

T. J. Desanti

Giant As<sub>2</sub>O<sub>3</sub> Sale to Koppers

November 24, 1978

D. N. Zeraldo

DNZ

*File  
Hernandez  
notes*

A return letter to Koppers has now been drafted which incorporates those points brought up during the meeting in P. J. Raleigh's office attended by TJD, HTB, PJR, and DNZ on November 10, 1978.

The major points included in the attached draft letter are:

- (1) The material to be sold to Koppers has been precisely identified as coming from current mine production.
- (2) The duration of the contract has been shortened to 3 years commencing in 1979.
- (3) The quantity of As<sub>2</sub>O<sub>3</sub> to be purchased/sold has been increased from 1,000 tons to 1,500 tons during the first year and from 1,500 tons to 2,000 tons in each year thereafter.
- (4) The Pricing Formula has been changed to the following:  
$$(\text{Base Price}) + (\text{monthly change in Laredo Price}) - (\text{Koppers Direct Costs}) = (\text{Sales Price})$$
- (5) Title to residual sludge will rest with Giant.
- (6) An Economic Clause excusing Giant from the contract has been inserted.

Also included in Appendix 1 is (a) a forecast of Koppers' direct costs over a 3 year contract life, (b) a forecast of the 'Sales Price' for Giant As<sub>2</sub>O<sub>3</sub> over a 3 year contract life, and (c) a forecast of Giant's after tax internal rate of return for a 3 year project.

Appendix 2 provides a historical review of the changes in the published As<sub>2</sub>O<sub>3</sub> prices.

DNZ:d1k

  
D. N. Zeraldo