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**BB&T ESA101815**  
**BB&T Acct. Name: Clan Highland LLC**

**Phase I Environmental Site Assessment**

**CLAN HIGHLAND LLC**

**12 Old Charlotte Highway, Suite H**  
**Asheville, Buncombe County, North Carolina**

**Prepared For:**

Ms. Mariama Lauderdale  
Environmental Risk Analyst  
Branch Banking & Trust Company  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217  
(704) 954-1745

**Prepared by:**

EnviroAssessments  
9307 Monroe Road, Suite K  
Charlotte, North Carolina 28270  
EA Project No. 10-8384.1  
(704) 846-8853

July 5, 2010

*I certify that this report and all attachments were prepared under my direction in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. The information submitted is, to the best of my knowledge and belief, true, accurate, and complete.*

Gary K. Sawyer, PG, RSM  
Principal/Professional Geologist



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## 1.0 EXECUTIVE SUMMARY

EnviroAssessm) has performed a Phase I Environmental Site Assessment (ESA) in conformance with the specifications of the American Society for Testing and Materials (ASTM) Practice E 1527-05 of the Highland LLC property (the "Project") located at 12 Old Charlotte Highway, Suite H in Asheville, Buncombe County, North Carolina.

The Project consists of a 10-acre proposed out parcel of a larger surrounding parcel identified as PIN 9658908659000 the Buncombe County Tax Assessor's office. The Project parcel is proposed to be divided from the section of the larger encompassing parcel. The 10-acre Project parcel address is 12 Old Charlotte Highway, Suite H in Asheville, Buncombe County, North Carolina. The Project parcel contains 10 acres improved by a 68,000 square feet section of building that is also being divided from a larger 1 square feet building that presently contains several lease tenants. The Project parcel at Suite H operates as Highland Brewing Company (Highland), a local specialty brewery. The single-story section of the building that houses Suite H was built in the 1980s. The easternmost section of the Project building is pre-fabricated steel construction, and the western section of the Project building is of masonry construction. The Highland brewing operations presently occupy the easternmost section of the building. Tea houses the brewing, bottling and shipping operations. EA understands that Highland plans to expand its brewing operations into the central sections of the Suite H building. Those sections are presently being used by Highland as equipment and supplies storage. The interior of the building is mostly finished at present. The building is fronted to the east by a fenced equipment storage area, beyond which is a grassed field. The building is fronted to the south by an asphalt parking lot, beyond which is wooded undeveloped land. The southern Project boundary is defined by an overhead power easement that runs in an east-west direction. The building is fronted to the northwest by an adjoining section of the off-site original adjacent building. The building is fronted to the northeast by a narrow grass strip. The site is accessed from Old Charlotte Highway to the northwest. The site is supplied with municipal water service by the City of Asheville and natural gas and electricity by Progress Energy. EA noted evidence of on-site water supply wells. The Project presently uses an on-site septic system located at the southeastern corner of the building. According to available historical research, the Project building was built in the 1980s and abuts the western adjacent original building. The original encompassing parcel operated as SKF, a manufacturer of roller bearings, from 1960 until 1973, and as Girmes, a textile mill, from 1973 until 2001. The eastern section of the Project building was constructed in the 1980s and was used by Blue Ridge Motion Pictures as a film studio and as storage from 2001 until around 2007. In 2007, Highland Brewing Company began operation at the Project and continues to occupy the site.

The ASTM E-1527-05 Practice defines "recognized environmental conditions" (RECs) as "the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property." RECs pose a potential to adversely affect environmental conditions at a site, and RECs may represent a potential financial liability to property owners, purchasers and lenders in that local, state

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and/or federal requirements to address the RECs may be expensive and time-consuming. Additionally, the presence of RECs may adversely affect the “marketability” and “financeability” of the property.

**The ESA revealed no evidence of recognized environmental conditions in connection with the Project, except for the following:**

- The Project address at 12 Old Charlotte Highway is listed under the name Girmes-Pump House and Girmes-Oil House as two “closed” Leaking Underground Storage Tank (LUST) incidents. Regarding the first incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Oil House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10033. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 68 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits and the NCDENR closed the incident to further action. EA was unable to locate the Soil Closure Report in NCDENR files. The Oil House incident occurred on an area of the site that is presently located on the Project site, within the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. Considering the absence of the Soil Closure Report, the former Oil House area remains a potential on-site source of contamination to the 10-acre Clan Highland LLC Project site.
- Regarding the second incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Pump House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10034. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 34 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits, and no further action was necessary. EA was unable to locate the Soil Closure Report in NCDENR files. The pump house incident occurred on an area of the site that is located within 10 feet of the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. The pump house area appears to contain 2 USTs that remain in place adjacent to the Project. Considering the continued apparent presence of the nearby off-site USTs and the absence of the Soil Closure Report, the

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former Pump House area remains a potential off-site source of contamination to the 10-acre Highland Partners LLC Project site.

- The Project is also listed in the state's RCRA/Inactive Hazardous Sites Branch Programs under the name Girmes – Former SKF as a result of contamination by solvents associated with the site's past use as a textile mill. Girmes owned the site, which included the larger parcel that encompasses the Project site, and operated the Project as a former textile mill from 1973 until 2001, when the site was purchased by LMC, LLC. The site was formerly owned and operated by SKF from approximately 1960 to 1973. The NCDENR issued a Notice of Violation on April 2, 1993 (Groundwater Incident 10032) to SKF in response to solvents detected in groundwater at the site. SKF conducted a Comprehensive Site Assessment (CSA) in November 1994 that identified volatile organic constituents (VOCs) in on-site groundwater that included Trichloroethene (TCE); 1,2 Dichloroethene; and Vinyl Chloride above the state's minimal reporting action limits (e.g.; the NCAC 2L Groundwater Quality Standards). The CSA involved the installation of 29 groundwater monitoring wells used to evaluate groundwater contaminant distribution and groundwater flow patterns. The source of the VOCs was attributed to the western area of the larger parcel. At the time, the presently-existing Project building had not yet been constructed as the 10-acre Project parcel was apparently used primarily as a parking lot and storage area, and that area of the site was not considered a source location of the VOCs. The groundwater flow direction was determined to be toward the west and away from the area of 10-acre Project parcel.

A Corrective Action Plan (CAP) was submitted to the NCDENR in October 1996 and implemented by RMT. The CAP consisted of a groundwater recovery system consisting of 3 recovery wells and an air stripper unit that began operation on March 4, 1998. The CAP originally required quarterly sampling of selected wells. In December 2000, the NCDENR approved reducing the sampling frequency to a semi-annual basis. In 2002, as contaminant levels were noted to be generally decreasing, the NCDENR approved modification of a pulsed pumping schedule that consisted of 6 weeks of pumping followed by a 6-week period of no pumping. The recovered groundwater was permitted to be discharged into Gashes Creek per a National Pollutant Discharge Elimination System (NPDES) Permit NO. NC0086088. The most recent document in NCDENR files is a Groundwater Monitoring Report for the October 2006 Sampling Event by RMT and dated December 2006. The report references some failures in the recovery system pumps that resulted in some system shutdown events. According to EA's conversations with the NCDENR's RCRA program representatives, the incident was transferred to RCRA from the NCDENR's Aquifer Protection Section in the late 2000s, and their review of files found no additional sampling or assessment documents subsequent to the October 2006 monitoring report.

Based on a survey of the proposed 10-acre Highland Partners LLC Project site (**Figure 2B**), the proposed new boundaries will not include any of the monitoring wells involved in the previous assessment activities. However, one of the well clusters designated as MW-5/MW-5A is located

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in a position that places the wells within one to 2 feet of the northwestern corner of the Project site. Monitoring wells MW-5 and MW-5A have historically contained the VOCs TCE and 1,2 DCE at concentrations above the NCAC 2L Standards. The most recent sampling results on file for MW-5 from October 2006 revealed a TCE concentration of 2,500 micrograms per liter (ug/L) and a 1,2-DCE concentration of 230 ug/L, both of which exceed their respective present NCAC 2L Standards of 2.8 ug/L for TCE and 70 ug/L. As referenced, environmental investigative data revealed no obvious sources of the VOCs on the 10-acre Highland Partners LLC section of the Project site. However, considering the relatively high concentrations of VOCs in MW-5 and MW-5A and their close proximity to the Project site, it is likely that groundwater in the northwestern section of the Project has been impacted by VOCs at concentrations above the NCAC 2L Standards.

- The Project does not presently discharge any waste water other than sanitary sewage to the private septic system. However, EA's review of NCDENR files identified a site plan prepared by BPA (Bain Palmer & Associates) with regard to the former Girmes-Pump House incident that identifies a "Wastewater Treatment Plant" (WTP) near the southeastern corner of the Project building. The WTP's former use is unknown, but its former location appears to place it within the proposed boundaries of the Clan Highland LLC Project site. Refer to the environmental investigative documents in **Appendix 2** for a copy of the BPA map showing the former WTP location, and refer to **Figure 2B** to see the former WTP's location with respect to the proposed Project boundaries. The WTP is a potential source area for contaminants to the Project and to off-site properties.
- Historical aerial photographs identify a railroad spur that served the southwestern section of the Project building in the 1960s and 1970s (also shown on **Figure 2B**). Railroads typically transport chemicals and petroleum products, and the former rail spur was likely used to transport equipment and supplies, including process chemicals, to the former SKF manufacturing facility. The rail spur and loading dock areas are potential source locations for petroleum and chemical contamination to the Project.
- Regarding the issues discussed in this section pertaining to the former Girmes incident, the client has provided EA with a copy of an Indemnification Agreement between SKF USA Inc. and LMC, LLC dated July 19, 2001. The correspondence also includes an Indemnification Agreement between J. L. de Ball America and BB&T. Copies of the Agreements are provided in **Appendix 2**. The Agreements provide for site access to SKF to continue work at the site as long as the NCDENR requires it, and the Agreements appear to hold harmless the named parties only with respect to environmental issues that have already been identified and caused by SKF. The Agreements should be reviewed by the client's legal counsel as to their applicability and enforcement.

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- With regard to the Indemnification Agreement with BB&T, this agreement references a “Quench Oil Underground Storage Tank” that was suspected to exist on the site but that was never found. The Quench Oil was reportedly used only by SKF and was used to cool down parts during the SKF operations. The UST is a potential source area for contaminants to the Project and to off-site properties.
- The EDR report also lists the site address at 12 Old Charlotte Highway listed under the name Asheville Velour in the state’s UST database. The database indicates that Asheville Velour operated 4 USTs, including two 30,000-gallon heating oil USTs that were installed in 1973 and are reported as Temporarily Closed; one 550-gallon gasoline UST that was installed in 1973 and permanently closed in 1989; and one 30,000-gallon hazardous waste UST that was installed in 1961 and closed in 1972, the content of which is listed as Quench Oil. The UST locations were not identified in NCDENR files. The USTs are potential source areas for contaminants to the Project and to off-site properties.

**Based on the findings of this ESA, EA recommends the following:**

- EA recommends performing a Phase II ESA in various locations of the Project site to evaluate underlying soil and groundwater for evidence of any on-site sources of the contamination by petroleum and chlorinated solvents. EA will also sample the existing monitoring wells located at the northwestern corner of the Project for updated groundwater concentration data.

**A Cost Proposal to complete the recommendations will be submitted to the Client under separate cover.**

EA's conclusions and recommendations are summarized in the following table.

Issue	Future or Potential Issue Identified? (Y/N)	REC/ Further Action Required? (Y/N)	Recommendation	Estimated Cost
Facility Operations	N	N		
USTs/ASTs	Y	Y	Phase II ESA	\$7,500.00
Septic System	N	N		
Drains/Drywells	N	N		
Stains	N	N		
PCBs	N	N		
Asbestos	N	N		
Radon	N	N		
Lead-based paint	N	N		
Lead in drinking water	N	N		
Wetlands	N	N		
Adjoining Properties	Y	Y	Phase II ESA	Included above
Historical Use	Y	Y	Phase II ESA	Included above
Regulatory Review	Y	Y	Phase II ESA	Included above
Other (specify) – Former Wastewater Treatment Plant	Y	Y	Phase II ESA	Included above

## **2.0 INTRODUCTION**

### **2.1 Purpose and Scope of Services**

The purpose of this Phase I Environmental Site Assessment (ESA) is to evaluate the property with respect to the range of contaminants within the scope of the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and petroleum products. The ESA was conducted in substantial compliance with ASTM Designation: E 1527-05 - *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. The intention of the ASTM E 1527-05 practice is “to permit a user to satisfy one of the requirements to qualify for the *innocent landowner defense* to CERCLA liability: that is, the practices that constitute ‘all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice’ as defined in 42 USC § 9601(35) (B).” Specifically, this Phase I ESA included the following scope of services:

(A) *Site and Vicinity Reconnaissance* - EA conducted a site and vicinity reconnaissance, the objective of which was to obtain information indicating the likelihood of the existence of “recognized environmental conditions” in connection with the subject property, as defined in ASTM E-1527-05. EA’s site and vicinity reconnaissance included an evaluation of the site and nearby properties with respect to existing conditions and with respect to obvious indications and evidence of past conditions.

(B) *Records Review* - EA conducted a records review, the objective of which was to obtain and review records (of both current and historical significance) in order to help identify “recognized environmental conditions” in connection with the subject property. Those specific records reviewed, including those records which were sought and were not readily available or reasonably ascertainable, are identified in the report.

(C) *Interviews* – EA conducted interviews with persons associated with the subject property and with appropriate local government officials in order to identify “recognized environmental conditions” in connection with the subject property.

### **2.2 Limitations and Exceptions of Assessment**

This investigation is site-specific in that it relates to assessment of environmental conditions on the specific subject parcel of commercial real estate. This assessment does not address many additional issues raised in transactions such as purchases of business entities, or interests therein, or of their assets, that may well involve environmental liabilities pertaining to properties previously owned or operated or other off-site environmental liabilities.

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**As stipulated by the ASTM E-1527 Process, this ESA does not formally address certain non-scope issues including, but not limited to the following:**

**Asbestos-containing Materials**  
**Mold Growth in Structures**  
**Radon**  
**Lead-based Paint**  
**Lead in Drinking Water**  
**Wetlands**  
**Cultural and Historic Resources**  
**Industrial Hygiene**  
**Health and Safety**  
**Ecological Resources**  
**Endangered Species**  
**Indoor Air Quality**  
**High Voltage Power Lines**  
**Underground Mine Shafts.**

However, several of these issues are considered common to this particular type of property. Therefore, as part of this screen, at the request of the Client, EA has performed cursory visual inspections for the suspected presence of the following potential concerns, the findings of which are addressed in this report.

Asbestos-containing Materials (**Section 6.1.3.2**)  
Mold Growth Issues (**Section 6.1.3.3**)  
Lead-based Paint (**Section 6.1.3.4**)  
Radon (**Section 6.1.4.9**)  
Lead in Drinking Water (**6.1.4.10**)  
Wetlands (**Section 6.1.4.11**)

### **2.3 Reliance**

Branch Banking and Trust Company (BB&T) (the “Client”) (the “Relying Party”) may rely on the contents of the ESA subject to the limitations placed on the scope, nature and type of EA’s services as stated in the ESA and subject to those Terms and Conditions as stated in EA’s contract with the Client. The Relying Party is the only party to whom EA grants the right to rely upon the ESA. No other third party may rely on the ESA unless the express written consent of EA is first obtained.

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### 3.0 SITE SETTING

#### 3.1 Site Location and General Description

The Project consists of a 10-acre proposed out parcel of a larger surrounding parcel identified as PIN 965890865900000 by the Buncombe County Tax Assessor's office. The Project parcel is proposed to be divided from the eastern section of the larger encompassing parcel. The 10-acre Project parcel address is 12 Old Charlotte Highway, Suite H in Asheville, Buncombe County, North Carolina. A Site Location Map is attached as **Figure 1** and a Site Plan is attached as **Figure 2A**. The Project parcel contains 10 acres and is improved by a 68,000 square foot section of building that is also being divided from a larger 176,000 square foot building that presently contains several lease tenants. The Project parcel at Suite H operates as Highland Brewing Company (Highland), a local specialty brewery. The single-story section of building that houses Suite H was built in the 1980s. The easternmost section of the Project building is of pre-fabricated steel construction, and the western section of the Project building is of masonry construction.

