GR.11-145-2

UNION CARBIDE

INTERNAL CORRESPONDENCE

CHEMICALS AND PLASTICS

270 PARK AVENUE, NEW YORK, NEW YORK 10017

To (Name) Mr. F. D. Dexter
Mr. W. S. Young
Dr. L. P. Jehle

Division Chemicals and Plastics

Location New York

Date August 20, 1969

Originating Dept.

Answering letter date

Copy to

Subject The Asbestos Market in the Flooring Industry

The Market

The total asbestos market in VA and asphalt floor tile is approximately 150,000 tons. The asphalt market has been dwindling steadily and the VA market is growing at approximately 5% per year. As a result, total asbestos sales have been relatively constant for the last few years.

At present copolymer sales of 180 MM lbs.; we estimate asbestos sales of 85,000 tons in VA tile after estimating proportion now going to Coalinga producers. The entire VA market is available to Coalinga producers.

The asphalt tile market is not as clear cut. Asbestos contents range 20-24% normally, but Coalinga fibers are used only in formulations which contain significant percentages of polystyrene. Loss of hot strength occurs with Coalinga if sufficient styrene is not present. We do not have reliable information on present asphalt formulations at the major tile companies. Historically, Johns-Manville and Armstrong have not used styrene, Kentile was borderline and American Biltrite, GAF, Uvalde can use Coalinga asbestos.

The Products

Flooring manufacturers have become quite sophisticated in a competitive market characterized by constant style innovations and new product introduction.

Asbestos from Coalinga field has been available and used since early 1962 when Johns-Manville converted their Western plants and introduced it to the market. No new asbestos technology has been added since UCC's 1964 entrance to the market with a pelletized flooring grade.

The advantages of Coalinga asbestos are high fiber content, lighter color, and less batch to batch variation. Among the grades available, UCC excels slightly in each of these categories.

Its disadvantages are high absorptivity and greater surface activity bringing about the most common complaints of excessive water sensitivity and higher cost stabilization. UCC products are no better or worse than others, but we have devoted much more R&D effort to solving them.

As things stand today, the price and simple logistics of the situation has given Coalinga products all California and Texas producers; and they are dominant in the South along the SP right of way.

Canadian asbestos enjoys supremacy in the Chicago area and the East Coast. Coalinga asbestos usage in these areas is limited to the high TiO_2 premium grades. On sum, a price vs. volume curve would best describe the market.

The Customers

From purchases of copolymer, the asbestos sales pattern in VA tile can be guesstimated, but no similar refinement exists for asphalt tile.

Asbestos Potential VA Tile (Estimate)

Customer	Location	Asbestos Source	Quantity (tons)
American Biltrite	La Mirada	UCC	1000
	La Mirada	Calif. Minerals	600
	Trenton	UCC	1000
	Trenton	Carey	3000
Armstrong	Lancaster	Carey	4800
	Kankakee	Carey	8400
	Jackson	Carey	3000
	South Gate	Calif. Minerals	1600
Flintkote	Chicago	J-M Can.	6000
	L. A.	J-M Coal.	2400
	New Orleans	J-M Coal.	1200
GAF	Vails Gate	J-M Coal.	6500*
	Joliet	J-M Coal.	1600*
	Houston	J-M Coal.	1600
	Long Beach	J-M Coal.	2400
Kentile	Brooklyn	Calif, Minerals	1600?
	Brooklyn	Carey Can.	11000
	Chicago	UCC	2500
	Chicago	Calif. Minerals	?
	Torrance	Calif. Minerals	3700
	Chicago	Carey	3600
Johns-Manville	All	J-M	9000
Uvalde	Houston	UCC	2500
Others	---	---	3500
Uvalde		Stragari	2300
		Total	84,800

Coalinga Sales including UCC	30,200
UCC alone	7,000

* Recent changeover from Canadian source to Coalinga has been reported.

The Outlook

The industry should see growth in asphalt tile over the next five years as state and federal supported low cost housing projects profligate. This factor has not been present in the past and in 1970 we should at least see a halt in the decline of sales.

Even with total housing going to 2MM, units in the early 70's VA tile will not benefit as much as sheet vinyl and carpeting. We estimate 5% growth for VA about right.

The UCC Position

To increase market share in a slow growth commodity market, there are not many options.

