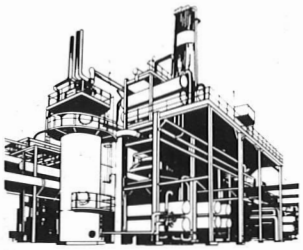
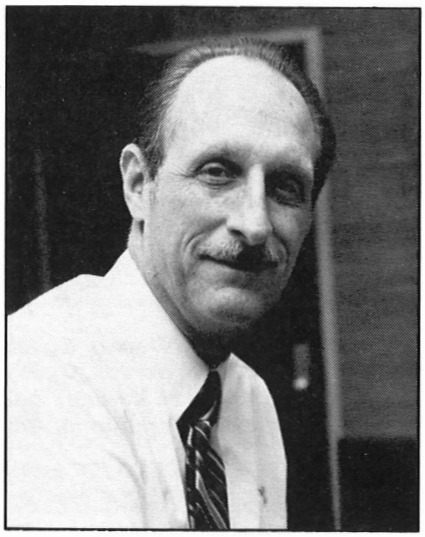
WOOD RIVER REVIEW

WOOD RIVER MANUFACTURING COMPLEX

VOL. 46, NO. 2 FEBRUARY 1983



Duriand: cost effectiveness, productivity keys to future



Bill Duriand, WRMC manager

Despite the less than favorable economic climate predicted for U.S. businesses in 1983, WRMC can maintain its competitive position by continuing to operate in an efficient, cost effective manner, according to **Bill Duriand,** Complex manager.

"From an oil products standpoint, the first half of the year presents a tough challenge for Wood River and Shell, as well as the rest of the industry," he commented. "The economy has not turned up yet and demand for oil products is low. Crude oil prices are in a turmoil because of OPEC's problems and gasoline prices are uncertain.

"Wood River's long term future is tied to what happens in the Midwest marketing area and our ability to continue improving our costs."

In terms of profitability, WRMC has been one of Shell's best manufacturing facilities in recent years, Duriand pointed out. He looks for this trend to continue, but added that now it will require an even greater on-the-job effort from each employee.

Duriand stressed that ongoing emphasis in productivity, energy conservation, finished products inventory and other areas will contribute toward a healthy business environment at WRMC.

Continued on page 3

Polystyrene sale planned

Shell Chemical Company has announced the prospective sale of its polystyrene business to the Huntsman Chemical Corporation, a privately-held company headquartered in Salt Lake City, Utah. The expected official date of the sale is March 1. A transition period of up to six months will follow the sale during which Shell will continue to provide support and services to Huntsman Chemical to assure an orderly transer of the business.

Included in the sale to Huntsman Chemical are Shell's Belpre, Ohio, polystyrene manufacturing unit, the right to lease the land on which this unit is located, and certain other items. Not included in the sale are any Shell trademarks or the right to use the name "Shell."

Huntsman-related companies in the past 15 years have been involved in the manufacturing of innovative polystyrene products, including the foam polystyrene egg carton and the hamburger "clam-shell" container used by fast food chains and institutional feeding organizations in the United States and overseas.

James R. Street, executive vice president of Shell Chemical Company, said, "Shell's polystyrene business affords attractive opportunties for Huntsman Chemical to add value to an already viable business by adding diversified downstream marketing and manufacturing capacity." Street continued by pointing out that neither retention, nor expansion of the business, such as that envisioned by Huntsman were considered essential to the remainder of Shell's long-range chemical business strategy.

New signs announcing WRMC's 1983 safety theme, "Think Safety Around the Clock" are In place throughout the Complex. Several safety-related programs are planned for the year, including a 12-week long safety slogan contest. Look for details on the bulletin board.

Shell Oil reports fourth quarter and preliminary 1982 earnings

Shell Oil Company reported it earned $438 million in the fourth quarter and $1,605 billion for the full year of 1982, down $20 million and $96 million from the respective 1981 levels. These preliminary results are subject to audit.

Pre-share earnings were $1.42 for the quarter and $5.19 for the full year, compared to $1.48 and $5.51 for the respective 1981 periods.

"Despite the modest 1982 earnings decline, funds provided from operations of $3.5 billion were $15 million more than last year's record level," President John F. Bookout said.

