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WA State Department
of Ecology (SWRC)

STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

In the Matter of Remedial Action by:
CanAm Minerals, Inc.

For Tru-Grit Abrasives, Inc. Site
1110 East Alexander Avenue
Tacoma, WA 98421
Facility/Site No.: 1206878
Cleanup Site No.: 1294

AGREED ORDER

No. DE 8978

TO:
Mr. Tim Spurgeon, President
CanAm Minerals, Inc.
Suite 210
50 Oak Court
Danville, CA 94526-4048

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I. INTRODUCTION

The mutual objective of the State of Washington, Department of Ecology (Ecology) and CanAm Minerals, Inc. (CanAm) under this Agreed Order (Order) is to provide for remedial action at a facility where there has been a release or threatened release of hazardous substances. This Order requires CanAm to conduct a remedial investigation and feasibility study. Ecology believes the actions required by this Order are in the public interest.

II. JURISDICTION

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

III. PARTIES BOUND

This Agreed Order shall apply to and be binding upon the Parties to this Order, their successors and assigns. The undersigned representative of each party hereby certifies that he or she is fully authorized to enter into this Order and to execute and legally bind such party to comply with this Order. CanAm agrees to undertake all actions required by the terms and conditions of this Order. No change in ownership or corporate status shall alter CanAm's responsibility under this Order. CanAm shall provide a copy of this Order to all agents, contractors, and subcontractors retained to perform work required by this Order, and shall ensure that all work undertaken by such agents, contractors, and subcontractors complies with this Order.

IV. DEFINITIONS

Unless otherwise specified herein, the definitions set forth in Chapter 70.105D RCW and Chapter 173-340 WAC shall control the meanings of the terms in this Order.

A. Site: The Site is referred to as Tru-Grit Abrasives, Inc. (hereinafter referred to as Tru-Grit) and is generally located at 1110 Alexander Avenue, Tacoma, Washington. The Site is defined by the extent of contamination caused by the release of hazardous substances at the Site. Based upon factors currently known to Ecology, the Site is more particularly described in the Site Diagram (Exhibit A). The Site constitutes a Facility under RCW 70.105D.020(5).

B. Parties: Refers to the Ecology and CanAm.

C. Potentially Liable Person (PLP): Refers to CanAm.

D. Agreed Order or Order: Refers to this Order and each of the exhibits to this Order. All exhibits are integral and enforceable parts of this Order. The terms "Agreed Order" or "Order" shall include all exhibits to this Order.

V. FINDINGS OF FACT

Ecology makes the following findings of fact, without any express or implied admissions of such facts by CanAm:

A. The Tru-Grit facility is owned and operated by CanAm. According to information in Ecology site files, the grit offloading operations at the Site have been in place since before 1993.

B. The Port of Tacoma (Port) is owner in fee simple of the 1110 Alexander Avenue Property. The Port is an independent municipal corporation that operates under Title 53 of the Revised Code of Washington. CanAm leases the property from the Port, and the lease will expire on June 30, 2012. The Port and CanAm are engaged in negotiations for a new lease required for CanAm to continue operations after June 30, 2012.

C. Tru-Grit is a storage and distribution facility that receives, stores, dries, and screens a granular abrasive material that is imported by barge from Canada. The grit originates at a defunct copper smelter near Anyox, British Columbia. After the copper and other metals were smelted out of the ore, the molten raw material was vitrified by plunging it into cold water, which created a hard black sand-like grit. The grit is washed and wet-screened to remove the finest particles and oversized material prior to loading onto the barges for transport to Tacoma. Two barges per year typically dock at the Tru-Grit facility in Tacoma and offload the grit. A front end loader and ship-to-shore conveyance system are used to unload barges. The offloaded grit is placed in a tarp-covered outdoor storage pile. Grit from the pile is passed through a dryer and screening device to separate materials into sizes appropriate for roofing granules and sandblast grit. After processing, the material is packaged into bags for sale and transport, or stored in a silo from which it is loaded directly into trucks for transport.

D. The June 17, 2010 Stormwater Pollution Prevention Plan (SWPPP) for the Tru-Grit facility includes chemical results for total metals. It also includes results from Toxicity Characteristic Leaching Procedure and fish bioassay tests used for characterizing the material for dangerous waste determination. The leaching and bioassay tests indicate the material does not designate as dangerous waste for disposal purposes. However, the total concentrations of copper and zinc in the grit are of concern because they are above Washington State Sediment Quality Standards for copper and zinc. The sediment quality standard is 390 parts per million (ppm) for copper and 410 ppm for zinc. The test results for Tru-Grit material show that it contains between 1,000 and 2,590 parts per million (ppm) of copper and between 3,900 and 8,930 ppm of zinc. The Tru-Grit material contains low or not-detectable levels of other heavy metals.

E. Although Tru-Grit's SWPPP includes management practices to prevent release of the grit, Ecology inspections of the Tru-Grit facility dated May 4, 2005 January 23, 2007, March

4, 2008, and April 22, 2011 found that grit had escaped from the storage pile and migrated to areas of the Tru-Grit facility. In the January 2007 report, the inspector observed that grit had migrated to portions of adjacent properties. Stormwater from the Tru-Grit facility is channeled to a settling basin with provisions for an overflow grassy filtration swale discharging to the Blair Waterway in the event the settling basin is overtopped. According to the facility SWPPP, a long time operator at the facility (Mr. Dan Streight) reported that the pond has never overflowed, including during a large storm event on November 6, 2006 that saw more than 2.3 inches of rain in 24 hours and precipitation rates as high as 0.35 inches per hour in the Tacoma Tide Flats area. Roof drains from the buildings on the Tru-Grit facility discharge to a rip-rap embankment and thence to Blair Waterway.

F. An Ecology inspection report dated January 23, 2007 states that grit was found underneath the ship-to-shore conveyor on the land and along the over-water pier. This indicates that grit escapes during the off-loading process.

G. Ecology issued Water Quality Enforcement Order No. 4003 to Tru-Grit/CanAm on January 8, 2007. The order required Tru-Grit to monitor and report stormwater quality, sweep all exposed grit from the facility and adjacent properties, cover all grit with a flexible membrane, provide for all grit to be stored within a building within seven months of the date of the order, evaluate sediment contamination in the Blair Waterway, and clean up sediment contamination by July 31, 2007. CanAm appealed the order to the Pollution Control Hearings Board (PCHB). In the Notice of Appeal, dated February 7, 2007, CanAm requested the PCHB amend the administrative order by removing the requirement to store all grit inside a building, and modifying the requirement for sediment sampling and evaluation and removal of contaminated sediments by July 31, 2007. Section VI of the appeal states that "CanAm Minerals is not opposed to evaluating the necessity for any sediment cleanup immediately prior to the

termination of its lease". Ecology and CanAm reached a settlement regarding CanAm's appeal of the two order conditions. Based on the terms of the settlement, Amendment Docket # 8144 was issued on December 15, 2010, to amend Administrative Order #4003. The amendment removed the requirement to store grit within a building and modified the requirement to immediately clean up contaminated sediments. The order amendment modified the original requirements for Corrective Action 3 (regarding sediment cleanup) to the following requirement: "Tru-Grit Roofing Granules must comply with the Department of Ecology Toxics Cleanup Program's requirements in the future for removal and disposal of contaminated sediment associated with the release of grit at the site." The Remedial Investigation and Feasibility study required under this Agreed Order is the first step toward meeting the requirement from the water quality order amendment.

H. Sediment sampling was conducted in May of 2008 by Landau Associates (Landau), and a report was submitted to Ecology in July of 2009. Five surface sediment samples [0-10 centimeter (cm) depth] and two subsurface core sediment samples (15-25 cm depth and 25-35 cm depth) were obtained from stations G-1 through G-5 around the end of the conveyor pier. The core samples were taken at location G-1 and were given sample identification numbers C-1(15-25) and C-1(25-35). A surface sediment sample and two subsurface core sediment samples were taken to represent 'background' conditions. These samples were obtained from station G-B2, located approximately 560 feet southeast of the conveyor pier, upstream on Blair Waterway. The core samples at this location were given sample identification numbers C-B2(15-25) and C-B2(25-40). Surface sediment and subsurface sediment core samples that were initially intended to represent 'background' conditions were taken at stations G-B1 located near the northern boundary of the property in the Blair Waterway, approximately 190 feet north of the conveyor pier and approximately even with the end of the pier in the waterway. The core samples at this

location were given sample identification numbers C-B1(15-25) and C-B1(25-40). Landau did not use these samples to represent background conditions due to the presence of black sandy particles within the sediments that resembled slag material. Slag-like material was also observed on or within the sediments at three of the stations near the pier. Landau had the surface samples near the end of the pier and the upstream background station analyzed at Analytical Resources Inc. for copper and zinc. Ecology split samples with Landau and had all surface samples as well as the six core samples analyzed for arsenic, copper and zinc. Test results of the Tru-Grit material have shown it does not contain arsenic. Ecology added arsenic to the chemicals for analysis because arsenic is known to be present within sediments of Commencement Bay from other sources. Results of all samples are shown in Table 1, and sample station locations are shown in Figure 1.

I. Chapter 173-204 WAC, Washington State's Sediment Management Standards, includes both chemical and biological Sediment Quality Standards (SQS), which represent sediment quality that will result in no adverse effects to biological resources. The Sediment Management Standards also include chemical and biological Cleanup Screening Levels (CSL), which represent sediment quality that may cause minor adverse effects. The SQS and CSL for arsenic, copper, and zinc are shown on Table 1. The arsenic SQS and CSL are 57 and 93 ppm, respectively. For copper, the SQS and CSL are both 390 ppm. The zinc SQS and CSL are 410 and 960 ppm, respectively. The Tru-Grit site was identified as a sediment site because the average concentration of the highest concentration for three samples for copper and for zinc are each above the CSL (WAC 173-204 520 and 530). Arsenic does not appear to be a contaminant of concern at the site because all of the samples near the property contained arsenic below the SQS. The 'background' sample taken 560' upstream of the Tru-Grit pier on the Blair Waterway did contain arsenic at 185 ppm. However, this arsenic is very unlikely to be related to the

activities at Tru-Grit based on the low levels found in the Tru-Grit material and in the samples close to the conveyor.

J. Copper: As noted above, Ecology and Landau Associates split samples and had them analyzed at separate laboratories. Therefore, for some sample locations, there are two different results for the same chemical. It is normal for labs to have variation in results, and the two labs' results in this case are within the normal range of variability that can be expected. Based on results from both labs, two of the seven surface samples contained copper above the SQS/CSL of 390 ppm: Sample G-5, located at the end of the conveyor pier, contained 1,340 ppm (Landau's lab) and 1,390 ppm (Ecology lab). Sample G-B1, taken at the north edge of the property in the Blair Waterway, contained 391 ppm of copper (Ecology lab only) in surface sediments. Two of the three deeper (core) samples also contained copper above the SQS/CSL: Core sample C-1, obtained at station G-1 near the end of the conveyor, contained 700 ppm copper at 15 – 25 centimeter depth. The corresponding surface sample at this location contained 280 ppm copper. Core sample C-B2, from the 'background' sample location 560' upstream of the Tru-Grit site pier, contained 1,340 ppm copper at 25-40 centimeter depth. The corresponding 10-25 centimeter sample and surface sample and at this location contained 353 and 229 ppm copper, respectively. The rate of sediment deposition is not known.

K. Zinc: Four of the seven surface sediment samples contained zinc above the SQS of 410 ppm. Station G-1, located near the end of the conveyor pier, contained 762 ppm (Landau's lab) and 914 ppm (Ecology's lab). Station G-5, located near the end of the conveyor pier, contained 2,970 ppm (Landau's lab) and 3,400 ppm (Ecology's lab). Station G-B1, taken at the north edge of the property in the Blair Waterway, contained 1,250 ppm. Station G-B2, the 'background' station 560' upstream of the Tru-Grit site pier, contained 629 ppm (Landau's lab) and 665 ppm (Ecology's lab). Two of these stations (G-5 and G-B1) were also above the CSL for

zinc of 960 ppm. Zinc was present above the SQS and CSL in subsurface samples at all three locations where cores were taken. The subsurface sediment core samples taken at Station G-1 (Sample ID C-1) , located near the end of the conveyor pier, contained 1,590 ppm zinc at 15-25 centimeter depth and 957 ppm zinc at 25-35 centimeter depth (Ecology lab only). At the north edge of the property, subsurface sediment collected at station G-B1 (Sample ID C-B1) contained 1,140 ppm zinc at 15-25 centimeter depth, but only 86 ppm zinc at 25-40 cm depth. The core sample from the background station G-B2 (Sample ID C-B2), located 560' upstream of the Tru-Grit pier, contained 1,120 ppm in the 10-25 centimeter sample and 4,210 in the 25-40 centimeter sample.

L. The areal and vertical extent of the contamination originating from the facility has not been fully characterized.

M. Based on the data from the 2008 sampling event, Ecology placed the site on Ecology's Confirmed and Suspected Contaminated Sites List. The site was ranked according to the Washington Ranking Method and placed on Ecology's Hazardous Sites List with a rank of "1". The hazard ranking is an estimation of the potential threat to human health and/or the environment, relative to all other Washington State sites assessed at the time of ranking. The ranking scale is 1 to 5, with 1 representing the highest relative risk and 5 the lowest relative risk.

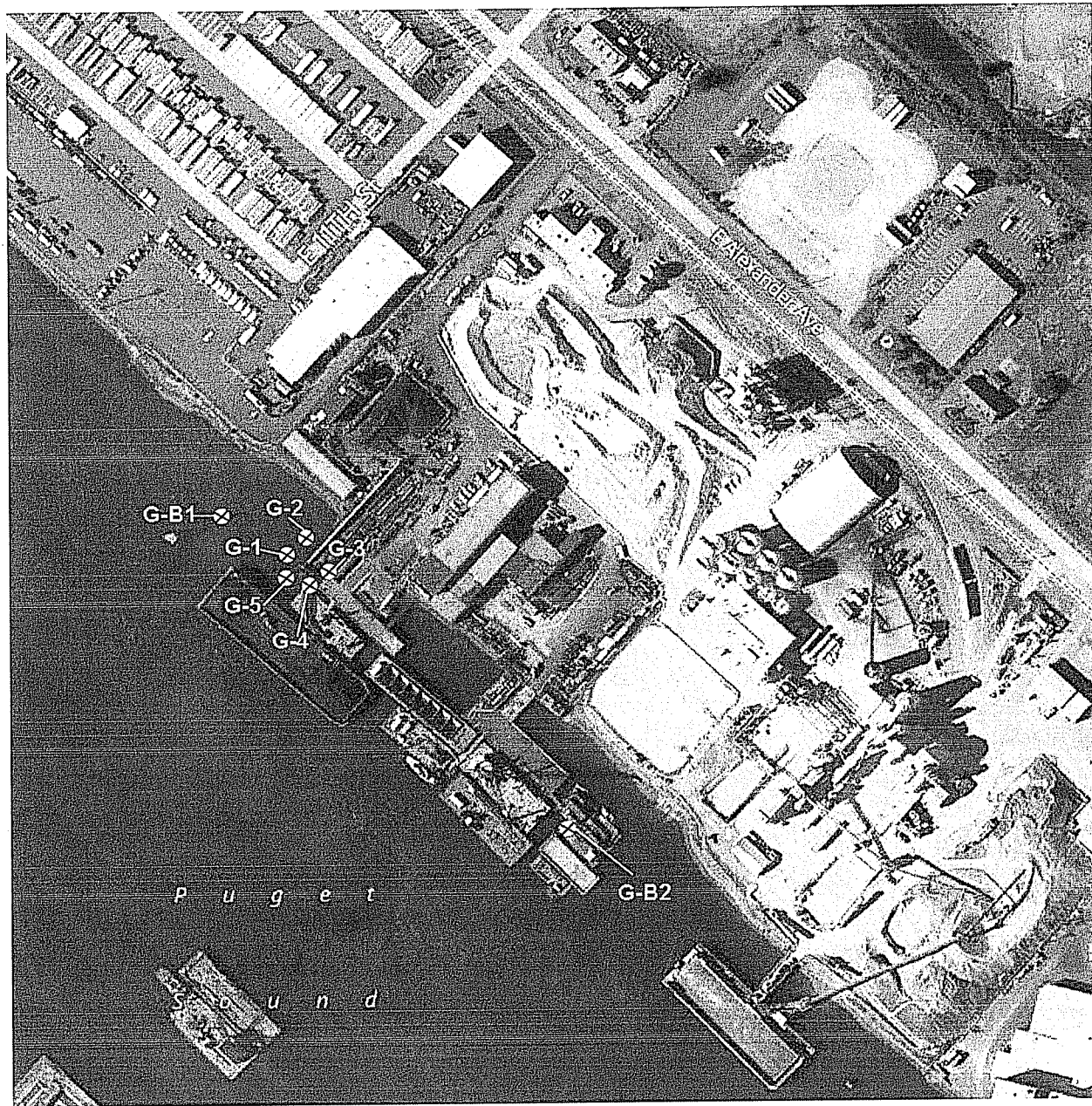


Figure 1. Tru-Grit Sediment Sample Locations

 Sample location

TABLE 1: Tru-Grit Sediment Samples, 2008			COPPER		ZINC		ARSENIC
Landau Sample ID	Ecology Sample ID	Sample Description	Landau (ARI) Results	Ecology Results	Landau (ARI) Results	Ecology Results	Ecology Results
G-1	G-1	End of Conveyor Pier	303	280	762	914	19.9
C-1(15-25)	C-1A	15-25 centimeter depth at G-1	N/A	700	N/A	1,590	24.3
C-1(25-35)	C1-B	25-35 centimeter depth at G-1	N/A	314	N/A	957	44.7
G-2	G-2	End of Conveyor Pier	117	72.4	228	180	24.9
G-3	G-3	End of Conveyor Pier	221	180	296	285	55.2
G-4	G-4	End of Conveyor Pier	151	140	217	200	17.5
G-5	G-5	End of Conveyor Pier	1,340	1,390	2,970	3,400	8.9
G-B1	GB-1	190' North of conveyor pier	N/A	391	N/A	1,250	7.94
C-B1(15-25)	CB-1A	15-25 centimeter depth at G-B1	N/A	332	N/A	1,140	11.6
C-B1(25-40)	CB-1B	25-40 centimeter depth at G-B1	N/A	55.4	N/A	86	13
G-B2	G-6	Background - 560' upstream on Blair Waterway	231	229	629	665	185
C-B2(10-25)	C2-A	10-25 centimeter depth at G-B2	N/A	353	N/A	1,120	34.5
C-B2(25-40)	C2-B	25-40 centimeter depth at G-B2	N/A	1,340	N/A	4,210	90.5
Sediment Quality Standard			390		410		57
Cleanup Screening Level			390		960		93
Bold: SQS Exceedance Bold Underline: CSL Exceedance N/A: Not analyzed							

VI. ECOLOGY DETERMINATIONS

A. CanAm is an "owner or operator" as defined in RCW 70.105D.020(17) of a "facility" as defined in RCW 70.105D.020(5).

B. Based upon all factors known to Ecology, a "release" of "hazardous substance(s)" as defined in RCW 70.105D.020(25) and RCW 70.105D.020(10), respectively, has occurred at the Site. The areal and vertical extent of the contamination has not been fully characterized.

C. Based upon credible evidence, Ecology issued a preliminary PLP status letter to CanAm dated December 19, 2011, pursuant to RCW 70.105D.040, -.020(21) and WAC 173-340-500. After providing for notice and opportunity for comment, and concluding that credible evidence supported a finding of potential liability, Ecology issued a determination that CanAm is a PLP under RCW 70.105D.040 and notified CanAm of this determination by letter dated January 23, 2012.

D. Pursuant to RCW 70.105D.030(1) and -.050(1), Ecology may require PLPs to investigate or conduct other remedial actions with respect to any release or threatened release of hazardous substances, whenever it believes such action to be in the public interest. Based on the foregoing facts, Ecology believes the remedial actions required by this Order are in the public interest.

VII. WORK TO BE PERFORMED

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

A. Remedial Investigation/Feasibility Study Work Plan. Prepare a work plan to conduct a Remedial Investigation and Feasibility Study to identify the nature and extent of

contamination resulting from operations related to the Tru-Grit facility and to evaluate cleanup alternatives (RI/FS work plan).

1. The RI/FS work plan shall include activities to gather and present the information required by WAC 173-204-560 (Sediment Management Standards – Cleanup Study), and WAC 173-340-350 (Model Toxics Control Act - Remedial Investigation and Feasibility Study). The scope of the work plan shall be sufficient to enable the appropriate selection of cleanup standards and cleanup action(s) for all contamination resulting from operations related to the Tru-Grit facility. The work plan shall include activities to investigate the condition of sediments and of any potential sources to sediments that originated on the Tru-Grit facility. This shall include evaluation of storm drains in all areas where grit came to be located by way of spillage, stormwater or air deposition.

2. The RI/FS work plan shall include a Sampling and Analysis Plan and a Site Safety and Health Plan as specified in WAC 173-204-560 (5) and (6). The Sampling and Analysis Plan shall include quality assurance/quality control measures necessary to ensure environmental data is complete, representative, accurate, and comparable to regulatory standards.

3. The RI/FS work plan shall include a schedule. The schedule shall include timing for start of field work, submittal of lab results to Ecology, submittal of draft RI/FS report to Ecology, submittal of final RI/FS report to Ecology, and submittal of data to Ecology's Environmental Information Management (EIM) database.

4. Schedule: Submit the draft RI/FS Work Plan within 90 days from the effective date of this Agreed Order. Submit the Final RI/FS work plan within 30 days of receiving Ecology's comments on the draft plan.

B. Remedial Investigation/Feasibility Study Field Work. Perform a remedial investigation in accordance with the approved work plan.

1. Schedule: Begin remedial investigation field work within 30 days of Ecology's approval of the final RI/FS Work Plan.

C. Laboratory Results. Submit laboratory analytical results from remedial investigation work to Ecology.

1. Schedule: Within 14 days following completion of data validation.

D. Remedial Investigation/Feasibility Study Report. Submit Remedial Investigation/Feasibility Study Report to Ecology. Consult with Ecology prior to writing the draft feasibility study, for Ecology to approve of the scope of alternatives to be considered in the feasibility study.

1. Schedule: Submit draft RI/FS report to Ecology in accordance with the schedule identified in the Ecology-approved final RI/FS work plan. Submit final RI/FS report within 30 days of receiving Ecology's comments on the draft RI/FS report.

E. Electronic Data Submittal. Submit all data generated for the Remedial Investigation/Feasibility Study and the 2008 sediment sampling effort to Ecology's Environmental Information Management (EIM) database.

1. Schedule: In accordance with the schedule in the final approved RI/FS work plan.

F. Interim Action: If an interim action is deemed necessary to abate an emergency condition that threatens human health or the environment, or that will substantially improve the

efficacy of the final cleanup, CanAm shall submit to Ecology a work plan that describes the anticipated scope of work and expected costs and time frames for completion. Any proposed interim action shall be designed and executed in accordance with WAC 173-340-430 and shall not foreclose reasonable alternatives for the final cleanup action. All interim action work will consist of activities approved by Ecology as proposed in a work plan submitted to Ecology.

1. Schedule: CanAm shall provide an Interim Action Work Plan to Ecology for review and approval within 60 days of Ecology's written notice to Tru-Grit that an Interim Action Work Plan is necessary. Once approved by Ecology, the interim action shall be performed in accordance with the work plan and schedule provided in the work plan.

G. Summary of Schedule:

Task	Item	Schedule
A	RI/FS Work Plan Draft	90 days from effective date of Agreed Order
A	RI/FS Work Plan Final	30 days of receiving Ecology's comments on the draft.
B	Begin RI field work	30 days from Ecology approval of final RI/FS Work Plan
C	RI lab results to Ecology	14 days from completion of data validation
D	Draft RI/FS	As approved in the final RI/FS Work Plan
D	Final RI/FS	30 days of receiving Ecology's comments on the draft RI/FS Report
F	Data to EIM	As approved in the final RI/FS Work Plan.
G	Interim Action	Within 60 days of Ecology's written notice to Tru-Grit that an Interim Action Work Plan is necessary

H. If, at any time after the first exchange of comments on drafts, 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.

VIII. TERMS AND CONDITIONS OF ORDER

A. Public Notice

RCW 70.105D.030(2)(a) requires that, at a minimum, this Order be subject to concurrent public notice. Ecology shall be responsible for providing such public notice and reserves the right to modify or withdraw any provisions of this Order should public comment disclose facts or considerations which indicate to Ecology that this Order is inadequate or improper in any respect.

B. Remedial Action Costs

CanAm shall pay to Ecology costs incurred by Ecology pursuant to this Order and consistent with WAC 173-340-550(2). These costs shall include work performed by Ecology or its contractors for, or on, the Site under Chapter 70.105D RCW, including remedial actions and Order preparation, negotiation, oversight, and administration. These costs shall include work performed both prior to and subsequent to the issuance of this Order. Ecology's costs shall include costs of direct activities and support costs of direct activities as defined in WAC 173-340-550(2). Ecology has accumulated \$3,469 in remedial action costs related to this facility as of February 29, 2012. Payment for this amount shall be submitted within thirty (30) days of the effective date of this Order. For all costs incurred subsequent to February 29, 2012 CanAm shall pay the required amount within thirty (30) days of receiving from Ecology an itemized statement of costs that includes a summary of costs incurred, an identification of involved staff, and the amount of time spent by involved staff members on the project. A general statement of work performed will be provided upon request. Itemized statements shall be prepared quarterly. Pursuant to WAC 173-340-550(4), failure to pay Ecology's costs within ninety (90) days of

receipt of the itemized statement of costs will result in interest charges at the rate of twelve percent (12%) per annum, compounded monthly.

In addition to other available relief, pursuant to RCW 19.16.500, Ecology may utilize a collection agency and/or, pursuant to RCW 70.105D.055, file a lien against real property subject to the remedial actions to recover unreimbursed remedial action costs.

C. Implementation of Remedial Action

If Ecology determines that CanAm has failed without good cause to implement the remedial action, in whole or in part, Ecology may, after notice to CanAm, perform any or all portions of the remedial action that remain incomplete. If Ecology performs all or portions of the remedial action because of CanAm's failure to comply with its obligations under this Order, CanAm shall reimburse Ecology for the costs of doing such work in accordance with Section VIII.B (Remedial Action Costs), provided that CanAm is not obligated under this Section to reimburse Ecology for costs incurred for work inconsistent with or beyond the scope of this Order.

Except where necessary to abate an emergency situation, CanAm shall not perform any remedial actions at the Site outside those remedial actions required by this Order, unless Ecology concurs, in writing, with such additional remedial actions.

D. Designated Project Coordinators

The project coordinator for Ecology is:

Joyce Mercuri
P. O. Box 47775
Olympia, WA 98504-7775
(360) 407-6260

The project coordinator for CanAm is:

Fionn O'Neill
Director of Operations, CanAm Minerals, Inc.
Suite 210
50 Oak Court
Danville, CA 94526-4048
(925) 831-9802

Each project coordinator shall be responsible for overseeing the implementation of this Order. Ecology's project coordinator will be Ecology's designated representative for the Site. To the maximum extent possible, communications between Ecology and CanAm, and all documents, including reports, approvals, and other correspondence concerning the activities performed pursuant to the terms and conditions of this Order shall be directed through the project coordinators. The project coordinators may designate, in writing, working level staff contacts for all or portions of the implementation of the work to be performed required by this Order.

Any party may change its respective project coordinator. Written notification shall be given to the other party at least ten (10) calendar days prior to the change.

E. Performance

All geologic and hydrogeologic work performed pursuant to this Order shall be under the supervision and direction of a geologist licensed in the State of Washington or under the direct supervision of an engineer registered in the State of Washington, except as otherwise provided for by Chapters 18.220 and 18.43 RCW.

All engineering work performed pursuant to this Order shall be under the direct supervision of a professional engineer registered in the State of Washington, except as otherwise provided for by RCW 18.43.130.

All construction work performed pursuant to this Order shall be under the direct supervision of a professional engineer or a qualified technician under the direct supervision of a

professional engineer. The professional engineer must be registered in the State of Washington, except as otherwise provided for by RCW 18.43.130.

Any documents submitted containing geologic, hydrologic or engineering work shall be under the seal of an appropriately licensed professional as required by Chapter 18.220 RCW or RCW 18.43.130.

CanAm shall notify Ecology in writing of the identity of any engineer(s) and geologist(s), contractor(s) and subcontractor(s), and others to be used in carrying out the terms of this Order, in advance of their involvement at the Site.

F. Access

Ecology or any Ecology authorized representative shall have the full authority to enter and freely move about all property at the Site that CanAm either owns, controls, or has access rights to at all reasonable times for the purposes of, *inter alia*: inspecting records, operation logs, and contracts related to the work being performed pursuant to this Order; reviewing CanAm's progress in carrying out the terms of this Order; conducting such tests or collecting such samples as Ecology may deem necessary; using a camera, sound recording, or other documentary type equipment to record work done pursuant to this Order; and verifying the data submitted to Ecology by CanAm. CanAm shall make all reasonable efforts to secure access rights for those properties within the Site not owned or controlled by CanAm where remedial activities or investigations will be performed pursuant to this Order. Ecology or any Ecology authorized representative shall give reasonable notice before entering any Site property owned or controlled by CanAm unless an emergency prevents such notice. All persons who access the Site pursuant to this Section shall comply with any applicable Health and Safety Plan(s). Ecology employees and their representatives shall not be required to sign any liability release or waiver as a condition of Site property access.

G. Sampling, Data Submittal, and Availability

With respect to the implementation of this Order, CanAm shall make the results of all sampling, laboratory reports, and/or test results generated by it or on its behalf available to Ecology. Pursuant to WAC 173-340-840(5), all sampling data shall be submitted to Ecology in both printed and electronic formats in accordance with Section VII (Work to be Performed), Ecology's Toxics Cleanup Program Policy 840 (Data Submittal Requirements), and/or any subsequent procedures specified by Ecology for data submittal.

If requested by Ecology, CanAm shall allow Ecology and/or its authorized representative to take split or duplicate samples of any samples collected by CanAm pursuant to implementation of this Order. CanAm shall notify Ecology seven (7) days in advance of any sample collection or work activity at the Site. Ecology shall, upon request, allow CanAm and/or its authorized representative to take split or duplicate samples of any samples collected by Ecology pursuant to the implementation of this Order, provided that doing so does not interfere with Ecology's sampling. Without limitation on Ecology's rights under Section VIII.F (Access), Ecology shall notify CanAm prior to any sample collection activity unless an emergency prevents such notice.

In accordance with WAC 173-340-830(2)(a), all hazardous substance analyses shall be conducted by a laboratory accredited under Chapter 173-50 WAC for the specific analyses to be conducted, unless otherwise approved by Ecology.

H. Public Participation

A Public Participation Plan is required for this Site. Ecology shall review any existing Public Participation Plan to determine its continued appropriateness and whether it requires amendment, or if no plan exists, Ecology shall develop a Public Participation Plan alone or in conjunction with CanAm.

Ecology shall maintain the responsibility for public participation at the Site. However, CanAm shall cooperate with Ecology, and shall:

1. If agreed to by Ecology, develop appropriate mailing list, prepare drafts of public notices and fact sheets at important stages of the remedial action, such as the submission of work plans, remedial investigation/feasibility study reports, cleanup action plans, and engineering design reports. As appropriate, Ecology will edit, finalize, and distribute such fact sheets and prepare and distribute public notices of Ecology's presentations and meetings.

2. Notify Ecology's project coordinator prior to the preparation of all press releases and fact sheets, and before major meetings with the interested public and local governments. Likewise, Ecology shall notify CanAm prior to the issuance of all press releases and fact sheets, and before major meetings with the interested public and local governments. For all press releases, fact sheets, meetings, and other outreach efforts by CanAm that do not receive prior Ecology approval, CanAm shall clearly indicate to its audience that the press release, fact sheet, meeting, or other outreach effort was not sponsored or endorsed by Ecology.

3. When requested by Ecology, participate in public presentations on the progress of the remedial action at the Site. Participation may be through attendance at public meetings to assist in answering questions or as a presenter.

4. When requested by Ecology, arrange and/or continue information repositories to be located at the following locations:

- a. Tacoma Public Library
1102 Tacoma Avenue South
Tacoma, WA 98402
- b. Ecology's Southwest Regional Office
300 Desmond Drive
Lacey, WA 98503

At a minimum, copies of all public notices, fact sheets, and documents relating to public comment periods shall be promptly placed in these repositories. A copy of all documents related to this site shall be maintained in the repository at Ecology's Southwest Regional Office in Lacey, Washington.

I. Retention of Records

During the pendency of this Order, and for ten (10) years from the date of completion of work performed pursuant to this Order, CanAm shall preserve all records, reports, documents, and underlying data in its possession relevant to the implementation of this Order and shall insert a similar record retention requirement into all contracts with project contractors and subcontractors. Upon request of Ecology, CanAm shall make all records available to Ecology and allow access for review within a reasonable time. Nothing in this Order is intended by CanAm to waive any right it may have under applicable law to limit disclosure of documents protected by the attorney work-product and/or attorney-client privilege.

J. Resolution of Disputes

1. In the event a dispute arises as to an approval, disapproval, proposed change, or other decision or action by Ecology's project coordinator, or an itemized billing statement under Section VIII.B (Remedial Action Costs), the Parties shall utilize the dispute resolution procedure set forth below.

a. Upon receipt of Ecology's project coordinator's written decision or the itemized billing statement, CanAm has fourteen (14) days within which to notify Ecology's project coordinator in writing of its objection to the decision or itemized statement.

b. The Parties' project coordinators shall then confer in an effort to resolve the dispute. If the project coordinators cannot resolve the dispute within fourteen (14) days, Ecology's project coordinator shall issue a written decision.

c. CanAm may then request regional management review of the decision. This request shall be submitted in writing to the Southwest Region Toxics Cleanup Section Manager within seven (7) days of receipt of Ecology's project coordinator's written decision.

d. The Section Manager shall conduct a review of the dispute and shall endeavor to issue a written decision regarding the dispute within thirty (30) days of CanAm's request for review. The Section Manager's decision shall be Ecology's final decision on the disputed matter.

2. The Parties agree to only utilize the dispute resolution process in good faith and agree to expedite, to the extent possible, the dispute resolution process whenever it is used.

3. Implementation of these dispute resolution procedures shall not provide a basis for delay of any activities required in this Order, unless Ecology agrees in writing to a schedule extension.

K. Extension of Schedule

1. An extension of schedule shall be granted only when a request for an extension is submitted in a timely fashion, generally at least ten (10) days prior to expiration of the deadline for which the extension is requested, and good cause exists for granting the extension. All extensions shall be requested in writing. The request shall specify:

- a. The deadline that is sought to be extended;
- b. The length of the extension sought;
- c. The reason(s) for the extension; and

d. Any related deadline or schedule that would be affected if the extension were granted.

2. The burden shall be on CanAm to demonstrate to the satisfaction of Ecology that the request for such extension has been submitted in a timely fashion and that good cause exists for granting the extension. Good cause may include, but may not be limited to:

a. Circumstances beyond the reasonable control and despite the due diligence of CanAm including delays caused by unrelated third parties or Ecology, such as (but not limited to) delays by Ecology in reviewing, approving, or modifying documents submitted by CanAm;

b. Acts of God, including fire, flood, blizzard, extreme temperatures, storm, or other unavoidable casualty; or

c. Endangerment as described in Section VIII.M (Endangerment).

However, neither increased costs of performance of the terms of this Order nor changed economic circumstances shall be considered circumstances beyond the reasonable control of CanAm.

3. Ecology shall act upon any written request for extension in a timely fashion. Ecology shall give CanAm written notification of any extensions granted pursuant to this Order. A requested extension shall not be effective until approved by Ecology. Unless the extension is a substantial change, it shall not be necessary to amend this Order pursuant to Section VIII.L (Amendment of Order) when a schedule extension is granted.

4. An extension shall only be granted for such period of time as Ecology determines is reasonable under the circumstances. Ecology may grant schedule extensions exceeding ninety (90) days only as a result of:

- a. Delays in the issuance of a necessary permit which was applied for in a timely manner;
- b. Other circumstances deemed exceptional or extraordinary by Ecology; or
- c. Endangerment as described in Section VIII. M (Endangerment).

L. Amendment of Order

The project coordinators may verbally agree to minor changes to the work to be performed without formally amending this Order. Minor changes will be documented in writing by Ecology within seven (7) days of verbal agreement.

Except as provided in Section VIII.N (Reservation of Rights), substantial changes to the work to be performed shall require formal amendment of this Order. This Order may only be formally amended by the written consent of both Ecology and CanAm. CanAm shall submit a written request for amendment to Ecology for approval. Ecology shall indicate its approval or disapproval in writing and in a timely manner after the written request for amendment is received. If the amendment to this Order represents a substantial change, Ecology will provide public notice and opportunity to comment. Reasons for the disapproval of a proposed amendment to this Order shall be stated in writing. If Ecology does not agree to a proposed amendment, the disagreement may be addressed through the dispute resolution procedures described in Section VIII.J (Resolution of Disputes).

M. Endangerment

In the event Ecology determines that any activity being performed at the Site is creating or has the potential to create a danger to human health or the environment on or surrounding the Site, Ecology may direct CanAm to cease such activities for such period of time as it deems necessary to abate the danger. CanAm shall immediately comply with such direction.

In the event CanAm determines that any activity being performed at the Site is creating or has the potential to create a danger to human health or the environment, CanAm may cease such activities. CanAm shall notify Ecology's project coordinator as soon as possible, but no later than twenty-four (24) hours after making such determination or ceasing such activities. Upon Ecology's direction CanAm shall provide Ecology with documentation of the basis for the determination or cessation of such activities. If Ecology disagrees with CanAm's cessation of activities, it may direct CanAm to resume such activities.

If Ecology concurs with or orders a work stoppage pursuant to Section VIII.M (Endangerment), CanAm's obligations with respect to the ceased activities shall be suspended until Ecology determines the danger is abated, and the time for performance of such activities, as well as the time for any other work dependent upon such activities, shall be extended in accordance with Section VIII.K (Extension of Schedule) for such period of time as Ecology determines is reasonable under the circumstances.

Nothing in this Order shall limit the authority of Ecology, its employees, agents, or contractors to take or require appropriate action in the event of an emergency.

N. Reservation of Rights

This Order is not a settlement under Chapter 70.105D RCW. Ecology's signature on this Order in no way constitutes a covenant not to sue or a compromise of any of Ecology's rights or authority. Ecology will not, however, bring an action against CanAm to recover remedial action costs paid to and received by Ecology under this Order. In addition, Ecology will not take additional enforcement actions against CanAm regarding remedial actions required by this Order, provided CanAm complies with this Order.

Ecology nevertheless reserves its rights under Chapter 70.105D RCW, including the right to require additional or different remedial actions at the Site should it deem such actions

necessary to protect human health and the environment, and to issue orders requiring such remedial actions. Ecology also reserves all rights regarding the injury to, destruction of, or loss of natural resources resulting from the release or threatened release of hazardous substances at the Site.

CanAm reserves all rights provided by law. By binding itself to carry out the actions required by this Order, CanAm makes no admission of liability or fact nor does it waive any rights that would otherwise accrue to it.

O. Transfer of Interest in Property

No voluntary conveyance or relinquishment of title, easement, leasehold, or other interest in any portion of the Site shall be consummated by CanAm without provision for continued implementation of all requirements of this Order and implementation of any remedial actions found to be necessary as a result of this Order.

Prior to CanAm's transfer of any interest in all or any portion of the Site, and during the effective period of this Order, CanAm shall provide a copy of this Order to any prospective purchaser, lessee, transferee, assignee, or other successor in said interest; and, at least thirty (30) days prior to any transfer, CanAm shall notify Ecology of said transfer. Upon transfer of any interest, CanAm shall restrict uses and activities to those consistent with this Order and notify all transferees of the restrictions on the use of the property.

P. Compliance with Applicable Laws

1. All actions carried out by CanAm pursuant to this Order shall be done in accordance with all applicable federal, state, and local requirements, including requirements to obtain necessary permits, except as provided in RCW 70.105D.090. At this time, no federal,

state or local requirements have been identified as being applicable to the actions required by this Order.

2. Pursuant to RCW 70.105D.090(1), CanAm is exempt from the procedural requirements of Chapters 70.94, 70.95, 70.105, 77.55, 90.48, and 90.58 RCW and of any laws requiring or authorizing local government permits or approvals. However, CanAm shall comply with the substantive requirements of such permits or approvals. At this time, no state or local permits or approvals have been identified as being applicable but procedurally exempt under this Section.

CanAm has a continuing obligation to determine whether additional permits or approvals addressed in RCW 70.105D.090(1) would otherwise be required for the remedial action under this Order. In the event either Ecology or CanAm determines that additional permits or approvals addressed in RCW 70.105D.090(1) would otherwise be required for the remedial action under this Order, it shall promptly notify the other party of its determination. Ecology shall determine whether Ecology or CanAm shall be responsible to contact the appropriate state and/or local agencies. If Ecology so requires, CanAm shall promptly consult with the appropriate state and/or local agencies and provide Ecology with written documentation from those agencies of the substantive requirements those agencies believe are applicable to the remedial action. Ecology shall make the final determination on the additional substantive requirements that must be met by CanAm and on how CanAm must meet those requirements. Ecology shall inform CanAm in writing of these requirements. Once established by Ecology, the additional requirements shall be enforceable requirements of this Order. CanAm shall not begin or continue the remedial action potentially subject to the additional requirements until Ecology makes its final determination.

3. Pursuant to RCW 70.105D.090(2), in the event Ecology determines that the exemption from complying with the procedural requirements of the laws referenced in RCW 70.105D.090(1) would result in the loss of approval from a federal agency that is necessary for the State to administer any federal law, the exemption shall not apply and CanAm shall comply with both the procedural and substantive requirements of the laws referenced in RCW 70.105D.090(1), including any requirements to obtain permits.

Q. Indemnification

CanAm agrees to indemnify and save and hold the State of Washington, its employees, and agents harmless from any and all claims or causes of action for death or injuries to persons or for loss or damage to property to the extent arising from or on account of acts or omissions of CanAm, its officers, employees, agents, or contractors in entering into and implementing this Order. However, CanAm shall not indemnify the State of Washington nor save nor hold its employees and agents harmless from any claims or causes of action to the extent arising out of the negligent acts or omissions of the State of Washington, or the employees or agents of the State, in entering into or implementing this Order.

IX. SATISFACTION OF ORDER

The provisions of this Order shall be deemed satisfied upon CanAm's receipt of written notification from Ecology that CanAm has completed the remedial activity required by this Order, as amended by any modifications, and that CanAm has complied with all other provisions of this Agreed Order.

X. ENFORCEMENT

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

A. The Attorney General may bring an action to enforce this Order in a state or federal court.

B. The Attorney General may seek, by filing an action, if necessary, to recover amounts spent by Ecology for investigative and remedial actions and orders related to the Site.

C. In the event CanAm refuses, without sufficient cause, to comply with any term of this Order, CanAm will be liable for:

1. 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

2. Civil penalties of up to twenty-five thousand dollars (\$25,000) per day for each day it refuses to comply.

D. 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.

Effective date of this Order: _____

July 11, 2012

Mr. Tim Spurgeon

T. Spurgeon

President
CanAm Minerals, Inc.
Suite 210
50 Oak Court
Danville, CA 94526-4048

Date: _____

5/21/12

**State of Washington
Department of Ecology**

Rebecca S. Lawson

Rebecca S. Lawson, P.E., LHG
Section Manager
Toxics Cleanup Program
Southwest Regional Office
Telephone: (360) 407-6241

Date: _____

7/11/12

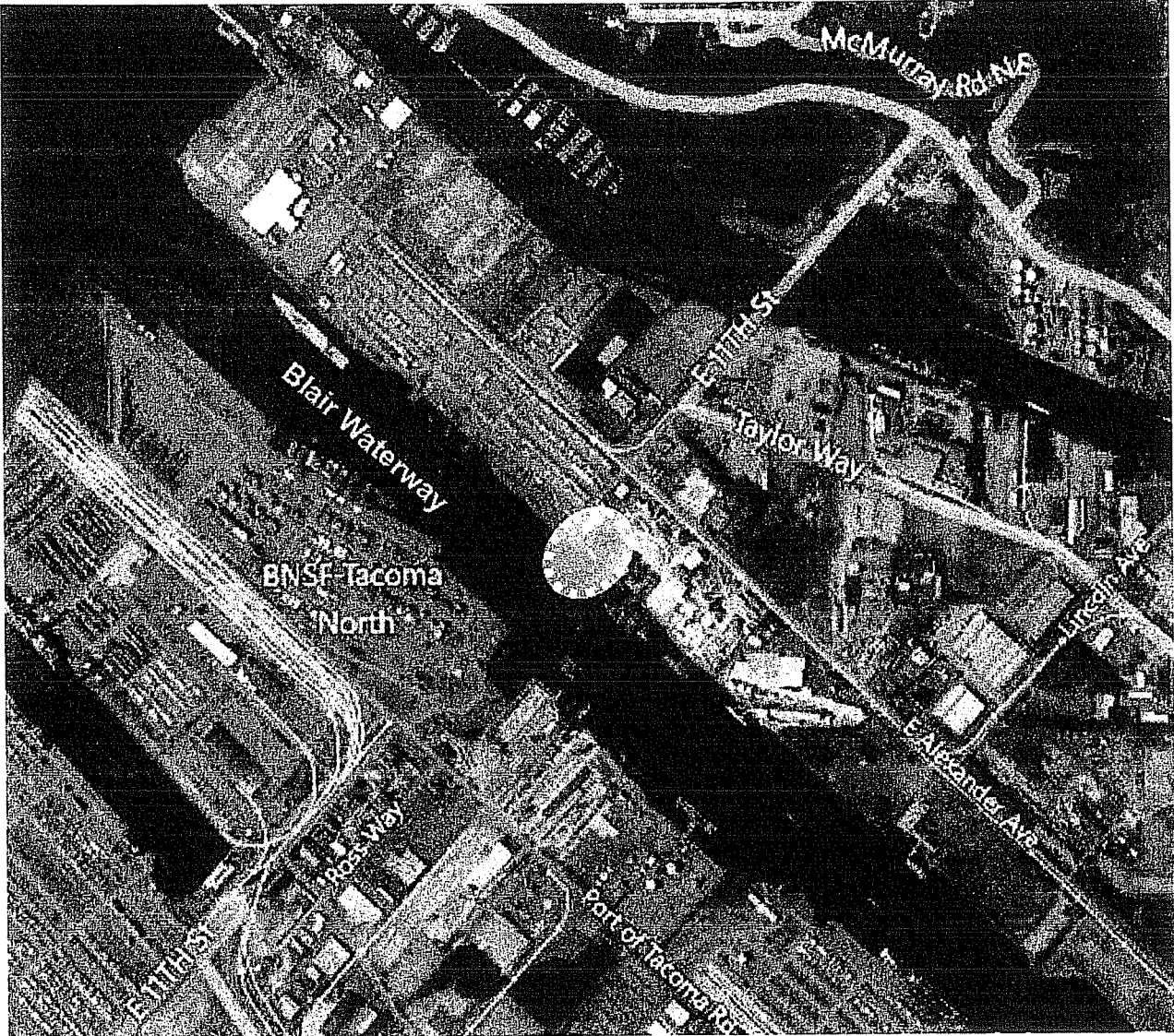



Exhibit A. Tru-Grit Roofing Granules Site

 **Approximate site location**