UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IV

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IN THE MATTER OF: COPPER BASIN MINING DISTRICT SITE,

Respondents,

OXY USA, INC. AND GLENN SPRINGS HOLDINGS, INC. ADMINISTRATIVE ORDER ON CONSENT FOR PARTIAL PAYMENT OF RESPONSE COSTS ,384

U.S. EPA Region 4 CERCLA Docket No. 01-13-C

-[NO 001 890 839 -[NO 001 - 0142

> PROCEEDING UNDER SECTIONS 104 AND 122 OF CERCLA, 42 U.S.C. §§ 9604 & 9622

I. JURISDICTION

1. This Consent Order is entered into pursuant to the authority vested in the President by Sections 104 and 122 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), 42 U.S.C. §§ 9604 & 9622 which authority is delegated to the Administrator of EPA by Executive Order No. 12580, January 23, 1987, 52 <u>Federal Register</u> 2923, and further delegated to the EPA Regional Administrators by EPA Delegation Nos. 14-8-A and 14-14-D. This Consent Order is also entered into pursuant to the authority for establishing special accounts found in Section 122(b)(3) of CERCLA, 42 U.S.C. §9622(b)(3), which authorizes the government to retain and use monies to carry out response actions contemplated by the agreement.

2. This Consent Order is entered into by EPA, OXY USA, Inc., a Delaware corporation, and Glenn Springs Holdings, Inc., a Delaware Corporation which serves as a representative of OXY USA. Inc. (hereinafter collectively, "OXY USA"). OXY USA consents to and will not contest EPA's jurisdiction to enter into this Consent Order or to implement or enforce its terms. OXY USA's participating in this Order shall not constitute or be construed as an admission of liability or of EPA's findings or determinations contained in this Order except in a proceeding to enforce the terms of this Order.

II. STATEMENT OF PURPOSE

3. In entering into this Consent Order, the mutual objectives of EPA and OXY USA are: (A) with respect to the Remedial Investigation (RI), to determine fully the nature and extent of the threat to the public health or welfare or the environment caused by the release or threatened release of hazardous substances, pollutants, or contaminants at or from Davis Mill into the

environment; (B) with respect to the Feasibility Study (FS), to develop and evaluate alternativesfor remedial action to prevent, mitigate or otherwise respond to the migration or the release or threatened release of hazardous substances, pollutants, or contaminants from Davis Mill; (C) to partially fund the Davis Mill Creek RI/FS activities and related response actions; and (D) to partially fund the remedial action for Davis Mill Creek.

III. PARTIES BOUND

4. This Consent Order shall be binding upon EPA and OXY USA, as defined herein. Any change in ownership or corporate or other legal status of OXY USA, including but not limited to, any transfer of assets or real or personal property, shall in no way alter OXY USA's responsibilities under this Consent Order. Each signatory to this Consent Order certifies that he or she is authorized to enter into the terms and conditions of this Consent Order and to bind legally the party represented by him or her.

5. EPA and OXY USA agree that the actions undertaken by OXY USA in accordance with this Consent Order do not constitute an admission of any liability by OXY USA. OXY USA does not admit, and retains the right to controvert in any subsequent proceedings other than proceedings to implement or enforce this Consent Order, the validity of the facts or allegations contained in Section V, VI, VII of this Consent Order.

IV. DEFINITIONS

6. Unless otherwise expressly provided herein, terms used in this Consent Order which are defined in CERCLA or in regulations promulgated under CERCLA shall have the meaning assigned to them in CERCLA or in such regulations. Whenever terms listed below are used in this Consent Order, the following definitions shall apply:

a. "CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.

b. "Consent Order" shall mean this Agreement.

c. "Copper Basin" or "Site"shall mean the Copper Basin Mining District Site, CERCLIS ID TN0001890839, located in southeast Polk County, Tennessee and northern Georgia in Fannin County, adjacent to the cities of Ducktown and Copperhill, Tennessee. The Site includes contaminated segments of the Ocoee River system and two major watersheds, the North Potato Creek Watershed and the Davis Mill Creek Watershed. The watersheds drain the Copper Basin and discharge as tributaries into the Ocoee River. Subsurface features underlying areas comprising said site include interconnecting mine shafts and tunnels. The site further includes all areas to which hazardous substances released from the aforementioned areas have migrated and all areas in close proximity to the contamination that are necessary for implementation of response actions.

