

**STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY**

In the Matter of Remedial Action at:) MODEL ENFORCEMENT ORDER
Lilyblad Petroleum Inc.) No. 3334
2244 Port of Tacoma Road)
Tacoma, WA 98401)

TO: Lilyblad Petroleum Inc.
2244 Port of Tacoma Road
P.O. Box 1556
Tacoma, WA 98401-1556

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	2
II. JURISDICTION	2
III. DEFINITIONS.....	2
IV. FINDINGS OF FACT.....	2
V. ECOLOGY DETERMINATIONS	3
VI. WORK TO BE PERFORMED	4
VII. TERMS AND CONDITIONS OF ORDER	4
VIII. SATISFACTION OF ORDER	4
IX. ENFORCEMENT	5

Exhibit A: Map of Monitoring Wells Locations

Exhibit B: List of Monitoring Wells

I. INTRODUCTION

On February 28, 2006, under the authority of Section V, Paragraph 12 and Section VI.4 of Agreed Order No. DE95HS-S292, First Amendment, the Department of Ecology ("Ecology") directed Lilyblad Petroleum Inc. ("Lilyblad") to discontinue interim remedial actions at the Lilyblad Petroleum Inc., facility ("Site") pursuant to Lilyblad's Continued Operations Plan. To ensure that groundwater contamination at the Lilyblad Site is adequately monitored and managed in the wake of Ecology's February 28, 2006 action, this Order requires Lilyblad to submit a revised semi-annual groundwater monitoring plan and take other actions to continue monitoring pending a cleanup action decision by Ecology.

This Order does not supplant or alter any obligation under Agreed Order No. DE95HS-S292, First Amendment. This Order is issued within the scope of Section VI, Paragraph 9 of Agreed Order No. DE95HS-S292, First Amendment, to require additional remedial actions beyond those required in Agreed Order No. DE95HS-S292, First Amendment. Ecology believes the actions required by this Order are in the public interest.

II. JURISDICTION

This Enforcement Order is issued pursuant to the authority of the Model Toxics Control Act (MTCA), RCW 70.105D.050(1).

III. DEFINITIONS

Ecology incorporates by reference the Definitions set forth in Section III, Agreed Order No. DE95HS-S292, First Amendment. Unless otherwise specified, the definitions set forth in Chapter 70.105D RCW and Chapter 173-340 WAC shall control the meanings of the terms used in this Order.

IV. FINDINGS OF FACT

Without any express or implied admissions of such facts by Lilyblad, Ecology incorporates by reference herein the Findings of Fact set forth in Agreed Order No. DE95HS-S292, First Amendment. In addition, Ecology makes the following findings of fact:

(1) Agreed Order No. DE95HS-S292 was amended on Oct 10, 2000, requiring Lilyblad to submit an interim action work plan for the interception and treatment of contaminated groundwater flowing from the Lilyblad property to adjacent properties. The amendment also included the substantive provisions of Lilyblad's NPDES water quality permit.

(2) Interim actions were conducted at the Site in 2001 by Camp Dresser & McKee (CDM). CDM installed and operated extraction equipments and two groundwater interception trenches at the north and south corner of the Lilyblad property with routine water monitoring. A multiphase extraction system (MPE) at the PW Eagle property was installed as required by the terms of a Settlement Agreement signed by Lilyblad and PW Eagle on August 16, 1999.

(3) On May 2, 2003, Ecology approved Terra Vac's *Work Plan for In-situ Chemical Treatment Pilot Test*. The work plan included the shut down of the interception trenches during

the pilot study. From September 15, 2003 to March 17, 2004, Terra Vac conducted a six-month pilot test using in-situ treatment on focused areas on the Lilyblad property. The interception trenches have not operated since September 19, 2003.

(4) On March 17, 2004, Lilyblad proposed the continuation of Terra Vac's pilot test system until July 2004. Ecology approved the proposal on March 22, 2004 and did not direct Lilyblad to discontinue the pilot test system after July 2004. Lilyblad continue to operate the pilot system until February 2006.

(5) A *Supplemental Remedial Investigation Report* prepared by CH2M Hill was submitted to Ecology on October 2004, showing the extent of soil and groundwater contamination.

(6) On June 27, 2005, Ecology approved Terra Vac's Continued Operation Plan for the continued operation of the pilot system. The plan included the operations of the groundwater treatment system and in-situ treatment in Area 1 and 6 on Lilyblad property and the MPE area on PW Eagle property. Terra Vac had been performing remedial actions on the MPE area since May 2004.

