PLAINTIFF'S
EXHIBIT
DUP-1393

Taking Giant Steps

Two chemical process companies took giant steps toward diversifying into the oceanography field last week, and two paper companies with combined sales of nearly $1 billion/year reached a tentative agreement to merge.

(1) Bendix Corp. (Detroit) expanded its oceanic activities by acquiring for an undisclosed amount of stock Marine Advisers (La Jolla, Calif.), producer of oceanographic instruments for petroleum and utility companies, state and federal agencies, and firms engaged in scientific programs.

(2) Fluor Corp. (Los Angeles) and B. L. McFarland and Associates (Fort Worth and Midland, Tex.), a group of five companies involved in offshore and onshore drilling operations, have agreed to merge, subject to stockholders' approval. The McFarland group operates five offshore drilling rigs in the Gulf of Mexico.

(3) A tentative agreement to merge has been reached by U.S. Plywood Corp. (New York) and Champion Papers, Inc. (Hamilton, O.). It is subject to both directors' and stockholders' approval. The corporate identities of both companies will be preserved.

Reducing Gas Rates

The Federal Power Commission has ordered El Paso Natural Gas Co. and Transwestern Pipeline Co. to reduce by $17 million/year the price of natural gas in the southern California market.

The rate cut stems from the July 26 decision in which FPC turned down the application of Gulf Pacific Pipeline Co. (a Tennneco subsidiary) to supply gas to the Los Angeles area (*CW, Aug. 6, p. 20*). Gulf Pacific last week filed for a rehearing.

El Paso and Transwestern were told they would have to lower their rates to reflect the lower costs resulting from the bigger deliveries possible in the expanded system. At the same time, FPC said it would conduct further proceedings to decide if customers should get additional benefits resulting from more liberal depreciation allowances.

FPC has given the companies 45 days to show cause why the reduction should not take place.

Sources of airborne asbestos

Asbestos-lined ducts used in centrally air-conditioned buildings.
Asbestos ducts and insulation in home central-heating plants.
Motor vehicle brake linings and clutch plates.
Auto undercoatings.
Asbestos ceiling and floor tiles.
Asbestos shingles and sidings.
Construction and demolition
Fitting, cutting, and removing asbestos-filled wallboards and floorings, piping and insulation.
Incineration of asbestos-filled scrap.
Improperly filtered effluent from asbestos processing plants.

Asbestos: Awaiting 'Trial'

The asbestos industry—whose end products are valued at more than $500 million/year—may be in for a shakeup. It could come in the form of federal legislation limiting the use of asbestos, because asbestos has been accused—though not yet "convicted"—as a significant health hazard. Probable contender for asbestos markets: plastics.

Recent studies have convinced U.S. Public Health Service specialists and other medical authorities that about 40% of all Americans have mild, chronic cases of asbestosis, even though most of them never worked directly with asbestos.

Unlike other airborne dust particles, asbestos fibers have the ability—almost as much as activated carbon—to absorb polycyclic hydrocarbons and arsenicals. Furthermore, says USPHS, in the past 30 years the asbestos-related cancer rate has increased sixfold.

The Inferences: While the average asbestos worker is well protected, the man on the street is not. The 3x1-micron asbestos fibers in his lungs can come from a variety of sources (*table, above*).

And medical experts say there's no way to assess hydrocarbon content in those lung deposits.

American Cancer Society researchers feel certain there is a synergistic relationship among airborne asbestos, smoking and lung cancer. They reason that the nondegradable, hydrocarbon-soaked fibers may well be a constant source of lung irritation.

PHS officials think it may take them up to five years to establish asbestos' true role as an air pollutant. However, Congress may act before the research is finished. Says Representative Robert Watkins (R., Pa.): "We've seen enough evidence already. Asbestos will never get a clean bill of health. With just a little more data we'll move for controls and strict ones."

Some form of asbestos control is in the offing, public health officials are certain, if only part of a larger clean-ambient-air program. However, there is the danger that Congress may enact rigorous controls on the quantity of asbestos that could be used.

In that case both Canada and U.S. asbestos products manufacturers would be hard hit. Of the five forms of asbestos mined today, chrysotile asbestos holds the predominant market position because of its insulating and processing qualities. Canada produces more than 80% of the chrysotile asbestos used in the U.S. In both countries, a number of serious dislocations would occur.

At present, there is no known material that could fill all of asbestos' strategic roles. On the other hand, should federal controls merely call for higher standards for binders and shieldings, that would spark a rise of new products, with plastics taking the lead.

Reason, say industry spokesmen, present polymer technology could easily turn up products to replace asbestos in most end-uses.

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