



- 1 Northrop Grumman Systems Corporation )
- 2 Quemetco, Inc. )
- 3 Rohr, Inc. )
- 4 Shell Oil Company )
- 5 Southern California Edison )
- 6 Thums Long Beach Company )
- 7 Union Carbide Corporation )
- 8 Union Oil Company of California )
- 9 Washington Mutual Bank, F.A. )
- 10 Western Waste Industries, Inc. )
- 11 Xerox Corporation )
- 12 \_\_\_\_\_ )
- 13

14           The State Department of Toxic Substances Control (DTSC) and the Settling Respondents  
 15 described above (collectively, the Parties) enter into this Interim Settlement Agreement and agree,  
 16 as follows:

17           1. DTSC issued an Imminent and Substantial Endangerment Order and Remedial Action  
 18 Order (ISE Order) on December 2, 2004, which became effective on December 9, 2004. The ISE  
 19 Order concerns the BKK Sanitary Landfills and Leachate Treatment Plant in West Covina,  
 20 California, as described in Section 1.2 of the ISE Order (the Site). With the exception of  
 21 ConocoPhillips Company, Northrop Grumman Systems Corporation and Union Carbide  
 22 Corporation, the Settling Respondents or associated entities were named as respondents in the ISE  
 23 Order. On March 14, 2005, the Parties entered into the Interim Consent Agreement, which was the  
 24 first interim settlement agreement between the Parties.

25           2. This Interim Settlement Agreement is entered by the Parties pursuant to Health and  
 26 Safety Code section 25355.5(a)(1)(C). Health and Safety Code section 25355.5(a) (1) (C)  
 27 authorizes DTSC to enter into an enforceable settlement agreement with a responsible party for a  
 28 site.

1           3. To facilitate ongoing settlement discussions concerning the ISE Order, the Settling  
2 Respondents have agreed to advance to DTSC another Five Hundred Thousand Dollars  
3 (\$500,000) to fund certain emergency response activities at the Site.

4           4. Accordingly, the Settling Respondents shall pay DTSC the sum of \$500,000, by  
5 April 15, 2005. The Settling Respondents shall send a check made payable to the  
6 Department of Toxic Substances Control to:

7                     Accounting Office  
8                     Department of Toxic Substances Control  
9                     1001 I Street, 21<sup>st</sup> Floor  
10                    P.O. Box 806  
11                    Sacramento, California 95812-0806

12 A photocopy of the check shall be sent to:

13                     Marilee Hanson, Esq.  
14                     Office of Legal Counsel and Investigations  
15                     Department of Toxic Substances Control  
16                     1001 I Street, 21<sup>st</sup> Floor  
17                     P.O. Box 806  
18                     Sacramento, California 95812-0806

19 On the check, the Settling Respondents shall state "BKK Future Costs."

20           5. DTSC stipulates that the payment to be made under this Interim Settlement Agreement is to  
21 fund "response costs" at the Site as defined under the Comprehensive Environmental  
22 Response, Compensation and Liability Act (CERCLA) and the State Hazardous Substances  
23 Account Act (HSAA), and that those response costs are consistent with the National  
24 Contingency Plan (NCP).

25           6. Upon receipt of the Settling Respondents' advance payment, DTSC:

26                     (a) shall, subject to the terms of this paragraph, deem the Settling Respondents  
27 named in the ISE Order to be in compliance with the ISE Order from its effective date through  
28 May 13, 2005, or until such time as compliance with the ISE Order is addressed by an executed  
future settlement agreement, whichever occurs first. However, in the event that compliance with  
the ISE Order is not addressed by an executed future settlement agreement on or before  
May 13, 2005, the Parties agree that the compliance determination referenced above shall no  
longer apply to the period from the effective date of the ISE Order through March 14, 2005, and the

1 Preliminary Notice of Noncompliance issued to Settling Respondents named in the ISE Order on  
2 February 10, 2005, shall apply to the period from the effective date of the ISE Order through  
3 March 14, 2005, and as applicable after May 13, 2005; and

4 (b) agrees not to initiate any enforcement action against the Settling Respondents  
5 with respect to the Site from this Interim Settlement Agreement's effective date through May 13,  
6 2005, except any enforcement action that is necessary to address imminent and substantial  
7 endangerment or emergency conditions at the Site (including, but not limited to, acts or occurrences  
8 such as fire, earthquake, explosion, landslide or imminent human exposure to hazardous  
9 substances caused by the release or threatened release of hazardous substances) that arise from  
10 this Interim Settlement Agreement's effective date through May 13, 2005.

11 7. This Interim Settlement Agreement is an interim agreement that has been negotiated for the  
12 limited purpose of facilitating additional settlement discussions concerning the ISE Order  
13 during April and through May 13, 2005. This Interim Settlement Agreement does not  
14 constitute compliance with or satisfaction of the ISE Order or the HSAA for any periods  
15 other than the compliance periods as identified in Paragraph 6 (a) above. This Interim  
16 Settlement Agreement is also not a release from liability for any conditions or claims arising  
17 as a result of past, current, or future operations of the Settling Respondents.

18 8. The Settling Respondents' advance payment to DTSC shall be reflected in any future  
19 settlement agreement concerning the ISE Order. If DTSC and the Settling Respondents are  
20 unable to reach any further settlement concerning the ISE Order, the Settling Respondents'  
21 advance payment to DTSC shall be treated as a credit to be applied towards the Settling  
22 Respondents' liability with respect to the Site, if any.

23 9. The effective date of this Interim Settlement Agreement is the date that it is signed by  
24 DTSC.

25 10. This Interim Settlement Agreement constitutes the entire agreement between the Parties  
26 and may not be amended, supplemented, or modified, except in writing that is signed by  
27 both the Parties. Nothing in this Interim Settlement Agreement shall be deemed to be an  
28 admission of liability or of any fact by the Settling Respondents with respect to the Site.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

11. Each undersigned representative of the Parties certifies that he is fully authorized to enter into the terms and conditions of this Interim Settlement Agreement and to execute and legally bind the Parties to this Interim Settlement Agreement.

12. This Interim Settlement Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, but such counterparts shall together constitute one and the same document.

FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL:

Dated: 4/15/05

By: //signed by//  
B.B. BLEVINS, Director

FOR THE STIPULATING RESPODENTS:

Dated: 4/14/05

By: //signed by//  
JAMES J. DRAGNA, Esq.