

**AGREEMENT BETWEEN THE
MINNESOTA POLLUTION CONTROL AGENCY,
THE INTERLAKE CORPORATION, HONEYWELL INTERNATIONAL INC. AND
DOMTAR INC. CONCERNING SELECTION OF THE REMEDY
FOR THE SEDIMENTS OPERABLE UNIT OF THE
ST. LOUIS RIVER/INTERLAKE/DULUTH TAR SUPERFUND SITE**

AMENDMENT NO. 1

1.0 RECITALS

1.1 The Minnesota Pollution Control Agency (MPCA), The Interlake Corporation (Interlake), Honeywell International Inc. (Honeywell) and Domtar Inc. (Domtar) (collectively, the "Companies") entered the agreement captioned above (the Agreement) effective February 22, 2000, to establish the terms and conditions under which the MPCA agreed to re-open the Remedial Investigation/Feasibility Study (RI/FS) process for the Sediments Operable Unit (SedOU) of the St. Louis River/Interlake/Duluth Tar Superfund Site (Site), and to proceed to the selection and implementation of a remedy for the SedOU. In 2001, The Interlake Corporation was renamed XIK Corp.

1.2 Part 1.5 of the Agreement recognizes that the process of collecting and analyzing additional information concerning the remedy alternatives identified in the Agreement may lead to possible modifications of the alternatives to be considered. Subsequent to the submission of the Data Gap Report by the Companies pursuant to the Agreement, and review of the report by MPCA staff and the Peer Review Team, MPCA staff, the Companies and the staff of the Minnesota Department of Natural Resources (DNR) engaged in discussions intended to explore possible modifications of the remedy alternatives and to clarify certain regulatory issues related

to the selection and implementation of a remedy for the SedOU. These discussions, and consultations with a broad group of stakeholders from the community, resulted in the joint development by the MPCA and DNR staff and the Companies of a concept for a hybrid remedy alternative that employs dredging, capping and containment.

1.3 The Parties desire to enter into this Amendment No. 1 to the Agreement (Amendment) to modify the alternatives to be included in the reopened Feasibility Study and to provide a more efficient process for the review of the final Feasibility Study and selection of the remedy for the SedOU.

2.0 Definitions

2.1 Except as otherwise provided in this Part 2.0 of the Amendment, the definitions in Part 2.0 of the Agreement apply to this Amendment.

2.2 Part 2.0 of the Agreement is amended by adding a new Part 2.9 to read as follows:

2.9 “Dredge/Cap Hybrid Alternative” means the conceptual remedy alternative that includes dredging, capping, and containment of contaminated sediments and is depicted in Exhibit 1 to this Amendment. The key components of the Dredge/Cap Hybrid Alternative are generally described in Exhibit 2 to this Amendment.

2.10 “In-Situ Cap Alternative” means the Wetland Cap proposal as defined in the Agreement.

3.0 Decisions by Commissioner.

Part 3.0 of the Agreement is amended by deleting the text in the Agreement and adding new Parts 3.1 and 3.2 to read as follows:

3.1 The parties to this Agreement are the MPCA, XIK Corp.(formerly named The Interlake Corporation), Honeywell, and Domtar.

3.2 Any decision which the Agreement requires to be made by the Citizens Board of the MPCA, including approval of any subsequent amendment to the Agreement, may be made by the Commissioner, except for decisions under Part 16.4 [Dispute Resolution]; provided that, the decision to select the final remedy shall be made by the Citizens Board if, during the 30 day comment period on the proposed plan, the Companies make a written request for the Board to make the decision .

4.0 Re-opened Feasibility Study Process

Parts 10.4, 10.5, and 10.6 of the Agreement are amended to read as follows:

10.4 The Companies shall prepare a re-opened Feasibility Study which shall address only the following alternatives: (1) the “no action” alternative (Alternative 1); (2) the In Situ Cap Alternative; (3) dredging, upland dewatering and off-site disposal (Alternative 10); and (4) the Dredge/Cap Hybrid Alternative. The re-opened Feasibility Study shall be prepared in accordance with the requirements of Exhibit A to the March 22, 1994, Request for Response Action, except that it shall not contain a recommendation for selection of a remedy.

10.5 Not later than December 1, 2003, the Companies shall present a draft of the re-opened Feasibility Study to the MPCA for review and approval by the Commissioner. Upon approval of the draft Feasibility Study, the Commissioner shall notify the Companies in writing of the approval and shall submit the approved Feasibility Study to the Peer Review Group.

