

September 29th, 1945

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 August, 1945 operations at the East Chicago plant:

LEAD REFINING DEPARTMENT

The income for the month:

Lead Refinery	\$2,478.96
Bismuth Refining	1,976.77

The tonnage treated in August was 2,618 tons as compared with 3,238 tons in July, and 3,044 tons in June.

The Lead Refinery income is accounted for as follows:

Income from Rarified Materials	\$2,042.43
Income from other custom materials	4,340.18
Discounts earned	191.21
	<u>\$2,478.96</u>

We have revised the cost factors which we apply to inventory by-products. By so doing we increased the value of by-product inventories and as a result the August income was favorably affected to the extent of \$13,000 for money expended on by-products.

ZINC OXIDE DEPARTMENT

The income for August was:

Actual Cost Basis (Cost Sheets)	\$10,625.77
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Summary of Operations

<u>Unit</u>	<u>Number Days Operated</u>	<u>Material Produced</u>
No. 1 Muffle Furnace	19	Lead-free Zinc Oxide
No. 1 Muffle Furnace	5	Slab Zinc
No. 2 Muffle Furnace	None	None
No. 3 Muffle Furnace	22	Leaded Zinc Oxide
No. 3 Muffle Furnace	5	Slab Zinc
No. 4 Muffle Furnace	2	Lead-free Zinc Oxide
French Retorts	None	None
American Block	None	None

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The August income was favorably affected by the following factors:

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| 1. Income from zinc oxide produced from Tooele and East Helena furnaces | \$ 5,300 |
| 2. Increased sales over production of the higher grades of zinc oxide | 7,200 |

Unfavorable factors were:

- | | |
|--|-------|
| 1. Increased cost per pound operating cost | 3,000 |
| 2. Increased cost per pound sales cost | 2,000 |

Both the unfavorable factors were due to reduced production and sales for the month.

WHITE LEAD DEPARTMENT

The income for August was as follows:

Dry White Lead	\$ 5,543.18
White Lead-in-Oil	632.18

The White Lead Department was on a shut-down basis during the month of August, and Cell Room was made use of in the Better Process.

The income shown above resulted from sales of 237 tons of white lead from inventory valued at 6¢ per pound. This favorably affected the income by \$8,600.

INVENTORIES

Refining Department

The amount of lead in inventory on August 31st was 8,280,312 pounds, an increase of 614,138 pounds due principally to the increased receipts of battery plates for our September Rotary Run. The silver in inventory was 523,528 ounces, an increase of 13,014 ounces.

Zinc Oxide Department

The value of the inventory in the Zinc Oxide Department on August 31st was \$539,000. This is \$106,000 higher than on July 31st, and represents an increase in Electrolytic Zinc and Kirksite dies that were on hand to complete the Chemical Warfare Service contract.

In our termination claim against C.W.S. we have included \$22,000 which represents 785 tons of raw material. C.W.S. has taken over the 339,400 pounds of zinc oxide we had on hand August 16th that applied on their contract. This oxide is on hand at East Chicago for their disposition.

This claim is being prepared after consulting with our attorney, Mr. Rae M. Royce, the Accounting Department and the local C.W.S. office at Chicago. Termination claim will be filed with the New York office of the C.W.S.

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Mr. R. E. Dwyer

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INVENTORIES

White Lead Department

In the White Lead Department the value of inventory decreased \$29,000 from \$160,600 on July 31st to \$131,000 on August 31st.

LABOR

Wage Negotiations

We have heard nothing more from the Union regarding shift differentials since my last letter to you on this subject.

Length of Work Week

While a number of plants have changed over to a 40 hour week, they are faced with a serious labor shortage. Labor is just as difficult to obtain at East Chicago as it was before V-J Day. Because of these facts and Clause IV, paragraph (a) in our Union Contract, we are still maintaining a 48 hour week in our operations, and retaining our salaried staff on a 44 hour basis.

There is admittedly much concern by our employees as to what basis of pay they shall receive when we return to a 40 hour basis.

On Tuesday, September 18th, we met with our group of Lead Refinery Foremen who complained of operating difficulties they encountered with the inefficient labor they had to work with, also the fact that the foremen had to do physical labor to keep operations moving. If these conditions continue to exist, they stated they expected a salary adjustment.

OUTLOOK

LEAD REFINING DEPARTMENT

Bullion receipts continue low, however we are purchasing battery plates at reasonable prices which may be helpful in our income.

Mixed Metal Business

While little was accomplished during August on sales of specification antimonial lead and spalling lead, considerable sales effort is being made in September to locate possible users of these types of metals. The results of these efforts should be evident in October.

ZINC OXIDE DEPARTMENT

Scrap

As of this date, and exclusive of 765 tons of scrap which will be covered by C.W.S. claim, we have on hand 567 tons of secondary scrap.

Zinc scrap of all classes, particularly Kirksite dies, are being offered in large quantities at current market prices, quoted one to one and one half cents per pound, less than prices before V-J Day. Recent offers reflect the weakened scrap market in all the non-ferrous metals.

Since a decision has been made to sell zinc oxide on a competitive basis, we are beginning to quote prices on Kirksite dies at 4¢ to 4-1/4¢ per pound F.O.B. East Chicago. It may be several months before we can increase our sales to a point where we shall be on a sound new money basis.

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Mr. R. E. Dwyer

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OUTLOOK

ZINC OXIDE DEPARTMENT

Sales

From a sales angle we are encouraged by the decision to put zinc oxide on a competitive sales basis. I have covered this subject in a separate letter to Mr. Laist which has been used as a basis for the decision.

Mr. Hurless plans to develop his sales of zinc oxide as rapidly as possible and in the meantime we have a toll arrangement with Federated Metals Company whereby we treat some of their zinc scrap and we return them zinc.

Acicular Oxide

Test runs in September on the Muffle Furnaces have proven successful and we have been able to produce enough of this type of oxide to meet sales requirements, however there are a few difficulties to be worked out - ~~namely~~ such as matters of control, design and equipment. We have demonstrated we can make Acicular Oxide but are not quite ready to turn it over to the Operating Department as final.

WHITE LEAD DEPARTMENT

The situation looks more encouraging because of the possible modification of restrictions on production and sales of dry white lead and lead-in-oil. Our stock of white lead is low in comparison to orders on hand for delivery when restrictions will permit.

We expect to operate at a rate of 22 tons white lead per day balance of September and October. The change over to produce white lead was made on September 13th, and due to modification in restriction we are permitted to cerrode 324 tons metallic lead in September.

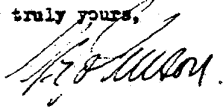
LEAD-IN-OIL DEPARTMENT

The quota on use of linseed oil has been increased from 45% to 50% for third quarter and to 75% for fourth quarter.

The quota of dry white lead to be ground in oil from September 21st and for balance of month is not limited so we have arranged to grind all white lead possible to the extent of our oil quota so as not to lose this quota of oil.

We hope you will find this information helpful.

Very truly yours,



GJJ/bm
cc: Mr. F. Laist

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