examples. The manner in which the current Union Carbide Seadrift project is staffed and is being executed was described in detail.
10. In response to the agenda item relating to the unique qualifications that Brown & Root might have to assure successful execution of this project, Joe Munisteri stated, in summary, that Brown & Root can bring to bear the largest pool of engineering talent and construction manpower in the Houston area, has a strong corporate desire to maintain a good relationship with the Exxon organization, and can furnish the necessary resources, manpower and otherwise, without endangering present commitments.
11. One of Exxon's concerns, according to Bill Emmons, was Brown & Root's ability to organize and cope with a small project. Jack Gossett said that we can submit many examples of Brown & Root's participation in small project work, not only in construction but also in engineering.

An engineering task force can be sized to meet the needs of any project; from the smallest to the largest. Examples were cited for both ends of the scale.

12. Another of Exxon's concerns was Brown & Root's proposal to integrate the construction effort for BTFE and the Exxon Chemical work. Exxon was fearful that this would tend to dilute our performance on either or both projects. Jack Gossett said that he was aware of Exxon's concern and assured the Exxon group that the Exxon Chemical work, if awarded to Brown & Root, would in no way detract from or diminish the emphasis that BTFE is now receiving. In recognition of Exxon's concern, Jack said that we are now prepared to offer a separate Project Construction Manager for the Exxon Chemical work. Harold Ellis, candidate for the position, was introduced by Jack and his background described.

It is Brown & Root's opinion, however that savings can be realized by Exxon if certain facilities and services for the two projects were shared. Jack handed Bill Emmons a list of those items and their potential realization. This list was given previously to Bill Craft.

SESSION NO. 3

ATTENDEES:

EXXON CHEMICAL

M. W. Emmons
E. H. Busby
F. T. Philips
J. C. Simon

BROWN & ROOT, INC.

T. J. Feehan	R. M. Cornforth
J. T. Gossett	T. M. Turzak
J. C. Norris (part time)	A. C. Ter Poorten
F. W. Bell	J. D. Ross
J. R. Ward	E. J. Macartney
H. Ellis	

Most of the discussion during the Project Execution Session dwelt upon Brown & Root's technical qualifications, manpower availability, engineering control procedures, project organization invoicing practices, and clarification of procurement procedures as stated in the proposal. The highlights of these

EXX 011514

discussions will be described below. Exxon has been exposed to our scheduling and cost control techniques and systems, has confidence in them, and did not wish to cover these aspects of project execution at this time.

1. Bill Emmons gave the group a rundown on the planned release dates for the projects involved in the current investment program.

<u>DATE</u>	<u>PROJECTS TO BE RELEASED</u>
April, 1975	2 (Finishing and Compound- ing, No. 3 Esterification)
June	1
July	2
Oct.	1
Nov.	2
Dec.	1
Jan. 1976	2
April	1
July	1

The majority of the projects are less than \$10MM total project value. One project tentatively to be released in 1975 may exceed \$20MM. Most projects involve less than 75,000 engineering manhours and some as few as 20,000 manhours. Consolidated total project value will be something less than \$150MM. Exxon estimates that construction on the first projects will begin in the 3rd or 4th quarter of this year. Construction on the last project will begin in late 1977 and complete in 1979.

The pattern of work described above is similar to a long term program Brown & Root once handled for Texas Eastman in Longview, Texas.

2. The Exxon Chemical expansion program described in the inquiry and in these discussions does not include the Baytown Olefins project. The subject expansion program bears little relationship to BTFE whereas the Baytown Olefins project is complementary to BTFE.
3. In response to Tom Feehan's query concerning the technical representation Exxon will commit to the project, Bill Emmons stated that it is their intention to assign a project manager, presently not selected, who will have overall responsibility. Each separate project will have Exxon project engineering representation. In some cases a project engineer might be assigned more than one project. It is anticipated that Exxon's project engineers will be in residency in Brown & Root's offices.