1. Cut Price
2. Develop product or service superiority.

If we examine the latter approach--UCC enjoys a superior position in product form--the pellet. In the flooring industry, use of SG-100 is limited to Banbury Mixer operations. This eliminates Armstrong as a potential customer (est. 17,800 tons) in a strategy based on the pellet. Though it is not necessary to sell to everybody to achieve our own goals, we should be careful not to create a competitive imbalance for a valued UCC customer.

The pellet advantages are reduction of dust hazard, and amenability to bulk handling.

The first is probably the more saleable factor. The second does bring cost advantages for some price in capital investment. But the VA, asphalt tile plant is not a choice new investment territory, unless that investment is dictated by product marketing strategies. In fact, all new investment by the industry has been toward buying into competitive markets--vinyl sheet flooring plant, carpeting. To sell bulk handling, as a part and parcel of dust hazard reduction, is like selling air pollution control. From the manufacturers' point of view, it also carries the disadvantages of a single source of supply.

In sum, the pellet form is a positive advantage to the user, but as a sole marketing strategy, it will not be a short term factor.

This leaves us with the rather unpredictable strategy of price reduction.

In a way we are following that policy now. None of the Coalinga producers followed the recent price rise on Canadian asbestos. By so doing, there opened up a slightly larger market share to Coalinga. It is also worth noting the price rise was orderly, as far as we can tell, with each producer following suit. Though there may be and probably are concessionary price structures in contractual offerings.

In the asbestos industry price has been a laissez-faire battle ground. If we move to cut prices as we did in 1965, we can expect consternation and a move to follow. To reduce repercussions, we should try to make obvious to competitors the nature and limits of our intent.

Unless we are both cautious and sophisticated in any price recession policy, we will attain only temporary advantage and create a long term problem in maintaining a diminishing market share.

Selection may be a reasonable approach. Move prices against selected competitors or for selected customers. For example, one could avoid Johns-Manville. But this reduces the available market to slightly over 40,000 tons and we would have to get over half of it. I suspect this situation would lead to excessive price cutting and confusion as to our purpose. The same result would occur for similar moves for selected customers, along with the ancillary danger of creating a disorderly market situation.

In short, a simplistic, unilateral approach is not likely to be successful.

Recommendations

Combining the positive aspects of UCC's position as to raw material, product form, and capacity, it is suggested we review the possibility of marketing SG-100 to the asbestos producing industry.

To this end we would approach all competitors and offer to supply SG-100 pellets at, say, 40 per ton, in bulk or bags, with a total quantity of 20-25000 tons available.

All the advantages of the pellet form would then be generally available to all tile manufacturers including the captive group at prices consistent with today's schedules.

We, in turn, would maintain our current business and withdraw from further active marketing. There are advantages for UCC and to the competitive producers, and if successful it will maintain a stable market value. It is also consistent with UCC's position in the chemical industry.

I suggest we discuss this suggestion carefully and if agreed upon, we move as rapidly as possible.

N. J. Setter

NJS:jr

GNJ.-149-2

UNION CARBIDE

INTERNAL CORRESPONDENCE

CHEMICALS AND PLASTICS • 270 PARK AVENUE, NEW YORK, NEW YORK 10017

To (Name) Mr. F. D. Dexter
Division Dr. L. P. Jehle
Location Mr. W. S. Young

Date August 22, 1969

Originating Dept.

Answering letter date

Copy to

Subject The Asbestos Market in the Flooring Industry - II

There is one more aspect to the subject report which was not covered in my letter of August 20, 1969.

The Competition

The flooring industry has always preferred to deal directly with the asbestos producer to maintain leverage on price. As a result resellers are not a significant factor.

For the major producers contract purchasers are the norm. These contracts generally carry price-volume incentives and are renewed annually.

For both VA and asphalt tile only Canadian grades 7RF, 7TF and Coalinga asbestos is used. To Canadian producers 7RF and 7TF are refined tail end products from the mills. The "money" cuts from the ore are grades 4 and 5. There has been a shortage of these grades recently and so it isn't surprising that several new mines are being opened. How much grade 7 refining is planned for these new ore supplies is unknown but the potential is there. At present there is an excess of grade 7 available for milling. However, mill capacity for 7's is limited especially with the present high demand for the longer grades.

In a typical month Canadian exports of milled asbestos will approximate 90,000 tons with 52,000 tons going to the U. S. Of the U. S. import total 37,000 tons will be grade 6 and below.

Because mills are designed to profit on grades 4 and 5 it is likely that refined grades 6-9 are treated on an incremental basis. I think we should assume the Canadian asbestos industry is not vulnerable to price recessions in grade 7.

