

AIR MAIL

December 28th, 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 November, 1944 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$ 17,393.98
Bismuth Refining	659.47

The tonnage treated in November was only 1,946 tons, lowest figure this year. This low tonnage was due mainly to low Tocoila bullion receipts resulting from Tocoila's high bismuth operations.

The above income was affected by the following adverse factors:

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| 1. Deferred antimonial lead credit | \$ 6,000 |
| 2. Increased overhead and operating costs due to low tonnage treated | 4,300 |
| 3. The production of 143,000 ounces of East Helena in process silver instead of Tocoila silver | 4,000 |
| 4. Extraordinary repairs and expenses | 3,600 |

ZINC OXIDE DEPARTMENT

The income for November was:

Actual Cost Basis (Cost Sheets)	\$ 18,726.64
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The French Process Furnaces were shut down all month. The American Process Furnaces operated one six-door unit for the entire month and another six-door unit for eleven days. No. 1 Muffle Furnace was on the production of zinc oxide for four days, and on the treatment of residue for sixteen days. No. 3 furnace produced oxide for nineteen days and No. 4 was on residue treatment for twenty-three days.

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The November income was unfavorably affected by:

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| 1. The use of Great Falls Dress in the production of American Process Zinc Oxide | \$ 12,000 |
| 2. Replenishing finished product inventories on last in-first out basis | 3,500 |
| 3. Loss on sale of calcined ore to Eagle-Fisher | 1,000 |
| 4. The low volume of sales had an adverse affect on our selling expense in the amount of | 2,000 |

Chemical Warfare Service Business

We have been advised that C.W.S. will not purchase any zinc oxide during the first quarter of 1945. Their requirements are estimated at 600 tons per month, and their present stock is sufficient to take care of their needs for at least three months.

WHITE LEAD DEPARTMENT

The income for November was as follows:

Dry White Lead	\$ 3,669.09
White Lead-in-Oil	2,976.42

The November sales were 629 tons, slightly under the 640 tons sold in October. However, we expect December and January sales to be better because of the threatened lead restrictions.

INVENTORIES

Refining Department

The amount of lead in the Refining Department inventory on November 30th was 8,477,358 pounds, an increase of 1,438,764 pounds during the month. This increase was due to casting 450 tons of high bismuth shades, which we held in process until delivery is made to the White Lead Plant; and to an increase of 280 tons in the amount of Tosele bullion on hand. The silver in inventory however was 475,583 ounces, a decrease of 74,821 ounces since November 1st.

Zinc Oxide Department

The total value of the Zinc Oxide Department inventory on November 30th was \$295,900, an increase of \$1,400 during the month.

White Lead Department

The White Lead Department had a total inventory value of \$211,000 on November 30th, as compared with \$208,400 on October 31st. This is an increase of \$2,600.

LABOR

On December 14th, we met with the Union to discuss the new contract which they proposed. There were eight differences between this contract and the one which expired on December 15th. In this meeting we definitely reduced the differences to five items, and believe that by accepting their Vacation Clause, we can eliminate four of these

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remaining differences. In their proposed Vacation Clause they desire to obtain one week's vacation for employees of one year's service. We estimate that the granting of this request will add about \$2,000 to our vacation payroll.

The Union has suggested that we try to negotiate all portions of the contract except wages, and that upon the signing of the contract, they would begin wage negotiations.

We have submitted to Mr. Hobbins a detailed report of our negotiations to date and have advised the Union Committee that we shall arrange another meeting as soon as our officials advise us of their decision.

Outlook

The changed conditions of the war in Europe has tightened up the scrap metal situation. We are preparing the Rotary Furnace for a battery plate run to commence on January 2nd and continuing as long as we can get battery plates. A similar situation exists in the Zinc Oxide Department, where we are currently producing zinc in the muffle furnaces from Kirksite metal. The length of this operation depends on our ability to purchase the Kirksite metal.

We are much concerned about the contemplated restrictions to be placed upon the use of lead, particularly insofar as it may affect the production of white lead. White lead business is currently quite active due to hoarding in anticipation of restrictions.

We trust that the above information will be helpful.

Very truly yours,



EDJ/bm
cc: Mr. F. Laist

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