



Kerr-McGee Chemical Corporation Site—Navassa, North Carolina Anadarko Lawsuit Settlement

Introduction

The US Environmental Protection Agency (EPA), the North Carolina Department of Environment and Natural Resources (NCDENR) and the Multistate Environmental Response Trust (the Multistate Trust) prepared this fact sheet to explain how funds from the settlement of the Anadarko lawsuit will be used to cleanup the Kerr-McGee—Navassa Site.

Settlement of the Kerr-McGee/Anadarko Lawsuit

On April 3, 2014, the US Department of Justice (USDOJ) and EPA announced that Kerr-McGee, a subsidiary of Anadarko Petroleum Corporation (Anadarko), agreed to pay \$5.15 billion to settle a lawsuit against Kerr-McGee alleging that Kerr-McGee committed fraud by deliberately transferring hundreds of hazardous waste sites into Tronox, a shell created by Kerr-McGee, without the money needed to pay for the cleanups. Shortly thereafter, Kerr-McGee sold its most valuable oil and gas assets to Anadarko. Unable to finance its massive environmental liabilities, Tronox filed for bankruptcy in 2009. In 2011 the court approved a global settlement of the Tronox bankruptcy, under which USDOJ, EPA and numerous state governments created several trusts, including the Multistate Environmental Response Trust (see Multistate Trust insert below) and the Anadarko Litigation Trust. The Anadarko Trust is responsible for prosecuting the lawsuit against Kerr-McGee/Anadarko and distributing the lawsuit proceeds to cleanup hundreds of Kerr-McGee sites around the country and satisfy other claims, in accordance with specified allocations agreed to during the bankruptcy process.

The Multistate Trust

The Multistate Trust is an environmental response trust that was created as part of the 2011 Tronox bankruptcy settlement. It is responsible for: owning and managing more than 400 former Kerr-McGee sites in 24 states; to the extent funds are available, cleaning up the sites; and facilitating the safe redevelopment and long-term stewardship of the sites. The Multistate Trust has a (fiduciary) duty of loyalty to its two beneficiaries—the EPA and the 24 participating states. The Multistate Trust funds can only be spent on cleanup activities that have been approved by its beneficiaries.

The Kerr-McGee—Navassa Site is one of many Multistate Trust sites. EPA and NCDENR are the two beneficiaries of the Multistate Trust for the Site. As Lead Agency, EPA oversees and approves Site cleanup plans. EPA, or jointly EPA and NCDENR, approve cleanup budgets. EPA, NCDENR and the Navassa Trustees Council (see Restoration of Damage to Natural Resources insert below) must approve the sale or transfer of any property that is part of the Kerr-McGee—Navassa Site. Sale proceeds are used to help pay for the cleanup. Greenfield Environmental Multistate Trust is the named Trustee for the Multistate Environmental Response Trust.

Funding Cleanup of the Kerr-McGee—Navassa Site

In 2011 the Multistate Trust took title to hundreds of Kerr-McGee waste sites, including the Kerr-McGee—Navassa Site. Initially the Multistate Trust received a total of \$4.2 million, which has been used to perform additional site investigations and studies because a Site-wide cleanup will not be possible without funds from the Anadarko lawsuit. Under the 2011 bankruptcy settlement, 2%, or \$89.5 million, of the proceeds from the Anadarko lawsuit are designated for the investigation and cleanup of the Kerr-McGee—Navassa Site. These funds can only be used to pay for cleanup of the 300-acre Kerr-McGee Site and areas impacted by contamination from the Site. Anadarko funds will be distributed after December 2014.

Restoration of Damage to Natural Resources

Contamination from the Kerr-McGee—Navassa Site has damaged vital natural resources, including fish, wildlife, water and wetlands that benefit the public. The Navassa Trustee Council (the NRT), made up of representatives from the US Department of the Interior (DOI), the National Oceanic & Atmospheric Administration (NOAA) and the NCDENR, was set up as part of the 2011 bankruptcy settlement. The NRT is charged with restoration of natural resources that were damaged by Site contamination, using initial funding of approximately \$900,000 received in 2011 and the estimated \$22 million in proceeds from the Anadarko lawsuit settlement.