The Highland brewing operations presently occupy the easternmost section of the building. The area houses the brewing, bottling and shipping operations. EA understands that Highland plans to expand its brewing operations into the central sections of the Suite H building. Those sections are presently being used by Highland as equipment and supplies storage. The interior of the building is mostly unfinished at present.

The building is fronted to the east by a fenced equipment storage area, beyond which is a grassed field. The building is fronted to the south by an asphalt parking lot, beyond which is wooded undeveloped land. The southern Project boundary is defined by an overhead power line easement that runs in an east-west direction. The building is fronted to the northwest by an adjoining section of the off-site original adjacent building. The building is fronted to the northeast by a narrow grassed strip. The site is accessed from Old Charlotte Highway to the northwest.

The site is supplied municipal water service by the City of Asheville and natural gas and electricity by Progress Energy. EA noted no evidence of on-site water supply wells. The Project presently uses an on-site septic system located at the southeastern corner of the building.

#### 3.2 Geologic and Hydrogeologic Setting

The geologic and hydrogeologic settings of a site are considered of interest since they may provide information related to the direction and physical mechanisms of contaminant migration, if present, from on-site and off-site sources. EA personnel have reviewed information from the following sources with regard to the geology and hydrogeology of the site and surrounding area:

- United States Geological Survey (USGS) Topographic Quadrangle Map of *Asheville, North Carolina*, dated 1991 (**Figure 1**);

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- United States Department of Agriculture (USDA) *Web Soil Survey of Buncombe County*, 2009;
- *Generalized Geologic Map of North Carolina*, North Carolina Geologic Survey 2005;
- *The EDR Radius Map Report*, Environmental Data Resources, Inc.; dated June 17, 2010 (**Appendix 1**).

3.2.1 Geologic Setting

The Project is located within the Blue Ridge Belt of the Piedmont Physiographic Province of North Carolina. The site area is underlain primarily by locally sulfidic muscovite, biotite and gneiss (Zatm) of Late Proterozoic age that are interlayered and gradational with mica schist, minor amphibolite, and hornblende gneiss. Regional metamorphism occurred within the kyanite zone of the amphibolite facies. Post-metamorphic intrusive igneous rocks (i.e. dikes and sills) known as trondhjemites, a fine-grained, locally porphyritic, weakly foliated to massive granodiorite or tonalite assemblage, are also abundant to the area.

The soil profile at the Project is summarized in the following table.

<u>Name</u>	<u>Slope</u>	<u>Description</u>	<u>Thickness</u>	<u>Drainage/Permeability</u>
<i>Hayesville loam</i>	15-30%	The Hayesville series consists of deep and moderately deep soils formed on convex ridges and hillslopes that are a residuum of weathered amphibolite or hornblende gneiss.	80 inches	Moderate infiltration rates, moderately-drained and well drained, with moderately coarse textures.

3.2.2 Surface Drainage

According to the USGS Topographic Quadrangle Map of *Asheville, North Carolina (Figure 1)*, the Project elevation is approximately 2125 feet above mean sea level (MSL). The area surrounding the Project slopes generally to the west-northwest toward the Swannanoa River. In the absence of any other obvious significant structural or geomorphic drainage features, surface drainage is suspected to be influenced primarily by the surface topography.

3.2.3 Groundwater

Groundwater generally occurs as a result of infiltration of both meteoric and surface water through the relatively permeable overburden. Fractures, joints, bedding planes and other discontinuities in the underlying rock can affect the groundwater conditions. Site-specific groundwater flow may also be influenced by the proximity of nearby drainage features, sinkholes, creeks, swamps, and pumped

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groundwater wells. Groundwater levels and flow directions are typically site specific. In this setting, the surface of the groundwater table is expected to be a subdued replica of the ground surface. Groundwater may occur at or near the soil/rock interface or it may be contained within the bedrock. Based on EA's review of the topographic map, the regional groundwater flow direction is interpreted to be to the west-northwest toward the Swannanoa River. However, the topography and hydrology in the site vicinity are variable and several local components of groundwater flow may exist.

#### **4.0 USER PROVIDED INFORMATION**

Pursuant to ASTM E 1527-05, EA requested the following site information from the Client. The site contact assigned by the Client was John Lida, the owner of Highland Brewing Company. Mr. Lida referred EA to Steve Schwartz, the Assistant Manager of Highland, who provided site access to EA, as well as a description of Highland's on-site operations.

##### **4.1 Title Records**

No Title Records were provided to EA by the Client or the Project contact. Refer to **Section 5.3** for a discussion of deed research performed by EA personnel.

##### **4.2 Environmental Liens or Activity and Use Limitations**

No information regarding knowledge of environmental liens or activity and use limitations for the Project was provided to EA by the Client or the Project contact. In accordance with ASTM 1527-05 guidelines, this constitutes a data gap, as the User did not conduct a search for environmental liens or activity and use limitations for the Project; however, EA conducted a search for environmental liens and use limitations in conjunction with deed research. Refer to **Section 5.3** for a discussion of deed, environmental lien and use limitation research performed by EA personnel.

##### **4.3 Specialized Knowledge**

EA was not provided with any specialized knowledge of commonly known environmental conditions associated with the Project by the Client or the Project contact.

##### **4.4 Commonly Known or Reasonably Ascertainable Information**

EA was not provided with any specialized knowledge of commonly known environmental conditions associated with the Project by the Client or the Project contact.

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**4.5 Valuation Reduction for Environmental Issues**

EA was not provided with any knowledge of valuation reduction for environmental issues associated with the Project by the Client.

**4.6 Owner, Property Manager, and Occupant Information**

The site contact assigned by the Client was John Lida, the owner of Highland Brewing Company. Mr. Lida referred EA to Steve Schwartz, the Assistant Manager of Highland, who provided site access to EA, as well as a description of Highland's on-site operations.

**4.7 Reason for Performing Phase I ESA**

EA understands that the findings of this Phase I ESA will be used by the Client to evaluate the Project with respect to a pending financial transaction in connection with the Project. The purpose of a Phase I ESA is to identify existing or potential Recognized Environmental Conditions (as defined by ASTM Standard E-1527-05) in connection with the Project. This ESA was also performed to permit a user to satisfy one of the requirements to qualify for the *innocent landowner*, *contiguous property owner*, or *bona fide prospective purchaser* limitations within the scope of Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601) liability.

**5.0 RECORDS REVIEW**

**5.1 Environmental Regulatory Records**

EA contracted Environmental Data Resources, Inc. (EDR) to conduct a computerized regulatory database search in accordance with ASTM E 1527-05 standards. The purpose of the search is to identify certain properties and facilities in the vicinity of the Project (including the Project, as applicable) which are regulated by the United States Environmental Protection Agency (EPA) and various state and local environmental regulatory agencies. Detailed information pertaining to each database researched is presented in the EDR report, dated June 17, 2010, a copy of which is included in **Appendix 1**.

**5.1.1 On-site Regulatory Issues**

The Project address is listed on several of the databases researched. EA reviewed regulatory files at the NC Dept. of Environment and Natural Resources (NCDENR) Asheville Regional Office and the NCDENR's Superfund and Brownfields offices in Raleigh. Copies of selected documents reviewed by EA are attached in **Appendix 2**.

The Project address at 12 Old Charlotte Highway is listed under the name Girmes-Pump House and Girmes-Oil House as two "closed" Leaking Underground Storage Tank (LUST) incidents.

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Fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Oil House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10033. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 68 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits and the NCDENR closed the incident to further action. EA was unable to locate the Soil Closure Report in NCDENR files. The Oil House incident occurred on an area of the site that is presently located on the Project site, within the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. Considering the absence of the Soil Closure Report, the former Oil House area remains a potential on-site source of contamination to the 10-acre Clan Highland LLC Project site. Refer to **Section 9.4** for EA’s recommendations.

Fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Pump House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10034. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 34 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits, and no further action was necessary. EA was unable to locate the Soil Closure Report in NCDENR files. The pump house incident occurred on an area of the site that is located within 10 feet of the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. The pump house area appears to contain 2 USTs that remain in place adjacent to the Project. Considering the continued apparent presence of the nearby off-site USTs and the absence of the Soil Closure Report, the former Pump House area remains a potential off-site source of contamination to the 10-acre Highland Partners LLC Project site. Refer to **Section 9.4** for EA’s recommendations.

The Project is also listed in the state’s RCRA/Inactive Hazardous Sites Branch Programs under the name Girmes – Former SKF as a result of contamination by solvents associated with the site’s past use as a textile mill. Girmes owned the site, which included the larger parcel that encompasses the Project site, and operated the Project as a former textile mill from 1973 until 2001, when the site was purchased by LMC, LLC. The site was formerly owned and operated by SKF from approximately 1960 to 1973. The NCDENR issued a Notice of Violation on April 2, 1993 (Groundwater Incident 10032) to SKF in response to solvents detected in groundwater at the site. SKF conducted a Comprehensive Site Assessment (CSA) in November 1994 that identified volatile organic constituents (VOCs) in on-site groundwater that included Trichloroethene (TCE); 1,2 Dichloroethene; and Vinyl Chloride above the

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state's minimal reporting action limits (e.g.; the NCAC 2L Groundwater Quality Standards). The CSA involved the installation of 29 groundwater monitoring wells used to evaluate groundwater contaminant distribution and groundwater flow patterns. The source of the VOCs was attributed to the western area of the larger parcel. At the time, the presently-existing Project building had not yet been constructed as the 10-acre Project parcel was apparently used primarily as a parking lot and storage area, and that area of the site was not considered a source location of the VOCs. The groundwater flow direction was determined to be toward the west and away from the area of 10-acre Project parcel.

A Corrective Action Plan (CAP) was submitted to the NCDENR in October 1996 and implemented by RMT. The CAP consisted of a groundwater recovery system consisting of 3 recovery wells and an air stripper unit that began operation on March 4, 1998. The CAP originally required quarterly sampling of selected wells. In December 2000, the NCDENR approved reducing the sampling frequency to a semi-annual basis. In 2002, as contaminant levels were noted to be generally decreasing, the NCDENR approved modification of a pulsed pumping schedule that consisted of 6 weeks of pumping followed by a 6-week period of no pumping. The recovered groundwater was permitted to be discharged into Gashes Creek per a National Pollutant Discharge Elimination System (NPDES) Permit NO. NC0086088. The most recent document in NCDENR files is a Groundwater Monitoring Report for the October 2006 Sampling Event by RMT and dated December 2006. The report references some failures in the recovery system pumps that resulted in some system shutdown events. According to EA's conversations with the NCDENR's RCRA program representatives, the incident was transferred to RCRA from the NCDENR's Aquifer Protection Section in the late 2000s, and their review of files found no additional sampling or assessment documents subsequent to the October 2006 monitoring report.

Based on a survey of the proposed 10-acre Highland Partners LLC Project site (**Figure 2B**), the proposed new boundaries will not include any of the monitoring wells involved in the previous assessment activities. However, one of the well clusters designated as MW-5/MW-5A is located in a position that places the wells within one to 2 feet of the northwestern corner of the Project site. Monitoring wells MW-5 and MW-5A have historically contained the VOCs TCE and 1,2 DCE at concentrations above the NCAC 2L Standards. The most recent sampling results on file for MW-5 from October 2006 revealed a TCE concentration of 2,500 micrograms per liter (ug/L) and a 1,2-DCE concentration of 230 ug/L, both of which exceed their respective present NCAC 2L Standards of 2.8 ug/L for TCE and 70 ug/L. As referenced, environmental investigative data revealed no obvious sources of the VOCs on the 10-acre Highland Partners LLC section of the Project site. However, considering the relatively high concentrations of VOCs in MW-5 and MW-5A and their close proximity to the Project site, it is likely that groundwater in the northwestern section of the Project has been impacted by VOCs at concentrations above the NCAC 2L Standards. Refer to **Section 8.4** for EA's recommendations.

EA's review of NCDENR files also identified a site plan prepared by BPA and associated with the former Girmes-Pump House incident that identifies a "Wastewater Treatment Plant" (WTP) near the southeastern corner of the Project building. The WTP's use is unknown, but its former location appears to place it within the proposed boundaries of the Clan Highland LLC Project site. Refer to the environmental investigative documents in **Appendix 2** for a copy of the BPA map showing the former WTP location,

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and refer to **Figure 2B** to see the former WTP's reported location with respect to the proposed Project boundaries. The WTP is a potential source area for contaminants to the Project and to off-site properties. Refer to **Section 8.4** for EA's recommendations.

Regarding the issues discussed in this section pertaining to the former Girmes incident, the client has provided EA with a copy of an Indemnification Agreement between SKF USA Inc. and LMC, LLC dated July 19, 2001. The correspondence also includes an Indemnification Agreement between J. L. de Ball America and BB&T. Copies of the Agreements are provided in **Appendix 2**. The Agreements provide for site access to SKF to continue work at the site as long as the NCDENR requires it, and the Agreements appear to hold harmless the named parties only with respect to environmental issues that have already been identified and caused by SKF. The Agreements should be reviewed by the client's legal counsel as to their applicability and enforcement. Refer to **Section 8.4** for EA's recommendations.

With regard to the Indemnification Agreement with BB&T, this agreement references a "Quench Oil Underground Storage Tank" that was suspected to exist on the site but that was never found. The Quench Oil was reportedly used only by SKF and was used to cool down parts during the SKF operations. The UST is a potential source area for contaminants to the Project and to off-site properties. Refer to **Section 8.4** for EA's recommendations.

The EDR report also lists the site address at 12 Old Charlotte Highway listed under the name Asheville Velour in the state's UST database. The database indicates that Asheville Velour operated 4 USTs, including two 30,000-gallon heating oil USTs that were installed in 1973 and are reported as Temporarily Closed; one 550-gallon gasoline UST that was installed in 1973 and permanently closed in 1989; and one 30,000-gallon hazardous waste UST that was installed in 1961 and closed in 1972, the content of which is listed as Quench Oil. The UST locations were not identified in NCDENR files. The USTs are potential source areas for contaminants to the Project and to off-site properties. Refer to **Section 8.4** for EA's recommendations.

The EDR report identified no other on-site environmental issues.

#### 5.1.2 Off-site Regulatory Issues

Refer to **Section 5.1.1** for discussion of contamination issues at the western adjacent site that is presently part of the same parcel as the proposed Clan Highlands Project site.

Based on EA's field reconnaissance, state regulatory files identified several other sites within 2000 feet of the Project with open pending environmental release incidents. Considering the pronounced topographic "high" upon which the Project is located as well as the groundwater flow direction determined by previous site assessments, the off-site incidents do not appear to be sources of contaminants identified at the Project site. EA notes that previous reference has been made, in the Indemnification Agreements, that the contamination at the Project site has been linked as a possible contributing source to contamination discovered on the NCDOT site to the north and the Dotson Metal Finishing site to the east.

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The remaining sites identified in the EDR report are not anticipated to have impacted the Project, based on factors such as current regulatory status, relative topography, and estimated groundwater flow direction. None of the sites identified in the EDR report's Orphan Summary were identified within 1,000 feet of the Project. No other off-site regulatory issues with the potential to impact the Project were identified.

## **5.2 Review of Prior Environmental Investigative Reports**

The Project address is listed on several of the databases researched. EA reviewed regulatory files at the NC Dept. of Environment and Natural Resources (NCDENR) Asheville Regional Office and the NCDENR's Superfund and Brownfields offices in Raleigh. Copies of selected documents reviewed by EA are attached in **Appendix 2**.

Refer to **Section 5.1** for discussion of EA's file reviews.

## **5.3 Site Historical Use Records and Sources**

EA reviewed information provided by the following historical sources to evaluate past uses of the Project site and surrounding properties: historical aerial photographs, city directories, and property deeds. Copies of documents corresponding to the historical sources are included in **Appendix 3**.

