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DEPARTMENT OF ECOLOGY
EASTERN REGIONAL OFFICE

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STEVENS COUNTY, WASHINGTON
TIM GRAY, AUDITOR

AALLEN

AFTER RECORDING RETURN TO:
Sandra Treccani
Washington Department of Ecology
4601 North Monroe Street
Spokane, Washington 99205

GRANTORS: Daniel Dawson, Joan D. Dawson, and Kari A. Dawson

GRANTEE/ HOLDER: Washington State Department of Ecology

LEGAL DESCRIPTION: Section 2, Township 39 North, Range 41 East, Willamette
(abbreviated) Meridian, in Stevens County, Washington. Full legal description
provided as Exhibit A.

TAX PARCEL NOS.: 5658801 and 5658300

CROSS REFERENCE: Not applicable

ENVIRONMENTAL COVENANT

I. Purpose and Background

Grantor, Daniel Dawson, Joan D. Dawson, and Kari A. Dawson, hereby bind Grantor and its successors and assigns (collectively hereinafter, "Grantor") to the land use restrictions identified herein and grants such other rights under this Environmental Covenant made on this 8 day of July, 2011. This instrument grants a valid and enforceable

Environmental Covenant pursuant to the Washington State Uniform Environmental Covenant Act, RCW Chapter 64.70 (UECA) to Washington Department of Ecology and its successors and assigns (hereafter “Ecology” or “Holder”). By the signatures below, Grantor represents that they have the authority to legally execute and agree to the terms of this Covenant.

The covenants granted herein are part of a response action implemented under the authority of the Comprehensive Environmental Response, Cleanup and Liability Act (“CERCLA”), 42 U.S.C. § 9601 *et seq.*, and pursuant to two settlement agreements between the United States Environmental Protection Agency (“EPA”) and Blue Tee Corporation (Blue Tee), CERCLA Docket No. 10-2010-0105, and between EPA and Combustion Engineering, Inc. and Goldfield Corporation, CERCLA Docket No. 10-2009-0195.

The Anderson-Calhoun Mine and Mill Site (“Property”) is approximately 200 acres in size and located 30 miles northeast of Colville, Washington. The Property is the location of former zinc, lead, and barium mining and milling operations, conducted between 1910 and the early 1980s. The mining and milling operations affected approximately 92 acres of the Property. Remnants of ore milling operations include a 43-acre tailings impoundment containing an estimated one million cubic yards of lead-zinc and barium tailings. A complete legal description of the Property is provided as Exhibit A, and a map depicting the Property and areas relevant to the restrictions contained in this covenant is provided as Exhibit B.

EPA first investigated the Property as part of a preliminary assessment and site inspection conducted for Upper Columbia River Mines and Mills in 2001. The investigation of the Property identified two small zinc pit mines, the remains of a 1,200 ton flotation mill, a tailings impoundment, number 55-gallon drums, oil filled transformers and other electrical equipment, and other structures and equipment associated with mining and milling activities. The investigation also documented elevated concentrations of metals in the tailings impoundment and in soils near the mill.

Between October 27, 2002 and November 3, 2002, EPA conducted a time-critical removal action to remove and dispose of containers and drums containing hazardous and non-hazardous substances and electrical equipment containing polychlorinated biphenyls. EPA completed a Removal Action Report in March 2003, concluding that further assessment of the Property was necessary and identifying potentially responsible parties. In August 2004, EPA

entered into an agreement with three potentially responsible parties to prepare an Engineering Evaluation and Cost Analysis (EE/CA).

The completed EE/CA concluded that the lead-zinc and barium tailings at the Property presented unacceptable human health and ecological risks. The constituents of concern included barium, cadmium, copper, lead, selenium, and zinc. In an Action Memorandum dated October 11, 2007, EPA selected a non-time critical removal action to address risks at the Property. The selected removal action calls for the excavation and consolidation of contaminated materials in the tailings impoundment, which would be covered with a protective barrier and protected with access controls. The protective barrier is composed of a minimum of twelve inches of coarse-grained soil seeded with a mix of dryland pasture grasses suitable for local climatic conditions. A depiction of the footprint of the protective barrier is provided in Exhibit B. Access controls to the protective barrier consist of metal T-posts and barbed wire fencing erected around the perimeter of the barrier.

The selected removal action was intended to reduce or eliminate pathways of exposure to contaminants in order to reduce the overall threat to human health and the environment from contaminants on the Property. The removal action did not address or completely remove all contaminated media, and concentrations of hazardous substances, pollutants, and contaminants in the tailings impoundment beneath the protective barrier may exceed protective levels established under the state of Washington's Model Toxics Control Act (MTCA), Chapter 70.105D. Accordingly, long-term maintenance and repair of the completed action is necessary to ensure that the removal action remains protective of human health and the environment.

