UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

JAN 20 2011

Certified Mail: 7008 1830 0002 6279 4472
Return Receipt Requested

Ronald J. Flury
Dlanorys, Inc.
20846 Normandie Ave.
Torrance, CA 90502

Re: Special Notice Letter for the Dual Site Groundwater Operable Unit of the Montrose and Del Amo Superfund Sites for upcoming RD/RA Activities

Dear Mr. Flury:

As you know, the United States Environmental Protection Agency ("EPA" or the "Agency") has been conducting response actions at the Dual Site Groundwater Operable Unit of the Montrose and Del Amo Superfund Sites, located in Los Angeles, California ("Dual Site OU"). On June 27th, 2008, EPA issued General Notice to Dlanorys, Inc. ("Dlanorys" or "you"), providing notice that EPA considers Dlanorys to be a potentially responsible party ("PRP") with respect to contamination found at the Dual Site OU. In that letter, EPA notified you of your potential responsibility under Section 107(a) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or "Superfund"), 42 U.S.C. § 9607(a), for the cleanup of the Dual Site OU, including all costs incurred by the EPA in responding to releases at the Dual Site OU. EPA is now contacting you in an attempt to further resolve your responsibility at the Dual Site OU, and hereby requests your participation in upcoming negotiations to implement the remedy selected in the Interim Action Record of Decision, signed by EPA on March 30, 1999 ("1999 ROD").

Background

The 1999 ROD for the Dual Site OU selected hydraulic extraction of contaminated groundwater, treatment of extracted groundwater to drinking water standards, and reinjection of treated groundwater into the subsurface (into groundwater aquifers) as the cleanup remedy. Much, but not all, of the dissolved groundwater contamination can be removed by this cleanup, which is also designed to control and contain any further migration of bulk product contamination. The zone of contained non-aqueous phase liquid ("NAPL") contamination is referred to as the "containment zone"; as part of the ROD, EPA issued a technical impracticability waiver to allow the creation of the containment zone. When this containment is achieved, groundwater contamination outside the containment zone can be cleaned to drinking water levels.

For the most part, the remedy is in the remedial design ("RD") phase. Certain PRPs, including Montrose Chemical Corporation of California and Shell Oil Company, have been engaged in the RD for nearly a decade. The main elements of the groundwater cleanup project are groundwater extraction wells, groundwater injection wells, a treatment plant, and underground piping to and from the treatment plant and the wells. The RD phase of the program addressing the monochlorobenzene and benzene plumes will continue through the summer of 2011. The RD under development has not yet addressed a significant chlorinated solvent plume that is part of the Dual Site OU.

Special Notice and Moratorium on Certain EPA Actions

EPA has determined that use of the special notice procedures set forth in Section 122(e) of CERCLA, 42 U.S.C. § 9622(e), may facilitate a settlement between you, other PRPs, and EPA for implementation of the Remedy. Under Section 122(e), issuance of this letter triggers a sixty-day moratorium on certain EPA response activities at the Dual Site OU. During this 60-day moratorium, EPA will not begin implementation of the Remedy. However, EPA reserves the right to take action at the Dual Site OU at any time should a significant threat to human health or the environment arise.

During this 60-day period, you and the other PRPs are invited to participate in formal negotiations with EPA in an effort to reach a settlement to conduct or finance the response action at the Dual Site OU. The 60-day negotiation period ends on March 21, 2011. The 60-day moratorium may be extended to 120 days if PRPs provide EPA with a "good faith offer" to conduct or finance the response action and reimburse EPA for its costs incurred to date. If EPA determines that your proposal is not a "good faith offer," you will be notified in writing of EPA's decision to end the moratorium. If the moratorium is extended to 120 days, negotiations will conclude on May 20, 2011. If settlement is reached between EPA and the PRPs within the 120-day moratorium period, the settlement will be embodied in a consent decree ("CD") for Remedial Design/Remedial Action ("RD/RA"). When approved by EPA and the U.S. Department of Justice ("DOJ"), the CD will then be lodged in federal court.

