



## **CONTACT INFORMATION**

Mining Records Curator  
Arizona Geological Survey  
1520 West Adams St.  
Phoenix, AZ 85007  
602-771-1601  
<http://www.azgs.az.gov>  
[inquiries@azgs.az.gov](mailto:inquiries@azgs.az.gov)

The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

## **ACCESS STATEMENT**

These digitized collections are accessible for purposes of education and research. We have indicated what we know about copyright and rights of privacy, publicity, or trademark. Due to the nature of archival collections, we are not always able to identify this information. We are eager to hear from any rights owners, so that we may obtain accurate information. Upon request, we will remove material from public view while we address a rights issue.

## **CONSTRAINTS STATEMENT**

The Arizona Geological Survey does not claim to control all rights for all materials in its collection. These rights include, but are not limited to: copyright, privacy rights, and cultural protection rights. The User hereby assumes all responsibility for obtaining any rights to use the material in excess of "fair use."

The Survey makes no intellectual property claims to the products created by individual authors in the manuscript collections, except when the author deeded those rights to the Survey or when those authors were employed by the State of Arizona and created intellectual products as a function of their official duties. The Survey does maintain property rights to the physical and digital representations of the works.

## **QUALITY STATEMENT**

The Arizona Geological Survey is not responsible for the accuracy of the records, information, or opinions that may be contained in the files. The Survey collects, catalogs, and archives data on mineral properties regardless of its views of the veracity or accuracy of those data.

# ASARCO

Southern Arizona Mines

Mission Mine • Eisenhower Mine • San Xavier Mine



D42

## In the Beginning...



Mission San Xavier del Bac, founded in 1783 by Padre Kino.

### The Mission Mine

It was 250 years after Father Kino founded the historic Mission San Xavier del Bac, the “white dove of the desert,” that Asarco took an option on some desert land 15 miles southwest of Tucson, Arizona. Since the land lay in the shadow of the mission, it was christened the Mission mine.

That was in 1953. Today the Mission mine is like a giant bowl, 7,000 feet wide and 700 feet deep. The sides consist of a series of benches that

serve as ramps for the 85- and 170-ton trucks that carry valuable copper ore out of this “open pit.”

Since the mine site was first cleared of brush, more than 500 million tons of alluvium (a mixture of clay, sand, gravel and rock) has been excavated—in all, enough material to make a mountain more than a mile long, over half a mile wide and as high as the Washington Monument.

Exploration of the property began in 1954. By 1957 more than 346 holes, totalling 200,000 feet in length, had been drilled. In 1958 sinking of a shaft in the ore zone commenced. Approximately 2,300 feet of underground work was done to check interpretation of diamond drilling and to obtain bulk samples for pilot mill tests. The tests were conducted at the University of Arizona to gather data for mill design.

In 1959 brush was cleared and earthmoving began. Also, office buildings were completed. In 1960 the first major mining equipment arrived: a nine-yard electric shovel and a fleet of 55-ton trucks. A special route had to be prepared for transporting the equipment because it was too heavy for the Santa Cruz River bridges.

During 1960 negotiations for railroad facilities were concluded with the Southern Pacific Railroad and work proceeded on the mill and related buildings, the crushing facilities, and an assay and metallurgical laboratory.

In January 1961 Tucson Gas & Electric Company began installation of a 138,000-volt power line to the Mission Unit. That same month, having removed 33 million tons of overburden, Asarco reached the first copper ore. Later that year electric power lines were ready and mining operations began.

From the first clearing of the desert to the start of operations, less than two years was required to make the Mission mine a reality.

## **The Eisenhower Mining Company**

Before Asarco began excavating the Mission mine, the Banner Mining Co. had acquired land in the Mineral Hill/Twin Buttes area bordering the Mission operation.

Drill results at the Banner property indicated a large ore body. Banner proceeded to sink a five-compartment shaft 1,000 feet underground and to mine several million tons of ore. Banner named the new mine the Palo Verde after the all-green desert trees growing in the area.

By 1960 Banner had positively identified a major ore body extending across the eastern section of its Twin Buttes property. With such large reserves to develop, Banner took The Anaconda Company as a partner. In 1973 The Anaconda Company and AMAX Inc. formed a partnership called Anamax Mining Company to acquire, develop and operate the former Banner holdings in Pima County.

In 1976 Asarco and Anamax Mining Company formed a general partnership called Eisenhower Mining Company to develop the Palo Verde mine. Asarco is mine operator for the partnership.

## **The San Xavier Mine**

The San Xavier mine, like its namesake, Mission San Xavier del Bac, is located on the Papago Indian Reservation. At about the time Asarco acquired the Mission property, it set about negotiating leases for land on the Reservation.

In 1967 Asarco started open-pit operations at the San Xavier North mine, producing flux, a silica used in the process of smelting copper, and copper sulfide ore. Two years later, excavation started at the San Xavier South mine, and copper oxide ore was reached in 1972.

