

DRILLING SPECIALTIES COMPANY
BARTLESVILLE, OKLAHOMA 74004

918 661-5405
918 661-6153
918 661-5333

TELEX 49-2455
TWX 910 841-2560

March 16, 1979

① Copy to Suttle
② 2 lbs
Lawrence, P. House
New Diaseal M[®], Lost
Circulation Slurry
Sau-37-79

Mr. W. B. Kirkland
Baroid Petroleum Services Co.
NL Industries Inc.
P. O. Box 1675
Houston, TX 77001

PLAINTIFF'S EXHIBIT

HCI-4

Dear Mr. Kirkland:

New Diaseal M has been markedly improved. It no longer contains asbestos (our last sale of Diaseal M that contained asbestos was in August, 1977). Also, concentrations of new Diaseal M can be added to a high solids-high water loss slurry without causing too high a slurry viscosity; the result is a better slurry for overcoming severe lost circulation. In other words, the standard formulation is adequate in most cases, but when additional new Diaseal M is added, the chance for success, when dealing with severe losses, is improved. There is also the advantage that there is more margin for error by field personnel in mixing a Diaseal M slurry than with the previous product.

New Diaseal M is now being blended at Midland, TX primarily because of labor and governmental agency problems in California, where it was previously blended. Shipment of the components to another site for blending has increased our costs significantly. Inflation has also increased costs. As a result, the current price of new Diaseal M is \$440/short ton*, FOB Midland, TX. However, we have secured a "Mixing in Transit Tariff (MITT)" which will allow our customers to purchase Diaseal M in 40 ton carload lots for \$440/short ton, FOB Houston. Here's how this works: the components are shipped to Midland, blended and then reloaded for shipment on to Houston at no additional freight cost. This will save our customers additional freight on material needed in the Gulf Coast area. To take advantage of the MITT, the purchase of Diaseal M, FOB Houston will have to be programmed and coordinated, resulting in estimated delivery time of two months. For normal delivery times, it will be necessary to purchase Diaseal M, FOB Midland (20,000# TL minimum).

* All orders are subject to acceptance by Drilling Specialties Company and to the terms and conditions of sale in effect by it at the time of shipment. This price list supersedes all previous price lists of these sales.

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While awaiting the MITT, we warehoused some new Diaseal M in the Houston area, at our own expense, in order to introduce the new product. We will no longer do this. We plan to start promoting the sales of new Diaseal M aggressively once more now that the MITT has been allowed. Hence, it may be to your benefit to order new Diaseal M now for your future needs in the Gulf Coast area.

Yours very truly,



C. A. Sauber

CAS:tlb -RC