

Settlement Agreement and Consent Order
3M and MPCA, May 22, 2007

QUARTERLY PROGRESS REPORT #13

April 1 – June 30, 2010

On May 22, 2007, 3M and the Minnesota Pollution Control Agency (MPCA) entered into a Settlement Agreement and Consent Order (Settlement Agreement) for the investigation and assessment of perfluorochemicals (PFCs) at sites in Washington County and for the execution of certain other related matters. This report is provided to fulfill the requirement outlined in Part XIII.A of the Settlement Agreement.

REPORTING PERIOD: April 1 – June 30, 2010

ACTIVITIES COMPLETED:

Response Action Plan and Response Action Implementation (Part VIII)

Cottage Grove

Excavation, stockpiling, loading and hauling activities at the D2 disposal area were completed as of May 24, 2010. This area has also been backfilled and prepared for use on an interim basis for staging of materials and/or equipment as part of remediation activities that lie ahead for the D9 and East Cove areas.

Excavation, stockpiling, loading and hauling activities began at the D9 disposal area on June 1, 2010 and continued throughout the quarter.

Bid specification packages were prepared for the design, permitting and construction aspects of the sediment removal program for the East Cove area. Requests for “design/build” proposals were sent to five qualified contractors for this pending work.

3M continued to work with MPCA staff to obtain the necessary approvals to conduct the extended pilot test of the new groundwater extraction system that was the subject of the March 10, 2010 submittal to the agency. As part of these efforts, a meeting was held on June 15, 2010 with MPCA personnel to discuss NPDES permitting ramifications to this project.

Treatment of SKB landfill leachate continued on an ongoing basis.

Oakdale

Operation and monitoring of the expanded SVE system continued throughout the quarter. Periodic updates concerning performance were provided to MPCA staff.

Operation and monitoring of the extraction well network for the southern portion of the site continued. In addition, the new groundwater treatment system operated throughout the quarter. Monitoring of the discharge continued in accordance with the MCES permit for the system.

Final site grading and seeding activities were deemed complete in the vicinity of the new groundwater treatment system building on June 10.

Woodbury

Operation of the SVE system for the Northeast Disposal Area has continued, as has air sampling and reporting of analytical results per the MPCA-approved monitoring plan. In a letter dated May 5, 2010, 3M conveyed its intention to install twelve additional SVE vents to the existing temporary system. This action had been previously reviewed in verbal conversations with agency staff, is consistent with the agency's SVE system approval letter of January 19, 2010 and is intended to further reduce soil volatile organic compound (VOC) concentrations prior to excavation activities. The additional vents were installed the week of May 10, 2010 and were brought on line on May 17, 2010.

With the start of the growing season, a final site inspection of the Main Disposal Area was conducted with the contractor on April 19, 2010 to verify that an adequate vegetative cover had been established and to assess final grading needs. Final grading was subsequently completed and silt fencing for the area was removed on April 29, 2010.

A *Construction Completion Report* was prepared for the excavation activities at the Main Disposal Area and submitted to the MPCA on June 23, 2010.

Lake Elmo Park Reserve

3M understands that piping of the new system was completed, the system disinfected and monitoring conducted to verify the absence of coliform bacteria. Accordingly, the system was brought on line in May 2010.

Information Sharing Process (Part XXIII.B)

In a letter dated February 11, 2010, the MPCA requested that 3M schedule a briefing to update the MPCA on information shared at two meetings in September and October, 2009, attended by 3M, the U.S. Environmental Protection Agency and other scientists. This briefing took place on

April 26, 2010 in a meeting attended by 3M, MPCA and Minnesota Department of Health personnel.

Health and Toxicological Studies (Part XIII.C)

3M continued to cooperate with the Minnesota Department of Health (MDH) in providing health and toxicological information relative to PFCs. The process established in May-June of 2007 to share specific updates on various studies as they are underway has continued with 3M providing monthly written summaries to the MDH. For informational purposes, copies of these updates are also provided to the MPCA.

Recovery of Expenses (Part XXIII)

In a letter dated February 10, 2010, the MPCA requested reimbursement for oversight costs related to the three Sites under the Settlement Agreement. 3M submitted payment in the requested amount (\$442,841.87) via correspondence dated April 8, 2010.

In Part XXXIII.D of the Settlement Agreement, 3M agreed to provide to MPCA a grant in an amount up to five million dollars for expenses incurred for the purpose of investigating and assessing the presence of PFCs in the environment. In a letter dated April 7, 2010, the MPCA requested payment in the amount of \$159,394 towards this commitment. 3M submitted payment in the requested amount via correspondence dated May 17, 2010.

ACTIVITIES UNDERWAY &/OR PLANNED FOR JULY - SEPTEMBER 2010:

Response Action Plan and Response Action Implementation (Part VIII)

Cottage Grove

Excavation, stockpiling, loading and hauling activities at the D9 disposal area will continue and are expected to be completed in September. This area will be backfilled and prepared for use on an interim basis for staging of materials and/or equipment.

A *Construction Completion Report* (RA Implementation Report) for the excavation activities at the D1 and D2 areas will be submitted to the MPCA (report was submitted on July 23, 2010).

Contractor proposals for remediation activities at the East Cove area will be reviewed and a contractor selected for this work. Once under contract, the firm awarded the bid will begin preparation of the final engineering design that will then be submitted to the MPCA for review and approval.

Construction of a road, conduit for electrical power and water lines to the East Cove area will commence and is anticipated to be completed by September 2010 (these activities began during the week of July 19, 2010).

3M will continue to work with MPCA staff to obtain the necessary approvals to conduct the extended pilot test of the new groundwater extraction system that was the subject of the March 10, 2010 submittal to the agency.

Oakdale

Operation and monitoring of the expanded SVE system will continue. Periodic updates concerning performance will be provided to MPCA staff.

Operation and monitoring of the extraction well network for the southern portion of the site will continue. In addition, operation and monitoring of the groundwater treatment system will occur in accordance with the MCES permit. Initial change-out of the lead granular activated carbon vessel is anticipated in the third quarter (this action was successfully completed the week of July 12, 2010). A *Construction Completion Report* (RA Implementation Report) for the groundwater treatment system (approved groundwater alternative GW-1) will be submitted to the MPCA on or before August 9.

A bid specification package will be prepared for the excavation area north of Highway 5.

Woodbury

Operation of the SVE system for the Northeast Disposal Area will continue throughout the summer of 2010. Air sampling and reporting of analytical results will also continue per the MPCA-approved monitoring plan.

With the issuance of MPCA approval, efforts to optimize pumping rates for the barrier well network as described in 3M's March 16, 2010 submittal will commence. (In a letter dated June 30, 2010 and received by 3M on July 7, 2010, the MPCA approved the first phase of 3M's proposal, subject to conditions outlined in the letter.)

Bid specification packages will be prepared and a contractor selected for excavation of the Northeast Disposal Area.

Information Sharing Process (Part XIII.B)

Pending MPCA's response to 3M's letter dated April 14, 2008 on the general topic of information-sharing, 3M is available to meet with MPCA personnel on an "as-needed" basis to discuss specific items relative to this matter. Irrespective of the formal determination of completeness relative to this part, based on discussions with MPCA personnel, 3M and the MPCA have agreed to continue regular meetings to share new developments and information that could be helpful in understanding PFC issues in Minnesota.

Health and Toxicological Studies (Part XIII.C)

3M will continue to share health and toxicological information on perfluorochemicals with MDH as it becomes available. Monthly summary reports as previously described will continue to be provided. Based on feedback received from Minnesota Department of Health staff at the April 26, 2010 meeting with 3M, MPCA and MDH personnel, options to refine this communication of information may be explored.

Recovery of Expenses (Part XXIII)

As outlined in Paragraph D of this Part, 3M and MPCA staff plan to meet on August 2, 2010 to discuss the scope of investigation and assessment work under the environmental grant commitment that is planned for fiscal year 2011.