e. "Davis Mill" shall mean the area of the Davis Mill Creek Watershed and any other areas within the Site relevant to the Davis Mill Creek RI/FS or the subsequent remedy.

f. "Davis Mill Creek RI/FS" shall mean any and all work performed by the United States, or its authorized representatives or agents, related to RI/FS activities at Davis Mill.

g. "Day" shall mean a calendar day. In computing any period of time under this Consent Order, where the last day would fall on a Saturday, Sunday, or federal holiday, the period shall run until the close of business of the next working day.

h. "Draw" shall mean to transfer to the EPA Hazardous Substance Superfund or to otherwise draw or disburse funds from the Copper Basin Special Account to conduct, finance or oversee response actions at or in connection with the Site.

i. "EPA" shall mean the United States Environmental Protection Agency and any successor departments, agencies or instrumentalities of the United States.

j. "Interest" shall mean interest at the current rate specified for interest on investments of the Hazardous Substance Superfund established by 26 U.S.C. § 9507, compounded annually on October 1 of each year, in accordance with 42 U.S.C. § 9607(a).

k. "Major Technical Documents" shall mean technical documents called for in the Davis Mill Creek RI/FS scope of work that are designated as Major Technical Documents therein.

I. "National Contingency Plan" or "NCP" shall mean the National Oil and Hazardous Substances Pollution Contingency Plan promulgated pursuant to Section 105 of CERCLA, 42 U.S.C. § 9605, codified at 40 C.F.R. Part 300, and any amendments thereto.

m. "Paragraph" shall mean a portion of this Consent Order identified by an arabic numeral or a lower case letter.

n. "Parties" shall mean EPA and the OXY USA.

o. "Response Costs" shall mean all costs, including but not limited to, direct and indirect costs, paid or incurred consistent with the National Contingency Plan, by the United States or its authorized agents or representatives at or in connection with Davis Mill.

p. "Section" shall mean a portion of this Consent Order identified by a roman numeral.

q. "United States" shall mean the United States of America, including its departments, agencies and instrumentalities.

V. EPA'S FINDINGS OF FACT

7. This Consent Order concerns Davis Mill Creek Watershed located within Copper Basin in southeast Polk County, Tennessee, adjacent to the city of Copperhill, Tennessee.

8. In 1843, a massive underground sulfide ore deposit containing copper, iron and zinc was discovered in the Copper Basin area. Copper and iron mining operations began around 1847, and smelting operations began between 1850 and 1856 in areas around Ducktown, Isabella, and London, Tennessee. By 1876, operations led to the complete stripping of topsoil and the denuding of the Copper Basin. Other operations conducted in the Copper Basin during its 150 years of operations include the production of sulfuric acid and other various chemicals, and mineral processing.

9. Several different corporate entities have owned and/or operated in the Copper Basin during the time of disposal of hazardous substances.

a. Most recently, from 1963 until 1982, Cities Services Company and related entities, owned and operated in the Copper Basin.

b. In 1982, Cities Service Company sold the mines, mills, smelting operations, and acid production plants to the Tennessee Chemical Company ("TCC").

c. EPA alleges that OXY USA, Inc., a subsidiary of Occidental Petroleum Corporation, is a successor in interest of Cities Service Company. OXY USA expressly denies this allegation.

d. Mining operations were discontinued in 1987, however, TCC continued to produce industrial chemicals including sulfuric acid, liquid sulfur dioxide, zinc, copper, granulated slag, zinc concentrate, and iron oxide. TCC declared bankruptcy in April 1989.

e. In March 1990, Boliden Intertrade, A.G., Tennessee Chemical Company Holding S.A., and Tennessee Chemical Company Acquisition, Inc., entered into an Agreement and Covenant Not to Sue with U.S. EPA and purchased portions of the TCC property including, among other things, the sulfuric acid plant. The successor to Tennessee Chemical Company Acquisition, Inc., is IT Holdings, Inc., of which Intertrade Holdings, Inc, is a subsidiary. The plant is presently operated by Intertrade Holdings, Inc.