The two ores are different in color (oxide is blue and sulfide is gold) and require different methods of processing to separate the copper. Today, only sulfide ore is extracted from both of the San Xavier mines.

# Open Pit Mining



An electric shovel loads overburden onto a truck which carries 130 tons of material each trip out of the pit.

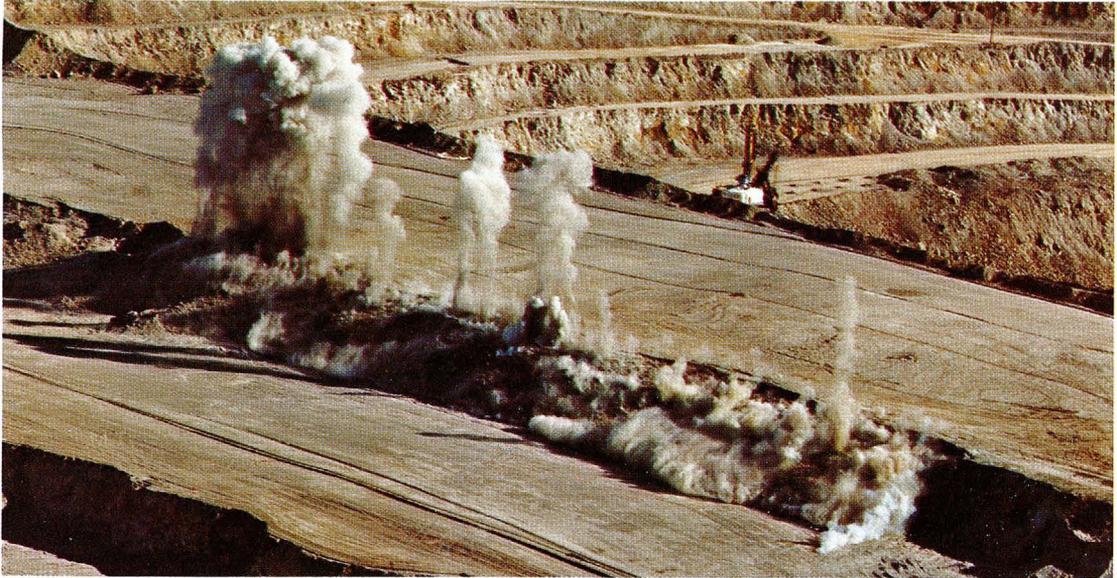
Simply stated, open-pit mining, as the name implies, is removing ore from a large, open pit. This method differs from underground mining, in which workers go deep inside the earth through shafts or tunnels to extract the ore.

The open pits of the Mission, San Xavier, and Eisenhower mines are similar in design but different in dimension.

At both the Mission and Eisenhower mines the pits have 40-foot benches in gravel and 40-foot benches in rock. At the San Xavier pits the gravel benches are 40 feet and the ore benches 20 feet. Main haulage roads in all the pits are at a maximum 9% grade. The ultimate working slope at these mines will be 45° in rock.

As of December 1978, eight million tons of ore had been extracted from San Xavier North and South, and 118 million tons from Mission.

# The Mining Process... it starts with blasting and digging.



Blasting at the Mission mine loosens ore.

The terrain of Asarco's southern Arizona mines was fairly flat and composed of bedrock covered with several hundred feet of alluvium (gravel). A study of the area revealed the best method for removal was with shovels and trucks. This method offered maximum flexibility for placing waste in disposal areas and promised full-life use of all major equipment.

Blasting frees the gravel and ore which is then loaded by shovel onto huge trucks. Each truck carries between 75 and 130 tons of material every trip out of the pit.

Dirt and gravel are dumped as waste and ore is transported to the concentrator for processing.

