AIR MAIL   September 29th, 1944

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 August, 1944 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	$ 15,891.54
Bismuth Refining	765.20

During August, the Lead Refinery treated 3,532 tons as compared with 3,717 tons in July.

The above income was affected by the following adverse factors:

1.	High bismuth lead refined in excess of sale of anodes to White Lead Plant	$ 4,000.00
2.	Vacation Payroll	1,800.00
3.	Extraordinary repairs	1,500.00

Tooele has swung over to its High Bismuth run. Their High Bismuth bullion will reach the Refinery for treatment during October and November.

A softening up of scrap metal prices is very much in evidence. The types of scrap of interest to us appear to be available in generous quantities, some even being in distress. For example, within the last thirty days the treatment allowance for battery plates has increased six dollars per ton.

ZINC OXIDE DEPARTMENT

The income for August was as follows:

Actual Cost Basis (Cost Sheets)	$ 12,907.14

The French unit operated on 12 retorts for 28 days, and the American Block on six doors during the entire month. No. 3 Muffle Furnace operated on the production of zinc oxide all month and No. 4 Muffle Furnace operated on the treatment of high zinc residue for 19 days and on zinc oxide production for 8 days.

5. Lower cost of raw materials charged to Muffle Furnaces $ [illegible],500.00

Some time ago we purchased some raw materials, which we have found are not satisfactory for us to use. We therefore are adjusting the value of these items so they will be nearer in line with their present day value or to what we may be able to realize from them by treatment. Thus, the August income was adversely affected to the extent of $7,200.

Die Cast Residue Problem

Mr. Laist has called to our attention that neither Anaconda nor Tooele will accept further shipments from us of the copper residue we produce in our Muffle Furnace operations. He said this material was of an explosive nature when charged to their copper convertors, and suggested that we study some means of removing the aluminum at East Chicago, which is apparently the cause of the difficulty. We, therefore, have no outlet for this by-product, and unless we are successful in our efforts at removing the aluminum from the metal our production of this residue may become a liability.

Zinc Oxide Shipments to Chemical Warfare Service

In August we shipped C.W.S. 250 tons of Muffle Oxide and received payment for 150 tons of French Process Oxide, which we are holding in storage for them until December 15th. We are also warehousing another 100 tons of French Process Oxide sold to them in July, which they should take by November 15th.

September business with them was for 400 tons of Muffle Oxide, which we expect to have shipped before October 1st. We did not receive their contract for September until September 25th, which, of course, delayed making shipment.

C.W.S. business for October is questionable at this time, although we are making every effort to obtain another contract from them.

Disposition of Zinc Ore

The trade we were negotiating with the American Zinc Company to exchange 500 tons of zinc ore for zinc oxide did not materialize. Instead, we have shipped 100 tons on an outright sale to Eagle Picher. If they find this material suitable they will take the balance from us. Should we dispose of the entire lot in this manner, we would sustain a loss of about $9,000.

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WHITE LEAD DEPARTMENT

The income for August was as follows:

Dry White Lead	$ 12,199.01
White Lead-in-Oil	1,448.67

Due to depleting inventories during the shutdown period, the income of the White Lead Department was favorably affected in the amount of $10,700.

The income for the month does not include shutdown expense.

The money spent on repairs during the entire two month shutdown period is shown below:

	Labor	Supplies	Total
July	$ 3,837.29	$ 1,353.81	$ 5,191.10
August	6,048.43	3,837.29	9,885.72
	$ 9,885.72	$ 5,191.10	$15,076.82

Operations at the White Lead Plant were resumed on September 1st, at a production rate of 22 tons. Indications point toward somewhat of a pick-up in sales of white lead.

INVENTORIES

Refining Department

Metals in the Refining Department inventories continue their downward trend as evidenced in the following table:

	Pounds Lead	Ounces Silver
January 1st, 1944	10,549,048	938,035
June 30th	9,786,550	864,575
July 31st	8,819,849	637,400
August 31st	8,354,088	686,560

Zinc Oxide Department

The total value of the Zinc Oxide Department inventory on August 31st was $407,993.05, a reduction of $21,587.70 during the month.

White Lead Department

After having been shutdown for two months, the White Lead Department inventories are $207,646.06, which is $75,000 under July 31st and a total reduction of $170,000 during the entire shutdown period.

From a practical business standpoint we are approaching a minimum in inventories. This applies to raw materials for operations as well as finished products for sales.

LABOR

We met with the Union Committee on August 30th and September 1st to discuss the Tripartite Panel Report. The Union has under consideration proposed changes in wording in the Seniority Clause and the Hours of Work Clause. The national convention of the United Mine Workers of America has delayed the action of union officials on these changes. As soon as we are advised of their decision we will file other comments concerning the Panel Report with the Regional War Labor Board.

The possibility of a change in the Little Steel Formula has caused some concern, since any alteration of wage schedules would affect our costs.

We trust that the foregoing information will be helpful.

Very truly yours,

GVJ/bm
cc: Mr.F.Laist