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NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION and
THE ADMINISTRATOR OF THE NEW
JERSEY SPILL COMPENSATION FUND,

Plaintiffs,

v.

OCCIDENTAL CHEMICAL
CORPORATION, TIERRA SOLUTIONS,
INC., MAXUS ENERGY CORPORATION,
REPSOL YPF, S.A., YPF, S.A., YPF
HOLDINGS, INC. and CLH HOLDINGS,
INC.,

Defendants,

And

MAXUS ENERGY CORPORATION and
TIERRA SOLUTIONS, INC.

Third-Party Plaintiffs,

v.

3M COMPANY, et al.

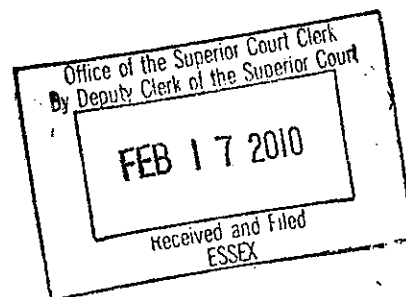
Third-Party Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: ESSEX COUNTY

DOCKET NO.: L-9868-05 (PASR)

CIVIL ACTION

**PHILBRO, INC.'S ANSWER TO
THIRD PARTY COMPLAINT "B"**



Third-Party Defendant, Philbro, Inc. ("Philbro"), by and through its undersigned counsel, hereby answers the Third-Party Complaint "B" asserted by Defendants/Third-Party Plaintiffs Maxus Energy Corporation and Tierra Solutions, Inc. ("Third-Party Plaintiffs"), as follows:

PROCEDURAL BACKGROUND

(Paragraphs 1 through 15)

1. Philbro responds that the referenced pleadings speak for themselves. To the extent a response is required, Philbro is without knowledge or information sufficient to form a belief as to the truth of the matters in Paragraphs 1 through 15, and therefore denies the same.

THE THIRD PARTY PLAINTIFFS

(Paragraphs 16 through 18)

2. Philbro is without knowledge or information sufficient to form a belief as to the truth of the matters stated in Paragraphs 16 through 18, and therefore denies the same.

THIRD PARTY DEFENDANTS

(Paragraphs 19 through 210)

3. The allegations in Paragraphs 19 through 147 relate to other parties. Accordingly, Philbro is without knowledge or information to sufficient to form a belief as to the truth of the matters stated in Paragraphs 19 through 147, and therefore denies the same.

4. Philbro admits the allegations in Paragraph 148.

5. Philbro is without knowledge or information sufficient to form a belief as to the truth of the matters stated in Paragraphs 149 through 209, and therefore denies the same.

6. The allegations in Paragraph 210, state a legal conclusion as to which no response is required. To the extent a response is required, Philbro responds that the referenced statute speaks for itself and denies the allegations in Paragraph 210.

DEFINITIONS

7. Paragraphs 211 through 236 contain definitions to which no response is required.

FACTUAL ALLEGATIONS

8. Philbro responds that the referenced pleadings speak for themselves. To the extent a response is required, Philbro is without knowledge or information sufficient to form a belief as to the truth of the matters alleged in Paragraphs 237 through 1436, and therefore denies the same.

9. The allegations of Paragraph 1437 constitute a definition to which no response is required.

10. The allegations of Paragraph 1438 are admitted except that the correct name is Philbro.

11. The allegations of Paragraphs 1439 through 1443 relate to other parties. Accordingly, Philbro is makes no answer to those Paragraphs. To the extent such Paragraphs are construed to assert allegations against Philbro, the allegations are denied.

12. The allegations made in Paragraph 1444 constitute conclusions of law of which no response is required. To the extent a response is deemed required, Philbro admits it is a person within the meaning of N.J.S.A. 58:10A-3.1, but denies that it has any liability in this action.

13. Philbro responds that the referenced pleadings speak for themselves. To the extent a response is required, Philbro is without knowledge or information sufficient to form a belief as to the truth of the matters alleged in Paragraphs 1445 through 3445, and therefore denies the same.

