

Lead Concentrates

9



February 6, 1937

Mr. C. V. Drew, Vice-Pres.,  
Cerro de Pasco Copper Corp.,  
44 Wall Street, New York City.

Dear Mr. Drew:

LEAD ORE POLICY

I return herewith the enclosures accompanying your draft letter of yesterday. If I get the facts right the new lead capacity is nearly ready, the Corporation has not sufficient ores of its own to occupy this, and the metal losses until the Cottrell construction is out of the way preclude competitive purchase terms necessary to secure outside ores. Your proposed letter merely counsels getting all the Corporation ores available and letting it go at that until the Cottrells are available.

I do not concur in this reasoning, and the weak spot is the \$7.50 minimum profit demanded. Assume we waste 10% of the lead due to stack conditions at the moment. On a 60% concentrate this would be 120 lbs per ton. If the value of this untreated lead is 4 cents the excess loss would be \$6.00 and covered by the \$7.50. Taking into consideration the freight advantage as well it must be possible to do business at least without loss. I should not think any custom smelter could get \$7.50 unless there is a very large freight advantage. As I remember we did business at Chrome on \$1.00 a ton. In the last analysis the "minimum" is fixed by what gives a decent return on the plant investment.

It seems a mistake to let all these shippers establish relations, and possibly long time ones, if we can take the material without a loss. I therefore advocate entering the market on this basis, if necessary to get the business, knowing that the later conditions will increase the profits. If we avoid long term obligations we can correct terms as may prove advisable. Just to offer uncompetitive terms starts our whole campaign off on the wrong foot and I suspect that we are already committed to outside supplies to support our built capacity. I do not mean to pile up ores before we can smelt.

Very truly yours,



*Cerro de Pasco Copper Corporation*

*44 Wall Street,*

*New York,* February 5, 1937

*Office of C. V. Drew,  
15<sup>th</sup> floor.*

*Telephone Whitehall 4-7030 to 7034*

*Cable Address:  
"Cerrocopi, New York,"  
"Cerrocopi, Lima."*

Lead Metallurgy.

Mr. L. Addicks,  
Bel Air,  
Md.

Dear Mr. Addicks:

Herewith copy of letters of January 9 and January 27 from Peru Office and draft of answer that Mr. Smith and I have framed up between us. Would be glad to have any suggestions or comments you care to make.

Please return the Peru letters *and draft.*

Yours truly,

*C. V. Drew*  
C. V. Drew.



A-30

February 9, 1931

Mr. S. V. Drew, Vice-Pres.,  
Cerro de Pasco Copper Corp.,  
44 Wall Street, New York City.

Dear Mr. Drew:

Lead Supplies

I return herewith Mr. Sawyer's memoranda on Saoracancha concentrates. The fact that these in themselves will not justify the operation of a furnace does not affect the argument. We shall have about 80 tons a day of slag from the dust reduction furnace and this will require periodical clean-up runs of a lead blast furnace. It is my hope that sufficient other ores will be gathered together to make a continuous supply, but if not the accumulation will be smelted <sup>at Casapalca</sup> two or three times a year and the only effect will be an interest charge for carrying.

Very truly yours,

*Redy*



A-17

February 2, 1931

Mr. C. V. Drew, Vice-Pres.,  
Cerro de Pasco Copper Corp.,  
44 Wall Street, New York City.

Dear Mr. Drew:

LEAD CONCENTRATES

I return herewith the AS&R bid on Casapalca concentrates which accompanied your letter of the 31st. It would be interesting to see how you would come out smelting Peru on this basis with a margin sheet truly figured.

I assume that you would do business on a profit of \$1.00 a ton of ore. This would call for a liquidation value of \$80 a ton of concentrate. I suggest we write the following and see what happens:

We have noted with much interest the Bid on our casapalca concentrates attached to Mr. Straus's letter of the 30th. While you have reduced the treatment terms somewhat the much lower metal prices now in effect would cause the operation to show a heavy loss. We

We need a liquidation value under present conditions of about \$80 a ton of concentrates. This could be reduced \$3.50 a ton if a way could be found to ship in bulk. The only hope of a proposal to ship you 2000 tons a month for two years would be for the present offer to be modified to provide that when the liquidation was less than \$80 the settlement would be made at \$80. We should have to guarantee that the metal contents and prices would not be less than assumed in your bid. A decent price for lead and silver would of course clear the whole thing up. If such an idea is of any interest to you we should be glad to discuss it more in detail.

I had in mind we might even split the difference between \$66 and \$80 with them fifty-fifty but do not know how you feel about it. I suppose any such concession from them is absurd but I would have the nerve to try it on.

Wells



*Cerro de Pasco Copper Corporation*

*Office of C. V. Drew,  
15th floor,  
Telephone Beekman 3900-4*

*44 Wall Street,  
New York,*

*Cable Address:  
"Cerrocop, New York,"  
"Cerrocop, Lima"*

January 31, 1931

Mr. L. Addicks,  
Bel Air,  
Md.

Dear Sir:

I have received from Mr. Roger Straus proposal on Casapalca concentrates in regard to which you and I talked with Mr. H. Y. Walker. I am enclosing herewith copy of memorandum dated January 30 showing comparison between revised terms and former terms, also copy of memorandum prepared by Mr. Sawyer showing that on concentration ratio of nine tons of ore to one ton lead concentrates the cost of production per ton of ore is \$7.89. The liquidating value of \$65.93 as proposed by Mr. Straus equals only \$7.32 per ton of ore. There is therefore nothing in shipping lead concentrates to Selby as long as lead concentrates have to bear the burden of mining and concentration and as long as it is necessary to ship in sacks with Callao charges at \$3.50 per ton.

Under the present circumstances I think there is nothing to do but dismiss this possibility from consideration and I will so advise Mr. Kingsmill when I see him on the steamer this morning.

Yours truly,

*P. V. Drew*

*Please return enclosures*

enc.