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SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between the Regional Water Quality Control Board for the Central Coast Region ("Regional Water Board") and Castle Vegtech, Inc., Jamina Investments, James A. Castle, Michael C. Castle and Nancy C. Buchanan (collectively, the "Castle Family"). The Regional Water Board has filed a lawsuit (Santa Clara County Superior Court No. CV762555) against the Castle Family to collect certain administrative civil penalties which were assessed against Castle Vegtech, Inc. and Jamina Investments in Administrative Civil Liability Orders 92-78 and 92-83. The parties wish to settle these claims and defer collection of those penalties on the condition that the cleanup occurring at 190 Mast Street, Morgan Hill, California, (the "Property") continues and is completed according to schedule.

1. The Regional Water Board shall dismiss, with prejudice, action no. CV762555 filed in the Santa Clara County Superior Court.

2. Castle Vegtech, Inc., Jamina Investments, James A. Castle, Michael C. Castle and Nancy C. Buchanan shall pay the amounts specified in paragraph 8 if the Executive Officer of the Regional Water Board notifies the Castle Family that he has found that the cleanup at the Property either is not proceeding in accordance with the requirements and time schedules in Cleanup or Abatement Order No. 96-063, or any amendment of Order No. 96-063, or any then current cleanup order(s) issued by the Regional Water Board, or is not proceeding to the Executive Officer's satisfaction.

3. The notice specified in paragraph 2 (the "Notice") shall be made by letter sent certified first class mail, with return receipt requested, to the addresses listed in paragraph 10.

4. The amount due under paragraph 2 shall be due within 30 days of the mailing of the Notice.

5. If the Castle Family believes that the Executive Officer, in sending out the Notice, has abused his discretion, the Castle Family may request that the Regional Water Board review the Executive Officer's decision. Such a request must be made within 20 calendar days from the mailing of the Notice, and must be sent certified first class mail, with return receipt requested, to the address listed in paragraph 9. This request shall be heard at the next available scheduled public meeting of the Regional Water Board which is sufficiently in the future to allow the Regional Water Board to review the request. This request shall be the only method for appealing the Executive Officer's determination to the Regional Water Board. The Castle Family may take whatever action is legally available to challenge this determination by the Regional Water Board.

6. If it is ^{ultimately} ~~determined~~ that the Executive Officer was correct in his determination, the amount due shall be due immediately. If it is determined that the Executive Officer was incorrect in his determination, this agreement shall proceed as if the Executive Officer had not sent the Notice.

7. If the Castle Family believes that the cleanup at the Property has been completed, the Castle Family may send a request to the Regional Water Board for confirmation that the cleanup has been completed. The Regional Water Board shall respond within thirty (30) days from receipt of the request. If the Regional Water Board responds that the cleanup is complete, the Castle Family's obligations under this agreement shall be discharged and this agreement shall terminate.

8. The amount due shall be Eighty-Five Thousand Dollars Exactly (\$85,000.00), plus interest. This interest shall accrue at 10% per year from May 8, 1997 to the date of the Notice. Liability shall be joint and several, with the following limitations. Castle Vegtech, Inc.'s liability under this agreement shall not exceed \$80,000., plus proportionate interest on that amount. The liability of Jamina Investments, James A. Castle, Michael C. Castle and Nancy C. Buchanan (in total) shall not exceed \$45,000., plus proportionate interest on that amount. If the City of Morgan Hill forecloses on the Property (to collect the property assessments currently due on the Property) before the Notice is sent and before December 1, 1998, and the Castle Family realizes less than \$350,000. from that foreclosure proceeding, then the liability of Jamina Investments, James A. Castle, Michael C. Castle and Nancy C. Buchanan (in total) shall not exceed \$5,000., plus proportionate interest on that amount.

9. Notices to the Regional Water Board shall be made to the following address:

Mr. Vernon Jones
Regional Water Quality Control Board
81 Higeuroa Street
San Luis Obispo, CA 93401

10. Notices to the Castle Family shall be made to the following addresses:

Castle Vegtech, Inc.
16495 Vineyard Boulevard, *SUITE D*
Morgan Hill, CA 95037

Jamina Investments
16495 Vineyard Boulevard, *SUITE A*
Morgan Hill, CA 95037

James A. Castle
c/o Jamina Investments
16495 Vineyard Boulevard, *SUITE A*
Morgan Hill, CA 95037

Nancy Buchanan
1341 39th Street
Sacramento, CA 95816

Michael Castle
4575 Crystal Street
Capitola, CA 95010

11. The parties shall notify each other if any of the addresses listed in paragraphs 9 or 10 change; this notification shall be made by letter sent certified first class mail, with return receipt requested.

