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THE MARSHAW CHEMICAL COMPANY

Cleveland, Ohio

December 19, 1949

U. S. Atomic Energy Commission  
New York Operations Office  
P. O. Box 30, Ansonia Station  
New York 23, New York

Attention: Mr. F. M. Belmore

Gentlemen:

In response to your letter of November 1, 1949, and in accordance with Paragraph (b), Article XXXIV, Contract W-7405 eng-276, we are submitting herewith a schedule of projected costs for the production of HL-7, RT-12, and PB-13 for the quarter January 1, 1950 - March 31, 1950. In addition to the through-puts specified in your letter, namely HL-7 at a production of 5500 lbs. per day, RT-12 at 6500 lbs. per day, and PB-13 at 100,000 lbs. per month, we are also showing a projected cost for RT-12 at a through-put of 7500 lbs. per day in answer to your oral request of December 6, 1949 for projections at maximum throughput. Our Plant management has indicated that 7500 lbs. per day is the best figure predictable at this time, representing an average production for a three months period.

Under separate letter dated December 15, 1949, Dr. G. R. Fernelius is forwarding to you a schedule of experienced costs for the months of September, October, and November, 1949. These projected costs are based upon the experience of these months, suitably weighted by current considerations of payroll, personnel, changes in operating techniques, and needed expenditures. We will be prepared to substantiate these projected costs at our meeting of December 22, 1949.

It will be noted that the actual cost experience of the three months just past (excepting PB-13) is higher than the cost projections on which the current selling prices were based. Consequently, our new projected costs must follow this upward trend after suitable weighting for any mitigating circumstances.

It will be noted that we believe we can produce the higher quantities of RT-12 at about the same gross dollar cost (excepting materials) as the present contract quantities. This results in a projected unit cost saving of approximately \$.03 per lb.

Yours very truly,

THE MARSHAW CHEMICAL COMPANY

Dr. Wm. D. Stillwell, Manager  
Operational Statistics and Procedures

CLASSIFICATION CANCELLED  
OR CHANGED TO.....  
BY AUTHORITY OF DOE/DPC  
*W. D. Stillwell* 9/22/79 DATE  
REVIEWED BY

9403230203 940315  
PDR ADOCK 04008724  
R PDR

ORO 50112

**REPORT**  
 OF THE  
 BOARD OF DIRECTORS

PROJECTED COSTS

PERIOD: JANUARY, FEBRUARY, MARCH, 1950

	Basis 5500 lbs. per day	Basis 6500 lbs. per day	Basis 7500 lbs. per day	Basis 100,000 lbs. per day
	Per Lb.	Per Lb.	Per Lb.	Per Lb.
<b>MATERIALS</b>	\$14,800	\$ 12,675	\$14,625	\$4,400
	.0364	.0842	.0730	.044
<b>LABOR</b>	6,015	16,415	16,415	12,350
<b>OVERHEAD:</b>				
<b>Direct</b>				
Repair Labor	\$ 900	\$ 2,875	\$ 2,875	\$1,450
Repair Materials	1,400	7,200	7,200	1,200
Factory Supplies	2,800	5,070	5,070	1,650
Electricity	1,700	8,000	8,000	670
Gas	-	15	15	2,020
Water	20	325	325	30
Occupancy Rentals	345	2,010	2,010	1,575
Steam & Heat	550	4,000	4,000	2,210
Other	130	30	30	20
	\$ 7,845	\$27,070	\$29,525	10,625
	.0475	.1387	.1312	.1082
<b>Distributed</b>				
Office G.&A.	\$ 1,910	\$ 5,625	\$ 5,625	\$3,715
Plant General	725	2,130	2,130	1,400
Eng., Res. & Dev.	580	585	585	585
Maintenance	215	625	625	360
Laboratory	1,575	1,575	1,575	1,575
Health	430	1,290	1,290	855
Housekeeping & Saf.	690	2,025	2,025	1,335
Security	800	2,350	2,350	1,550
Stores	780	780	780	780
	\$7,705	\$16,985	\$16,985	\$12,155
	.0467	.0872	.0755	.1216
<b>TOTAL OVERHEAD</b>	\$15,550	\$44,055	\$46,510	\$22,980
	.0942	.2259	.2067	.2298
<b>TOTAL COST</b>	\$36,365	\$77,550	\$77,550	\$39,730
	.2203	.3447	.3447	.3973

*[Handwritten signature]*