

Exhibit No. 2

**Environmental Protection Agency Memorandum
Regarding Request for a Time-Critical Removal Action
at U.S. Colloidal Technologies, Inc.
City of Rancho Cucamonga, San Bernardino County, California
Dated April 1, 2008
(Formerly Appendix A of the UAO)**



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105**

APR 1 2008

MEMORANDUM

SUBJECT: Request for a Time-Critical Removal Action at U.S. Colloidal Technologies, Inc, City of Rancho Cucamonga, San Bernardino County, California.

FROM: Craig Benson, On-Scene Coordinator
Emergency Response Section (SFD-9-2)

TO: Daniel Meer, Chief
Response, Planning & Assessment Branch (SFD-9)

THROUGH: Steve Calanog, Acting Chief
Emergency Response Section (SFD-9-2)

I. PURPOSE

The purpose of this Action Memorandum is to obtain approval to spend up to \$390,000 in direct extramural costs to mitigate threats to human health and the environment posed by uncontrolled hazardous substances in bulk and non-bulk containers, associated with the unmanaged manufacturing facility known as U.S. Colloidal Technologies, Inc. (the "Site"). The Site is located at 9330 7th Street, Suite A, in the City of Rancho Cucamonga, San Bernardino County, California (91730). The proposed removal of hazardous substances would be taken pursuant to Section 104(a)(1) of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9604(a)(1), and Section 300.415 of the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP"), 40 C.F.R. § 300.415.

On March 18 and 21, 2008, the United States Environmental Protection Agency ("EPA") conducted joint inspections with state, county and city officials to assess the threats posed at the Site. The actions proposed in this document will complete a time-critical removal of the threat posed by hazardous substances remaining at the Site. These time-critical actions include the off-Site transfer and disposal of containerized hazardous wastes and hazardous substances and the continuing identification of and removal (or stabilization) of threats to the public health or welfare and the environment. Additionally, EPA will consider recycling and reuse options for some chemical materials. Specific threats are described below.

II. SITE CONDITIONS AND BACKGROUND

Site Status: Non-NPL
Category of Removal: Time-Critical
CERCLIS ID: CAN000908580
SITE ID: RE

A. Site Description

1. Physical location

The Site occupies a 6,600 square foot space (Suite A) in the southwest portion of the Golden West Industrial Park near the intersection of Hellman Avenue and 7th Street, in Rancho Cucamonga. The Golden West Industrial Park is a large, 100 suite multi-structure complex with office, commercial and light manufacturing tenant uses. The coordinates of the Site are N 34° 05' 20.82", W 117° 36' 08.16".

2. Site characteristics

The Site consists of a reception area, three office areas, a file room, a warehouse area subdivided into two chemical laboratories, an area with chemical processing equipment and a large chemical storage area. The storage area is overcrowded with a variety of flammable, combustible, acidic, caustics and surfactant chemicals (Figure 1). The Site is surrounded by parking lots, access alleys and other industrial park suites.

U.S. Colloidal Technologies, Inc. ("USCT"), ostensibly developed formulas and manufactured personal care products (i.e., skin creams and hair care products), industrial strength cleaners, degreasers, and detergents.

Since January 2007, UCST has been the subject of several municipal and county inspections and violation notices related to hazardous waste and hazardous materials handling practices. These inspections also revealed fire, building and electrical code violations. On March 17, 2008, a strike force comprised of city and county fire and hazardous materials officials, a district attorney, sheriff investigators and a U.S. Food and Drug Administration ("FDA") representative executed a search warrant inspection at the Site. Law enforcement personnel arrested and incarcerated the USCT business owner, Scott Kim, on business related fraud charges. The Rancho Cucamonga Fire Department ("RCFD") observed the condition of the Site, including the presence of a large quantity of improperly stored hazardous materials and numerous hazardous waste code violations and "red tagged" the facility (enjoining occupation and use). The San Bernardino Fire Department, Hazardous Materials Division ("SBCoFD") then requested EPA's assistance with the Site.

