October 10, 2008

Mr. Rick Bianchi  
Division Manager  
Centex Homes, Los Angeles, Ventura Division  
27200 Tourney Road #200  
Santa Clarita, California 91355

PRELIMINARY ENDANGERMENT ASSESSMENT AND RADIOLOGICAL CHARACTERIZATION OF DAYTON CANYON FOR CENTEX HOMES–STERLING PROPERTY AT ROSCOE BOULEVARD AND VALLEY CIRCLE BOULEVARD, WEST HILLS, LOS ANGELES COUNTY, CALIFORNIA

Dear Mr. Bianchi:


The PEA report summarizes results of environmental investigations conducted from September 2005 to April 2006 to determine if the property has been impacted by chemicals associated with past activities on and off the property, in particular by chemicals associated with activities at the Santa Susana Field Laboratory (SSFL) located less than 2 miles west of the 106-acre property. The property was investigated for perchlorate, volatile organic compounds in soil and soil gas, metals, hydrazine, dioxins, and poly-aromatic hydrocarbons. The report concludes that no significant health risks were identified during the PEA, and that no further action is necessary.

The radiological report describes the radiological surveys conducted at the site in 2005 and 2007 in response to concerns that radiological materials may have migrated from the SSFL facility onto the property. The property was investigated for Cesium-137, Strontium-90, Plutonium 238, and Plutonium 239/240. The report presents an
evaluation of the current condition of the general area of Dayton Canyon supported by data from the site and other published documents. In addition, the report presents the results of a radiological risk assessment that concludes that there are no significant health risks associated with contamination at the site.

DTSC agrees that the information provided in these reports does not indicate the presence of a threat to human health or the environment. DTSC's finding is subject to the conditions specified below:

1. As with any real property, if previously unidentified contamination is discovered at the site, additional assessment, investigation, and/or cleanup may be required. If Centex Homes proceeds with construction at the site, Centex Homes should suspend all construction activities on the property and shall contact DTSC immediately in the event that any industrial, construction or other material or debris associated with the SSFL, or any material or debris of uncertain nature or origin is uncovered during grading or construction work at the site.

2. The recent discovery of rocket motor igniters buried on the nearby Sage Ranch property underscores the possibility that perchlorate containing materials from the SSFL may have been disposed of elsewhere outside the limits of the SSFL, including Dayton Canyon. To address this concern, DTSC will seek access to the Dayton Canyon property at various times in the future to independently collect and test soil and water samples for perchlorate.

In addition, monitoring of surface water runoff from the SSFL is currently conducted by SSFL owners and operators, and the results are reviewed by the State. If the monitoring data indicate significant releases of perchlorate or other contaminants toward the 106-acre property, DTSC and/or the Los Angeles Regional Water Quality Control Board will require appropriate corrective action.

If you have any questions, please call me at (916) 327-8642.

Sincerely,

[Signature]

Norman E. Riley
SSFL Project Director

Enclosure
Mr. Rick Bianchi
October 10, 2008
Page 3

cc: Ms. Tracy Egoscue
Executive Officer
Los Angeles Regional Water Quality Control Board - Region 4
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Mr. Rick Bianchi  
October 10, 2008  
Page 4

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