REPORT OF CALL

PLAINTIFF'S EXHIBIT

UC-4149

Calidria

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

H. B. Rhodes with
By J. L. Myers

Date 11/28/73

Full Name	Montello, Inc.	Interviewed
Address	P. O. Box 130 Sand Springs, OK 74063	Ken Campbell Harry Wyatt
Mfrs. of	Distributor to drilling industry	

OBJECTIVE

Regular, approximately quarterly status meeting with our distributor to the drilling industry.

OBSERVATIONS

The writer and John Myers met with Montello in Chicago for about six hours on November 28, 1973. As usual, a wide variety of subjects was covered. The main points discussed and the conclusions reached are summarized in the following report.

Sales Volume - next 6-12 months.

Based on order entry rate over the last several months and on the increased drilling activity, their sales rate is estimated at:

NGSV	-	10 T/Mo.
CSV	-	200 T/Mo.
VB	-	25 T/Mo.
IMB	-	175 T/Mo.
		410 T/Mo.

This is considerably above the 300 T/Mo. which is their current "allocation." It was agreed that we would adjust our bag ordering rate to this sales volume and would try to produce it if other product commitments made it possible.

There appears to be a possible discrepancy between their orders booked numbers and our sales invoiced. This may be only a matter of different time references. Ed Kleber and Chuck Petrie will prepare detailed summaries by month in order to check this out.

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IMC Status - It appears certain that the increased sales rate of Imcobest will result in a period of 6-8 weeks where we are out of bags. The possibility of supplying it in Visbestos bags or plain brown bags at 40-45 lbs. each was discussed. Imco is extremely "brand name" conscious and Mr. Campbell is of the opinion that neither of these alternatives will be particularly attractive to them. Due to the apparent bag shortage, he has also not pressed them to place their (IMC's) agreed upon 2000 bag order for Galena Park inventory. A cards-on-the-table talk between IMC and Montello is planned in the very near future.

We asked why IMC is buying from Montello at a considerably higher price than the $63.50 per ton that they could obtain material directly from Atlas. There was no clear-cut answer to this but it appears to be a matter of Montello's technical ability and service and that the UCC product works better in certain of their applications.

The possibility of losing the business to alternate suppliers was discussed. Pacific is known to be sold out but both Atlas and J-M Coalinga appear to have available capacity. Atlas recently purchased a CL of Visquick bags for Magobar. We are going to have to watch this one closely.

Energy Situation - It was pointed out by Montello that the drilling industry has a crucial place in the energy problem and may well be able to get special consideration in the allocation of materials, fuel, etc. that are in short supply. They have offered to help prepare a case if it becomes necessary and appropriate. Any further action is up to us.

Pricing - They are hoping to make some price changes January 1 to be effective February 1. In connection with this they would like to know what price would make the SG-144 type Imcobest product attractive enough to us to be a worthwhile product to supply. JLM will work this out and respond.

Prepayment of Freight - Occasionally, King City prepays a freight bill. It has become a long, drawn-out and difficult project for them to collect these from their customers. Ken Campbell will write a letter explaining the problem for JLM to cover with King City.

Contract Review: The present contract is "Evergreen" with six months' notice by either party. The performance requirement numbers run out in 1973, however. They question the need for minimum performance numbers when they are selling all the product we will supply them but are quite amenable to further discussions.

In connection with possible contract changes, it was noted that SG-144 (Visbestos and Imcobest) and regular SVB are now sold only to the drilling industry and through Montello.

The next move, if any, on contract changes is up to us.

Market Profile Analysis - They are getting started on doing a good job for completion by the end of January. We could provide no guidelines on how to account for the unsettled fuel and economic conditions in 1974 in an analysis of this type.

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OSHA - Toxicology - The test report has been widely diseminated throughout the world and has been instrumental in calming fears and getting considerable business. Texaco is on the fence and the key men are Kane, McDaniel and Abbot in New Orleans. Abbot is new on the job and Ken Campbell will call on him in a few weeks when he gets established.