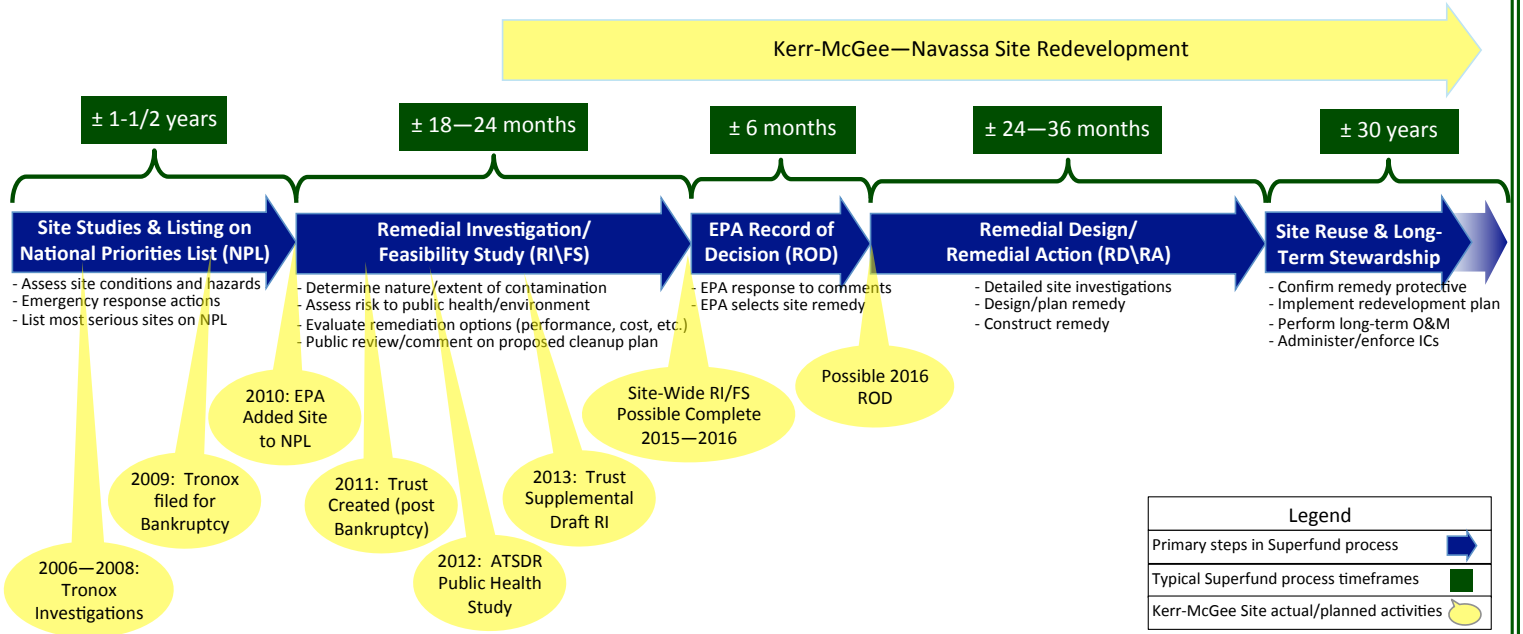
Status and Plans for Remediation and Redevelopment of the Kerr-McGee—Navassa Site

As a federal Superfund site, cleanup of the Kerr-McGee—Navassa Site must follow the EPA Superfund process (see EPA Typical Superfund Process insert below). Based on preliminary site studies, investigations and hazards analyses, EPA listed the Site on the National Priorities List (NPL) in 2010. Beginning in 2011, EPA and the Multistate Trust: collected soil, sediment, surface water and groundwater samples (2012 and 2013); performed a screening level ecological risk assessment and preliminary human health risk assessment (2013); and prepared a draft Supplemental Remedial Investigation (RI) report (2013). The Supplemental RI documented creosote and related contaminants in soil and groundwater in former wood treating areas and in tidal marsh sediments south of the Site. The RI found that heavily contaminated soils on Site are a continuing source of contamination to groundwater that may be migrating below the marsh areas and contributing to subsurface contamination in the tidal marshes. Based on the results of an incremental sampling program, EPA found that approximately one-third of the former facility may not be impacted by contamination from wood treating operations and can be released for redevelopment earlier than the more heavily contaminated former manufacturing and processing areas.

Once Anadarko funds are received and site-specific assessments of human health and ecological risk are completed, EPA and the Multistate Trust will complete a Feasibility Study (FS) to evaluate the feasibility, cost and expected environmental benefits from different cleanup options and future land use scenarios for the Site. Together, the RI and FS (RI/FS) will document the extent of Site contamination and form the basis for EPA's selection of a proposed plan for Site cleanup. The RI/FS and proposed plan will be issued for public comment and reviewed in detail with residents and officials from the Town of Navassa and other interested stakeholders. Thereafter EPA will enter a Record of Decision (ROD) that documents the EPA-selected cleanup plan for the Site. The Multistate Trust will implement the cleanup plan set forth in the ROD. The estimated timeframe for these activities are summarized in the chart below.

EPA has been working with the community through the technical assistance grant process to assist and encourage community participation in cleanup decisions at the Kerr-McGee—Navassa Site. Additionally EPA and the Multistate Trust will continue to support the Town of Navassa's efforts to redevelop the Site and surrounding areas.

EPA Typical Superfund Cleanup Process Timetable/Major Milestones For Kerr-McGee—Navassa Site



Contacts for Questions or Additional Information

US Environmental Protection Agency: Erik Spalvins at (404) 562-8938 or LaTonya Spencer at (404) 562-8463

North Carolina Department of Environmental and Natural Resources: David Mattison at (919) 508-8466

Multistate Trust: Cindy Brooks at (617) 448-9762 or Ty Griffith at (425) 281-9185