Interoffice Communication

To J. R. Pavao - Houston

From J. W. Ware - VCM Plant

Date October 23, 1981

Subject Reforecast of Warehouse and Processing Supply Inventory

In response to your request, the following represents the VCM Plant's reforecast of 744 and 739 account inventories for year-end 1981 and each quarter of 1982.

		1982			
-- Ending--	1981	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
Warehouse (0739)	$ 73M	$ 75M	$ 70M	$ 73M	$153M
Processing Supplies (0744)	420M	665M	470M	300M	675M

The 739 account projections represent essentially no change in volume from 1981 status with the exception of the fourth quarter, 1982. The inventory in this account at the end of 1982 was projected to be $195M in the September transmittal. This number represents increases from purchases required by the Plant's oxy revamp project scheduled for completion in the second quarter of 1983. As shown above, a reduction of this figure to $153M was made possible by scope changes in the electrical portion of the oxy revamp project.

The basis for the figures given for the 744 account is as follows:

1) This account is effected primarily by oxy material inventory.

2) Third quarter 1981, 744 account inventory was approximately $420M. This is not expected to change by year-end and includes a complete catalyst charge for R-305 reactor.

3) Oxy catalyst will be purchased in the first quarter of 1982 to prepare for the second quarter turnaround. This results in the first quarter increase exhibited above.

4) Inventory in the 744 account will be reduced by an oxy catalyst charge in the second quarter. However, the overall reduction will be diminished by the purchase in this same quarter of catalyst for R-300 hydrogenation reactor.

5) Present plans are to charge the R-300 reactor in the third quarter of 1982, thereby leading to a reduced inventory figure for the end of this period.

6) The fourth quarter of 1982 will witness the purchase of oxy catalyst in preparation for a first quarter, 1983, turnaround. An associated increase in the value of the 744 account is projected for year-end, 1982.

It should be noted that previous plant policy was to maintain a complete catalyst charge for oxy in inventory at all times. This policy has been relaxed somewhat to permit periodic short-term reductions in the 744 account inventory.

If additional information is required please advise.

JWWare

J. W. Ware
Plant Superintendent

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cc:
JAD-WRH

CCR 000009413