

QUARTERLY PROGRESS REPORT

AS REQUIRED BY

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

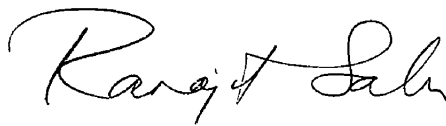
SECTION XIII, PARAGRAPHS 1 and 2.

SUBMITTED BY

BASIC REMEDIATION COMPANY

DATED JANUARY 15, 2013

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.



1/15/13

Dr. Ranajit Sahu, C.E.M. (No. EM-1699, Exp. 10/07/2013) 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 October 1 and December 31, 2012.

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.

The CAMU (Phase V only) remains open in order to accept wastes as needed and will remain open till remediation activities cease or diminish. Wastes from various “polygon” scrapes from the Eastside were placed into Phase V during this period. BRC also implemented various maintenance tasks at the CAMU and conducted repairs to rectify storm damage to portions of the CAMU storm channel during this period. BRC and the NDEP continued and concluded discussions on the long-term groundwater monitoring work plan, with NDEP approving the final workplan. It was agreed that the purpose of this long-term monitoring would be to facilitate, to the extent feasible, the detection of leaks from the CAMU. The purpose is not for further characterization of groundwater in this area. During this period, BRC also submitted an application to the NDEP for renewal of the CAMU RAP. The renewal application is under review and comments have been received from the NDEP.

Additionally, BRC: (a) submitted a final HRA to the NDEP in support of the final issuance of the NFA for the Galleria High School sub-area; (b) obtained the NFA for the Galleria High School sub-area; (c) submitted the HRA for the Galleria Road Right-of-Way (ROW) to the NDEP to support issuance of the NFA for the ROW; (d) submitted the HRA for the Southern RIBs sub-area to the NDEP to support issuance of the NFA for this sub-area; (e) submitted a data report to the NDEP containing chloroform data in selected groundwater wells in the Eastside, along with historical comparisons to similar data, in order to support vapor-intrusion risk assessments for various Eastside sub-areas; (f) continued discussions with the NDEP regarding elements of the HRA for the Phase I sub-area and also continued internal preparation of the HRA for this sub-area; (g) held numerous discussions with the NDEP relating to vapor intrusion risk assessment and obtained general agreement on the path-forward for how such risk assessments should be conducted. Based on these discussions, BRC is awaiting a letter from the NDEP documenting the agreed-to path forward; (h) obtained NDEP concurrence regarding filling areas of the Hook and Open-Space sub-areas with clean fill soils and initiated such activities; (i) initiated sampling and scraping activities, along with re-confirmation

sampling activities, as needed, in portions of the Eastside, including various ditches and the Spray Wheel area; and (j) continued discussions relating to groundwater upgradient issues including the lack of comments from the NDEP on the previously submitted Eastside Upgradient Report and the subsequent agreement to submit a focused report on this issue addressing arsenic.

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 as noted above in targeted portions of the Eastside. In addition samples were collected and analyzed from materials eroded onto the detention basins at the CAMU, after rain/storm events.

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: continue placing clean fill on portions of the Hook/Open Space sub-area; obtaining the NFA for the Galleria ROW; obtaining the NFA for the Southern RIBs sub-area; submitting and obtaining the NFA for the Phase I sub-area; submitting the final HRA for the Sunset Industrial sub-area; submitting the Tech Memo for bioaccessibility for the Southern RIBs sub-area, as a matter of completeness; continue/conclude scraping and iterative confirmation sampling of the targeted polygons in the rest of the Eastside, as needed; submitting the final application for the renewal of the CAMU RAP; and restarting discussions with the NDEP regarding various groundwater issues for the Eastside, including finalization of the upgradient Tech Memo.

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). This item is under active discussions between BRC and the NDEP and will not be submitted as part of this report for this quarter.

(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 not on schedule based on the discussions above. BRC and the NDEP continue discussions on how to streamline various project submittals and approvals.

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 |
|-----------------------------|----------------------------|------------|--|
| BMI Compliance Coordinator | Ranajit Sahu | 10/12/2012 | Data Validation Summary Report for the Eastside Groundwater Volatile Organic Compounds (VOCs) Sampling Event (Dataset 73) |
| Michael Friend; Greg Lovato | Lee Farris | 10/15/2012 | BRC RTC to NDEP Comments on CAMU Long-Term GW Monitoring Plan 8/28/12 |
| Michael Friend | Lee Farris | 10/16/2012 | BRC Quarterly Progress Report |
| Michael Friend | Lee Farris | 11/7/2012 | BRC RTC to NDEP Comments dated 9/27/12 on CAMU RAP Permit Application NOD #2 |
| Greg Lovato | ERM on behalf of BRC | 11/7/2012 | Errata pages for Human Health Risk Assessment and Closure Report for the Galleria North School Site Sub-Area, BMI Common Areas |
| Greg Lovato | ERM on behalf of BRC | 12/7/2012 | Human Health Risk Assessment and Closure Report for the Galleria Dr. Right-of-way Revision 0 |
| Greg Lovato | ERM on behalf of BRC | 12/17/2012 | Human Health Risk Assessment and Closure Report for the Southern RIBs Sub-Area, Revision 1, BMI Common Areas |
| Greg Lovato | Geosyntec on behalf of BRC | 12/19/2012 | Response to NDEP Comments on Down Drain Repair CQA Memo |
| Greg Lovato | Ranajit Sahu | 12/21/2012 | Technical Memorandum – Results of Chloroform Groundwater Monitoring - Eastside |
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Appendix B - Documents Received From NDEP

| TO | FROM | DATE | SUBJECT |
|------------|-----------------|-----------|--|
| Mark Paris | Michael Friend | 10/5/2012 | NDEP Response to: CAMU Ph IIIB Northwest Down Drain Repair |
| Mark Paris | Greg Lovato | 11/2/2012 | NDEP Approval of DVSR: ES GW Volatile Organic Compounds Sampling Event - August 2012 (Dataset73) |
| Mark Paris | Michael Friend | 11/7/2012 | NDEP Response to: BRC CAMU Leak Detection Long Term Groundwater Monitoring Plan Response to Comments |
| Mark Paris | Shannon Harbour | 11/8/2012 | NFA - Galleria North School Site Sub-Area |
| Mark Paris | Shannon Harbour | 12/4/2012 | BMI Plant Sites and Common Areas Projects - NDEP Personnel Changes |
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