### 5.3.1 Aerial Photographs

Aerial photographs dated 1965, 1975, 1985, 1998, 2002, 2005, and 2009 were provided by Buncombe County GIS and Google.

Review of the 1965 aerial photograph indicated the following:

- **Project:** The western section of the Project appears to contain a small section of the original building, and the remainder of the Project property appears cleared and contains no structures. The southwestern section near the building contains a railroad spur that serves the building as well as evidence of equipment storage and other operations.
- **Off-site:** The Project is fronted to the northwest by the original building, to the north and west by wooded undeveloped property, to the east by residential property, and to the south by wooded property that contains the railroad spur that leads to the Project.

The 1975 and 1985 aerial photographs do not appear to differ significantly from the 1965 aerial photograph.

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Review of the 1998 aerial photograph indicated the following:

- **Project:** The western section of the Project appears to contain a small section of the original building as well as the remaining sections of the entire presently-existing building. The remainder of the Project property appears as wooded undeveloped land. The southwestern section near the building contains a parking lot and evidence of a small structure in the location of a reported prior on-site wastewater treatment plant.
- **Off-site:** The Project is fronted to the northwest by the original building, to the north and west by wooded undeveloped property, to the east by residential property, and to the south by wooded property.

The 2002, 2005, and 2009 aerial photographs do not appear to differ significantly from the 1998 aerial photograph.

No other aerial photographs were readily ascertainable for the Project area.

The historical aerial photographs identify a railroad spur that served the southwestern section of the Project building in the 1960s and 1970s (also shown on **Figure 2B**). Railroads typically transport chemicals and petroleum products, and the former rail spur was likely used to transport equipment and supplies, including process chemicals, to the former SKF manufacturing facility. The rail spur and loading dock areas are potential source locations for petroleum and chemical contamination to the Project. Refer to **Section 8.4** for EA's recommendations.

#### 5.3.2 Sanborn Maps

No historic map coverage for the Project area was identified in the EDR Historic Map Collection.

#### 5.3.3 City Directories

No city directory coverage for the Project area was identified in the local Buncombe County libraries.

#### 5.3.4 Tax and Deed Information

EA reviewed chain-of-title information for the Project at the Buncombe County Register of Deeds Office. The current owner of record identified for the Project is:

LMC, LLC

Recent deed information is summarized in the following table.

<b>Book/Page</b>	<b>Grantor</b>	<b>Grantee</b>	<b>Date</b>
2559/0875	J. L. de Ball-Girmes	LMC, LLC	8/13/2001

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No evidence of environmental liens or use limitations were identified within the deed record reviewed. Copies of the property card and deeds are included in **Appendix 4**.

### 5.3.5 Historical Document Summary

The Project consists of a 10-acre proposed out parcel of a larger surrounding parcel identified as PIN 965890865900000 by the Buncombe County Tax Assessor's office. The Project parcel is proposed to be divided from the eastern section of the larger encompassing parcel. According to available historical research, the Project building was built in the 1980s and abuts the western adjacent original building. The original encompassing parcel operated as SKF, a manufacturer of roller bearings, from 1960 until 1973, and as Girmes, a textile mill, from 1973 until 2001. The eastern section of the Project building was constructed in the 1980s and was used by Blue Ridge Motion Pictures as a film studio and as storage from 2001 until around 2007. In 2007, Highland Brewing Company began operation at the Project and continues to occupy the site.

## **6.0 SITE AND VICINITY DESCRIPTION**

### **6.1 Site Description/Site Reconnaissance**

On June 25, 2010, EA personnel conducted a physical/visual reconnaissance of the site and surrounding area. Site photographs are included in **Appendix 5**. A Phase I Audit Environmental Screening Inspection Form was completed during the site visit and is included in **Appendix 6**.

#### 6.1.1 Site Improvements and Current Site Uses

The Project consists of a 10-acre proposed out parcel of a larger surrounding parcel identified as PIN 965890865900000 by the Buncombe County Tax Assessor's office. The Project parcel is proposed to be divided from the eastern section of the larger encompassing parcel. The 10-acre Project parcel address is 12 Old Charlotte Highway, Suite H in Asheville, Buncombe County, North Carolina. A Site Plan is attached as **Figure 2**. The Project parcel contains 10 acres and is improved by a 68,000 square foot section of building that is also being divided from a larger 176,000 square foot building that presently contains several lease tenants. The Project parcel at Suite H operates as Highland Brewing Company (Highland), a local specialty brewery. The single-story section of building that houses Suite H was built in the 1980s. The easternmost section of the Project building is of pre-fabricated steel construction, and the western section of the Project building is of masonry construction.

The Highland brewing operations presently occupy the easternmost section of the building. The area houses the brewing, bottling and shipping operations. The facility stores various types of grain including malted barley in three (3) 50,000-pound grain silos located at the northern exterior wall of the building. The grain is transferred to interior tanks filled with hot water to "steep", where enzymes are activated and starch is extracted and converted to sugars. This "sweet liquor" substance is transferred to a colander

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where the remnant solid grains are filtered out. The solids (spent grains) are temporarily stored in a trailer located near the northeastern corner of the building. The facility transports around 28,000 pounds of spent grain per week to local farms as cattle feed. The resultant brew is sterilized and flavored and then allowed to ferment, first by aerobic and then by anaerobic processes.

EA understands that Highland plans to expand its brewing operations into the central sections of the Suite H building. Those sections are presently being used by Highland as equipment and supplies storage. The interior of the building is mostly unfinished at present.

The building is fronted to the east by a fenced equipment storage area, beyond which is a grassed field. The building is fronted to the south by an asphalt parking lot, beyond which is wooded undeveloped land. The southern Project boundary is defined by an overhead power line easement that runs in an east-west direction. The building is fronted to the northwest by an adjoining section of the off-site original adjacent building. The building is fronted to the northeast by a narrow grassed strip. The site is accessed from Old Charlotte Highway to the northwest.

The site is supplied municipal water service by the City of Asheville and natural gas and electricity by Progress Energy. EA noted no evidence of on-site water supply wells. The Project is adjacent to two groundwater monitoring wells associated with assessment of a release incident at the northwestern adjacent site. Refer to **Section 5.0** for discussion of the off-site incident. The Project presently uses an on-site septic system located at the southeastern corner of the building.

#### 6.1.2 Site Utilities

The site is supplied municipal water service by the City of Asheville and natural gas and electricity by Progress Energy. The Project presently uses an on-site septic system located at the southeastern corner of the building.

#### 6.1.3 Structural Observations

##### 6.1.3.1 Staining and Chemical Storage and Use Issues

EA personnel noted various household cleaning chemicals inside the Project building. These containers appeared to be properly stored in their original containers. No staining or leakage was noted in the vicinity of the containers.

##### 6.1.3.2 Asbestos-Containing Building Materials Issues

As noted by the ASTM E 1527-05 Process, an asbestos-containing building materials (ACMs) survey is beyond the scope of this ESA. However, EA personnel conducted a cursory visual inspection for suspect ACMs. The basis for “suspect” determination is taken from the materials listed in the EPA publication *Managing Asbestos in Place* (the “Green Book”). All materials listed in the Green Book which were

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installed prior to 1981 are considered suspect, with the exception of resilient floor tile, asbestos-cement board (transite), and roofing felt, which are considered suspect regardless of installation date (these materials continue to be manufactured and installed in the United States). ACMs are considered potentially hazardous when in a friable condition (easily crumbled and rendered airborne). Local, state and federal regulations require that certain friable ACMs in commercial structures be properly removed or contained prior to renovation or demolition activities that may disturb the ACMs. Therefore, significant amounts of ACMs are a potential financial liability to property owners and lenders regarding ACM removal/abatement costs.

Considering the age of the building (constructed in the 1980s), the potential is low that friable ACMs are present in building construction materials. EA noted no evidence of substantial amounts of damaged suspect friable ACMs in the Project building. However, in order to confirm the presence or absence of ACMs in any structure, a formal ACM survey would be required.

#### 6.1.3.3 Mold Growth Issues

EA personnel noted some evidence of mold growth and some roof leaks in the unused central section of the building. EA understands that Highland plans to expand its brewing operations into the central sections of the Suite H building. Those sections are presently being used by Highland as equipment and supplies storage. The interior of the building is mostly unfinished at present. EA understands that the Highland management is aware of the needed repairs.

In order to confirm the presence or absence of mold or excessive moisture conditions, particularly in areas which are not readily accessible or visible (i.e.; attics, ventilation systems, etc.), a formal mold and moisture inspection would be required.

#### 6.1.3.4 Lead-based Paint Issues

As noted by the ASTM E 1527-05 Process, a lead-based paint (LBP) survey is beyond the scope of this ESA. However, EA personnel conducted a cursory visual inspection for suspect LBP. The basis for this “suspect” determination is taken from the Lead Paint Poisoning Act passed by the Congress of the United States which banned the use of lead paint starting January 1, 1978. Therefore, all paint applied prior to 1978 is considered suspect.

Considering the age of the structure (constructed in the 1980s), the potential is low that lead-based paint is present on the building’s painted surfaces. However, in order to confirm the presence or absence of lead-based paint in any structure, a formal lead-based paint survey would be required.

#### 6.1.3.5 Drains and Sumps

EA personnel observed no evidence of drains or sumps in the Project building.

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6.1.4 Exterior Observations

6.1.4.1 Pits, Ponds, or Lagoons

EA personnel noted no evidence of industrial pits, ponds, or lagoons in association with the Project.

6.1.4.2 Stained Soil or Pavement/Stressed Vegetation

EA personnel noted no evidence of significantly stained soil or pavement, or chemically stressed vegetation at the Project.

6.1.4.3 Solid Waste

EA personnel noted no evidence of any substantial amounts of solid waste located at the Project. EA noted non-hazardous solid waste stored in the Project dumpsters.

6.1.4.4 Waste Water

The Project does not presently discharge any waste water other than sanitary sewage to the private septic system. However, EA's review of NCDENR files identified a site plan prepared by BPA (Bain Palmer & Associates) with regard to the former Girmes-Pump House incident that identifies a "Wastewater Treatment Plant" (WTP) near the southeastern corner of the Project building. The WTP's former use is unknown, but its former location appears to place it within the proposed boundaries of the Clan Highland LLC Project site. Refer to the environmental investigative documents in **Appendix 2** for a copy of the BPA map showing the former WTP location, and refer to **Figure 2B** to see the former WTP's location with respect to the proposed Project boundaries. The WTP is a potential source area for contaminants to the Project and to off-site properties. Refer to **Section 8.4** for EA's recommendations.

6.1.4.5 Wells

EA noted no evidence of any on-site water supply wells.

The off-site Girmes investigation involved the installation of numerous groundwater monitoring wells on the larger encompassing parcel. Refer to **Section 5.0** for discussion of the Girmes incident.

6.1.4.6 Septic Systems

The Project presently uses an on-site septic system located at the southeastern corner of the building.

EA noted no evidence of any other on-site septic systems.

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6.1.4.7 Storage Tanks

No evidence of any past or current on-site underground storage tanks (USTs) were observed or reported during the site visit. However, refer to **Section 8.4** for EA's recommendations regarding USTs that are reported to have previously existed at the Project site and/or larger encompassing site.

6.1.4.8 PCB Issues

Older transformers and other electrical equipment could contain polychlorinated biphenyls (PCBs) at a level that subjects them to regulation by the United States Environmental Protection Agency (USEPA). PCBs in electrical equipment are controlled by United States Environmental Protection Agency regulations 40 CFR, Part 761. At the time of the inspection, EA observed pole-mounted and pad-mounted transformers located in the southeastern section of the Project. No indication of staining, leaks or fire damage was observed on or around the transformers. EA did not observe any other potential PCB-containing equipment on the Project.

6.1.4.9 Radon Issues

According to the USEPA Map of North Carolina Radon Zones, the Project is located in an area designated as USEPA Zone 1 which is identified by predicted average indoor radon levels greater than four picocuries per liter (pCi/L). EPA Zone 1 radon levels are identified to present a moderate potential health risk to building occupants; however, the levels of radon in air can be variable over a region and in order to confirm accurate levels in building a formal radon screening would be required.

6.1.4.10 Lead in Drinking Water

The Project is provided municipal water service for potable water purposes and lead is not a suspected concern from the municipal water supply.

6.1.4.11 Wetlands Issues

According to the EDR report (**Appendix 1**), the Project is not located in a designated federal wetlands area. However, in order to confirm the boundaries and extent of wetlands on any property, a formal wetlands survey would be required.

6.1.4.12 Erosion/Stormwater Compliance Issues

EA personnel noted no areas of the Project which appear to be out of compliance with present federal or state erosion control or stormwater laws and regulations.

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## **6.2 Surrounding Land Use**

In some situations, past and current uses of surrounding properties may pose a potential environmental concern to a subject site. EA personnel visually inspected, to the extent practical, surrounding properties for current site uses and evidence of past site uses. EA personnel also utilized readily available historical sources such as aerial photographs and interviews to evaluate past uses of nearby properties.

### 6.2.1 Northeast

The Project is fronted to the northeast by wooded property that is part of the larger parent tract. This area was observed to be topographically down-gradient relative to the Project. Historical aerial photographs indicate no prior development of this property.

### 6.2.2 Southeast

The Project is fronted to the southeast by wooded land and residential property. This area was observed to be topographically cross-gradient relative to the Project. Historical aerial photographs indicate no prior development of this property.

### 6.2.3 Southwest

The Project is fronted to the southwest by wooded property and fields that are part of the larger parent tract. This area was observed to be topographically down-gradient relative to the Project. Historical aerial photographs indicate no prior development of this property.

### 6.2.4 Northwest

The Project is fronted to the northwest by the original section of the building that occupies the parent tract. This section of the tract has operated from the 1960s until the 1990s as textile mills. This area was observed to be topographically down-gradient relative to the Project. Refer to **Section 8.4** for EA's recommendations regarding the prior use of the adjacent site.

## **7.0 INTERVIEWS**

### **7.1 Interviews with Project Owner/Operators/Site Manager**

The site contact assigned by the Client was John Lida, the owner of Highland Brewing Company. Mr. Lida referred EA to Steve Schwartz, the Assistant Manager of Highland, who provided site access to EA, as well as a description of Highland's on-site operations. An Environmental Questionnaire was completed during EA's site inspection, a copy of which is included in **Appendix 7**.

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## **7.2 Interviews with Local Government Officials**

EA interviewed Ms. Jan Andersen of the NCDENR's Asheville Regional Office. Ms. Andersen provided access to EA personnel to research NCDENR file records regarding the off-site Girmes/Former SKF incident. Information regarding the research is contained in various sections of this report.

EA interviewed Mr. Landon Davidson of the NCDENR's Asheville Regional Office. Mr. Davidson provided access to EA personnel to research NCDENR file records regarding the off-site Girmes/Former SKF incident. Information regarding the research is contained in various sections of this report.

EA interviewed Mr. Bruce Parris of the NCDENR's Mooresville Regional Office who oversees Inactive Hazardous Sites Branch incidents for Buncombe County. Mr. Parris provided access to EA personnel to research NCDENR file records regarding the off-site Girmes/Former SKF incident. Information regarding the research is contained in various sections of this report.

EA interviewed Mr. Scott Ross of the NCDENR's Raleigh Superfund Office who oversees the central files of the Superfund and Inactive Hazardous Sites Branch incidents for North Carolina. Mr. Ross provided access to EA personnel to research NCDENR file records regarding the off-site Girmes/Former SKF incident. Information regarding the research is contained in various sections of this report.

Records of Communication are included in **Appendix 8**.

## **8.0 FINDINGS AND CONCLUSIONS**

### **8.1 Findings**

#### **8.1.1 On-site Environmental Conditions**

The ESA revealed the following recognized environmental conditions in connection with the Project:

- The Project address at 12 Old Charlotte Highway is listed under the name Girmes-Pump House and Girmes-Oil House as two "closed" Leaking Underground Storage Tank (LUST) incidents. Regarding the first incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes "Oil House" location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10033. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 68 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4,

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1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits and the NCDENR closed the incident to further action. EA was unable to locate the Soil Closure Report in NCDENR files. The Oil House incident occurred on an area of the site that is presently located on the Project site, within the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. Considering the absence of the Soil Closure Report, the former Oil House area remains a potential on-site source of contamination to the 10-acre Clan Highland LLC Project site.

