

December 31st, 1945

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

Dear Mr. Dwyer:

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

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$ 1,784.56
Bismuth Refining	186.16

The tonnage treated in November was 3,516 tons as compared with 3,508 tons in October.

The Lead Refinery income is accounted for as follows:

Inter-company materials	\$ 5,987.53
Outside custom materials	6,567.06
Mixed Metal Operations	994.99
Discounts earned	210.04
	<u>\$ 1,784.56</u>

The income shown from mixed metal operations is from the sale of 230 tons of specification antimonial lead and 67 tons of caulking lead. This compares with our November income from this source of \$433 from the sale of 119 tons of antimonial lead and 8 tons of caulking lead.

The December sales to date are practically the same as those of November.

ZINC OXIDE DEPARTMENT

The income for November was :

Actual Cost Basis (Cost Sheets)	\$ 2,991.80
New Money Basis	16,738.29

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	29	Lead-free Zinc Oxide
No. 3 Muffle Furnace	21	Leaded Zinc Oxide
No. 4 Muffle Furnace	11	Lead-free Zinc Oxide
French Retorts	None	None
American Block	None	None

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The above income was favorably affected by taking into the accounts the scrap purchased from the Chemical Warfare Service. This resulted in crediting the Custom Metal purchases with about \$20,000.

Sales of zinc oxide increased from 407 tons in October to 432 tons in November. Slab zinc sales, however, declined from 414 tons to 75 tons, due for the most part to Federated's failure to give us shipping instructions on 400 tons of metal for which we have their order.

WHITE LEAD DEPARTMENT

The income for November was as follows:

Dry White Lead	\$ 136.24
White Lead-in-Oil	1,115.26

November sales of 575 tons (487 tons dry lead and 88 tons of lead-in-oil) was exactly equal to the production of dry white lead for the month.

Our November cost of white lead produced was 7.199¢ per pound, as compared with an average cost for the first eleven months of this year of 7.569¢ and a cost of 7.575¢ for October. This resulted in a favorable effect on the income of \$4,300.

INVENTORIES

Refining Department

The amount of lead in inventory on November 30th was 8,198,754 pounds, an increase of 591,106 pounds during the month. The silver in inventory was 408,390 ounces, an increase of 53,062 ounces since October 31st.

Zinc Oxide Department

The value of the inventory on November 30th was \$588,000, an increase of \$46,000 over the previous inventory. However, this figure includes \$46,000 of slab zinc we have ready for shipment to Federated.

White Lead Department

In the White Lead Department the value of inventory remained practically the same, being \$158,000 on November 30th and \$159,000 on October 31st. This checks the statement previously made herein that sales were equal to production.

LABOR

We met with the Union Committee on December 14th and again on December 21st to discuss the new contract to become effective on December 16th, 1945. Several minor issues, such as altering the Recognition Clause to conform with the new Indiana State Laws, Military Clause and Holiday Clause were brought up during the negotiations. Differences on these questions apparently will be settled without much difficulty. The matter of Wages and Shift Differentials, however, will probably involve considerably more discussion before any agreement is reached.

The latest Union proposal asks for a 15¢ per hour increase in all rates, plus 4¢ and 6¢ shift differentials. We told the Committee we would take this proposal under advisement, and would meet with them again on January 3rd.

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OUTLOOKLEAD REFINING DEPARTMENTDecember Blast Furnace Run

As explained to you in last month's letter, we expect the income for December to be poor because of the high costs connected with the long Blast Furnace run we are now having.

Medium-Bismuth Teeele Bullion

In January we will treat about 550 tons of Teeele bullion, containing approximately 0.70% bismuth, for anodes for the White Lead Plant. This will be our first experience with this so-called medium-bismuth bullion, and we are therefore treating it on a trial basis. Tonnage of low bismuth bullion for common lead, which has not been too high in recent years, will be even less during the period when Teeele is shipping this medium-bismuth bullion.

Mixed Metals

The outlook for our Mixed Metal business is encouraging. The demand for Specification Antimonial Lead seems to be good, and we expect the sales of Caulking Lead to improve after the first of the year.

Accounting Adjustments

We have been informed by Mr. Laist that Raritan's charges for treating our Dore bullion will be increased from \$6.00 per thousand ounces to \$9.00 per thousand effective January 1st, 1946. We are working on a new schedule for the treatment of Raritan Slag and Sludge at East Chicago.

ZINC OXIDE DEPARTMENTScrap

Current purchases of scrap have been equal to our consumption. We therefore still have about 2,000 tons on hand and on order, which is about a 60-day supply.

Sales

The strike of the employees at the American Zinc Lead and Smelting Company may indirectly help our sales of zinc oxide, and rumors of labor difficulties at the New Jersey Zinc Company may be of some help to us later.

Operations

We repaired two muffle furnaces in December. Plans for January call for the operation of three furnaces on the production of zinc oxide, which will be a fairly high rate of production. We are hoping that the sales will pick up somewhat to prevent inventory increases.

C.W.S. Contract Termination

We have been advised by the Chemical Warfare Service that they are sending for our approval their final statement of our contract termination claim. It should therefore not be long before this matter will be closed.

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Mr. R. E. Dwyer

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WHITE LEAD DEPARTMENT

As of December 19th, 1945, Order M-38, controlling the use of lead, was amended. One of the changes affected the amount of lead which may be used in the production of white lead. During the last quarter of 1945, we were permitted to consume 55% of the amount of lead consumed during the first six months of 1944. The new amendment permits for the first quarter of 1946 the use of only 48% of the lead used in the first half of 1944. This amounts to a reduction of 4,313 pounds of lead which we may consume in a day, or 80 tons of white lead we may produce in a month.

We hope you will find this information helpful.

Very truly yours,

W. E. Dwyer

WED/bm
cc: Mr. F. Laist

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