PLAINTIFF'S EXHIBIT

UC-2318

UNION CARBIDE

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Silicones and Urethane Intermediates
South Charleston Plant

To: Mr. J. F. Dodd

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Mr. L. T. Brannon
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Mr. G. F. Painter
Mr. E. C. Powell
Mr. T. G. Swanson
Mr. W. L. Thomas
Mr. P. G. West

From: J. G. Roy

Date: March 27, 1985

Subject: Plant Project to Eliminate Asbestos Exposure

On February 21st W. L. Thomas called a meeting to kick off the first phase of a project to eliminate asbestos exposure in the plant. The minutes of that meeting issued by Ira Beckett reflect the general agreement reached on how the project should proceed. A time table was also established in the above meeting indicating that a rough draft of the WOR would be ready for review by February 27th with submittal to Danbury in sufficient time to obtain a May 1 approval.

Inasmuch as the No. 2 Steam Plant was to be starting point I was requested to work with Paul West and develop a strategy. To this end a meeting was held with a local insulating contractor that included Operations, Maint., and Engineering representation. It was agreed that a modified version of my asbestos elimination plan would serve as a beginning point for specific project definition. It was my understanding that this activity was to provide specific bid packages which would enable the plant to implement the project upon approval. There was no decision or agreements that contractor input was to serve as the basis for WOR preparation.

After reviewing and walking through the Energy Systems plan, the contractor began a more detailed study of the situation. We agreed that removal of insulation on idle facilities would provide the biggest return on our overall objective and that this should be done early in the project execution. Next with the contractor's input a manageable piece of work with finite boundaries was established together with the repair methodology.

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Through discussions with the contractor and Engineering the section of the steam plant from the north side of No. 15 Boiler to the south wall of Building 151 was selected as the first increment of the repairs. This selection was made because much of the work on the boilers can only be done during shut-down. Boilers 15 and 16 come down at the end of May with back-to-back outages extending to the end of June. We planned to work the insulation contractors on off-shift hours to minimize congestion around the boilers during turnaround. This piece of work is the only one that will need tight scheduling to get the work done.

Under the February 21st agreements this did not present a problem. Inasmuch as fixed price contracting was the way elected to proceed and the overall plant project will far exceed the funds to be requested in 1985, our contract preparation activities can move parallel to the WOR approval procedure. However, I understand that there has been a shift in direction which was not communicated to Energy Systems. Ira Beckett has informed me that current plans do not include the use of maintenance estimates for the WOR preparation. Rather, the contractor currently estimating the work will be requested to proceed to other sections of the steam plant and beyond as necessary until the desired 1985 level of spending is identified. A ten percent estimate going into the WOR phase make sense for a conventional project. A conventional project is normally geared to job completion rather than the spending of a limited amount that will knowingly not achieve the total results. The ten percent estimate also serves as an audit tool in conventional projects for cost control purposes.

The asbestos project is anything but conventional. Since the monies involved in the WOR request will not even reach the halfway mark of that identified in the maintenance estimate, there is no risk in over-committing funds for this phase. The alternative to this project is do nothing or the limited amount that can be completed with maintenance forces. With health and safety at issue I doubt that such an alternative would be acceptable to plant and divisional management. On the issue of cost control, there is absolutely no risk in the agreed to competitive bid approach. A series of fixed price competitively bid contracts will insure that the specified work is completed in a cost effective manner. Incremental completions towards the overall project will provide a much higher degree of accurcy in later funding requests.

In view of the above I recommend that we return to the original strategy and use the maintenance estimate for the WOR. This will allow us to develop competitive bids for the removal of asbestos from idle facilities and first increment of repair work. Ira passed on the verbal cost numbers he received for the segments currently under consideration. Frankly, I believe that we are going to find them to be on the high side when all the bids are tallied. Use of these numbers could lead us to a project scope which is less than the plant currently has in mind.

Jerry
J. G. Roy

JGR:kab

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