10.6 If there are unresolved issues among the parties with respect to the approved Feasibility Study, the parties shall inform the Peer Review Group in writing of the nature of the unresolved issues when the Feasibility Study is presented to the Peer Review Group.

5.0 Proposed Plan

Parts 11.2 and 11.3 of the Agreement are amended to read as follows:

11.2. Within seven days after receiving the draft Proposed Plan, the Companies shall submit to the MPCA a document which identifies their objections, if any, to the draft Proposed Plan.

11.3 After receiving the document submitted pursuant to Part 11.2, the MPCA shall meet with the Companies to discuss any objections identified pursuant to Part 11.2 and to negotiate in good faith in an attempt to resolve the objections. Negotiations shall conclude not later than 7 days after MPCA receives the document submitted pursuant to Part 11.2.

6.0 Remedy Implementation

Part 13.0 of the Agreement is amended by adding the following new parts to read as follows:

13.4 With regard to long-term operation, maintenance, monitoring and contingency action for components of the selected remedy that require such actions (collectively described as “O&M obligations”) the MPCA and the Companies agree as follows:

(1) the Companies may agree among themselves regarding the allocation of responsibility among the Companies for O&M obligations;

(2) if, before commencement of construction of the selected remedy, the Companies enter an agreement allocating responsibility for O&M obligations, MPCA agrees that it will accept the allocation of responsibility set forth in the agreement and will not require the Companies to take such actions in a manner inconsistent with that allocation, provided that:

(a) the agreement assigns legally enforceable responsibility to one or more of the Companies for the O&M obligations for all components of the selected remedy that require such actions;

(b) the agreement provides for adequate financial assurance for the performance of all O&M obligations; and

(c) the MPCA is named as a third party beneficiary to the allocation agreement of the Companies.

13.5 The MPCA agrees that, in carrying out its duties and authorities with regard to response actions for the Site, it will foster and encourage a mutually satisfactory resolution of natural resource damages claims between the Natural Resource Trustees for the Site and the Companies that recognizes and takes into account the natural resource restoration and mitigation components that are incorporated into the selected remedy.

13.6 The MPCA agrees to continue to work with the United States Environmental Protection Agency, Region 5 (EPA Region 5), pursuant to the Deferral Pilot Project agreement between MPCA and EPA Region 5, dated June 20, 1995, to assure that the remedy selected for the SedOU complies with the terms of that agreement and to obtain appropriate written confirmation of such compliance from EPA Region 5 prior to commencement of construction of the selected remedy.

13.7 During design and implementation of the remedy, the parties, or any of them, may seek advice on design and implementation issues from any member or members of the Peer Review Group whose participation is not funded by the federal government. The party or parties seeking the advice shall pay any costs to the Peer Review Group member(s) providing the advice.

7.0 Effective Date

This Amendment is effective upon the date it is signed on behalf of the MPCA.

BY THEIR SIGNATURES BELOW, THE UNDERSIGNED REPRESENT THAT THEY HAVE AUTHORITY TO BIND THE PARTIES THEY REPRESENT

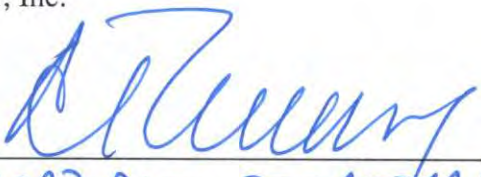
IT IS SO AGREED:

XIK Corp. (formerly named The Interlake Honeywell International Inc. Corporation)

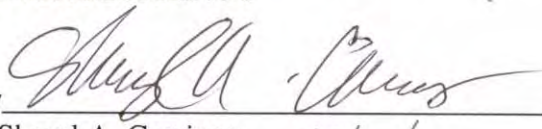
By _____
Title _____

By _____
Title _____

Domtar, Inc.

By 
Title CORPORATE SECRETARY

MINNESOTA POLLUTION
CONTROL AGENCY

By 
Sheryl A. Corrigan
Commissioner 12/30/03

7.0 Effective Date

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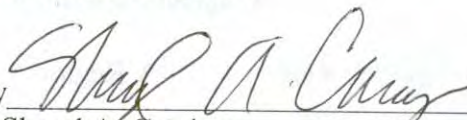
By 
Stephen R. Smith
Title President

By _____
Title _____

Domtar, Inc.

