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VIA FEDERAL EXPRESS
AM Priority

October 13, 2006

United States Environmental Protection Agency
Region 5
Corrective Action Section, DW-8J
77 West Jackson
Chicago, Illinois 60604

Attention: Ms. Patricia J. Polston, Project Manager
Waste Management Branch

Reference: Quarterly Progress Report (Third Quarter 2006)
Administrative Order on Consent
Vernay Laboratories, Inc.
Yellow Springs, Ohio
Project No. 0292.11.26

Dear Ms. Polston:

The Payne Firm, Inc. (Payne Firm) is pleased to submit, on behalf of Vernay Laboratories, Inc. (Vernay), the attached Progress Report for the Third Quarter 2006, as agreed to in the Administrative Order on Consent (AOC) journalized by the United States Environmental Protection Agency (U.S. EPA) on September 27, 2002.

We understand that the U.S. EPA may provide this quarterly progress report on the U.S. EPA's website at www.epa.gov/region5/sites/vernay. The electronic version of this quarterly progress report is also included on a CD-Rom in Appendix I.

Should you have any questions regarding the enclosed document, please contact either of us at (513) 489-2255 or via e-mail at dcc@paynefirm.com or ddw@paynefirm.com.

Sincerely,

The Payne Firm, Inc.

David C. Contant, L.G.
Project Manager

Daniel D. Weed, C.P.G.
Principal

cc: Mr. Doug Fisher – Vernay Laboratories, Inc.
Mr. Joseph Lonardo – Vorys, Sater, Seymour and Pease
Mr. Eric Swansen – Village of Yellow Springs
Ms. Connie Collett – Yellow Springs Community Library

THIRD QUARTER
2006 PROGRESS REPORT

VERNAY LABORATORIES, INC.
PLANT 2/3 FACILITY
Yellow Springs, Ohio

Project No. 0292.11.26

October 13, 2006

Prepared For

VERNAY LABORATORIES, INC.
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Prepared By

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PROGRESS REPORT – THIRD QUARTER 2006
Vernay Laboratories, Inc. RCRA Corrective Action
Yellow Springs, Ohio

A. IDENTIFICATION OF FACILITY AND ACTIVITY

Vernay Laboratories, Inc. (Vernay) agreed to an Administrative Order on Consent (AOC), journalized September 27, 2002, to complete a United States Environmental Protection Agency (U.S. EPA) Resource Conservation and Recovery Act (RCRA) Corrective Action for the Vernay Facility located at 875 Dayton Street in Yellow Springs, Ohio.

B. STATUS OF WORK AT THE FACILITY AND PROGRESS DURING THE QUARTER

The status of the work at the Facility and a summary of the progress made during the quarter are presented below.

1. Post-RFI Third Quarter 2006 Monitoring Event

With the completion of the RFI, the post-RFI corrective action process consists of the corrective measures evaluation. Post-RFI ground water monitoring data will continue to be collected to further support the assessment of the need for additional corrective action tasks. The approved Phase II RFI identified four ground water data needs during this post-RFI period, including:

1. Monitor plume stability for the CA750 demonstration.
2. Monitor the effectiveness of the existing ground water interim measures.
3. Monitor to support the calibration of the contaminant fate and transport ground water model.
4. Monitor to support the conclusion of the risk assessment and the CA725.

The sampling locations, data quality objectives and sampling frequency is listed on Table 1 and each monitoring location for the upper, middle, and lower zones of the Cedarville Aquifer is shown on Figure 1. Vernay re-evaluates the sampling frequency and number of locations following each sampling event. The sampling frequency (monthly, quarterly, semi-annual or annual) and rationale are described below:

Semi-Annual Monitoring
In order to meet these post-RFI ground water monitoring data needs, the RFI Phase II stated future ground water monitoring events will occur on a semi-annual basis until the final corrective action is determined by the U.S. EPA.

To verify that VOCs in ground water at the outer perimeter of the area of "contamination" are not moving beyond the three-dimensional extent, a sufficient number of monitoring wells are being sampled on a semi-annual frequency. Monitoring wells to be sampled on a semi-annual basis are also sufficient to verify the calibration of the contaminant fate and transport ground water model.

