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VIA: E-MAIL and US MAIL

January 8, 2007

Mr. Hector Hernandez
California Regional Water Quality Control Board
Central Coast Region
895 Aerovista Place, Suite 101
San Luis Obispo, California 93401

**Subject: Progress Report #53
December 1 through 31, 2006
Morgan Hill, California**

Dear Mr. Hernandez:

Pursuant to the November 18, 2002, California Regional Water Quality Control Board, Central Coast Region (Water Board) letter, this report summarizes Olin's progress related to the Cleanup and Abatement Orders (CAOs) and the Monitoring and Reporting Program (MPR) associated with the Olin/Standard Fusee site located at 425 Tennant Avenue, Morgan Hill, California. Progress Report #53 is for December 1 through 31, 2006.

CAO R3-2004-0101 – Replacement Water and Ion Exchange System Installation

Replacement Water:

Olin continues to provide bottled drinking water to well owners and tenants in accordance with the Water Board CAO, as revised by the State Water Resources Control Board in its Order No. WQO 2005-0007 (State Board Order). Quarterly sampling of replacement water wells is proceeding and is further described under MRP 2001-161.

In accordance with the State Board Order, a phased reduction of bottled water continues pursuant to State Board criteria. On December 18, 2006, Olin provided the Water Board, via e-mail, the Phase 7 laboratory results and evaluation in support of bottled water termination. A revised monitoring frequency, as per the State Board Order, was also provided.

Ion Exchange (IX) System Installation:

As of December 31, 2006 Olin has installed ion exchange (IX) systems on 16 wells. The IX systems continue to operate as designed and steps are being taken to obtain DHS acceptance for the perchlorate removal systems. Installation of an IX system at one well remains on hold pending resolution of existing bacterial issues and an access agreement is being sought at another well. Data evaluation continues for well candidates that have had greater than 6 ppb perchlorate detection during the past 4 quarters. Bottled water continues to be provided pending DHS acceptance of the domestic IX systems.

Item No. 8, Attachment 1
February 9, 2007 Board Meeting
Perchlorate Cases

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CAO R3-2005-0014 – Llagas Subbasin Characterization and Remediation

In a letter to Olin dated December 21, 2006, the Water Board transmitted Cleanup or Abatement Order R3-2006-0112 which amended Cleanup or Abatement Order R3-2005-0014.

Llagas Subbasin Monitoring Plan:

Full Water Board approval of the Monitoring Plan remains pending.

Llagas Subbasin Characterization Report

Area I characterization efforts are ongoing. Water Board review of the East of Site Characterization remains pending.

Llagas Subbasin Plume Migration Assessment Control Report

On December 6, 2006 Olin submitted the Area 1 Feasibility Study and Area 1 Cleanup Work Plan to the Water Board.

Llagas Subbasin Cleanup Level Report

Water Board acceptance of the *Llagas Basin Cleanup Level Report* remains pending.

Llagas Subbasin Cleanup Feasibility Study Report

On December 6, 2006, Olin submitted the Revised Cleanup Feasibility Study Report to the Water Board.

MRP 2001-161 – Onsite and Offsite Well Sampling Activities

Olin continues performing monitoring pursuant to our understanding that the Water Board's intent was consolidation of MRP 2003-0168 and MRP 2001-161 (August 31, 2005 revision). A teleconference with Olin and the Water Board to discuss proposed revisions to the Consolidated MRP was rescheduled by the Water Board for January 2007.

Onsite Well Sampling Activities:

During December 2006 water-level measurement were collected from onsite monitoring wells and BarCad® wells. The results will be included in the Fourth Quarter 2006 monitoring report to be submitted to the Water Board by January, 30, 2007.

Offsite Well Sampling:

Offsite groundwater sampling continued during the Fourth Quarter 2006. The results will be included in the Fourth Quarter 2006 monitoring report to be submitted to the Water Board by January 30, 2007.

Groundwater Treatment System Operations:

The groundwater containment and treatment system operations continued in December 2006, operating normally and continuously throughout the period. During December, the system extracted and removed perchlorate from approximately 5.5 million gallons of groundwater. To date, perchlorate has been removed from over 148 million gallons of water. Groundwater treatment system (GWTS) operations data for December 2006 will be presented in the Fourth Quarter 2006 Performance Monitoring Report and submitted to the Water Board by January 30, 2007.

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On-Site Recharge System Operations:

Recharge system operations continued in December 2006 with all injection wells active. The recharge system operated normally and continuously throughout the period. In December, approximately 5.5 million gallons of water from GWTS were injected to the subsurface via the three injection wells. Monitoring data collected for December 2006 for the On-Site Recharge System will be presented in the Fourth Quarter 2006 Performance Monitoring Report and submitted to the Water Board by January 30, 2007.

Soil In Situ Bioremediation (ISB) System Operations:

In October 2006, the Water Board concurred that the remedial objectives for the ISB had been achieved; however, Olin's request to update MRP No. 2001-161, by eliminating the soil remediation monitoring requirements, remains pending.

Upcoming Reports

Due Date

- Monitoring and Reporting Program 2001-161:
 - 4th Quarter 2006 Groundwater Monitoring Report 1/30/07
 - 4th Quarter 2006 Performance Monitoring Report 1/30/07
 - 1st Quarter 2007 Groundwater Monitoring Report 4/30/07
 - 1st Quarter 2007 Performance Monitoring Report 4/30/07
 - 2nd Quarter 2007 Groundwater Monitoring Report 7/30/07
 - 2nd Quarter 2007 Performance Monitoring Report 7/30/07
 - 3rd Quarter 2007 Groundwater Monitoring Report 10/30/07
 - 3rd Quarter 2007 Performance Monitoring Report 10/30/07
- Monthly Progress Reports 10th of each month
- Llagas Subbasin Characterization and Remediation CAO:
 - 2007 Llagas Subbasin Characterization Report 1/30/07

Olin will continue providing monthly progress reports of our activities related to the CAOs and MRP. If you have any questions, please call me.

Sincerely,
OLIN CORPORATION



Richard W. McClure, P.G., REM
Environmental Remediation Group

cc (via e-mail):

Mr. Jim Ashcraft, City of Morgan Hill
Mr. Eric Gobler, Water Board – Central Coast Region
Ms. Leslie Griffin, P.E., GeoSyntec
Ms. Sylvia Hamilton, PCAG Chair
Mr. Thomas Mohr, Santa Clara Valley Water District
Mr. Dave Share, Olin
Mr. Donald Smallbeck, MACTEC
Mr. Curt Richards, Olin