By _____
Title _____

MINNESOTA POLLUTION
CONTROL AGENCY

By 
Sheryl A. Corrigan 12/30/03
Commissioner

AG: #920686-v1

2003 DEC 15 AM 11:10

7.0 Effective Date

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BY THEIR SIGNATURES BELOW, THE UNDERSIGNED REPRESENT THAT THEY HAVE AUTHORITY TO BIND THE PARTIES THEY REPRESENT

IT IS SO AGREED:

XIK Corp. (formerly named The Interlake Honeywell International Inc. Corporation)

By David L. Wickham
Title DIRECTOR - REMEDIATION
12-02-2003

By _____
Title _____

Domtar, Inc.

MINNESOTA POLLUTION
CONTROL AGENCY

By Sheryl A. Corrigan
Sheryl A. Corrigan
Commissioner 12/30/03

By _____
Title _____

Exhibit 1 - SLRIDT **Dredge/Cap Hybrid Alternative**

MN
WI

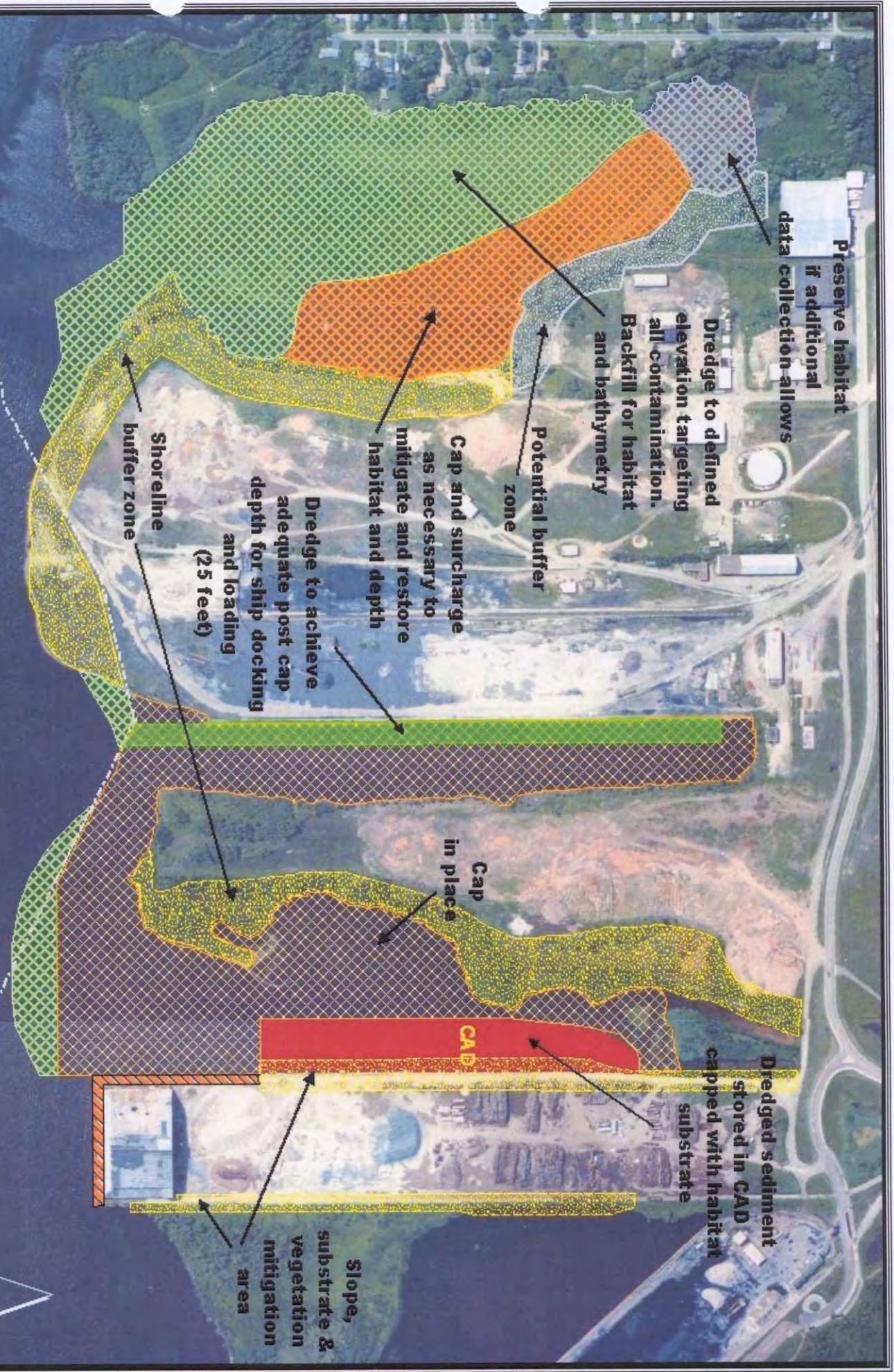


EXHIBIT 2

SLRIDT Dredge/Cap Hybrid Alternative

Concept: The remedial action consists of a combination of environmental dredging, in-situ capping, and dredged sediment containment as follows:

Dredging

- Dredge the western and southern portions of Stryker Bay (see Exhibit 1) to a defined dredge prism elevation that removes contaminated sediments above the MPCA cleanup goals. Post-dredge cover material will be placed to isolate any dredge residual and restore bathymetry and substrate to DNR requirements.
- The Responsible Parties will cover the Confined Aquatic Disposal Facility (CAD) during the deposit of dredged material if air monitoring indicates unacceptable health risks due to air emissions from the CAD. In the event that air emissions continue to present an unacceptable health risk, the MPCA will provide temporary relocations of affected residents.
- Dredging will be completed within approximately one year after dredging commences (24hours/day, 5 days/week).
- Dredge the entrance channel and amount of sediment necessary along the dock wall of Slip 6 to provide a finished area that is 90 feet wide with a finished depth that will accommodate 23-foot draft maritime shipping (25 foot loading depth).
- Dredge contaminated sediments located within the federal navigation channel near the 48 inch outfall area.
- Dredge all contaminated areas within waters of the State of Wisconsin.

Capping

- Cap and surcharge as necessary remaining undredged portions of Stryker Bay (see attached map) to achieve a post-remediation cap thickness required by the MPCA to achieve adequate protectiveness of human and ecological receptors, and to restore bathymetry and substrate, reduce potential air impacts, improve ecological edge conditions, and diversify habitat.
