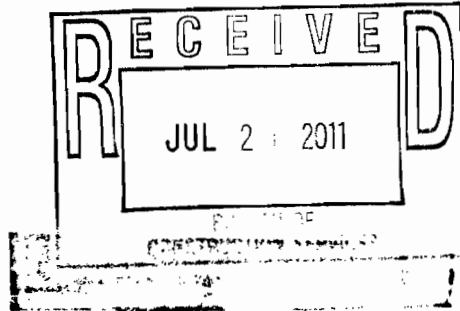


CERTIFIED MAIL

July 18, 2011

Mr. Mark Carrara
Deputy Permit Administrator
NYSDEC – Region 1
SUNY @ Stony Brook
50 Circle Road
Stony Brook, New York 11790-2356



**RE: CO 1-20040831-22 Progress Report – 2nd Qtr 2011
Chemical Pollution Control, LLC of New York (CPC)
120 South Fourth Street
Bay Shore, New York 11706**

Dear Mr. Carrara;

Enclosed is the Quarterly Progress Report for the second quarter of 2011, as required by the above referenced Consent Order.

If you have any questions, I may be reached at (631) 586-0333.

Sincerely,

Chemical Pollution Control, LLC of New York

Richard B. Camarda
Environmental, Health & Safety Manager

Attachment(s)

cc: Regional Solid & Hazardous Materials Engineer – NYSDEC Region 1
Director, Bureau of Hazardous Waste & Radiation Management – NYSDEC Albany NY
Chief, RCRA Programs Branch – USEPA Region II
Ms. Katy Murphy – NYSDEC Region 1

PSC

120 S. Fourth Street, Bay Shore, New York 11706
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NY

QUARTERLY PROGRESS REPORT

Second Quarter 2011

- 1. A list of contractors and/or consultants retained by the Respondent in connection with Respondent's compliance with the Order;**

No additional contractors or consultants have been retained during the second quarter of 2011. The current list remains as follows:

American Analytical Laboratories, Inc. (AAL)

American Environmental Assessment Corp. (AEAC)

Dvirka & Bartilucci Consulting Engineers (D&B)

- 2. A detailed description of all projects being undertaken pursuant to this Order by Respondent, its contractors and/or consultants, including:**

- 2(a) the work performed pursuant to this Order during the reporting period;**

The following work was completed with regard to facility reconstruction:

Facility Planning – Town of Islip (TOI)

In the first quarter of 2011, the TOI Town Board voted to approve CPC's request to modify the site Deed Covenants and Restrictions (DCR) in order to resolve a parking calculation discrepancy, allow an increase in the permitted GFA, and allow the use of drought resistant plantings in pursuit of a LEED certification.

Thereafter, the approved DCR documents were forwarded to the Suffolk County Clerk for recording, which is required prior to the TOI Town Clerk establishing an effective date for the modified DCR. The documents were twice returned by the Suffolk County Clerk due to minor defects in the documents; however, final documents were submitted on March 24, 2011. On

April 26, 2011, D&B placed a call with the Suffolk County Clerk to follow-up and was notified that the DCR had been recorded as of April 15, 2011, but that it would be several more weeks before the original documents were returned for submission to the TOI Town Clerk. However, the original documents were returned much sooner than anticipated, and submitted to the TOI Town Clerk on May 10, 2011. That same day, the TOI Town Clerk notified CPC that the effective date of the modified DCR would be May 28, 2011.

Also, because the TOI Engineering Department could not approve the Site Plans until the DCR were recoded and an effective date established, CPC elected to use that time to address minor landscaping and note revisions requested in the TOI Engineering Department's March 8, 2011 conditional approval of the Site Plans. The revised Site Plans were resubmitted to the TOI Engineering Department on April 13, 2011.

On May 6, 2011, the TOI Engineering Department called to inform D&B that the Site Plans were approved (pending the DCR effective date) and to request a final set of stamped plans for their records, which were subsequently delivered to the TOI on May 25, 2011.

Thereafter, on June 2, 2011, Mr. Calamari, an architect with D&B, met with Mr. Kahl, the TOI Commercial Plans Examiner to submit CPC's Building Permit Application. After briefly reviewing the documents with Mr. Calamari, Mr. Kahl requested an additional stamped drawing showing building classifications, as well as stamped plans from the pre-fabricated concrete panel manufacturer. With the exception of the plans for the pre-fabricated concrete panels, which will be provided at a future date by a subcontractor, the Building Permit Application was modified accordingly and resubmitted on June 8, 2011.