California producers are an insignificant factor in the industry as a whole particularly in the Coalinga area. Since Coalinga ore is limited to grade 7 production, it was initially viewed as a local source for West and Southwest customers. However, in retrospect, if Union Carbide had not moved so aggressively into the area and threatened the grade 7 market, it is doubtful if Johns-Manville would have developed this source at all.

Johns-Manville

Of all producers Johns-Manville has the only captive consumption in floor tile. They also deal heavily in reciprocity exchanges with GAF and Flintkote. We estimate total asbestos sales to VA flooring at approximately 31M tons -- of this at least 9,000 tons are captive.

Other than the above, floor tile manufacturers prefer not to deal with a competitor.

Johns-Manville is also the only Canadian producer active in Coalinga. We estimate Coalinga mill capacity at 25-30,000 tons per year and operations at 70% capacity and profitable.

J-M is an important UCC customer for phenolics and epoxies. They can be expected to threaten this business if we bring price pressure to bear on SG-100 or SG-144.

Philip Carey

Carey is now a subsidiary of Glen Alden Corporation -- a conglomerate which also holds Playtex, BVD, Schenley, Swift Textiles, RKO-Stanley Warner, etc. Carey net sales for 1968 were $97MM but this includes a wide range of building products and accessories. They represent 12% of Glen Alden sales.

While independent, Carey was quite interested in a joint venture at Coalinga with UCC. Nothing came of it because we wished to go it alone.

Carey provides the best available Canadian asbestos to the floor tile industry. Their volume of 33,800 tons to VA tile is mostly in 7RF-9.

Presumably Carey would be more receptive to any proposal giving them access to Coalinga fiber, since their market share is more vulnerable having no captive and no known reciprocity agreements.

California Minerals

Originally known as Atlas this business changed hands in 1966-67 and is now owned by the individual holding the mine property.

Sales appear to be in the hands of resellers though we know of personal dealings between the owner and Mr. Kennedy of Kentile.

We are unsure of the amount of sales to flooring but would estimate a minimum 10,000 tons. Mill capacity is estimated at 25,000 tons. Overhead is minimal and if sales are 50% capacity the mill should be profitable.

Of all competitors in this market California Minerals is the most vulnerable. We have captured their business at American Biltrite's plant in Trenton, mostly because of difficulties between their agent and the P. A. at Trenton on quality consistency and delivery.

If UCC severely reduces the price of its flooring grades it is unlikely that California Minerals would be able to follow.

N. J. Setter

NJS/ds

UNION CARBIDE CORPORATION
Chemicals and Plastics Operations Division
270 Park Avenue, New York, N. Y. 10017

To: W. L. Carrick
F. D. Dexter
L. P. Jehle
W. S. Young

September 25, 1969

Asbestos Products for the
Paper Industry -- 1970

It isn't necessary here to litanize the problems we have had in the past serving asbestos products to the paper industry. In 1969 we have directed our activity toward determining:

1. Do we have a product?
2. Do we have a market?
3. How do we serve it?

Products

High Purity Asbestos is expected to contribute 6.5MM pounds, $360M in NIFS in 1969. This compares with 9MM pounds, $500M in 1968. Lost business at Longview Fiber, Western Kraft to Johns-Manville's Ultrabestos is largely responsible. If we recover this business, it will not be with HP but possibly with a Standard Grade which would be exactly competitive to Ultrabestos. It is possible 1968 may be the high water mark for HP.

Maximum potential is in the 10-12MM pounds per year range.

Though touted as a pitch control agent HP sales are almost exclusively for other uses. For example, Boise Cascade has purchased 1.5MM pounds ($86M) through August 1969 for use as a TiO_2 extender and retention aid. Conwed 1.4MM pounds ($70M) for starch retention in acoustic and ceiling tile.

We seem, therefore, to be misled as to the value and utility of this product and cannot recommend any significant sales activity for HP in 1970.

T-135 will contribute 1MM pounds and $150M in 1969 vs. 2.2MM pounds and $336M in 1968. Despite this record we look to T-135 for growth of sales to the paper industry and it is here we concentrated our studies in 1969.

We estimate potential at $2MM and 15MM pounds.

T-135 is a very good opacifying pigment and is equivalent pound for pound with TiO_2. There are no equivalent products available.

Extenders plus TiO_2 have become quite common in the paper industry but since the extender itself (Hi-Sil, Zeolex, Paper-Ad, etc.) does not contribute to opacity, the total system cost is still more than a T-135 and TiO_2 system.

