

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
DEPARTMENT OF TOXIC SUBSTANCES CONTROL

In the Matter of:

BKK Landfills and
Leachate Treatment Plant
2210 South Asuza Avenue
West Covina, California 91792

Settling Respondents:

American Honda Motor Co., Inc.
Anadarko Petroleum Corporation
(for RME Petroleum Company)
Atlantic Richfield Company
Bayer CropScience, Inc., as legal successor
to Stauffer Chemical Company
Chemical Waste Management, Inc.
Chevron Environmental Management
Company, on behalf of Chevron U.S.A., Inc.,
Texaco Exploration and Production, and
Texaco, Inc.
The City of Los Angeles, acting by and through
the Los Angeles Department of
Water and Power
ConocoPhillips Company
Ducommun Aerostructures, Inc., as successor
by merger of Aerochem, Inc., and AHF-
Ducommun Incorporated
Exxon Mobil Corporation, for itself, its
subsidiary ExxonMobil Oil Corporation and its
other subsidiaries and affiliates
General Motors Corporation
Honeywell International, Inc., on behalf of
Honeywell Aerospace and Honeywell Turbo
Technologies
National Steel and Shipbuilding Company

Docket No. I/SE-D 04/05-004

**INTERIM SETTLEMENT
AGREEMENT**

Health and Safety Code
Section 25355.5(a)(1)(C)

- 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)
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The State Department of Toxic Substances Control (DTSC) and the Settling Respondents described above (collectively, the Parties) enter into this 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.

2. This Interim Settlement Agreement is entered by the Parties pursuant to Health and Safety Code section 25355.5(a)(1)(C). Health and Safety Code section 25355.5(a) (1) (C) authorizes DTSC to enter into an enforceable settlement agreement with a responsible party for a 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, 21st 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, 21st 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.

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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 RESPONDENTS:

Dated: 4/14/05

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