

QUARTERLY PROGRESS REPORT

AS REQUIRED BY

**SETTLEMENT AGREEMENT AND
ADMINISTRATIVE ORDER ON CONSENT
(AOC3)**

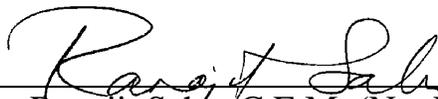
SECTION XIII, PARAGRAPHS 1 and 2.

SUBMITTED BY

BASIC REMEDIATION COMPANY

DATED JULY 15, 2011

I hereby certify that I am responsible for the services described in this document and for the preparation of this document. The services described in this document have been provided in a manner consistent with the current standards of the profession and to the best of my knowledge comply with all applicable federal, state and local statutes, regulations and ordinances. I hereby certify that all laboratory analytical data was generated by a laboratory certified by the NDEP for each constituent and media presented herein.



Dr. Ranajit Sahu, C.E.M. (No. EM-1699, Exp. 10/07/2011)

Date

BRC Project Manager

1. Introduction

This Quarterly Progress Report is being submitted to the Nevada Division of Environmental Protection (NDEP) pursuant to the requirements of Paragraphs 1 and 2 of Section XIII of the AOC3 executed between the Parties and NDEP on February 15, 2006. The format of this report is based on the requirements stated in Paragraph 1 of Section XIII. This report covers activities between April 1 and June 30, 2011.

2. Actions Taken Towards Achieving Compliance

In addition to the various documents submitted to the NDEP discussed below, BRC and NDEP held meetings and telephone calls in order to achieve progress on project activities. Telephone meetings were held between the BRC management, the BRC Project Manager and the NDEP Project Manager (occasionally along with representatives from the City of Henderson as well as consultants representing the prospective property buyer) roughly every two weeks. Minutes of these meetings are maintained separately.

Several iterative rounds of limited remediation activities involving scraping, as needed, for the Phase I development/First 8 Rows sub-area were conducted, along with follow-up confirmation sampling. The CAMU (Phase V only) remains open in order to accept wastes as needed and will remain open till remediation activities cease or diminish. BRC and NDEP had several discussions relating to CAMU maintenance items relating to storm-water impacts and spot erosion due to rainfall and with regards to pumping of residual liquids from the Phase I vadose zone sump. BRC continues to inspect and maintain the CAMU.

NDEP reissued the prior NFAs for Parcels 4A and 4B in the new format.

Separately, BRC: (a) continued discussions with the NDEP regarding the pending NFA for the Galleria High School sub-area – in particular, the issue of proper determination of COPCs for this sub-area (and similarly situated sub-areas). In this regard, BRC has retained Dr. Jonathan Myers of Shaw Environmental to conduct geochemical statistical analyses; (b) had discussions with the NDEP relating to soil flux and is awaiting NDEP comments on this item; (c) submitted a revised report containing data for the second round of semi-annual CAMU area groundwater monitoring; (d) obtained comments from the NDEP on the Eastside groundwater Indicator Parameters Report; (e) is awaiting comments from the NDEP on the Eastside Upgradient Report; (f) submitted the report for the third semi-annual CAMU groundwater baseline data collection event; (g) submitted the DU/COPC selection package for the Southern RIBs area to the NDEP; and (h) initiated development of the CSM to support the RAS for Eastside groundwater.

Results of previous confirmation sampling were received and analyzed and appropriate data validation activities also occurred.

3. Sampling Conducted

BRC collected various samples in support of the remediation effort including confirmation and re-confirmation soil samples.

4. Work Plans and Other Deliverables Submitted Including Modifications

Attachment A shows a list of all documents that were submitted to NDEP in this period. Attachment B shows a list of all NDEP documents received during this period.

