

August 11, 1931

Mr. J. R. Hobbins, Vice President,
Anaconda Copper Mining Company,
Butte, Montana.

Dear Sir:-

In accordance with your instructions, the following information regarding the East Helena slag operation and its effect upon our operations is submitted.

Assuming Combined Metals to continue to ship to us and to produce a tonnage equal to our last advice, our expected receipts of zinc concentrate beginning with October will be as follows:-

	<u>Tons per Month</u>
Federal	1,500
Hercules & Goconda	100
Midvale (U. S. Co.)	4,000
Tooele	500
Combined Metals	<u>1,000</u>
Total probable receipts	7,100

To maintain a four unit operation, we will require approximately 2,600 tons additional per month. Expected total stock of concentrate on October 1st, 1931 is 53,000 tons.

East Helena slag operations have produced an average of 1,100 tons of fume per month for the first six months of 1931, equivalent to 1,400 tons of zinc concentrate per month. Of this production, 230 tons per month has gone into de-leaded product for zinc oxide department and 760 tons per month has been treated through the zinc plant. The remainder has been stored for protection of zinc oxide operations; this stock now amounting to approximately 2,000 tons.

We are informed that the zinc oxide department have received some complaints regarding arsenic in oxide produced from fume and that the future requirements of fume for this outlet are somewhat uncertain. In any

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event, the oxide department does not expect to require any additional delayed fines until late in the fall. Stock of fines on hand at Great Falls will supply their normal requirements for about eight months and by supplementing this stock with roasted slime dross, the oxide business could be supplied their requirements for at least a year from now with no additional production of fines from East Helena.

Treatment of 750 tons of fines per month through the slime plant has not resulted in any serious operating difficulties, but has added to the normal operating expense, which is reflected in the estimated profits from fines. Should East Helena resume operations in October and the slime oxide outlet fall us, we might be in some difficulty in treating 1,000 to 1,100 tons of fines per month on a four unit basis, especially in maintaining production of 89.80+ % slime grade. As an alternate outlet for any damage which we may find not desirable to treat, we have practically agreed with the Gilden Company on terms for sale to them of a tonnage of fines, which terms would return to the East Helena plant from \$3.00 to \$4.00 per ton of fines more than they receive from Great Falls slime plant. We have been waiting for resumption of East Helena operations before finally concluding negotiations with Gilden, as we did not care to deplete stock of fines being held for oxide department.

Therefore, aside from profit or loss from the East Helena operation, the only situation directly affected by a depletion as to whether East Helena slag treatment is resumed or not when lead smelting operations are resumed, is the matter of rate of depletion of our slime concentrate supply. If oxide production is resumed, or if we sell an equivalent tonnage, fines will replace approximately 1,000 tons of concentrate from stock pile, making our expected rate of depletion about 1,500 tons per month instead of 2,500 tons.

Should East Helena slag treatment not be resumed and concentrate shipments come through as now expected, we could carry on a four unit operation for another year and supply the oxide requirements without reducing our concentrate stock below 20,000 tons. If we lose Combined Metals tonnage, or any other substantial tonnage, our stock would be depleted by such added amount. With the slag plant operating, we could carry out the same program and have about 35,000 tons of concentrate on hand at the end of a year, as the slag plant would supply oxide requirements in addition to supplying equivalent of 1,000 tons of concentrate monthly for slime plant treatment.

Financial outcome before depreciation, from East Helena slag operations, without any allowance for reduction in cost of slag or power from contract prices and without any allowance for oxide or fines sales profit, is given in Mr. Wiggin's letter to you under date of May 9th, 1931 and, in so far as I know, there has been no material change in figures then given.

Profit from oxide department on fines treated in first three months of 1931 is given as \$3,000.00 per month. If we are able to sell 800 tons of fines per month, instead of delivering to oxide department, Mr. Wiggin's profit figures would be increased by approximately \$1,000.00 per month.

Trusting that this will give you the information desired, I am

Yours very truly,

ENCLOSURE

C. B. Caples

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