- Cap all other remaining undredged areas of contaminated sediment at the site to achieve a post-remediation cap thickness required by the MPCA ensuring adequate protectiveness of human and ecological receptors.
- All capped areas that are susceptible to erosion by currents, waves, prop wash, or ice will be armored to prevent erosion.
- The upper layer of the caps will be composed of a substrate material that meets DNR requirements for aquatic and wetland habitat development.
- Transitional habitats will be established along shallow cap slope areas of Slip 7.

Containment

- All dredged material will be placed in a CAD in Slip 7.
- The CAD will be covered with a cap that, at a minimum, meets all requirements of the remedial cap described above.
- Additional clean sediment and substrate material will be added to the CAD over time to achieve DNR required habitat depths as the capped contaminated material settles.

Monitoring and Maintenance

- Cap and CAD monitoring will be conducted by collecting sediment and biota samples to measure compliance with MPCA remedial requirements.
- The caps and post dredging habitat substrate will be monitored, maintained, repaired, and replaced as necessary until the contaminated sediments no longer pose a risk to human health or the environment.
- A review of performance of the selected remedial actions will be conducted every 5 years in accordance with federal law.

Property Acquisition and Easements

- The Responsible Parties will acquire sufficient rights or interests in the Hallett property to establish a legally dedicated riparian buffer zone (by conservation easement or other legal arrangement) on the eastern shore of Stryker Bay. The zone should be approximately 200 feet in width and also should include all of the land within the Wisconsin border. The Responsible Parties will pursue the possibility of extending the zone further north along Stryker Bay with other property owners.
- The Responsible Parties will acquire the Slip 7 and Dock 7 property.
- The Responsible Parties will facilitate the establishment of a legally dedicated riparian buffer zone along the eastern and western sides of Dock 7, by conservation easement or transfer of ownership of this area to the state or a local government entity. The Responsible Parties will re-grade as appropriate along the dock wall adjacent to the CAD to create a transition slope from the underwater sediments to the upland areas.
- The Responsible Parties will acquire sufficient interests or rights in property to establish a legally dedicated riparian buffer zone (by conservation easement or other legal arrangement) in the wetland area along the western shore of Slip 7/Keene Creek Bay.