ETHYL GASOLINE CORPORATION

MANUFACTURING DEPARTMENT

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July 1, 1936

(PERSONAL & CONFIDENTIAL)

Dr. R. A. Kehoe

Dear Bob:

I should like to know, at your convenience, how you made out recently when you were in New York relative to discussing the prepayal situation.

In reviewing our conversation on this subject, I think I gave yo about all of the angles that I could think of excepting one which, while you probably know about it, might bear repeating in line with possibilities on prepayal.

As you know, we are now operating the lead plants "wide open" on a seven-day basis. I have written to you before reflecting our opinions here that such a schedule should only be considered in light of an emergency measure and that to continue operation at this high pitch indefinitely, is certainly encouraging higher risks for all concerned; continuance is certainly not conducive to effecting the safety measures which either ourselves or the duPont Company wish to maintain. Hence, we must consider an additional plant either here or elsewhere if our business is to remain at the current volume or increase into 1937. From the present trend of opinions, I am inclined to believe that the location of additional facilities will be elsewhere. This, then, means that we would have such an unequal economical situation for freight that we are almost forced to prepayal. For example, supposing we build either one or two units elsewhere, then, our distribution would be either 80% or 66% from Deepwater and the balance from the new location. If new facilities were situated at a favorable point, such as East St. Louis, etc., it so happens that over 50% of our business is in the surrounding territory so to supply that market some shipments would still have to continue to come from Deepwater. Then, unless we adjusted the freight situation by prepayal and absorbed the cost ourselves, some customers would be forced to pay more for the delivery of the product than others in the same general locality, for reasons over which they have no control.

The thought then occurs to me that since it is almost foregone that with additional facilities in the near future required prepayal would be necessary, why not effect the proposition at once, when a price change offers a convenient and economical opportunity?

very

[signature]