

Diamond Alkali Company

INTER OFFICE CORRESPONDENCE

DATE

July 13, 1966

TO

FROM

MR. A. B. TILLMAN

SUBJECT: Appropriation Request No. 03-39-0739
2,4-D & 2,4,5-T Acid Facilities at Newark, N. J.
Appropriation Amount -- \$1,225,000

The subject appropriation is to provide funds for expansion of the 2,4-D Acid facility, modification of the 2,4,5-T Acid facility, purification of TCP and additional warehousing facilities to supply market demands.

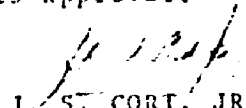
The new 2,4-D Acid introduced this year has met with outstanding success in the market place to the extent that our present plant cannot produce our sales potential. The facility requested in the appropriation will increase our productive capacity of D Acid to match the productive capability of the intermediate raw material units presently installed; thus give a balanced production line.

The 2,4,5-T unit will produce an acid comparable in physical characteristics to our new D Acid, thereby enhancing its marketability. The present acid, containing 12% to 18% moisture, cannot be used by a number of our potential customers. Our experience with the D Acid convinces us that a similar form of T Acid will find equal acceptance in the market.

The TCP purification is designed to eliminate a major health problem at Newark and potential health problems on the part of customers of our present acid. It will also widen our market capability for Trichlorophenol to non-agricultural customers; thus balancing out the present seasonality.

The incremental return on the new facilities is 15.72% at capacity and the addition of these facilities will upgrade the over-all return on the Newark investment from a present rate of 2.72% to 6.84%.

This appropriation is in line with the Division's plan for growth and the Division recommends its approval.


J. S. CORT, JR.

APPROVAL RECOMMENDED:

A. B. TILLMAN

DS 00013078

Approved by Operating Committee on 7-11-66 for Board consideration.