

AIR MAIL

March 30th, 1948

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 February, 1948 operation at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$ 23,301.73
Bismuth Refining	230.68

Of the above loss shown for the Lead Refinery, \$13,574.89 is an adjustment for 1944 metal gains, which we showed as an income in January, 1948, but which Mr. Dwyer advised must be shown in the 1944 accounts. The balance of the loss, or about \$8,600, is due to the following adverse factors:

1. Deferred antimony credit resulting from producing no antimonial lead \$ 6,800
2. Extraordinary repairs 2,800
3. Increased overhead and operating cost due to low tonnage treated 2,800

The tonnage treated in February was 2,593 tons as compared with 3,420 tons treated in January. We did not treat any battery plates in the Rotary Furnace.

ZINC OXIDE DEPARTMENT

The income for February was:

Actual Cost Basis (Cost Sheets)	\$ 5,540.00
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Summary of Operations

<u>Unit</u>	<u>Number Days Operated</u>	<u>Operation</u>
French Retorts	14	French Zinc Oxide
American Block	28 (6 decrs)	Lead-free Zinc Oxide
No. 1 Muffle Furnace	15	Brass Special Zinc
No. 2 Muffle Furnace	15	Lead-free Zinc Oxide*
No. 4 Muffle Furnace	15	Lead-free Zinc Oxide

*Produced from Electrolytic Zinc

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The February income was affected by the following unfavorable factors:

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| 1. Use of Great Falls Dross in the production of American Process Zinc Oxide | \$ 5,800 |
| 2. Increased operating cost and selling price due to low tonnage | 3,800 |

WHITE LEAD DEPARTMENT

The income for February was as follows:

Dry White Lead	\$ 2,066.87
White Lead-in-Oil	4,047.49

The White Lead Department was shut down during February. Because of operating the Betts Process, the Shut-down Expense charged to white lead was only \$2,750.20. Without this shut-down expense, dry white lead showed an income of \$683.33.

INVENTORIES

Refining Department

The amount of lead in inventory on February 28th was 8,116,731 pounds, an increase of 913,340 pounds during the month. This increase was due to accumulating battery plates for the March Rotary Furnace run. The silver in inventory remained about the same, being 626,846 ounces as compared with 627,123 ounces on January 31st.

Zinc Oxide Department

The total value of raw materials and finished stocks on hand February 28th was \$312,000, an increase of \$18,000 over January 31st.

White Lead Department

With no new production, the value of the White Lead Department inventory decreased \$24,000, from \$166,000 on January 31st to \$142,000 on February 28th.

LABOR

The War Labor Board has advised that it is satisfactory to establish a new rate of 82¢ an hour for a seamstress, without its approval.

We met with the Union Committee in the presence of the Conciliator concerning the grievance of employee Marie Hart. No agreement was reached, so the Conciliation Service referred the case to the War Labor Board, which has assigned Case No. 111-14360-D to this grievance.

We have agreed to initiate with the Union a discussion for the establishment of an improved rate for the Rotary Furnace Firemen, in view of the marked increase in tonnages treated since we have made some mechanical changes on that furnace.

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OUTLOOKLead Refining Department

The March income in the Lead Refinery should be favorably affected by the treatment of some 1300 tons of battery plates on the Rotary Furnace. There will be no battery plate run in April, but if we are able to secure a good quantity of plates during the next month at favorable prices we hope to have another extensive Rotary Furnace run in May.

Zinc Oxide Department

Scrap Recent studies we have made indicate that in order to have this department on a break-even or better basis it is necessary to operate two muffle furnaces on the treatment of scrap. With our supply of scrap at a low level on March 1st, we were only able to run one muffle furnace. This factor, plus the fact that we used considerable Great Falls Dress in producing American Process oxide, indicates that we will show a loss for March of about \$5,000 to \$7,000.

A purchase of 700 tons of Kirscht dies we made in Detroit will permit the operation of two furnaces during April. Although the prospects for Chemical Warfare Service business in the immediate future are none too encouraging, we plan to use whatever capacity that is not needed for zinc oxide to produce Brass Special zinc for the American Brass Company.

U.S.P. Production Test The test run to produce U.S.P. quality zinc oxide from electrolytic zinc at the Muffle Furnaces proved highly satisfactory. The last few days of the run we were making U.S.P. quality, and we are of the opinion that in the very near future we will be able to produce this grade of oxide by this cheaper method.

White Lead Department

It is expected that the W.P.B. will issue a revision to Order M-384 before April 1st. This order restricts the use of lead in the manufacture of pigments. In the meeting of the Lead Pigment Manufacturers Industry Advisory Committee held in Washington on March 15th, which Mr. Hurless attended, it was indicated that the revisions to the order would have little or no effect on White Lead. The best we can hope for is to continue to operate only one month each quarter, which means the White Lead Department will be shut down until June.

We hope you will find the above information helpful.

Very truly yours,

R. E. Dwyer

OKT/bm

cc: Mr. F. Laist

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