

December 1st, 1945

Mr. R. B. Dwyer, Executive Vice President
Anaconda Copper Mining Company
25 Broadway
New York 4, New York

Dear Mr. Dwyer:

The following is a statement relative to the October, 1945 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$ 1,635.24
Bismuth Refinery	2,308.29

The tonnage treated in October was 3,508 tons as compared with 3,222 in September.

The Lead Refinery income is accounted for as follows:

Inter-company materials	\$ 1,918.69
Outside custom materials	2,990.76
Mixed metal operations	433.06
Discounts earned	<u>130.11</u>
	\$ 1,635.24

The income shown for mixed metal operations is from the sale of 119 tons of Specification Antimonial Lead and eight tons of Caulking Lead. Our November shipments have been 240 tons of Specification Antimonial Lead and 44 tons of Caulking Lead.

ZINC OXIDE DEPARTMENT

The income for October was:

Actual Cost Basis (Cost Sheets)	\$ 787.13
New Money Basis	12,430.18

Summary of Operations

<u>Unit</u>	<u>Number Days Operated</u>	<u>Material Produced</u>
No. 1 Muffle Furnace	26	Slab Zinc
No. 2 Muffle Furnace	18	Lead-free Zinc Oxide
No. 3 Muffle Furnace	17	Loaded Zinc Oxide
No. 4 Muffle Furnace	31	Lead-free Zinc Oxide
French Retorts	None	None
American Block	None	None

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The income was favorably affected by an increase in production. October production was greater than any month since we had C.W.S. business. Sales of zinc oxide, however, showed no appreciable gain over September; October sales being 43 tons more than the previous month. The following tabulation shows production and sales since July 1st:

	Tons Production			Tons Sales		
	Zinc Oxide	Slab Zinc	Total	Zinc Oxide	Metal	Total
July	1,256	-	1,256	1,052	25	1,077
August	499	29	528	857	15	872
September	404	331	735	364	75	439
October	637	287	924	407	414	821

WHITE LEAD DEPARTMENT

The income for October was as follows:

Dry White Lead	\$ 8,494.11
White Lead-in-Oil	1,292.01

During October the production of white lead (652 tons) exceeded the sales (320 tons) by 332 tons. This excess, which cost 7.50¢ per pound to produce, was placed in stock at the January 1st figure of 6¢. This adversely affected the income by \$10,000.

INVENTORIESRefining Department

The amount of lead in inventory on October 31st was 7,607,648 pounds, a decrease of 304,483 pounds during the month. The silver in inventory was 385,328 ounces, a decrease of 42,158 ounces since September 30th.

Zinc Oxide Department

The value of the inventory on October 31st was \$542,000, which is \$13,000 less than the previous inventory, and includes \$24,000 in zinc slabs for which we are awaiting shipping instructions from Federated.

White Lead Department

In the White Lead Department the value of inventory increased \$18,000 from \$141,000 on September 30th to \$159,000 on October 31st. All of this increase is in finished product.

LABORLabor Supply

The labor market in our vicinity has eased very noticeably in the last thirty days. Since November 1st we have hired 29 men, 25 of whom have remained on the payroll. Of these, four are returning servicemen. Ten of the 25 are white men. We have discontinued hiring women, and are gradually weeding out those we have.

Contract Negotiations

We are to meet with the Union Committee on December 5th to begin negotiations for the new Union contract. We have been studying our present contract in preparation for the opening of negotiations.

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LABORNotes from our Police Files

Just prior to 8 A.M. on the morning of October 31st, two colored female employees engaged in a little cutting episode, with a razor as a weapon. One of the participants, hereinafter called the "cuttee", received enough wounds to require 53 stitches to various parts of her anatomy. The other, hereinafter called the "cutter", was damaged to a somewhat lesser degree, although she too required some sewing. The affair was purely a personal one, the Police absolving the Company of any responsibility. It seems that the "cuttee" had "signified" the "cutter" to such an extent that the latter had to resort to her razor for solace.

OUTLOOKLEAD REFINING DEPARTMENTBattery Plates and Blast Furnace

We treated 1,500 tons of battery plates during November in our reverberatory furnaces. This should give a nice income from custom metals in November. However, in December, we expect to run the Blast Furnace for the entire month in order to clean up all our by-products for a year-end inventory. Recent experiences indicate that in the months we operate the Blast Furnace our costs are high. We, therefore, do not look for December to be a good month.

The Accounting Department is studying the possibility of setting up a reserve for when we operate the Blast Furnace. This should be helpful in making our costs more uniform from month to month.

Zinc Chloride

DuPont has agreed to sign a contract for our 1946 production of zinc chloride at the same price as contained in the 1945 contract, which is 2-3/4¢ per pound of zinc chloride. We anticipate that by the time the 1946 contract expires, we will have changed over to the St. Joe Desizing Process.

ZINC OXIDE DEPARTMENTScrap

Our scrap supply remains comfortable, with about 2,000 tons on hand at the present time. This is ample to take care of our requirements for the next two months.

We were not able to get any of the lots of Kirksite for which we quoted 4¢. This fact, coupled with our success in obtaining the 785 tons of scrap from the C.W.S. contract termination, resulted in our November purchases of scrap being only 40 tons.

Sales

We are still hoping to increase our sales of zinc oxide in keeping with our policy of competitive prices, but it apparently takes considerable time to rebuild the sales volume.

General

As far as we know, our November results should be rather favorable.

Two of the Muffle Furnaces are in need of repair. We have been going along with inefficient units for the past few weeks, but it will be necessary to shut down for repairs in December. No. 3 furnace, which we use exclusively for the production of French Process Oxide, is scheduled to go down on December 1st because of sufficient stock of this grade. Therefore, for a large part of the month we will be on very low tonnage, which will, no doubt, have an adverse affect on the December income.

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Mr. R. E. Dwyer

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WHITE LEAD DEPARTMENT

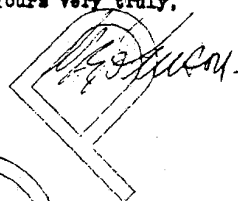
The use of lead for the production of white lead is still restricted. We have been operating at the rate of 20 tons per day and will continue to do so throughout December.

On November 23rd, inventory limitations of 60 days were imposed upon the consumers of white lead to prevent excessive stocking.

Sales of white lead for November did not quite equal production because the particular grades were not available for shipment. In December we will very likely sell all of our production.

We hope you will find this information helpful.

Yours very truly,



GEJ/bm
cc: Mr. F. Laist

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