FIRST COUNT

New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-2311f.a.(2)(a))

14. Philbro incorporates by reference as if fully set forth herein its responses and denials to the preceding paragraphs as if fully set forth at length herein.

15. Philbro asserts that the allegations contained in Paragraph 3447 of the Third Party Complaint “B” call for a legal conclusion to which no response is required. To the extent a response is required, Philbro denies the allegations in Paragraph 3447 as they pertain to it. Further, Philbro is without knowledge or information sufficient to form a belief as to the truth of the allegations pertaining to the other Third-Party Defendants.

16. Paragraph 3448 of Third-Party Complaint “B”, which quotes the New Jersey Spill Compensation and Control Act, N.J.S.A. 58:10-23.11f.a.(2)(a), refers to a statute which speaks for itself.

17. The allegations contained in Paragraphs 3449 to 3451 of Third-Party Complaint “B” call for a legal conclusion to which no response is required. To the extent a response is required, Philbro denies the allegations in Paragraphs 3449 to 3451 as they pertain to it. Further, Philbro is without knowledge or information sufficient to form a belief as to the truth of the allegations pertaining to the other Third-Party Defendants.

SECOND COUNT

(Statutory Contribution)

18. Philbro incorporates by reference as if fully set forth herein its responses and denials to the preceding paragraphs as if fully set forth at length herein.

19. The allegations contained in Paragraph 3453 of the Third-Party Complaint “B” call for a legal conclusion to which no response is required. To the extent a response is required, Philbro denies the allegations contained in Paragraph 3453 as they pertain to it. Further, Philbro

is without knowledge or information sufficient to form a belief as to the truth of the allegations pertaining to the other Third-Party Defendants.

AFFIRMATIVE DEFENSES

1. The claims of Third-Party Plaintiffs, their agents, employees, successors and assigns ("Third-Party Plaintiffs") are barred, in whole or in part, by the statutory defenses to liability provided by the Spill Act and Water Pollution Control Act ("WPCA").

2. Third-Party Plaintiffs have no Spill Act claim against Third-Party Defendant because they have not cleaned up and/or removed a discharge of hazardous substances within the meaning of the Spill Act.

3. Third-Party plaintiffs' claims are barred by the entire controversy doctrine.

4. Some or all of Third-Party Plaintiffs do not have standing to sue.

5. The damages sought by Third-Party Plaintiffs are wholly speculative, conjectural, unreasonable, excessive and/or arbitrary and capricious.

6. Third-Party Defendant cannot be liable for or be required to pay Third-Party Plaintiffs' damages that arise out of conduct lawfully undertaken in compliance with permits or other approvals issued by relevant government agencies, including the State and/or the United States and/or in compliance with applicable laws, regulations, rules, orders, ordinances, directives and common law, and other requirements of all foreign, federal, state and local government entities ("applicable Environmental Laws").

7. The Third-Party Complaint is barred and/or is constitutionally impermissible to the extent that it seeks to impose retroactive liability for acts that were previously authorized or condoned by law including applicable Environmental Laws.

8. Third-Party Plaintiffs' Complaint is barred to the extent that it seeks relief for damages incurred prior to the effective date of the Spill Act.

9. At all relevant times, Third-Party Defendant complied with all applicable Environmental Laws, regulations, industry standards and ordinances, and otherwise conducted themselves reasonably, prudently, in good faith, and with due care for the rights, safety and property of others.

10. The claims asserted against Third-Party Defendant in the Complaint are barred because at all relevant times Third-Party Defendant exercised due care with respect to hazardous substances, if any, that may have been handled at the subject property, took precautions against foreseeable acts or omissions of others and the consequences that could reasonably result from such acts or omissions, and because any release or threat of release of any hazardous substances, if any, and any costs or damages resulting therefrom, were caused solely by the negligence, acts or omissions of third parties over whom Third-Party Defendant had no control, whether by, in whole or part, contract or otherwise, or any duty to control, including without limitation the State of New Jersey and its agencies and officials, and the United States and its agencies and officials.

