

INTER-OFFICE COMMUNICATION
TENNECO HYDROCARBON CHEMICALS DIVISION
(RES-291-71CD)

DATE JULY 12, 1971

TO: MANAGEMENT

FOR: MR. R. M. PATE

FROM: MR. R. E. SIMMONS

RE: VCM--PPG

CC: HEO
DRK
BRY

On July 9, I talked with Mr. Greg Lazarchik with PPG concerning the status of the proposal that PPG was to send us concerning loading VCM from their Paulsboro terminal. Mr. Lazarchik stated that PPG is currently not too sure that they want to load up their Paulsboro terminal on swapping VCM with coproducers. They are currently reevaluating the use of their terminal, and Mr. Lazarchik appears to be against working a swap with Tenneco. He will make a presentation to PPG's Management on July 20, and at that time PPG's Management should decide between Mr. Lazarchik's philosophy and the present philosophy of Mr. Moulton which is to load up the terminal via swaps with coproducers.

Mr. Lazarchik did not actually say that he was against swapping with Tenneco, but he did not offer much encouragement. Greg would rather see PPG move monomer through the terminal that is sold directly to consumers. Greg states that swapping VCM with Tenneco will not increase PPG's chlorine or ethylene sales. Also, apparently PPG is having serious discussions with Diamond concerning a swap, and it is very possible that PPG does not need additional VCM to be shipped from the Houston area if they work a swap with Diamond.

Greg also stated that PPG is opposing Tenneco's application for reduction in our volume rate for VCM shipments to New Jersey. PPG feels that if Tenneco is successful in having their volume rate reduced that all coproducers will have their volume rates reduced and the final result will be that PVC producers will insist on lower VCM price. Since PPG will be shipping monomer from Puerto Rico to the United States by water, it is not in their best interest to see rail rates reduced.

Greg states that the contract price of 4.5¢/lb for VCM shipments during 1972 is a realistic price, and he does not believe that PPG would be able to reduce this price.



R. E. SIMMONS

RES:jem

000147