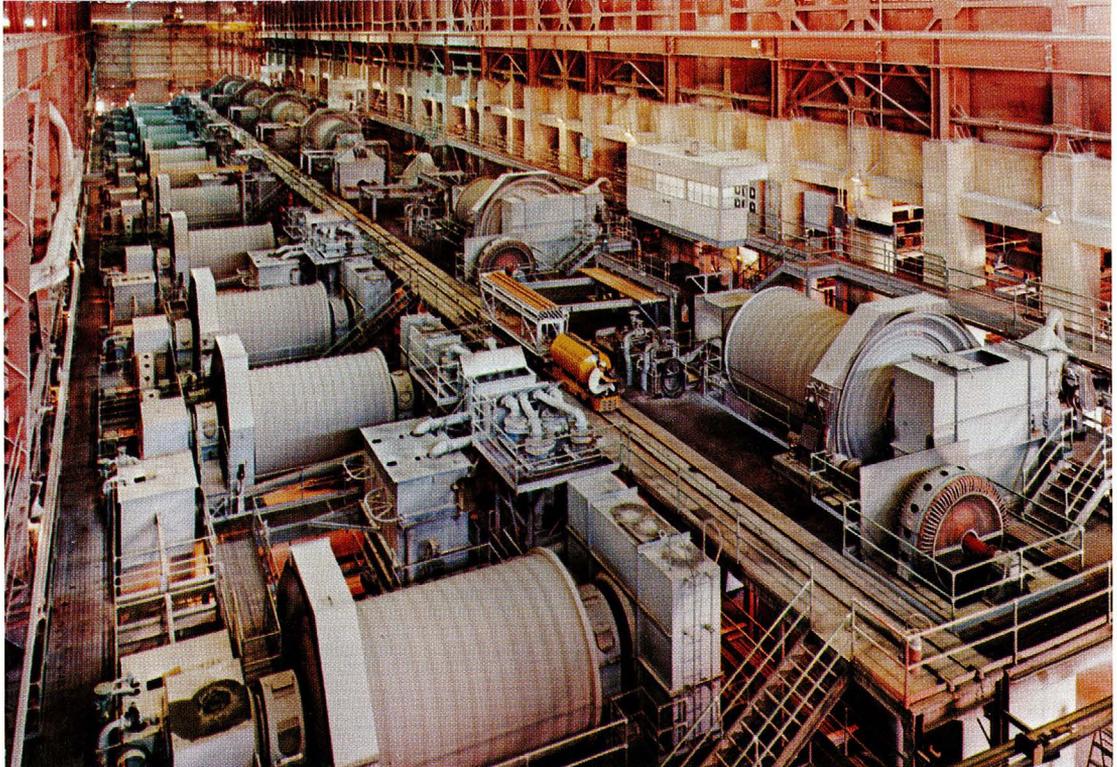
At the three mines there are a total of 61 trucks, nine drills and six shovels.



Thirteen 170-ton trucks, each more than 18½ feet high, and costing more than \$600,000 apiece.

# Milling

The purpose of milling is to separate the copper-bearing mineral from the waste rock. Milling consists principally of three steps: crushing, grinding and flotation.



Ball mills inside the grinding bay where ore is reduced to powder.

## Crushing

At Asarco's southern Arizona operation, ore from the Mission and San Xavier mines is delivered to the crushing plant at the Mission mill.

The primary crusher is a 54-inch gyratory which reduces the ore to less than eight-inch size. Further crushing is done in two stages with two seven-foot Symons standard cone crushers and three seven-foot Symons shorthead crushers. The final product from the crushers is less than 3/4-inch. All material must pass through screens before being conveyed to bins for the grinding process.

## Grinding

The wet grinding process consists of six rod mills followed by twelve ball mills. These mills are large, rotating cylindrical vessels containing heavy steel rods or balls which grind the ore to the consistency of powder.

This reduction of huge rocks to powder is the most expensive part of the milling process.



Fine-powder ore is agitated in a solution; copper-bearing particles float to the surface where they are skimmed off.

## Flotation

The fine powder from the ball mills is agitated in water solution in a tank called a flotation cell. This agitation, plus the addition of chemicals, creates bubbles similar to those produced in a kitchen mixmaster. These bubbles collect particles of copper mineral and float to the top where they are skimmed off. From each ton of ore, flotation separates about 42 pounds of concentrate containing approximately 33% copper.

## Molybdenum

The copper concentrate from the flotation section is then chemically retreated, roasted, re-ground and re-floated to extract a molybenite concentrate. This concentrate is dried and sold for recovery of the contained molybdenum, an alloying element for steel. The copper concentrate, which also contains about three ounces of silver per ton, is filtered, loaded in 100-ton railroad cars and shipped to Asarco smelters in Hayden, Arizona, and El Paso, Texas.

