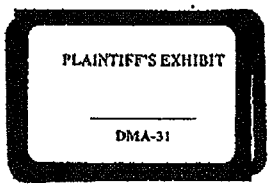
FILE NAME: Montello (MNT)

DATE: 1980 Oct 8

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DOCUMENT DESCRIPTION: Union Carbide Memo RE Summary of Meeting with Montello & Asbestos Data

Union Carbide Corporation
Metals Division
Niagara Falls, NY 14302
October 8, 1980



MEMORANDUM

To: B. L. Ingalls
H. B. Rhodes
J. E. Walsh

CC: G. R. Adams
R. E. Byrne, Jr.
W. B. DeAtley
G. L. Dickson
T. P. Norris
F. J. Shortsleeve/R. W. Rebholz
File

From: J. L. Myers

Subject: Summary of Meeting with Montello

The following is a summary of our recent meeting with Montello, our "world-wide" distributor of "Calidria" asbestos products for drilling fluid applications. Please advise if you have any corrections, comments or additions.

Date of Meeting: 9/30/80 Location: Rodeway Inn, St. Louis, MO

Attendees: Montello - K. N. Campbell, H. Wyatt, A. Johnson
UCC - J. L. Myers, J. E. Walsh, B. L. Ingalls, H. B. Rhodes

Discussion Items:

1. Massena Order - This 465-ton order for CSV was apparently destined for 5 different customers in various countries, presumably South America. We received and produced the order in May for shipments to be completed by June 30. The first shipment of 116.25 tons was not made until 9/18/80 and the balance is still in King City (we invoiced Montello for the entire amount $74,400, on 6/30/80). Montello has been trying to force Massena to take the material by "threatening" interest, storage, repackaging and other types of extra charges; but Massena's customers have presumably been unable to correct import license problems. I received a call from Bill Kennedy of Massena confirming their export problems and begging patience. I referred him to our International Distribution people for help but he did not follow up on this. Montello, with my concurrence, decided on 10/6 to cancel the order and bill Massena only for actual out-of-pocket costs. Since we had none we will receive nothing, except having Montello's money since July for material not shipped. Massena has assured Montello that orders will eventually be cleared for shipment, so we should see the business this year. We have excess inventory now but it will be used by Montello for filling regular orders.

2. Montello's major concern is potential liability problems for themselves and their customers. I will check with Sibley on whether or not we can do something to assuage their fears.

3. Jack Walsh reviewed Montello's monthly forecasting vs. actual purchases - a summary is attached showing a deviation for the last four months of only 3% for CSV and 13% for SHURLIFT.

4. Production of silane-treated asbestos by a compounder for Dresser is at a virtual standstill because of poor performance of final product. They have tried JM's Flosal and get better performance but poorer stability. They are evaluating various forms and grades of our products and Montello is working closely with them to avoid losing this market. Dresser claims that our product varies by 50-100% in some physical properties but we, or Montello, have not been able to duplicate their results. We have offered to consult with or visit their plant to render technical assistance. So far they have not accepted our offer, probably fearful that we will "steal" some proprietary information. Dresser reportedly found 4-5% calcite in one lot of CSV. Blair will forward our analysis of the suspect lot which showed nothing unusual.

5. Montello is convinced that UNIVIS is the only product to prevent continued loss of market share to J-M's water-wetted "pelletized" Flosal. The oil-wetted version of UNIVIS now seems impossible to produce at a cost which would permit an acceptable price in the market place. Water-wetted is also not feasible unless we can produce it as a partially-dried pellet, not by us or them re-wetting the dried pellets. They feel that the current UNIVIS (Super Standard Grade mini-pellets) can be successful only if we can preclude the presence of excessive fines (primarily caused by our pellet cooler) and package it in sewn-top bags to prevent fiber from collecting between the paper bag and plastic shrink-film. I completely agree with them, but we are apparently not prepared to offer this; although they are willing to finance the equipment, share the cost, give us guaranteed requirements - or whatever. It was left that they would try to find someone to do the packaging if we can provide bulk mini-pellets at a price low enough for them to do the packaging and come out with a salable price to the field. I offered to share some of the financial cost for promoting and introducing UNIVIS to the markets. If they can find a packager they plan to make a significant promotional effort.