CPC later received a memo on June 14, 2011 from Mr. Dollman, TOI Senior Planner, indicating that the proposed exterior building elevations were conditionally approved. However, on June 22, 2011, CPC received notice from Mr. Kahl that the Building Permit Application was rejected. The letter indicated numerous notes and information which needed to be included in the Building Permit Application. However, after briefly reviewing the letter, CPC believes that many of the items are already addressed in the Building Permit Application and supporting documents. As of June 30, 2011, CPC was reviewing the comments and attempting to schedule a meeting with Mr.

Kahl for early July 2011.

Facility Planning – NYSDEC

In July 2010, CPC submitted comments on the final Part 360/373 permit issued to CPC in June 2010, and requested several corrections and clarifications. In October 2010, the NYSDEC responded to CPC's comments, and requested a permit modification for the acceptance of Used Oil, which CPC submitted on November 30, 2010. As of June 30, 2011, the permit modification was still under review.

On April 27, 2011, representatives of CPC and D&B met with Ms. Dudek (DEC), Ms. Murphy (DEC), and Mr. Rahman (DEC) at CPC's facility. The meeting was held primarily to familiarize Ms. Dudek with the facility, briefly review the rebuild project and discuss the upcoming work schedule. A conference call was also held the next day with Ms. Dudek and Mr. Burke (DEC) to further discuss the upcoming work schedule, as well as upcoming closure and corrective action activities. It was also agreed that CPC and D&B would meet with NYSDEC on a monthly basis in an effort to improve communication and mitigate future delays.

The first such meeting was held in Albany on June 2, 2011, and the parties agreed upon the following action items:

- NYSDEC will pursue possible reclassification of the CPC site from Class 2 to Class A.
- CPC will provide construction drawings and specifications to NYSDEC for review.
- CPC will submit a minor modification request to the NYSDEC with the items listed in the November 30, 2011 modification to the Department.
- CPC will submit a Corrective Action Plan to the NYSDEC (in accordance with DER-10).
- CPC will provide the NYSDEC with the location of the temporary 10-day facility prior to operation of the 10-day facility.

Prior to attending the June 2, 2011 meeting, CPC provided NYSDEC with several documents to be discussed, including a soil excavation plan identifying end point sample locations and various

excavation depths, and also a detailed construction schedule which proposed completing the project in one phase rather than in dual phases of construction.

Facility Planning – Suffolk County Department of Health Services (SCDHS)

In February 2011, CPC responded to comments provided by Mr. Wong (SCDHS) in December 2010 regarding CPC's Article 12 Permit to Construct Application. CPC thereafter received notice that the Article 12 Permit to Construct Application was approved on April 19, 2011.

CPC also submitted an Application for Sewage Disposal Facilities and Water Supply Systems to the SCDHS, Office of Wastewater Management (OWM) in February 2011. OWM responded with comments in a letter dated April 14, 2011, and requested minor technical changes to the plan notes specifying the distribution pool and chimney heights and slab. OWM also requested information regarding methane abatement controls at the Sonia Road Landfill south of the CPC facility, a soils report, and approval from Mr. Wong in the SCDHS Office of Pollution Control.

CPC responded to these comments and provided the requested information in a letter dated May 24, 2011. OWM forwarded the necessary documents and information to Mr. Wong, who requested a statement certified by a New York State Professional Engineer indicating that the drain in the boiler room required by the NYS Building Code will not be exposed to hazardous waste, and also that the eyewash stations in the facility will drain to secondary containment and not to the septic system. The requested certification was provided to Mr. Wong in a letter dated June 6, 2011.

As of June 30, 2011, CPC's Application for Sewage Disposal Facilities and Water Supply Systems is under review. However, please note that per OWM standard procedures final approval of the application will not be granted until the existing sanitary systems are removed. Since the current sanitary systems are not anticipated to be removed until after demolition, the application will remain open until that time.

Drywell Monitoring Plan

CPC has continued to complete sampling under the Dry Well Monitoring Plan during the second quarter of 2011.

Force Majeure(s)

As was previously reported, demolition and reconstruction will require submission of new documents to the various interested agencies for comment and review. However, as stated above, CPC has made significant progress by obtaining approval of the Article 12 Permit to Construct Application from the SCDHS, and approval of the Site Plans from the TOI. CPC has since submitted an Application for Sewage Disposal Facilities and Water Supply to the OWM, and a Building Permit Application to the TOI Building Department. As of June 30, 2011, CPC was reviewing comments received from the TOI Building Department, and attempting to schedule a meeting with the TOI Commercial Plans Examiner for early July 2011. The Application for Sewage Disposal Facilities and Water Supply was under review as of the end of the second quarter of 2011.

