REPORT OF CALL

DISTRIBUTION
F. H. Larrison ☐ F.H.L.
P. O. Norris ☑
R. J. [illegible] ☑
J.M. Anderson ☐
A. A. Andreae ☐
C. F. Grogan ☐
R. L. Grogan ☐
R. O. Monger ☐
H. L. Seay ☐
B. E. Usrey ☐
D. E. Clark ☐
D. J. Garcia ☐
G. L. Vessels ☑
M. K. West ☐
File ☐ → Return to F.H.L.

cc for T. P. Norris
W. C. Thurber
KC - File
NF - File

UNION CARBIDE CORPORATION
P.O. Box 579 Niagara Falls, N.Y. 14302

By H. B. Rhodes

Date

PLAINTIFF'S EXHIBIT UC-310

Full Name Montello, Inc.	Interviewed Mr. Ken Campbell Mr. Harry Wyatt
Address Sand Springs, Oklahoma	
Mfrs. of	

OBJECTIVE

Regular Meeting with Montello

Bag Availability

This was discussed in some detail. The results have been reported in John Myers' letter to F. H. Larrison of 7/16/73.

Product Availability, Prices and Sales Forecasts

Considerable time was spent discussing product availability and the options available to Montello. Their inventories, especially Visbestos, are the same as ours, essentially zero. They are also spending extra money on distribution and are "manipulating" customer orders in an attempt to keep everybody happy. Our contract permits Montello to purchase from other sources if we can't supply their needs. They prefer not to do this for at least two reasons: (1) They promote the fact that our asbestos is better because it is wet-sheared. They would compromise this idea if they sold conventional asbestos, even though it does perform as well as Visbestos, (2) If they open up the market to someone like Pacific Asbestos, whose 7Ex2 would probably out-perform Visbestos, Pacific may find they can sell direct to establish customers, such as IMC, since the Sun Oil patents have expired. Montello would obviously prefer to buy only from us.

Montello is aware that our SG products are not the most profitable and that our prices to them must be high enough to be attractive from a business standpoint. The price freeze prevented increases scheduled for July 1 and we had additional increases planned for January 1, 1974. I advised Ken that the new price for Visbestos/Imcobest would probably be $72/ton. This is very high compared to the $45 to $50/T which they would have to pay for competitive material.

Following are sales forecasts discussed - Montello will review the 1974 number before we make them final:

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	2nd Half 1973	1974
Visbestos	180T	450T
Imcobest	540	750
Crushed Super Visbestos (CSV)	540	750
Granular Super Visbestos (GSV)	360	1200
Total	1620T	3150T

Promotion of Oil Shows

We had formerly assisted Montello in their display booth and attended the large annual Oil Industry Shows held alternately at Lafayette, La. and Midland-Odessa, Texas. They are finding it less expensive and more effective to skip these shows and concentrate on a number of regional meetings. Our assistance is not needed at these smaller shows.

AEC-Mesa

The CSV-bentonite mix is the standard for drilling the large post-shot holes. This is a specialty application and a larger quantity of mud is used for the much more numerous smaller holes. Good progress is being made to convert them to this system. Potential is 400 tons/year.

Project Ploughshare

This relates to the Mesa activity. A large nuclear device is detonated in a gas-bearing structure to cause extensive fractures and a dome where the gas can collect. Wells are then drilled into the dome to tap the gas. It takes several years for the ground to cool sufficiently to permit drilling with conventional systems. The CSV-Bentonite system is a natural here since it reduces the waiting time substantially. The key contact here is Dr. Hoffer of Geothermal Drilling, CER Geonuclear, Las Vegas.

This is fast becoming a very active area. Temperatures encountered are 500-700°F at 10,000 ft. Here again, the CSV-bentonite mixture looks like an excellent fluid. They are working closely on this application with the Magma Company which installs the power generation hardware.

Viscosity Data at High Temperature and Pressure

The three applications just described represent the fastest growing new business potential. SV seems to provide several important and unique advantages. There is an urgent need for measurement of rheological properties of the mud at the conditions of use in order to support the selling efforts.

There is a type of instrument, the Fann 50, which is designed to operate at these extreme conditions. This machine costs $30-40,000 and there are only a limited number around. Montello was inquiring whether UCC might have alternate equipment and capabilities to obtain these type of data.

It is possible that we may have something at Tarrytown or Bound Brook that is normally used in connection with plastic studies. HBR will check possible availability and cost. Montello will explore where the work might be done within the oil industry. No

large expenditures on our part are contemplated.

OSHA Regulations & O.G.J. Article

Their dissemination of the dust count test results has been quite wide and well received. Considerable progress has been made with Shell Oil.

The publication in the Oil and Gas Journal seems to have bogged down. The editor's original draft was essentially a publication of the report as we wrote it. The counter proposal to use it as a basis for much broader discussion requires considerably more work on the editor's part. We and Montello are in agreement that it will be better to keep a lower profile and let it lie unless the editor goes ahead with the major revisions.

To their knowledge OSHA has not made any well site inspections.

Competitive Activity

There are reported to be letters put out by Drilling Specialties claiming an "OSHA Approved" asbestos. They have be unsuccessful in obtaining either a copy of the letter or a sample.

Wollastonite

The question of the use of Wollastonite in place of asbestos came up. We discouraged them from getting involved with it at this time. We should check it out, however, to avoid future surprises.

Pellets from Pacific Asbestos Corporation

They have neither received any answer from Pacific re the availability of pellets nor has Mel Redhead of Atlas returned their call. It does not seem likely that Pacific is pushing pellets at this time.

Possible Elimination of Crushed Super Visbestos

The Granular Super Visbestos is largely used in cutting surface holes where fluid loss control is not required. They continue to find that the polymers used to control fluid loss in the deeper holes seem to coat the pellets and make them almost impossible to open with the shear equipment typically available at the well-head. We should continue to plan to produce both types in the foreseeable future.

Fluid Loss Control Agent

For asbestos to be widely useful in deep hole drilling, same means must be available to provide fluid loss control, preferably one that works in the presence of substantial concentrations of salt. Montello has been looking for such an agent for over three years now. The fundamental problem is that the polymers normally used act as a dispersant for the asbestos and destroy the rheological properties.

One promising potential for a proprietary formulation from PAL Associates seems to have faded out. This is UCC Cellosize polymer of some type that our Petroleum Products Group (Chem. & Plastics) has worked out with PAL. PAL has told Montello that they will provide them with the appropriate mix for over a year now but nothing seems to come of it.

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Montello has continued to work with General Mills and seems to have made some progress. They are now trying to work out acceptable business arrangements. A good economic fluid loss control agent would make a very substantial increase in SV sales. At Ken's request JLM has written a "letter of recommendation" to General Mills describing Montello's prowess in the "oil patch."

ACTION

H. B. Rhodes - Continue regular contacts.

H. B. Rhodes - Check on availability of high temperature and high pressure rheology measurement equipment.

H. B. Rhodes - Quick look at Wollastonite as drilling mud additive.

J. L. Myers - Work with Montello to establish production priorities and set pricing changes as appropriate.

Typed by:
rr
7/31/73

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