11. The Third-Party claims are barred in whole or in part by the doctrine of preemption.

12. Third-Party Plaintiffs suffered no losses or injuries that were proximately caused by Third-Party Defendant.

13. Third-Party Plaintiffs' claims against Third-Party Defendant are barred, in whole or in part, by the applicable Statute of Limitations, Statute of Repose, and/or the equitable doctrines of laches and estoppel.

14. Third-Party Plaintiffs' claims are barred in whole or in part by the doctrines of accord and satisfaction, waiver, consent, estoppel, release and/or assumption of risk.

15. Third-Party Plaintiffs' claims are barred, in whole or in part, by the doctrine of "coming to the nuisance."

16. The claims for equitable contribution under the Spill Act in the Third-Party Complaint are barred because: (1) equity will not compel action that is impossible of performance; (2) equity will not exceed the rights of parties existing at law; (3) equity will not consciously become an instrument of injustice; and/or (4) equity will not permit double satisfaction.

17. Third-Party Plaintiffs' claims are barred, in whole or in part, by the doctrines of unclean hands, collateral estoppel, res judicata and/or judicial estoppel including in connection with prior findings as to Third-Party Plaintiffs' intentional misconduct.

18. Third-Party Plaintiffs' claims are barred because the relief sought against Third-Party Defendant; were it claimed directly by Plaintiffs, would amount to unlawful taxation.

19. Third-Party Plaintiffs' claims against Third-Party Defendant are subject to setoff and recoupment and therefore must be reduced accordingly.

20. Third-Party Defendant did not own or operate a "Major Facility" as defined by the Spill Act or the WPCA, N.J.S.A.

21. Third-Party Plaintiffs' claims are barred, in whole or in part, by Third-Party Plaintiffs' failure to comply with the prerequisites to liability under the Spill Act including, without limitation to, Third-Party Plaintiffs have not incurred costs authorized by the Spill Act and Third-Party Plaintiffs have failed to direct cleanup and removal activities in accordance with the National Contingency Plan to the greatest extent possible.

22. Third-Party Plaintiffs' claims are barred because neither they nor Plaintiffs have incurred "costs of restoration and replacement ... of any natural resources damaged or destroyed by a discharge" under the Spill Act.

23. Third-Party Plaintiffs have failed to join necessary and indispensable parties needed for a just adjudication of the claims asserted in this action, in whose absence complete

relief can not be afforded the existing parties pursuant to R. 4:28-1 including, without limit, State of New Jersey agencies and instrumentalities, including without limit Trustees for tidelands, and United States agencies and instrumentalities with liability under the Spill Act.

24. Third-Party Plaintiffs' claims are not ripe for adjudication, inter alia, because Third-Party Plaintiffs have a joint liability to the Plaintiffs and have not paid more than their equitable share of the liability.

25. Third-Party Defendant denies that Third-Party Plaintiffs have suffered any harm whatsoever, but in the event that they did suffer any form of injury or damage cognizable under applicable Environmental Law, such injury was caused by the intervening acts, omissions, or superseding acts of persons or entities over whom Third-Party Defendant exercised no control and for whose conduct Third-Party Defendant was not responsible including, without limit, unpermitted and storm event discharges from publicly owned treatment works.

26. If Third-Party Plaintiffs sustained any injury or are entitled to any damages, such injury and damages were wholly, or in part, caused by Third-Party Plaintiffs' own acts or omissions, negligence, lack of due care and fault and/or that of Third-Party Plaintiffs' agents or employees. In the event that Third-Party Plaintiffs are found to have sustained any injury and are entitled to damages, Third-Party Plaintiffs' recovery against Third-Party Defendant, if any, must be reduced by the proportionate damages caused by the acts and conduct of Third-Party Plaintiffs and/or its agents or employees.

27. Although Third-Party Defendant denies that it is liable for the contamination described in Third-Party Plaintiffs' Complaint, in the event it is found liable, Third-Party Defendant is entitled to an offset against any such liability on its part for the equitable share of the liability of any person or entity not joined as a defendant in this action that would be liable to Third-Party Plaintiffs.

28. Under N.J.S.A. 2A:15-97, the amount of damages, if any, should be reduced by any amounts recovered from any other source.