EXX 011515

4. Julian Ward gave an impressive description of how the mix of talent and experience in Petroleum and Chemical Industries engineering fit the requirements of Exxon's initial assignment. Areas of strength which he emphasized were: extruder lines, pellet storage, fluffing techniques, pollution abatement, noise abatement, building layout and architectural design, materials handling, solids handling, automated controls, pneumatic conveying and plant revamp or modification projects.
5. Julian described a typical engineering task force organization and clarified that it would be Brown & Root's intention to "task force" the Exxon work. Among the points that Julian made were:
 - a. All disciplines except HVAC and plumbing would be represented in a typical task force for a major project.
 - b. The architects on Brown & Root's staff are graduate architects and not made over civil or structural engineers.
 - c. The trend toward electronic instrumentation and computer has tended to shift work load from the instrument design discipline to electrical design. This is one of the reasons for the critical shortage in the electrical design craft.
 - d. Many of our process engineers understand the requirements of project engineering and are sensitive to project needs. Thus, on a field assignment, they can function effectively without detailed direction.
 - e. If a full time requirement for certain specialists does not exist, these specialists can be moved in and out of the task force to perform specialized tasks and to upgrade the skills of less qualified engineers or designers assigned to the project. Time is charged to the project only as worked.
6. Julian clarified that in a task force configuration, the disciplines report to and are wholly responsible to the assigned project engineer for performance and productivity. A dotted line relationship exists, however, between each discipline and corresponding discipline heads. This link exists for purposes of salary administration, promotions, and guidance on the more complex technical problems.
7. Project engineering staff has been remarkably stable. Out of a total force of 44 project engineers, Brown & Root

EXX 011516

- .. has lost only one to another firm within the last year or so.
8. Manhour control is achieved by tight coordination by the project engineer who oversees the operation to make sure that tasks are accomplished in the right sequence.
 9. With regard to building construction, Julian explained that this work is normally assigned to the Brown & Root's building construction group who are specialists in this field.
 10. In response to Exxon's question concerning how we would staff up to handle work at more than one geographical site, Julian explained that this is no problem. It is an exact parallel to the way we generally organize a task force. A project is broken down into areas and each area is under the jurisdiction of a specific project engineer.
 11. The damaging, disrupting and costly effects of late design changes was discussed briefly. The manner in which changes are priced out was also touched upon. Exxon agreed that changes were undesirable but, notwithstanding, changes could be expected to occur on these projects.
 12. It was clarified that the project organization charts contained in the proposal represented the ultimate organization, i.e., the one which would exist at the peak of project activity. The organization for the initial assignment would be considerably leaner in supervision and staff support.
 13. Jack Gossett explained that the chart depicting the construction organization would have to be greatly modified in view of the decision to assign a separate Project Construction Manager for the Exxon Chemical work. He clarified that Harold Ellis, the Project Construction Manager designee, would be responsible for work at both the Baytown and Houston Chemical sites. Bill Bell stressed the desirability of bringing Harold into the project early for orientation.
 14. Jack Gossett described the role of the Project General Manager. He explained that the Project General Manager is the entity that ties engineering and construction together. He is responsible for overall cost and schedule control and contractor performance. He is the major point of contact for the client Project Manager.

EXX 011517

The Project General Manager and his staff will be housed in the same location as the engineering task force. J. D. Ross is Brown & Root's candidate for Project General Manager.

15. Cost reports and invoice practices were discussed briefly. The following points were made:
 - a. Engineering cost reports are available 10-15 days after the month end closing.
 - b. Engineering manhour reports are published weekly, covering the activity of the preceding week.
 - c. Invoices for field labor and the supporting check register are billed on Wednesday of each week covering the payroll for the preceding week. Transfer of funds are required to be made by the following Friday.
 - d. A Cost Comparison and Projection Report is published monthly. This report takes into account not only actual expenditures but also commitments.
16. Purchasing, expediting and inspection procedures and organization were discussed. Here are the significant points touched upon:
 - a. The role of the Procurement Coordinator was described by Bill Bell. It is Brown & Root's recommendation that this position be included in the Exxon Chemical project staff.
 - b. Brown & Root purchases on a single project basis, i.e., purchase orders do not combine the requirements for more than one project. Occasionally, however, commodity buyers may consolidate the requirements for more than one project for inquiry purposes.
 - c. It is desirable to have an approved vendors list in hand before the first inquiry is issued.
 - d. Domestically, Brown & Root uses only their own personnel for expediting and inspection. Source expediting is conducted by field expeditors but all expediting activities and reports are coordinated by a project expeditor assigned from the home office expediting staff.
 - e. Foreign expediting and inspection is normally performed by agency personnel under contract to Brown & Root, e.g., Lloyds. Occasionally, however, Brown & Root Quality Assurance inspectors

will make the final inspection even to the extent of seeing that the shipment is properly loaded.

- f. Brown & Root expedites subvendors as a normal practice. Routinely, we request buy-out lists from vendors as a part of the purchase order conditions.
 - g. Expediting costs have escalated disproportionately, primarily because of vendor schedule slippages that are being experienced across the board. Some of the devices we are employing to minimize slippages are to use project engineers as expeditors, and place engineers or designers in residence in vendors shops.
 - h. Quality Assurance is a part of engineering. Inspectors and expeditors file cross-reports because significant expediting information is frequently derived from source inspections. Brown & Root has no objection to the utilization of Exxon inspectors as long as the division of responsibility is defined and understood.
17. It is planned to model the Finishing and Compounding project, in fact, a planning model has already been built. No. 3 Esterification project does not lend itself to a model. Brown & Root has no preference as to model practices. One point in favor of models is that the design can be more rapidly visualized and assimilated by client project personnel than by reviewing orthographic drawings and layouts.
18. In response to Exxon's query on Brown & Root's capability to produce operating manuals, it was suggested by Julian Ward that our people are not oriented in this direction. We are quite capable of preparing process descriptions, start up, shutdown and emergency procedures but translating these data into instructions for operators can best be done by people who have an extensive operating background.