(7) In December 2005, Terra Vac conducted the interim soil and groundwater sampling. Ecology observed the event and took split samples of the soil and groundwater. The sampling results demonstrated treatment of contaminants on the Lilyblad and PW Eagle property.

(8) Ecology is now in the position of overseeing completion of a Feasibility Study to assess remedial alternatives for the Lilyblad Site and making a cleanup action decision for the Site. Ecology has determined that continued operation of the pilot-scale interim remedial actions is not warranted while Ecology evaluates remedial alternatives and makes a cleanup action decision.

(9) Based on the rate of migration of contaminated groundwater in the past, Ecology has determined that the shut down of the current remedial actions at the Site, coupled with the actions required by this Order, will not create immediate threats to human health and the environment while Ecology's cleanup action decision is pending.

(10) By letter of February 28, 2006, Ecology directed LPI to discontinue Terra Vac's Continued Operations Plan and develop and submit a semi-annual groundwater monitoring plan. LPI submitted the required Groundwater Monitoring Plan on April 1, 2006.

V. ECOLOGY DETERMINATIONS

Ecology incorporates by reference the Ecology Determinations set forth in Section IV, Agreed Order No. DE95HS-S292, First Amendment.

VI. WORK TO BE PERFORMED

Based on the Findings of Fact and Ecology Determinations, it is hereby ordered that Lilyblad take the following action(s) at the Site and that these actions be conducted in accordance with Chapter 173-340 WAC unless otherwise specifically provided for herein:

1. Revise the semi-annual Groundwater Monitoring Plan, submitted on April 1, 2006, for determining flow paths in the unconfined upper aquifer at the Site. The revised Groundwater Monitoring Plan shall include the following:
 - (a) The monitoring of groundwater level in the wells identified in Exhibit A and B. The wells chosen for monitoring may be subject to change upon letter by Ecology. The PLP shall not monitor any wells in addition to those listed in exhibit B;
 - (b) Quality control procedures. For guidance, refer to *Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies*, Ecology publication no. 04-03-030;
 - (c) Semi-annual progress reports including a potentiometric site map, monitoring well locations and groundwater levels measurements from monitoring events occurring in the months of August and February. The periods and wells monitored may be subjected to changes by Ecology. Progress report shall be submitted to Ecology within 30 days after the monitoring event.
 - (d) A plan for implementing hydraulic control of groundwater at the Site using existing groundwater containment and extraction infrastructure, within 10 days of notification by Ecology in the event Ecology determines that implementing such control is necessary.
2. The revised Groundwater Monitoring Plan shall be developed and submitted to Ecology within 30 days following the issuance of this Order. Lilyblad shall implement the Groundwater Monitoring Plan, or any modification thereof, within 10 days following approval by Ecology.
3. If, at any time, Ecology determines that insufficient progress is being made in the preparation of any of the deliverables required by this section, Ecology may complete and issue the final deliverable.

VII. TERMS AND CONDITIONS OF ORDER

Ecology incorporates by reference the Terms and Conditions of Order set forth in Section VI, Agreed Order No. DE95HS-S292, First Amendment.

VIII. SATISFACTION OF ORDER

The provisions of this Order shall be deemed satisfied upon Lilyblad's receipt of written notification from Ecology that Lilyblad has completed the activity required by this Order, as

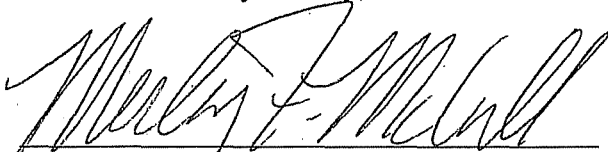
amended by any modifications, and that Lilyblad has complied with all other provisions of this Agreed Order.

IX. ENFORCEMENT

Pursuant to RCW 70.105D.050, this Order may be enforced as follows:

1. The Attorney General may bring an action to enforce this Order in a state or federal court.
2. The Attorney General may seek, by filing an action, if necessary, to recover amounts spent by Ecology for actions and orders related to the Site.
3. In the event Lilyblad refuses, without sufficient cause, to comply with any term of this Order, Lilyblad will be liable for:
 - (a) Up to three (3) times the amount of any costs incurred by the State of Washington as a result of its refusal to comply; and
 - (b) Civil penalties of up to \$25,000 per day for each day it refuses to comply.
4. This Order is not appealable to the Washington Pollution Control Hearings Board. This Order may be reviewed only as provided under RCW 70.105D.060.

