UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8, MONTANA OFFICE
FEDERAL BUILDING, 10 W. 15th STREET, SUITE 3200
HELENA, MONTANA 59626

Ref: 8ENF-L/MO

May 18, 2011

Settling Defendant Addressees (see page 3)

RE: Milltown Site Consent Decree (CV 02-0035-BU-SEH)
Approval of Milltown Operation and Maintenance Financial Assurance Submittals from Atlantic Richfield Company

Dear Settling Defendant Representatives,

This letter concerns annual financial assurance demonstrations and documentation regarding the Milltown Site Consent Decree, entered in federal district court for the District of Montana in February 2006 (Consent Decree).

Pursuant to Paragraph 66 of the Consent Decree, annual demonstrations of financial assurance by the Settling Defendants are required for the work required of the Settling Defendants in the Consent Decree. To date, financial assurance for remedial action and certain operation and maintenance work at the Milltown Site is covered under an insurance agreement which has been used by the Settling Defendants for financial assurance compliance. That portion of the financial assurance has been approved for the May 2010 annual demonstration previously and that is not the subject of this letter. Another demonstration of financial assurance is required for certain operation and maintenance work at the Milltown Site (O and M Financial Assurance). The current valuation of that work is $264,487.

Following the disapproval of a corporate guarantee submitted in March 2010 pursuant to paragraph 66, and a subsequent disapproval of a Letter of Credit package from Atlantic Richfield Company and its BP affiliates for the O and M Financial Assurance, Settling Defendants, via the Atlantic Richfield Company, submitted the following:

> An irrevocable letter of credit (LOC) for $264,487 from JPMorgan Chase Bank dated May 6, 2011.

This letter advises you that this submittal is approved by EPA and the State of Montana, pursuant to the Consent Decree, with the following caveats:

1. A substantial amount of time has gone by before the Settling Defendants were able to submit approvable financial assurance. By its terms, the above –referenced LOC is effective until May 6, 2012. Accordingly, this LOC should be considered the operative financial assurance for certain Milltown O and M Financial Assurance for

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the current May 2011 annual demonstration. The next annual demonstration of financial assurance pursuant to paragraph 66 of the Consent Decree for Milltown O and M Financial Assurance should therefore not occur until spring of 2012 (for the May 2012 annual demonstration).

2. An annual demonstration of financial assurance for the remedial action and for other operation and maintenance activities for the period beginning May 2011 should still be submitted as soon as possible, pursuant to paragraph 66 of the Consent Decree. The existing insurance policy should be satisfactory for this showing, but a yearly submittal and verification of its continued existence and valuation is required under the Consent Decree. Please submit this as soon as possible.

This approval letter does not affect any other right or provision of the Consent Decree. The United States and the State of Montana reserve all rights regarding enforcement or other claims or other measures provided by law, the Consent Decree, or any other document, including but not limited to the assessment of penalties.

Because the LOC described above is valid and effective on its face, we do not intend to submit a separate letter of approval to the issuing bank.

Please contact us if there is any question concerning this notice of approval.

Sincerely,

Keith Large, State Project Officer
State of Montana

William Kirley, Attorney
State of Montana

Diana Hammer, Remedial Project Manager
US EPA Region 8

D. Henry Elsen, Attorney
US EPA Region 8

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