Revenues for the fourth quarter were the same as last year's $5.2 billion, and were $20.2 billion for the year, compared to $21.7 billion for 1981.

Earnings amounted to 7.9 cents of each dollar of revenue in 1982, compared to 7.8 cents in 1981.

Full-year earnings in the oil and gas exploration and production segment of $1,446 billion were $101 million below 1981, mainly because of lower crude oil prices, increased operating expenses and lower natural gas production. Factors benefiting 1982 earnings included higher natural gas prices and increased crude oil production.

The oil products segments, including refining, transportation and marketing, earned $72 million in the fourth quarter, a decrease of $49 million from last year. Intense competition in the marketplace impaired margins, more than offsetting the benefits of increased sales volumes and a gain of $22 million from drawdowns of inventories valued on a last-in, first-out'(LIFO) basis.

Full-year earnings in oil products were $344 million, $16 million below 1981.

Oil products earnings benefited $36 million in 1982 from the effect of drawdowns of inventories valued on a LIFO basis, and by about $30 million from the April sale of Shell's Ciniza, New Mexico, refinery.

"Although sales volumes in 1982 were some 2 percent below 1981 levels, only first quarter volumes were lower than a year ago," Bookout said.

"This place is big and complicated looking," commented Dennis Ogoshi (right), a Shell West Coast Distribution employee in Honolulu, Hawaii. Ogoshi attended a Shell communications workshop Jan. 23-28 at St. Charles and stopped by Wood River for a tour. At left is tour guide Lee Berlemann, Aromatics West.

The chemical products segment incurred a loss of $26 million for the quarter and $25 million for the full year, compared to an $11 million fourth-quarter loss and full-year earnings of $24 million in 1981.

Full-year chemical revenues were 14 percent lower than in 1981. Sales volumes decreased 8 percent, with declines occurring in most product lines. Soft demand in most chemical businesses, coupled with excess capacity industrywide, led to intense competition, driving prices down and putting pressure on margins, Shell's chemical manufacturing facilities operated at an average of only 60 percent of capacity.

Chemical results in 1982 benefited $12 million from the effect of inventory reductions valued on a LIFO basis.

Total company earnings decreased 4.3 percent for the quarter and 5.7 percent for the year.

"Whether income growth resumes in 1983 depends to a significant extent on the same factors that shaped 1982 performance — oil prices and the level of general economic activity," Bookout said.

"We are planning capital and exploratory expenditures of about $3.7 billion in 1983 — about the same as in 1982. Domestic exploration and production is expected to account for about $2.8 billion, roughly 75 percent of projected 1983 spending, compared to 70 percent of 1982 expenditures."

U.S. Savings Bonds

A major change in the interest paid on the Series EE Bonds many employees buy through the payroll savings plan has been announced by the Treasury Department.

The interest on the Bonds held five years or more will now be 85 percent of the average market rate on five-year Treasury securities during the same period. The announced interest rate for the first six month period (beginning Nov. 1, 1982) will be 11.09 percent. If market rates rise, Savings Bonds interest will keep pace. If market rates go very low, Savings Bonds held five years are guaranteed to earn at least 7.5 percent even if that is above market rates.

It takes a lot of practice, patience and wind to master the bagpipe

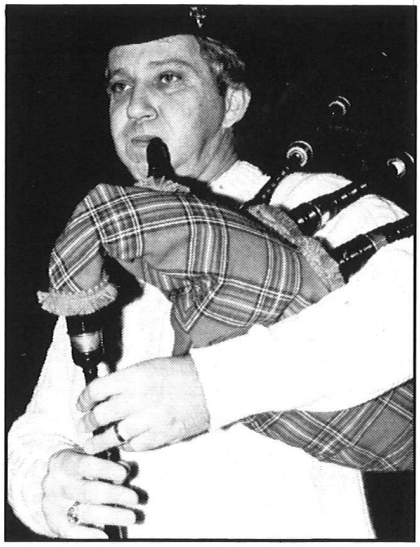
When **Bruce Thiele,** Maintenance, plays the bagpipe in his backyard, neighborhood kids can't resist coming around for a closer look at the funny-looking instrument that emits such a distinguishable sound. "Bruce is sort of a Pied Piper of Florissant," said his wife **Dawna,** of Customer Services.