These 26 semi-annual monitoring wells include:

- MW01-01, MW01-02CD, MW01-02SE, MW01-03, MW01-03CD, MW01-04SE, MW02-05CD, MW01-07, MW02-02, MW02-03, MW02-03CD, MW02-03SE, MW02-04, MW02-05, MW02-05CD, MW02-06CD, MW02-07, MW02-08SE, MW02-10, MW02-11, MW02-11SE, MW02-13, MW02-14, MW02-15, MW02-17,

and MW02-17CD.

To monitor the effectiveness of the existing ground water interim measure important to understanding concentrations of contaminants over time and to assist in determining if any additional ground water interim measures are necessary, the following seven monitoring wells are being sampled on a semi-annual basis:

- MW01-02, MW01-04, MW01-04CD, MW02-08, MW02-08CD, MW02-06, and MW02-09.
- The two extraction wells (CW01-01 and CW01-02) are sampled monthly as part of the routine maintenance of the ground water treatment system.
- In addition to ground water samples, one surface water sample is collected from the storm sewer outfall location to the unnamed creek on a semi-annual basis to verify the CA725 determination.

Quarterly Monitoring

Based on the U.S. EPA approval with comments to the revised RFI Phase II Report (U.S. EPA, 2005), the U.S. EPA included an enclosure with a list of monitoring wells to be sampled quarterly for the purposes of "time-dependency and area coverage in mind" which include the following 19 monitoring wells:

- MW01-02, MW01-04, MW01-04CD, MW01-10, MW01-13 (sewer backfill), RW01-05, MW02-03, MW02-03CD, MW02-03SE, MW02-06, MW02-06CD, MW02-08, MW02-08CD, MW02-08SE, MW02-09, MW02-10, MW02-11, MW02-11SE, and MW02-13.

The U.S. EPA also requested that hydrogeologic cross-sections be prepared quarterly utilizing the analytical results from each quarterly monitoring event. The completed cross-sections are provided in Appendix III.

In order to evaluate certain remedial treatment options for the development of proposed corrective measures on and off the Facility, Vernay is collecting a suite of ground water monitoring data from six monitoring wells quarterly:

- MW02-06, MW02-06CD, MW02-08, MW02-08CD, MW02-09, and MW02-10.

Annual Monitoring

To support the verification of the CA725 determination and the RFI risk assessment conclusions, Vernay is following up annually with the property owners having water wells identified in the water well survey area. In addition, during the corrective measures study, Vernay is resampling those water wells annually that are identified as currently being used for potable or non-potable purposes within the defined survey area downgradient from the Facility. Vernay verified that five private water wells are being used within the survey area, downgradient of the facility (Figure 2). These used water wells were sampled this quarter during the annual water well survey follow up discussed in the next section. The water well sampling activities completed in 2006 verified the conclusions of the approved CA725 EI. All current human exposures to ground water contamination are under control.

Third Quarter Monitoring Results

The monitoring well network and third quarter sampling locations are shown on Figure 1. In addition to showing the monitoring well network for the upper, middle and lower zones of the Cedarville Aquifer, Figure 1 shows the verification that constituents of concern (COCs) are below

a drinking water criteria at the outer perimeter of the area of "contamination" (COCs include tetrachloroethene, trichloroethene, cis-1,2 dichloroethene, vinyl chloride and 1,2-dichloropropane). Concentrations of all VOCs from the monitoring well network are summarized on Table 2. Detected concentrations of VOCs from aqueous QA/QC samples are also summarized on Table 3. Treatability parameters are summarized on Table 4. Electronic copies of the laboratory analytical reports, data validation memoranda and ground water sampling forms are included on a CD-Rom in Appendix I. A list of data validation qualifiers assigned by the laboratory and/or the Payne Firm is included on Table 5.

2. Water Well Survey Follow Up and Sampling

Vernay continued to follow-up with known water well owners within a defined survey area (Figure 2). The purpose of this follow-up is to confirm whether or not any change in well use had occurred since the last survey conducted in late 2005. Vernay is also determining the property transactions that occurred within the well survey area, and following-up with these new owners to document any changes that may have occurred with respect to the original well survey response that was obtained (i.e. was a water well installed by the new owner?). Vernay expects an updated Water Well Survey and Sampling Report to be completed in the fourth quarter 2006.