3. Removal site evaluation

On March 18, 2008, OSC Craig Benson participated in a walk-through inspection and removal Site assessment with SBCoFD Hazardous Materials Specialists Curtis Brundage, Kris Alfelor and Jose May, RCFD Fire Prevention Specialists Michelle Seckler and Shane Adams, and San Bernardino County Sheriff's Department Detective Duane Parkison. Also present were Davis Partners, Inc. Property Manager Karen Fish, FDA representative Tony Wu and personnel from the Superfund Technical Assessment and Response Team ("START") contractor.

During the assessment, EPA noted that a lack of aisle space, obstructions and general overcrowding prohibited the ability to conduct a thorough inventory count of both bulk and non-bulk tanks and containers. Nonetheless, EPA observed approximately one hundred 55-gallon drums packed into the warehouse chemical storage area, large quantities of reagent chemicals and small containers of hand marked solutions in several distinct laboratory areas, and about two dozen process tanks and totes ranging in size from 250 gallons to 4,000 gallons. EPA could see that most of the tanks and totes were empty, but at least two tanks contained material, one of which was marked to contain hazardous waste.

Chemicals at the Site were not segregated according to hazard class and were not staged in secondary containment. Chemicals in the laboratory areas were alphabetically organized without regard for their hazard class. The shelves of chemicals in the laboratory areas were overstocked and not seismically secure. A large inventory of unfilled bottles and jugs (apparently for blended product) and other equipment filled the warehouse.

The processing areas of the warehouse appeared in some respects to be non-functional in terms of the ostensible intended operation. PVC piping hanging above the 250-gallon totes did not appear to be connected into any pumping system that would allow materials to be pumped up to the elevated platforms supporting the totes. The PVC piping that appeared as intended to pump materials into the totes, was configured in a circle and therefore could not transfer any materials. Glassware in the chemical laboratory area appeared to be assembled as if to suggest an active laboratory. However, the glassware appeared to EPA to be very old and dusty, leading to a conclusion that it had not been used for some time. Manufacture dates on some accessible, open and partially used 55-gallon drums of feedstock chemicals indicated the materials to be several years old, generally dating to the early 2000s. RCFD personnel stated that Scott Kim had ceased manufacturing activities due to financial issues and no employees are currently on staff at USCT.

RCFD personnel supplied OSC Benson with a partial chemical inventory prepared during a previous inspection (Appendix 1). The inventory does not estimate volumes or list any laboratory chemicals. From the inventory and observations made during the assessment, there appears to be a considerable

quantity of surfactant material and unknown trade name feedstock that will require specific characterization to ascertain any potential hazardous properties. The inventory, together with visual observations, does reveal several types of corrosive acids, flammable alcohols, organic compounds and labeled poisons.

The START performed qualitative organic vapor headspace measurements and pH testing on several accessible containers. The following is a summary table of the Multi-rae (organic vapor headspace) and field pH results documented during the assessment:

Sample Log US Collodial: March 18, 2008				
Sample Number	Description	Multi-rae Results*	Size of container	pH
1	Triton X-45 surfactant	VOC	55-gal Drum	
2	Possible fuel		55-gal Drum	5.0
3	BTC 1010 concentrated germicide, #14 on cap	VOC	55-gal Drum	
4	Ethanol Vanzol A-1	VOC	55-gal Drum	
5	Glycol Ether EPH	VOC	55-gal Drum	5.0
6	Dipropylene Glycol		55-gal Drum	
7	Primary amyl acetate mixed isomers		55-gal Drum	5.0
8	Hydrochloric acid 20 Be		55-gal Drum	1.0
9	Triton X-102 surfactant	VOC	55-gal Drum	5.0
10	Triton QS-44 surfactant		55-gal Drum	2.0
11	DMDM Hydration		55-gal Drum	5.0
12	Mineral Spirit odorless	VOC	55-gal Drum	
13	Spilo	VOC	55-gal Drum	
14	Colloid-Active ADHR-100	VOC	55-gal Drum	5.0
15	Elpinol 85, pesticide disposal, corroded bunghole	VOC	55-gal Drum	4.0
16	X-16, resembles vegetable oil		55-gal Drum	5.0
17	Peroxide		55-gal Drum	5.0
18	50% membrane sodium hydroxide		55-gal Drum	5.0
19	Unix 100		55-gal Drum	11.0
20	Peroxide		Liter bottle	2.0
21	Sulfuric Acid (San Bernardino County Health collected entire bottle for sample)		Liter bottle	1.0, 14.0
22	Methyl ethyl ketone (MEK)	VOC	Liter bottle	
23	Acetic Acid 13.5		Liter bottle	5.0
24	Possibly gasoline		Liter bottle	4.0
25	Phosphoric Acid		Liter bottle	1.5
26	Sodium chloride 30% W/V		Liter bottle	5.0

