

profile...

Ammonia laid the foundation for Escambia Chemical's petrochemical expansion. Now the company plans a shake-down year to gear together its operations

FOR ESCAMBIA CHEMICAL CORP., ammonia production is serving as a springboard into a diverse petrochemicals operation. Although Escambia is pushing diversification, nitrogen facilities still account for over half its capital investment and, at least at present, an even bigger share of its sales volume.

Escambia is the product of joint endeavor by three companies—United Gas, Electric Bond & Share, and National Research. It was conceived about eight years ago, when United Gas and Electric Bond & Share sponsored petrochemical research at National Research's laboratories in Cambridge, Mass. United Gas was looking for an outlet in chemicals for its natural gas; Electric Bond & Share was interested in investing in a chemical venture. The two firms planned to team up with NRC to enter the chemical industry once NRC's research had worked out a satisfactory process.

Production Ahead Of Research

As it turned out, the companies decided to go ahead with production even before the research program bore fruit. Escambia was organized in October 1954; United Gas and Electric Bond & Share each took a 45% interest, NRC a 10% interest. Object: to produce nitrogen products near Pensacola, Fla., for agricultural use.

Pensacola is at the eastern end of United's gas pipeline. And it is situated in a major agricultural area which previously had no regional ammonia manufacturing plants—closest producers were in Mississippi and Louisiana. Since Escambia's plant was built, Southern Nitrogen has erected a

unit at Savannah, Ga., but Escambia remains the only producer in Florida.

The company was born as Gulf Chemical. That name, however, was too similar to others in the industry, and so was changed to Escambia Bay Chemical. More recently, it was shortened to Escambia Chemical.



The President . . .

R. U. Haslanger

Happy with Spot in Nitrogen

In January 1955, Escambia bought a 2100-acre plant site on Escambia Bay near Milton, Fla., about 20 miles northeast of Pensacola. Ground was broken about three months later and production started by the end of the year. The plant, which was erected by Chemical Construction Corp., has

a daily capacity of 200 tons of anhydrous ammonia, 220 tons of 100% nitric acid (produced as a 56% water solution), and 275 tons of prilled ammonium nitrate. Escambia also markets ammonium nitrate and nitrate-urea solutions, although it does not make urea itself.

Sales of agricultural products are handled by Ashcraft-Wilkinson Co. of Atlanta, Ga. The company's market area extends to the Carolinas on the north and Mississippi on the west. Escambia also owns a 50% interest in Southeastern Liquid Fertilizer Co., a distributor of anhydrous ammonia operating out of Albany, Ga., which acts as an outlet for about 10% of its ammonia production. Nitric acid not used for nitrate production is sold to Columbia-National's adjacent zirconium plant.

"We are happy with our spot in the nitrogen industry," says Escambia president R. U. Haslanger. "We can't keep up with demand in our sales area, and so far we have been able to sell every pound we have produced without cutting back production." Haslanger sees a large potential growth for nitrogen products on southeastern farms.