12. If the amount due under this agreement becomes due, the Regional Water Board may take any steps legally available, including the filing of a lawsuit, to collect that amount due. However, the Regional Water Board may not enforce this agreement, or any judgment received under it, against the primary personal residence of James A. Castle, Michael C. Castle or Nancy Buchanan.

13. In any proceeding in any court of law by which a party seeks to enforce its rights under this agreement, the prevailing party shall be awarded reasonable attorneys' fees, together with any costs or expenses, to resolve the dispute.

14. This agreement contains the entire agreement between the parties concerning Administrative Civil Liability Orders 92-78 and 92-83.

15. The parties understand that there are other Regional Water Board orders outstanding regarding the Property and the Castle Family. This agreement does not affect those other orders in any way.

16. Neither this agreement, nor any term or provision thereof, may be amended except by written agreement signed by all parties.

17. The Executive Officer may waive non-compliance of Cleanup or Abatement Order No. 96-063, or any amendment of Order No. 96-063, or any then current cleanup order(s) issued by the Regional Water Board, for delays beyond the reasonable control of the Castle Family. Any such waiver shall not be considered or deemed a waiver for any other time or for any other occasion.

18. It is agreed between the parties that this agreement was jointly negotiated and jointly drafted by the parties and their respective attorneys, if any, and that it shall not be interpreted or construed in favor or against any party on the ground that said party drafted the agreement.

19. This agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and/or assigns.

20. The parties have had the opportunity to consult with their respective attorneys regarding this agreement and the meaning of its provisions, and knowingly and freely enter into its terms.

21. Any party signing this agreement on behalf of an entity other than themselves hereby represents that such party has such authority to sign on behalf of the indicated entity.

22. The parties will each bear their own costs and attorneys' fees incurred in this case.

23. This agreement may be signed in counterparts.

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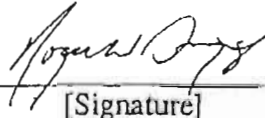
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Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED: 6-30-97



[Signature]

Printed Name: Roger W. Briggs

Its: Executive Officer

Castle Vegtech, Inc.

DATED:

[Signature]

Printed Name: _____

Its: _____

Jamina Investments

DATED:

[Signature]

Printed Name: _____

Its: _____

DATED:

James A. Castle

DATED:

Michael C. Castle

DATED:

Nancy C. Buchanan

Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED: 6-27-97

Jean M. Castle
[Signature]
Printed Name: JEAN M. CASTLE
Its: Secretary

Castle Vegtech, Inc.

DATED:

[Signature]
Printed Name: _____
Its: _____

Jamina Investments

DATED:

[Signature]
Printed Name: _____
Its: _____

DATED:

James A. Castle

DATED:

Michael C. Castle

DATED:

Nancy C. Buchanan

Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED:

[Signature]
Printed Name: _____
Its: _____

Castle Vegtech, Inc.

DATED: 6-27-96

Jean M. Castle

[Signature]
Printed Name: JEAN M. CASTLE
Its: Secretary

Jamina Investments

DATED:

[Signature]
Printed Name: _____
Its: _____

DATED:

James A. Castle

DATED:

Michael C. Castle

DATED:

Nancy C. Buchanan

Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED:

[Signature]
Printed Name: _____
Its: _____

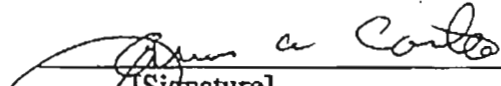
Castle Vegtech, Inc.

DATED:

[Signature]
Printed Name: _____
Its: _____


Jamina Investments

DATED: June 26, 1997



[Signature]
Printed Name: JAMES A CASTLE
Its: PARTNER

DATED: June 26, 1997



James A. Castle

DATED:

Michael C. Castle

DATED:

Nancy C. Buchanan

Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED:

[Signature]
Printed Name: _____
Its: _____

Castle Vegtech, Inc.

DATED:

[Signature]
Printed Name: _____
Its: _____

Jamina Investments

DATED:

[Signature]
Printed Name: _____
Its: _____

DATED:

James A. Castle

DATED:

Michael C. Castle

DATED: *June 25, 1997*

Nancy C. Buchanan

Nancy C. Buchanan

Agreed to and accepted:

Regional Water Quality Control Board for
the Central Coast Region

DATED:

[Signature]
Printed Name: _____
Its: _____

Castle Vegtech, Inc.

DATED:

[Signature]
Printed Name: _____
Its: _____

Jamina Investments

DATED:

JAMINA INVESTMENTS

[Signature]
Printed Name: _____
Its: _____

DATED:

James A. Castle

DATED:

8/1/97

Michael C. Castle

Michael C. Castle

DATED:

June 25, 1997

Nancy C. Buchanan

Nancy C. Buchanan