# Asarco's Southern Arizona Mines



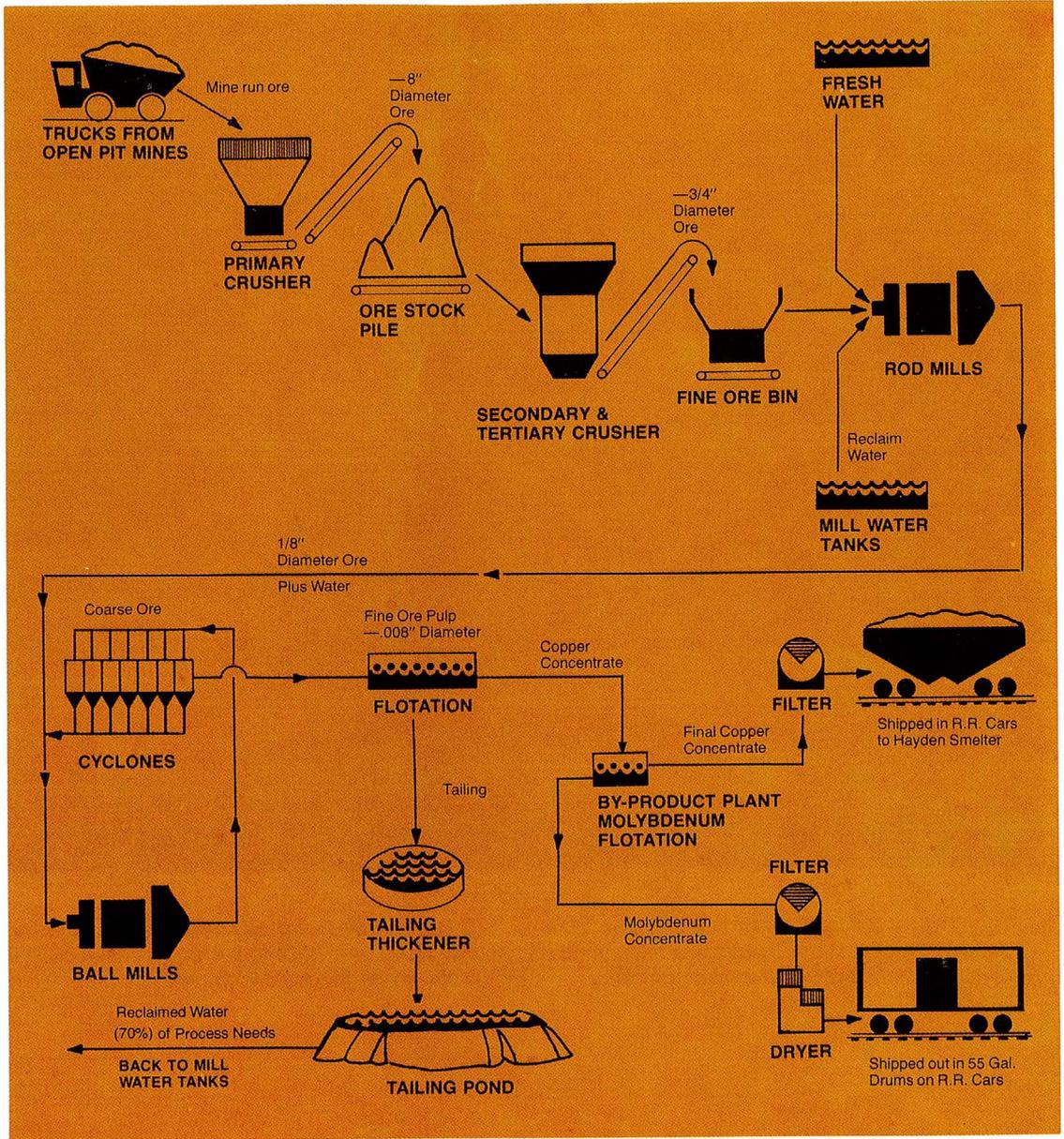
The photo on the left, taken in 1976, shows the location of Asarco's mines.



The photo at the right, taken in December 1978, shows progress at the Eisenhower mine (center). Overburden is deposited west of the mine.

These pits will eventually become one mine 1½ miles long and 7,000 feet wide. The final pit limit is shown on the photo to the left.

# How it works



# Asarco and Arizona – a Winning Team!



Preserving Arizona's desert environment takes high priority at Asarco.

## A Word about the Environment

Long before protecting the environment, conserving natural resources and fighting pollution became popular, Asarco instituted measures to lessen the impact of mining on the desert.

## Water

It takes approximately 240 gallons of water to process ore containing a ton of copper. Asarco recycles and reclaims 70% of the water used. As mining progresses deeper into the pit, underground water begins seeping to the surface. Asarco pumps this water out of the pit and uses it over and over again.

## Dust Control

Airborne dust is a common occurrence in arid Arizona. To control dust at Asarco's southern Arizona mines, a water sprinkler system is

used in the pits and a series of both wet and dry dust collectors are placed in strategic areas in the mill. Water trucks spray the benches and ramps, and automatic sprinklers spray material being shoveled into trucks.

## Reclamation and Revegetation Plan

"What grows best in the desert ought to grow best at disturbed mining sites and mineral waste deposits in the arid environment." This was the conclusion of Asarco's agronomist for the Southwestern Mining Department in 1973 when he was assigned the responsibility for developing a total reclamation and revegetation plan for Asarco facilities in southern Arizona.

That theory seems to be proving true as the desert's eco-cycle is reestablishing itself in previously revegetated areas.

# Asarco in Arizona

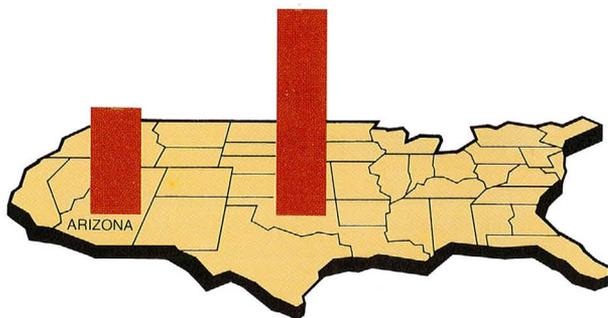
Asarco has been part of Arizona's growth and prosperity since 1911, when construction began on the Hayden copper smelter at Hayden, Arizona. In 1912, the year Arizona became the forty-eighth state, the first copper from the Hayden smelter was poured. Since then, the plant has been enlarged repeatedly.

