

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, 2012

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.

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 discussions on the long-term groundwater monitoring work plan for the CAMU. 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.

Additionally, BRC: (a) continued discussions with the NDEP regarding the pending NFA for the Galleria High School sub-area. While COPC selection issues were resolved and it was agreed that the observed presence of arsenic are not due to site related impacts, discussions continued on vapor intrusion issues; (b) submitted the Southern RIBS sub-area HRA to the NDEP and held numerous follow discussions on the same. In order to address non-cancer risks more realistically (i.e., by not assuming 100% bioavailability) due to several metals, BRC collected sub-area soils and subjected them to bioaccessibility testing, obtained this data, and is in the process of incorporating them into the risk assessments. NDEP has not indicated any other major issues relating to this sub-area; (c) submitted the Phase 1 Development sub-area HRA to the NDEP for review. BRC has not received any formal comments on this submittal as of this writing; (d) had numerous discussions with the NDEP relating to vapor intrusion risk assessment issues including the use of soil flux data for this purpose, the appropriate use of the J&E method including attenuation factors, the use of soil gas test data, the conservativeness of various assumptions, and the uncertainties associated with these various approaches. BRC has submitted several supporting technical memoranda on these aspects in order to resolve this issue. BRC and the NDEP also continue various policy discussions relating to this

issue including the role of previously-NDEP-approved critical documents such as the Closure Plan; (e) 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; (f) completed sampling at the Hook/Open Space sub-areas in order to obtain greater density of samples for metals such as arsenic in order to assist in the refining of future closure efforts; and (g) completed sampling at the Hook/Open Space as well as remaining Eastside scrape polygons with a view to reducing the scrape areas in these polygons; (h) obtained agreement from the NDEP that portions of the Hook/Open Space subareas could obtain NFAs without risk assessment as long as appropriate quantities (10 feet or 7 feet – in the Open Space) of clean fill were placed. Clean fill would be sourced from other subareas that have already received proper NFAs; (i) completed scraping various polygons in the Hook/Open Space and Eastside Main areas in order to address residual contamination based on previous confirmation sampling.

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.

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: finalization of HRAs for the Galleria HS subarea, the Southern RIBs subarea and the the Phase I Development subarea; finalizing the path-forward on the vapor intrusion risk assessment issue; finalization of the long term groundwater monitoring plan for the CAMU, obtaining the renewed RAP for the CAMU; begin moving material from previously NFA'd areas to the Hook/Open Space Area to be placed over existing ground in order to create minimum separation for the issuance of an NFA; and obtaining NDEP concurrence relating to upgradient groundwater issues for the Eastside.

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
Michael Friend	Ron Sahu	4/3/2012	Phase I Vadose Zone Leachate Evacuation Work Plan
Greg Lovato	Ron Sahu	4/9/2012	Technical Memorandum-In Vitro Bioaccessibility Testing, BMI Common Areas (Eastside) Site
Michael Friend	Lee Farris for Mark Paris	4/20/2012	Response to NDEP - Erosion on Phase V Interim Cover for the BRC CAMU
BMI Compliance Coordinator	ERM on behalf of Ron Sahu	4/26/2012	DVSR for the Western Hook/Eastside Main Supplement Sampling Events (Dataset 72e), Revision 0
Mike Leigh	Ron Sahu	5/14/2012	BRC Remedial Action Plan (RAP) Renewal Permit Application for CAMU 5/8/12 Final
Michael Friend	Lee Farris for Mark Paris	5/25/2012	Resp to NDEP - BRC Field Work Schedule and Action Item List
Michael Friend	Lee Farris	6/12/2012	Sampling & Analysis Plan for Phase 1 Development Pond Area, BMI Common Areas (Eastside)
Michael Friend	Ron Sahu	6/14/2012	BRC Corrective Action Management (CAMU) Long-Term Groundwater Monitoring Plan
Michael Friend	Lee Farris for Mark Paris	6/14/2012	BRC Resp to NDEP letter dated 6-5-12 Re: CAMU GW Long-Term Monitoring Plan
Greg Lovato	Ron Sahu	6/27/2012	Discussion Regarding EPA's Attenuation Factor For Use in Vapor Intrusioin of Chloroform at the BRC Site
Michael Friend	Ron Sahu	6/28/2012	Eastside Risk Based Goals
Greg Lovato	Ron Sahu	6/28/2012	Technical Memorandum-Use of Surface Flux Data for Human Health Risk Assessments
Michael Friend	Lee Farris	6/29/2012	ESR DCN-047 (replacement design drawing sheets)

Appendix B - Documents Received From NDEP

TO	FROM	DATE	SUBJECT
Mark Paris	Michael Friend	4/17/2012	Re: Erosion on the Ph V Interim Cover for the BRC CAMU
Mark Paris	Michael Friend	5/1/2012	NDEP Approval - Re: Erosion on the Ph V Interim Cover for the BRC CAMU
Mark Paris	Michael Friend	5/23/2012	NDEP RTC on BRC Field Work Schedule and Action Item List
Mark Paris	Shannon Harbour	6/4/2012	BMI Plant Sites and Common Areas Projects: May 2012 Basic Comparison Levels - Updated User's Guid and Tables
Mark Paris	Michael Friend	6/5/2012	NDEP RTC on Remedial Action Plan (RAP) Renewal Permit Application for Corrective Action Management (CAMU)
Mark Paris	Michael Friend	6/5/2012	NDEP's Response to: RAP Renewal Permit Application for CAMU
Mark Paris	Michael Friend	6/5/2012	NDEP's Response to: CAMU 2010/2011 GW Monitoring Report, BRC CAMU
Mark Paris	Michael Friend	6/26/2012	Response to DVSR 72e