PLAINTIFF'S EXHIBIT

UC-3336

Montello
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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

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