The meeting was adjourned to enable Exxon personnel to interview Brown & Root's proposed candidates for key project assignments.


E. J. Macartney

EJM/maw

cc: Brown & Root Attendees
M. Estes
W. E. Hesson

EXX 011519

Commercial Session

1. They understood that fixed rate fee is because we don't understand scope.
2. Prior to Oct 1, 1977 Eng. work. - we meant it.

Some small projects late 1976,
Agree that they would not give us large projects late in job.

Agreed
to Concept For any assignments ^{made} prior Oct 1, 1977 that exceed 200,000 hours by mutually agreed to estimate the fixed rate fee shall be equitably adjusted by mutual agreement for work performed after Oct 1, 1977.
on said assignment

3. 10⁰⁰ / Hr at Baytown - All work
12⁵⁰ / Hr at Houston Chem - All work

4. Discussed 70% - 25% fixed rates for Home office mark-ups (12 Oct 76)
Exxon - dropped question about fixed

Commercial Page 2

dollar rate and escalation.

5. Page 10 proposal form

Agency personnel -

yes we would use but can not
define - profits at quoted rate
is less for agency personnel than
for B & R personnel.

6. Will not put as fixed rates, relocation
expenses (page 10) in contract. Exxon would
reimburse at cost.

7. Table 3 we had typo error of
170 $\frac{1}{3}$ hours instead of 173 $\frac{1}{3}$

8. Table I & II Supplement - the list
showing Sec. & clerical is not
an exception - they are overhead.

9. decimal error in Table V the
dollar amounts to be multiplied by 1

10. Exhibit C 1.15 instead of 15%

Commercial Page 3

11. Exhibit H will be deleted
12. Exhibit I was discussed
 - a) Exxon wanted BTFE ExH H
 - b) We based our proposal on ExH H ^(PART OIL)
 - c) Fee would have to be adjusted to use BTFE ExH H.
13. Will go on assumption that what Exxon has agreed to in the past will be acceptable. - there may be conflicts
14. Chemical lawyer of Exxon may ask to change although Samowski says the exception looks OK now (13 above)
15. Exception (6) In lieu of B&R exception "Contractor shall at all times control the progress of work and exert all reasonable efforts to achieve complete date on or before scheduled completion date." OK to B&R
16. Exception (7) - Use "obligation" in lieu of responsible.

17. Same as last item
 18. Exception (9) B & R works OK plus and will credit discounts to Owner.

19. Exception (10) Hold for Lawyer Exam

20. Exception (16) ~~these are not~~
~~authorizations~~ accept after disburse

21. Exception (20 a) Hold

22. Exception (23)	1st. two assignments	\$4.20/HR
Exception (24)	then up to 200,000	3.90
B & R offering	200,000 - 300,000	3.80
	300,000 - 400,000	3.70
	400,000 - 500,000	3.60
	500,000 & up	3.50

Real Problem on fixing fee
 B & R to think about this.

Discussed max fee concept

23. Exception (25) Only retainage will be on Fee @ 25% and will be paid when each assignment is completed & accepted.

24. Exception 26 Lawyer Hold on "known" 2 part "costs" OK with item 23 ok

25. Exception 27 - Hold.

26. Exception 30-31 - Hold.

27. Exception 35 - OK

28. Exception (41) - B & R Policy

29. Exception (43) - they don't generally go along with this concept.

30. Exception (45) hold
31. Insane items Exxon Insane man
will contact Drew Farmer
32. Any exception item not listed
here was not discussed and
may be brought up again by
Exxon Chem. Lawyer

RKW:lon
3/26/75

D Samowick 3/26/75

OFFICE MEMO
BROWN & ROOT, INC.

