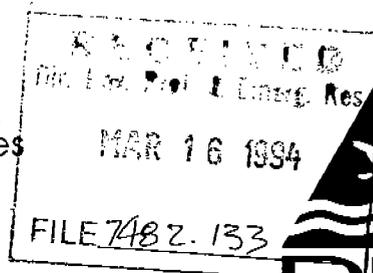


State of North Carolina
Department of Environment,
Health and Natural Resources
Winston-Salem Regional Office

James B. Hunt, Jr., Governor
Jonathan B. Howes, Secretary
Leesha Fuller, Regional Manager



NOTICE OF REGULATORY REQUIREMENTS

March 11, 1994

CERTIFIED MAIL NUMBER: P-536 301 771
RETURN RECEIPT REQUESTED

RECEIVED
N.C. Dept. of EHNR
JUN 9 8 1998
Winston-Salem
Regional Office

F.M. Roach, Jr.
Norfolk and Western Railway Company
8 North Jefferson Street
Roanoke, VA 24042-0013

SUBJECT: Norfolk and Western - Old Walkertown, (Barker Lot) Old Walkertown Road,
Winston-Salem, Forsyth County, Groundwater Incident Number PENDING

Dear Mr. Roach:

Information received by this office on November 5, 1992, confirms a release from the underground storage tank system at the above referenced site. This letter is a standard notification to advise you of the legal requirements pertaining to such a release under North Carolina law. The Division of Environmental Management administers the State's rules for underground storage tanks and the required corrective action for petroleum releases adopted pursuant to Chapter 143 of the North Carolina General Statutes. The State rules for underground storage tanks are located in Title 15A, Subchapter 2N of the North Carolina Administrative Code (NCAC). Also, the State rules for groundwater contamination are located in Title 15A, Subchapter 2L of the Code. Pursuant to 15A NCAC 2N .0203, Norfolk and Western Railway Company is the owner of the underground storage tanks and therefore must comply with the release response and corrective action requirements of the State's rules. *A copy of this section of the rules (.0700) is attached for your reference.*

Title 15A NCAC 2N .0702 requires Norfolk and Western Railway Company to take immediate action to prevent any further release of the regulated substance into the environment and identify and mitigate any fire, explosion, and vapor hazards. Upon receipt of this notice,

Norfolk and Western Railway Company must immediately perform these requirements if not already addressed.

Title 15A NCAC 2N .0703 requires Norfolk and Western Railway Company to undertake certain initial abatement measures, perform a site check, and if free product is discovered, begin recovery within 14 days thereafter. A report of the measures Norfolk and Western Railway Company has taken to comply with this rule must be received by the Winston-Salem Regional Office at the letterhead address no later than 20 days from the receipt of this letter.

Title 15A NCAC 2N .0704 requires that Norfolk and Western Railway Company assemble information about the nature and quantity of the release itself and certain surrounding demographic conditions. A report of this information must be received by the Winston-Salem Regional Office by no later than 45 days from the receipt of this letter.

Title 15A NCAC 2N .0705 describes the requirements for removal of free product if discovered during the initial site check. A report describing the free product removal measures being undertaken must be received by the Winston-Salem Regional Office by no later than 45 days from the receipt of this letter.

If certain conditions exist as described in the rule, 15A NCAC 2N .0706 requires that Norfolk and Western Railway Company conduct a comprehensive investigation of the release to determine the full extent and location of soils contaminated and any concentrations of dissolved product contamination in the State's groundwaters. This rule requires Norfolk and Western Railway Company to determine the full horizontal and vertical extent of the contamination caused by the release from its underground storage tank system. In order to comply with this requirement, it may be necessary to go beyond the release site and onto surrounding areas to determine the full extent of contamination. If conditions determined in the initial site check require this investigation, then a complete report of the required investigation must be submitted to the Winston-Salem Regional Office by no later than 90 days after receipt of this letter.

At any time after reviewing the information Norfolk and Western Railway Company submitted under rules .0702 through .0706, the Winston-Salem Regional Office may require Norfolk and Western Railway Company to submit additional information or to develop and submit a corrective action plan for contaminated soils and groundwater. If the State's groundwater has been contaminated, Title 15A, Subchapter 2L .0106 requires that a corrective action plan be submitted, approved, and implemented until such time that Norfolk and Western Railway Company can demonstrate that continuation of the corrective action plan would not result in any significant reduction in the concentration of contaminants. If a corrective action plan is required by the Winston-Salem Regional Office, then public notice of the plan must be provided pursuant to 15A NCAC 2N .0708.

Norfolk & Western - Old Walkertown
page 3

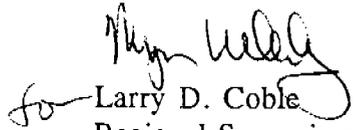
With the exception of the 20 day report required by 15A NCAC 2N .0703, the Winston-Salem Regional Office may establish, in writing, an alternate compliance schedule for the remaining requirements of the corrective action rules and may allow certain of the required reports to be combined. In order for such an alternate compliance schedule to be considered, Norfolk and Western Railway Company must contact the Winston-Salem Regional Office immediately and follow-up in writing with a proposed schedule. Otherwise the requirements and deadlines of each rule are expected to be complied with. Upon any violations of established deadlines, no further notice will be sent and this office may immediately request that enforcement measures be commenced.

In accordance with G.S. 143-215.6A, failure to comply with the State's rules may result in the assessment of civil penalties against Norfolk and Western Railway Company of up to \$10,000 per rule violation. Also, if groundwater standards have been exceeded under 15A NCAC 2L .0202, Norfolk and Western Railway Company may also be assessed a civil penalty of up to \$10,000 for each standard violation. Each day that a violation continues may be considered a separate violation.

Failure to comply with the corrective action rules may also result in the Attorney General of the State requesting an injunction in Superior Court requiring the necessary measures. Also any willful or knowing noncompliance which allows groundwater standards to continually be exceeded could result in criminal sanctions being sought under G.S. 143-215.6B.

To arrange for an alternate compliance schedule, you should contact Mitch Rose or Sherri Knight at the letterhead address or telephone number.

Sincerely,


for Larry D. Coble
Regional Supervisor

LDC/MR/mr

Enclosures

cc: WSRO