The Action Memorandum and supporting record are on file with EPA Region 10 or its successor agency. The regional office is currently located at 1200 6th Avenue Seattle, Washington 98101.

The purpose of this Environmental Covenant is to establish institutional controls to protect human health and the environment and to ensure the integrity of the response action implemented at the Property. Notwithstanding the response actions implemented and the terms and conditions of this Environmental Covenant, Ecology reserves all of its rights under the law, including but not limited to its rights to require different or additional remedial action under MTCA.

II. Conveyance and Covenant

This instrument is an Environmental Covenant executed pursuant to UECA concerning the Property owned by the Grantor and legally described in Exhibit A and depicted in Exhibit B, which are attached hereto and incorporated herein. Grantor covenants to and with the Holder and its successor and assigns, that Grantor is lawfully seized in fee simple of the Property, that the Grantor has good and lawful right and power to sell and convey the Property or any interest therein, that the Property is free and clear of encumbrances, except those reviewed and approved by EPA, and that Grantor will forever warrant and defend the title thereto and the quiet possession thereof.

With this Environmental Covenant Grantor hereby binds Grantor, their heirs, executors, administrators, successors, and assigns to the restrictions and conditions set forth herein, and conveys to the Holder such restricted property interests. EPA and Ecology have the full rights to enforce the restrictions, conditions, or other rights set forth herein as provided by law including but not limited to CERCLA, MTCA, and UECA.

Grantor makes the following covenants as to limitations, restrictions, and uses to which the Property may be put and specifies that such covenants shall run with the land, as provided by law, shall inure to the benefit of the parties hereto, and shall be binding on all parties and all persons claiming under them, including all current and future owners of any portion of or interest in the Property (hereinafter "Owner"):

1. Any activity that may result in the release or exposure to the environment of hazardous substances beneath the protective barrier, create a new exposure pathway for hazardous substances beneath the protective barrier, or impair or interfere with the integrity of the protective barrier, shall be prohibited unless prior written approval for the activity is provided by Ecology. Some examples of activities that are prohibited in the protective barrier area without prior written approval include the following: drilling, digging, excavating, placement of any objects or use of any equipment which deforms or stresses the surface beyond its load bearing capacity, piercing the surface with a rod, spike or similar item, bulldozing, or earthwork.

2. The Owner shall maintain the metal T-post fence and any associated access gates as depicted in Exhibit B for the purpose of restricting access to the protective barrier, and shall

repair any damage that affects the integrity or functionality of the fence. The Owner shall obtain written approval from Ecology prior to replacing the metal t-post fence with an alternative access control. The Owner may allow for cattle grazing on the protective barrier, provided that grass is well established across the barrier, and provided that the requirements of this Covenant are satisfied.

3. The Owner shall notify and obtain written approval from Ecology prior to dismantling, demolishing, or otherwise removing structures, buildings, and appurtenances thereto that were used for ore mining and milling activities and are located on the Property. In the event such structures, buildings, and appurtenances must be dismantled, demolished, or removed to abate a safety or public health hazard caused by a sudden and unexpected event, Owner shall notify Ecology within 24 hours of the start of such abatement actions.

4. The Owner shall provide thirty days advanced written notice to Ecology of the Owner's intent to convey or transfer, in whole or in part, any interest in the Property. No conveyance of title, easement, lease, or other interest in the Property shall be consummated by the Owner without adequate and complete provision for maintenance of the metal t-post fence and associated access gates, and continued maintenance and repair of the twelve inch thick cap of clean soil.

5. The Owner shall restrict all permits, licenses, and leases at or on any portion of the Property to uses and activities consistent with this Environmental Covenant, and shall notify all permittees, licensees, and lessees of the restrictions and limitations placed on the Property by this Environmental Covenant.

6. The Owner shall allow authorized representatives of EPA, Ecology, and Blue Tee Corporation the right to enter the Property at reasonable times to evaluate the CERCLA action, the protective barrier, to take samples, to inspect any other response actions conducted at the Property, to conduct maintenance and repair activities, and to conduct any other action that may be necessary to ensure that the removal action continues to protect human health and the environment.

7. The Owner shall notify and obtain written approval from Ecology prior to any use of the Property that is inconsistent with the terms of this Environmental Covenant. Ecology may approve any inconsistent use only after public notice and comment.

III. Reservation of Rights

Grantor hereby reserves unto itself, its representatives, heirs, assigns, and successors all rights accruing from ownership of the Property that are not conditioned, restricted or prohibited by this Environmental Covenant.

