



To: D.J. Emery

Subject: Additional Sales of Baghouse dust.

Date: February 27, 1981

From: D.N. Zeraldo

Copies to: PJR, TJD, W.A. Moore

INTER-OFFICE MEMORANDUM

REC'D

MAR 11 1981

Attached is a letter from J.C. Eller, President, of Crystal Chemical Company, Houston. Eller is extremely interested in purchasing up to 2400 short tons per year of Giant Baghouse dust. He has examined the Baghouse dust samples sent by Giant to Voluntary Purchasing Groups in 1980 and has indicated his plant would not have trouble using 90% As_2O_3 .

Recalling our original contract negotiations with Koppers in March of 1980, I believe that the mine set a contract tonnage of 4500 tons/year. This figure was reduced to 3500 tons/year to be absolutely sure that unforeseen production difficulties would not hamper Giant's ability to meet its contractual commitment. On this basis Giant could have up to 1,000 tons/yr of additional baghouse dust which it may wish to:

- (a) offer for sale to Koppers, or
- (b) consider offering for sale to Crystal chemical

Eller has indicated he would be prepared to pay a premium over the Asarco price delivered to Crystal's Houston plant. On this basis I estimate the following netback to Giant on 1,000 ton/year sale to Crystal Chemical:

1)	Asarco Tacoma price	31.75¢ US/lb
2)	plus freight to Houston	4.25¢ US/lb
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		35.00¢ US/lb @ 97% As_2O_3
3)	-equivalent to-	32.48¢ US/lb @ 90% As_2O_3
4)	premium to Giant of say	2.00¢ US/lb
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5)	Giant price delivered to Houston	35.48¢ US/lb @ 90% As_2O_3
6)	less: Truck cost	20.00¢ US/lb
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7)	Giant Mine Netback	15.48¢ US/lb @ 90% As_2O_3
	on 1000 ST/yr	\$ US 309,600
		(\$Cdn 370,800).

In light of the potential revenue gains to be had from this sale, it would be well worthwhile for the mine to

- (a) look at its 1981/82 production schedule, and
- (b) consider an additional 1000 ton sale to Crystal Chemical.



D.N. Zeraldo

DNZ:ac



CRYSTAL CHEMICAL COMPANY • 1525 N. POST OAK ROAD • HOUSTON, TEXAS 77055

February 24, 1981

Mr. Dan Zeraldo
Falcon Bridge Canada
P. O. Box 40
Commerce Court West
Toronto, Ontario M5L1B4

Dear Mr. Zeraldo:

It was a pleasure speaking with you on the phone yesterday and it was a most encouraging conversation to me that we had had since we began talking in early 1980.

This is confirming that we are a consumer of arsenic trioxide in which we use it as a raw material in manufacturing monosodium acid methanearsonate, a very important herbicide used throughout the world where climates during growing season exceed 80°F.

Further we installed a vacuum pneumatic unloading system for arsenic trioxide in 1969 with ASARCO being our primary supplier. We have purchased material from Sweden, France, and Peru the past few years because of ASARCO's inability to supply our increased needs. Our minimum increased need at this moment would be 200 tons per month of your 90% As_2O_3 which we believe we can use, but we will not actually know until we have received a truckload, unloaded it and then run it through our system. We are presently paying ASARCO \$700.00 per 2,000 lb. ton delivered Houston in hopper cars. They guarantee 95% minimum but it consistently ranges in excess of 97%. This would be equivalent to a value of your 90% material of \$649.00 per ton delivered Houston in bulk.

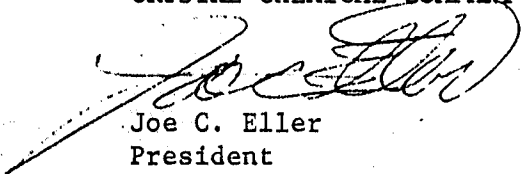
Mr. Dan Zeraldo
Falcon Bridge Canada
February 24, 1981
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As I told you on the telephone we would be willing to pay a slight premium in order to receive the material provided we could use it without too many excess problems. We will further be willing to sign a contract to take 200 tons per month of the material for a period of one to two years with the price being tied into the ASARCO price, as it would probably increase over that period of time.

Please study your situation and if at all possible arrange for us to get at least one truckload of material to determine if we can go further with a permanent arrangement.

Sincerely,

CRYSTAL CHEMICAL COMPANY



Joe C. Eller
President

JCE:bjm