

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,)	CIVIL ACTION
)	NO. 92-1027
)	
Plaintiff,)	
)	
v.)	
)	
HERCULES INCORPORATED,)	
)	
Defendant.)	
)	

AGREEMENT ON STIPULATED PENALTIES

1. This Agreement requires Defendant to pay stipulated penalties to Plaintiff pursuant to Section XXI of the Consent Decree entered on June 9, 1992 in the above-captioned case as a result of Defendant's alleged failure to comply with certain requirements of that Consent Decree. In order to resolve disputed claims, without admission of fact, violation or liability, and in lieu of further enforcement by Plaintiff for the violations alleged in the demand letter dated October 1, 2012, attached as Exhibit A, Defendant enters into this Agreement and agrees to comply with its terms.
2. The total amount of stipulated penalties to be paid by Defendant pursuant to this Agreement is \$2,000,000. This amount reflects penalties for Defendant's alleged failure to comply with Sections XI and XVI of the Consent Decree in connection with releases on March 31, 2011, April 15, 2011 and July 19, 2011 as further detailed in Exhibit A.
3. This Agreement pertains only to alleged violations of the Consent Decree described in Exhibit A and any additional violations of the Consent Decree that could have been alleged based upon documents provided by Defendant in response to Plaintiff's

information requests dated October 20, 2011, October 27, 2011 and January 20, 2012 or in response to Plaintiff's October 1, 2012 demand letter. This Agreement does not preclude Plaintiff from seeking additional stipulated penalties for other alleged violations of the Consent Decree, not specified herein, which may have occurred during the time period in issue or during any other period, and that could not have been identified from the documents provided by Defendant to Plaintiff in response to Plaintiff's October 20, 2011, October 27, 2011 and January 20, 2012 information requests, and October 1, 2012 demand letter. As of the date that the undersigned Department of Justice counsel signs this Agreement, Plaintiff is not aware of any other violations of Sections XI or XVI of the Consent Decree that may have occurred prior to the date of that signature. Subject to the limitations of this Paragraph, if Plaintiff identifies any additional violations of this Consent Decree, nothing in this Agreement shall preclude Plaintiff from pursuing stipulated penalties or other available remedies arising from those additional violations.

4. In accordance with Paragraphs XXII.B and XXII.C of the Consent Decree, this Agreement shall not limit any other remedies available to Plaintiff for alleged violations of the Consent Decree or any other applicable provisions of law, or Defendant's ability to assert defenses thereto.

5. Thus, in accordance with Section XXI.H.1 of the Consent Decree, Defendant hereby agrees to make one lump-sum payment of \$2,000,000, not later than thirty (30) days after the date that the undersigned Department of Justice counsel signs this Agreement and delivers it by email to Defendant's undersigned representative.

6. Payment by Defendant shall be made either by Fedwire Electronic Funds Transfer ("EFT"), or at <https://www.pay.gov>, to the U.S. Department of Justice ("DOJ") account in

accordance with current EFT procedures, and in accordance with instructions provided to Defendant by the Financial Litigation Unit ("FLU") of the United States Attorney's Office for the Western District of Pennsylvania after the execution of this Agreement by all Parties. The payment instructions provided by the FLU shall include a Consolidated Debt Collection System ("CDCS") number, which shall be used to identify all payments required to be made in accordance with this Agreement. The FLU shall provide the payment instructions to:

Joseph A. French JD, LL.M.
Senior Counsel
Ashland Inc.
5200 Blazer Parkway
Dublin, OH 43017
(614) 790-3851 (phone)
(614) 790-4268 (fax)
jafrench@ashland.com

on behalf of Defendant. Defendant may change the individual to receive payment instructions on its behalf by providing written notice of such change to the undersigned representatives of the United States.

7. At the time of payment, Defendant shall send notice that payment has been made to the undersigned representatives of the United States, and to the EPA Cincinnati Finance Office by email at acctsreceivable.cinwd@epa.gov, or by mail to:

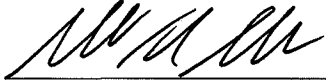
EPA Cincinnati Finance Office
26 Martin Luther King Drive
Cincinnati, Ohio 45268

Such notice shall reference the CDCS Number, Site/Spill ID Number 0395, and DOJ case number 90-11-2-716.

8. The undersigned representatives of the Parties certify that they are authorized to sign this Agreement and thereby bind the Parties to its terms.