However, product limitations are not insignificant. Once on the paper machine T-135 performance is reliable and it performs as advertised. The problem is delivery to the machine. To increase utility we offer pellets and open fiber and specially designed repulpable beater bags and will deliver in bulk. But a modern mill is designed to reduce manpower requirements with systems which meter important pigments in slurry form. TiO_2 purchasers are increasingly in 70% slurry which is diluted to 30% for feeding the machine. T-135 can be slurried but to date concentrations are limited to 3½-4%. As a result a large mill will have restrictive investment requirements in tankage, mixers and pumps not to mention the increased water demand and disposal problem.

Ideally we are looking for a 20% T-135 slurry which maybe fed into existing TiO_2 delivery systems. Extenders such as Hi-Sil have this capability. We propose this as a high priority development project.

Markets

It is axiomatic that more paper is sold on brightness than opacity but it is also true that opacity is a dominant specification in such products as offset, coated and uncoated including publication grades; book; catalog; envelope and glassine.

There is little point in quantifying the total production of these grades -- suffice to mention that uncoated offset alone amounts to 1.2MM tons per year.

The major producers are in order Crown Zellerbach, International Paper, Hammermill, Kimberly-Clark, Mead, Champion, Scott, Westvaco and Boise Cascade. They represent $1.4MM from a total industry sales of $2.5MM in printing and publication grades. To give you an idea of the magnitude of our problem, of this group, only Boise is a regular customer and that for HP. I. P. and Hammermill have been in and out, Westvaco gave us our first carload order in July, Scott is in trials and first contact was made with Mead on September 17, 1969.

Consumption of TiO_2 by the paper industry is 140,000 tons but this figure includes both wet end and coatings. We estimate 100,000 tons at the wet end maximum. An unknown proportion of this quantity is actually used to obtain opacity and would be vulnerable to replacement by T-135. An educated guess would be 65/35 -- opacity to brightness.

Geographically, our major potential for T-135 is in the Eastern half of the country and almost entirely concentrated in Minnesota, Michigan, Ohio, New York, Maine, Pennsylvania, Maryland, Tennessee and North Carolina.

In summary, we have a salable product which is relatively unique in the industry. It is priced to compete not only against TiO_2 itself but vs. extended TiO2 systems which cost 17-18¢/pound in combination. To reach our potential which we estimate at 10-12% of available market we need to provide a system for producing 20% solids slurries in the mill. A large sales force operating nationwide is not necessary to reach the 10 major producers with mills in 8 or 9 states.

Paper Program -- 1970

Selling: Two man years -- $70,000

It is proposed that two men or the equivalent be used to cover selected paper accounts in 1970. It would be preferable if these men were part of a separate Asbestos sales force numbering four or five in total. At any rate we would strongly resist use of the General Sales Force as we have in 1968 and 1969.

In one area around Kalamazoo, Michigan we would propose to supplement this effort with a distributor who would provide local contact for the four major mills located there.

Promotion: $ 5,000

Mostly necessary to update our sales literature which is in very poor shape. We would also plan to attend the February, 1970 TAPPI Show in New York.

Research and Development: 2 Man Years

We do not plan for a research program at this time. We will require pilot development of a T-135 slurry system.

Technical service will be required to support sales. The degree and type will be determined largely by the quality of sales personnel we will have available.

In addition we would like the capability of operating a corrective sales program with technical service personnel. In the past many T-135 and HP mill trials resulted in no new business for various reasons. This losing image haunts the program. We propose to establish a technical task force with the responsibility for reclaiming these accounts. In one sense it will be a floating lab program, but success will provide a buffer for the future.

NJS/ds

N. J. Setter

1969 BUDGET SUMMARY

Material	$673,020
Direct Labor	177,333
Departmental Expense	277,337
Auxiliary Expense	338,940
Gas	53,912
Electricity	74,148
Production Budget	1,594,690
Packing Expense	1,250
Finished Product Storage	24,126
Distribution	35,163
Shipping and Storage	60,539
TOTAL	1,655,229