Asarco's first important Arizona copper mine was developed on a small scale at Silver Bell in 1915. After years of inactivity Silver Bell was developed as an open pit mine in the early '50's and has been in continuous production since 1954. In 1974 production started at the Sacaton mine and mill near Casa Grande.

Today, Asarco's southern Arizona mines constitute the Company's largest wholly owned mining property.



Location of Asarco's mining operations in Arizona.



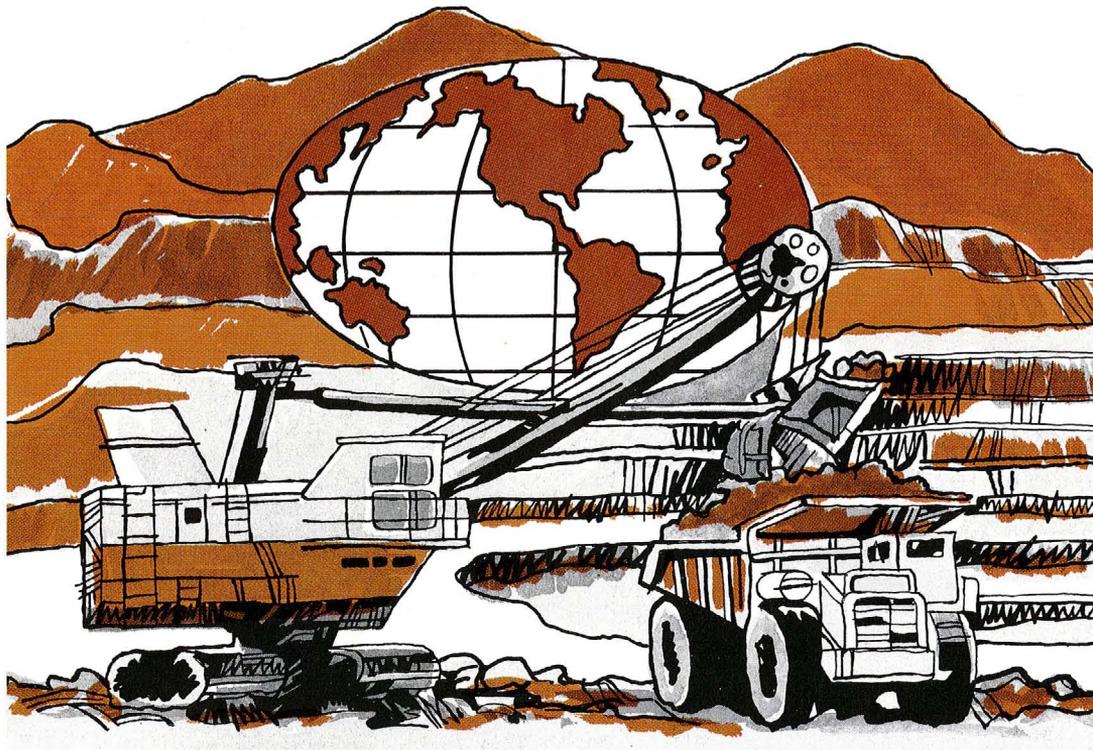
Copper mines in Arizona produce 50% of the copper in the United States.

Although a new mine is being prepared for production in Montana, Asarco's present U.S. copper mines are concentrated in Arizona, "the copper state." It alone accounts for more than half of the total annual U.S. copper mine output.

Arizona's mining industry, principally copper, pays a large share of the state's taxes, employs more than five percent of all workers, and contributes significantly to the state's growth and prosperity.

Arizona has been good for Asarco  
Asarco has been good for Arizona

## Asarco around the World



Metal must be mined where it is found. Almost since its inception in 1899, Asarco has been involved in mining ventures, not just in the United States, but outside its boundaries as well. Asarco has a significant interest in three of the world's great mining companies: Mexico Desarrollo Industrial Minero, S.A.; Southern Peru Copper Corporation; and M.I.M. Holdings Limited in Australia. Additionally, it has interests

in other mines in Canada, Nicaragua, Peru and Bolivia. In the United States Asarco operates lead, zinc, silver, coal, limestone, and ilmenite mines in Colorado, Idaho, Illinois, New Jersey, New Mexico and Tennessee.

Asarco is a company which extracts vital raw materials from the earth and converts them along with those extracted by others into metals and minerals useful to mankind.