If a "good faith offer" is not received within sixty days, or a timely settlement cannot be reached, EPA may take appropriate action at the Dual Site OU, which may include either of the following options: (1) EPA may fund the remedial action and pursue a cost recovery claim under Section 107 of CERCLA against the PRPs; or (2) EPA may issue a Unilateral Administrative Order ("UAO") to you and/or the other PRPs under Section 106(a) of CERCLA, 42 U.S.C. § 9606, requiring you or them to perform the work described in the 1999 ROD. If the recipients of a UAO refuse to comply with the UAO, EPA may pursue civil litigation against the recipients to require compliance.

A proposed CD (based on EPA's model RD/RA consent decree, which can be found at (http://www.epa.gov/compliance/resources/policies/cleanup/superfund/rev-rdra-2009.pdf) is enclosed to assist you in developing a good faith offer. The State of California ("State") will join the United States as a plaintiff in this action, as reflected in the draft CD. The attached draft CD

is not binding on EPA or the State and is subject to revision and approval by EPA, the United States Department of Justice, and the State.

Requirements for a Good Faith Offer

As indicated above, the sixty-day moratorium triggered by this letter is extended for sixty days if the PRPs submit a good faith offer to EPA to conduct or finance the RD/RA work. A good faith offer is a written proposal from the interested PRPs that demonstrates their qualifications and willingness to conduct or finance the design, implementation, and monitoring of the remedy and contains the following elements:

* A statement of your willingness to conduct or finance the remedial action that is consistent with the 1999 ROD and the proposed CD and that provides a sufficient basis for further negotiation;

* A demonstration of your technical capability to undertake the remedial design work and remedial action; including the identification of the firm(s) that may actually conduct the work or a description of the process by which the firm(s) will be selected;

* A statement of your willingness to reimburse EPA for past costs as well as the costs EPA would incur in overseeing implementation of the remedial action;

* A response to the proposed CD. If your offer contemplates modifications to the proposed CD, please work from this CD and submit a version showing any modifications to it;

* A list identifying each party on whose behalf the offer is being made, including name, address, and telephone number of each party;

* A proposed schedule for six months of monthly meetings between all participating PRPs and EPA beginning sixty days after the date of this letter.

* A written explanation as to how you intend to proceed with the remedial action; and

* The name, address, and telephone number of the party who will represent you in negotiations.

Demand for EPA Costs

In accordance with CERCLA, EPA has already undertaken certain actions and incurred costs of at least $4,955,183.26 in response to conditions at the Dual Site OU. These response actions include, but are not limited to: preparation of a remedial investigation report, a feasibility study, preparation of the 1999 ROD, and oversight of remedial design. EPA also anticipates expending additional funds for response activities at the Dual Site OU, which may include a remedial action or oversight of a remedial action. In accordance with Section 107(a) of

CERCLA, demand is hereby made for payment of EPA's response costs plus any and all interest recoverable pursuant to CERCLA Section 107 or under any other provisions of law.

Some or all of the costs associated with this notice may be covered by current or past insurance policies issued to you. Most insurance policies will require that you timely notify your carrier(s) of a claim against you. To evaluate whether you should notify your insurance carrier(s) of this demand, you may wish to review current and past policies, beginning with the date of your first contact with the Dual Site OU, up to the present. Coverage depends on many factors, such as the language of the particular policy and state law.

In the event that you file for protection in the bankruptcy court, EPA reserves the right to file a proof of claim or application for reimbursement of administrative expenses against the debtor.

Informational Meeting

EPA invites you to attend an Informational Meeting on February 23, 2011, at 10:00 a.m. at the below address. At this meeting, EPA will present information regarding the Dual Site OU and the 1999 ROD, and will be open for questions.

U.S. EPA Region 9 Office
75 Hawthorne Street
San Francisco, CA 94105

PRP Steering Committee

EPA encourages good faith negotiations between your company and the Agency, as well as coordination among your company and the other parties potentially responsible for contamination at the Dual Site OU. EPA encourages PRPs involved at the Dual Site OU to form a PRP steering committee. EPA believes that a PRP steering committee is the best vehicle for establishing and maintaining coordinated and constructive dialogue both within the PRP group itself and between PRPs and the Agency. For your information and to facilitate organization, we have enclosed a list identifying all of the PRPs who are receiving special notice letters similar to your own.

