

Monsanto Enviro-Chem

Monsanto Enviro-Chem Systems Inc.
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March 20, 1978

RECEIVED MAR 27 1978

Mr. R. H. Hunt
ASARCO, Inc.
P. O. Box 1111
El Paso, Texas 79912

Reference: 17H 0711
Subject: EA-26EP-NY3954 PLT. 623
MEC Letter No. 2102-216
GENERAL CORRESPONDENCE
ASARCO File No. 8.1

Dear Rod:

This confirms the results of our meeting of March 14, 1978 concerning the delayed start-up of the acid plant.

Personnel Present:

ASARCO

R. H. Hunt
C. Glasser

MEC

J. L. Serra-Jones
W. E. Wood

The following points were discussed:

1. The start-up of the acid plant will now be October 1, 1978.
2. ASARCO and Enviro-Chem (MEC) will agree upon a mechanical completion date, which will be considered as the date at which initial operations would have begun had the start up not been delayed. At that date, all items described in Exhibit C, Paragraph A-1, "Completion of Construction", and Exhibit C, Paragraph A-2, "Commissioning", will be assumed to have been completed. This date is now projected to be April 14, 1978.
3. A similar completion date will be developed for the decolorization area.
4. MEC, with ASARCO's concurrence, will develop a list of items which will have to be completed before plant is started up. Some examples are installation of catalyst, hydrostatic testing of lines, etc. This list will be used to determine the estimated

PLAINTIFF'S EXHIBIT

ASA-1147

ASARCO ELP 0008022

final cost of the project, any adjustments to be made to the guaranteed maximum, and the lead time necessary before actual start-up.

5. It is assumed that the normal time lapse between initial operation and plant acceptance. This is for the purpose of determining dates that final payments are due.
6. ASARCO will pay MEC the savings participation, fee adjustments due to variation orders and all accumulated retention to the acceptance date. ASARCO will retain any fee payment due after that date under contract Exhibit E, "Fixed Fee Payment Schedule".
7. Enviro-Chem will extend its catalyst and performance guarantees from the new start-up date and will recommend which major pieces of equipment should have their guarantees extended. MEC will also make preliminary contacts with those vendors to try to extend their guarantees.
8. Enviro-Chem will prepare a "mothballing" procedure specific to this plant, and ASARCO will be responsible for maintaining the plant during the idle period in accordance with that procedure. A copy of a typical "mothballing" procedure was given to Mr. Hunt for his information.
9. Enviro-Chem will require the execution of a formal addendum to the contract, signed by an officer of MEC, setting forth the above. A copy of a typical agreement was given to Mr. Hunt for his consideration.
10. Although no specific time was set for the completion of this agreement, it must be completed by April 14, 1978, which is the current projected mechanical completion date. In order to accomplish this, the punch list described on Item 3 and the procedure required on Item 8 will be completed by April 3, 1978. Concurrence by ASARCO on the wording of the agreement described on Item 9 should be completed no later than April 10, 1978.

The above covers the main points discussed during the meeting. If you have any comments or suggestions, please do not hesitate to contact me.

Very truly yours,

Julio Serra-Jones
J. L. Serra-Jones
Senior Project Manager

J
cc: ASARCO
Salt Lake City
E. H. Haug/W. T. Sweat
M. L. Leary
W. H. Mahoney

El Paso
W. Kelly
C. Glasser

MEC
D. R. Bounds
D. L. Chapman
H. E. Crow
G. H. Crozier
J. L. Serra-Jones
W. M. Wood
File No. 2102-6.1