Thiele's fascination with bagpipes goes back many years but it wasn't until January 1982 that he purchased one for himself. He then joined the John Ford Highland Pipe Band, St. Louis, and in March played in a St. Patrick's Day parade.

"The bagpipe is a difficult instrument to master. It requires considerable practice and a degree of endurance," said Thiele. "Considering I do not read music. I've come a long way."

Dawna agrees. She recalled that when they lived in an apartment their upstairs neighbor used to stomp on his floor when Bruce practiced. Perhaps he was just keeping time with the music? No way, she said. Now, Thiele has a repertoire of a dozen or so marching tunes and can hold his own with more experienced band members.

Founded in 1976, the John Ford Highland Pipe Band has become well known throughout the Midwest and performs at approximately 40 events a year: parades, fairs, homecomings, sports contests, etc. Attired in tartan kilts with military doublets, the band members are as impressive to see as they are to hear.



Bruce Thiele, Maintenance, played his bagpipe and marched in the Orange Bowl Parade in Miami on New Year's Eve. He is a member of the John Ford Highland Pipe Band.

The highlight of Thiele's brief association with the band occurred New Year's Eve when he and 17 other members marched in the nationally televised Orange Bowl Parade in downtown Miami. They played while marching over a 2.2 mile course in 84 degree weather, fully dressed in their wool uniforms.

"I was pumped , . . really excited and proud to march in that parade. But I'll tell you, a couple of hours in that heat, in those uniforms was exhausting," Thiele said. "After the parade I didn't bother going to the football agme. I went back to the motel and collapsed."

Thiele encourages anyone desiring further information about bagpipes or the John Ford Highland Pipe Band to contact him at PLW or Dawna on extension 2175.

Durland reviews 1982 ----------

Continued from page 1

1982 REVIEWED

An article written by Durland for the St. Louis Globe-Democrat's Jan. 15 business section outlined many of the challenges faced by WRMC in 1982. His text follows.

Many of the same challenges which confronted Shell's Wood River Manufacturing Complex and the refinery business in 1981 remained on the surface throughout 1982. In 1982 as well as 1981, one of the major challenges was to operate efficiently when consumption of petroleum-based products declined another 4.7 percent from the 1981 levels. Many refineries were closed during 1982 due to decreased demand for products. The national refinery throughput ran at 73 percent of capacity last year.

WRMC was able to meet the many challenges of the refinery business in 1982. Capital investments have been made over recent years to improve energy conservation.

Shell is completely supportive of our country's goal of energy conservation, and we have invested a great deal of both operating attention and capital to reduce the amount of energy we used in producing gasoline and other petroleum and chemical products at Wood River. When energy is conserved in the manufacturing process, more energy is available to the country.

Compared to our energy use of the early 1970s, we now save enough energy in our Complex each day to supply the total energy needs of about 75,000 households in the St. Louis metropolitan area.

The supply of crude oil exceeded de. .rand again in 1982. The result has been a decrease in crude oil and products prices. Many factors contributed to the decline of these prices: 1) increased oil production by some Arab countries, Mexico, the North Sea area and the U.S.; 2) the world economy is reeling from a recession; 3) energy conservation by consumers has increased; and hence, 4) a supply/demand imbalance resulted.

When supply exceeds demand, prices drop. The industry forecasts about a 1.5 percent decline in gasoline consumption below 1982 levels for 1983.

Our current long-term energy outlook indicates that the total national energy use will grow by 1 percent a year for the foreseeable future. Even with this small growth rate, current domestic energy supplies will not be sufficient, requiring further dependence on imported oil. The public should realize we still have a long-term energy problem. However, through the cooperative efforts of the public and private sectors, the problem can be solved.

Users agree, computerized system a real time saver

Denny Line sat down at the CRT (cathode ray tube) keyboard and entered an identification number for access to the IBM 4300 computer. He tapped a few more keys, instructing the computer to display information regarding cooling tower no. 18.