# Profile

- Location:** Approximately 15 miles south and west of Tucson, Arizona.
- Mines:** Mission, San Xavier North and South, and the Eisenhower. Except for San Xavier North, these mines are adjacent and will eventually become one large open pit.
- Plant:** Mill with crushing, grinding and flotation facilities. Truck lubrication center, tire shop, warehouse, maintenance shop, salvage building, and management office.
- Employment:** 870
- Production Capacity:** Copper concentrate: 178,000 tons per year.
-

**ASARCO**

---

Box 111, West Pima Mine Road, Sahuarita, Arizona 85629

# ASARCO



GIL KEPPEL

ASARCO Incorporated  
120 Broadway  
New York, N.Y. 10271



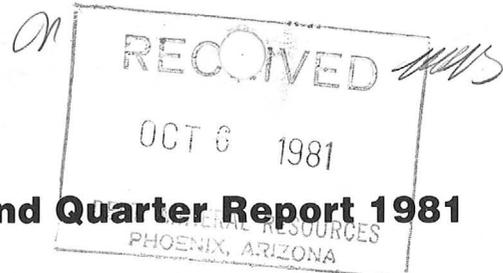
**FIRST CLASS MAIL**

ARIZ. DEPT. MIN. RESOURCES  
MINERAL BLDG., FAIRGROUNDS  
PHOENIX AZ 85007

ATTN: JOHN J JETT

To ANNUAL REPORT FILE

# ASARCO



## Second Quarter Report 1981

### To Asarco Stockholders

#### Operating Results

Net earnings for the second quarter ended June 30 1981, were \$7,528,000, or 24 cents per common share, compared with restated earnings of \$32,261,000, or \$1.09 per share, for the same period in 1980. Sales for the three months ended June 30, 1981, were \$352,762,000 compared with sales of \$454,857,000 in the second quarter of 1980.

For the six months ended June 30, 1981, Asarco had net earnings of \$25,778,000, or 92 cents per share, compared with restated earnings of \$186,653,000, or \$6.31 per share, for the corresponding period in 1980. Sales for the first six months of 1981 were \$737,562,000 compared with \$1,117,766,000 for the same period in 1980.

Earnings for the first six months of 1980 were restated to include earnings of \$20,866,000, or 71 cents per share, for the cumulative effect on prior years of changes in accounting policies made in the fourth quarter of 1980.

The principal factor adversely affecting earnings for the second quarter and first six months of 1981 compared to the year-earlier periods was substantially lower average prices for silver and copper. The average silver price for the first six months dropped from \$23.38 per troy ounce in 1980 to \$12.07 in 1981; the average domestic producer price for refined copper for the same period dropped from \$1.06 per pound in 1980 to 85 cents in 1981.

Asarco's associated companies in Australia, Mexico and Peru are also major producers of silver and copper and their earnings were likewise affected by lower world prices for these metals. Asarco's equity in the earnings of its associated companies declined to \$43.6 million in the first six months of 1981 from \$102.7 million in the first half of 1980.

#### Higher Interest Costs

In addition to the lower metal prices, earnings in the 1981 periods were depressed by increased interest expense and operating costs. Interest costs increased as debt was incurred to finance the

repurchase of 6.1 million shares of Asarco common stock from The Bendix Corporation, to maintain the Company's capital investment program during a period of declining earnings, and to provide the additional working capital required for resumption of full operations following settlement late in 1980 of the strike at Asarco's copper mines and plants. Operating costs, reflecting the recent labor agreements and inflation generally, continued to escalate.

#### Stock Repurchase Completed

The above-mentioned repurchase of Asarco common stock from The Bendix Corporation was completed on May 29, with the purchase of the remaining 1,780,200 shares. The repurchase was financed in part by the sale of \$140 million of preferred stock to institutional investors. On April 16, Asarco issued 560,000 shares of Series A Cumulative Preferred Stock. The sale of preferred stock was completed on May 28 by the issuance of an additional 990,000 shares of the Series A stock and

### Consolidated Results in Brief

	Second Quarter		First Six Months	
	1981	1980	1981	1980
Sales (millions) .....	\$352.8	\$454.9	\$737.6	\$1,117.8
Net Earnings (millions) .....	\$ 7.5	\$ 32.3	\$ 25.8	\$ 186.7
Net Earnings per Common Share .....	\$ .24	\$ 1.09	\$ .92	\$ 6.31

D61

1,250,000 shares of Series B Cumulative Convertible Preferred Stock.

#### **Asarco Sells Shares to MIM**

On July 17, Asarco sold 2,500,000 shares of its common stock to M.I.M. Holdings Limited, an associated company in Australia, at \$56.50 per share for a total price of \$141,250,000. MIM, which had previously held 517,563 shares of Asarco stock, intends further purchases from time to time in the open market or otherwise to increase its interest in Asarco to approximately 16%. By July 29, MIM held 14.4% of Asarco's outstanding common stock.

During the next 18 months, Asarco has undertaken to sell approximately 22 million MIM shares to Australian investors. This time period is subject to extension under certain circumstances. When complete, this sale will reduce Asarco's ownership in MIM to 44% from the current 48.9%. No MIM shares have been sold, nor is it contemplated that any sales agreement will be concluded in the immediate future, given the current weak state of the Australian stock market.