- Regarding the second incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Pump House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10034. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 34 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits, and no further action was necessary. EA was unable to locate the Soil Closure Report in NCDENR files. The pump house incident occurred on an area of the site that is located within 10 feet of the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. The pump house area appears to contain 2 USTs that remain in place adjacent to the Project. Considering the continued apparent presence of the nearby off-site USTs and the absence of the Soil Closure Report, the former Pump House area remains a potential off-site source of contamination to the 10-acre Highland Partners LLC Project site.
- The Project is also listed in the state’s RCRA/Inactive Hazardous Sites Branch Programs under the name Girmes – Former SKF as a result of contamination by solvents associated with the site’s past use as a textile mill. Girmes owned the site, which included the larger parcel that encompasses the Project site, and operated the Project as a former textile mill from 1973 until 2001, when the site was purchased by LMC, LLC. The site was formerly owned and operated by SKF from approximately 1960 to 1973. The NCDENR issued a Notice of Violation on April 2, 1993 (Groundwater Incident 10032) to SKF in response to solvents detected in groundwater at the site. SKF conducted a Comprehensive Site Assessment (CSA) in November 1994 that identified volatile organic constituents (VOCs) in on-site groundwater that included Trichloroethene (TCE); 1,2 Dichloroethene; and Vinyl Chloride above the state’s minimal reporting action limits (e.g.; the NCAC 2L Groundwater Quality Standards). The CSA involved the installation of 29 groundwater monitoring wells used to evaluate groundwater contaminant distribution and groundwater flow patterns. The source of the VOCs was attributed to the western area of the larger parcel. At the time, the presently-existing Project building had not yet

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been constructed as the 10-acre Project parcel was apparently used primarily as a parking lot and storage area, and that area of the site was not considered a source location of the VOCs. The groundwater flow direction was determined to be toward the west and away from the area of 10-acre Project parcel.

A Corrective Action Plan (CAP) was submitted to the NCDENR in October 1996 and implemented by RMT. The CAP consisted of a groundwater recovery system consisting of 3 recovery wells and an air stripper unit that began operation on March 4, 1998. The CAP originally required quarterly sampling of selected wells. In December 2000, the NCDENR approved reducing the sampling frequency to a semi-annual basis. In 2002, as contaminant levels were noted to be generally decreasing, the NCDENR approved modification of a pulsed pumping schedule that consisted of 6 weeks of pumping followed by a 6-week period of no pumping. The recovered groundwater was permitted to be discharged into Gashes Creek per a National Pollutant Discharge Elimination System (NPDES) Permit NO. NC0086088. The most recent document in NCDENR files is a Groundwater Monitoring Report for the October 2006 Sampling Event by RMT and dated December 2006. The report references some failures in the recovery system pumps that resulted in some system shutdown events. According to EA's conversations with the NCDENR's RCRA program representatives, the incident was transferred to RCRA from the NCDENR's Aquifer Protection Section in the late 2000s, and their review of files found no additional sampling or assessment documents subsequent to the October 2006 monitoring report.

Based on a survey of the proposed 10-acre Highland Partners LLC Project site (**Figure 2B**), the proposed new boundaries will not include any of the monitoring wells involved in the previous assessment activities. However, one of the well clusters designated as MW-5/MW-5A is located in a position that places the wells within one to 2 feet of the northwestern corner of the Project site. Monitoring wells MW-5 and MW-5A have historically contained the VOCs TCE and 1,2-DCE at concentrations above the NCAC 2L Standards. The most recent sampling results on file for MW-5 from October 2006 revealed a TCE concentration of 2,500 micrograms per liter (ug/L) and a 1,2-DCE concentration of 230 ug/L, both of which exceed their respective present NCAC 2L Standards of 2.8 ug/L for TCE and 70 ug/L. As referenced, environmental investigative data revealed no obvious sources of the VOCs on the 10-acre Highland Partners LLC section of the Project site. However, considering the relatively high concentrations of VOCs in MW-5 and MW-5A and their close proximity to the Project site, it is likely that groundwater in the northwestern section of the Project has been impacted by VOCs at concentrations above the NCAC 2L Standards.

- The Project does not presently discharge any waste water other than sanitary sewage to the private septic system. However, EA's review of NCDENR files identified a site plan prepared by BPA (Bain Palmer & Associates) with regard to the former Girmes-Pump House incident that identifies a "Wastewater Treatment Plant" (WTP) near the southeastern corner of the Project building. The WTP's former use is unknown, but its former location appears to place it within

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the proposed boundaries of the Clan Highland LLC Project site. Refer to the environmental investigative documents in **Appendix 2** for a copy of the BPA map showing the former WTP location, and refer to **Figure 2B** to see the former WTP's location with respect to the proposed Project boundaries. The WTP is a potential source area for contaminants to the Project and to off-site properties.

- Historical aerial photographs identify a railroad spur that served the southwestern section of the Project building in the 1960s and 1970s (also shown on **Figure 2B**). Railroads typically transport chemicals and petroleum products, and the former rail spur was likely used to transport equipment and supplies, including process chemicals, to the former SKF manufacturing facility. The rail spur and loading dock areas are potential source locations for petroleum and chemical contamination to the Project.
- Regarding the issues discussed in this section pertaining to the former Girmes incident, the client has provided EA with a copy of an Indemnification Agreement between SKF USA Inc. and LMC, LLC dated July 19, 2001. The correspondence also includes an Indemnification Agreement between J. L. de Ball America and BB&T. Copies of the Agreements are provided in **Appendix 2**. The Agreements provide for site access to SKF to continue work at the site as long as the NCDENR requires it, and the Agreements appear to hold harmless the named parties only with respect to environmental issues that have already been identified and caused by SKF. The Agreements should be reviewed by the client's legal counsel as to their applicability and enforcement.
- With regard to the Indemnification Agreement with BB&T, this agreement references a "Quench Oil Underground Storage Tank" that was suspected to exist on the site but that was never found. The Quench Oil was reportedly used only by SKF and was used to cool down parts during the SKF operations. The UST is a potential source area for contaminants to the Project and to off-site properties.
- The EDR report also lists the site address at 12 Old Charlotte Highway listed under the name Asheville Velour in the state's UST database. The database indicates that Asheville Velour operated 4 USTs, including two 30,000-gallon heating oil USTs that were installed in 1973 and are reported as Temporarily Closed; one 550-gallon gasoline UST that was installed in 1973 and permanently closed in 1989; and one 30,000-gallon hazardous waste UST that was installed in 1961 and closed in 1972, the content of which is listed as Quench Oil. The UST locations were not identified in NCDENR files. The USTs are potential source areas for contaminants to the Project and to off-site properties.

No other on-site environmental conditions were identified during the course of this ESA that are considered likely to impact the Project. Refer to **Section 8.4** for EA's recommendations regarding the issues.

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8.1.2 Off-site Environmental Conditions

Refer to **Section 8.4** for discussion of EA's recommendations regarding contamination in groundwater at the larger parent parcel that contains the Project site.

No other off-site environmental conditions were identified during the course of this ESA that are considered likely to impact the Project.

8.1.3 Previously Resolved Environmental Conditions

No previously resolved environmental conditions were identified during the course of this ESA.

8.1.4 De minimis Environmental Conditions

No *de minimis* environmental conditions were identified in connection with the Project during the course of this ESA.

**8.2 Opinion**

The issues summarized in **Section 8.1** represent a potential financial liability to a property owner, purchaser, or lender regarding costs for assessment and remediation of contamination that is suspected to be present based on the findings of this ESA. In the professional opinion of the undersigned, a potential exists for the presence of contamination at the Project, and the potential risk exposure for a new property buyer or lender warrants additional inquiry (e.g.; soil and/or groundwater sampling) for the Project. Refer to **Section 8.4** for EA's recommendations.

**8.3 Conclusions**

EA has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-05 of the Clan Highland LLC property (the "Project") located at 12 Old Charlotte Highway, Suite H in Asheville, Buncombe County, North Carolina. Any exceptions to, or deletions from, this practice are described in **Section 2.1** of this report. **The ESA revealed no evidence of recognized environmental conditions in connection with the Project, except for the following:**

- The Project address at 12 Old Charlotte Highway is listed under the name Girmes-Pump House and Girmes-Oil House as two "closed" Leaking Underground Storage Tank (LUST) incidents. Regarding the first incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes "Oil House" location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10033. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 68 tons of soil contaminated by No.

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5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits and the NCDENR closed the incident to further action. EA was unable to locate the Soil Closure Report in NCDENR files. The Oil House incident occurred on an area of the site that is presently located on the Project site, within the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. Considering the absence of the Soil Closure Report, the former Oil House area remains a potential on-site source of contamination to the 10-acre Clan Highland LLC Project site.

- Regarding the second incident, fuel oil contamination was discovered in soil in 1993 during due diligence sampling at a fuel oil surface stain noted near the former Girmes “Pump House” location (**Figure 2B**). The spill was attributed to surface spillage and was assigned Incident No. 10034. Bain, Palmer & Associates (BPA) was retained by JL de Ball-Girmes (Girmes) to further evaluate the spill area. According to a Pollution Incident/Leak Reporting Form (NCDENR Form GW-61) completed by BPA and dated March 4, 1993, BPA excavated 34 tons of soil contaminated by No. 5 fuel oil, after which confirmatory soil samples indicated that additional excavation was necessary. The NCDENR files contained no further documents to indicate that the additional soil excavation was completed in the Pump House area, other than a NCDENR letter dated August 4, 1993 indicating that after review of a Soil Closure Report submitted by BPA, contaminants in soil had been remediated to within acceptable limits, and no further action was necessary. EA was unable to locate the Soil Closure Report in NCDENR files. The pump house incident occurred on an area of the site that is located within 10 feet of the northeastern boundary of the proposed 10-acre Project parcel. Refer to **Figure 2B**. The pump house area appears to contain 2 USTs that remain in place adjacent to the Project. Considering the continued apparent presence of the nearby off-site USTs and the absence of the Soil Closure Report, the former Pump House area remains a potential off-site source of contamination to the 10-acre Highland Partners LLC Project site.
- The Project is also listed in the state’s RCRA/Inactive Hazardous Sites Branch Programs under the name Girmes – Former SKF as a result of contamination by solvents associated with the site’s past use as a textile mill. Girmes owned the site, which included the larger parcel that encompasses the Project site, and operated the Project as a former textile mill from 1973 until 2001, when the site was purchased by LMC, LLC. The site was formerly owned and operated by SKF from approximately 1960 to 1973. The NCDENR issued a Notice of Violation on April 2, 1993 (Groundwater Incident 10032) to SKF in response to solvents detected in groundwater at the site. SKF conducted a Comprehensive Site Assessment (CSA) in November 1994 that identified volatile organic constituents (VOCs) in on-site groundwater that included Trichloroethene (TCE); 1,2 Dichloroethene; and Vinyl Chloride above the state’s minimal reporting action limits (e.g.; the NCAC 2L Groundwater Quality Standards). The CSA involved

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the installation of 29 groundwater monitoring wells used to evaluate groundwater contaminant distribution and groundwater flow patterns. The source of the VOCs was attributed to the western area of the larger parcel. At the time, the presently-existing Project building had not yet been constructed as the 10-acre Project parcel was apparently used primarily as a parking lot and storage area, and that area of the site was not considered a source location of the VOCs. The groundwater flow direction was determined to be toward the west and away from the area of 10-acre Project parcel.

A Corrective Action Plan (CAP) was submitted to the NCDENR in October 1996 and implemented by RMT. The CAP consisted of a groundwater recovery system consisting of 3 recovery wells and an air stripper unit that began operation on March 4, 1998. The CAP originally required quarterly sampling of selected wells. In December 2000, the NCDENR approved reducing the sampling frequency to a semi-annual basis. In 2002, as contaminant levels were noted to be generally decreasing, the NCDENR approved modification of a pulsed pumping schedule that consisted of 6 weeks of pumping followed by a 6-week period of no pumping. The recovered groundwater was permitted to be discharged into Gashes Creek per a National Pollutant Discharge Elimination System (NPDES) Permit NO. NC0086088. The most recent document in NCDENR files is a Groundwater Monitoring Report for the October 2006 Sampling Event by RMT and dated December 2006. The report references some failures in the recovery system pumps that resulted in some system shutdown events. According to EA's conversations with the NCDENR's RCRA program representatives, the incident was transferred to RCRA from the NCDENR's Aquifer Protection Section in the late 2000s, and their review of files found no additional sampling or assessment documents subsequent to the October 2006 monitoring report.

Based on a survey of the proposed 10-acre Highland Partners LLC Project site (**Figure 2B**), the proposed new boundaries will not include any of the monitoring wells involved in the previous assessment activities. However, one of the well clusters designated as MW-5/MW-5A is located in a position that places the wells within one to 2 feet of the northwestern corner of the Project site. Monitoring wells MW-5 and MW-5A have historically contained the VOCs TCE and 1,2 DCE at concentrations above the NCAC 2L Standards. The most recent sampling results on file for MW-5 from October 2006 revealed a TCE concentration of 2,500 micrograms per liter (ug/L) and a 1,2-DCE concentration of 230 ug/L, both of which exceed their respective present NCAC 2L Standards of 2.8 ug/L for TCE and 70 ug/L. As referenced, environmental investigative data revealed no obvious sources of the VOCs on the 10-acre Highland Partners LLC section of the Project site. However, considering the relatively high concentrations of VOCs in MW-5 and MW-5A and their close proximity to the Project site, it is likely that groundwater in the northwestern section of the Project has been impacted by VOCs at concentrations above the NCAC 2L Standards.

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- The Project does not presently discharge any waste water other than sanitary sewage to the private septic system. However, EA's review of NCDENR files identified a site plan prepared by BPA (Bain Palmer & Associates) with regard to the former Girmes-Pump House incident that identifies a "Wastewater Treatment Plant" (WTP) near the southeastern corner of the Project building. The WTP's former use is unknown, but its former location appears to place it within the proposed boundaries of the Clan Highland LLC Project site. Refer to the environmental investigative documents in **Appendix 2** for a copy of the BPA map showing the former WTP location, and refer to **Figure 2B** to see the former WTP's location with respect to the proposed Project boundaries. The WTP is a potential source area for contaminants to the Project and to off-site properties.
- Historical aerial photographs identify a railroad spur that served the southwestern section of the Project building in the 1960s and 1970s (also shown on **Figure 2B**). Railroads typically transport chemicals and petroleum products, and the former rail spur was likely used to transport equipment and supplies, including process chemicals, to the former SKF manufacturing facility. The rail spur and loading dock areas are potential source locations for petroleum and chemical contamination to the Project.
- Regarding the issues discussed in this section pertaining to the former Girmes incident, the client has provided EA with a copy of an Indemnification Agreement between SKF USA Inc. and LMC, LLC dated July 19, 2001. The correspondence also includes an Indemnification Agreement between J. L. de Ball America and BB&T. Copies of the Agreements are provided in **Appendix 2**. The Agreements provide for site access to SKF to continue work at the site as long as the NCDENR requires it, and the Agreements appear to hold harmless the named parties only with respect to environmental issues that have already been identified and caused by SKF. The Agreements should be reviewed by the client's legal counsel as to their applicability and enforcement.
- With regard to the Indemnification Agreement with BB&T, this agreement references a "Quench Oil Underground Storage Tank" that was suspected to exist on the site but that was never found. The Quench Oil was reportedly used only by SKF and was used to cool down parts during the SKF operations. The UST is a potential source area for contaminants to the Project and to off-site properties.
- The EDR report also lists the site address at 12 Old Charlotte Highway listed under the name Asheville Velour in the state's UST database. The database indicates that Asheville Velour operated 4 USTs, including two 30,000-gallon heating oil USTs that were installed in 1973 and are reported as Temporarily Closed; one 550-gallon gasoline UST that was installed in 1973 and permanently closed in 1989; and one 30,000-gallon hazardous waste UST that was installed in 1961 and closed in 1972, the content of which is listed as Quench Oil. The UST locations were not identified in NCDENR files. The USTs are potential source areas for contaminants to the Project and to off-site properties.

