EXHIBIT G

STAFF REPORT

by

William J. Driver

May 14, 1974

An epidemiological study conducted by Tabershaw/Cooper for MCA shows vinyl chloride workers, in the aggregate, experience death rates from all causes that compare favorably with other U.S. male industrial workers. This is in spite of the now well-recognized risk of angiosarcoma of the liver among such workers. The only statistically significant differences in specific mortality ratios appeared where reported death rates were lower than that of the general population.

Although all previously known cases of angiosarcoma of the liver among the study population were picked up, no new cases of this disease were identified in this study. The incidence of other cancers among vinyl chloride workers, as a class, did not differ significantly from that of the general population. There did appear to be relative increases in deaths from cancer of the respiratory tract and brain among workers with long histories of heavy exposure to vinyl chloride, as compared with their counterparts having shorter or less severe exposures. The authors ascribed no statistical significance to the small number of cases involved in these observations.

These results were reported May 10 by Dr. Irving R. Tabershaw to a meeting held under the auspices of the New York Academy of Sciences (NYAS). In the course of the study 8,384 past and present employees of the VC/PVC industry were identified and the vital status of 7,128 were determined. Among these individuals, 352 deaths had occurred during the period under study and, of these, death certificates had been obtained on 328.

The NYAS meeting on VC/PVC generated no new data that would alter our judgment as to the nature or extent of the vinyl chloride problem either as a workplace or community atmosphere contaminant. Reports were notable for their failure to try to quantitate worker exposure levels. Dr. Hammond, president of the American Cancer Society, expressed his view that, on present evidence, VCM carcinogenesis did not appear to constitute a major occupational health problem. Major policy points raised by government and labor spokesmen were the need for greater initiative on the part of industry to identify hazards and prevent such incidents before they occur, and for government authority (such as would be provided by the Toxic Substances Act) to require such steps by industry in the absence of adequate voluntary efforts.

Earlier, we had announced that, in vinyl chloride exposure tests being conducted under MCA contract at Industrial BIO-TEST Laboratories, Inc., preliminary reports indicated the appearance of angiosarcomas in mice exposed to vinyl chloride levels of 50 ppm or higher.

The animal exposure study is continuing, and further vinyl chloride testing is under consideration. A proposed permanent stand of no detectable limit (1 ppm) in the workplace was published by OSHA May 10 in the Federal Register. Comments to OSHA regarding this proposed standard must be postmarked not later than June 10.

* * *

The Ways and Means Committee ordered reported on April 30 an energy tax bill, H.R. 14462, which is expected to come up before the House Rules Committee the week of May 13.

The bill, as approved by the Ways and Means Committee contains the following principal provisions:

1. Oil and Gas Depletion Phase-Out. The percentage depletion allowance for oil and gas wells would be phased out over a three-year period. However, a 15 percent depletion allowance would be permitted until January 1, 1979, at the election of the taxpayer, for one of the following:

   (a) The first 3,000 barrels per day produced per producer,
   (b) Wells producing 10 barrels per day or less (stripper well operations),
   (c) Production from wells located north of the Arctic Circle.

   In addition, natural gas, the price of which is federally regulated below the free market price of oil having an equivalent Btu content, would be exempt from the percentage depletion phase-out.

2. "Windfall Profits." A "windfall profits" tax in the nature of an excise tax would be imposed on the excess of the price per barrel of domestically produced crude oil above a base price. The tax would be imposed at graduated rates from 10 to 85 percent. The tax would be phased out over five years. The tax would not apply to a percentage of profits plowed back into new exploration and production facilities.

3. Foreign Depletion Allowance. The percentage depletion allowance would be eliminated retroactive to January 1, 1974, on foreign production of oil and gas.

4. Investment Credit. The seven percent investment credit would be eliminated for oil exploratory and drilling equipment used predominately outside the United States, except for in international waters generally near the United States.