

AIR MAIL

August 30th, 1945

Mr. R. W. 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 July, 1945 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$ 994.07
Bismuth Refining	2,872.50

The tonnage treated in July was 3,238 tons as compared with 3,044 tons in June.

The Lead Refinery income is accounted for as follows:

Income from Raritan materials	\$ 46.57
Income from other custom materials	910.20
Discounts earned	130.44
	\$ 994.07

ZINC OXIDE DEPARTMENT

The income for July was:

Actual Cost Basis (Cost Sheets)	\$13,274.27
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Summary of Operations

<u>Unit</u>	<u>Number Days Operated</u>	<u>Material Produced</u>
No. 1 Muffle Furnace	29	Lead-free Zinc Oxide
No. 2 Muffle Furnace	22	French Zinc Oxide
No. 3 Muffle Furnace	30	Lead-free Zinc Oxide
No. 4 Muffle Furnace	5	Leaded Zinc Oxide
French Retorts	None	
American Block	None	

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The July income was favorably affected by the following factors:

1. Income from zinc oxide produced from Teocals and East Helena fume	\$ 7,300
2. Reduction in per pound operating cost due to increased production	10,700
3. Reduction in per pound selling expense resulting from increased sales	2,900

In July we decreased the value of muffle furnace residues in order to have them more in line with what we can recover from these residues. There was slightly over a million pounds involved, which reduced our in-process inventory by nearly \$15,000. We charged this amount against our production cost which, of course, resulted in adversely affecting the income to that extent.

WHITE LEAD DEPARTMENT

The income for July was as follows:

Dry White Lead	\$ 7,124.04
White Lead-in-Oil	574.61

As was the case last month, we had to put 300 tons in inventory at the January 1st inventory cost of 6¢ per pound, while the July production cost was 7.2¢ per pound. This resulted in an adverse affect on the income of \$7,200.

INVENTORIES

Refining Department

The amount of lead in inventory on July 31st was 7,666,174 pounds, a decrease of 859,012 pounds during the month. The silver in inventory was 510,514 ounces, a decrease of 57,683 ounces since June 30th.

Zinc Oxide Department

The value of the inventory in the Zinc Oxide Department on July 31st was \$433,000. This is \$51,000 higher than on June 30th, and at the time we believed justifiable in view of our contract with the Chemical Warfare Service for 1,200 tons of zinc oxide during August and September.

White Lead Department

In the White Lead Department the value of inventory increased \$12,000, from \$148,600 on June 30th to \$160,600 on July 31st. This compares favorably with \$166,000 on February 1st, which was at the beginning of our last shut down. August 1st finds us starting another shut down period in this department.

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LABORWage Negotiations

We have heard nothing officially from the Union since our meeting with them on August 8th. It is possible that the termination of the war has altered the entire situation, and that they may wish to change their demands. The last understanding we had with Mr. Piani, the Business Agent, was that he would advise us what the Union had decided relative to wage renegotiations for the balance of the contract period.

Length of Work Week

A number of plants are attempting to adopt a forty-hour week, but the labor supply has not increased sufficiently to permit such a step just now. Hopes are held, however, that this problem will gradually be solved.

In our own case, we have to contend with Clause IV, paragraph (a) in our contract, which is as follows:

"The regular hours of labor for employees shall be (8) hours per day and forty-eight (48) hours per week, and any hours worked beyond eight (8) hours in one day, or forty (40) hours in one week, shall be paid for at the rate of one and one-half times the regular hourly rate, whichever is the greater, but not for both."

We discussed this question with Mr. Robbins, on his recent stop-over in Chicago on his way West, and this clause will, undoubtedly, be a matter of negotiation for our new contract terms.

LEAD REFINING DEPARTMENTBullion

We note from Tooele's recent estimated production report that they have increased their anticipated production of lead bullion for the next six months by 300 tons per month. This, no doubt, is the result of ore receipts from the new California property.

Custom Materials

We are exercising caution in our purchases of lead and antimony bearing secondary materials. This week we began to quote at lower prices, as a means of protection against a lowering of metal prices. What effect this will have on our intake remains to be seen.

ZINC OXIDE DEPARTMENTChemical Warfare Service

With the sudden termination of our C.W.S. contract for zinc oxide, the picture in the Zinc Oxide Department has changed from bright to gloomy over night. Under present conditions our only refuge seemed to be in the production of zinc metal, and in this respect we have not been encouraged in our efforts by Mr. Glass. Our inventory of finished production is sufficient to supply our regular customers for at least sixty days.

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ZINC OXIDE DEPARTMENT (cont'd)Scrap

Upon receiving the notice of termination from C.W.S., we immediately stepped out of the secondary zinc market. Our late July and early August purchases were quite heavy in order to assure the fulfillment of the C.W.S. contract. As a result we have enough scrap on hand to last about four months at the rate of production required for the volume of business we have been having exclusive of Government business. We recognize that this situation will become serious in the event there is a decline in the price of zinc. We may be protected to some extent, however, inasmuch as we have filed a termination claim for 785 tons of scrap with the Chemical Warfare Service.

Acicular Oxide

On September 1st or shortly thereafter, we are to begin production of American Process Zinc Oxide in a muffle furnace from scrap. After making some changes in the furnace, which our experimental run showed were necessary, we hope to be on a production basis. If all goes well, the last hurdle in our efforts to produce all grades of zinc oxide at the muffle furnaces will have been completed, and we can then dispense with our high cost American Block unit.

WHITE LEAD DEPARTMENT

The White Lead Department is on a shut-down basis, and, unless restrictions on the production of white lead are lifted, will remain so until December.

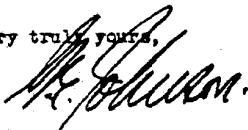
The cell room is operating on the Betts Process, so that the bismuth may be removed from our supply of high bismuth bullion. This Betts run will last until about September 20th.

If restrictions are removed, we will stop the Betts operations at once and begin again to produce white lead, using whatever high bismuth bullion we have on hand first and then applying to Mr. Glass for common lead to meet our requirements until Toole has its next high bismuth run, which we understand will not be until next March.

Our Sales Department anticipates a heavy volume of business as soon as the lid is taken off the production of white lead.

We hope you will find this information helpful.

Very truly yours,



GVD/bm
cc: Mr. F. Laist

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