The equity investment by MIM, which has had a 50-year relationship with Asarco, will benefit Asarco stockholders by enhancing Asarco's equity base and

increasing the Company's financial capacity to deal with new investment opportunities. MIM, in turn, will have greater flexibility to undertake new resource joint ventures in Australia. Under current Australian government requirements, such projects must have at least 50% net Australian equity.

The proceeds from the sale to MIM have been used to reduce the Company's outstanding debt.

#### **Underground Gold Exploration**

Asarco Exploration Company of Canada, Limited plans to spend \$7,000,000 (Canadian) to sink a 570-foot shaft to conduct underground exploration for gold at its Aquarius property located near Nighthawk Lake, about 20 miles east of Timmins, Ontario, Canada. The program of shaft sinking, drifting, diamond drilling and sampling is expected to be completed in early 1983.

The work at the Aquarius project is being carried out by Asarco Exploration under contract with Lac d'Amiante du Quebec, Ltee, (LAQ), the owner of the project, with funds provided by LAQ. Gold was first encountered at the shaft site in northern Ontario about a year ago by drilling from the surface through thick overburden. Additional surface drilling since then has confirmed the presence of good but erratic gold

values over a significant area. The underground exploration is intended to delineate and test the continuity of the mineralized zones.

#### **Outlook**

It is encouraging to note that lead and zinc prices have improved in the second quarter and are at levels above those of a year ago. The same fundamentally sound supply and demand situation exists in copper and inventories remain low, but the price remains depressed.

#### **Dividend**

At its meeting on July 29, the Board of Directors declared a regular quarterly dividend on the common stock of 35 cents per share payable September 1 to stockholders of record August 14. The Board also declared dividends of \$1.75 per share on the 560,000 shares of Series A Preferred Stock outstanding for the full three-month period May through July 1981, \$1.25 per share on the 990,000 Series A shares issued on May 28, and \$1.11 per share on all shares of Series B Preferred Stock, also issued on May 28. The preferred stock dividends are payable August 3.

Charles F. Barber  
*Chairman*

Ralph L. Hennebach  
*President*

July 30, 1981

#### **Available to Stockholders**

**Simon D. Strauss, retired vice chairman and consultant to Asarco, has written an interesting article entitled "Gold and Silver as Stores of Value," which chronicles the values man has put on the two precious metals throughout history and places gold and silver in perspective in today's economy.**

**Also, the Asarco 1980 Fact Book of statistical data for financial analysts, including a supplement covering the first half of 1981, is now available.**

**Copies of these publications may be obtained by writing to: Public Relations Department, ASARCO Incorporated, 120 Broadway, New York, N.Y. 10271.**

**Consolidated Balance Sheet** (unaudited)

	June 30, 1981	Dec. 31, 1980
	(dollars in thousands)	
<b>Assets</b>		
Current Assets:		
Cash .....	\$ 4,171	\$ 9,143
Marketable securities (at cost, which approximates market) .....	10,463	118,684
Receivables, net .....	183,734	158,544
Inventories .....	264,181	194,233
Other (primarily materials and supplies) .....	75,810	65,841
Total Current Assets .....	538,359	546,445
Investments .....	725,576	719,647
Property, Plant and Equipment .....	1,298,708	1,233,295
Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment .....	(506,765)	(481,212)
Other Assets .....	27,534	26,576
Total Assets .....	<b>\$2,083,412</b>	<b>\$2,044,751</b>
<b>Liabilities</b>		
Current Liabilities:		
Bank loans .....	\$ 44,304	\$ 2,957
Long-term debt due within one year (a) .....	141,527	9,536
Accounts payable .....	272,936	198,254
Other .....	60,994	67,683
Total Current Liabilities .....	519,761	278,430
Long-Term Debt .....	271,231	277,641
Noncurrent Accounts Payable .....	25,946	25,158
Deferred Credits and Reserves .....	147,171	149,580
Total Liabilities .....	964,109	730,809
<b>Preferred Stock (b) .....</b>	<b>140,000</b>	—
<b>Common Stockholders' Equity</b>		
Common Stock (a,b) .....	38,506	381,104
Additional Capital .....	7,149	6,917
Retained Earnings .....	933,648	925,921
Total Common Stockholders' Equity .....	979,303	1,313,942
Total Liabilities and Stockholders' Equity .....	<b>\$2,083,412</b>	<b>\$2,044,751</b>
 (a) On July 17, 1981 the Company sold to M.I.M. Holdings Limited 2,500,000 shares of Asarco's common stock at \$56.50 per share for a total of \$141,250,000. The proceeds of the sale were used to retire long-term debt which has been reclassified to current as of June 30, 1981.		
 (b) Shares outstanding, end of period:		
Common .....	23,541,832	29,611,470
Preferred: Series A .....	1,550,000	—
Series B Convertible .....	1,250,000	—

