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AGREEMENT

Between the

State of Washington, Department of Ecology

and

Philip Services Corporation

This Agreement is made and entered into between the Washington State Department of Ecology, hereinafter referred to as "Ecology," and Burlington Environmental Inc., a wholly owned subsidiary of Philip Services Corporation, hereinafter referred to as "PSC".

WHEREAS, PSC is the owner/operator of a "facility" as defined by the Hazardous Waste Management Act of 1976 as amended (Chapter 70.105 RCW) and its implementing regulations (Chapter 173-303 WAC);

WHEREAS, this facility is located at 734 Lucile Street, Seattle, Washington, and is assigned Ecology/EPA ID No. WAD000812909;

WHEREAS, this facility is contaminated by "hazardous substances," including "dangerous wastes," as defined in RCW 70.105.010 and WAC 173-303-040 (Definitions);

WHEREAS, PSC is subject to the requirements of WAC 173-303-646 (Corrective Action) to address the release of dangerous wastes, including dangerous waste constituents, to the soils and/or groundwater at this facility;

WHEREAS, 173-303-646(3) provides that Ecology may require the owner/operator of a facility to fulfill corrective action responsibilities using the Model Toxics Control Act as amended

(Chapter 70.105D RCW, hereinafter known as "MTCA"), and its implementing regulations (Chapter 173-340 WAC);

WHEREAS, Ecology is responsible for the implementation of MTCA and its implementing regulations;

WHEREAS, Ecology will issue a Dangerous Waste Permit for the Georgetown facility which will incorporate corrective action requirements that, if implemented, will satisfy PSC's obligations under WAC 173-303-646 (Corrective Action) and MTCA;

WHEREAS, PSC agrees to reimburse Ecology for costs incurred by Ecology to perform certain tasks identified in this Agreement; and

WHEREAS, the costs paid by PSC pursuant to this Agreement are remedial action costs under MTCA;

NOW, THEREFORE, in consideration of the promises hereinafter contained, the parties agree to the following:

PROJECT SCOPE OF WORK

Ecology shall provide a Project Manager or Co-Project Managers, plus necessary support. The individual(s) assigned will be knowledgeable and experienced in the application of the Hazardous Waste Management Act and its implementing regulations, MTCA and its implementing regulations, and related laws and regulations. Ecology intends to utilize an interdisciplinary team consisting of an Environmental Specialist, Hydrogeologist and Environmental Engineer.

Work under this Agreement will include but not be limited to the following: (1) negotiation and approval for corrective action permit conditions or permit modifications; (2) general corrective action oversight, inspection, and administration; (3) water quality engineering documents (report, treatability study, plans and specifications, and operation and maintenance

manual) review and approval, if necessary, and (4) other related work tasks as directed by Ecology in reference to Ecology policy POL 3-27.

At the inception of the Agreement, and during the first week of each quarter thereafter, the Ecology Project Manager or Co-project Managers shall meet or have a conference call with the PSC Project Manager to: (1) establish priorities, tasks, projected accomplishments, projected staff involvement, and projected costs for the coming quarter; (2) review activity, progress, accomplishments, and costs for the previous quarter; and (3) identify and resolve any problems and issues.

Ecology Project Manager:	PSC Project Manager:
Designee determined by Ecology's Hazardous Waste Toxics Reduction Program Department of Ecology Northwest Regional Office 3190-160th AV SE Bellevue, WA 98008-5452 phone: (206) 649-7280 fax: (206) 649-7098 e-mail: gtri461@ecy.wa.gov	Carolyn Mayer or other as designated by PSC Philip Services Corporation 955 Powell Ave. SW Renton, WA 98055 phone: (206) 227-6121 fax: (206) 227-6191 e-mail: Cmayer@contactpsc.com

PAYMENT OBLIGATIONS

1. PSC agrees to pay for Ecology's costs directly associated with rendering services described in the Section, "Project Scope of Work." These costs shall be attributable to corrective action activities associated with the facility.

2. Ecology's charges under this Agreement will begin upon presentation of the draft Agreement to PSC. Ecology's costs include those costs incurred during the period of this Agreement (Current Charges). Costs incurred during the period of Agreement are accrued during each calendar quarter and will be included in a quarterly invoice.
3. Ecology's costs are calculated in accordance with WAC 173-340-550, Payment of Remedial Action Costs. (WAC 173-340-550 is hereby incorporated by reference).
4. Invoices shall be prepared and mailed each calendar quarter. Payment is due ninety (90) days after receipt of an invoice. Interest charges consistent with RCW 43.17.240 shall be assessed on payments not made by the Due Date for Past or Current Charges indicated on the invoice.
 - Invoices will be mailed to the PSC Project Manager.
 - Invoices will include a statement of costs charged, including identification of and amount of time spent by involved staff members. A general description of work performed (site logs) will be provided with each invoice.