5. Actions Scheduled for Next Quarter

Activities planned include: continuing scraping of the various polygons in the First 8 Rows sub-area as needed; completing the DU/COPC selection for this sub-area after final confirmation samples are obtained; obtaining NDEP concurrence on the DU/COPC selection documents for Galleria High School site and Southern RIBs sub-areas; submitting HRAs for the Galleria HS site and the Southern RIBs area; finalizing the path-forward on side-by-side flux and soil gas analysis; obtaining NDEP concurrence on the report for the third round semi-annual CAMU area groundwater monitoring report; planning for the fourth and final baseline sampling event for the CAMU; obtaining approval of the various Eastside groundwater documents including the Upgradient and Indicator Compounds tech memos; and completion of the methodology to address COPC selection in instances where local background levels may be elevated as compared to the currently-approved background data sets (such as the Galleria HS site).

The following Work Plans and Other Deliverables are planned to be submitted to the NDEP in the next period:

- (i) Revised Project Schedule (updated as needed). Since there are a small number of current activities, a list of the current activities along with status and schedule is attached to this report.
- (ii) Various Data Validation Summary Reports, as needed.
- (iii) Various documents discussed above.

Additional documents may also be submitted depending on project progress.

6. Completions, Delays and Mitigations

The remediation effort is generally on schedule. However, BRC will await NDEP approvals on outstanding documents and NFAs before planning for completing remediation in the remaining sub-areas. Policy issues relating to the Hook and Open Space parcels need to be resolved and are in discussion with the NDEP.

7. Planned Modifications to Remedial Actions

None planned.

8. Community Relations Plan Actions Taken

None.

9. Community Relations Plan Actions for Next Quarter

The project website is updated periodically, as needed, to include documents submitted to the NDEP.

Appendix A - Documents Submitted To NDEP

| TO | FROM | DATE | SUBJECT |
|----------------------------|----------------------------|-----------|---|
| William Knight/Greg Lovato | ERM on behalf of BRC | 4/28/2011 | Eastside North Confirmation Soil Investigations – December 2010 through March 2011 (Dataset 72c); Revision 0 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 5/4/2011 | Data Validation Summary Report for the 2010 Eastside North Confirmation Soil Investigations – Part II (Dataset 72b); Revision 1 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 5/9/2011 | BRC Standard Operating Procedures: SOP-12 – Surface Soil Sampling and Analysis for Asbestos; Revision 8 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 5/13/2011 | Data Validation Summary Report for the Eastside North Surface Flux Investigations (Remaining Sub-Areas) (Dataset 71); Revision 0 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 5/17/2011 | Data Validation Summary Report for the Eastside North Confirmation Soil Investigations – December 2010 through March 2011 (Dataset 72c); Revision 1 |
| Greg Lovato | Geosyntec on behalf of BRC | 5/17/2011 | Phase I & II Sump Pumping Evaluation - Revised |
| William Knight/Greg Lovato | ERM on behalf of BRC | 5/24/2011 | Data Validation Summary Report for the CAMU Semi-Annual Groundwater Monitoring Event – March 2011 (Dataset 55g); Revision 0 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 6/10/2011 | Human Health Risk Assessment and Closure Report for the Southern RIBs Sub-Area; Interim Deliverable |
| William Knight/Greg Lovato | ERM on behalf of BRC | 6/22/2011 | CAMU March 2011 Semi-Annual Groundwater Monitoring Report; Revision 0 |
| William Knight/Greg Lovato | ERM on behalf of BRC | 6/22/2011 | Data Validation Summary Report for the CAMU Semi-Annual Groundwater Monitoring Event – March 2011 (Dataset 55g); Revision 1 |