FOR PLAINTIFF UNITED STATES OF AMERICA:

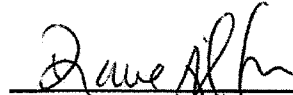
ROBERT G. DREHER
Acting Assistant Attorney General
Environment and Natural Resources Division



Marcello Mollo, Trial Attorney
United States Department of Justice
Environment and Natural Resources Division
P.O. Box 7611
Washington, D.C. 20044
(202) 514-2757

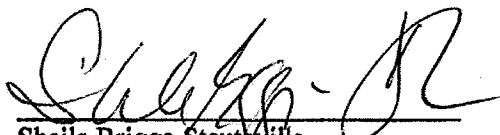
Dated: July 8, 2013

FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY:



Marcia E. Mulkey
Regional Counsel
U.S. Environmental Protection Agency
Region III
1650 Arch Street
Philadelphia, PA 19103


Dated: 6/12/13



Sheila Briggs-Steuterville
Senior Assistant Regional Counsel
U.S. Environmental Protection Agency
Region III
1650 Arch Street
Philadelphia, PA 19103

Dated: 6.12.13

FOR DEFENDANT HERCULES INCORPORATED:


Peter J. Ganz, Senior Vice President

General Counsel and Secretary

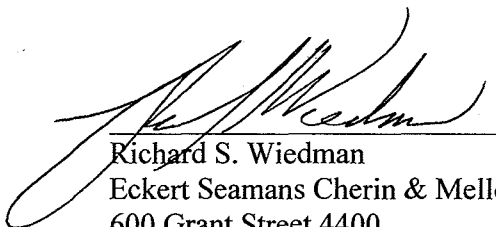
Ashland Inc.

50 E. Rivercenter Boulevard

P. O. Box 391

Covington, KY 41012-0391

Dated: 6/5/13


Richard S. Wiedman
Eckert Seamans Cherin & Mellott LLC
600 Grant Street 4400
Pittsburgh, PA 15219
Attorney for Hercules Incorporated

Dated: 6/10/13

EXHIBIT A



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

Mr. Mark W. Metcalf
Director of Environmental Remediation
Hercules Incorporated
5200 Blazer Parkway – EH&S, DS4
Dublin, Ohio 43017

OCT 01 2012

RE: Resin Disposal Site, Jefferson Borough, Alleghany County, PA

Dear Mr. Metcalf:

The Environmental Protection Agency (EPA) is hereby seeking stipulated penalties in the amount of \$4,852,000.00 from Hercules Incorporated (Hercules or you) for violations of the Consent Decree in *United States of America v. Hercules Incorporated*, Civil Action No. 92-1027 (1992) (Consent Decree) concerning the Resin Disposal Superfund Site (Site).

On March 31, 2011, April 15, 2011 and July 19, 2011, there were uncontrolled releases to soil, groundwater and/or surface water from the on-Site treatment system. The releases were significant in terms of potential for harm to the environment and to public health. In fact, as a result of the April 15, 2011 release, a worker at the West Elizabeth Sanitary Authority treatment plant was hospitalized and the plant was shut down for 4 days.

Hercules did not notify EPA of the releases or consult EPA concerning the actions it took in response to the releases until September 2, 2011 despite the fact that between March 31, 2011 and September 2, 2011, the EPA Remedial Project Manager (RPM) for the Site had been in contact with Hercules and Cummings/Riter Consultants, Inc. (Cummings/Riter) on several occasions concerning the Site. Hercules' failure to immediately notify the EPA RPM of the releases and Hercules' failure to consult EPA concerning the actions it took in response to the releases violated Paragraphs XVI.A. and XI.C. of the Consent Decree.

Paragraph XXI.A. of the Consent Decree provides EPA with the authority to impose stipulated penalties upon Hercules for violations of the Consent Decree. Under Paragraph XXI.F. of the Consent Decree, Hercules shall pay the stipulated penalties owed to the United States within thirty (30) days of receipt of your receipt of this demand for payment, unless you invoke the Dispute Resolution procedures under Section XX (Dispute Resolution) of the Consent Decree. The penalty payment shall be made by certified or cashier's check payable to the Treasurer of the United States of America and shall be remitted to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Office
PO Box 979077
St. Louis, MO 63197-9000

EXHIBIT A

The payment shall reference the name of the Site, Hercules' name and address, and the EPA Docket Number of this Consent Decree. Copies of the transmittal of payment shall be sent simultaneously to Mr. Robert Wallace, the Remedial Project Manager (3HS22), and the Regional Hearing Clerk (3RC00) at U.S. Environmental Protection Agency, Region III, 1650 Arch Street, Philadelphia, Pennsylvania 19103-2029.

In conclusion, given Hercules' repeated failures to notify and consult with EPA concerning the releases from the Site and given the threat to public health, welfare and the environment posed by such releases, EPA has concluded that this instant action is necessary and appropriate. If you have any technical questions concerning this matter, please contact Mr. Robert Wallace at (215) 814-3278. Legal questions can be directed to Ms. Sheila Briggs-Steuteville, Senior Assistant Regional Counsel, at 215-814-2468.

Sincerely,



Karen Melvin, Associate Director
Office of Enforcement
Hazardous Site Cleanup Division