

News Release



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Gov. Brewer Approves \$30 Million in ASARCO Settlements to Clean up Former Mine Sites and Compensate Arizona for Natural Resource Damages

PHOENIX (May 19, 2009) – Governor Jan Brewer announced today the participation of Arizona in two settlements, valued at about \$30 million in cash and land transfers to the State, with the copper mining company ASARCO. The settlements were filed last month in U.S. Bankruptcy Court in Texas and are awaiting approval.

The settlements compensate Arizona for damages to its natural resources and provide funds to Arizona to ensure cleanup of three historical mine sites -- Sacaton, northwest of the city of Casa Grande; Salero, northwest of the Town of Patagonia; and Trench, south of Patagonia.

The settlements also assist ASARCO in emerging from bankruptcy and help protect 2,500 jobs at the company's sites remaining in operation: the Ray Complex Mine and Smelter near Kearny, the Silver Bell Mine northwest of Tucson, and the Mission Complex south of Tucson. The settlements are known as the Remediation Trust Settlement and the Natural Resource Damage Settlement.

“The settlements represent many years of work and cooperation among our state agencies, ASARCO, and other cooperating states,” Gov. Brewer said. “We welcome both the environmental settlements which will preserve three parcels of land that are treasures along Arizona’s river system, and the big steps we take today to preserve Arizona jobs. The settlement today is indeed a win-win for Arizona’s natural resources and for Arizona’s economy as we emerge from a devastating economic downturn.”

“The settlements also include a \$23 million Remedial Trust, funded by ASARCO, to clean up the three sites in Arizona,” said ADEQ Acting Director Patrick J. Cunningham. “These sites are now owned by ASARCO but are no longer operating.”

The Natural Resource Damage Settlement provides nearly \$4 million in unsecured claims for restoration, perpetual operation and maintenance and a transfer of three parcels of land, totaling about 1,000 acres, to the Trustees to be owned by the Arizona Game and Fish Commission and managed for wildlife.

The parcels, located along about 4 miles of the Lower San Pedro River south of the towns of Winkelman and Hayden near the confluence with Aravaipa Creek, are home to many

diverse species, including neo-tropical migratory birds, nesting raptors, the endangered southwestern willow flycatcher, and waterfowl species. ASARCO and the State of Arizona have estimated the total cash value of the properties to be between \$3 million and \$4 million, and it compensates the State for damage done to Arizona's natural resources.

"The San Pedro River supports nearly two-thirds of the avian diversity in the United States. All three parcels to be deeded to the Arizona Game and Fish Commission in this settlement have dense riparian habitat and high ecological value. The Game and Fish Department will manage the parcels and associated water rights in perpetuity for wildlife benefits and in stewardship for the citizens of Arizona," said Game and Fish Director Larry Voyles.

The three Arizona remedial sites to be cleaned up are the Sacaton site (\$20 million); and the Trench site and Salero site (\$2.85 million combined). The funds will be used to reclaim, revegetate, or cap acid-generating tailings and waste-rock piles located at these sites.

The settlements act to safeguard State Trust Land that abuts the three ASARCO parcels transferred to Game and Fish for preservation. The State Trust lands make up part of the riparian area along the San Pedro and are of great value to the state and the Permanent School Trust.

"This settlement will provide for the restoration of one of the most important riparian areas in our State," said State Land Commissioner Mark Winkleman.

The settlements to resolve damage to natural resources are the result of negotiations among ASARCO, ADEQ, the Arizona State Land Department, the Arizona Game and Fish Department, the Arizona Attorney General, and the U.S. Departments of Justice and the Interior, represented by the U.S. Fish and Wildlife Service and the Bureau of Land Management. The damages for release of hazardous substances are being awarded under the federal Superfund law, and ADEQ acts as Arizona's Natural Resource Trustee under federal law by delegation from the Governor.

These two settlements are in addition to two other agreements between ADEQ and ASARCO already filed with the U.S. Bankruptcy Court in Texas. In June 2008, ASARCO agreed with the State of Arizona and U.S. Environmental Protection Agency to clean up contamination from the company's mining activities in Hayden and Winkelman, and the agreement has received formal approval by the U.S. Bankruptcy Court in Texas overseeing ASARCO's bankruptcy proceedings.

Under terms of the agreement ASARCO will spend \$13.5 million to clean up contaminated soils from residential areas in the towns with high levels of arsenic, copper or lead. ASARCO also will reimburse ADEQ and EPA for oversight activities related to the cleanup. In October 2008, ASARCO agreed to pay ADEQ \$880,000 to fund cleanup of the Helvetia mine site south of Tucson. The mine is no longer owned or operated by ASARCO.