1969 DEPARTMENTAL EXPENSE AND DIRECT LABOR BUDGETS

Dept.	Description	1969 BUDGET Direct Labor	1969 BUDGET Dept. Expense	1968 BUDGET Direct Labor	1968 BUDGET Dept. Expense	1968 EST. ACTUAL Direct Labor	1968 EST. ACTUAL Dept. Expense
032-10	Rock Fiber	$23,949	$56,487	$13,872	$36,000	$11,326	$37,612
033-10	Milling	26,598	19,000	14,616	18,000	10,027	12,223
034-10	Refining	-0-	17,325	-0-	26,400	-0-	19,187
035-10	Filter Press	25,740	57,959	14,412	54,000	14,803	44,799
036-10	Drying	-0-	15,963	-0-	12,000	-0-	11,800
037-10	Raymond Mills	-0-	8,945	-0-	2,400	-0-	3,580
038-10	Packaging-Palletizing	52,131	59,158	27,120	31,200	31,743	49,472
039-10	Chemical Additive	48,915	42,500	17,628	12,000	14,762	19,363
	TOTAL	$177,333	$277,337	$87.648	$192,000	$82,661	$198,036

1969 AUXILIARY DEPARTMENT BUDGETS

Dept.	Description	1969 BUDGETS	1968 BUDGETS	1968 EST. ACTUAL
305-01	Safety	$ 4,200	$ 3,600	$ 4,442
319-01	Water Wells & Storage	4,440	4,200	2,787
320-01	Boiler & Compressed Air	18,000	9,000	10,106
327-01	General Maintenance	39,000	40,800	39,427
328-01	Miscellaneous Maintenance & Supplies	24,000	14,400	21,721
331-01	Maintenance of Grounds	7,200	12,000	14,543
333-01	Maintenance of Buildings	6,000	8,400	5,680
334-01	Manufacturing Office	45,600	43,200	43,404
341-00	Telephone, Telegraph & Postage	10,800	9,600	11,828
342-01	General Stores	17,400	16,200	15,678
344-01	Inventory Adjustment	1,200	4,200	10,621
353-01	Freight, Express, Parcel Post, Etc.	6,000	4,800	5,941
355-01	Works Laboratory	40,320	36,000	36,494
361-01	Plant Management	48,480	62,412	69,841
370-01	Insurance, Rent, Royalties & Taxes	66,300	57,600	67,386
	TOTAL	$338,940	$326,412	$359,899

1969 UTILITY BUDGETS

Dept.	Description	1969 BUDGET Gas	1969 BUDGET Elect.	1968 BUDGET Gas	1968 BUDGET Elect.	1968 EST. ACTUAL Gas	1968 EST. ACTUAL Elect.
032-10	Rock Fiber		$ 7,398		$ 3,970		$ 4,159
033-10	Milling		16,814		9,528		9,950
034-10	Refining		22,866		13,101		13,960
035-10	Filter Press		8,743		5,161		5,439
036-10	Drying	$52,022	9,415	$30,060	5,559	$28.736	5,791
037-10	Raymond Mills		5,317		3,415		3,304
038-10	Packaging & Palletizing		2,017		1,191		1,279
039-10	Chemical Additive	1,890	1,578	792	1,191	979	722
	TOTAL	$53,912	$74,148	$30,852	$43,116	$29,715	$44,604

NOTE: Utilities are charged directly from 707 (purchased fuel or power) to Manufacturing Accounts as direct material. We do not use the Auxiliary 318 purchased gas, water & electricity account.

1969 ALL OTHER BUDGETS

Material		
Ore	$244,620	
TiO_2	246,225	
Sodium Silicate	3,010	
Acetic Acid	3,125	
Bags	117,073	
Pallets	58,967	
Total Material		$673,020
Packing Expense	1,250	
Distribution	35,163	
Finished Product Storage	24,126	
Total		60,539
TOTAL ALL		$733,559

Myers 1/18/79

Impression that Dresser will not use asbestos ... only 1 car from L.A. water melted. Have impression that they will not use asbestos only if the advantage market is shrinking

1/18/79

Shortridge

4 TONS MADE #5000-6000 R.G. still not included

2 TONS USABLE lost NO cost of SILANE

RG-244 1.10 = #2200/TON

5-6000 cleaning equipment x lost production (make up)

#9000 TON.

Probably will not hear anything, air letter to W.C. BOARD

EARL SHORTRIDGE WILL BE HERE ON MONDAY AND WILL CALL.

PRODUCT COST SUMMARY — Dean - Book value, tgd back 2

J.O. Dexter, 29th ...