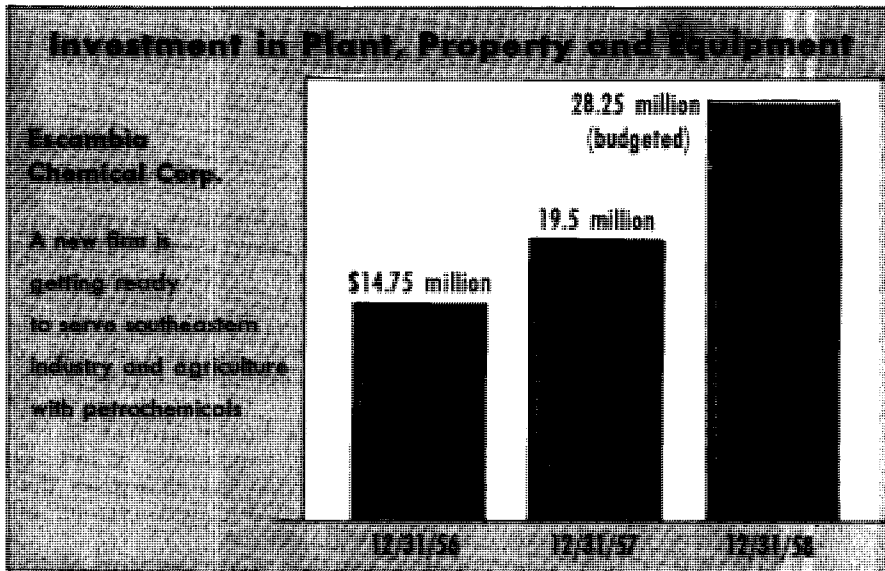
Plant Difficulties

Although sales demand has posed no problem, the company has had trouble boosting output to capacity because of mechanical difficulties. Last summer, for instance, the compressor on its nitric acid plant broke down; for awhile it was using a string of 47 portable compressors to keep operations going.

This year, Haslanger thinks, the company will be able to sell about as much fertilizer material as it did last year. A cold, wet winter in Florida and Georgia may cut into sales to farmers, though. On the other hand, it expects to find a growing market for its ammonium nitrate in blasting applications. In Escambia's market area, fertilizer sales hit their peak in April, May, and June, while blasting operations are greatest later in the summer.

With fertilizer output underpinning its operations, Escambia now is broadening its activities. Its aim is to balance nitrogen business with industrial chemicals and plastics. Near the end of 1956 it completed its second unit at Pensacola—a 30-million-pounds-per-year poly(vinyl chloride) plant. Slated to go on stream there this spring is a 16-million-gallons-a-year methanol plant. Its total output at design capacity has been contracted to Reichhold Chemicals, Inc.

Also to be completed this spring is



a \$2-million research center at Wilton, Conn. Work there, however, will center on organic chemicals and resins; company research, using NRC's laboratory facilities and staff at Cambridge and Newton, Mass., has been looking into products based on acrylonitrile, propylene oxide, and methacrylic acid.

In the field of agricultural research, Escambia believes it gets more for its dollar by supporting outside work at

universities and agricultural experiment stations, as well as the research programs of industry trade groups. It has, however, set aside about 100 acres of land at its Florida plant site for experiments on the field fertilization of pine, working in cooperation with the Department of Agriculture.

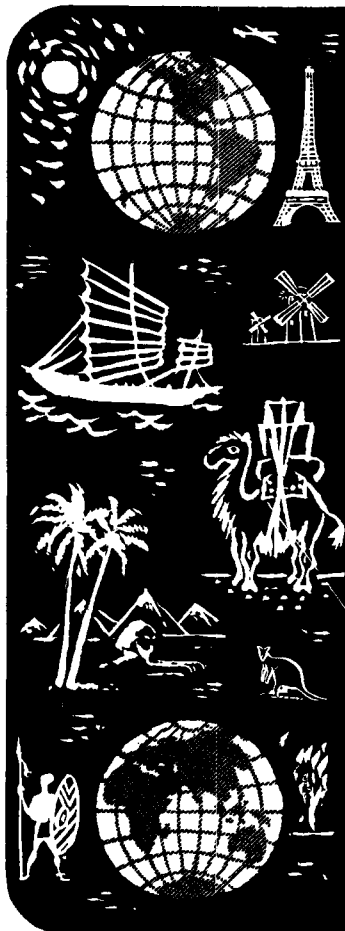
Starting from scratch, Escambia will have brought three new plants on stream in less than three years when

methanol production starts up this spring. The founding companies have invested in it \$38.6 million for research, construction, and operating capital. "This year we will take a breather to shake down and gear together our Pensacola operations," Haslanger says.

So far, he adds, operations have gone forward just about as originally budgeted. With the boost from PVC output, sales last year were up nearly 60%. Sales this year are expected to be up 300% from 1956. Heavy start-up expenses, of course, have held back profits. But Haslanger expects that Escambia's operations will break even this year and that the company can look forward to an over-all profit in 1959.

The Future

What next? Escambia has no further expansion plans on tap for 1958. But it has worked up some petrochemical processes to the pilot plant stage. And when the time comes for further expansion, says Haslanger, it may decide to raise money for the first time from sources other than its parent companies. In fact, it may then offer the investing public a share in its ownership.



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