

AIR MAIL

October 31, 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 September, 1945 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$4,639.60
Bismuth Refining	3,629.67

The tonnage treated in September was 3,222 tons as compared with 2,813 tons in August and 3,238 tons in July.

The Lead Refinery income is accounted for as follows:

Inter-company materials	\$ 70.84
Outside custom materials	6,461.21
Mixed metal operations	16.89
Discounts earned	140.66
	<u>\$4,639.60</u>

The income shown for bismuth refining includes \$3,043 received for the account of East Chicago for bismuth contained in Baritan materials treated since July.

The \$16.89 profit shown from mixed metal operations is the income from one ton of caulking lead sold in September. Our October shipments to date have been 8 tons of caulking lead and 119 tons of specification antimonial lead. We already have orders for 60 tons in November and probable additional orders for 100 tons.

ZINC OXIDE DEPARTMENT

The income for September was:

Actual Cost Basis (Cost Sheets)	\$10,291.72
New Money Basis	7,584.65

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Summary of Operations

<u>Unit</u>	<u>Number Days Operated</u>	<u>Material Produced</u>
No. 1 Muffle Furnace	23	Slab Zinc
No. 2 Muffle Furnace	None	None
No. 3 Muffle Furnace	19	Leaded Zinc Oxide
No. 4 Muffle Furnace	29	Lead-free Zinc Oxide
French Retorts	None	None
American Block	None	None

Below is a tabulation of production, sales and income by months for the third quarter.

	<u>Lbs. ZnO Produced</u>	<u>Lbs. ZnO Sold</u>	<u>Income</u>
July	2,511,450	2,104,050	\$13,274.27
August	997,450	1,713,190	10,623.77
September	808,450	728,200	10,291.72

Unfavorable factors for the month were:

- | | |
|---|-------------|
| 1. Increase in operating costs due to low tonnage | \$ 7,379.00 |
| 2. Increase in selling costs due to low sales | 3,961.00 |

WHITE LEAD DEPARTMENT

The income for September was as follows:

Dry White Lead	\$12,445.08
White Lead-in-Oil	3,052.57

Sales of dry white lead exceeded production by 244 tons. This 244 tons was taken from inventory at a production cost of 6¢ per pound, as compared with our September production cost of 7.4¢ per pound.

The income was thus favorably affected by:

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|--|-------------|
| 1. Sales on last in-first out basis (as explained above) | \$ 6,800.00 |
| 2. Reduction in selling costs due to increased sales | 2,700.00 |

INVENTORIESRefining Department

The amount of lead in inventory on September 30th was 7,912,331 pounds, a decrease of 367,961 pounds during the month. The silver in inventory was 417,486 ounces, a decrease of 108,042 ounces since August 31st.

Zinc Oxide Department

The value of the inventory in the Zinc Oxide Department on September 30th was \$556,000. This is an increase of \$16,000 over August 31st, and includes \$82,000 of raw material for which we have filed a termination claim against the Chemical Warfare Service.

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White Lead Department

In the White Lead Department the value of inventory increased \$10,000 from \$131,000 on August 31st to \$141,000 on September 30th.

LABORContract Negotiations

We expect to begin negotiations for a new Union contract on or about November 15th. These negotiations will probably be the most important we have had to deal with in recent years because of the general labor unrest.

The need for establishing some basis for an equitable 40-hour pay and shift differentials are among the problems. We are reviewing our files to determine our possible position on these questions.

Residue Furnace Incentive Pay

We have recently changed the Residue Furnace from coal-firing to oil-firing. We have explained to the Union steward and the furnace men that the incentive rate for the oil-fired furnace is on a different basis than the coal-fired furnace.

These rates have been in our wage schedule in the past, but need to be explained to the worker to avoid any misunderstanding.

OUTLOOKLEAD REFINING DEPARTMENT

We are striving to make an income from custom materials, and insofar as it is reasonably possible we are trying to get scrap antimonial lead for our mixed metals operations and to treat whatever battery plates we can to give us a profit.

ZINC OXIDE DEPARTMENT1. Scrap

We purchased about 1,000 tons of Kirkite dies during October at 4-1/8¢ and 4-1/4¢ delivered East Chicago. On our present operating schedule, we have sufficient scrap on hand and on order to take care of our requirements for 60 days.

We have, however, quoted 4¢ on several lots of Kirkite, which we may get. We feel that at this price Kirkite is an excellent buy.

2. C.W.S. Scrap

We were asked to submit a bid on the \$82,000 of scrap we had set aside for our claim against the Chemical Warfare Service. Our bid was \$59,600, and we were recently informed that our offer was accepted.

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3. Sales

We are now at the stage where we are trying to increase zinc oxide sales to fit the competitive price picture. Reconversion and labor unrest undoubtedly are delaying our progress. We have, however, been getting numerous inquiries for the toll treatment of Kirksite, whereby we return slab zinc for scrap dies. In October we produced 500 tons of zinc on this basis, and we have an order for 300 tons more during November.

4. Acicular Zinc Oxide

Most of the increased sales of zinc oxide will be to the paint industry, which demands the acicular type. We find that some changes in the design of the combustion chamber of the Muffle Furnace are necessary. As soon as we have these difficulties worked out we would like to install another Muffle Furnace at the American Block to replace one of the American Process units.

WHITE LEAD DEPARTMENT

Present regulations permit us to produce 20 tons of white lead per day. We have been operating at this rate during October, and will continue on this basis throughout November and December.

We have just read newspaper statements that the National Lead Company is definitely entering the paint field. This decision on their part seems to be an extension of their sales efforts from straight lead paint into the mixed paint business. This is an important move and may have far-reaching effects on the white lead and zinc oxide business.

We hope you will find this information to be helpful.

Yours very truly,

H. J. Dwyer

CHW/as
cc: Mr. F. Laist

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