PLAINTIFF'S EXHIBIT
UC-1589

ASPHALT KARNAK PRODUCTS

KARNAK CHEMICAL CORPORATION

Lewis Asphalt Engineering Corporation

November 27, 1979

Mr. Gordon L. Dickson
Union Carbide Corporation
Metals Division
P.O. Box 579
Niagra Falls, NY 14302

Dear Mr. Dickson:

I now can give you a summary of the problems to date we have had because of your high water content asbestos, RG 244.

To review: We use this in a moisture cure coal-tar polyurethane product. This contains enough moisture reactor and moisture scavenger to completely remove all water from the base material before the water reactive polyurethane is added. As we found out after a slow but steady reaction had taken place in the field, the moisture content of the RG 244 had, around the start of this year, doubled as compared to the specified maximum permissible amount; 2% increased to 4%, or quadrupled as compared to the stated typical amount; 1% increased to 4%. Our tests averaged 3.6% water on the pallet of bags from which you took a sample for confirmation tests by your own laboratory. You informed me that your laboratory had found 4%. This amount of moisture was enough to swamp our removal procedures. The result was that eventually many of our customers found themselves with cans that were filled with solid black rubber instead of an easily applied liquid.

Fortunately, most of this product was used up before it solidified, but too much of it was found as a solid mass on the job. We had to do much on the job inspections and replacement. In addition, we had to stop the shipment, after inspection, of almost every gallon of this product that we had in the plant.

The quantities involved and associated costs are listed below. We expect Union Carbide to reimburse us for these unfortunate expenses.

330 CENTRAL AVENUE · CLARK, N.J. 07066 · PHONE (201) 388-0300 · NEW YORK (212) 267-6226

Material - 2,315 gallons	$18,400.00
Disposing bad material	500.00
Freight	2,174.07
Labor, cleaning & hold up of job	750.00
Lab time	2,000.00
	$23,824.07

There is no way in the world that we can estimate the value of reduced customer relations and/or decreased future business because of damage to our reputation.

It is worth noting at this time that Karnak has already paid Union Carbide for all material purchased and that we still have approximately 2,550 lbs. of material left in stock which we would like to return for full credit.

Your prompt attention and cooperation to this matter is appreciated.

Very truly yours,

KARNAK CHEMICAL CORP.

Joseph P. Toto

Joseph P. Toto
Controller

JPT/dr

cc: Al Wolk
Bill Brehm