Appendix B - Documents Received From NDEP

| TO | FROM | DATE | SUBJECT |
|------------|----------------|-----------|--|
| Mark Paris | Jim Najima | 4/7/2011 | Past Payment Requests |
| Mark Paris | Colleen Cripps | 4/12/2011 | Re: Statement of Position Pursuant to the NDEP Settlement Agreement and Administrative Order on Consent, BMI Common Areas Phase 3, dated Feb. 15, 2006 |
| Mark Paris | Greg Lovato | 4/14/2011 | NFA - Parcel 4A BMI Common Areas (Eastside Site) |
| Mark Paris | Greg Lovato | 4/14/2011 | NFA - Parcel 4B BMI Common Areas (Eastside Site) |
| Mark Paris | Greg Lovato | 4/14/2011 | NDEP's Response to: Transmittal of Evaluation Conducted for Multiple Lines of Evidence for the Selection of Metal COPCs, BMI Common Areas (Eastside) dated March 24, 2011 |
| Mark Paris | Colleen Cripps | 4/27/2011 | Re: Amended Letter of Decision Pursuant to the NDEP Settlement Agreement and Administrative Order on Consent, BMI Common Areas Phase 3, dated Feb. 15, 2006 |
| Mark Paris | Greg Lovato | 5/9/2011 | NDEP's Response to: Tech Memo - Indicator Parameter Selection, BMI Common Areas (Eastside) Dated January 21, 2011 |
| Mark Paris | Greg Lovato | 5/9/2011 | NDEP's Response to: DVSR for the 2010 Eastside North Confirmation Soil Investigations-Part II (Dataset 72b) Dated May 4, 2011 |
| Mark Paris | Jim Najima | 5/10/2011 | Interest and stipulated penalties for past quarterly payment requests in the NDEP letter dated April 7, 2011 |
| Mark Paris | Greg Lovato | 5/12/2011 | NDEP's Response to: BRC SOP, SOP-12, Surface Soil Sampling and Analysis for Asbestos, BMI Common Areas (Eastside) May 9, 2011 |
| Mark Paris | Greg Lovato | 5/12/2011 | NDEP's Response to: DVSR for the Eastside North Confirmation Soil Investigations (Dataset 72c) BMI Common Areas (Eastside), dated April 28, 2011 |
| Mark Paris | Greg Lovato | 5/16/2011 | NDEP's Response to: CAMU October 2010 Semi-Annual GW Monitoring Report, BRC CAMU Area, dated March 7, 2011 |
| Mark Paris | Greg Lovato | 6/13/2011 | NDEP's Response to: DVSR for the Eastside North Surface Flux Investigations (Remaining Sub-Areas) (Dataset 71) BMI Common Areas dated May 13, 2011 |
| Mark Paris | Greg Lovato | 6/13/2011 | NDEP's Response to: DVSR for the CAMU Semi-Annual GW Monitoring Event-March 2011 (Dataset 55g), BRC Corrective Action Management Unit (CAMU) Area dated May 24, 2011 |
| Mark Paris | Greg Lovato | 6/13/2011 | NDEP's Response to: DVSR for the Eastside North Confirmation Soil Investigations - December 2010 through March 2011 (Dataset 72c) BMI Common Areas (Eastside) dated May 17, 2011 |

Ongoing Activities List and Schedule

- Additional Evaluation of Metals. BRC preparing a revised package, with input from Dr. Jonathan Myers. Expected submittal date is July 31, 2011.
- Southern RIBs Risk Assessment. DU/COPC selection portion of HRA. BRC expecting NDEP comments before July 15, 2011.
- Galleria North High School Site. Metals evaluation in progress. See first item above.
- Soil Gas Evaluation. NDEP reviewing BRC submittal. Expect feedback by 7/15/11.
- First 8 Rows/Phase I Development. Final sampling results for R8 scrape expected 7/15/11. If OK, BRC will develop DU/COPC selection portion of HRA and submit to the NDEP by 8/1/11.
- Groundwater. Indicator Parameter Tech Memo. BRC to provide revised memo. BRC will wait till it also receives comments on the Upgradient Tech Memo below and submit revised versions of both memos. Expected date is 8/15/11, depending on when NDEP comments on the Upgradient Tech memo are received.
- Groundwater. Upgradient/Downgradient Tech Memo. NDEP to provide feedback by 7/15/11.
- CAMU GW Monitoring. BRC submitted report for the third event and is awaiting NDEP approval or feedback.
- CAMU CQA Issues. See items in minutes of CQA meetings, held separately.
- Access issues, MOSS. Litigation has been temporary suspended while both parties work towards a settlement that includes a transfer of property where the GTWS is located.
- Ampac Impacts on Hook Parcel. BRC and Ampac are in discussions regarding potential solutions. Ampac has indicated that other parties may be contributing. BRC planning to send a letter to all stakeholders by 8/1/11.