PLAINTIFF'S EXHIBIT

UC-3039

March 2, 1979

TO: FJS

FROM: RWR

John Myers visited Dresser Industries on Feb. 27 and learned the following about silane asbestos:

1. Dresser believes that the product of their invention is not asbestos because it has been leached and coated. Government agencies have given them encouragement in this belief.

2. Dresser believes that our invention is different but may be included in their patent. Ours, they feel, would still be asbestos. The comparison they make is that ours is a silane covered asbestos whereas theirs is a silane coated silicate.

3. John sold our inventory of about 20,000 pounds of RG 600 which was produced at Niagara in a pilot plant. Price 30¢ per lb. Future quantities would be priced at $.90 - $1.00 (he so informed Dresser).

4. RG 600 is produced by Woolery at the rate of about 3 tons per day.

5. Dresser requirement for RG 600 will be 185 tons over the balance of the year (I am not certain about the period) but $\frac{185}{3} \cong 62$ days or 12^+ weeks.

6. Dresser estimates that they can move about 400 tons of silane treated product in their first year and anticipate a 10% growth rate from that base.

7. Dresser does not see anything to be gained by a meeting with UCC because they do not want our product.

I am not sure what commitment, if any, John has made to Dresser regarding RG 600. We should analyze this but it looks interesting. If they do establish their product as non-asbestos it is the type of application we are looking for. We certainly would not want to commit to producing any large quantity of product in our laboratory; therefore, a pertinent question is what type of facility would be needed and what would it cost.

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C&P will probably raise the question of product performance. RG 244 apparently offers the prospect of better temperature stability. If this is proven to be the case would the product be more attractive than the Dresser product. Price would be a consideration and the RG 244 process should be low cost -- and if we market the material without Dresser or C&P participating we could presumably maintain an edge. If our product is classified as asbestos and theirs is not, would this be a significant factor weighing against ours?

It is time to regroup. My own opinion is that this would be a good point to break away from C&P and pursue our own evaluation of the situation. I believe we should also put a restraint on John (if he has not already committed us) with regard to the Dresser route while we sort things out. Dresser apparently regards the matter of a non-asbestos product as very important to the extent that they ignore the facts that the UCC product may be superios and lower cost. I wonder if this argument will stand close inspection. One might also postulate that a chrysotile fiber coated with silane is not asbestos.

The meeting on Tuesday should be interesting.

RWR:ac

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