10. Historical copper and iron mining, mineral processing and acid production has led to the generation of a variety of waste materials including sulfide-rich ore, sulfide-bearing waste rock, tailings, granular and pot slag, iron calcine, magnetite, iron concentrate, and demolition

debris within the Copper Basin. Waste materials identified to date include, but are not limited to, sulfuric acid, lead, mercury, PCBs, copper, cadmium, aluminum, zinc, and manganese.

11. Due to acid mine drainage in the Copper Basin, and surface water runoff from other various waste sources, the North Potato Creek and Davis Mill Creek contain heavy metal precipitates, mercury and PCBs. The waters discharged from these watersheds into the Ococee River are highly acidic. Stream samples have pH values as low as 3.1. These tributaries are essentially void of aquatic life.

12. Historical sampling of the Ocoee River has recorded elevated concentrations of several waste materials in the river's water and sediments including, but not limited to, lead, mercury, aluminum, copper, cadmium iron, arsenic, manganese and zinc. PCBs have been detected at elevated levels in both sediment and fish within the Ocoee River.

13. The Ocoee River is used for recreational purposes, to support of fish and aquatic life, as a source for industrial water, power generation, for wildlife livestock watering and for irrigation.

14. On January 11, 2001, the Parties and TDEC signed a Memorandum of Understanding ("MOU") setting forth mutual understandings and agreements in principle concerning the cleanup of the Site.

VI. EPA'S CONCLUSIONS OF LAW

15. The Copper Basin is a "facility" as defined by Section 101(9) of CERCLA, 42 U.S.C. § 9601(9).

16. The contaminants found in the Copper Basin, as identified in the Findings of Fact above, include "hazardous substances" as defined by Section 101(14) of CERCLA, 42 U.S.C. § 9601(14).

17. OXY USA is a "person" as defined by Section 101(21) of CERCLA, 42 U.S.C. § 9601(21).

18. The conditions described in the Findings of Fact above constitute an actual or threatened "release" of a hazardous substance from Davis Mill as defined by Sections 101(22) of CERCLA, 42 U.S.C. § 9601(22).

VII. DETERMINATIONS

19. Based on the Statement of Facts and Conclusions of Law set out above, EPA has determined that:

a. The actual and/or threatened release of hazardous substances from Davis Mill may present an imminent and substantial endangerment to the public health or welfare or the environment.

b. The actions required by this Consent Order are necessary to protect the public health and/or welfare and/or the environment.

VIII. RI/FS OF DAVIS MILL CREEK WATERSHED

20. EPA shall conduct a Fund-lead RI/FS of Davis Mill according to a scope of work (SOW) drafted by EPA. EPA shall conduct the RI/FS in compliance with the National Contingency Plan (NCP) and pertinent EPA guidance.

21. EPA shall provide the opportunity for OXY USA to review and comment on the final draft SOW and Major Technical Documents called for by the SOW and produced by EPA in connection with the Davis Mill Creek RI/FS.

22. EPA shall deliver final drafts of the SOW and Major Technical Documents to OXY USA, and OXY USA may, within fifteen (15) calendar days of receipt, provide brief written comments to EPA regarding any aspect of the document.

23. Upon timely receipt of OXY USA's written comments, EPA will review them and will respond in writing or by discussions with OXY USA. EPA will timely inform OXY USA in writing whether it intends to incorporate OXY USA's comments into the Scope of Work or a Major Technical Document.

IX. PARTIAL FUNDING OF RI/FS AND REMEDIAL ACTION THROUGH SPECIAL ACCOUNT

24. Within thirty (30) days of the effective date of this Consent Order, as defined by Paragraph 57, OXY USA will pay into the Copper Basin Special Account one-million dollars (\$1,000,000.00).

25. OXY USA shall pay into the Copper Basin Special Account five-hundred thousand dollars (\$500,000.00) on or before January 1, 2002, and on or before January 1 of the next three consecutive years, for a total of four (4) payments totaling two million dollars (\$2,000,000.00).