COSTS RECOVERED FROM OTHER PARTIES

The parties intend that Ecology will, in all cases involving cleanup of the PSC Georgetown site under corrective action, achieve 100 percent recovery for its costs. Ecology does not intend to recover more than 100 percent of costs of any project.

PERIOD OF PERFORMANCE

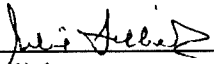
This Agreement shall be effective on the date it is executed by the parties and shall remain in effect for ten (10) years from the effective date, unless corrective action has been completed prior to that date or the Agreement has otherwise been terminated sooner as provided herein. The parties may, by mutual agreement, extend this Agreement beyond ten (10) years.

EFFECTIVE DATE OF THIS AGREEMENT

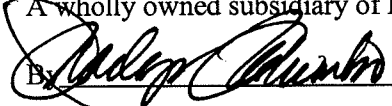
This agreement shall be effective on the date last signed by any of the signatures.

In witness thereof, the parties execute this Agreement.

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

By  DATED May 22, 2001,
Julie Sellick
Section Supervisor
Hazardous Waste Toxics Reduction Program
Northwest Regional Office

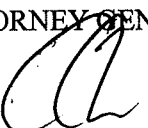
BURLINGTON ENVIRONMENTAL INC.,
A wholly owned subsidiary of PHILIP SERVICES CORPORATION

By  DATED 5/31/01, 2001

Marlys S. Palumbo
Vice President of Law
Philip Services Corporation
955 Powell Avenue SW
Renton, WA 98055

Approved as to form only:

STATE OF WASHINGTON
ATTORNEY GENERAL'S OFFICE

By  DATED MAY 16, 2001

Andrew A. Fitz
Assistant Attorney General

HOLD HARMLESS

Each party shall defend, protect and hold harmless the other party from and against all claims, suits or actions arising from any intentional or negligent act or omission of its employees, agents and/or authorized subcontractor(s) while performing under the terms of this Agreement.

RECORDS SUPPORTING REQUEST FOR PAYMENT

Ecology shall maintain all records supporting every request for payment in a manner which will provide an audit trail of the expenditures made pursuant to this Agreement and shall be available to PSC or its representatives upon request.

TERMINATION

Each party may terminate upon thirty (30) days' written notice if the other party has breached any of the terms of this Agreement and has failed to remedy such breach within thirty (30) days following receipt of notice of the breach. Either party may terminate this Agreement for its convenience upon not less than ninety (90) days' prior written notice. PSC shall be obligated for payment pursuant to this Agreement for all work performed prior to the effective date of termination.

DISPUTE RESOLUTION

Except as otherwise provided in this Agreement, any dispute arising under this Agreement concerning the adequacy of performance of this Agreement which is not disposed of either by agreement between the parties or by termination, shall be decided by Ecology's Hazardous Waste and Toxics Reduction Program ("HWTRP") Section Manager or other authorized official of Ecology. PSC shall notify Ecology promptly of any matter it wishes to dispute. If PSC wishes to dispute any Ecology charges for which it has been billed, PSC shall notify Ecology within fifteen

(15) days of receipt of the invoice. The HWTRP Section Manager, or other authorized official shall review the matter under dispute, reduce his/her decision to writing, and furnish a signed copy to PSC. The decision of Ecology's HWTRP Section Manager, or Ecology's authorized official, shall be the final and conclusive decision of Ecology unless, within thirty (30) days from the date of receipt of such copy, PSC mails or otherwise furnishes to Ecology's HWTRP Manager a written appeal addressed to the HWTR Program Manager. A decision of the HWTR Program Manager, or the HWTR Program Manager's duly authorized representative for the determination of such appeals, shall be the final and conclusive decision of Ecology. PSC's obligation to pay any amount in dispute shall be suspended until Ecology has finally resolved the dispute.

Review of the decision of Ecology shall not be sought under chapter 43.21B RCW. Any action or proceeding brought to enforce or otherwise arising out of or relating to this Agreement shall be brought in the Superior Court of Thurston County. Pending final resolution of a dispute pursuant to this paragraph, PSC shall proceed diligently with the performance of this Agreement and in accordance with Ecology's final decision.

COMPLIANCE WITH APPLICABLE LAWS

Both parties agree to comply with all applicable federal and state laws, rules, and regulations.

AGREEMENT ON ALTERATIONS AND AMENDMENTS

Ecology and PSC may mutually amend this Agreement. Such amendments shall not be binding unless they are in writing and signed by authorized representatives of both parties.

ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.