

DOCUMENT RESUME

*Released*  
*2/16/76*

00187 - [A0590647] (~~Restricted~~)

Review of the Sale of Chromite from the Defense Production Act Stockpile. LCD-77-404; B-159161. December 10, 1976. 4 pp.

Report to Sen. Lee Metcalf, Chairman, Senate Committee on Interior and Insular Affairs: Minerals, Materials and Fuels Subcommittee; by Elmer B. Staats, Comptroller General.

Issue Area: Materials: Conserving Scarce Raw Materials (1805).

Contact: Logistics and Communications Div.

Budget Function: Natural Resources, Environment, and Energy: Other Natural Resources (306).

Organization Concerned: General Services Administration; Federal Preparedness Agency; Metallurg, Inc.

Congressional Relevance: Senate Committee on Interior and Insular Affairs: Minerals, Materials and Fuels Subcommittee.

Authority: Defense Production Act of 1950.

The sale of metallurgical grade chromite from the stockpile at Nye, Montana, was investigated. The chromite was low-grade ore mined between 1953 and 1962 at about \$35.21 a ton and sold in 1974 for an average of \$7.65 a ton.

Findings/Conclusions: In 1963, it was determined that the entire 900,000 tons of chromite ore was excess, and its sale was directed. The ore was considered substandard and was deemed uneconomical for processing because of its location about 45 miles from the nearest railroad. The 1963 disposal authorization was restricted to Government agencies and required that the ore not be offered for public sale. Commercial sales were authorized in 1966, and although several commercial proposals were made, none was consummated before the 1974 high bid of \$7.65 a ton. It is estimated that it cost the buyer an additional \$45 a ton to move the ore to a domestic consumer or smelter. Metallurg, Inc., is a New York corporation whose controlling interest is held by an American citizen. All phases of the bidding procedure and contract provisions were found to be proper. (RRS)

00187

CONFIDENTIAL DOCUMENT --- NO DIGEST