26. Payments shall be made by Electronic Funds Transfer ("EFT") in accordance with current EFT procedures to be provided to OXY USA by EPA Region 4, and shall be accompanied by a statement identifying the name and address of OXY USA, the Site name (i.e., Copper Basin Mining District), the name "Copper Basin Special Account," the EPA Region and Site/Spill ID # A485, and the EPA docket number for this action.

27. At the time of payment, OXY USA shall send notice that such payment has been made and a copy of the check to:

Ms. Paula V. Batchelor U.S. Environmental Protection Agency Region 4 CERCLA Program Services Branch, 11th Floor Waste Management Division 61 Forsyth Street S.W. Atlanta, Georgia 30303

28. Payments made pursuant to this Consent Order will be deposited in the Copper Basin Special Account.

29. EPA will Draw funds up to one million dollars (\$1,000,000.00) from the Copper Basin Special Account as needed to cover Response Costs incurred by the United States or its authorized agents or representatives with respect to the Davis Mill Creek RI/FS.

30. All funds in the Copper Basin Special Account not Drawn by EPA pursuant to Paragraph 29, including accrued interest, will be Drawn by EPA as needed to conduct, finance or oversee Davis Mill remedial actions. In addition, if OXY USA defaults or withdraws under the MOU, EPA may use up to \$250,000 of the account for Site-related remediation work in other areas of the Copper Basin.

31. Before EPA Draws funds for oversight costs pursuant to Paragraph 30, EPA will provide OXY USA with a cost summary report of response costs incurred by the United States or its authorized agents or representatives with respect to the Site, which shall act as notice of a proposed Draw. OXY USA may dispute all or part of a proposed Draw for oversight costs if

OXY USA alleges that EPA has made an accounting error, or if OXY USA alleges that a costitem is inconsistent with the NCP.

32. Within 90 days of the end of any calendar year in which EPA has drawn on the Copper Basin Special Account it shall provide OXY USA with a cost summary for all amounts drawn. It shall also provide OXY USA upon its request, with other standard cost documentation. Failure by EPA to provide OXY USA with the cost summary on a timely basis shall not relieve OXY USA of its obligations hereunder.

X. DISPUTE RESOLUTION

33. The parties to this Order shall attempt to resolve, expeditiously and informally, any disagreements concerning a Draw for oversight costs under this Order. If the OXY USA objects to any proposed Draw for oversight costs, the OXY USA shall notify EPA in writing of its objection(s) within 7 days of receipt of notice of such proposed Draw, unless the objections have otherwise been informally resolved.

34. EPA and OXY USA shall within 7 days from the receipt of the OXY USA's written objections attempt to resolve the dispute through formal negotiations (Negotiation Period). The negotiation period may be extended at the sole discretion of EPA. EPA's decision regarding an extension of the Negotiation Period shall not constitute an EPA action subject to dispute resolution or a final agency action giving rise to judicial review.

35. Any agreement reached by the parties pursuant to this section shall be in writing, signed by all parties, and shall upon the signature by the parties be incorporated into and become an enforceable element of this Order. If the parties are unable to reach an agreement within the Negotiation Period, an EPA management official at the Waste Management Division Director level or higher will issue a written decision on the dispute to the OXY USA. The decision of EPA shall be incorporated into and become and enforceable element of this Order upon OXY USA's receipt of the EPA decision regarding the dispute. OXY USA's obligations under this Order shall not be tolled by submission of any objection for dispute resolution under this section.

36. Following resolution of the dispute, as provided by this section, EPA will execute the Draw in accordance with the agreement reached or with EPA's decision, whichever occurs. No EPA decision made pursuant to this section shall constitute a final agency action giving rise to judicial review prior to a judicial action brought by the United States to enforce the decision.

XI. FAILURE TO MAKE PAYMENT

37. If OXY USA fails to make full payment within the time required by Section IX of this Consent Order, OXY USA shall pay Interest on the unpaid balance. In addition, if OXY USA fails to make full payment as required by Section IX, the United States may, in addition to any other available remedies or sanctions, bring an action against OXY USA seeking injunctive relief to compel payment and/or seeking civil penalties under Section 122(*l*) of CERCLA, 42 U.S.C. § 9622(*l*), for failure to make timely payment.

