

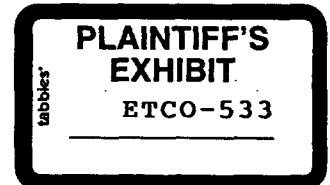
STONE & WEBSTER ENGINEERING CORPORATION

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S. & W. E. C.	328
File No. <u>57</u>	
Doc. No. <u>21</u>	

April 28, 1948.



Mr. J. H. Schaefer, Vice President
Ethyl Corporation
Baton Rouge, Louisiana.

J.O. 7880 and 8027E + 8027F
ETHYL AND VINYL CHLORIDE FACILITIES

Dear Mr. Schaefer:

As discussed in our meeting at Baton Rouge on April 9th, we are outlining herein our suggested arrangement for terminating our activities on the Ethylene Plant, our J.O. 8027E and Vinyl Pilot Plant, our J. O. 8027F, since you have deferred their construction and removed them from the scope of the work under the Expansion Program.

Our services for engineering, drafting, inspection and expediting have been segregated for each of the jobs in the Expansion Program and the amount expended at salary rates for the Ethylene Plant will be determined. We propose that an equal amount to cover our administrative and incidental costs be paid us in addition to a Class "C" fee which, in view of the fact that the total work now contemplated under the Program is in excess of \$15,000,000, would be 3% of the Cost of the Work which would include direct pay rolls, the 100% overhead allowance on these and any other costs and expenses applicable to J.O. 8027E.

Similarly, we propose that the Vinyl Pilot Plant be treated in the same manner except that in this case the Cost of the Work to which the Class "C" fee would apply would also include any equipment and materials purchased for this plant on which delivery has been taken and such cancellation charges as there may be.

You will, of course, realize that the fee will be a relatively small amount in either case.

Prior to your authorization to proceed with the work under the Expansion Program, we had made a design report and economic studies on the facilities for the Ethyl Chloride Area, including the Ethylene Plant, Ethyl Chloride and Ethylene Dichloride Plants under our J.O. 7880. This

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work was performed under Part A of the Term Contract and was billed at per diem rates for the engineering services. As provided in the Term Contract, these services, upon your authorization for construction, were to be reduced to two-thirds per diem which would now be applicable to that part of the services pertaining to the Ethyl Chloride and Ethylene Dichloride Units which are still a part of the Expansion Program. However, since our record of the actual time spent on this work was not segregated between the three individual phases of the study, we cannot determine specifically what part of the services applied to the Ethylene Plant which is no longer included in the program and although we estimate that approximately half of the time was devoted to this plant, we propose to reduce all of the per diem charges to the two-thirds basis which will result in a credit to you of approximately \$3,300.

If the foregoing meets with your approval, will you kindly so signify as provided below and return one copy for our files.

Yours very truly,

Karl Finsterbusch

Karl Finsterbusch
Vice President.

Accepted May 10, 1948

ETHYL CORPORATION

By

J. H. Schaefer
Vice President.