#### 8.4 Recommendations

**Based on the findings of this ESA, EA recommends the following:**

- EA recommends performing a Phase II ESA in various locations of the Project site to evaluate underlying soil and groundwater for evidence of any on-site sources of the contamination by petroleum and chlorinated solvents. EA will also sample the existing monitoring wells located at the northwestern corner of the Project for updated groundwater concentration data.

**A Cost Proposal to complete the recommendations will be submitted to the Client under separate cover.**

#### 8.5 Deviations

This Phase I ESA substantially complies with the scope of services and ASTM E 1527-05, as amended, except for exceptions and/or limiting conditions as discussed in **Section 2.2**.

#### 9.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

We declare that, to the best of our professional knowledge and belief, we meet the definition of *Environmental Professional* as defined in §312.10 of 40 CFR 312” and we have the specific qualifications based on education, training, and experience to assess a *property* of the nature, history, and setting of the subject *property*. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



Gary K. Sawyer, PG, RSM  
Principal



#### 10.0 QUALIFICATIONS

All phases of this ESA were conducted, completed and reviewed by qualified EA personnel experienced in conducting ESAs on similar sites. Copies of resumes of EA's key personnel involved with this Project are included in **Appendix 9**.

**APPENDIX 2**

**ENVIRONMENTAL INVESTIGATIVE**

**SUPPORTING DOCUMENTATION**



STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

INDEMNIFICATION AGREEMENT

This Agreement made this 19<sup>th</sup> day of July, 2001 by and between SKF USA Inc. (hereinafter "SKF"), a Delaware Corporation with its principal office and place of business at 1111 Adams Avenue, Norristown, Pa, and LMC, LLC (hereinafter "LMC") a North Carolina limited liability company with its principal office and place of business at 12 Old Charlotte Highway  
ASHEVILLE, NC 28805

WHEREAS, LMC has contracted with J.L. de Ball-Girmes, formerly Asheville Property Administration and Leasing (hereinafter "Girmes"), to purchase certain real property and improvements thereon located in the City of Asheville, Buncombe County, said real property being more particularly described in Deed Book 1081 at Page 687, Buncombe County Registry (hereinafter the "Property");

WHEREAS, In 1992 and 1993, certain environmental contamination was discovered on the Property;

WHEREAS, SKF operated a manufacturing facility on the property from 1961 to 1973 for the manufacture of roller bearings, and SKF used trichloroethene in its manufacturing operations;

WHEREAS, During an environmental assessment of the Property performed by S&ME for Girmes in 1993, trichloroethene and 1,2 dichloroethene were discovered in groundwater beneath the site;

WHEREAS, in April of 1993, the North Carolina Department of Environment, Health and Natural Resources (now the North Carolina Department of Environment and Natural Resources and hereinafter, "NCDENR") through its Division of Environmental Management, Groundwater Section (now Division of Water Quality, Groundwater Section and hereinafter, "DWQ" or "Groundwater Section"), issued a Notice of Violation to SKF in connection with the environmental contamination;

WHEREAS, The Notice of Violation required SKF to complete a comprehensive site assessment ("CSA") to determine the nature and extent of contamination on the Property;

WHEREAS, SKF and Girmes entered into an ACCESS AGREEMENT AND GRANT OF TEMPORARY EASEMENT FOR ENVIRONMENTAL INVESTIGATION, ANALYSIS AND REMEDIATION dated October 11, 1993 to allow SKF and its consultants access to the Property as necessary to complete the CSA and to carry out any necessary Corrective Action Plan;

WHEREAS, SKF employed RMT, Inc., to conduct the CSA, and the CSA was submitted to the NCDENR on or about the 17th day of April 1994;

COPY

WHEREAS, SKF, through RMT, submitted a CSA Addendum on or about November 17, 1994;

WHEREAS, the CSA and the CSA Addendum presented information about environmental contamination on the Property and areas adjacent to the Property, including information about contaminants detected and the possible extent of the areas affected by such contaminants;

WHEREAS, the CSA and the CSA Addendum identified two plumes of contamination referred to as the Northeast Plume and the Southwest Plume;

WHEREAS, the CSA and the CSA Addendum identified environmental contamination on the North Carolina Department of Transportation property which borders the Property on the north and determined that such environmental contamination is related to SKF's activities on the Property;

WHEREAS, the CSA and the CSA Addendum and subsequent groundwater monitoring identified environmental contamination on the Dotson Metal Finishing property to the east, some of which may not be related to SKF's activities on the Property;

WHEREAS, the CSA and the CSA Addendum were approved by NCDENR, and SKF, through RMT, submitted a Corrective Action Plan ("CAP") to address the environmental contamination on the Property to NCDENR in April of 1996;

WHEREAS, pursuant to the CAP, SKF installed and is currently operating a groundwater recovery, treatment and discharge system on the southwest side of the Property;

WHEREAS, Pursuant to the CAP, SKF monitors, on a regular basis, 29 groundwater monitoring wells, three recovery wells and four surface water locations and reports the results of the monitoring to NCDENR with a copy to Girmes;

WHEREAS, to induce LMC to purchase the Property from Girmes and for LMC's lenders to loan money to LMC for this purpose, Girmes and LMC have requested that SKF enter into this Agreement to defend, indemnify and hold harmless LMC, its successors and assigns, from and against claims arising out of the environmental contamination that has been discovered;

WHEREAS, SKF is willing to enter into this Agreement to set forth its obligations to LMC and its successors and assigns with regard to the environmental contamination that has been discovered and to commit itself to defend, indemnify and hold harmless LMC and its successors and assigns with regard to such environmental contamination.

IT IS NOW THEREFORE, AGREED AS FOLLOWS:

1. In the event any governmental agency or third party demands or requires LMC to take any action due to any Pre-Existing Contamination, SKF agrees to take all actions necessary

to bring such contaminated or affected areas into full compliance with all applicable environmental laws and the demands of any governmental agency having oversight with regard to the matter.

2. SKF and its successors and assigns shall defend, at their sole cost and expense, indemnify and hold harmless LMC and its members, managers, employees, agents, tenants, licensees, lenders, successors and assigns (collectively the "Indemnified Parties") from and against all demands, claims, actions, lawsuits, proceedings, responsibilities, obligations, liabilities, judgments, damages, losses, penalties, fines, liens, fees and all other costs or expenses of any kind whatsoever, including, without limitation, attorneys' fees, consultants' fees, experts' fees, investigative costs, cleanup costs and costs and expenses of litigation, which result from, arise out of or relate in any way to: (i) the Pre-Existing Contamination, (ii) SKF's breach of its covenants as set forth in this Agreement (iii) any assessment or cleanup activities performed by SKF or its consultants and contractors and their subcontractors or (iv) the operation of any remediation systems by SKF or its consultants and contractors and their subcontractors for the purpose of cleaning up the Pre-Existing Contamination.

3. "Pre-Existing Contamination" shall mean (i) any environmental contamination on the Property or areas adjacent to the Property as identified from any of the environmental assessment activities that have previously been performed by SKF or its consultants, contractors or agents, regardless of whether the extent of such contamination has been fully assessed or determined, and including, without limitation those areas of environmental contamination as identified in the CSA and CSA Addendum, (ii) any medium (soil, groundwater, surface water or air) that becomes contaminated due to the migration of contaminants and (iii) any medium that becomes contaminated as a result of or in connection with the assessment and remediation of any such environmental contamination.

4. SKF will continue its remedial activities with respect to the Pre-Existing Environmental Contamination on the Property.

5. Remedial activities with respect to Pre-Existing Environmental Contamination on the Property shall be carried out in the sole and absolute discretion of SKF, subject to the requirements of all applicable laws and regulations and the directives of NCDENR.

6. LMC shall enter into an agreement to provide access to SKF necessary to analyze and remediate the Pre-Existing Environmental Contamination in accordance with applicable law and regulation. Any such agreement shall be in form and content satisfactory to SKF and its counsel and shall include substantially those provisions included in the Access Agreement between SKF and Asheville Property Administration and Leasing dated October 11, 1993; provided, however, that in no event shall SKF or its consultants or contractors and their subcontractors unreasonably interfere with the use of the Property by LMC and its tenants and their subtenants, licensees and invitees. Any obligation of SKF under this Agreement shall be contingent upon execution of an Access Agreement satisfactory to SKF and its counsel.

7. SKF shall, on a timely basis, provide LMC with copies of future correspondence between SKF and DENR and future reports submitted to NCDENR.

8. In the event a claim arises for which an Indemnified Party seeks indemnification pursuant to Section 2, such party shall give notice to SKF on a timely basis. SKF shall have the obligation and right to contest and defend (at its cost and expense) by all appropriate legal proceedings such claim and to control all settlements and to select lead counsel to defend any and all such claims; provided, however, SKF may not agree to or cause any settlement that could result in any cost, expense or liability to, or have any adverse effect upon, any Indemnified Party unless such party consents in writing to such settlement. The Indemnified Party seeking indemnification may select counsel to participate in any defense, in which event such counsel shall be at the sole cost and expense of such party. In connection with any such claim, action or proceeding, the parties shall cooperate with each other and provide each other with access to relevant books, documents and records in their possession. Notices hereunder may be sent by regular U.S Mail, Certified Mail or facsimile transmission. Notices shall be sent as follows:

To: SKF USA Inc.  
William C. McGlocklin  
Director of Environmental Affairs  
1111 Adams Avenue  
Norristown, PA.. 19403-2403  
Fax: 610-630-2727

With a Copy To:  
William Clarke  
Roberts & Stevens  
P.O. Box 7647  
Asheville, N.C. 28802  
Fax: 828-258-6999 --

To: LMC, LLC  
McGuire Wood & Bisette  
48 Patton Avenue  
Asheville, N.C. 28801  
Fax: (828) 252-2438

With a Copy To:  
W. Louis Bisette, Jr.  
McGuire, Wood & Bisette  
48 Patton Avenue  
Asheville, N C 28841  
Fax: (828) 252-243 8

The parties acknowledge and agree that LMC's lenders and their assigns are beneficiaries of this Agreement, including, but not limited to, BB&T and its affiliated companies and their assigns. Notwithstanding any provision in this Agreement to the contrary, SKF shall not take any action or assert any defense or position for the purpose of denying such parties the rights, benefits and protections of this Agreement, including, without limitation, asserting as a defense that LMC or

any other party failed to timely notify SKF of a claim for which indemnification is requested pursuant to Section 2.

9. This Agreement constitutes the entire Agreement between the Parties.

10. This Agreement shall be governed by and in accordance with the laws of the State of North Carolina.

11. LMC may assign this Agreement and it also shall run with the land. Such assignment shall be automatic in the case of a foreclosing lender.

12. The obligations of SKF under this Agreement shall be binding on SKF's successors and assigns. SKF may not assign its obligations under this Agreement without the prior written consent of LMC.

IN WITNESS WHEREOF the parties have set their hands and seals the day and year first above written.

SKF USA Inc., a Delaware Corporation

By: Timothy D. Gifford (SEAL)  
Timothy D. Gifford  
Vice-President and General Counsel  
SKF USA Inc.

STATE OF Pennsylvania  
COUNTY OF Montgomery

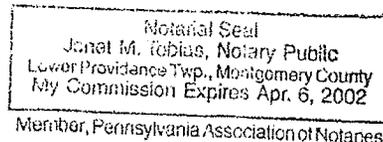
I, a Notary Public of the County and State aforesaid, certify that Timothy D. Gifford personally appeared before me this day and acknowledged that he is Vice-President, General Counsel and Secretary of SKF USA Inc., a Delaware corporation, and that he, as Vice-President, General Counsel and Secretary, being authorized to do so, has executed the foregoing document on behalf of the corporation.

Witness my hand and official stamp or seal, this the 19<sup>th</sup> day of July, 2001.

Janet M. Tobias  
Notary Public

My Commission Expires:

April 6, 2002



LMC, LLC, a North Carolina Limited Liability Company

By:   *Campbell*   (SEAL)  
Print Name:   Leanne M Campbell  , Manager

STATE OF   NORTH CAROLINA    
COUNTY OF   BUNCOMBE  

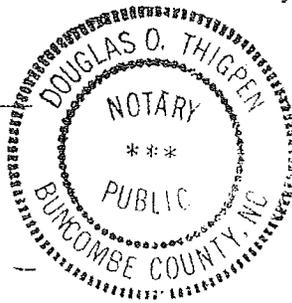
I, a Notary Public of the County and State aforesaid, certify that   LEANNE M. CAMPBELL   personally appeared before me this day and acknowledged that he/she is a Manager of LMC, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of such company he executed the foregoing instrument.

Witness my hand and official stamp or seal, this the   13<sup>th</sup>   day of   AUGUST  , 2001.

  *Douglas O Thigpen*    
Notary Public

My Commission Expires:

  3-5-2007  



## INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (the "Agreement") is made and entered into as of this 13 day of August, 2001, by and between J. L. de Ball America, Inc., a New York corporation ("Indemnitor") and Branch Banking & Trust Company ("BB&T"), a North Carolina corporation ("Indemnitee").

### RECITALS:

A. LMC, L.L.C., a North Carolina limited liability company, has by contract agreed to purchase from J. L. de Ball-Girmes of America, Inc., a North Carolina corporation and formerly known as Asheville Property Administration and Leasing (hereinafter "Girmes") certain real property and improvements thereon situated in the City of Asheville, Buncombe County, North Carolina, said real property being more particularly described in Book 1081 at Page 687, Buncombe County Registry (hereinafter the "Property"). With respect to this purchase and sale transaction, BB&T, the Indemnitee, intends to loan LMC, L.L.C. \$1,600,000.00 (the "Loan"). As a condition to its making this Loan, BB&T requires the execution and delivery of this Agreement by the Indemnitor.

B. SKF USA, Inc. ("SKF"), operated a manufacturing facility at the Property from 1961 to 1973 for the manufacture of roller bearings. In 1992 and 1993, certain environmental contamination was discovered on the Property. In connection with SKF's manufacturing operations at this location, SKF used trichloroethene. During an environmental assessment of the Property performed in 1993, trichloroethene, 1, 2 dichloroethene and vinyl chloride were discovered in groundwater beneath the Property.

C. In April of 1993, the North Carolina Department of Environment, Health and Natural Resources (now the North Carolina Department of Environment and Natural Resources, and hereinafter "NCDENR"), through its Division of Environmental Management, Groundwater Section (now the Division of Water Quality, Groundwater Section, and hereinafter "DWQ" or "Groundwater Section") issued a Notice of Violation to SKF in connection with the (i) the release of varsol and trichloroethene and (ii) the discovery of trichloroethene, 1,2-dichloroethene and vinyl chloride in the groundwater. The Notice of Violation required SKF to complete a Comprehensive Site Assessment ("CSA") to determine the nature and extent of contamination at the Property. Consequently, SKF and Girmes entered into an Access Agreement and Grant of Temporary Easement for Environmental Investigation, Analysis and Remediation, dated October 11, 1993, to allow SKF and its consultants access to the Property as necessary to complete the CSA and carry out any necessary Corrective Action Plan.