IV. Enforcement

Compliance with this Environmental Covenant may be enforced pursuant to all applicable laws, including but not limited to CERCLA, UECA, and MTCA. EPA and Ecology shall have full enforcement rights. An action for equitable or injunctive relief for violation of this Environmental Covenant may also be maintained by the other persons and entities set forth in RCW 64.70.110. Failure by any party or person to enforce compliance with this Environmental Covenant in a timely manner shall not be deemed a waiver of the right to take subsequent enforcement actions.

V. Recordation

Grantor shall record this instrument in the official records of Stevens County, Washington and shall pay the costs associated with recording.

VI. General Provisions

Agency's Interest. Pursuant to RCW 64.70.030 the rights granted to EPA by this Environmental Covenant are not interests in real property.

Liberal Construction. This Environmental Covenant shall be construed in favor of effectuating the purpose of this Environmental Covenant. If any provision is found to be ambiguous, an interpretation consistent with the purposes of this Environmental Covenant that would render the provision valid shall be favored over any interpretation that would render it invalid.

Severability. If any provision of this Environmental Covenant is found to be unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

VII. Termination and Modification

This Environmental Covenant may only be amended or terminated in accordance with the procedures and process contained in the amendment and termination provisions of UECA, RCW 64.70.090 and 64.70.100, and with the provisions of WAC 173-340-440. Ecology may approve inconsistent uses (as described in Section II, paragraph 7 above), and/or termination only after public notice and opportunity for comment.

VIII. Signature and Acknowledgements

Grantor covenants that it is authorized to grant this Environmental Covenant and shall warrant and defend the same against all claims and demands challenging such authority. The undersigned parties represent and certify that they are authorized to execute this Environmental Covenant.

IN WITNESS WHEREOF, Daniel Dawson has executed this Environmental Covenant as owner of the real property subject to this Environmental Covenant on this 8th day of July, 2011.

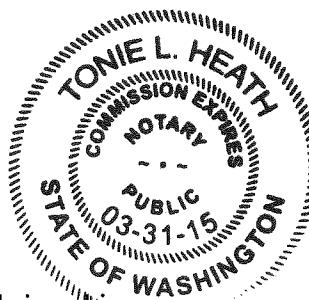
Signatory's printed name Daniel Dawson

Signature



STATE OF WA

COUNTY OF Pend Oreille



The foregoing instrument was acknowledged and signed in my presence on the 8 day of July, in the year 2011, by the person(s) who appeared before me and who acknowledged it to be his/her/their free and voluntary act.

Name (signature) 

Notary Public for the state of WASHINGTON

My Commission expires on 3-31-15

Printed Name TONIE L. HEATH

IN WITNESS WHEREOF, Joan D. Dawson has executed this Environmental Covenant
as owner of the real property subject to this Environmental Covenant on this 22 day of
June, 2011.

Signatory's printed name Joan D. Dawson

Signature

Joan D. Dawson

STATE OF Washington

COUNTY OF Stevens



The foregoing instrument was acknowledged and signed in my presence on the 22 day of
June, in the year 2011, by the person(s) who appeared before me and who
acknowledged it to be his/her/their free and voluntary act.

Name (signature) Stephanie J Young

Notary Public for the state of Washington

My Commission expires on 7-14-12

Printed Name Stephanie J Young



IN WITNESS WHEREOF, Kari A. Dawson has executed this Environmental Covenant
as owner of the real property subject to this Environmental Covenant on this 8th day of
July, 2011.

Signatory's printed name Kari A. Dawson

Signature

Kari A. Dawson

STATE OF WA
COUNTY OF Pend Oreille



The foregoing instrument was acknowledged and signed ~~in my presence~~ on the 8 day of July, in the year 2011, by the person(s) who appeared before me and who acknowledged it to be his/her/their free and voluntary act.

Name (signature) Tonie L. Heath

Notary Public for the state of Washington

My Commission expires on March 31, 2015

Printed Name Tonie L. Heath

The forgoing Environmental Covenant is hereby approved and certified.

By: [Signature] 7/26/11
Daniel N. Opalski, Director DATE
Office of Environmental Cleanup
United States Environmental Protection Agency
Region 10

By: [Signature] 18 July 2011
Michael A. Hibbler, Regional Section Manager DATE
Toxics Cleanup Program
Washington State Department of Ecology

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY SUBJECT TO COVENANT

Stevens County Parcel Number 5658300

The South $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ and the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 2, Township 39 North, Range 41 East, W.M., in Stevens County, Washington, LESS all mineral rights.

Stevens County Parcel Number 5658801

The East 400 feet of Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the East 400 feet of Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 2, Township 39 North, Range 41 East, W.M., in Stevens County, Washington, LESS all mineral rights.

EXHIBIT B

**DEPICTION OF SITE AND AREAS RELEVANT
TO THE ENVIRONMENTAL COVENANT**