*Multi-rae VOC notation indicates readings detected above 100 ppm.

The START assisted the SBCoFD with collection of four samples from accessible drums and containers. The samples were submitted to an approved off-Site laboratory for rush EPA-approved analysis of pH and ignitability.

Prior to departing the Site, SBCoFD's Hazardous Materials Division provided a written Request for Federal Action. In addition, Karen Fish agreed to establish a security watch-at the facility and work with EPA toward the goal of providing specific Site access for continued EPA characterization activities.

On March 21, 2008, OSC Craig Benson, EPA Civil Investigator John Jaros, an ERRS Response Manager, and START personnel met on-Site with Karen Fish. Also present were California Department of Toxic Substances Control ("DTSC") Emergency Response Unit Supervisor Dave Rasmussen and various SBCoFD Specialists. Karen Fish provided EPA with a generally broad written license for access to sample and conduct any necessary response activities.

The focus of this second walk-through inspection was to provide the ERRS contractor an opportunity to preliminarily scope priority removal tasks in advance of preparations for a project work plan. After the walk-through, Dave Rasmussen confirmed that DTSC lacks the resources to undertake the required cleanup action at this time.

A determination of all actual categories and quantities of hazardous substances can only be fully determined concurrent with the initiation of a cleanup action conducted under the necessary health and safety program elements. Based on the apparent characterization, EPA observed incompatible and unmanaged materials stored in close proximity, which creates an additional risk of chemical reaction resulting in combustion, explosion or toxic vapor.

4. Release or threatened release into the environment of a hazardous substance, or pollutant or contaminant

Analytical data for the four samples collected on March 18, 2008, is summarized below:

SBCoFD Analytical Data START Field Screening Data Comparison March 18, 2008						
SBCoFD Sample ID	pH Method 9040/9041	Ignitability	START Sample Number	Description recorded from the Container or Drum Label	Multi-Rae Screening Results	pH
080318-4*	7.6	--	--	Waste Solution from Above Ground Storage Tank 3	ND	7
080318-5	<1.0	>212°F	8	Hydrochloric acid -Acid 20 Be	ND	1.0
080318-6	<1.0	>212°F	10	Triton QS-44 surfactant	ND	2.0
080318-7	<1.0	--	21	Sulfuric Acid (San	ND	1.0

				Bernardino County Health collected entire bottle for sample		
--	--	--	--	---	--	--

*This sample was also analyzed per EPA Method 6010B. All metals reported as non-detectable.

Analytical and Site data and observations indicate the presence of hazardous wastes as defined in the Resource Conservation and Recovery Act ("RCRA"), exhibiting the hazardous waste characteristic of corrosiveness under 40 C.F.R. § 261.22. RCRA listed and characteristic wastes are hazardous substances as defined by Section 101(14) of CERCLA.

The available partial inventories and Site observations indicate that there are approximately one hundred 55-gallon drums; hundreds of smaller chemical containers in the Site laboratories and storage areas, and material marked as hazardous waste in above-ground storage tanks. Container marks and labels throughout the Site indicate the presence of several hazard classes, including poison, flammable, Class 9 and corrosive materials. EPA observed that materials at the Site were neither properly segregated by compatible hazard classes nor staged in any type of secondary containment. Because the crowding of materials limited access throughout the Site, there is a significant potential for other hazardous substances or pollutants and contaminants to be yet undiscovered, but to pose additional threats to the public health or welfare and the environment.

