

Notes of a Phone Call
To P. J. Raleigh
Re Arsenic Sales
January 2, 1980

I phoned to find out what progress had been made on the arsenic sales. He stated that he had done some calculations for the different approaches and found the following:

1. Leach method - assuming \$2.2 million capital and sales of 8 million pounds of arsenic and not counting any recovery of gold, the operating profit is \$440,000 per year which discounted at 25% gives a negative net present value after six years.
2. Fuming - the capital on this method would be \$600,000 and the net present value for the sale of the same number of pounds of arsenic would be \$700,000.
3. Crude sales - the capital would be only \$5000 or so and on the sale of 8 million pounds at 7¢ per pound the profit would be \$500,000 a year or a net present value of \$1,470,000. Operating costs per year would be approximately \$60,000.

So as far as he could see the best approach would be simply to ship the dust as is.

We next discussed W. A. Moore's memo of December 28th and I expressed my concern about us meeting the deadline he has outlined. Raleigh replied that he couldn't at this point recommend going to the hot-water leach process in view of the calculations without at least looking into the possibilities of achieving satisfactory results using either the H_2S method as had been discussed with Larry Connel and Kent Morton, or the fuming process.

Work on the H_2S method has not worked too well so far but it looks like a possible route providing that there is a cheap source of H_2S available. It has a very low capital cost and can solve all of WAM's problems with regard to treatment of cottrell dust and even the Con material. He feels the initial work can be accomplished in a week and as far as he understands Larry and Kent are working on this.

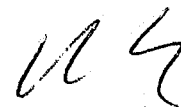
With reference to the fuming method, there was supposed to be some work done at the Lab and he will check with Lynn Price to see if any of this has been accomplished yet. If it looks like a reasonable process then there would be required another two months of pilot work and Raleigh suggested this be done at Giant. It would cost in the order of \$25,000. He noted that delivery on equipment is very fast (ie. off the shelf) for the fuming method so that there would not be a long time delay, as there would be with the leaching process. In any case the decision would have to be made by April/1980 if we wanted to have the fuming process in place to make the April/1981 deadline.

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With reference to the sale of crude product, he has the old contract that we were going to use with Koppers and will be discussing this with Seth and will be sending us a copy by Rapifax by the end of this week or early next week.

I emphasized the necessity of getting something decided on this arsenic as soon as possible.



D. J. Emery

/vb
January 2, 1980