KING CITY	AUGUST	6
PLANT	MONTH	YI

RODUCT CODE	323534	323600	364653	323717	323729	323634	323626	MISC	323591	323683	323675	323733	376003	365130	372680	MISC	TOTAL	
RODUCT SYMBOL	HPP	HPO	RG110	RG144	RG244	T1350	T135P	HP	SG100	SG130	SG144	SG210	VISB	SUPVIS	VISQ	SG	TH. MO.	YT
RODUCTION F/MO TONS	597.00	24.00	163.275	57.10	2.275			18.325	118.79					120.00			1094.625	
YTD	2987	112	800	307	83	127	425	55	4591	200	244	370	764	442		367		118
OTAL ACTUAL F/MO	43237	2107	14193	4234	1185			7265	2957				(309)	5804			80670	
YTD	207841	9847	70528	34532	47652	27934	89093	21474	196603	12695	13182	34852	39073	20812		18710		8468
TANDARD COST F/MO	37068	1780	11262	4588	1131			6788	4324					4560		108	71609	
YTD	184894	8352	55162	27538	41585	25261	79527	15107	167106	9840	10782	25830	32088	16794		14092		7139
ARIANCE F/MO	6169	327	2931	(354)	54			477	(1370)				(3092)	1244		(108)	9061	
YTD	24947	1495	15361	6994	6067	2673	9569	6367	24497	2855	2400	9022	6985	4018		4618		1323
ATERIAL COST/TON	26.76	32.70	32.89	28.13	118.68				16.52					21.45				
ABOR COST/TON	5.53	10.33	10.20	10.20	237.80				1.20					4.62				
EPART. COST/TON	8.92	13.75	12.05	13.52	133.19				2.24					6.47				
UXILIARY COST/TON	31.01	31.01	31.79	31.01	31.01				4.91					15.83				
CTUAL COST/TONS/MO	72.42	87.79	86.93	82.89	520.68			*	24.87					48.37		—		
YTD	70.20	87.92	88.16	112.48	574.12	219.95	209.64	—	42.82	63.48	54.02	94.19	51.14	47.09		—		
TANDARD COST/TON	61.70	74.96	68.97	89.94	496.65	198.62	187.27		36.33	49.17	44.22	69.72	41.97	37.98	41.57			
XPORT PACKING -294																		
RODUCT STORAGE-295																	1723	
HIPPING EXP. -297																	2500	
																	[illegible]	
LANT INV. E.O.M.	295	28	175	86	25	98	357	39	853	67	161	89	112	116	38	141	3180	
HSE. INV. E.O.M.	130	38	15	148	29	11	101		60		88	48					668	
ALES FOR MO. TONS	240	28	109	73	7	13	80	4	220	20		29	17	78			868	
ALES YTD TONS	2677	182	672	253	48	165	297	22	3702	200	253	354	735	416		240		1024

RECEIVED SEP 18 1969 J. B. DEXTER

Discussion with Ken Campbell — Montello

Montello sells goods to companies that sell products to oil field customers. One of the Montello customers is Dresser — a very good customer — and Montello would not want to try to compete with Dresser in sale of Silane Asbestos. — Just not in Montello's best interest!

Montello can not see a market for more than 1000 - 2000 tons of Silane treated asbestos — and this would be tough to do against non asbestos competitive products competitively priced. Montello evaluated a lab sample of Silane asbestos — good properties but nothing that can not be obtained with ~~[illegible]~~ non asbestos materials. I asked about temperature stability and he faltered. (not a technical man) He did say some of the C/P people think mine is enthusiastic than Montello can understand.

Montello

KEN CAMPBELL

MONTELLO, INC. / 918-665-1170 / TWX 910-845-2396
6106 EAST 32ND PLACE, TULSA, OKLAHOMA 74135

2/12/79

Meyers

We can not use this information because it would [illegible] the people who have provided it.

Montello contacts at Dresser indicate that silane treated RG 244 may not be competitive with regular asbestos, silane treated by the Dresser process. Dresser is now actively seeking a party to produce the Dresser product. Meyers does not know what patent coverage Dresser has: ie, composition or use or maybe both.

Meyers believes that the best product for M.D. is an oil treated 1/16 pellets (25-30% oil). Montello is enthusiastic about this product and can see a 10 000 ton market if it is priced right. We do not have a good cost estimate for the product. A new facility would be required for the oil treatment but this might be avoided by farming the job out.

Rough estimates on cost for RG 244 silane treatment 1.00 / lb. For oil treated regular asbestos .20-.25 / lb.

Myers suggests we ask Brandywine to arrange a meeting with Denver people to discuss the problem. — — I believe Rondi will object to this but maybe we can go through Peyton. The meeting might well be in Niagara so that as many NED people as possible could attend.