What appeared were tower specifications and a general listing of replacement parts. Line scanned the parts list, located the sealant category and then requested further details about the sealant. Among the sealant data was the one bit of information he was after. At that very minute, 28 cartridges of sealant were stocked in the Purchasing Warehouse.

"In less time than a phone request to the Warehouse would have taken, I was able to get the parts information I needed directly from the CRT," explained Line, an EP&S inspector. "And the only person involved in the procedure was myself."

Line is one of a growing number of WRMC employees who are discovering that computer assets and technology can help them on the job. Bottom line benefits include cost effectiveness, improved productivity and substantial time savings for users.

In June 1981, phase one of Purchasing's new materials management system, IMPAC (Inventoried Materials Planning and Control) was initially implemented at the Purchasing and Financial departments. IMPAC is an on-line computer system that allows for instant monitoring of approximately 17,000 on-hand, on-order inventory items — from nuts and bolts to electrical, instrument and mechanical material.

Parts information is fed into the computer as changes in inventory status occur; therefore, inventory is continually updated. As of December 1982, IMPAC capability was deployed to 28 CRTs in Purchasing, Financial, Maintenance (Dispatching, Aromatics East, Distilling and Machine Shop), and Engineering (LOP, HOP and Lube).

IMPAC project leader **Chuck Lowder,** Purchasing, said: "Purchasing is always looking for ways to provide our users with needed and timely information about the materials we buy and warehouse for them. IMPAC represents a major breakthrough in improving our communications by allowing all of us to determine instantly via a CRT 1) what parts we have, in order to plan better; and 2) what we do not have so we can react faster to correct the problem."

Don Mihelcic, counterman at the Purchasing Warehouse, uses a forklift to reach a box of conduit. He said the IMPAC/EPIC system allows him to maintain up to the minute parts inventory information when filling orders.

Prior to IMPAC, Purchasing inventory information was obtained solely from a "batch" card-loaded computer system. Information was keypunched on computer cards and entered into the computer on a weekly basis. As a result, inventory data was often outdated and inaccurate. IMPAC provides immediate inventory information and enables on-line adjustments via a CRT.

As beneficial and convenient as IMPAC alone appears, it became even more so with the May 1982 addition of on-line EPIC (Equipment/Parts Inventory Catalog). With EPIC, users are able to determine the current status of approximately 6,000 spare parts that are cross-referenced to more than 6,400 equipment items at WRMC. Prior to on-line capability, EPIC information was available only from microfiche and paper catalogs.

On-line EPIC also provides for CRT entry of equipment description changes, parts cross-referencing and more.

Together, IMPAC/EPIC gives users timely parts inventory information for planning and maintenance purposes. But, the information feature is just the beginning. IMPAC phase two, which is currently being developed by Head Office Materials Management, Houston, will provide a procurement function — in other words, a computerized purchase order system. Users will be able to "call up" parts data on a CRT, determine the type and quantity of parts desired and place their order. Lowder said implementation of IMPAC phase two is planned for 1984 at some Shell facilities.

A LEARNING PROCESS

Donna Yates, Purchasing, considers herself an IMPAC/EPIC salesperson. "I've been working with the system since the beginning and I know how useful it can be here at Wood River," she said.

Yates regularly demonstrates the capabilities of IMPAC/EPIC to engineers, machinist foremen and other employees. She is convinced that any employee who orders parts and equipment should be familiar with IMPAC/EPIC.

"I can relate to people who might be a little apprehensive about working with sophisticated computer equipment," Yates said. "But almost everyone I train on the system finds that using the computer as a work tool eventually becomes second nature."

Yates has conducted numerous training sessions both one-on-one and by the small group approach. She opens each session with a 30-minute computer orientation program and then lets each employee access the computer by way

Continued on next page

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of a CRT. She said many of the employees she has trained in the past 20 months have in turn trained their fellow workers. Word of mouth has done much to promote IMPAC/EPIC internally.

Yates believes that since IMPAC/EPIC was introduced, Complex user departments have developed closer working relationships due to an increased sharing of knowledge.

"Maintaining accurate, updated parts and equipment listings requires input from the user groups," she said. "We can all benefit from each other's expertise and experience."

USERS SPEAK UP

Felix Powell, Machine Shop foreman, initially had doubts about the feasibility of a computerized inventory information system. These doubts have since given way to a growing respect for the system's capabilities, accuracy and speed.