XII. RESERVATIONS OF RIGHTS

38. The covenant not to sue by EPA set forth in Section XIII does not pertain to any matters other than those expressly identified therein. EPA reserves, and this Consent Order is without prejudice to, all rights against OXY USA with respect to all other matters not agreed to in this Consent Order, including but not limited to:

a. liability for failure to meet a requirement of this Consent Order;

b. liability for costs incurred or to be incurred by the United States at or in connection with any part of the Copper Basin not within the scope of this Consent Order and not already reimbursed;

c. liability for costs incurred or to be incurred by the United States in connection with the Davis Mill RI/FS or any other response action at or in connection with the Site not reimbursed by means of a Draw by EPA from the Copper Basin Special Account.

d. liability for injunctive relief or administrative order enforcement under Section 106 of CERCLA, 42 U.S.C. § 9606 or equivalent statute under Tennessee law;

e. criminal liability; and

f. liability for damages for injury to, destruction of, or loss of natural resources, and for the costs of any natural resource damage assessments.

39. Nothing in this Consent Order is intended to be nor shall it be construed as a release, covenant not to sue, or compromise of any claim or cause of action, administrative or judicial, civil or criminal, past or future, in law or in equity, which the Parties may have against any person, firm, corporation or other entity not a signatory to this Consent Order.

40. Except as set forth in the MOU, the Parties reserve any and all rights, defenses, claims, demands, and causes of action which they may have with respect to any other matter, transaction, or occurrence relating in any way to the Copper Basin that is not agreed to in this Consent Order.

41. Nothing in this Consent Order shall be construed to create any rights in, or grant any cause of action to, any person not a Party to this Consent Order. EPA and OXY USA each reserve any and all rights, defenses, claims, demands, and causes of action which each Party may have with respect to any matter, transaction, or occurrence relating in any way to the Copper Basin against any person not a Party hereto.

XIII. COVENANT NOT TO SUE

42. Except as specifically provided in Section XII. (Reservations of Rights), EPA covenants not to sue OXY USA and, to the extent permitted by CERCLA, the corporate affiliates, successors, officers, directors, agents, or employees of either OXY USA or CanadianOXY Offshore Production Co., pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), to recover those costs incurred by the United States in connection with the Davis Mill RI/FS or other response actions at or in connection with the Site which are reimbursed by OXY USA pursuant to Section IX (Partial Funding of RI/FS and Remedial Action Through Special Account) of this Order. This covenant not to sue is conditioned upon OXY USA meeting the requirements of this Order. This covenant not to sue extends only to OXY USA and does not extend to any other person.

XIV. OTHER CLAIMS

43. In entering into this Consent Order, OXY USA waives any right to seek reimbursement under Section 106(b)(2) of CERCLA, 42 U.S.C. § 9606(b)(2), for any costs incurred in complying with this Order. OXY USA further waives any rights it may have against EPA under Sections 107(a) and 113(f) of CERCLA, 42 U.S.C. §§ 9607(a) & 9613(f) for the amount it contributes to the Copper Hill Special Account. Except as specifically set forth in this paragraph, OXY USA explicitly reserves and does not waive any claims it has under CERCLA or otherwise against the United States.

44. This Consent Order does not constitute a preauthorization of funds under Section 111(a)(2) of CERCLA, 42 U.S.C. § 9611(a)(2).

XV. RETENTION OF RECORDS

45. Until ten (10) years after the effective date of this Consent Order, OXY USA shall preserve and retain all records and documents now in its possession or control, or which come into its possession or control, that relate in any manner to response actions taken at Davis Mill or to the liability of any person for response actions conducted and to be conducted at Davis Mill, regardless of any corporate retention policy to the contrary.

46. After the conclusion of the document retention period in the preceding paragraph, OXY USA shall notify EPA at least 90 days prior to the destruction of any such records or documents, and, upon request by EPA, OXY USA shall make available any such records or documents to EPA. OXY USA may assert that certain documents, records, or other information are privileged under the attorney-client privilege or any other privilege recognized by federal law. If OXY USA asserts such a privilege, they shall provide EPA with the following: 1) the title of the document, record, or information; 2) the date of the document, record, or information; 3) the name and title of the author of the document, record, or information; 4) the name and title of each addressee and recipient; 5) a description of the subject of the document, record, or information; and 6) the privilege asserted. However, no documents, reports, or other information created or generated pursuant to the requirements of this or any other judicial or administrative settlement with the United States shall be withheld on the grounds that they are privileged. If a claim of privilege applies only to a portion of a document, the document shall be provided to EPA in redacted form to mask the privileged information only. OXY USA shall retain all records and documents that it claims to be privileged until EPA has had a reasonable opportunity to dispute the privilege claim and any such dispute has been resolved in OXY USA' favor.

