

Settlement Agreement and Consent Order

3M and MPCA, May 22, 2007

QUARTERLY PROGRESS REPORT #16

January 1 – March 31, 2011

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: January 1 – March 31, 2011

ACTIVITIES COMPLETED:

Response Action Plan and Response Action Implementation (Part VIII)

Cottage Grove

A *Construction Completion Report* for the D9 disposal area was prepared and submitted to the MPCA on January 14, 2011. Following review of the report by agency staff and consultant, additional information was requested of 3M at a meeting held on February 24, 2011. 3M promptly responded to this request for supplemental information and the MPCA subsequently approved the amended *Construction Completion Report* in correspondence dated March 17, 2011.

The contractor chosen to execute remediation activities at the East Cove area continued preparation of the final engineering design. This led to multiple submittals to governmental authorities. During the week of March 14, 2011, the following documents were provided to the entities listed for their respective reviews and approvals:

- East Cove Remediation Project Work Plan – MPCA
- Part I: Basic Application for Water and Wetlands – MN DNR, U.S. Army Corps of Engineers
- Environmental Assessment Worksheet (EAW) – City of Cottage Grove, MN

Informational copies of the various documents were also distributed to the authorities, as appropriate.

3M continued to work with MPCA staff to obtain the necessary approvals to conduct the extended pilot pump test of the new groundwater extraction system that was the subject of the March 10, 2010 submittal to the agency. As part of this effort, pumps were installed in the two new extraction wells and pre-startup checkouts were performed. 3M's understanding had been that renewal of the Site's NPDES permit would likely occur in March 2011. This action by the state is necessary in order for the extended pump test and groundwater remediation project to proceed.

Oakdale

Excavation, stockpiling, loading and hauling activities for the soil excavation area north of Highway 5 commenced and continued throughout the reporting period.

On November 12, 2010, 3M had submitted a groundwater and surface water sampling plan for the site to MPCA staff. Following agency review and an exchange of information pertaining to comments on the plan, 3M submitted correspondence dated January 26, 2011 amending the original plan. This revised plan was subsequently approved by the MPCA in a letter dated March 15, 2011.

Woodbury

The site construction trailer was demobilized from the site.

3M submitted a letter dated January 14, 2011 to MPCA addressing issues raised by agency staff pertaining to the barrier wells pumping reduction program.

As part of the effort to optimize pumping rates for the barrier well network, transducers were installed in four monitoring wells during the week of January 25, 2011. These will enhance the ability to measure water level elevations during the pumping reduction.

Geophysical logging of monitoring well MW-4L was accomplished. Logging of well MW-6L was also planned but could not be accomplished due to an obstruction in the well. This well will be replaced and the new well will transect the same aquifers as MW-6L.

The program of performing quarterly groundwater sampling and monthly water level measurements continued.

A revised groundwater monitoring plan was submitted to the MPCA on February 18, 2011. This incorporated items addressed in a January 27, 2011 conference call with 3M, Weston and MPCA.

Commencing March 11, 2011, Barrier Well No. 2 was turned off and Barrier Well No. 3 was turned down, consistent with 3M's prior submittals concerning this pumping rate optimization initiative.

Lake Elmo Park Reserve

3M and Washington County staff had a second meeting on January 7, 2011 to continue exploration of possible approaches to providing an alternative water supply for a well located within the Park Reserve. As an outcome from this discussion, the County obtained proposals from well drillers to install a replacement well. In a letter dated February 23, 2011, 3M stated its intent to provide a grant to the County for the replacement well. Subsequently, the County proceeded with execution of the project with a goal of having the new well in service by spring 2011.

Waste Disposal Information (Part XIII.B.(2) and (3))

On October 31, 2007, 3M submitted certain documents to MPCA as an outcome of working together to address Settlement Agreement requirements outlined in Section XIII.B.(2) and (3). It was conveyed and understood that these documents represented “samples” of a larger set of documents that 3M was prepared to submit, pending MPCA input and direction. The agency took no action in this matter until November 17, 2010, when it made a written request for submittal of the larger set of documents that had previously been assembled. 3M worked with agency staff concerning timing and logistics of this request and accomplished delivery of the requested documents on December 7, 2010.

Subsequent to MPCA’s November 17, 2010 request and 3M’s December 7, 2010 response, in a letter dated December 17, 2010, MPCA requested a list of any documents 3M had withheld relative to this matter based on attorney-client privilege or attorney work product. Upon receipt of this letter, 3M immediately contacted the MPCA and arranged for additional time to assess and respond to the agency request. Following an exchange of correspondence on this topic and a January 25, 2011 meeting involving 3M, MPCA and Attorney General’s Office personnel, in correspondence dated February 3, 2011, counsel for 3M provided the requested privilege log.

In a letter dated February 24, 2011, the MPCA sent a letter to 3M requesting additional documents. Via counsel, 3M responded to this request in a letter dated March 11, 2011 to Mr. Alan Williams of the Attorney General’s Office.

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.

ACTIVITIES UNDERWAY &/OR PLANNED FOR APRIL - JUNE 2011:

Response Action Plan and Response Action Implementation (Part VIII)

Cottage Grove

The contractor chosen to execute remediation activities, including sediment removal, at the East Cove area will continue preparation for this work. Pending receipt of necessary approvals, equipment and materials needed to execute the remedy will be mobilized to the site. Pre-construction conditions, and a site inspection by agency personnel, will be documented. Construction of a loading dock, sheet piling and structures/channels necessary to divert water around the active remediation area will commence.

In order to proceed with the extended pilot test of the new groundwater extraction system that was the subject of the March 10, 2010 submittal to the MPCA, the agency must renew the Site NPDES permit. 3M is poised to mobilize to the Site and set up the temporary treatment system that has been approved as part of the extended pilot test but will not take these actions without the permit issuance. Furthermore, as agency staff is aware, this evaluation has been planned and designed to occur during a spring to fall timeframe (non-freezing weather conditions). Unless the NPDES permit is renewed soon, these important remedial activities that are part of executing the groundwater remedy for the Site may have to be postponed until 2012.

Oakdale

Excavation, stockpiling, loading and hauling activities for the soil excavation area north of Highway 5 will continue. This aspect of the project is on schedule and should be completed by June 2011.

Woodbury

Quarterly groundwater sampling and monthly recording of water level measurements will continue. Results from the October 2010 sampling event will be submitted as part of an annual report per the revised groundwater monitoring plan that was submitted to the MPCA on February 18, 2011.

A replacement monitoring well for MW-6L will be installed. As part of this effort, the new boring will be geophysically logged and a transducer will be installed.

Final restoration activities (final grading, topsoil placement, seeding and silt fence removal) in the Northeast Disposal Area will be completed once spring weather conditions are conducive.

The *Construction Completion Report* for the Northeast Disposal Area activities will be prepared once the final restoration has been completed.

Lake Elmo Park Reserve

Based on a grant offer by 3M, Washington County will proceed to hire a well driller to abandon the well in question and replace it with a new, deeper well. Funds for the grant will be made available as costs are incurred by the County. The new well is expected to be in service by May 2011.

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.