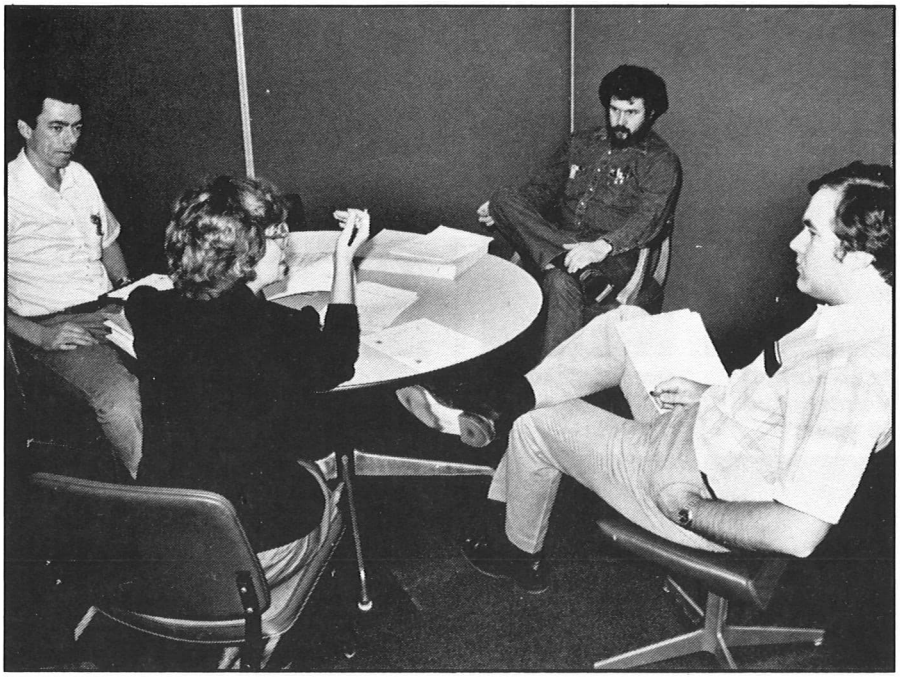
"At first, approximately 25 percent of the parts information accessible on the CRT contained inaccuracies and inputing corrections was not easy," said Powell. "But the system was new and there were bugs to work out. That is not to say IMPAC and EPIC are perfect now, but they have come a long way and are definitely meeting our needs."

Another Machine Shop foreman, **Mike Sarti,** frequently makes printouts of equipment and parts specifications that are called up on his CRT. The printouts are filed and readily available to other machinists for reference.

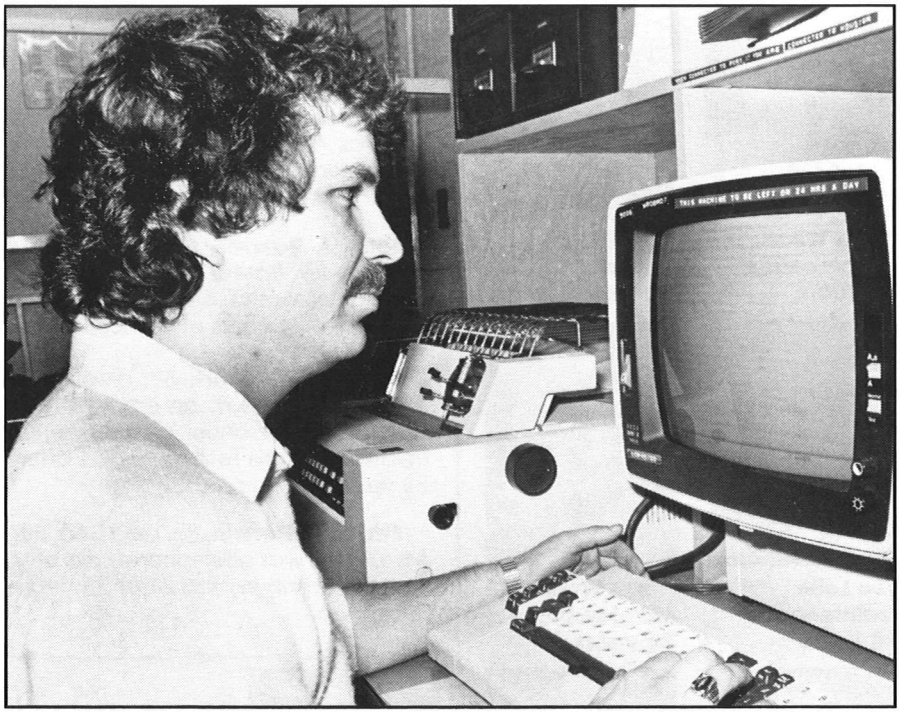
"This is one of the many IMPAC/EPIC features that we use every day," Sarti said. He added that the ability to quickly determine the number of parts on hand, reserved and on order is a real time saver.