D. SKF employed RMT, Inc. to conduct the CSA and the CSA was submitted to the NCDENR on or about April 17, 1994. SKF, through RMT, submitted a CSA Addendum on or about November 17, 1994. The CSA and CSA Addendum set forth information about environmental contamination at the Property as well as areas adjacent to the Property, including information about contaminants detected and the possible extent of the areas affected by such contaminants. The CSA and CSA Addendum identified two plumes of contamination referred to as the Northeast Plume and the Southwest Plume, and further identified environmental

COPY

contamination on the North Carolina Department of Transportation property which borders the Property on the north. The CSA and CSA Addendum concluded that the identified environmental contamination on the property of the North Carolina Department of Transportation was related to SKF's activities on the Property. Moreover, the CSA and CSA Addendum, and subsequent groundwater monitoring, identified environmental contamination on the Dotson Metal Finishing property to the east, some of which may not be related to SKF's activities on the Property. Subsequently, the CSA and CSA Addendum were approved by the NCDENR, and SKF, through RMT, submitted to NCDENR in April of 1996 a Corrective Action Plan ("CAP") to address environmental contamination on or migrating from the Property. Girmes asserts that neither Girmes nor the Indemnitor have caused or contributed to any environmental contamination at or about the Property identified in the CSA, CSA Addendum or the CAP.

E. Pursuant to the CAP, SKF installed and is currently operating a groundwater recovery, treatment and discharge system on the southwest side of the Property. Also, pursuant to the CAP, SKF monitors on a regular basis twenty-nine (29) groundwater monitoring wells, three (3) recovery wells, and four (4) surface water locations, and periodically reports the results of the monitoring to NCDENR with a copy to Girmes as the owner of the Property.

F. In order to permit and otherwise accommodate a purchase and sale of the Property by LMC, L.L.C. from Girmes, SKF has previously entered into an indemnification agreement dated as of July 20, 2001, to defend, indemnify and hold harmless LMC, L.L.C., its successors and assigns (including the Indemnitee named herein) from and against claims arising out of the environmental contamination that has been discovered on the Property from any of the environmental assessment activities that have previously been performed by SKF or its consultants, contractors or agents.

G. With respect to this Agreement and the subject matter hereof, during its period of ownership, Girmes conducted textile manufacturing operations on the Property and in connection therewith used two (2) 30,000-gallon underground storage tank systems which are located at the northeast rear corner of the main building of the Property near the fuel storage/pump house and which purportedly were used to store no. 5 fuel oil (hereafter the "Heating Oil USTs") (Said Heating Oil USTs being identified in that *Environmental Assessment Report* dated March 4, 1992 prepared for Girmes by Bain, Palmer & Associates, Inc. and in that *Supplemental Environmental Investigation Report* dated March 4, 1993 prepared for Girmes by Bain, Palmer & Associates, Inc., as well as in that *Petroleum Hydrocarbon Contamination Soil Closure Report* dated July, 1993 prepared for Girmes by Bain, Palmer & Associates, Inc., all as submitted to NCDENR). In an August 4, 1993 letter from Ms. Kay Dechant of the NCDENR Asheville Regional Office Groundwater Section, NCDENR confirmed that after review of the analytical data provided in the Bain, Palmer & Associates, Inc., *Petroleum Hydrocarbon Contamination Soil Closure Report*, dated July, 1993, no further action was required at that time with respect to the clean-up of petroleum contaminated soil at the pump house and oil storage house.

H. There may be a 30,000 gallon quench oil storage tank system located at the Property that was purportedly used to store quench oil for the hardening and/or cooling of parts relating to a manufacturing process (the "Quench Oil Tank") (Said Quench Oil Tank being

referred to in the *Environmental Assessment Report* dated March 4, 1992 prepared for Girmes by Bain, Palmer & Associates, Inc., and the *Supplemental Environmental Investigation Report* dated March 4, 1993 prepared for Girmes by Bain, Palmer & Associates, Inc., and the *Phase II Environmental Site Assessment Report* dated January 1993 prepared by S&ME, Inc., which report was prepared for a third party and not previously delivered to either the Indemnitor or Girmes). It is Girmes' contention that during Girmes' period of ownership of the Property, when Girmes conducted textile manufacturing operations at the Property, the Quench Oil Tank was not used in connection with any such textile manufacturing operations, but presumably such Quench Oil Tank was used by a predecessor in title, presumably SKF. A representative of Girmes has further stated that an attempt was made by a consultant of Girmes to locate the Quench Oil Tank through means of underground radar technology. In order to accomplish the purchase and sale transaction described in Recital Paragraph A above without further cost to Girmes and the additional passage of time, among other factors, Girmes is willing to include any existing contamination arising from a release from the Quench Oil Tank prior to the date of the aforesaid purchase and sale transaction as part of the indemnification to be included within the scope of this Agreement subject, nevertheless, to the terms of this Agreement. By including within the scope of this Agreement an indemnification for a Loss (as defined below) arising in connection with a pre-existing release from the Quench Oil Tank, the Indemnitor admits no liability or responsibility therefor, and reserves all rights and remedies of recourse against the responsible party, including, without limitation, SKF or any other third party.

I. As a condition of its making the aforesaid Loan, BB&T, the Indemnitee, has requested that the Indemnitor (the parent company of Girmes) provide it with this Agreement setting forth an indemnification against claims arising out of any pre-existing releases from the Heating Oil USTs or Quench Oil Tank occurring prior to the date of purchase and sale of the Property by LMC, L.L.C. from Girmes. In order to permit the implementation of the aforesaid purchase and sale transaction, in particular the related BB&T Loan financing, subject to the terms hereof, the Indemnitor is willing to enter into this Agreement which sets forth an obligation to indemnify Indemnitee, and its successors and assigns (but not Ms. Leanne Campbell, LMC, L.L.C. or its principals), solely with regard to any Losses (as defined in Section 1 below) arising out of any pre-existing releases from the Heating Oil UST or Quench Oil Tank occurring at the Property prior to the purchase and sale of the Property by LMC, L.L.C. from Girmes.

NOW, THEREFORE, in consideration of the aforesaid recitals (which are incorporated herein as contractual agreements between the parties and not mere recitals), the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Indemnitor and its successors and assigns shall defend, at their sole cost and expense, indemnify and hold harmless Indemnitee and its permitted successors and assigns as provided in Section 8 of this Agreement from and against all demands, claims, actions, lawsuits, proceedings, responsibilities, obligations, liabilities, judgments, damages, losses, penalties, fines, liens, fees and all other costs or expenses of any kind whatsoever, including, without limitation, attorneys' fees, consultants' fees, experts' fees, investigative costs, cleanup costs and costs and expenses of litigation but expressly excluding any amount or sum due as a deficiency, interest or

other cost on account of the aforesaid BB&T Loan or any related loan document (referred to collectively but nevertheless accounting for the aforesaid exclusions, as "Losses" or separately as a "Loss"), which result from, or arise out of : (i) any pre-existing releases from the Heating Oil USTs or Quench Oil Tank occurring prior to the date of purchase and sale of the Property by LMC, L.L.C. from Girmes, including the filling, operation or use of such tank systems, (ii) Indemnitor's breach of its covenants as set forth in this Agreement, (iii) any assessment or cleanup activities performed by Indemnitor or any affiliated entity (including Girmes) or their respective consultants and contractors and their subcontractors or (iv) the operation of any remediation systems by Indemnitor or any affiliated entity and their respective consultants and contractors and their subcontractors for the purpose of cleaning up any environmental contamination. The subject matter of subparagraphs (iii) and (iv) above is not intended to, and shall not, include any undisclosed environmental condition which otherwise should have or might have been disclosed in any of the aforementioned environmental reports. In the event a claim is made against the Indemnitee for which the Indemnitee seeks indemnification pursuant to this paragraph, the Indemnitee shall give written notice to the Indemnitor within twenty (20) days after the Indemnitee receives actual notice of the claim, but in any event at least three (3) business days prior to the deadline when an answer must be filed in a court or other tribunal on account of the claim. Such notice to the Indemnitor shall provide reasonable detail about the claim.

2. Indemnitor agrees that it shall endeavor, in a reasonable and timely manner, to comply with, or legally challenge, any local, state or federal governmental directive (regardless of the party to whom the directive is issued) to investigate any of the above-described pre-existing releases from the Heating Oil USTs or the Quench Oil Tank which are the subject of this Agreement. Indemnitee agrees that it will cooperate with Indemnitor in any such investigative, testing or remediation activity and will cooperate with Indemnitor to obtain, to the extent reasonably possible, full reimbursement from the North Carolina Underground Storage Tank Fund for any investigation, testing or remediation activity related to either the Heating Oil USTs or Quench Oil UST which Indemnitor may undertake. Indemnitee also agrees that under the terms of the aforesaid BB&T Loan, LMC, L.L.C. will be required to continue to register the Heating Oil USTs with the State of North Carolina and to pay all tank fees due with respect to such registration for the term of the Loan. In no event, however, shall the Indemnitee have any affirmative obligation to monitor compliance by LMC, L.L.C. with these requirements.

3. Indemnitor and Indemnitee agree to provide each other with copies of all correspondence received by or from NCDENR or any other regulatory agency related to any claim for indemnification made by Indemnitee pursuant to this Agreement.

4. Notwithstanding any other provision contained herein to the contrary, Indemnitor shall not be obligated to defend, indemnify or hold Indemnitee, its successors or assigns, harmless to the extent that any action or claim, including, without limitation, a claim for a Loss, arises out of the negligence or willful misconduct of the Indemnitee, its successors or assigns, or any representative thereof. The failure by Indemnitee to take action to address or respond to any pre-existing environmental contamination on the Property or any migration of any pre-existing contaminants or pollutants on or from the Property shall not be deemed to be negligence or willful misconduct.

5. Indemnitor expressly reserves, and by entering into this Agreement, does not in any manner waive any claim or action which Indemnitor, its successors, assigns or any parent, subsidiary or affiliate, may have or otherwise assert against SKF or any other party with respect to environmental contamination of any kind existing at the Property.

6. Notwithstanding any other provision contained herein to the contrary, and further, notwithstanding the existence of this Agreement, under no circumstances does Indemnitor admit to, or acknowledge, any liability or fault in connection with any prior or future release of petroleum hydrocarbon contamination from the Heating Oil USTs or Quench Oil Tank.

7. In the event a claim subject of this Agreement arises for which Indemnitee seeks indemnification pursuant to the terms of this Agreement, Indemnitor shall have the right and obligation to contest and defend such claim at its cost and by all appropriate legal proceedings and to control all settlements and to select counsel to defend any such claim; provided, however, Indemnitor may not agree to or cause any settlement that could result in any cost, expense or liability to or have any adverse effect upon Indemnitee, unless Indemnitee consents in writing to such settlement. The Indemnitee may select counsel to participate in any defense, in which event such counsel shall be at the sole cost and expense of Indemnitee. In connection with any such claim, action or proceeding, the parties shall cooperate with each other and provide each other with access to relevant books, documents and records in their possession. Notices hereunder may be sent by regular U.S. mail, certified mail, or facsimile transmission. Notices shall be sent as follows:

To Indemnitor: J.L. deBall America, Inc.  
c/o J. L. deBall Canada, Inc.  
835 Boul Industriel  
Granby, Quebec J2J 1A5  
CANADA  
Attn.: Mr. Paul R. Flay  
Fax No.: 450-378-2263

With copies to: Jack W. Westall, Jr., Esq.  
Westall, Gray & Connolly, P.A.  
81 Central Avenue  
Asheville, North Carolina 28801  
Fax No.: (828) 255-0305

and

Amos C. Dawson, III, Esq.  
Maupin Taylor & Ellis, P.A.  
3200 Beechleaf Court, Suite 500  
Raleigh, North Carolina 27604  
Fax No.: (919) 981-4300

To Indemnitee: Branch Banking & Trust Company  
Attn: David Hayes  
BB&T Building  
Second Floor, Building Services  
Asheville, North Carolina 28801  
Fax No.: (828) 251-4650

With a copy to: Gregory S. Hilderbran, Esq.  
Adams Hendon Carson Crow & Saenger, P.A.  
72 Patton Avenue  
Asheville, North Carolina 28801  
Fax No.: (828) 252-5018

8. The parties acknowledge and agree that for the term of this Agreement, the Indemnitee shall have the right by written notice given to Indemnitor to assign this Agreement, and the entitlements herein, to:

(i) a successor lender that shall have taken by assignment the Loan which Indemnitee is now making to LMC, L.L.C., and

(ii) a subsequent owner of the Property in the event (a) there is a foreclosure on the lien of the deed of trust or mortgage on the Property securing the aforesaid Loan and extended in favor of Indemnitee or its assigns, (b) title to the Property is transferred by deed in lieu of foreclosure pursuant to such deed of trust or mortgage or (c) there is some other lawful disposition of the Property pursuant to the terms of the Loan with respect to the lien of such deed of trust or mortgage.

Otherwise, Indemnitee shall not be entitled to assign this Agreement. Notwithstanding anything in this Agreement to the contrary, in no event shall Indemnitee be entitled to assign this Agreement to Leanne M. Campbell, LMC, L.L.C. or any of its principals.

9. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. The term of this Agreement shall run concurrently with the term of the aforesaid Loan until the indebtedness evidenced by the Loan is paid in full, except that if in the event a claim or action subject of the indemnification extended pursuant to this Agreement has then been made or asserted, then this Agreement shall continue in full force and effect until the final disposition or adjudication of such claim or action after all appeals. Notwithstanding the foregoing, if any of the events described in Section 8.(ii) of this Agreement occurs, this Agreement shall continue in full force and effect for a period of five (5) years from the date of transfer of title to the Property to a subsequent owner as a result of the occurrence of any of the aforesaid events (described in Section 8.(ii) of this Agreement).

10. This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

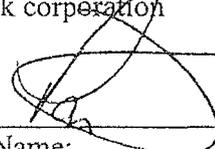
11. The obligations of Indemnitor under this Agreement shall be binding on Indemnitor's successors and assigns. Indemnitor may not assign its obligations under this Agreement without the prior written consent of Indemnatee which shall not be unreasonably withheld or delayed.

12. This Agreement may be executed in multiple counterparts, any such counterpart constituting an original document.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first written above.

J.L. DEBALL AMERICA, INC., a New York corporation

(CORPORATE SEAL)

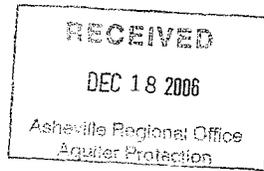
By:   
Name: PAUL FLAY  
Title: TREASURER

BRANCH BANKING & TRUST COMPANY, a North Carolina banking corporation

(CORPORATE SEAL)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

30 Patewood Drive, Suite 100  
Greenville, South Carolina 29615-3535  
Telephone (864) 281-0030  
Fax (864) 281-0288



**Groundwater Monitoring Report for  
the October 2006 Sampling Event  
Groundwater Incident No. 10032**

Girmes Site, Formerly SKF USA Inc.

*Buncombe County, North Carolina*

**December 2006**

*Prepared for  
SKF USA Inc.*

A handwritten signature in cursive that reads "Michael B. Parker".

Michael B. Parker, P.E.  
Vice President/Senior Client  
Service Manager

RMT North Carolina, Inc. | Girmes Site  
Groundwater Monitoring Report for October 2006

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## Executive Summary

As a part of the Corrective Action Plan (CAP), SKF USA Inc. (SKF) operates a groundwater recovery and treatment system at the former J.L. deBall Girmes of America (Girmes) site in Asheville, North Carolina for the purpose of removing volatile organic compound (VOC)-impacted groundwater. The system operated continuously from March 1998 until November 11, 2002. Since November 2002, the recovery system has operated on a pulsed pumping cycle. Each cycle consists of six weeks of system operation followed by six weeks of system shut down.

Groundwater and surface water samples are collected at the site on a semiannual basis. Groundwater elevations are measured in monitoring and recovery wells during each sampling event. The latest sampling event was conducted during the week of October 2, 2006. On the northeast side of the Girmes facility, trichloroethene (TCE) was detected in samples collected from six wells (MW-2, MW-4, MW-5, MW-5A, MW-9, and MW-20) at concentrations exceeding the North Carolina (NC) 2L standard. 1,2-Dichloroethene (1,2-DCE) was detected in samples collected from three wells (MW-4, MW-5, MW-5A, and MW-9) at concentrations exceeding the NC 2L standard. Vinyl chloride was detected in samples collected from wells MW-4 and MW-13 at concentrations exceeding the NC 2L standard. This is consistent with the sampling events conducted over the last several years.

