METALS DIVISION - "CALIDRIA" ASBESTOS FJS/RWR Dec 3/8

CUSTOMER CALL REPORT copy to Longmire 3/8/79

CUSTOMER & LOCATION Dresser Industries-Houston, TX Oilfield Products Div. INDUSTRY CLASSIFICATION Drilling Fluids

SALESMAN John L. Myers, J. E. Walsh & D. F. Braun (Ch. & Pl) REGION _____ DATE OF CALL 3/1/79

ASBESTOS HEALTH & REGULATORY DOCUMENTS PROVIDED:

☒ Other, specify below

PLAINTIFF'S EXHIBIT UC-736

PERSONS INTERVIEWED: Paul Wells - Mgr. Research & Engineering (Magcobar)
Dr. Tom Sample - Technical Advisor
Ray McGlothlin - Technical Advisor
Rob Moseley - Mgr. Environmental Engineering

CALL OBJECTIVE: Determine Dresser's interest in RG-600.

RESULTS OF CALL: Accepted P.O. #29087P for about 20,000 lbs. RG-600 (entire NF inventory) at 30¢/lb. to be shipped ASAP. OK to ship via rail if labor situation prevents truck shipment. (Can't ship until picket line down.)

I explained our asbestos plant situation - that we do not have a major chemical treatment facility and that we prefer to sell raw asbestos fiber unless a significant market is available for a treated product. Also, that it would be very difficult to justify a major financial investment at this time.

For health/regulatory reasons, they have removed asbestos from PC-OTA, their additive for oil-base mud systems. They are currently using VG-69, an amine-treated bentonite, which performs the function of asbestos (suspending barite) at lower temperatures but is "no good" at the elevated temperatures associated with deeper wells. They must have an asbestos-like product for anticipated PC-OTA sales by the second quarter 1979 and until they can find someone to produce "silanized mineral fiber."

Based on chemical analysis and electron microscopy, they are convinced that the product covered by their composition of matter patent (U.S. No. 4,137,367) will not be classed as asbestos and will not be subject to asbestos regulations. We discussed our silane-treated RG-244, and it was concluded that our product, because of less leaching, would still be classed as asbestos. They, therefore, are not asking us to produce silane-treated RG-244. They plan to run animal and other toxicity tests on their product to prove their contention that it is not asbestos. They have been in touch with OSHA and have written encouragement from Eulah Bingham to proceed. They are working diligently to find a producer. They have the facilities for production, but the plant is located in "downtown Houston" and they do not want to get involved with EPA, etc. Their long-range goal is to provide the "world" with an asbestos-like product which is not classed as asbestos.

(over)

They evaluated a bag sample of RG-600 and are willing to use it as a stop-gap until they can get silane-treated. I explained that we must sell it to them as asbestos, but they plan to blend it with the other PC-OTA components and package it without marking the bags as containing asbestos. They will interpret the OSHA regulations that the asbestos is bound or coated in such a way that it is not covered. Assuming their field trials with the 20,000 lbs. of RG-600 are successful, they will need about 185 tons during the second and third quarters of this year. Their annual requirements for the PC-OTA product are 400 tons and they expect 10% growth per year. I advised that we could handle this from Niagara Falls, but that the price would be 90¢ to $1 per pound based on new cost estimates. I told them we would need 8 weeks notice to provide a truckload. I promised that I would get back to them in a few days as to whether or not we would provide a continuing supply of RG-600 at a rate of 400 TPY until they could obtain the silane-treated product covered by their patent.

They will get a sample of Oil Wet Super Visbestos (OWSV) from Montello to evaluate in PC-OTA. If this proves to be a "safe" product for them, I told them the cost should be considerably less than $1/lb. and would probably be much more readily available. I told them we may be able to ship this product without the OSHA label, but that it would still be asbestos.

I mentioned the RG-244 animal tests we had run at Mellon and they would like to see the report if possible.

They have evaluated J-M and other asbestos but have decided that ours, Super Visbestos, is what they need for their product. They had a sub-contractor treat about 10,000 lbs. of Super Visbestos but they did not use U C silane and the performance was not quite up to their standards. They blame this on the silane and the sub-contractor and do not think he can make their continuing requirements. I stood firm that they must obtain Super Visbestos through Montello (and Dean insisted they must obtain their silane from him). Unless some major friction develops, it seemed clear that they will use UCC raw materials in their final product.