"As long as inventory is constantly updated for quantity and accuracy, we'll be in good shape," he said. "Problems and time delays occur when there are discrepancies between what the CRT tells us and what is actually in the Warehouse."

Financial employees use IMPAC when they pay invoices for parts and materials ordered by Purchasing, according to **Larry Lochard,** Financial. The dollar amount of each order as listed on an invoice is entered into the computer system through a CRT. This generates a unit cost per item breakdown required for chargebacks to the appropriate operating areas.



Donna Yates, Purchasing, discusses features of the IMPAC/EPIC system with (left to right) Tom Drake, Chester Brooke and Bill Quinn, of EOS. Yates has been busy training engineers, machinist foremen and other employees to use the computerized parts inventory system.

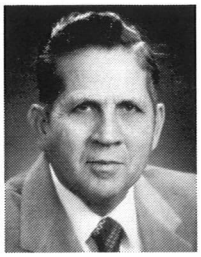


Machine Shop foreman Mike Sarti is sold on the benefits of the IMPAC/EPIC system. He said the ability to quickly determine the number of equipment parts on hand, on order and reserved is a significant time saver.

The previously stated testimonials from Line, Yates, Powell, Sarti and Lochard indicate that IMPAC/EPIC is working at WRMC. What lies ahead are system enhancements and improvements, and widespread accessibility of IMPAC/EPIC by employees.

Said Lowder, "IMPAC/EPIC is a communications and planning tool that we are just beginning to appreciate."

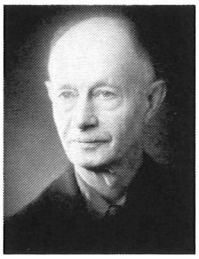
Anniversaries



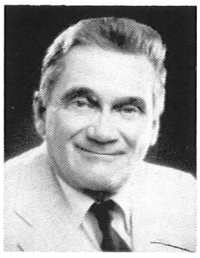
Reba Earhart
Maintenance
35 years

Don Robinson
EP&S
25 years

Duward Worley
Hydro-Acetone
35 years



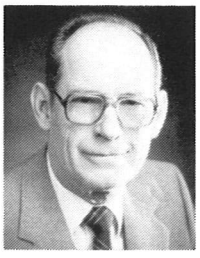
Virgil Knauss
Maintenance
40 years



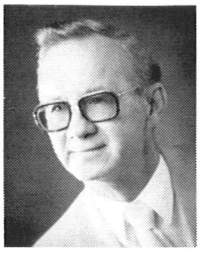
Clem Weiss
Maintenance
30 years

Henry Ugo
Utilities
30 years

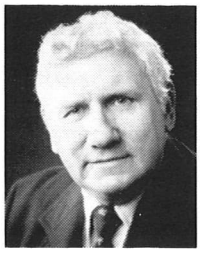
Leo Lolie
Maintenance
30 years



Harry Woods
Maintenance
30 years



Dale Moore
LOP-Dispatching
35 years

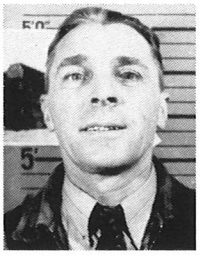


Ernie Becherer
EOS
30 years

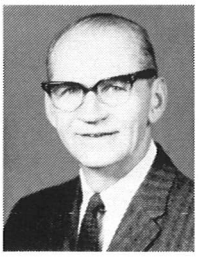
In remembrance

V.S. Cline

L.D. Ellis



J.J. Bolster



O.A. Kleinert

Virginia S. Cline, 63, died Dec. 16. Ms. Cline was a clerk in Treasury before retiring in 1970 after 24 years of service.