On the southwest side of the Girmes facility, two wells (MW-14 and MW-22) were dry and could not be sampled. Additionally, two wells (MW-18 and MW-21) had insufficient volume of water to sample. Groundwater samples collected from four of the remaining monitoring wells (MW-19, MW-26R, MW-28A, and MW-29) and two recovery wells (RW-1 and RW-4) had TCE concentrations exceeding the NC 2L standard. 1,2-DCE was not detected in any of the wells on this side of the site at concentrations exceeding the NC 2L standard. Vinyl chloride was detected in samples collected from monitoring well MW-26R at a concentration exceeding the NC 2L standard. Tetrachloroethene (PCE) was detected in groundwater samples collected from two monitoring wells (MW-23 and MW-28A) at concentrations exceeding the NC 2L standard. This is consistent with the sampling events conducted over the last several years. The PCE found in these wells appears to be the result of a release on the southwest side of Gashes Creek and does not appear to be related to groundwater quality on the Girmes facility.

None of the surface water samples had detections of TCE, 1,2-DCE, or vinyl chloride.

OST - 1998-2002

Since Nov. 2002 - pulsed pumping

TCE - MW-2, MW-4, MW-5, 5A, 9 & 20

VC 4 & 13, 26R

[PCE - 23 & 28A

SKF  
S.W.

MW-19, 26R, 28A,  
29, RW-1, RW-4

The estimated amount of groundwater that was recovered and treated during May 2006 through October 2006 is 3.5 million gallons. It is estimated that over 36 pounds of TCE were removed during that period. Pulse pumping of the groundwater recovery system has increased the amount of TCE removed on an annual basis while significantly reducing the volume of water treated. It is recommended that pulse pumping of the recovery system continue throughout the remainder of 2006 and 2007.

# Section 1

## Introduction

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The Girmes site is a former textile plant located on Old Highway 74 East in Asheville, North Carolina. Girmes owned the site from 1973 until 2001 when it was purchased by LMC, LLC. The site was formerly occupied by SKF from approximately 1960 to 1973. The North Carolina Department of Environment and Natural Resources (NC DENR) issued SKF a Notice of Violation (NOV) on April 2, 1993 (Groundwater Incident Number 10032). In response to the NOV and associated correspondence, SKF conducted comprehensive site assessment (CSA) activities in 1993 and 1994. VOCs, in particular TCE, 1,2-DCE, and vinyl chloride, were found in groundwater at the site. The results of the CSA were submitted to NC DENR in November 1994. Following the CSA, a CAP to address the VOC-impacted groundwater was prepared and submitted to NC DENR in October 1996.

RMT North Carolina, Inc. (RMT) was retained by SKF to implement the CAP. A groundwater recovery system consisting of three groundwater recovery wells and an air stripper unit was installed in 1997 and early 1998. The system began operation on March 4, 1998.

The CAP specified that groundwater elevations were to be measured in all wells on a quarterly basis. Water samples were to be collected from all of the monitoring wells, 3 recovery wells, and 4 surface water stations, on a semiannual basis. Thirteen of these monitoring wells, along with the three recovery wells were also to be sampled quarterly. The CAP specified that the samples were to be analyzed for TCE, 1,2-DCE, and vinyl chloride.

On December 11, 2000, NC DENR approved reducing the monitoring frequency from quarterly to semiannually. Beginning in 2001, the monitoring wells, recovery wells, and surface water stations were sampled on a semiannual basis. Groundwater elevations were also measured on a semiannual basis. Water samples and elevations are now collected in April and October of each year.

In August 2002, RMT proposed to switch the operation of the groundwater recovery system from continuous pumping to a pulsed pumping schedule in an effort to increase contaminant recovery. In October 2002, RMT proposed further modifications to the pumping cycle. Under the pulsed pumping schedule, the groundwater recovery system would operate one cycle per quarter. Each cycle consists of 6 weeks of pumping followed by 6 weeks of no pumping. Ms. Kay Dechant of NC DENR approved the modified pulse-pumping plan on October 14, 2002, and the first pumping cycle was initiated on November 11, 2002.

GROUNDWATER ELEVATIONS

Two additional monitoring wells, MW-5A and MW-29, were installed in January 2006. Monitoring well MW-5A was installed adjacent to water table well MW-5 to assess vertical groundwater quality. Well MW-5A was installed in bedrock and extends approximately 15 feet below the bottom of well MW-5. Monitoring well MW-29 was installed adjacent to well MW-14 in order to assess groundwater flow and quality in this area of the site. Well MW-14 has been dry since the start up of the system. The two new wells are now included in the semiannual groundwater monitoring program.

The latest semiannual sampling event was conducted during the week of October 2, 2006. This report presents results of the October 2006 sampling event.

## Section 3

# Groundwater and Surface Water Quality

Groundwater samples were collected from 27 monitoring wells and 2 recovery wells (RW-1 and RW-4) on October 3 through October 4, 2006. Monitoring wells MW-14 and MW-22 were dry and were not sampled. Monitoring wells MW-18 and MW-21 had insufficient volume of water to sample. Recovery well RW-3 has been off-line since April 2002 because of low yield and related operational problems; thus, no groundwater samples were collected at this location. Surface water samples were also collected from the four surface water stations (SW-1, SW-2, SW-3, and SW-4). Sampling locations are shown on Figure 1 and Plate 1.

Groundwater samples were analyzed for TCE, 1,2-DCE, and vinyl chloride. In addition, eight monitoring wells and two recovery wells (RW-1 and RW-4) were analyzed for PCE. Analytical results are summarized in Table 2. Laboratory analytical reports are presented in Appendix B. Table 3 and Table 4 present a 24-month summary of TCE and 1,2-DCE concentrations. Monitoring wells across the site, where TCE and 1,2-DCE have been detected, are also presented graphically in Appendix C.

### 3.1 Standard Monitoring Program

#### 3.1.1 Northeast Portion of the Site

During the April sampling event, 19 monitoring wells were sampled on the northeast side of the Girres facility (Plate 1). TCE was detected in samples collected from six wells (MW-2, MW-4, MW-5, MW-5A, MW-9, and MW-20) with the concentrations observed above the NC 2L standard of 0.0028 mg/L. Since the last sampling event conducted in April 2006, TCE concentrations have increased in samples collected from wells MW-2 and MW-9 and have remained generally unchanged in samples collected from well MW-5A. TCE concentrations have decreased in samples collected from wells MW-4, MW-5 and MW-20 since last sampled in April 2006. A 24-month summary of the TCE concentrations for these wells is presented in Table 3 and shown graphically in Appendix C.

1,2-DCE was detected in samples collected from six monitoring wells. Concentrations of 1,2-DCE were observed above the NC 2L standard of 0.07 mg/L in four of these wells (MW-4, MW-5, MW-5A, and MW-9). Overall, the 1,2-DCE concentrations observed in samples collected from these wells, with the exception of MW-5A, have decreased since

last sampled in April 2006. Concentrations in samples collected from well MW-5A have increased since last sampled. A 24-month summary of the 1,2-DCE concentrations for these wells is presented in Table 4 and shown graphically in Appendix C.

Vinyl chloride was detected in samples collected from three monitoring wells (MW-4 and MW-13). The concentrations observed in these samples were above the NC 2L standard of 0.000015 mg/L. Historically, vinyl chloride has been detected in most samples collected from MW-13, and in some of the samples collected from MW-4 since October 1999.

### 3.1.2 Southwest Portion of the Site

On the southwest side of the Girmes facility, eight monitoring wells (MW-19, MW-23, MW-24, MW-26R, MW-27, MW-28, MW-28A, and MW-29) and two recovery wells (RW-1 and RW-4) were sampled (Plate 1). Monitoring wells MW-14 and MW-22 were dry and could not be sampled. Monitoring wells MW-18 and MW-21 had insufficient volume of water to sample. Recovery well RW-3 was not operating during the October 2006 sampling event and therefore was not sampled.

TCE was detected in groundwater samples collected from four wells (MW-19, MW-26R, MW-28A, and MW-29) and both recovery wells (RW-1 and RW-4) with concentrations observed above the NC 2L standard. TCE concentrations decreased in samples collected from monitoring wells MW-26R and MW-29 since last sampled in April 2006. TCE concentrations detected in samples collected from monitoring wells MW-19 and MW-28A have increased since last sampled. Concentrations observed in samples collected from recovery wells RW-1 and RW-4 have decreased since April 2006. A 24-month summary of the TCE concentrations for these wells is presented in Table 3 and shown graphically in Appendix C.

Historically, the highest TCE concentration found on the southwest side of the Girmes facility was in samples collected from monitoring well MW-23, opposite Gashes Creek from the Girmes facility. In addition, PCE has been found in monitoring wells on the southwest side of Gashes Creek (see Subsection 3.2). This information indicates that VOCs found on that southwest side of the Gashes Creek are the result of a release on that side of the creek and not related to groundwater quality at the Girmes facility.

1,2-DCE was detected in groundwater samples collected from four of the monitoring wells (MW-19, MW-26R, MW-28A and, MW-29) and in both recovery wells (RW-1 and RW-4). Detected concentrations were all below the NC 2L standard. A 24-month

summary of the 1,2-DCE concentrations for these wells is presented in Table 4 and shown graphically in Appendix C.

Vinyl chloride was detected in the sample collected from monitoring well MW-26R on the southwest side of the Girmes facility at a concentration exceeding the NC 2L standard. Monitoring well MW-26R is located on Dotson's property on the southwest side of Gashes Creek. The detected concentration in monitoring well MW-26R, 0.017 mg/L, has decreased slightly since the previous sampling event and remains above the NC 2L standard.

Surface water samples were collected from four surface water stations (SW-1, SW-2, SW-3, and SW-4) during the April sampling event. None of the surface water samples collected had detections of TCE, 1,2-DCE, or vinyl chloride.

### 3.2 Additional Analytical Parameter

Since shortly after startup of the groundwater recovery system, in 1998 PCE was found in the influent to the treatment system. Select monitoring wells sampled during the January 1999 monitoring event were analyzed for PCE in addition to the standard analytical parameters. The January 1999 analytical results, along with historical groundwater analytical data collected at the site during the CSA, led SKF to conclude that the PCE and other VOCs found on the southwest side of Gashes Creek have no relationship to the affected groundwater found on the Girmes facility.

In the groundwater monitoring report for the January 1999 sampling event, SKF modified the groundwater monitoring program to continue monitoring all of the wells specified in the CAP according to the specified schedule. In addition to TCE, 1,2-DCE, and vinyl chloride, recovery wells RW-1, RW-3, and RW-4 and select monitoring wells would also be sampled for PCE.

During the October 2006 sampling event, seven monitoring wells (MW-19, MW-23, MW-24, MW-26R, MW-28, MW-28A, and MW-29) and the two operating recovery wells (RW-1 and RW-4) were analyzed for PCE. Analytical results are included in Table 2. PCE was detected in samples collected from monitoring wells MW-23 and MW-28A, (located on the west side of Gashes Creek) and recovery well (RW-1) at concentrations above the NC 2L standards. The PCE concentrations detected in samples collected from monitoring wells MW-23 have decreased since last sampled during April 2006 while the concentrations of this constituent detected in samples collected from MW-28A have increased since last sampled. The PCE concentration observed in the sample collected from recovery well (RW-01) has remained relatively unchanged since last sampled in April 2006. When operating, recovery wells RW-1 and RW-4 recover groundwater from the southwest side of Gashes Creek.

The analytical results for PCE are consistent with the results from previous sampling events conducted since January 1999. The PCE found in these wells appears to be the result of a release on the southwest side of Gashes Creek and does not appear to be related to groundwater quality on the Girmes facility.

Table 2  
Analytical Results for Groundwater and Surface Water Samples

STATION	SAMPLE DATE	TGB	12-OCT TOTAL	MINYD CHLORIDE	PCL
NC 2L Standard		0.0028	0.07	0.000015	0.0007
MW-01	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-02	04-Oct-06	0.012	<0.001	<0.001	NA
MW-04	04-Oct-06	0.19	0.17	0.0042	NA
MW-05	04-Oct-06	2.5	0.23	<0.001	NA
MW-05A	04-Oct-06	7.1	0.18	<0.001	NA
MW-06	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-07	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-08	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-09	04-Oct-06	0.4	0.098	<0.001	NA
MW-10	04-Oct-06	<0.001	0.017	<0.001	NA
MW-11	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-12	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-13	03-Oct-06	<0.001	<0.001	0.0025	NA
MW-15	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-15A	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-16	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-16A	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-17	03-Oct-06	<0.001	<0.001	<0.001	NA
MW-19	05-Oct-06	0.077	0.0042	<0.001	<0.001
MW-20	03-Oct-06	0.0031	0.0037	<0.001	NA
MW-23	03-Oct-06	<0.001	<0.001	<0.001	0.002
MW-24	05-Oct-06	0.0016	<0.001	<0.001	<0.001
MW-26R	03-Oct-06	0.0029	0.042	0.017	<0.001
MW-27	04-Oct-06	<0.001	<0.001	<0.001	NA
MW-28	03-Oct-06	<0.001	<0.001	<0.001	<0.001
MW-28A	03-Oct-06	0.013	0.0033	<0.001	0.023
MW-28A (DU-06301)	05-Oct-06	0.014	0.004	<0.001	0.026
MW-29	04-Oct-06	0.2	0.0076	<0.001	NA
RW-1	05-Oct-06	0.51	0.019	<0.001	0.013
RW-1 (DU-06302)	05-Oct-06	0.52	0.015	<0.001	0.012
RW-4	05-Oct-06	0.2	0.0092	<0.001	<0.001
SW-1	05-Oct-06	<0.001	<0.001	<0.001	NA
SW-2	05-Oct-06	<0.001	<0.001	<0.001	NA
SW-3	03-Oct-06	<0.001	<0.001	<0.001	NA
SW-4	03-Oct-06	<0.001	<0.001	<0.001	NA

(1) Analytical results are reported in milligrams per liter (mg/L) unless otherwise noted.

< Concentration less than the Quantitation Limit.

NA Not analyzed.

Shading indicates sample exceeds NC 2L Standard.

Table 3  
 Twenty-four Month Summary of Trichloroethene Concentrations Detected in Groundwater <sup>(1)</sup>

WELL	SAMPLE DATE				
	OCT-04	APR-05	OCT-05	APR-06	OCT-06
MW-1	ND	ND	ND	ND	ND
MW-2	0.0031	0.0031 j	0.0094	0.0095	0.012
MW-4	0.28	0.28 j	0.28	0.23	0.19
MW-5	5.9	5.3 j	5.6	3.7	2.5
MW-5A	*	*	*	7.2	7.1
MW-6	ND	ND	ND	ND	ND
MW-7	0.0022	ND	ND	0.0023	ND
MW-8	ND	ND	0.0011	ND	ND
MW-9	0.19	0.25 j	0.73	0.9	1.8
MW-10	ND	ND	0.001	0.0019	ND
MW-11	0.0017	0.0015 j	0.0014	ND	ND
MW-12	ND	ND	ND	ND	ND
MW-13	ND	ND	ND	ND	ND
MW-14	NA	NA	NA	NA	NA
MW-15	ND	ND	ND	ND	ND
MW-15A	0.0011	ND	ND	ND	ND
MW-16	ND	ND	ND	ND	ND
MW-16A	ND	ND	ND	ND	ND
MW-17	ND	ND	ND	ND	ND
MW-18	NA	0.0023 j	NA	0.0094	NA
MW-19	0.0085	ND	0.032	0.036	0.077
MW-20	0.008	0.0068 j	0.0082	0.0061	0.0031
MW-21	NA	0.0093 j	NA	NA	NA
MW-22	ND	ND	ND	ND	NA
MW-23	0.0021	0.0038 j	0.0011	0.0015	ND
MW-24	0.0042	0.0053 j	0.0033	0.0026	0.0016
MW-26R	ND	0.0056 j	0.0026	0.0065	0.0029
MW-27	ND	ND	ND	ND	ND
MW-28	ND	ND	ND	ND	ND
MW-28A	0.01	0.011 j	0.01	0.011	0.013
MW-29	*	*	*	0.3	0.2
RW-1	1.1	0.72	1.3	0.75	0.51
RW-3	NA	NA	NA	NA	NA
RW-4	0.2	0.24	0.41	0.29	0.2

<sup>(1)</sup> Analytical results are reported in milligrams per liter (mg/L) unless otherwise noted.  
 J Qualitative evidence of analyte present: Concentration detected is greater than the method detection limit but less than the reporting limit.  
 j Concentration considered an estimate based on data validation.  
 NA Not analyzed.  
 ND Not detected.  
 \* Wells MW-5A and MW-29 installed January, 2006.

