

- 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
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

1. DTSC issued an Imminent and Substantial Endangerment Order and Remedial Action Order (ISE Order) on December 2, 2004, which became effective on December 9, 2004. The ISE Order concerns the BKK Sanitary Landfills and Leachate Treatment Plant in West Covina, California, as described in Section 1.2 of the ISE Order (the Site). With the exception of ConocoPhillips Company, Northrop Grumman Systems Corporation and Union Carbide Corporation, the Settling Respondents or associated entities were named as respondents in the ISE Order. On March 14, 2005, the Parties entered into the Interim Consent Agreement, which was the first interim settlement agreement between the Parties. On April 15, 2005, the Parties entered into the Interim Settlement Agreement, which was the second interim settlement agreement between the Parties.

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

5 3. To facilitate ongoing settlement discussions concerning the ISE Order, the Settling
6 Respondents have agreed to advance to DTSC another Five Hundred Thousand Dollars
7 (\$500,000) to fund certain emergency response activities at the Site.

8 4. Accordingly, the Settling Respondents shall pay DTSC the sum of \$500,000, by
9 May 16, 2005. The Settling Respondents shall send a check made payable to the
10 Department of Toxic Substances Control to:

11 Accounting Office
12 Department of Toxic Substances Control
13 1001 I Street, 21st Floor
14 P.O. Box 806
15 Sacramento, California 95812-0806

16 A photocopy of the check shall be sent to:

17 Marilee Hanson, Esq.
18 Office of Legal Counsel and Investigations
19 Department of Toxic Substances Control
20 1001 I Street, 21st Floor
21 P.O. Box 806
22 Sacramento, California 95812-0806

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

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

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

 (a) shall, subject to the terms of this paragraph, deem the Settling Respondents
named in the ISE Order to be in compliance with the ISE Order from its effective date through

1 June 12, 2005, or until such time as compliance with the ISE Order is addressed by an executed
2 future settlement agreement, whichever occurs first. However, in the event that compliance with
3 the ISE Order is not addressed by an executed future settlement agreement on or before
4 June 12, 2005, the Parties agree that the compliance determination referenced above shall no
5 longer apply to the period from the effective date of the ISE Order through March 14, 2005, and the
6 Preliminary Notice of Noncompliance issued to Settling Respondents named in the ISE Order on
7 February 10, 2005, shall apply to the period from the effective date of the ISE Order through
8 March 14, 2005, and as applicable after June 12, 2005; and

9 (b) agrees not to initiate any enforcement action against the Settling Respondents
10 with respect to the Site from this Second Interim Settlement Agreement's effective date through
11 June 12, 2005, except any enforcement action that is necessary to address imminent and
12 substantial endangerment or emergency conditions at the Site (including, but not limited to, acts or
13 occurrences such as fire, earthquake, explosion, landslide or imminent human exposure to
14 hazardous substances caused by the release or threatened release of hazardous substances) that
15 arise from this Second Interim Settlement Agreement's effective date through June 12, 2005.

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

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

1 9. The effective date of this Second Interim Settlement Agreement is the date that it is
2 signed by DTSC.

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

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

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

13
14 FOR THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL:

15
16
17 Dated: 5/16/05

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

18
19 FOR THE STIPULATING RESPONDENTS:

20
21
22 Dated: 5/13/05

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