It was concluded that there was no need for a meeting in NY on 3/19/79. I will be in NY on 3/6 and could elaborate on this report to any interested parties.

FOLLOW-UP ACTION REQUIRED:

1. Get 20,000 # RG-600 shipped ASAP.
2. Develop sales accounting for RG-600 produced at NF.
3. Get Mellon report and transmit it to Rob Moseley if possible.
4. Determine whether or not OWSV must be OSHA-labelled.
5. Determine Montello's position short- & long-term.
6. Determine if Dresser patent covers our product and whether or not we want to oppose the Dresser patent.
7. If we are interested in producing silane-treated asbestos according to their patent, determine where it could be done and in what time frame.
8. Decide if we will provide RG-600 as required by Dresser and what the price will be.
9. Rob Moseley would like to get together with Harry Rhodes at some convenient time.

COPIES TO:

D.F. Braun, R. Brantigam, GRA, FJS/RWR, RGW, JRL, HBR, TPN, JEW, KC-FILE, NF-FILE

JLM:dal 3/5/79

C. C. for:
D. P. Barna, NY-30
D. F. Baumert, Dallas
S. E. Berger, Tarrytown
R. G. Brautigam, NY-30
G. M. Bryant, Tech Center
D. D. Lee, NY-33
R. H. Lightfoot, NY-30
S. M. Livengood, Tarrytown
J. L. Myers, Niagara Falls
R. H. Raines, Tech Center
R. Ramachandran, Niagara Falls
H. M. Short, NY-30
J. C. Soviero, NY-31
J. F. Tancredi, Tarrytown
[redacted], NY-38

REPORT OF CALL

BY: D. F. Braun dt
DATE OF CALL 9-8-77
RECEIVED
TYPED 10-19-77

COMPANY Dresser Industries
DIVISION
ADDRESS Houston, Texas

File A-1-b

Interviewed (Give full names and titles)
Mr. Cecil Haley, Mgr. of Purchasing
Mr. John Hollingsworth, Prod. Mgr.
Mr. Don Sanderson, Prod. Mgr.
Dr. Tom Sample, Res. Consultant
Mr. Ray McGlothlin, Res. Mgr.
Mr. Tom Cox, R&D

Designate Persons Concerned And Underline If Action Is Required

CALL MADE WITH R. G. BRAUTIGAM

Our business at Dresser is very good this year. The CELLOSIZE sales should be 600 M lbs and $800 M for 1977. Dresser expects 1978 to be as good or better I have planned a 25% increase for 1978 which would make them a $1MM account.

Mr. Sanderson, Product Manager for Workover and Completion Fluids, is very hot to improve business in this area. Sanderson plans to come up with a complete line of clear fluids for both workovers and completion fluids. The line would cover weighted fluids from 10-20 lbs/gal. The 20 lb/gal is in the range of barite weighted muds without the damaging solids. A piece of bad news was that a major oil company says that HEC does damage the formation, but it's still the best product available. The problem is that the acid has a hard time getting to HEC in the extremities of the formation. The other info. was that Dow had been in with a market survey of how big the completion business is. Sanderson would like to see a similar study from Union Carbide. He wouldn't amplify why Dow was interested.

It behooves UC that we do a more thorough investigation of breakers on CELLOSIZE. It may require core work using acid (HCl), ammonium persulfate and etc., at various temperatures; also, a clear fluid reology study using CELLOSIZE with calcium chloride, calcium bromide and zinc chloride or other soluble salts heavy enough to give the equivalent weight. Mr. Tom Cox will be the chemist in charge of Dresser's work. I've sent all the necessary sample and literature.

SILANE-ASBESTOS

Mr. Hollingsworth
Dr. Sample

RECEIVED
OCT 21 1977

Hollingsworth's main concern is still with the OSHA regulation regarding asbestos exposure to 0.5 fiber/cu cm average/8 hr day. It is the opinion of Dresser that if this parameter can be met that no employee records will be needed on all rig employees. If employee records are ruled necessary, we are dead. The turnover and mobility is an insurmountable problem. Mr. Hollingsworth has requested that a sample of our improved product be sent to Mr. McGlothlin for his evaluation. All 4-s field tests have been successful. In one case a Wyoming customer is upset because Dresser won't sell him more product. A brief discussion of the patent situation was discussed and Dresser agrees that we are probably outside of their patent-pending application. The end use patent (pending) is another question that should be evaluated. Is it possible to obtain copies of pending patents?

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