



September 24, 2004

Ms. Cheryl Woodall
On-Scene Coordinator – US Forest Service
10600 NE 51st Circle
Vancouver, WA 98682

Azurite Mine and Mill Site
Whatcom County, Washington

Dear Ms. Woodall:

A request was made by the U.S. Forest Service to Mr. Douglas McAllister, Vice President, General Counsel and Secretary for ASARCO to conduct an EE/CA at the Azurite Mine and Mill Site. In the course of responding to this request, allow me to provide some background.

On April 25, 1994 ASARCO received an "Early Notice Letter" for the Azurite Mine Tailings Pile from the Washington Department of Ecology (DOE). Through that letter DOE advised ASARCO that the site was contaminated with hazardous substances based on available information. The DOE also advised ASARCO that "If a cleanup action does not occur on this property, Ecology will conduct a more detailed inspection at a future time, that may include testing for contamination."

Research has determined that between 1934 and 1939 a total of 72,700 tons of ore was produced by American Smelting and Refining (ASARCO) under an agreement with the Azurite Gold Company.

On August 18, 1994 Mr. Chris Pfahl of ASARCO, Dale Tonseth, a retired USFS employee, and Ardis Bynum, on the staff of the Okanogen National Forest visited the site. This was not an easy trip. The last 11 miles could only be accomplished with difficulty using an ATV. As reported elsewhere the site contained a tailing pile, mill foundation, dilapidated office building and mine dump. In an internal report Mr. Pfahl made the following comments:

- The Forest Service is clearly the owner of the mine site and they acknowledged that they saw no reason to take any actions at the site. Their belief is similar to ours that improving the road to get equipment to the site in order to perform minor reclamation activities would probably have more negative impacts on the environment than simply letting the site remain as is.

RECEIVED
SEP 27 2004

Office of the General Counsel
JESG - Portland, Oregon

- The only reason Washington DOE made an issue out of the site is because the unpatented claim owners (promoters) were proposing to construct a cyanide plant at the mine site to recover gold in the tailings. All indications are that the proposal has been shelved as it was uneconomic.
- The forest service representatives indicated that the concern with the waste rock dump was erosion of the material into the creek. The Washington Department of Ecology sampled the creek, both upstream and downstream of the dump. The data indicates that the water meets chronic aquatic standards both upstream and downstream of the dump.

As a result of these observations no action was taken or anticipated in 1994 or since that time by ASARCO.

ASARCO is presently conducting much of its environmental remediation work as directed by an annual budget from U.S EPA and the Department of Justice. This is pursuant to a federal consent decree (U.S. v ASARCO and Southern Peru Holdings 1/31/2003) The work through this budget is paid for out of an environmental trust fund. ASARCO has no money allocated from the trust fund in 2004 for work at Azurite. For 2005 it would be up to the U.S. Forest Service to persuade EPA and DOJ that the criticality of work at Azurite justifies funding from the 2005 Budget allocation.

Therefore, at this time, ASARCO must decline your request to conduct an EE/CA for the Azurite Mine and Mill Site.

Sincerely,



Donald A. Robbins
Director of Environmental Services

CC: James Alexander – USDA
David Dain - DOJ
Doug McAllister
Tom Aldrich
Chris Pfahl