

Buenos Aires, November 13th, 1936.

Dr. Graham Edgar,
Ethyl Export Corporation,
Chrysler Building,
NEW YORK CITY

Dear Dr. Edgar,

Enclosed herewith are inspection reports for the two plants here and three covered on my recent western trip. These complete my initial inspection of all plants with the exception of Camiri, Bolivia which now that the roads are dry I can and shall inspect in the very near future. I regret the delay in submitting these reports caused partially by visitors, the new Shell plant, but mostly again in getting settled. You may expect prompter service in the future.

I enjoyed the trip very much and although more time might have been profitably spent on other work I purposely attempted to do little more than inspect the plants and get a general idea of things.

You will notice from the reports and letters attached thereto that for Standard at Campana I have recommended a new plant. YPF lacks swing joints and scales, they are purchasing the scales and as soon as the swing joints arrive will help them get plant and mixing procedure in order. (You might ask Julian to check on the shipping date of the swing joints as they have not arrived and according to WICO are not in sight). West India plant in Santiago is in good shape - the medical situation is not so good - you have copy of my first letter to Dr. Kehoe on the subject and the enclosed letter is part in answer to his request for more detailed information. International plant at Talara, Pefu and Tropical plant at Barranca Bermeja are both in fine shape and new plants are being built at both refineries for motor gasoline blending. None of the plants have rules and regulations for posting so am having English and Spanish copies made for them.

The sales of Esso in Chile have been decreasing during the past few months due mostly Mr. Humpstone (President of West India Oil Co.) believes to the lack of enthusiasm on the part of the district representatives and Shell's whispering campaign that Esso is poisonous. (He claims he has direct evidence on the latter.) The picture is not as bad as district percentage would indicate due to larger cities holding their own and also having a slight overall gallonage increase. I spent one day answering questions at an impromptu meeting of the managers and agree that a little sales work might do some good. Hence, if you will send a demonstrator with a lot of spare parts and Harry Kaley will have what he thinks I might need sent to me, will have a try. After I finish, plan to loan the engine to West India Oil Co. It would be best, if you agree to the above, to send the equipment care West India, Mr. Humpstone, Santiago, Chile. For the whispering campaign Mr. Humpstone would like a Shell Ethyl add., is there such a thing?

A variety of warning signs are being used on shipments from International and Tropical and also dodgers have been included in boxes containing cans of gasoline. At Tropical the proposed warning sign was made up some oversize in red and white with large white letters PREVENICION etc. etc. I have suggested that unless local laws and regulations dictate otherwise that a uniform

copy

warning sign of the type, size and colour used in Canada and U.S.A. be applied uniformly and that the dodgers be dispensed with. The actual Spanish will vary depending on the country to which the gasoline is being shipped. As this is a question involving the two refineries and should be checked in Canada, I would appreciate it if Fitzgerald would discuss the matter with the International and Tropical people there.

Because the plane was late and did not overnight in Guayaquil I had very little time to discuss leaded gasoline with Mr. J. Aviles Alfaro (you will remember he wrote you regarding a license for distribution some time ago). However, I did explain to him our method of doing business and promised I would take it up with Anglo Ecuadorian Oilfields. I had already made appointments in Santiago and the next plane was full or I would have stayed over to do this.

Have had a few more visits with technical people of YPF, they are still worrying about their 87 Octane gasoline and I suggested exchanging check samples with somebody but have heard no more from them. They may want you to run some tests for them and have promised co-operation.

Shell Mex is just finishing a new aviation plant here. It is well built and after a few minor changes in drains etc. will be up to specifications. They do not have a company doctor and I have suggested to Dr. Kehoe (in attached letter) that if it is necessary for Ethyl Export to appoint one that he be of high class, capable of doing consultant work later in the event leaded gasoline is allowed. The plant will be used to make 87 Octane number aviation gasoline which will be a blend containing maximum lead Iso Octane in present 72 Octane base gasoline (which contains a small amount of benzol). In order to determine amount of octane necessary CFR engine tests are to be run and Shell asked for some fluid for this purpose. I was unable to furnish or borrow it for them but fortunately I remembered 2 cans at their plant in Rio which they have asked for. Believe it would be well to have a case or a few cans on hand for such requests. In finding out customs descriptions etc. from Standard for Shell I ran into a request Standard will or have made for invoice of fluid and drums. Each order must go through an Exchange Control board which is set up to allocate quotas, protect home industry and guarantee prices to the farmer. The mechanism is very involved and a large amount of red tape is necessary for each shipment and when drums are charged separately and it comes time to return them, it becomes more involved yet. Standard's idea is to reduce the red tape by having the drums come through free as property of Standard and take care of deposit from New York.

Has the latest Army Specification been published? If so, can you give me references or better copies of it? YPF want to know exactly what it is, though I don't think they have the faintest notion of using the method.

You will remember that the original YPF decree pertained principally to control of production and importation, latter negotiations with oil companies involved marketing practices, cartel agreements allowing YPF the increase in business, and price control set up whereby price in all Argentina was to be based on B.A. price, thus making it almost impossible for companies who's business was principally outside Buenos Aires to make money. (Shell). A recent decree which is causing most protest gives YPF all business in Buenos Aires after four years.

Am enclosing copies of letter from Ray Bevan and letter to Ray from Mr. J.G. Michler, which are self explanatory. I shall send the memo requested.

Mr. Michler is undoubtedly correct in his guess that YPF's objections to lead gasoline will disappear with the inforcement of the decrees which seems to be headed toward a complete control of oil business for YPF. The decrees are however very drastic and are being vigorously opposed by all the private companies. It has been stated that with the decrees in their present form it will be impossible for the private companies to remain in business. YPF is too occupied at the moment in the business of pushing the decrees and defending them from oil companies who are fighting for existence to consider properly the question of lead in motor gasoline. Also it is possible but improbable that the oil companies may be able to effect sufficient change to alter the outlook. Due to it's critical significance to the oil companies the question can not remain long in it's present unsettled form (actually it is a day to day proposition), but until some definite basis has been established or at least negotiations have subsided so that YPF can consider and begin to make plans for the new gained business no formal approach regarding lead in motor gasoline should, it seems to me, be made to them.

I do not mean by the above that YPF at present is not able to see their position or visualize their probable position nor that they are unable to see how lead will fit into the new scheme of things; On the contrary the whole thing seems to have been cleverly planned out before execution and my guess is that lead was included in the plans and that they had a notion of manufacturing it themselves. Still guessing I believe lead is soon to be discussed by the powers in YPF as Mr. Bennesar has asked for a general memo on lead and he still shows interest in possibilities of manufacture.

I shall keep you informed of developments and suggest that we prepare to present the matter formally sometime in the very near future.

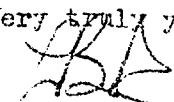
Remember some work done on Christi tanks, I think this might appeal to the Army and would like to include it in the memo to YPF. Also would appreciate any other material and suggestions you have.

Have received the copies of lead studies and other papers for which I thank you very much. Also thanks very much for your letters answering the numerous questions I have asked. In plant inspections have up to now made a point to ask Superintendent if he had, was familiar with and used instructions for tank cleaning, but will make doubly sure in the future. I have a letter on the subject from Oscar Lewis which I will answer soon, I don't believe the essential problem is different here than elsewhere and would appreciate any recommendations he may have.

Things to send: It's a little hard to justify, but there are times when an automobile is needed.

Demonstrator (Spare Parts), Sales Paraphernalia, Cans of Fluid, Latest and other Army Specifications, Ethyl in Army Tanks.

Very truly yours,


Lester B. Roberts,

KE 0010538