6. They have been asked to prepare an article for publication by the Independent Association of Drilling Contractors (IADC). An article on JM's Flosal has recently been published and IADC will "endorse" Flosal unless Montello can convince them that UNIVIS is just as "safe" to use. We will review all information prior to publication. A copy of the Flosal article is attached.

7. Blair presented a summary (copy attached) of recent UNIVIS dust counts compared with regular CSV and oil-wetted material. As expected, UNIVIS results are basically in between the other two. Regular monitoring on CSV usage has not been done since 1977 because "UNIVIS" has been "coming" since then. It was decided that more frequent monitoring is in order so that customers can be given more up-to-date information. Montello was reminded that none of our dust count reports can be sent to customers without our prior written approval.

FOUR MONTH FORECAST SUMMARY

Super Visbestos

Type	MAY Fcst.	MAY Produced/ Shipped	MAY % VARIANCE	JUNE Fcst.	JUNE Produced / Shipped	JUNE % Variance	JULY Fcst.	JULY Produced/ Shipped	JULY %Variance	AUGUST Fcst/	AUGUST Produced/ Shipped	AUGUST %Variance
Shrinkwrapped & Palletized	4000	4370	+9	4000	1680	-58	4200	3360	-20	4200	6240	+15
Loose Loaded	5000	6300	+26	23500	24900	+7	4800	2400	-50	4800	3600	-25
TOTAL	9000	10670	+19	27500	26580	-3	9000	5760	-36	9000	9840	+9

Imco Shurelift

Loose Loaded	5000	2400	-52	4800	4800	0	4800	4800	0	4800	4800	0

TOTAL

	FORECAST	PRODUCED / SHIPPED	% VARIANCE
Super Visbestos			
Palletized	16,400	15,650	-5
Loose	38,100	37,200	-2
TOTAL	54,500	52,850	-3
Imco Shurelift			
Loose Loaded	19,400	16,800	-13

JEW
9/30/80

AIRBORNE ASBESTOS FIBER EXPOSURE LEVELS FOR DRILLING RIG PERSONNEL

	Highest Ceiling (fibers/cc)	Highest TWA (fibers/cc)
Crushed SVB	>5	>0.1
SVB Mini Pellets	1.294	0.078
Univis Mini Pellets (Oil Wetted)	0.307	0.043

BL1
9/30/80

"UNIVIS"

SVB MINI PELLETS

SUMMARY OF AIR MONITORING FIELD TESTS

(ASBESTOS FIBERS PER CC OF AIR)

Pounds of SBV Dumped	Highest Ceiling During Dump		Highest Ceiling During Day of Dump		TWA Day of Dump	
	Personal	Environmental	Personal	Environmental	Personal	Environmental
200	0.305	0.112	0.305	0.112	0.064	0.033 & 0.044
250	0.151	0.101	0.151	0.101	0.056	0.036 & 0.040
250	1.294	0.345	1.294	0.345	0.078	0.031 & 0.050
250	0.670	0.134	0.670	0.134	0.060	0.029 & 0.031

CRUSHED SVB

SUMMARY OF AIR MONITORING FIELD TESTS

(ASBESTOS FIBERS PER CC OF AIR)

Date	~~Pounds~~ Bags of SVB Dumped	Personal Ceiling During Dump
6-76	10	>5 f/cc
1-12-77	5	1.7 f/cc
6-9-76	10	0.2 f/cc
7-2-75	8	1.8 f/cc
9-23-77	5	0.3 f/cc
-	5	0 f/cc
3-14-75	3	0.7 f/cc
1-12-77	9	0.3 f/cc
6-8-76	10	0.9 f/cc

No. of Unopened Bags Transported During Warehouse Operations	Personal Ceiling Counts
20	1.7 f/cc
30	1.5 f/cc
20	1.6 f/cc