The potential for fire, vandalism and deterioration of containers at the unmanaged Site may result in the combustion, physical exposure or commingling of incompatible hazardous substances and thereby cause harm to the public health or welfare or the environment. Considering the proximity of nearby businesses and public access routes within the industrial park, the Site represents a significant threat of release affecting nearby populations.

5. National Priorities List ("NPL") status

The Site is not currently on or proposed for inclusion on the NPL.

B. Other Actions to Date

No actions have yet been taken to abate the threats posed by the abandonment of hazardous substances at this facility.

C. State and Local Authorities' Roles

1. State and local actions to date

The city and county previously have noted violations of hazardous materials handling requirements, but neither USCT nor its owner has taken appropriate action to address those on-going violations. As stated above, on March 17, 2008, state,

local and federal agencies executed a search warrant at the Site that resulted in the request for EPA's assistance. State and local agencies have represented to EPA that they presently are unable to mitigate the unmanaged hazardous substances at the Site.

2. Potential for Continued State/Local Response

State and local agencies have asserted that they lack the resources to undertake the required cleanup action at this time. SBCoFD requested EPA's assistance with a removal of hazardous substances and provided a written Request for federal assistance on March 18, 2008. Nonetheless, EPA may request assistance from state and local response agencies for various services including water and power hook-ups, traffic control, inspection of building integrity, concurrence with cleanup action levels and goals, community relations and other tasks that are necessary for an efficient, effective, and safe operation. Assistance from the state and local agencies likely would be limited to technical support and services rather than direct financial contribution to the response.

III. THREATS TO PUBLIC HEALTH OR WELFARE OR THE ENVIRONMENT, AND STATUTORY AND REGULATORY AUTHORITIES

Conditions at the Site represent a release, and potential threat of release, of CERCLA hazardous substances that threaten the public health or welfare, or the environment, based on the factors set forth in the Section 300.415(b)(2) of the NCP. These factors include:

1. Actual or potential exposure to nearby populations, animals or the food chain from hazardous substances or pollutants or contaminants

There is a significant potential exposure to nearby populations from hazardous substances at the unmanaged Site from the unsecured bulk and non-bulk inventory of hazardous substances on-Site. As unsecured within the active industrial park, the facility poses a human health risk to any vandals or trespassers who might enter the premises. Nearby populations and industrial park tenants may be exposed to hazardous substances in the event deteriorated drums or containers leak and cause incompatible chemicals to mix and generate toxic gases that may be inhaled, or flammable gases that may ignite. Corrosive materials including hydrochloric, phosphoric and sulphuric acids present a direct contact and inhalation threat that could cause severe burns of the skins and lung tissue.

Chemical containers labeled flammable, and containers exhibiting elevated organic vapor headspace measurements are interspersed with materials in several other hazard classes in congested storage areas. A fire at this unmanaged facility could expose nearby populations living downwind and first response personnel to toxic smoke and particulates. Firefighting water would likely produce contaminated

runoff that would flow into the flood control channel and sewers and threaten a discharge of pollutants and contaminants into surface waters.

2. Actual or potential contamination of drinking water supplies

No specific contamination of a drinking water supply has been identified to date.

3. Hazardous substances or pollutants or contaminants in drums, barrels, tanks, or other bulk storage containers, that may pose a threat of release.

The available partial inventories and Site observations indicate that there are approximately one hundred 55-gallon drums, hundreds of smaller chemical containers in the laboratory and storage areas, and above ground containers labeled to contain hazardous waste. Container marks and labels indicate the presence of several hazard classes, including poison, flammable, Class 9 and corrosive materials.

Chemicals are not segregated according to hazard class and are not staged in any type of secondary containment. Chemicals in the laboratory areas are alphabetically organized, but without regard for their hazard class. The shelves of chemicals in the laboratory areas are overstocked and not seismically secure. A lack of aisle space, obstructions and general overcrowding prohibited EPA's ability to conduct a complete inventory and assessment of all bulk and non-bulk containers. Full identification of the character and volume of hazardous substances will only be possible during subsequent removal activities conducted under the necessary health and safety program elements

4. High levels of hazardous substances or pollutants or contaminants in soils largely at or near the surface, that may migrate

Contamination of the soils underlying the Site is not anticipated. An evaluation of the concrete floors and the presence and condition of any drainage systems or trenches is a goal of this proposed response action.

5. Weather conditions that may cause hazardous substances or pollutants or contaminants to migrate or be released

The large quantities of chemicals are stored inside the building and appear sufficiently protected from the elements and extreme weather events.

6. Threat of fire or explosion

The Site has been red tagged by the local fire department due to non-compliance with fire, building and electrical codes. EPA observed incompatible and unmanaged materials stored in close proximity, which creates an additional risk of chemical reaction resulting in combustion, explosion or toxic vapor. The presence of flammable, corrosive materials (in addition to all the present unknown materials), combined with the documented improper electrical wiring and lack of facility management, increases the risk of fire or explosion at the Site. A fire at this facility could expose adjoining tenants, nearby populations and first response personnel to toxic smoke and particulates. Furthermore, firefighting water would likely produce contaminated runoff that would flow into the flood control channel and sewers and potentially cause a discharge of pollutants and contaminants into surface waters.

7. Availability of other appropriate federal or state response mechanisms to respond to the release

No other appropriate federal, local or state public funding source has been identified. EPA is informed that the proposed action exceeds the financial capability of the California State Emergency Reserve Account and local response mechanisms.

IV. ENDANGERMENT DETERMINATION

Actual or threatened releases of hazardous substances from this Site, if not addressed by implementing the response action selected in this memorandum may present an imminent and substantial endangerment to public health, or welfare, or the environment.

V. PROPOSED ACTIONS AND ESTIMATED COSTS

A. Proposed Actions

1. Proposed action description

EPA proposes to inventory, characterize, segregate, bulk, re-containerize, and remove all unmanaged hazardous substances and contaminated materials left in drums, containers, and tanks at the Site. All materials will be characterized using EPA-approved methodologies and delivered to commercial hazardous waste management facilities that are compliant with EPA's CERCLA Off-Site Disposal Policies. To the extent that they exist, unopened non-bulk containers in good condition with original manufacture marks will be considered appropriate for reuse options, including recycling through other end-users, or return to the manufacturer. EPA does not intend in this action to investigate or respond to deep soil or groundwater contamination at the Site.

All activities will be performed in conformance with prescribed health and safety procedures. Sampling and analysis activities will conform to EPA approved methodologies and mandatory specifications for quality assurance and quality control.

2. Contribution to remedial performance

EPA does not anticipate a long term remedial action at this Site. This removal action should remove all immediate threats posed by uncontrolled hazardous substances at the Site.

The long-term cleanup plan for the Site:

Final reporting of this removal action will be provided to the RCFD and SBCoFD for consideration in any further activities under state or county programs.

Threats that will require attention prior to the start of a long-term cleanup:

There is no EPA long-term cleanup planned for this Site. The immediate threats that have been identified in this memorandum would be addressed by the proposed removal action.

The extent to which the removal will ensure that threats are adequately abated:

The removal of abandoned and above ground hazardous substances is expected to abate the immediate threats from the Site.

Consistency with the long-term remedy:

Removal activities undertaken in this action can be considered and incorporated into state and county facility closure proceedings.

Post Removal Site Control

EPA will evaluate the need for post-removal Site control, consistent with the provisions of Section 300.415(k) of the NCP. The elimination of all threats, however, is expected to eliminate or minimize the need for post-removal Site control.

3. Description of alternative technologies

As there appear to be no limiting circumstances on the use of the standard action to unmanaged hazardous materials, as proposed, EPA need not consider alternative technologies for the proposed response action.

4. Applicable or relevant and appropriate requirements (ARARs)

Section 300.415(j) of the NCP provides that removal actions must attain ARARs to the extent practicable, considering the exigencies of the situation.

Section 300.5 of the NCP defines applicable requirements as cleanup standards, standards of control, and other substantive environmental protection requirements, criteria or limitations promulgated under federal environmental or State environmental or facility siting laws that specifically address a hazardous substance, pollutant, contaminant, remedial action, location or other circumstances at a CERCLA site.

Section 300.5 of the NCP defines relevant and appropriate requirements as cleanup standards, standards of control and other substantive requirements, criteria, or limitations promulgated under federal environmental or State environmental or facility siting laws that, while not "applicable" to a hazardous substance, pollutant, or contaminant, remedial action, location, or other circumstances at a CERCLA site, address problems or situations sufficiently similar to those encountered at the CERCLA site and are well-suited to the particular Site.

Because CERCLA on-site response actions do not require permitting, only substantive requirements are considered as possible ARARs. Administrative requirements such as approval of, or consultation with, administrative bodies, issuance of permits, documentation, reporting, recordkeeping, and enforcement are not ARARs for the CERCLA response actions confined to the Site.

The following ARARs have been identified for the proposed response action. All can be attained.

Federal ARARs: Potential federal ARARs are the RCRA Land Disposal Restrictions, 40 C.F.R. § 268.40 Subpart D; the CERCLA Off-Site Disposal Restrictions, and the U.S. Department of Transportation Hazardous Materials Regulations, 49 C.F.R. Part 171, 172 and 173.

State ARARs: Potential state ARARs are Characteristics of Hazardous Waste implemented through the California Health and Safety Code, Title 22, § 66261.20, § 66261.21, § 66261.22, § 66261.23, § 66261.24.

5. Project schedule

The removal action is scheduled to start immediately after the approval of the action as indicated by the signature on this memorandum. Removal activities will require approximately four weeks to complete.

B. Estimated Costs

Regional Removal Allowance Costs

Cleanup Contractor \$ 300,000.00

USCG PST \$ 5,000.00

Extramural Costs Not Funded from the Regional Allowance

START Contractor \$ 20,000.00

Extramural Subtotal \$ 325,000.00

Extramural Contingency (20%) \$ 65,000.00

TOTAL, Removal Action Project Ceiling \$ 390,000.00

VI. EXPECTED CHANGE IN THE SITUATION SHOULD ACTION BE DELAYED OR NOT TAKEN

Given the Site conditions, the nature of the hazardous substances documented on-Site and the potential exposure pathways to nearby populations described in Sections III and IV above, actual or threatened releases of hazardous substances from the Site, if not addressed by implementing the response actions selected in this memorandum, will continue to present an imminent and substantial endangerment to public health or welfare, or the environment.

VII. OUTSTANDING POLICY ISSUES

There are no outstanding policy issues with the Site identified at this time.

VIII. ENFORCEMENT

Please see the attached Confidential Enforcement Addendum for a discussion regarding potentially liable parties and enforcement. In addition to the extramural costs estimated for the proposed action, a cost recovery enforcement action also may recover the following intramural costs:

Intramural Costs¹

U.S. EPA Direct Costs	\$ 20,000.00
U.S. EPA Indirect Costs (35.28% of Spending \$390,000.00+ \$20,000)	<u>\$ 144,648.00</u>
TOTAL Intramural Costs	\$ 164,648.00


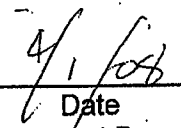
The total EPA extramural and intramural costs for this removal action, based on full-cost accounting practices that will be eligible for cost recovery, are estimated to be \$ 554,648.00. Of this, an estimated spending of \$ 305,000.00 comes from the Regional removal allowance.

IX. RECOMMENDATION

This decision document recommends an appropriate removal action for the U.S. Colloidal Technologies, Inc. Site, at 9330 7th Street, Suite A, in the City of Rancho Cucamonga, San Bernardino County, California, as developed in accordance with CERCLA and not inconsistent with the NCP. This recommendation is based on the Administrative Record for the Site.