## Consolidated Statement of Changes in Financial Position (unaudited)

	6 Months Ended June 30,	
	1981	1980
	(dollars in thousands)	
<b>Sources (Uses) of Cash</b>		
<b>Operations:</b>		
Net earnings .....	\$ 25,778	\$186,653
Noncash items included in net earnings:		
Cumulative effect of changes in accounting policies, net of tax effect .....	—	(20,866)
Depreciation and depletion .....	28,592	30,402
Deferred income taxes .....	3,474	9,130
Equity in earnings of nonconsolidated associated companies, in excess of dividends received .....	(6,349)	(77,191)
Other .....	(3,207)	2,919
Cash provided from operations .....	48,288	131,047
<b>Cash dividends declared and paid:</b>		
Common .....	(17,888)	(29,601)
Preferred .....	(163)	—
Total dividends .....	(18,051)	(29,601)
<b>Investment activities:</b>		
Property .....	(71,683)	(54,082)
Other .....	805	(1,907)
Cash used for investment activities .....	(70,878)	(55,989)
<b>Working capital, exclusive of cash, marketable securities and current debt:</b>		
Accounts receivable .....	(25,190)	(11,338)
Inventories .....	(69,948)	31,129
Materials, supplies and prepaid expenses .....	(9,969)	(4,278)
Accounts payable .....	74,682	(26,711)
Accrued and other current liabilities .....	(6,689)	(3,947)
Cash used for working capital .....	(37,114)	(15,145)
<b>Increase (Decrease) in cash and marketable securities before financing activities .....</b>	<b>(77,755)</b>	<b>30,312</b>
<b>Financing activities:</b>		
Bank loans (repayments), net .....	41,347	(2,775)
Long-term debt incurred .....	132,142	70
Long-term debt retired .....	(6,561)	(6,392)
Treasury stock used (purchased), net .....	(342,366)	473
Preferred stock issued—2,800,000 shares .....	140,000	—
Cash used for financing activities .....	(35,438)	(8,624)
<b>Increase (Decrease) in cash and marketable securities .....</b>	<b>(113,193)</b>	<b>21,688</b>
<b>Cash and marketable securities, beginning of period .....</b>	<b>127,827</b>	<b>82,452</b>
<b>Cash and marketable securities, end of period .....</b>	<b>\$ 14,634</b>	<b>\$104,140</b>

## Consolidated Statement of Earnings (unaudited)

	3 Months Ended June 30,		6 Months Ended June 30,	
	1981	1980	1981	1980
	(dollars in thousands, except per share amounts)			
Sales of products .....	\$335,840	\$435,793	\$703,812	\$1,081,342
Sales of services .....	16,922	19,064	33,750	36,424
Total sales of products and services .....	352,762	454,857	737,562	1,117,766
Cost of products and services .....	317,534	409,126	670,232	954,131
Income from products and services .....	35,228	45,731	67,330	163,635
Other income .....	2,188	4,238	5,050	7,639
Other deductions:				
Selling, administrative and other expenses .....	12,184	10,188	23,598	20,591
Depreciation and depletion .....	13,920	15,636	28,592	30,402
Research and exploration expenses .....	5,039	4,412	9,877	8,463
Interest (a) .....	8,898	4,741	16,175	10,359
Total other deductions .....	40,041	34,977	78,242	69,815
(Loss) Earnings from operations .....	(2,625)	14,992	(5,862)	101,459
Equity in earnings of nonconsolidated associated companies .....	17,128	24,538	43,588	102,665
Earnings before taxes on income and cumulative effect on prior years of changes in accounting policies .....	14,503	39,530	37,726	204,124
Taxes on income .....	6,975	7,269	11,948	38,337
Earnings before cumulative effect on prior years of changes in accounting policies .....	7,528	32,261	25,778	165,787
Cumulative effect on prior years of changes in accounting policies, net of tax effect .....	—	—	—	20,866
<b>Net Earnings</b> .....	<b>\$ 7,528</b>	<b>\$ 32,261</b>	<b>\$ 25,778</b>	<b>\$ 186,653</b>
<b>Net Earnings—Per Common Share:</b> (b)				
Earnings before cumulative effect of accounting changes .....	\$ .24	\$1.09	\$ .92	\$5.60
Cumulative effect .....	—	—	—	.71
Net Earnings .....	<b>\$ .24</b>	<b>\$1.09</b>	<b>\$ .92</b>	<b>\$6.31</b>
Cash dividends per share:				
Common .....	\$ .35	\$ .50	\$ .70	\$1.00
Preferred .....	\$ .29	—	\$ .29	—

(a) Interest cost incurred during the second quarter of 1981 was \$12.7 million, of which \$3.8 million was capitalized (1980, \$6.6 and \$1.8 million). For the six months ended June 30, 1981, interest cost incurred was \$23.0 million, of which \$6.8 million was capitalized (1980—\$13.1 and \$2.7 million).

(b) Based on average number of shares outstanding for the six month periods: 1981—25,631,126 shares; 1980—29,596,635 shares. The dilutive effect of the Company's Common Stock equivalents (shares under option) and Convertible Preferred Stock was insignificant or anti-dilutive.