Lloyd D. Ellis, 67, died Jan. 3. Mr. Ellis was a garage mechanic 1st - Engineering Field before retiring in 1975 after 34 years of service.

John J. Bolster, 88, died in December. Mr. Bolster was a shift foreman - Aromatics before retiring in 1955 after 31 years of service.

Oscar A. Kleinert, 81, died Dec. 16. Mr. Kleinert was an employment assistant - Personnel and Industrial Relations before retiring in 1961 after 33 years of service.

Ethyle M. Derwin, 85, died Dec. 28. Ms. Derwin was a telephone operator before retiring in 1953 after 23 years of service.

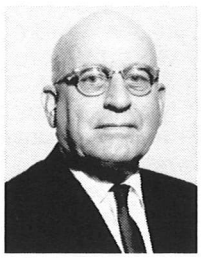
Harry Miles
Maintenance
25 years

E.M. Derwin

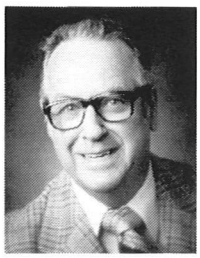
R.W. Puetz

W.F. Gillespie

J.S. Cunningham



W.L. Doering



C.S. Allen

Rudolph W. Puetz, 86, died Jan. 16. Mr. Puetz was a field machinist 1st - Engineering Field before retiring in 1961 after 26 years of service.

William F. Gillespie, 88, died Dec. 22. Mr. Gillespie was a pipefitter helper 1st before retiring in 1954.

Joseph S. Cunningham, 82, died Dec. 13. Mr. Cunningham was a boilermaker - Engineering Field before retiring in 1959 after 29 years of service.

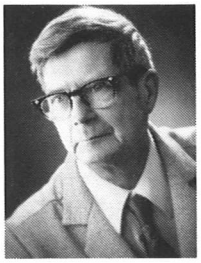
Walter L. Doering, 81, died Jan. 18. Mr. Doering was an electrician 1st - Engineering Field before retiring in 1966 after 23 years of service.

Crawford S. Allen, 60, died Dec. 31. Mr. Allen was an insulator - Maintenance and had 35 years of service.

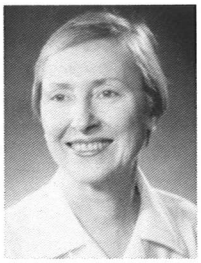
Roosevelt Turner, 41, died Nov. 18. Mr. Turner was a truck driver - Maintenance and had eight years of service.

Newly elected and reelected SRA board members for 1983 are (sitting) Allen Hosto, Kathy Leitner and Gary Wilson; and (standing) Brad Kane, Kerry Pitt, Felix Floyd, Weldon Tucker and Ken Hudson. Not pictured are Gary Arth, Micky Bruce, Dave Eardley and Sheila Smith.

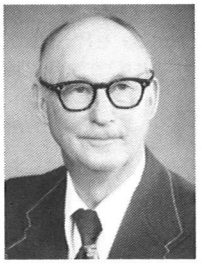
Retirements



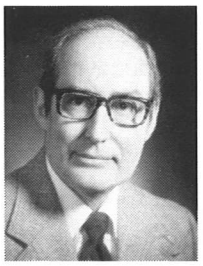
James Baehler
Maintenance
33 years



Doris Jilek
Office Services
37 years

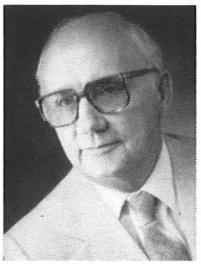


Ralph Holman
Maintenance
30 years

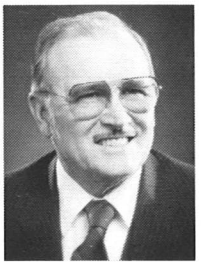


Lyn Neese
Lubricants
42 years

Pauline Korbet
Financial
29 years



Russ Edwards
Customer Services
40 years



Joe Zalar
Maintenance
22 years

SHELL SHORTS

Easter Egg Hunt

Make plans now to attend the annual SRA Easter Egg Hunt to begin at 10 a.m. Saturday, March 26 at Kendall Hill.

