

Item ①

ST. JOE LEAD COMPANY
Smelting Division
Herculaneum, Missouri 63048

To: R. E. Peppers

Dated: September 13, 1985

From: D. L. Vornberg

Subject: Regulatory Matters of Significant Liability

The following is a worst case summary of our potential smelter liabilities from environmental regulatory matters from currently unresolved matters:

- (1) Acid Rain legislation is currently contemplated in Congress. Under some of the proposals the State of Missouri would be required to reduce sulfur dioxide emissions. Substantially, the State is currently conducting a study of 16 large SO₂ generators to see how they would accomplish this. Herculaneum is one of those sources. Recent court decisions could allow EPA to implement this action without Congressional approval.

Our preliminary estimates, indicate a 50% increase in the cost of making lead at Herculaneum.

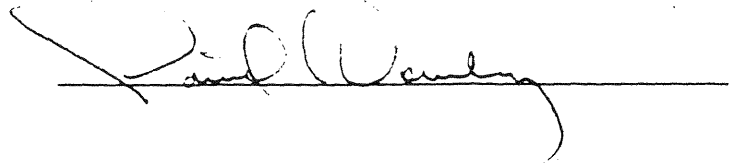
- (2) The USEPA lead standard requires community air lead levels at the fenceline of smelters or other lead sources to be lowered to 1.5 ug/M³. This level is to be achieved in our case by April, 1986. It is unlikely that we can meet it then or at any time under the current regulations. EPA is considering lowering that number to 0.7 ug/M³. Herculaneum will be in an untenable position in either case by 1986 unless some relief is obtained. The company exhausted its judicial review of the law five years ago when the Supreme Court refused to review the industry's petition.
- (3) The Occupational Safety and Health Administration (OSHA) in 1978 promulgated a comprehensive regulation controlling the exposure of our employees to inorganic lead. The standard is unachievable in the workplace, yet, we are required to continue to spend money on environmental controls each year. We are currently in negotiations with OSHA and the Union regarding those controls for the next five years. Those negotiations are going poorly and very large sums may be required. In addition the standard has increased our operating costs significantly in its administration and the increase in the number of workers required because some workers must be removed from exposure for long periods of time. If our current variance request for blood-leads is denied, we could have up to 40 more people on immediate medical removal. Legal relief has failed and does not offer any future hope.
- (4) Congress has temporarily exempted the mining and smelting industry from compliance with the Resource Conservation and Recovery Act (RCRA) which regulates hazardous wastes. EPA has completed studies which could end the exemption with the next twelve months and bring the smelter under these regulations. The cost impact if implemented in its current form for our

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blast furnace slag would be unbearable. Under a related law the CRCLA "Superfund Act" St. Joe could pay a large tax on the production of lead. At the last time this was proposed, the cost implication was almost \$2 million dollars.

Other lead smelters in our industry have been declared Superfund sites by EPA. Costs to rectify potential concerns could be in the tens of millions of dollars.

A handwritten signature, likely "Paul W. Wenzel", is written over a horizontal line. The signature is in cursive and extends below the line.

DLV/csh

cc: H. L. Rowland

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