3. Monthly Operation and Maintenance Activities

Data associated with the existing ground water interim measure were collected monthly during the third quarter. These data include water samples analyzed for VOCs from the ground water treatment systems of the capture zone and the utility tunnel sump operating on the Facility. Water level measurements from the entire RFI monitoring well network are collected on a quarterly basis during the post-RFI. Quarterly water level elevations are summarized in Table 6. Potentiometric contour maps generated for the Cedarville Aquifer during the third quarter are presented in Appendix II.

Water samples collected from the Ground Water Capture Treatment System (GWCTS) included: 1) a sample at each wellhead (CW01-01 and CW01-02); 2) a sample after the first carbon vessel; and 3) a system effluent sample after treatment. Likewise, samples collected from the Utility Tunnel Sump Treatment System (UTSTS) included: 1) a pre-treatment sample; 2) a sample after the first carbon drum; and 3) a sample after the second carbon drum. The VOC data collected from the two treatment systems are summarized on Tables 7 and 8, respectively. Electronic copies of the laboratory analytical reports are included on a CD-Rom in Appendix I.

4. Environmental Indicators Report for Ground Water (CA750)

To fulfill the requirements agreed to under the Corrective Action Order, Vernay submitted a draft CA750 EI for U.S. EPA review on April 11, 2006, 60 days prior to the required date. On September 15, 2006, Vernay submitted a CA750 EI report based on comments received during teleconference meetings with the U.S. EPA on July 20 and 21, 2006 relating to the April 11, 2006 draft CA750 EI. The September 15th CA750 EI report is currently under review by the U.S. EPA.

5. Evaluation of Corrective Measures Objectives and Preliminary Remediation Goals

In order to propose a final remedy for the Facility (with implementation to follow after U.S. EPA approval of the proposed remedy), Vernay continued the process of determining corrective measures objectives (CMOs) consisting of goals for protecting human health and the environment.

6. Technology Screening for Treatability/Pilot Study Evaluation

During the second and third quarters, remediation contractors visited the Facility in order to respond to a Request for Proposal (RFP). This RFP was prepared by the Payne Firm on August 24th to provide contractors an opportunity to: 1) apply their remediation experience and expertise toward addressing the complex Facility conditions; 2) describe sufficient detail in a conceptual remediation approach to form the basis for the Payne Firm to subsequently evaluate and compare alternatives for proposing a final remedy; and 3) justify implementation of a pilot study, if warranted, to refine remediation details. The Payne Firm is currently reviewing the RFP responses prepared by potential remediation contractors.

C. PROBLEMS ENCOUNTERED DURING THE QUARTER

No problems were encountered during the quarter.

D. ACTIONS TAKEN TO RECTIFY PROBLEMS

No actions to rectify problems were required this quarter.

E. PROJECT SCHEDULE

The following activities are planned for next quarter (Q4-2006).

- Continue monthly monitoring of existing interim measures and quarterly water level measurements.
- Perform the semi-annual 2006/fourth quarter sampling event.
- Determine the property transactions that occurred within the well survey area, and follow up with these new owners (if any) to document any changes that may have occurred with respect to the original well survey response that was obtained in 2003/2004.
- Prepare the 2006 Annual Water Well Survey and Sampling Report.
- Continue the determination of preliminary remediation goals and corrective measures objectives for the Facility.
- Continue corrective measures evaluation and, if needed, commencement of potential treatability studies.
- Respond to U.S. EPA comments on the September 15th Environmental Indicator Report for ground water (CA750).

Future SOWs will be based on the project schedule presented on Table 9 and on potential U.S. EPA comments to the CA750.

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I: CD-Rom Containing Adobe Acrobat® Documents:
A. Third Quarter 2006 Progress Report (excluding laboratory analytical reports)
B. Third Quarter 2006 Laboratory Analytical Reports
C. Third Quarter 2006 Data Validation Memoranda
D. Third Quarter 2006 Ground Water Sampling Forms

II: Third Quarter 2006 Potentiometric Contour Maps for the Cedarville Aquifer

IIII: Third Quarter 2006 Hydrogeologic Cross-Sections with Contaminant-Concentration Contours