Bentonite industry expects upturn

Story and photo
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LOVELL, WYO. — Improved overseas markets may help Wyoming's bentonite industry weather a slump that's linked to the slowdown in oilfield activity, a company spokesman says.

David Auer, executive vice president of Wyo-Ben Inc., said the dollar's declining value compared with foreign currencies is beginning to open up foreign markets for American bentonite.

"The upswing isn't dramatic. Export business is improving because the value of the dollar has declined compared to foreign currencies, and that has stimulated some bentonite movement to foreign countries, particularly Pacific Rim countries," Auer said.

Bentonite exports are improving partly because the lower-valued dollar makes American products a better value. But Japanese industrialists are also increasing purchases of bentonite and other American materials in an effort to stave off possible trade sanctions by the United States, Auer said.

Bentonite has also found a niche in the pollution-control industry, mainly as an impermeable liner for landfills containing hazardous waste. That market is one of the bright spots in the industry, Auer said.

A fine clay that swells to as much as 15 times its original volume when wet, bentonite is used mainly by the oil and gas industry as drilling mud.

Fifty percent of the bentonite produced in Wyoming is used as drilling mud, the Wyoming Economic Development and Stabilization Board reports in its 1986 mineral yearbook. Consequently, slowdowns in the domestic oil and gas industry also directly affect bentonite manufacturers.

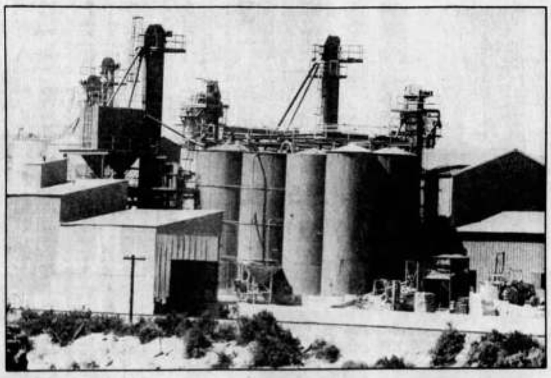
Steep declines in oil prices during late 1985 led to widespread layoffs in Wyoming's bentonite industry, but there are signs that the industry may be improving. Auer said about 25 people laid off within the past year have returned to their jobs at Wyo-Ben.

Randy Tippetts, manager of American Colloid Inc.'s bentonite plant in Lovell, said the bentonite market has been flat since the decline in oil prices. And most plants in the Bighorn Basin are either operating at below capacity or are idle, according to industry spokesmen.

Don Clucas, manager of MI Drilling Fluids of Greybull, said his company recently temporarily rehired several workers to meet an increased seasonal demand for more drilling mud. Although some markets for bentonite have picked up, the market for drilling mud, dependent on the oil industry, remains fairly flat, he said.

Bentonite production in Wyoming peaked in 1981 at 4.8 million tons. Producion fell to 2.3 million tons in 1982, climbed to 3 million tons in 1984, then declined to just under 2.6 million tons in 1985, the last year for which production figures are available from the state.

The EDS Board report predicts a decline in markets for Wyoming's bentonite industry



Wyo-Ben's Sage Creek plant is near Lovell.

because of reductions of oil drilling, slowdowns in the automobile industry and the loss of a market within the steel industry.

"Long-range prospects are favorable, but bentonite production will probably fluctuate in the near term," the report says.

Wyo-Ben, which owns three bentonite plants in the Bighorn Basin, was reopening its Hot Springs County this month.

Initially "four or five" people were to be hired at the Thermopolis plant this month, Auer said, adding, "It's nothing terribly exciting, but at least it's headed in the right direction."

Potential for increased oilfield activity would also help the bentonite industry. "I think we're going to see some improvement in oil drilling. It seems to me that there's potential for investment in the oil industry," he said.

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