All Shell employees, retirees and their immediate families are invited, Egg hunts are scheduled for children through age 12. Coffee, hot chocolate, doughnuts and prizes will also be available.

Incidentally, the festivity will take place rain or shine, so come prepared in the event of inclement weather.

Gymnasts win honors

Laura and Nancy Whyte, daughters of Gary Whyte, pipefitter helper, are making names for themselves in the gymnastic world. Laura, 11, recently won first place in the uneven parallel bars at the class IV state championships, Chicago.

Nancy, 19, placed first on the beam, third on the vault, sixth on bars, and tenth on floor exercises in the class IV state supersectional championship held at Galesburg.

The sisters are members of the Mid Illinois Jets gymnastics team, Alton. Both have been competing in gymnastics for only three years.

Kennedy Center Tonight

The Shell Companies Foundation again is underwriting the Kennedy Center Tonight series in 1983. Upcoming programs for PBS television are: "Medea" — Wednesday, April 20; "Eubie Blake: A Century of Music" — Saturday, May 7; and "Encore Season '83" — weekly in July and August.

Classified Ads

For sale: four plots at Rose Lawn Memory Garden. Contact Dean Van Bebber, 259-1635.

Wanted: ride from Jennings Road and Highway 367 to and from Shell or Riverview Circle. 8 a.m. and 4:30 p.m. Call Madeline Peters, ext. 2743.

For sale: 19 cubic foot Bradford refrigerator-freezer. Harvest gold color. $125. Call Frank Roberts, 876-8997.

Visbreaker up and running after nine year shutdown

The WRMC Visbreaker, Shell's only such unit in the U.S., is back in operation following a nine year shutdown. The low-severity thermal cracking unit is used to turn part of the pitch-like residue from the vacuum flasher into feedstocks for gasoline, as well as to reduce the amount of high value cutter stock needed to blend the unconverted residues into saleable residual fuel oils.

Recommissioned last November, the Visbreaker processes approximately 14,000 barrels per day of "bottom" product, converting 10-15 percent into lighter fractions. The remaining 85-90 percent of residue is utilized as fuel in many Complex furnaces and boilers, and as a raw material in the production of marine and industrial fuel oil.

Betty Johnson, process engineer, said the Visbreaker was built and first started up in December 1970. It ran for three years during the winter season only and was shut down in June 1973 due to unfavorable economics. With residue prices currently low, the economics again became favorable and the unit was reactivated as part of Wood River's program to minimize production of low value residual (bottom) products.

Extensive inspection of the Visbreaker began in April 1982 to determine the maintenance required to bring the unit up to modern standards, according to **Mark Smith,** project engineer. **Don Waters** supervised maintenance activities which included overhaul of pumps, motors and compressors; replacement of instruments, valves and pipes; installation of trays in the soaker vessel to minimize back mixing of product; and retubing of heat exchangers.

George Ritter, Distilling foreman, followed much of the recommissioning work and startup for Operations. He said the startup and early operation had gone well — probably better than expected.

Carl Brase, Distilling maintenance coordinator, said the Visbreaker is tentatively scheduled for a one to two week shutdown in April. At that time tie-ins to three off-site storage tanks will be made.

"The tie-ins will provide us with flexibility in controlling feed coming in to the Visbreaker, and product going back out," Brase said. The tanks have a combined capacity of 300,000 barrels.

Brase commented that the Visbreaker, in its present operating condition and with upcoming enhancements, is a more efficient, productive unit than it was nine years ago.

The Visbreaker converts residue into lighter fractions. It was started up in November as part of WRMC's residual yield reduction program.

Shell Oil Company
P. O. Box 262
Wood River, Illinois 62095

Bulk Rate
U.S. Postage
PAID
Wood River, IL
Permit No. 229

WOOD RIVER REVIEW

Published monthly for employees and pensioners of Shell OH Company in Wood River, Illinois

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(618) 254-7371,
ext. 2168