

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

In the Matter of:

MDEQ Reference No. AOC-RRD-03-004

Florida Gas Site
Village of Laurium, Houghton County, Michigan
Site ID No. 31000023

MODIFICATION OF THE ADMINISTRATIVE ORDER BY CONSENT FOR PAYMENT OF PAST AND FUTURE RESPONSE ACTIVITY COSTS

This Modification of the Administrative Order by Consent for Payment of Past and Future Response Activity Costs (Modification) is executed by and between the Michigan Department of Attorney General and the Michigan Department of Environmental Quality (MDEQ), collectively referred to as "the State," and the Peninsular Gas Company (Peninsular). This Modification shall be effective upon the signature of the Chief of the Remediation and Redevelopment Division, MDEQ. This Modification shall be executed in two (2) duplicate counterparts, each of which shall be deemed an original. By execution of this Modification, the State and Peninsular, collectively referred to as the "Parties," stipulate and agree to be bound by all its terms and conditions herein.

Unless otherwise defined herein, all terms used in this Modification shall have the same meaning as defined in the Administrative Order by Consent for Payment of Past and Future Response Activity Costs, MDEQ Reference No. AOC-RRD-03-004, effective February 6, 2004 (Agreement).

RECITIALS

The Parties acknowledge the accuracy of the following facts and circumstances surrounding this Modification:

1. On February 6, 2004, the Parties entered into the Agreement.
2. The objectives of the Parties in entering the Agreement were to: (a) settle claims for past and future costs incurred by the State for environmental actions undertaken relating to releases or threats of releases that occurred prior to the effective date of the Agreement or that initially occurred prior to the effective date of the Agreement and continue to occur at the Florida Gas Site under Part 201, Environmental Remediation, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA); (b) resolve the liability of Peninsular under Part 31, Water Resources Protection, of the NREPA, Part 201, and the Comprehensive Environmental Response, Compensation, and Liability Act, 1980 PL 96-510, as amended (CERCLA), 42 USC Section 9601 *et seq.*; and (c) provide Peninsular protection from third parties for claims for contribution under Part 31, Part 201, and the CERCLA for Covered Matters in the Agreement.
3. The MDEQ recognizes that, in compliance with the agreement, Peninsular has made payments pursuant to the Agreement in the amounts of \$100,000 and \$82,500 for a total of \$182,500 toward the total settlement amount of \$925,000 as stipulated in the Agreement.

4. In recognition of the pending sale of Peninsular, the Parties have determined that it is in their mutual interest to have the remaining unpaid settlement amount paid as a single, lump-sum payment.

TERMS OF AGREEMENT

Accordingly, in consideration of the recitals set forth above, the Parties hereby amend the Agreement to include the following provisions:

5. Within ten (10) days of closure of the sale of Peninsular or the effective date of this Modification, whichever comes later, Peninsular shall pay \$553,024 to the State. To insure proper credit, this payment should be made in accord with the terms set forth in Paragraph 14 of the Agreement.

6. Receipt of this payment by the State shall fulfill Peninsular's obligations under Paragraph 9 of the Agreement. Upon receipt of the payment, the State's covenant not to sue to Peninsular provided under Paragraph 16(b) of the Agreement shall become effective.

7. If closure of the sale of Peninsular is not completed by September 1, 2005, Peninsular shall so notify the State in writing, this Modification shall be considered null and void, and the original terms of the Agreement shall maintain their full force and effect.

Except as specifically modified or amended by this modification all other provisions of the Agreement remain in full force and effect.

The Parties agree to the recitals and terms of agreement set forth in the Modification.

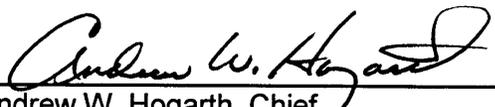
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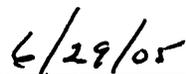
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Village of Laurium, Houghton County, Michigan
Site ID No. 31000023

IT IS SO STIPULATED:

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

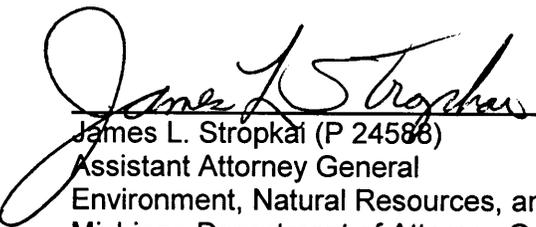


Andrew W. Hogarth, Chief
Remediation and Redevelopment Division
Michigan Department of Environmental Quality

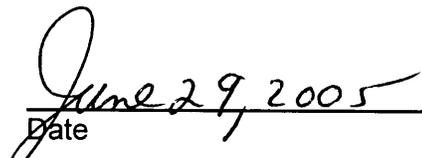


Date

MICHIGAN DEPARTMENT OF ATTORNEY GENERAL



James L. Stropkai (P 24586)
Assistant Attorney General
Environment, Natural Resources, and Agricultural Division
Michigan Department of Attorney General



Date

In the Matter of:

MDEQ Reference No. AOC-RRD-03-004

Florida Gas Site
Village of Laurium, Houghton County, Michigan
Site ID No. 31000023

IT IS SO STIPULATED:

PENINSULAR GAS COMPANY

William March
William March, President
Peninsular Gas Company

6-20-05
Date