29. Third-Party Plaintiffs' claims are barred to the extent that the conduct of Third-Party Defendants alleged to give rise to liability in the Complaint is the subject of a release, covenant not to sue, or otherwise excused by Plaintiffs, including, without limit, through issuance of a no further action letter, consent order, settlement agreement or other applicable document.

30. The disposal of waste, if any, which allegedly originated from Third-Party Defendant, was undertaken in accordance with the then state of the art, the then accepted industrial practice and technology, and the then prevailing legal requirements.

31. Any discharge that allegedly originated from Third-Party Defendant, was investigated and remediated by a licensed professional and under the direct oversight of State and/or federal agencies with the then state of the art, the then accepted industrial practice and technology, and the then prevailing requirements.

32. Third-Party Plaintiffs are not entitled to recover costs incurred for cleanup actions not undertaken in coordination or conjunction with federal agencies.

33. The damages Third-Party Plaintiffs seek, if awarded, would result in unjust enrichment to the Third-Party Plaintiffs.

34. Third-Party Plaintiffs' claims are barred due to its own conduct in unilaterally, and without notice to Third-Party Defendant, implementing clean-up plan(s) or taking other actions that resulted in the commingling of formerly divisible areas of environmental harm.

35. Third-Party Defendants' liability to Third-Party Plaintiffs, if any, is limited to Spill Act and contribution claims by Third Parties and excludes any such claims which may properly be apportioned to parties pursuant to Burlington Northern and Santa Fe Railway Co., et

al. n. United States, et al., 556 U.S. - 129 S.Ct. 1870 (2009), and other comparable decisional law.

36. Third-Party Plaintiffs cannot assert contribution claims against Third-Party Defendant because the discharges for which the Plaintiffs are seeking relief are different from Third-Party Defendant's alleged discharges.

37. Third-Party Plaintiffs cannot seek contribution under the Joint Tortfeasors Contribution Law because Third-Party Defendant(s) are not liable for "the same injury" caused by Third-Party Plaintiffs' discharges and do not share a common liability to the State.

38. Third-Party Defendant incorporates by reference any affirmative defense asserted by other parties in this action to the extent such affirmation defenses are defenses to Third-Party Plaintiffs' claims and do not impose liability on Third-Party Defendant.

39. Third-Party Defendant reserves the right to assert and hereby invokes each and every Environmental Law defenses that may be available during the course of this action.

40. Third-Party Plaintiffs' claims are barred to the extent they seek to hold Third-Party Defendant liable, in contribution, for any claims for which it would be a violation of public policy to hold Third-Party Defendant liable, including but not limited to punitive damages and penalties.

41. Third-Party Plaintiffs' claims are barred, in whole or in part, because no actions or inactions by Third-Party Defendant have resulted in any permanent impairment or damage to a natural resource.

42. Third-Party Plaintiffs claims for contribution, whether under the Spill Actor the New Jersey statutory provisions for contribution (including N.J.S.A. 2A:53A-1 et seq.), are derivative of, and are therefore no greater than, Plaintiffs' claims against Third-Party Plaintiffs. Consequently, Third-Party Plaintiffs' claims against Third-Party Defendant are barred to the

extent of any legal extinguishments of actual or potential claims by the Plaintiffs against Third-Party Defendant pertaining to the alleged environmental contamination (including natural resource damage) of any site(s) alleged by Third-Party Plaintiffs to be the subject of their contribution claims against Third-Party Defendant. Examples of legal extinguishments that are or may be applicable to Third-Party Defendant include, with respect to each such site:

- A. Any release or covenant not to sue granted by Plaintiffs to Third-Party Defendant;
- B. Any settlement or other compromise between Plaintiffs and Third-Party Defendant;
- C. Any expiration of the statute of limitations governing Plaintiffs' right to maintain a claim against Third-Party Defendant;
- D. Any failure to join a claim relating to the "Newark Bay Complex" (as defined in the Third-Party Complaint) in a prior litigation between Plaintiffs and Third-Party Defendant, which would result in relinquishment of such a claim by virtue of New Jersey's Entire Controversy Doctrine; and/or
- E. Any issuance by Plaintiffs to Third-Party Defendant, directly or indirectly, of any "No Further Action" (a/k/a "NFA") determination, "Negative Declaration," or similar determination.

