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VIA E-MAIL

April 14, 2017

Mr. Chad Schoop, P.E.
Bureau of Industrial Site Cleanup (BISC)
Nevada Division of Environmental Protection (NDEP)
2030 E. Flamingo Road, Suite 230
Las Vegas, NV 89119

**Re: Quarterly Progress Report - First Quarter 2017
Environmental Conditions Investigation Program
Former Montrose Facility - Henderson, Nevada**

Dear Mr. Schoop,

On behalf of Montrose Chemical Corporation of California (Montrose), please find summarized below a list of work performed or significant activities completed for the environmental programs at the former Montrose facility in Henderson, Nevada during the First Quarter of 2017. This Quarterly Progress Report has been prepared in accordance with the Montrose Phase II Consent Decree Agreement, dated June 18, 1996.

- On January 17, 2017, Montrose submitted to NDEP the 4th Quarter 2017 Environmental Conditions Investigation (ECI) program progress report. The ECI progress report also included the updated Montrose Program Fact Sheet. NDEP provided an editorial comment regarding the ECI progress report on January 17, 2017. Montrose revised the ECI progress report and resubmitted to NDEP on January 18, 2017.
- On January 18, 2017, NDEP submitted Pay Request #85 to Montrose. Subsequently, Montrose reviewed and paid Pay Request #85 on March 7, 2017. Pay Request #85 represented the NDEP oversight charges for the 4th Quarter 2017.
- On January 31, 2017, Montrose submitted to NDEP the draft Human Health Risk Assessment (HHRA) for the Closed Ponds Area-Former Tank Farm (CPA-FTF). This report is currently under review by NDEP.
- During the period February 13 to 23, 2017, Montrose worked with Fehling Group, on behalf of NDEP, regarding the submittal of the executable files for CPA-FTF HHRA.
- On March 10, 2017, Montrose provided notification to NDEP regarding the schedule for the 1st Quarter 2017 DNAPL monitoring and purge program. Subsequently, the 1st Quarter 2017 DNAPL monitoring program was conducted during the period March 28 to 30, 2017.

The following provides a brief description of the Montrose ECI Program activities planned for the 2nd Quarter 2017:

- Montrose anticipates receiving comments from NDEP regarding the Former Underground Benzene Storage Tank Area No Further Action Determination Package.
- Montrose anticipates receiving database comments as related to the Human Health Risk Assessment for the CPA-FTF. Subsequently, it is anticipated NDEP/Montrose will participate in a teleconference call to discuss the data comments.
- Montrose continues to implement the Quarterly DNAPL purge and monitoring program. The next quarterly DNAPL monitoring event will be conducted in June 2017. Additionally, Montrose and NDEP are currently evaluating the overall DNAPL program.
- Montrose intends to submit the DUE and CSM documents for the Former Plant Site to NDEP in the 2nd Quarter 2017.
- A CSM revision and a response to NDEP comments on the previously submitted Screening Risk Assessment for the Former Benzene Storage Tank Area is intended for submittal to NDEP in the 2nd Quarter 2017.
- Montrose will continue to work with the OSM Companies and NDEP in regards to the Beta and Western Ditches enforcement action.
- Development of a long-term access agreement is ongoing to assure continued access to Montrose ECI areas on the Olin property.
- Development of a deed restriction agreement with Olin to assist closure of the Montrose site assessment areas by future NDEP NFA determinations.

Additionally, while also not directly part of the Phase II ECI program, Montrose continued its participation in the operation and management of the site-wide groundwater treatment system (GWTS) and Joint Programs during the 1st Quarter 2017. The following provides a brief summary of the notable 1st Quarter GWTS operations/Joint Programs and anticipated 2nd quarter activities:

- On January 13, 2017, the Bureau of Water Pollution Control acknowledged receipt of Companies Underground Injection Control (UIC) Permit (#UNEV2007200) renewal application for the groundwater treatment system (GWTS)
- On February 2, 2017, the OSSM Companies submitted to NDEP the Semi-Annual UIC Permit Report.
- On February 7, 2017, NDEP submitted to the OSSM Companies the draft comments regarding the groundwater remedial alternative study (GW RAS).
- As part of ongoing correspondence and dialogue between the Companies, NDEP, and the Nevada Office of the Attorney General (AG) regarding the Beta and Western Ditches, the following was conducted during the 1st Quarter 2017:

- On January 10, 2017, the OSM Companies submitted a letter to NDEP regarding its intent to comply with the Order. NDEP acknowledged receipt of the OSM letter on January 10, 2017 and subsequently followed up with an acceptance letter on the same day.
- On February 27, 2017, the OSM Companies submitted to NDEP the Beta and Western Ditches Soil Characterization Sampling and Analysis Plan (SAP). The SAP is currently under review by NDEP.
- On March 13, 2017 the OSM Companies submitted a letter to NDEP regarding a requirement to provide financial assurances documentation per the Beta and Western Ditch Order. On March 14, 2017, NDEP acknowledged receipt of the OSM Companies financial assurance letter and subsequently submitted an acceptance letter on the same day.
- On February 15, 2017, the Companies submitted to NDEP the Semi-Annual Operations Report for the GWTS, July through December 2016. On February 24, 2017, NDEP submitted a letter to the Companies that accepted the report with some minor comments for the administrative record.
- On February 22, 2017, the Companies submitted to NDEP a work plan for installing extraction well M3. The purpose for installing extraction well M3 is to replace existing extraction well M2 due to declining performance. NDEP approved the M3 extraction well work plan on February 24, 2017.
- On March 23, 2017, the Annual Air Emissions report was submit to the Clark County Department of Air Quality.
- The NDEP/OSSM Companies Annual Meeting was conducted on April 3, 2017. The meeting was conducted at the Rivers Mountain Water Treatment Facility, Henderson, Nevada.
- The OSSM Companies will conduct the annual site wide groundwater monitoring program in April 2017.

If you should have any questions or require additional information regarding the above contents, please contact me at 619-991-9074.

Sincerely,



Edward Modiano
de maximis, inc,
Consultant for Montrose Chemical Corporation of California
Nevada Certified Environmental Manager
EM No. 2107; Expires October 18, 2017

Enclosure: Fact Sheet-Former Montrose Facility, Henderson, Nevada

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Fact Sheet

Former Montrose Facility Henderson, Nevada

UPDATED MARCH 2017

The Montrose Chemical Corporation of California (Montrose) formerly operated a chemical manufacturing plant on various leased parcels located within what is now the Olin Chlor Alkali Products (Olin) facility in the southwestern portion of the BMI Complex, Henderson, Nevada. The Montrose plant ceased operations in 1983 and the manufacturing facilities were demolished. Various closure activities, including the closure of former evaporation ponds, continued until 1989.

Administrative History

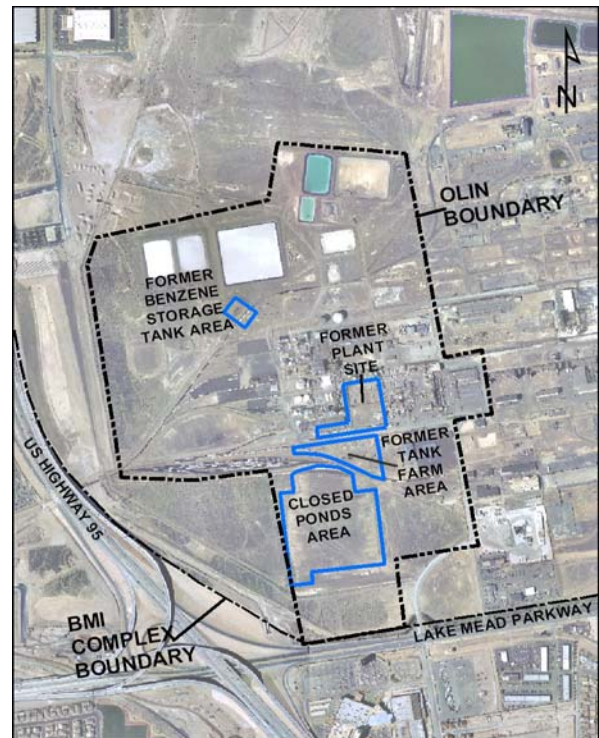
In 1991, Montrose entered into a Consent Agreement with the Nevada Division of Environmental Protection (NDEP) requiring Montrose to conduct a Phase I Environmental Conditions Assessment (ECA) of the former Montrose facility to identify areas of potential environmental concern. Montrose submitted its ECA report to NDEP in 1993.