47. By signing this Consent Order, OXY USA certifies that, to the best of its knowledge and belief, it has not altered, mutilated, discarded, destroyed or otherwise disposed of any records, documents or other information relating to its potential liability regarding Davis Mill, after notification of potential liability or the filing of a suit against the OXY USA regarding Davis Mill; and it has fully complied with any and all EPA requests for information regarding Davis Mill pursuant to Sections 104(e) and 122(e) of CERCLA, 42 U.S.C. §§ 9604(e) and 9622(e).

XVI. NOTICES AND SUBMISSIONS

48. Whenever, under the terms of this Consent Order, notice is required to be given or a document is required to be sent by one Party to another, it shall be directed to the individuals at the addresses specified below, unless those individuals or their successors give notice of a change to the other Parties in writing. Written notice as specified herein shall constitute

complete satisfaction of any written notice requirement of this Consent Order with respect to EPA and OXY USA.

Robert West

As to EPA:

Gregory Tan Assistant Regional Counsel Environmental Protection Agency EAD 13th floor 61 Forsyth St, S.W. Atlanta, Georgia 30303-8960

Remedial Project Manager Environmental Protection Agency Waste Management Division 61 Forsyth St, S.W. Atlanta, Georgia 30303-8960

As to OXY USA:

Franklin Miller Glenn Springs Holdings, Inc. 2480 Fortune Dr. Suite 300 Lexington, Kentucky 40509

XVII. INTEGRATION

49. This Consent Order constitutes the final, complete and exclusive agreement and understanding among the Parties with respect to the settlement embodied in this Consent Order. The Parties acknowledge that there are no binding agreements or understandings relating to the settlement other than those expressly contained in this Consent Order and the MOU.

XVIII. PUBLIC COMMENT

50. This Consent Order shall be subject to a public comment period of not less than 30 days pursuant to Section 122(i) of CERCLA, 42 U.S.C. § 9622(i). In accordance with Section 122(i)(3) of CERCLA, EPA may modify or withdraw its consent to this Consent Order if comments received disclose facts or considerations which indicate that this Consent Order is inappropriate, improper or inadequate.

XIX. EFFECTIVE DATE

51. The parties may sign this agreement in counterparts. The effective date of this Consent Order shall be the date upon which EPA issues written notice that the public comment

period pursuant to Section XVIII has closed and that comments received, if any, do not require modification of or EPA withdrawal from this Consent Order.

IT IS SO AGREED:

U.S. Environmental Protection Agency

Regional Administrator

By: John H. Hankinson, Jr.

U.S. Environmental Protection Agency, Region 4

Date 1/11/2001

THE UNDERSIGNED Settling Parties enter into this Consent Order in the matter of CERCLA Docket No. 01-13-C, relating to the Copper Basin Mining District Site, Polk County, Tennessee:

FOR RESPONDENT OXY USA:

By: Title ______(Please Type or Print) Address:

Date:

GLENN SPRINGS HOLDINGS

period pursuant to Section XVIII has closed and that comments received, if any, do not require modification of or EPA withdrawal from this Consent Order.

IT IS SO AGREED:

U.S. Environmental Protection Agency

By: _

Date

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John H. Hankinson, Jr. Regional Administrator U.S. Environmental Protection Agency, Region 4

THE UNDERSIGNED Settling Parties enter into this Consent Order in the matter of CERCLA Docket No. 01-13-C, relating to the Copper Basin Mining District Site, Polk County, Tennessee:

FOR RESPONDENT OXY USA:

By: Title Address: <u>Alle Licko</u> <u>Mcc. Fresident</u> (Please Type or Print) <u>9480 Fortune Da.</u> <u>Lexington Ky 40509</u>

Date: