

ASARCO

Armand L. Labbe
Manager

April 12, 1977

NOTICE TO EMPLOYEES:

In February of last year the Puget Sound Air Pollution Control Authority granted the Asarco Tacoma Smelter a five-year variance from several of its regulations in order to allow us to go forward with a further pollution control program. At the hearing before PSAPCA there seemed to be no disagreement among any of the parties over the need for a variance but there was disagreement as to whether the variance should be for the five years requested by the Smelter or for only one year.

Since the pollution control program that we intended to follow would stretch over several years and because the mines that ship ore to the Tacoma Smelter must be able to plan their own operations, we believe that a five-year variance was appropriate. PSAPCA agreed with us and granted the variance for five-years.

Several environmental groups and a number of individuals who were parties to the proceedings appealed the granting of the five-year variance to the Hearings Board. One of their contentions was that a variance in excess of one year cannot lawfully be granted unless there is first prepared an environmental impact statement. No such statement had been prepared.

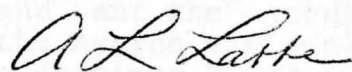
Last week the Hearings Board ruled that an environmental impact statement was required for a variance in excess of one year. The order set aside the variance and sent the matter back to PSAPCA for further proceedings on the Asarco variance application. Asarco has the right to appeal the Hearings Board order and intends to do so.

Prompted partly by this ruling of the Hearings Board, the Federal Environmental Protection Agency on April 5 issued to the Smelter a Notice of Violation. The Notice claims that the Smelter is presently operating in violation of the provisions of the Washington State Implementation Plan concerning emission of sulfur dioxide and opacity.

We have now had the opportunity to study carefully the opinion written by the Hearings Board and the communication from EPA concerning the Notice of Violation. We do not believe that it was the intention or the desire of the Hearings Board or EPA to bring about the closing of the Smelter. In its opinion, the Hearings Board pointed out that nothing in the law would prohibit the Puget Sound Air Pollution Control Agency from granting a variance of one year or less while an environmental

impact statement was being prepared in support of a longer term variance. Mr. DuBois, the Regional Administrator of the Environmental Protection Agency, in his covering letter advising us of the issuance of the Notice of Violation expressed the hope that Asarco will continue to cooperate with EPA so that a sound resolution of the issues may be reached.

We believe that the Smelter has acted in good faith to carry out the pollution control program outlined to PSAPCA last year and we believe that both the local and federal authorities are prepared to recognize our efforts and we do intend to continue cooperating with all of the enforcement authorities. Nevertheless, we may be faced with some difficult decisions. Under the federal law, the issuance of a Notice of Violation sets in motion a 30-day period of time at the end of which time EPA has the authority, if it chooses to do so, to ask a court to impose severe civil and criminal penalties against the Smelter and its people if we have continued to operate. It has been Asarco's policy, here at Tacoma and all of its plants, that we will not operate under such circumstances. We intend to take advantage of every opportunity afforded us to confer with EPA and will seek assurances from EPA that penalties will not be imposed while we operate the plant pending our diligent efforts to resolve the complex issues that have been raised. While we have every reason to hope that we will be permitted to continue operating the plant, we must nevertheless acknowledge the possibility that we may be unsuccessful in securing the necessary assurances and that therefore operations at the plant may have to be interrupted.



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