Flosal still talks about an "OSHA-Approved" product but none has been seen. As will be discussed later, the "new" Flosal is much fluffier and in a larger bag. It seems to be more, rather than less, dusty.

They have had some contacts with the local OSHA director re Material Safety Data sheets. It has been confirmed that they are only required for shipyards.

We were unable to come up with any further definition of when medical examinations are required. Told them the only violation we knew of for lack of medicals was cited as a nonserious violation and resulted in a $50 citation.

JLM Japanese HPO Sales - The Japanese situation re HPO is working out as JLM predicted and they are much calmer about it. JLM will check into the procedure by which they collect their commission. JLM will go through Wada to attempt to obtain a sample of the blended material from Telnite.

Use of W. R. Grace in Europe - They feel that there is a good possibility that Grace may have the same sort of key contacts that Tomoe had in Japan. This would supplement rather than conflict with their present European representation. JLM supplied the proper contact and Montello will write to them.

Fluid Loss Control Agent - The search for a suitable fluid loss control agent continues to be frustrating. General Mills has decided to push modified quar gums. These give good fluid loss control until the asbestos is added. Viscosity properties are still good but the asbestos ruins the fluid loss control.

The UCC HEC products give good fluid loss control in the presence of asbestos but ruin the viscosity properties. The UCC advice (T. G. Foster) to Montello is to get rid of the asbestos in the system.

This is an area that merits future technical effort but neither of us has the resources to commit to it at this time.

Product Packaging and Grinding - Possible packaging changes concerning the Auger packer and nonbreathing bags, possibly polyethylene were discussed. We considered briefly the possibility of shipping SG-100 and SG-200 pellets in bulk to Montello and having them grind in their disc mill and package. In the past this has never really looked attractive but it looks to be worth reviewing in the light of the present supply situation. A key consideration may be the practicality of making VB and IB from SG-100 pellets in an attrition mill. We HBR have some SG-101 in Niagara Falls and will screen out the -10 mesh portion and compare it with VB to get a preliminary indication of technical feasibility. If this looks attractive, we will arrange to have a few bags run through the disc mill at King City.

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Workover Fluids - Samples of HPO, HPP, and RG-100X will be supplied for investigation as possible ingredients in workover fluids. These may become of increasing importance in the energy crisis.

New Flosal - The work done by both Montello and UCC in testing the New Flosal was reviewed. It appears that the new product is considerably finer than the old. It will form synergistic blends with bentonite but yields more slowly than SVB. It is clear they have made a significant technical step forward at the expense of a more dusty product. We plan to sit tight and see what develops in the marketplace.

Atlas Drilling Product - Atlas,too, has come out with a new product. It is also a fine grind and it looks like a bag-house material of the same type. Comparative viscosity tests are in progress.

AEC Mesa - This has been cut back to a very low activity level. Bought 800 bags CSV last month and expect 800 bags next month. This is used in small diameter core drilling.

North Slope - The earliest that oil will ship is in 1975. There is enough capacity in capped wells to fill the pipeline for several years. Rigs, crews, and pipe are short. A well drilled in U.S. will be yielding revenue in 6-12 months. Emphasis is thus on domestic drilling with a gradual increase in North Slope activity. We have some time, therefore, before any sudden requirement for hydrophobic asbestos is generated. The point that we have no immediate capacity was again made clear.

Geothermal Drilling - This is a development industry in the early stages and is moving forward slowly. Data on high-temperature properties continues to be very desirable to aid in market penetration.

New-Granular SVB Market Progress - They continue to have serious technical limitations in high-fluid loss muds. Dresher-Magobar and Exxon have a joint program using the impinger opening system tested previously in connection with sanitary muds. It looks promising. It would appear that the low-dust levels found for regular SVB have slowed interest in the granular product.

SVB Promotion - Montello has produced a 5-1/2 minute, sound film strip telling the whole SVB story. It is expected to help sales.

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