43. Third-Party Plaintiffs' claims are barred because the relief sought against Third-Party Defendant, were it claimed directly by Plaintiffs, would amount to a "taking" of Third-Party Defendant's property in violation of its constitutional rights to due process and/or in violation of its rights under the Eminent Domain Act of 1971, N.J.S.A. 20:3-1 et seq.

44. Third-Party Plaintiffs' claims are barred to the extent the relief sought by Third-Party Plaintiffs in the Third-Party Complaint is at odds with Third-Party Defendant's

responsibilities to conduct ongoing environmental cleanups under oversight of the Plaintiffs at any site(s) alleged by Third-Party Plaintiffs to be the subject of their contribution claims against Third-Party Defendant, thereby exposing Third-Party Defendant to inconsistent responsibilities, penalties and liabilities, and the possibility of paying twice for the same actions i.e., double recovery).

45. To the extent Third-Party Defendant is acting or has acted to conduct environmental cleanup at any site(s) alleged by Third-Party Plaintiffs to be the subject of their contribution claims against Third-Party Defendant, the claims for equitable contribution under the Spill Act in the Third-Party Complaint are barred because equity will not compel action that is already being undertaken and/or is unnecessary.

46. Without admitting liability, Third-Party Defendant alleges that if it is found to have been engaged in any of the activities alleged in the Third-Party Complaint, such activities were de minimis and not the cause of any damages or other claims by Third-Party Plaintiffs.

COUNTERCLAIMS, CROSS-CLAIMS AND THIRD/FOURTH-PARTY CLAIMS

No such claims are required to be asserted at this time and are expressly reserved pursuant to CMO V.

DESIGNATION OF TRIAL COUNSEL

In accordance with Rule 4:25-4 you are hereby notified that Timothy E. Corrison is assigned to try this case.

WHEREFORE, Third-Party Defendant, Philbro respectfully requests that the Court enter an Order dismissing the Third-Party Complaint "B" with prejudice, and awarding costs, attorney fees and any other relief the Court deems just and proper.

Dated: _____

2/12/10

Respectfully submitted,
CONNELL FOLEY LLP

By: _____

[Signature]
TIMOTHY E. CORRISTON, ESQ.
85 Livingston Avenue
Roseland, NJ 07068
Attorney for Third-Party Defendant,
Philbro

CERTIFICATION PURSUANT TO R. 4:5-1(B)(2)

Pursuant to R. 4:5-1(b)(2), the undersigned hereby certifies that:

- (a) The matter in controversy is not the subject of any other action pending in any court or of a pending arbitration proceeding and no action or arbitration proceeding is contemplated by the undersigned; and
- (b) Since it is the legal position of the undersigned that the potential liability, if any, of a third-party defendant for the claims set forth in the Third-Party Complaint is several, only, there are no non-parties which should be joined in the action pursuant to R. 4:28; but that
- (c) In the event the Court shall determine that the potential liability of a third-party defendant, if any, for the claims set forth in the Third-Party Complaint is in any respect joint and several (which is denied), then all or some of the non-parties listed on the October 7, 2009
- (d) posting by O'Melveny and Myers may constitute non-parties who should be joined in the action pursuant to R. 4:28; and
- (e) In either event, some or all of such non-parties are subject to joinder pursuant to R. 4:29-1 (b) because of potential liability to any party on the basis of the same transactional facts.

OR

CERTIFICATION PURSUANT TO R. 4:5-1(B)(2)

Undersigned counsel hereby certifies, in accordance with R. 4:5-1(b)(2), that: (a) the matters in controversy in this action are not the subject of any other known or pending court action or arbitration proceeding (though the same may become the subject of a federal action pursuant to certain federal environmental statutes) and (b) reference is made to that October 7,

2009 "Additional Discharger" posting by O'Melveny and Myers as to non-parties who may be joined to this action pursuant to Rule 4:28, or who maybe subject to joinder pursuant to Rule 4:29-1.

Dated: 2/12/10

Respectfully submitted,
CONNELL FOLEY LLP

By: 

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Philbro