In 1994, NDEP issued a Phase II Letter of Understanding (LOU) that outlined specific environmental issues to be investigated by Montrose. Subsequently, Montrose entered into another Consent Agreement with the NDEP in 1996 to conduct a Phase II Environmental Conditions Investigation (ECI) of areas of potential environmental concern at the former Montrose facility as identified in the LOU.

Site Investigations

Since completion of the 1996 Consent Agreement, Montrose has completed a series of soil and groundwater investigations at the former Montrose parcels under the oversight of the NDEP. This work was conducted during the time period of approximately 1996 to 2010 which resulted in the submittal of a series of reports and other correspondence to NDEP. These efforts defined areas of chemical presence at the former Montrose leased properties and laid the foundation for future preparation of risk assessments and/or close-out activities.

Also during the time period of approximately 2000 to 2008, Montrose in collaboration with parties involved in the Stauffer Management site (co-located on the Olin plant site), completed a series of additional groundwater and soil investigations which resulted in the publication of a Site Conceptual Model (CSM) document in July 2008. That comprehensive document defined the



Former Montrose Facility Locations

regional geology and hydrogeology, source area locations and the magnitude and mechanism of chemical migration at the combined sites. The CSM also identified outstanding data gaps for which further investigation was required.

Since 2008, further investigations have proceeded at targeted geographical areas such as the former Wastewater Ponds 1&2 and for specific issues such as soil vapor. All activities tend to follow a process where the objectives of a program are defined with NDEP, a workplan that defines the work necessary to resolve the data gaps is submitted for NDEP's review, the field or research work is completed, and a report of the findings is published. Review of these reports by NDEP determines if the work has met the stated objectives or if a further phase of work is required.

Current Investigations and Document Development

As of March 2017, Montrose is in the process of finalizing investigation reports and data quality evaluations. Future work will include completion of human health risk assessments (HHRA's), evaluation of soil remedial alternatives (if remedial action is required), and/or close-out of the investigation process with a finding of No Further Action (NFA). Notable current work includes:

- The Human Health Risk Assessment for the Closed Pond/Former Tank Farm Area was submitted to NDEP on January 31, 2017 and is currently under review by NDEP.
- The NFA package for the Former Underground Benzene Storage Tank Area is currently under review by NDEP.
- Preparation of a CSM and Data Usability Evaluation (DUE) for the completed investigation work at the Former Plant Site (FPS) parcel is scheduled for submittal to NDEP during the 2nd Quarter 2017.
- Preparation of a CSM for the completed investigation at the Former Benzene Storage Tank Area and address NDEP comments regarding the Screening Risk Assessment is scheduled for submittal to NDEP in the 2nd Quarter 2017.
- The ongoing DNAPL Purge and Monitoring Program will be conducted on a quarterly basis in 2017.

Groundwater Treatment System and Joint Programs

Montrose, Olin (formerly Pioneer), and Stauffer Management Company, LLC (SMC) collectively operate a groundwater remediation system (GWTS) near Warm Springs Road and continue to work jointly on groundwater programs. The GWTS was first installed in 1983 and consists of a series of extraction wells to capture chemicals migrating within groundwater moving downgradient from the former plant sites. The groundwater is treated by a combination of air-stripping and activated carbon adsorption to remove chemicals and the treated groundwater is then returned to the aquifer system. The GWTS operates continuously and routine ongoing evaluations are conducted to maintain the system's groundwater contaminant capture efficiency. GWTS reports, which include the groundwater capture analysis, are provided to NDEP on a semi-annual basis.

With respect to the joint groundwater programs, the revised draft Groundwater Remedial Alternatives Study (RAS) was submitted to NDEP on October 14, 2016. NDEP submitted draft comments to the RAS on February 7, 2017. Also, the OSM Companies continue to work with NDEP in regards to the Beta and Western Ditches. Additionally, the 2017 Site-wide groundwater monitoring program is scheduled to be conducted in April 2017.



INFORMATION AND COMMUNITY INVOLVEMENT

NDEP oversees all aspects of the environmental work at the former Montrose facility. Additional information can be obtained from Chad Schoop (702-486-2850 ext. 248) at NDEP. Montrose welcomes community input to this project and recognizes the need to respond to community concerns. Previous reports related to the environmental work at the site can be obtained from NDEP's offices in Las Vegas or Carson City.