Because conditions at the Site meet the NCP criteria for a time-critical removal, I recommend that you concur on the determination of imminent and substantial endangerment and the removal action proposed in this Action Memorandum. The total removal action project ceiling, if approved, will be \$ 390,000.00, of which an estimated \$ 305,000.00 comes from the Regional removal allowance. If you approve of this action, please indicate your decision by signing below.

Approved:

Daniel Meer, Chief Date
Response, Planning and Assessment Branch

¹ Direct costs include direct extramural costs and direct intramural costs. Indirect costs are calculated based on an estimated indirect cost rate expressed as a percentage of site-specific direct costs, consistent with the full cost accounting methodology effective October 2, 2000. These estimates do not include pre-judgment interest, do not take into account other enforcement costs, including Department of Justice costs, and may be adjusted during the course of a removal action. The estimates are for illustrative purposes only and their use is not intended to create any rights for responsible parties. Neither the lack of a total cost estimate nor deviation of actual costs from this estimate will affect the United States' right to cost recovery.

Enforcement Addendum

Index to the Administrative Record

Figures

Figure 1 Facility Map

Appendices

1: Partial Chemical Inventory

2. Photographs

cc: Sherry Fielding, USEPA, OEM, HQ
Donald R. Plain, Chief, Emergency Response and Special Projects, California
Department of Toxic Substances Control
Ann Rushton, Deputy Attorney General, State of California

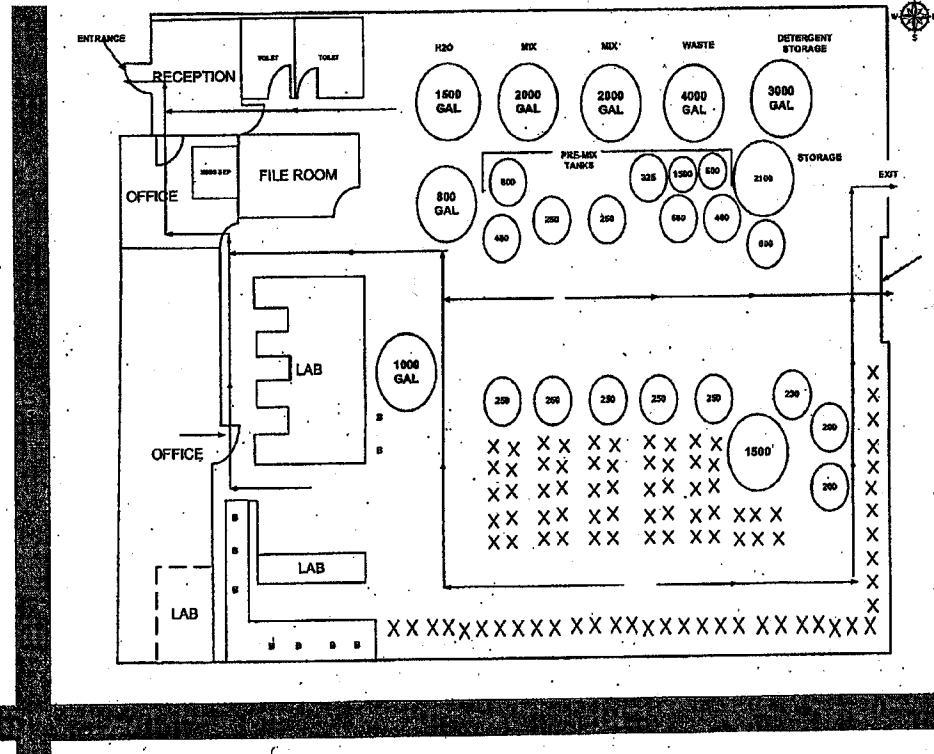
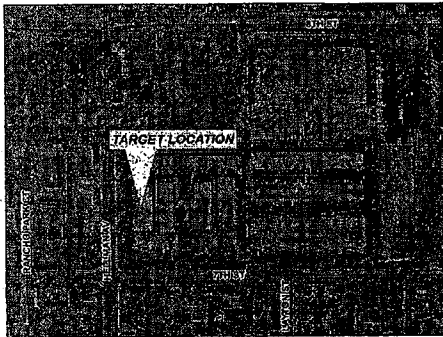
bcc: Site File
John Jaros, SFD-9-4
Craig Benson, SFD-9-2
Andrew Helmlinger, ORC-3
Celeste Temple, SFD-9-4

