AIR MAIL July 31st, 1945

Mr. R. E. 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 June, 1945 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	$5,698.88
Bismuth Refining	1,370.92

The tonnage treated in June was 3,044 tons, as compared with 2,369 tons in May.

The income for the Lead Refinery is accounted for as follows:

Income from Raritan materials	$ 429.03
Income from other custom materials	5,072.43
Discounts earned	197.42
	$5,698.88

ZINC OXIDE DEPARTMENT

The income for June was:

Actual Cost Basis (Cost Sheets)	$31,207.90

Summary of Operations

Unit	Number Days Operated	Material Produced
No. 1 Muffle Furnace	10	Slab Zinc
	20	Lead-free Zinc Oxide
No. 2 Muffle Furnace	11	French Zinc Oxide
	23	Lead-free Zinc Oxide
No. 3 Muffle Furnace	6	Slab Zinc
No. 4 Muffle Furnace	None	
French Retorts	None	
American Block	None	

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The June income was favorably affected by the following factors:

1.	Income from zinc oxide produced from Tooele and East Helena fume	$ 3,600
2.	Reduction in per pound production cost due to increased production	26,400
3.	Reduction in per pound selling expense resulting from increased sales	3,600

Unfavorable factors for the month were:

1.	Shut-down expense at French and American units	$ 3,600
2.	Adjustment to inventory of electrolytic zinc on last in-first out basis	1,600

WHITE LEAD DEPARTMENT

The income for June was as follows:

Dry White Lead	$12,945.54
White Lead-in-Oil	639.05

The White Lead Department resumed operations on June 1st after a four months' shut-down. During June 400 tons of white lead was placed in stock. Due to evaluating inventories on a last in-first out basis, this tonnage was put in stock at the January 1st inventory cost of 6.008¢ per pound, while the actual June production cost was 7.442¢ per pound. This factor had an adverse affect on the income amounting to $11,000.

INVENTORIES

Refining Department

The physical inventory of July 1st showed that we had gained metals in excess of our assumed normal losses, to the extent of about $9,000. We did not make any adjustment at this time, but will wait until our year-end inventory, when we will adjust for any metal gains or losses shown for the year.

The pounds of lead and ounces of silver in inventory at various times since January 1st, 1944 are shown below:

	Pounds Lead	Ounces Silver
January 1st, 1944	10,549,048	958,035
July 1st, 1944	9,726,530	666,575
January 1st, 1945	8,502,607	601,975
June 1st, 1945	8,926,274	643,957
July 1st, 1945	8,525,196	568,197

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INVENTORIES

Zinc Oxide Department

The following tabulation shows the valuations in the Zinc Oxide Department for the last four semi-annual inventories:

	Raw Materials	Finished Stocks	In Process	Total
January 1st, 1944	$ 483,461.19	$ 137,453.48	$ 73,270.56	$694,185.23
July 1st, 1944	203,574.44	159,352.14	122,981.49	485,908.07
January 1st, 1945	101,365.49	140,055.15	55,919.67	297,340.31
July 1st, 1945	139,599.43	155,571.50	87,083.58	382,254.51

The inventory increase for July 1st, 1945 over that of the first of this year is due to increased volume of business.

White Lead Department

With the White Lead Department on a shut-down basis from February 1st to June 1st, the inventories declined to a low of $87,000 on June 1st. The resumption of operations in June resulted in placing 400 tons of white lead in stock, increasing the inventory valuation on June 30th to $148,000. This compares with $166,000 immediately preceding the shut-down and $270,000 on January 1st, 1945.

LABOR

We met with the Union Committee on July 17th to discuss their proposal for 4¢ and 6¢ shift differentials.

Through Mr. Piani, the Business Agent, they presented several reasons why shift differentials should be granted. The management representatives took the position that the question of shift differentials had been one of several demands eliminated by the Regional War Labor Board Panel, and felt that reopening this demand under the reopening clause was out of order. This discussion developed into a good background for closing wage negotiations for the balance of the contract period, for Mr. Piani suggested that if we could reach an understanding on shift differentials, he would not consider any further wage discussion under the wage reopening clause for the duration of the contract, unless, of course, a revisionbe made in the Little Steel Formula.

We told the Committee that we would take this suggestion under advisement, and agreed to meet with them on August 8th.

OUTLOOK

LEAD REFINING DEPARTMENT

Bullion

Tooele has reduced its estimated shipments of bullion for the last half of this year by 700 tons. However, we are encouraged by the prospects of Tooele increasing its production with the ore from the newly acquired property in California.

Custom Materials

We will continue to treat all the custom materials we can obtain at sound prices; however, we have noticed that the supply of battery plates has dried up somewhat, due, we understand, to the dealers' inability to get sufficient labor to prepare the plates for shipment to smelters.

OUTLOOK

Mixed Metals

We discussed the very complete market survey on mixed metals prepared by Mr. Hurless with Mr. Case in a conference on Monday, July 23rd. We also talked about this subject to Mr. Laist during his visit to the plant on Saturday, July 28th. A revised report is in preparation.

Rotary Furnace

On our most recent Rotary Furnace run we treated an average daily tonnage of 84 tons, as compared with our previous best record of 70 tons. We attribute this increase to having a continuous slag over-flow and the use of a forehearth.

Silver Room

In the silver room we are now using a lift truck in the handling of materials which has made it possible for women to carry on the operations much more satisfactorily than in the past. We are waiting for other equipment which will facilitate the handling, stamping and weighing of dore' silver bars.

ZINC OXIDE DEPARTMENT

C.W.S.

We expect the balance of the summer to be very favorable for the Zinc Oxide Department. We will complete our present contract with the Chemical Warfare Service by shipping 600 tons of zinc oxide in July, and we have obtained a new contract to sell 600 tons in each of August and September to them.

Scrap

Our scrap position is quite comfortable. We are purchasing and consuming about 800 tons per month. Latest figures reveal that we have 330 tons of scrap on hand and commitments for 1,165 tons for August delivery.

U.S.P. Production

After several weeks of development work, we have improved the bulking of U.S.P. Zinc Oxide produced at the Muffle Furnaces to such an extent that the entire output is now of U.S.P. quality. A large part of the credit for the success in this endeavor is due Mr. J. F. Clark, General Foreman of the Zinc Oxide Department. For a good many years Mr. Clark believed that U. S. P. quality oxide could be made at the muffles, and now, with the help of his interest and initiative this goal has been achieved.

Eagle-Picher Licensing

Eagle-Picher is again interested in a license to use our Muffle Furnace. Their present interest, which is more intense than before, is probably due to our ability to meet Chemical Warfare Service specifications for zinc oxide. Eagle-Picher, as well as other producers have, no doubt, suffered some loss of business through their inability to meet C.W.S. specifications. Mr. Laist talked to Mr. R. L. Hallows, Assistant to the President of Eagle-Picher on Thursday, July 26th on this matter of licensing.

WHITE LEAD DEPARTMENT

We completed our third quarter quota of white lead production on July 24th shutting off the current at 1 PM on that day. Unless restrictions on the production of white lead are lifted, and information we have indicates no changes will be made in the near future, the White Lead Department will be on a shut-down basis until December. We are now preparing the cell room for changing over to the Betts Process, which will be in operation about August 1st. We will continue on Betts until our supply of high bismuth lead has been exhausted.

We hope you will find this information helpful.

Very truly yours,

GEJ/bm
cc: Mr.F.Laist

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