

August 30th, 1943

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 brief discussion of the July, 1943
operations at the East Chicago plant:-

LEAD REFINING DEPARTMENT

The income for the month:-

Lead Refining	\$	397.69
Bismuth Refinery	\$	850.91

In addition to the above, there is a deferred income of
\$2,225.00, which will be realized whenever the antimony charged in
excess of production during July is produced as antimonial lead.

During the month 446 tons of battery plates for the Gardiner
Metal Company account were melted in the blast furnace. The profit
represented by this tonnage of plates, amounting to \$2,230.00 will be
shown in our cost statements when the resulting antimonial lead is
molded and delivered to the Gardiner Metal Company. Initial deliveries
of antimonial lead were started on August 2nd.

The August operations will be about normal, due to the receipts
of low bismuth Taconite Million at East Chicago.

ZINC OXIDE DEPARTMENT

The muffle furnace operations consisted of 12 days operation,
producing zinc oxide, and 19 days operation producing slab zinc. The
six-door American Block operated on Great Falls Dress and off-grade
oxide for the entire month. The French Furnace did not operate during
the month.

The income for the month is shown as follows:-

Zinc Oxide	\$	17,723.88
Zinc Metal		5,111.95

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The increased loss for zinc oxide over June, 1943, is largely accounted for by the following items:

Decreased Recovery
of Zinc Oxide \$ 3,000.00

Loss of Revenue from
French Furnace Operations 8,000.00

The loss on zinc metal is largely due to the lower zinc content of the materials charged, coupled with the decreased tonnage treated, which increased the production cost.

WHITE LEAD DEPARTMENT

The Profit and Loss Statement reveals the following:

Dry White Lead \$ 3,376.01
Lead-in-Oil \$ 1,307.12

Sales of white lead continues at a rate greater than during the first five months of this year, which accounts for the improved income shown.

GARDINER METAL COMPANY CONTRACT

Smelting of battery plates for the Gardiner Metal Company was started on July 22nd. During the early part of the run the use of inexperienced help and the special conditions of the operations resulted in some difficulties, but satisfactory furnace conditions were obtained throughout the latter part of the campaign.

The tarry material in the plates caused a combustible dust and atmosphere in the flues and bag house. We experienced two small dust fires in the bag house, followed by a fire on the morning of August 14th, which resulted in a complete loss of the bag house bags. These fire losses are covered by insurance.

3% TRANSPORTATION TAX

The adjustment covering the accumulated transportation tax on East Helena bullion will be credited in the August accounts. The accumulated tax up to August 1st amounts to approximately \$2,800.00.

LABOR

On August 16th, one of the women employees was discharged. During her term of employment, her services has been found unsatisfactory in several instances, the last of which was not reporting for work as scheduled. As a result of her discharge, most of the Lead Refinery employees on shift participated in a work stoppage, lasting from 8 A.M. until 10:30 A.M. Arrangements were made to take up the incident according

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to the procedure specified in the contract. Representatives of the company and the union met together on August 17th, but were unable to come to any agreement. On August 25th, representatives of the company and the union met with Commissioner Pringle of the U. S. Conciliation Service, but were unable to reach any satisfactory conclusion. In all probability the U. S. Conciliation Service will certify the case to the National War Labor Board.

GENERAL OUTLOOK

Chemical Warfare Service Interest in Zinc Oxide

Present indications are that the Chemical Warfare Service will require about 35,000 tons of zinc oxide in 1944. In addition, the production of rubber for the war effort will probably require an additional 25,000 tons during the coming year. These two items amount to about 60% of the total production of all grades of zinc oxide for the year 1942.

Based upon our tests, our 109 grade meets the specifications for zinc oxide for Chemical Warfare Service as given in Amendment #1 to Specification #197-54-307. Samples have been sent to the Chemical Warfare Service laboratories at Edgewood Arsenal for confirming tests. Since Grade 109 is made from secondary materials, we informed them we could fill orders up to 200 tons monthly, but could not commit ourselves beyond a thirty day delivery.

War Production Board Allocations

The War Production Board has informed us that all lead-free grades of zinc oxide may be placed on allocation this week. This means that no order over one ton per customer per month can be shipped unless the order carries a WPR rating, which will probably have to be AA-5, or better.

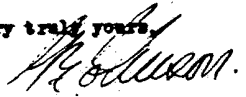
The probable effect of this zinc oxide allocation will be to eliminate some customers who can not obtain the required ratings. To offset this unfavorable factor, we anticipate that the demand for zinc oxide, where ratings of AA-5 or better can be furnished, will exceed the supply.

Betts Plant

Betts lead refining operations were started on August 5th, when 24 cells were placed in operation. Because of the need of cell lining repairs, it was August 14th before all the cells were in operation. The August production will be in the neighborhood of 400 tons. The use of substation operators has been discontinued, and some development work is being done on the electrical cell contacts which we expect will result in increased current efficiency and decreased costs. Present indications are that the Betts operations will continue until the end of this year.

GEI/mm
cc: Mr. Frederick Leist

Very truly yours,



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