2(b) the status, by percentage, of completion of the project(s) which are the subject of the Quarterly Report, and

As of June 30, 2011, the project is in the planning and review stages and therefore no demolition or construction has begun (<10% completion).

2(c) all anticipated activities of the Respondent its contractors and/or consultants for the next three (3) month period. The parties agree that information provided in prior quarterly reports need not be reiterated in subsequent quarterly reports, except to the extent necessary to make adequate cross-reference to currently reported items.

CPC anticipates completing the following work during the third quarter of 2011:

- Respond to comments provided by OWM regarding the Application for Sewage Disposal Facilities and Water Supply Systems if necessary, and complete the review to the extent possible pending removal of the existing sanitary system.

- Meet with the TOI Commercial Plans Examiner to address specific comments and concerns regarding the Building Permit Application, make revisions to the application as necessary, and ultimately receive final approval of the plans and specifications.
- Submit a minor modification request to the NYSDEC with the items previously listed in CPC's November 30, 2011 permit modification request.
- Submit a Corrective Action Plan to the NYSDEC in accordance with DER-10.
- Identify and secure a suitable 10-day facility, provide the NYSDEC with the location, and tentatively begin moving administrative personnel to the temporary location.
- Solicit bids and begin the general contractor selection process.
- Continue to meet with the NYSDEC on a monthly basis to review project status.

3. Information regarding any continuing delays encountered or any delay anticipated that may affect the future schedule for implementation of the Respondent's obligations under the Order, and efforts made to address, minimize or eliminate those continuing delays or anticipated delays;

The TOI Commercial Plans Examiner provided extensive comments to the June 8, 2011 Building Permit Application. However, after reviewing the comments CPC believes that many of the items are already addressed in the current plans and specifications. CPC intends to meet with the TOI Plans Examiner in early July 2011 to resolve these issues and expedite the review process.

4. Any changes in project management;

There have been no changes in project management during the second quarter of 2011.

5. Any other issues with the potential to materially affect the projects to be undertaken pursuant to this Order;

As indicated above, CPC has submitted plans and specifications to the NYSDEC and TOI which now propose completing the rebuild project in a single phase, rather than in dual phases of

construction. It is anticipated that a single phase approach will greatly simplify many aspects of the project, including demolition, closure, corrective action, and ultimately the start of operations in the new facility. This change, though significant, is not anticipated to materially delay the project and should allow CPC to complete the project in less time than previously projected.

- 6. An executive summary that summarizes the information required in subsections 1-5 above. Respondent shall choose the format for the first executive summary, and shall modify the format in accordance with any subsequent reasonable requests by DEC.**

In March 2011, the TOI Engineering Department conditionally approved the Site Plan pending establishment of an effective date by the TOI Town Clerk. However, since the DCR documents had not yet been returned by the Suffolk County Clerk, CPC took the opportunity to make final revisions to the Site Plans, which were resubmitted to the TOI Engineering Department in April 2011. Final stamped plans were provided to the TOI Engineering Department, and the Site Plans were given final approval as of the DCR effective date in May 2011.

Following approval of the Site Plan and establishment of the DCR effective date, D&B delivered a Building Permit Application to the TOI Building Department in early June 2011. The building exteriors were conditionally approved by the TOI, but the full application was rejected later that same month. As of the end of the second quarter of 2011, CPC was reviewing the comments and attempting to schedule a meeting with the TOI Commercial Plans Examiner for early July 2011. However, after briefly reviewing the comments CPC believes that many of the items are already addressed in the plans and specifications and may only need minor revisions.

CPC and D&B met with the NYSDEC in April 2011, and again in May 2011, to discuss various aspects of the rebuild project, including upcoming closure and corrective action activities. The parties agreed upon several action items (noted above), and agreed to continue meeting on a monthly basis to improve communications and mitigate future delays.

Lastly, CPC's Article 12 Permit to Construct Application was approved by SCDHS in April 2011, removing a major hurdle to construction of the new facility. CPC also responded to comments received from OWM in May 2011 regarding Application for Sewage Disposal

Facilities and Water Supply Systems. CPC provided additional information requested by the SCDHS Office of Pollution Control regarding the application in June 2011. As of the end of the second quarter of 2011, CPC's Application for Sewage Disposal Facilities and Water Supply Systems was under review.