Confidential Enforcement Addendum

Figure 1
Facility Map



US COLLOIDAL FACILITY MAP 9330 7TH STREET



APPENDIX 1

Partial Chemical Inventory

U.S. Cellulose General Chemical Inventory performed by RCFD FPS Seckler & FPS Adams
9330 7th Street Ste A Rancho Cucamonga, CA 91739

This chemical inventory is made up of the warehouse area chemicals and does not include the
"lab" area with the multiple 1 gallon or smaller containers.

ADHR 100

Alcohol Ethoxy sulfate

Ammonyx LD

Amphosol CA

Anionic amphoteric cationic nonionic blend

BFC 100% concentrated Benzofluid

Benzoin Acid

Castor Oil

Cat foam ether sulfate

Citric Acid

DMDM Hydantoin

Diethanolamine 99%

Dipropylene Glycol

Disodium salt of ethylenediaminetetraacetic acid

Dissolvine

Epamol 65

Ethanol Vanzol

Glycerine 99.5%

Glycol Ether DB acetate

Glycol Ether EPH

Glycolic Acid

Hydrochloric Acid

Isopar

Lipovol (5 Gallons)

Lipovol C-70

Marians use Super concentrated cleaner

Methocel

Methyl Pyrrolidone

Meiso Pentabead (Corrosive)

Mineral Spirits

Neobee M5 Cosmetic

Ninol CMP

Ninol 30-LL Alkanolamide

Oleic Acid

PS 116 Corrosive Solid acetate

Perchloroethylene

Phosphoric Acid

Polysorbate

Potassium Permanganate

Potassium Silicate

Primary Amyl Acetate

Propane

STP Sodium tripolyphosphate

Soda Ash

Sodium Bisulfate anhydrous globular technical

Sodium Glucomate

Sodium Hydro sulfite

Sodium Hydroxide

Sodium Lauryl (3 mole) ether sulfate

Sodium Sulfate

Spillo Cleaner
Sicol CA-260 (Flammable Liquid)
Sicodol
Tergitol (Surfactant)
Tergitol TMN-3 (Surfactant)
Tergitol 15-s-16 (Surfactant)
Tetrapotassium Pyrophosphate Surfactant
Tomadol
Triethanolamine
Triton OE-75 (Surfactant)
Triton OG-100 (Surfactant)
Triton DF-20 (Surfactant)
Triton QS-15 (Surfactant)
Triton X-45 (Surfactant)
4 Bags: Metasilicate
6 Bags: Dissolvine NAZ-S
16.5 Gallons: Unknown
1 Drum Flammable Liquid (Unknown)
2 Drums: Blosser N61-8
2 Drums: Diethanolamine
2 Drums: Tergitol Surfactant
2 Drums: Triton H-60 (Surfactant)
2 Drums: Triton X-102 (Surfactant)
2 Drums: Triton XT-80N (Surfactant)
3 Drums: Fatty Acid Ester
3 Drums: Monoethanolamine (corrosive)
3 Drums: Stepanol AM Alkyl Sulfate (Irritant)
4 Drums: Alkyl Sulfate PST 100
4 Drums: Ethyl Alcohol
4 Drums: Glycol Ether DM
4 Drums: Triethanolamine
4 Drums: Triethylene Glycol
6 Drums: Colloidal Active Cleaner
7 Drums: Triton Surfactant
55 Drums: Unknown

APPENDIX 2

Photographs