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DOCUMENT DESCRIPTION: Letter from Montello to Mr. John Myers RE Pending Regulations on the Transportation of Asbestos

PLAINTIFF'S EXHIBIT
DMA-503

Montello
6106 EAST 32ND PLACE
TULSA, OKLAHOMA 74135
(918) 665-1170 / TWX 910-845-2396

July 16, 1979

Mr. John Myers
Union Carbide Corporation
4625 Royal Avenue
Niagara Falls, New York 14302

Dear John:

We understand that you are meeting with the Department of Transportation in Washington on July 19th. There will be a discussion of the pending regulations covering the transportation of asbestos. This letter is in answer to your request for a review of asbestos applications in the drilling industry, with emphasis on material handling and transportation.

First we would like to establish that asbestos performs a valuable function in drilling fluids. By providing desired levels of mechanical viscosity, cuttings can be more adequately removed from the bore hole, with attendant improvements in penetration rate and bit life. For proof of the efficacy of asbestos in drilling fluids, one need look no further than the fact that users have continued to buy the material since July of 1972, despite the powerful negative incentive of stringent OSHA regulations.

Even the most desirable product will be rejected, however, if it is not consistently available at the right time, in the right place, and in the right quantity. This is especially true in the drilling industry. With rig time now costing in the tens of thousands of dollars per day, the logistics of availability override virtually all other considerations. The problem of product availability is exacerbated by the fact that, with rare exceptions, rig locations are remote from all routine warehousing facilities and transportation.

The use of asbestos in drilling fluids differs substantially from its uses in most other industrial applications. There, shipments frequently involve carload or truckload lots from a source mill to the end user's plant. (Even in smaller lots, delivery of less than a pallet load would be rare.) On arrival at the point of use, the product becomes part of a fairly continuous and predictable flow of raw material through the manufacturing facility. Implicit in every order for materials is the expectation of their complete consumption in making finished goods.

In the drilling industry the delivery of material to the "plant" (drilling rig) is much more complex. A carload originating at the source mill will

frequently be split to two or more major field warehoues. From these, even smaller lots are normally re-shipped to area field warehouses. From these, quantities as small as five to ten bags (50 lbs. each) will be shipped to rig locations. Use of the material is dependent upon generally unpredictable events encountered during drilling. At the end of every well there will remain highly variable quantities of unused material, including asbestos. Unlike the fixed location manufacturing plant, these coverages can't be simply held for "tomorrow's production". All such overages are returned to the supplier for credit, where the materials are later shipped to another rig for possible use. Implicit in all material orders for drilling rigs is the concept of "don't run out". This makes the return of overages inevitable.

This process of making materials available at the rig involves variable split loads down to only a few bags; inter and intra state handling; common, contract and private carriers; highly irregular routes and destinations, (including land rigs, inland barges, offshore facilities, etc.); and the return of variable quantities of unused products. A requirement that all this activity be carried on in minimum one ton unitized pallet load lots would virtaully eliminate the practical use of the products.

We understand that Union Carbide will be furnishing us asbestos in dust and sift proof bags by August 20th. Each 50 pound bag will be double shrink filmed to assure cleanliness. It seems to us that such a package would afford all the protection that could be reasonably expected, and that little if any additional protection would result from also requiring palletizing. We therefore urge clarification of the proposed regulations to accomodate for the distribution factors peculiar to our industry.. Allowing shipment of individual, sift proof bags of asbestos will enable the industry to continue realizing the economic advantage of the material.

Please let us know if further information is needed.

Sincerely,

MONTELL, INC.

Kenneth N. Campbell

KNC/jd