Dated the 26th day of May, 2006



Merley F. McCall
Section Manager
Department of Ecology - Industrial Section
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EXHIBIT A: LILYBLAD SITE, MAP OF MONITORING WELLS LOCATION

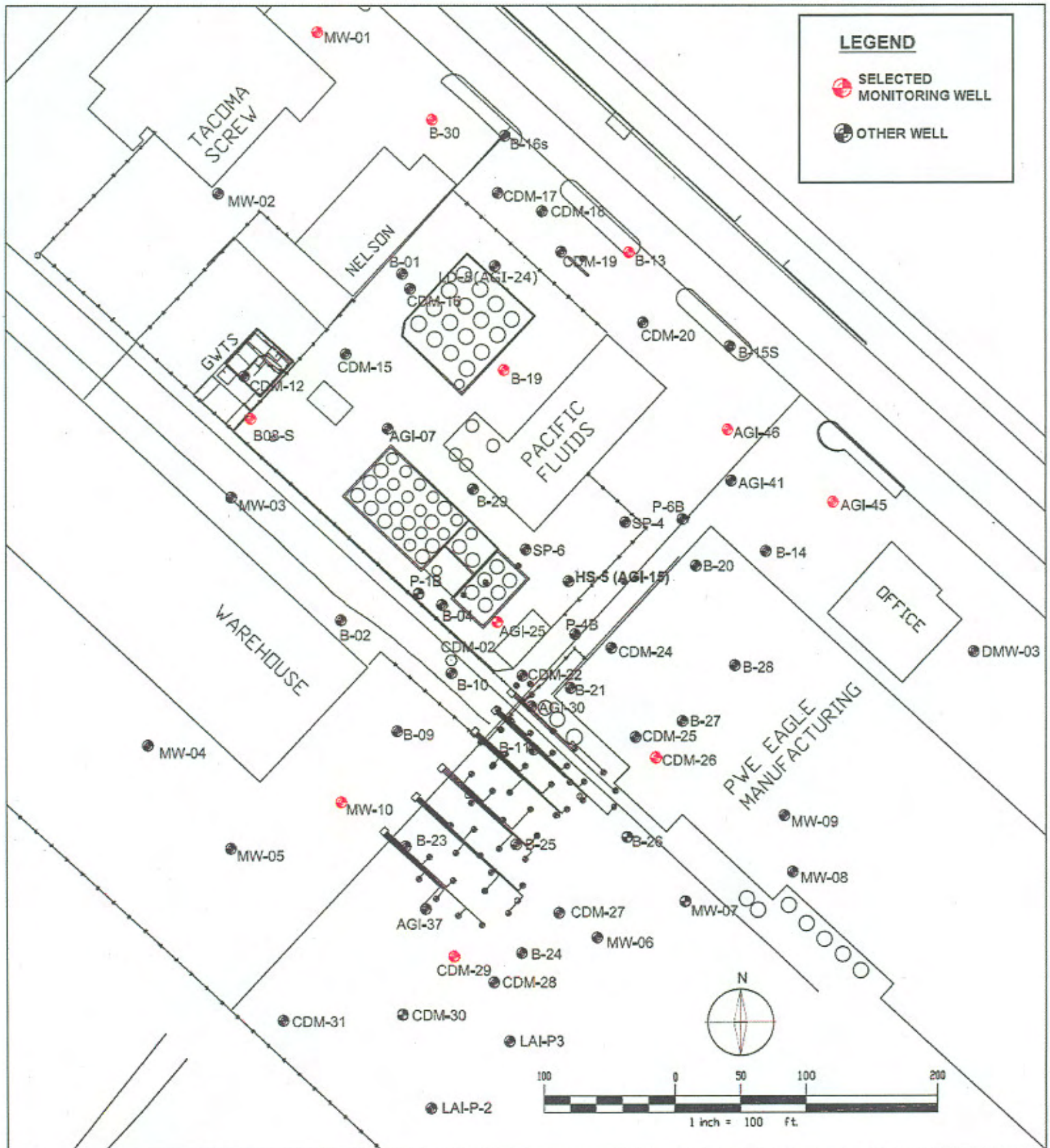


Exhibit B: List of Monitoring Wells

Well Name	General Location
MW 10	PW Eagle warehouse area
CDM 29	PW Eagle MPE area
CDM 26	PW Eagle manufacturing building
AGI 45	PW Eagle front lot
BO8-S	Lilyblad west corner
AGI 25	Lilyblad south corner
AGI 46	Lilyblad east corner
B 13	Lilyblad center Port of Tacoma Rd
B 19	Lilyblad center property
B 30	Nelson front lot
MW 01	Tacoma Screw