TO: THOSE CONCERNED

FROM: J. P. LAMAR

JUNE 4, 1975

SUBJECT: NEW JOB ASSIGNMENTS--PETROLEUM & CHEMICAL DEPARTMENT

THE FOLLOWING JOB NUMBERS HAVE BEEN ASSIGNED TO THE PETROLEUM & CHEMICAL DEPARTMENT TO COVER THE FOLLOWING NEW CONTRACTS:

<u>JOB NO.</u>	<u>JOB DESCRIPTION</u>
34-1229	SHELL DEVELOPMENT COMPANY - CONSTRUCTION OF THE PILOT PLANT AND LABORATORY BUILDING IN HOUSTON, TEXAS
✓34-1232	EXXON CHEMICAL, U.S.A. - ENGINEERING, CONSTRUCTION, AND PROCUREMENT OF PHASE I OF COMPOUNDING AND FINISHING PLANT AT BAYTOWN, TEXAS
34-4057	SHELL DEVELOPMENT COMPANY - RENTAL OF CONSTRUCTION & SMALL TOOLS, CONSTRUCTION AND WORKMEN'S SUPPLIES
34-4105	AMAX NICKEL REFINING COMPANY, INC. - CONTINUOUS MAINTENANCE AT BRAITHWAITE, LOUISIANA

EXX 011525

☒ ORIGINAL
☐ REVISION

DATE 7-14-75

1-2	01	CO.	CODE
3-11	JOB NUMBER		
	34	1232	
	DEPT.	NUMBER	SUFFIX

14 OWNER

1	☒	BROWN & ROOT
2	☐	ASSOC. CO'S
3	☐	JOINT VENTURE
9	☐	OTHER

13 ACCOUNTING LOCATION

1	☐	HOME OFFICE
2	☒	PROJECT OFFICE
9	☐	OTHER

1	☐	FIXED PRICE
2	☒	COST PLUS
3	☐	JOINT VENTURE
9	☐	ASSOC. CO'S

12 CONTRACT TYPE

28 - 27 DIVISION 34
28 - 33 SECONDARY JOB
35 - 38 SECONDARY INV.

INDUSTRY TYPE	PREFIX	NUMBER	SUFFIX
20 - 21	01	03	
22 - 23			
24 - 25			

15 SPECIAL CODES [2 ☐ JOB SUFFIX
3 ☐ SPECIAL SUFFIX]

16 JOB CLASSIFICATION [1 ☐ MARINE
2 ☒ OTHER]

	YEAR	MONTH
☒ ACTIVE		
☐ CLOSED & REOPENED		
☐ COMPLETED		

CONTRACT AMOUNT TYPE	1	2	3	DOLLAR AMOUNT	CONTINUOUS WORK	OTHER
	☒	☐	☐			

79-80 CARD CODE

JOB TITLE

[illegible]

EXX 011526

REQUEST FOR ASSIGNMENT OF JOB NUMBER
BROWN & ROOT, INC. AND ASSOCIATED COMPANIES

TO: ACCOUNTING DEPARTMENT

FROM:

SUBJECT: JOB NUMBER ASSIGNMENT - Brown & Root Inc

(COMPANY)

Petro-Chem 6034

(DEPARTMENT)

SUB-DIVISION: _____

PLEASE ASSIGN A JOB NUMBER TO BE USED FOR RECORDING OF INCOME AND COSTS RELATING TO THE CONTRACT DETAILED BELOW:

OWNER: Exxon Chemical Company USA.

PRIME CONTRACTOR: Brown & Root Inc.

CONTRACT DATE: May 7, 1975

DESCRIPTION OF WORK: Engineering, Procurement and Construction - Compounding and Finishing Expansion - Phase 1 Project at the Baytown Chemical Plant and Other Assignments

TYPE OF CONTRACT: UNIT PRICE (), LUMP SUM (), FORCE ACCOUNT (), COST PLUS FEE (X)

OTHER (),

(EXPLAIN)

ESTIMATED COMPLETION DATE: November 1, 1976 (1st Assignment) OR CONTINUOUS ()

CONTRACT AMOUNT: \$ 10,000,000 ACTUAL (), ESTIMATED (X)

TERMS OF PAYMENT: PROGRESS BILLINGS - MONTHLY (X(1)), WEEKLY (), BIWEEKLY ()

SEMIMONTHLY (), REVOLVING FUND (), OTHER (X(2)), (1) Engineering (2) Field-Owners Account (EXPLAIN)

PERCENT RETAINED: 25 % OF FEE

OTHER (),

(EXPLAIN)

TO BE COMPLETED ONLY FOR JOINT VENTURES:

PARTNERS AND PARTICIPATION:

SPONSOR: _____

ATTACH FINANCING CURVE OR CASH FORECAST:

JOB NUMBER ASSIGNED: 34-1232

CC: ORIGINAL - ACCOUNTING
DUPLICATE - RETAINED
TRIPPLICATE - TREASURY/CREDIT
QUADRUPLICATE - PURCHASING

Rudy Muehlh
(SIGNATURE OF EMPLOYEE REQUESTING JOB NUMBER)
Tom P. Allison, Jr.

FORM A-56

ACCOUNTING

EXX 011527