If PRPs are unable to reach consensus among themselves, we encourage the use of the services of a neutral third party to help allocate responsibility. Third parties are available to facilitate negotiations (i.e., to mediate). If requested, EPA can provide a list of experienced third-party mediators, or help arrange for a mediator.

Administrative Record

In accordance with Section 113 of CERCLA, 42 U.S.C. § 9613, EPA has established an administrative record ("AR") containing the documents that serve as the basis for EPA's selection of the appropriate response action for the Dual Site OU. The AR is located at:

- Torrance Civic Center Library
  3301 Torrance Boulevard
  Torrance, CA
  (310) 618-5959
- Carson Public Library
  151 E. Carson Street
  Carson, CA
  (310) 830-0901

and is available to the public for inspection. The AR is also available for inspection at the Superfund Records Center, EPA Region IX, 95 Hawthorne Street, San Francisco, CA 94105. You may wish to review the AR to assist you in responding to this letter, but your review should not delay such response beyond the 60-day period provided by CERCLA.

PRP Response

You are encouraged to contact EPA by March 21, 2011, to indicate your willingness to participate in future negotiations concerning the Dual Site OU. You may respond individually or through a steering committee if such a committee has been formed. If EPA does not receive a timely response, EPA will assume that you do not wish to negotiate a resolution of your liabilities in connection with the Dual Site OU, and that you have declined any involvement in performing the response activities.

Your response to this Special Notice Letter and the demand for costs included herein, including written proposals to perform the remedial action selected for the Dual Site OU, should be sent to:

Carolyn d'Almeida, Remedial Project Manager
U.S. Environmental Protection Agency
75 Hawthorne Street (SFD-8-2)
San Francisco, CA 94105
(415) 972-3150

Taly Jolish, Assistant Regional Counsel
U.S. Environmental Protection Agency
75 Hawthorne Street (ORC-3)
San Francisco, CA 94105
(415) 972-3925

Resources for Small Business

As you may be aware, on January 11, 2002, the Superfund Small Business Liability Relief and Brownfields Revitalization Act (the "Act") became effective. The Act contains several exemptions and defenses to CERCLA liability, which we suggest all parties evaluate. You can obtain a copy of the Act at http://epa.gov/brownfields/laws/hr2869.htm. You can review EPA guidances regarding these exemptions at http://www.epa.gov/brownfields/laws/liability/index.htm.

EPA has created a number of helpful resources for small businesses. EPA has established the National Compliance Assistance Clearinghouse as well as Compliance Assistance Centers, which offer various forms of resources to small businesses. You may inquire about these resources at www.epa.gov. In addition, the EPA Small Business Ombudsman may be contacted

at www.epa.gov/sbo. Finally, EPA developed a fact sheet about the Small Business Regulatory Enforcement Fairness Act ("SBREFA"), which is enclosed with this letter.

If you have any questions regarding the technical aspects of this letter, please contact Carolyn d'Almeida, Remedial Project Manager, at (415) 972-3150. If you have an attorney handling your legal matters, please direct his or her questions to Taly Jolish, Assistant Regional Counsel, at (415) 972-3925.

The factual and legal discussions in this letter are intended solely to provide notice and information, and such discussions are not to be construed as a final EPA position on any matter set forth herein. Due to the seriousness of the environmental and legal problems posed by the conditions at the Dual Site OU, EPA urges that you give immediate attention and prompt response to this letter.

My staff and I look forward to working with you during the coming months.

Sincerely,

Angeles Herrera
Acting Assistant Director
Superfund Division
Site Cleanup Branch

Enclosures

cc: Bonnie Wolstoncroft, DTSC
Brian Hembacher, California Attorney General's Office

Peter Goldenring
Goldenring & Prosser
6050 Seahawk St
Ventura, CA 90003-6622