Table 4  
 Twenty-four Month Summary of 1,2-Dichloroethene Concentrations Detected in Groundwater <sup>(1)</sup>

WELL	SAMPLE DATE				
	OCT-04	APR-05	OCT-05	APR-06	OCT-06
MW-1	ND	ND	ND	ND	<0.001
MW-2	ND	ND	ND	ND	<0.001
MW-4	0.2	0.18	0.26	0.31	0.17
MW-5	0.34	0.27	0.31	0.3	0.23
MW-5A	*	*	*	0.0082	0.18
MW-6	ND	ND	ND	ND	<0.001
MW-7	ND	ND	ND	ND	<0.001
MW-8	ND	ND	ND	ND	<0.001
MW-9	0.0097	0.017	0.042	0.1	0.098
MW-10	0.0085	0.01	0.015	0.034	0.017
MW-11	ND	ND	ND	ND	<0.001
MW-12	ND	ND	ND	ND	<0.001
MW-13	ND	ND	ND	ND	<0.001
MW-14	NA	NA	NA	NA	NA
MW-15	ND	ND	ND	ND	<0.001
MW-15A	ND	ND	ND	ND	<0.001
MW-16	ND	ND	ND	ND	<0.001
MW-16A	ND	ND	ND	ND	<0.001
MW-17	ND	ND	ND	ND	<0.001
MW-18	NA	ND	NA	ND	NA
MW-19	ND	ND	0.0012	0.0014	0.0042
MW-20	0.0041	0.0058	0.0051	0.0045	0.0037
MW-21	NA	0.0019	NA	NA	NA
MW-22	ND	ND	ND	ND	NA
MW-23	ND	ND	ND	ND	<0.001
MW-24	ND	ND	ND	ND	<0.001
MW-26R	0.014	0.044	0.032	0.044	0.042
MW-27	ND	ND	ND	ND	<0.001
MW-28	ND	ND	ND	ND	<0.001
MW-28A	0.0033	0.0034	0.0029	0.0028	0.0033
MW-29	*	*	*	0.0082	0.0076
RW-1	0.029	0.016	0.032	0.02	0.019
RW-3	NA	NA	NA	NA	NA
RW-4	0.0035	0.0054	0.0088	0.0052	0.0092

<sup>(1)</sup> Analytical results are reported in milligrams per liter (mg/L) unless otherwise noted.  
 J Qualitative evidence of analyte present: Concentration detected is greater than the method detection limit but less than the reporting limit.  
 NA Not analyzed.  
 ND Not detected.  
 \* Wells MW-5A and MW-29 installed January, 2006.

## Section 4

# Recovery System Performance

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The groundwater recovery system is designed to use three recovery wells to capture affected groundwater. Water from these wells is pumped to an air stripper, where VOCs are removed, and treated water is discharged into Gashes Creek per National Pollutant Discharge Elimination System (NPDES) Permit No. NC0086088. During the April 2002 sampling event it was discovered that the pump in well RW-3 was not operating. Attempts to restart the pump were unsuccessful. Well RW-3 has a yield of about ½ gallon per minute (gpm). Such a low flow in combination with the amount of vertical head between the pump and the land surface results in stress on the pump and its electrical system. This, in turn, resulted in pump failure. The remaining two wells (RW-1 and RW-4) recover approximately 15 and 7 gpm, respectively, and account for nearly all the yield from the groundwater recovery system. Since recovery well RW-3 contributes very little to the overall yield of the groundwater recovery system, it has remained off-line since April 2002 and groundwater recovery continues to include only wells RW-1 and RW-4.

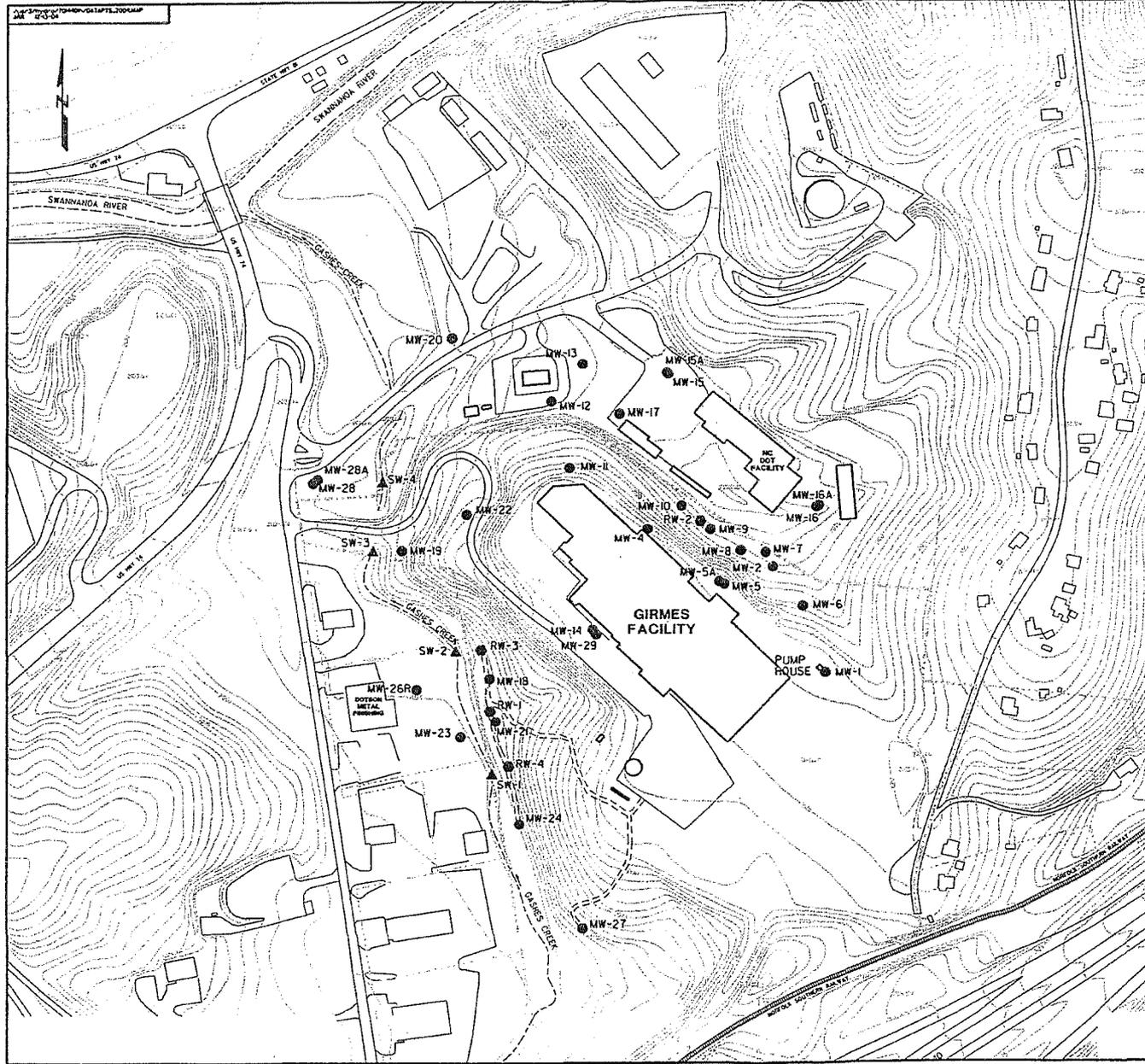
The groundwater recovery system is now operating on a pulse pumping cycle of “on” for 6 weeks, followed by “off” for 6 weeks. This pulsed pumping cycle operational mode was initiated on November 11, 2002.

Influent and effluent to the stripper is sampled on a monthly basis during “on” pumping cycles. Effluent flow is recorded continuously. The analytical results for the influent and effluent are used along with the flow data to estimate the amount of trichloroethene removed each month. Monthly volumes of treated groundwater for the past twelve months (ending October 31, 2006) and the estimated amount of TCE removed since system startup in March 1998 through October 2006 are summarized in Table 5. The estimated amount of groundwater that was recovered and treated during May 2006 through October 2006 is 3.5 million gallons. It is estimated that over 36 pounds of TCE were removed during May 2006 through October 2006. As shown on Table 5, the amount of water treated and TCE removed varied from month to month during this time period. This variance is due to the number of days that the system was in operation each month.

Table 6 summarizes the amount of water treated and the estimated amount of TCE removed each year since operation of the recovery system began in March 1998. For the years 1998 through 2002, the estimated amount of TCE removed declined from 167.7 pounds per year to 31.47 pounds per year. After pulse pumping of the system began in November 2002, the

estimated amount of TCE increased to 38.3 pounds per year in 2003, even further to 55.0 pounds per year in 2004, and to 78.7 pounds in 2005. While pulse pumping of the groundwater recovery system increased the amount of TCE removed, the volume of water removed during both years is significantly less than removed during years of full operation.

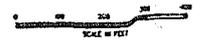
14-3-2004 10:44:00 G:\ATPL\2004\MP  
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**LEGEND**

- ▲ SW-1 SURFACE WATER SAMPLING LOCATION
- MW-15 MONITORING WELL LOCATION
- PROPERTY LINE - OTHER
- 900- TOPOGRAPHIC CONTOUR

NOTE:  
 DIGITIZED BASE MAP PROVIDED BY THE CITY OF  
 ASHEVILLE, NORTH CAROLINA NOVEMBER, 1993.  
 THE LOCATIONS OF THE STORM SEWER LINES  
 WERE INCLUDED AS PART OF THE BASE MAP.



PROJECT NO. 03-100000  
 PREPARED BY: A.S. BRADSHAW  
 DRAWN BY: J.L. BRADSHAW  
 CHECKED BY: B.A. BRADSHAW  
 APPROVED BY:  
 APPROVED BY: A.S. BRADSHAW  
 DATE: DECEMBER 2004  
 SHEET NO. 2004

<b>LOCATION OF DATA POINTS</b> GIRMES SITE, SURFACE WATER ASHEVILLE, NORTH CAROLINA	
SCALE AS NOTED	SHEET NO. 1

## Incident Management Data Entry

<i>Incident Information</i>		01/30/2001	
Incident Number	10033	Site Priority	0
Incident Name	GIRMES-OIL HOUSE		
Incident Address	US 74		
Incident City/Town	ASHEVILLE	Incident Zip	28805
County	Buncombe		
ROContact	LKD		

### *Responsible Party Information*

RP Contact	PAUL FLAY		
RP Company	J. L. DE BALL CANADA INC.		
RP Address	835 INDUSTRIAL BLVD.		
RP City	GRANBY	RP State	CA
RP Zip			
RP Phone	514-378-7978		
OwnerShip Type	Private		
Operation Type	Commercial		

### *Contamination Information*

		<i>GWContam (Y/N)</i>	N
<b>Sources</b>	<b>Type</b>	<b>Wells</b>	
Surface Spill	Heating Oil/Kerosene	Private Well	0
		Private NonDrinking	0
		Public Well	0

### *Status Information*

Report/Discovery Date	03/04/1993	Phase	Closed
Notice Date	03/26/1993	Next Due Date	
Next Action			
CSA Received		CAP Received	
CSA Approved		CAP Approved	
Last Modified	01/30/2001	CAP Type	None
Date Closed	08/03/1993	CAP Implemented	No Data

### *Locational Information*

Latitude (DMS)	353417	Longitude (DMS)	822953
Latitude (Decimal Degrees)	35.5713888888889	Longitude (Decimal Degrees)	82.4980555555556
Lat/Long QC	EST	Quad	N85e2p

### *Comments*

WHILE PERFORMING ENVIRONMENTAL ASSESSMENT, CONTAMINATED SOIL ENCOUNTERED AT OIL HOUSE. SOIL EXCAVATED TO ACCEPTABLE LEVELS.

# POLLUTION INCIDENT/U.S.T. LEAK REPORTING FORM

Department of Environment, Health, Natural Resources  
Division of Environmental Management  
GROUNDWATER SECTION

Confirm. GW Contamination (Y/N) <u>N</u>	Incident # <u>10033</u>
Major Soil Contamination (Y/N) <u>N</u>	Date Incident Occurred
Minor Soil Contamination (Y/N) <u>Y</u>	of Leak Detected <u>3/14/93</u>

### INCIDENT DESCRIPTION

Incident Location/Name Girmes - Oil House

Address US 74

City/Town Asheville County Buncombe Region ARO

Briefly Describe Incident As the result of a Phase I assessment performed for real estate sale, surface staining by No. 5 Fuel oil was discovered. Soil was excavated (35' x 6' x 5-6" deep) (~68 tons) & soil sample results indicate that contaminated soil remains above the SSE action level of 1,400 ppm for oil & greas. Additional excavation is scheduled.

### POTENTIAL SOURCE OWNER-OPERATOR

Potential Source Owner-Operator Paul Flay - Clement Rigby Telephone (514) 378-7978  
(704) 298-7976

Company J.L. de Ball Canada Inc. Street Address 835 Industrial Blvd.

City Granby County Quebec J2J 1R5 State Canada Zip Code \_\_\_\_\_

**OWNERSHIP**  
 0. N/A    1. Municipal    2. Military    3. Unknown    4. Private    5. Federal    6. County    7. State

**OPERATION TYPE**  
 0. N/A    1. Public Service    2. Agricultural    3. Residential    4. Education/Relig.    5. Industrial    6. Commercial    7. Mining

### POLLUTANTS INVOLVED

MATERIALS INVOLVED	AMOUNT LOST	AMOUNT RECOVERED
<u>No. 5 Fuel Oil</u>	<u>unt.</u>	_____
_____	_____	_____

### SOURCE OF POLLUTION

PRIMARY SOURCE OF POLLUTION (Select one)	PRIMARY POLLUTANT TYPE (Select one)	LOCATION	SETTING
1. Intentional dump	1. Pesticide/herbicide	1. <u>Facility</u>	1. Residential
2. Pit, pond, lagoon	2. Radioactive waste	2. Railroad	2. <u>Industrial</u>
3. Leak underground	3. Gasoline/diesel	3. Waterway	3. Urban
4. Spray Irrigation	4. <u>Heating oil</u>	4. Pipeline	4. Rural
5. Land application	5. Other petroleum prod.	5. Dumpsite	
6. Animal feedlot	6. Sewage/septage	6. Highway	
7. Source unknown	7. Fertilizers	7. Residence	
8. Septic tank	8. Sludge	8. Other	
9. Sower line	9. Solid waste leachate		
10. Stockpile	10. Metals		
11. Landfill	11. Other Inorganics		
12. <u>Spill surface</u>	12. Other organics		

D.E.M. Regional Contact Kay Dechant Signature Kay Dechant Date 3/26/93

Site Priority Ranking \_\_\_\_\_

per Kenneth Vanhoy

6/17/93

Janke removed water - Holston  
Dug additional excavation house  
sidewalk samples at 1900 ppm. T.H. <sup>probably</sup> acceptable <sub>with</sub> SSE  
Cunningham Truck will accept contam-  
inated soils.

Should receive report in 2 or 3 weeks



James B. Hunt, Jr., Governor  
Jonathan B. Howes, Secretary  
A. Preston Howard, Jr., P.E., Director

DIVISION OF ENVIRONMENTAL MANAGEMENT  
ASHEVILLE REGIONAL OFFICE  
GROUNDWATER SECTION

August 4, 1993

Mr. Paul Flay  
J. L. de Ball Canada, Incorporated  
835 Industrial Boulevard  
Granby, Quebec J2J 1A5  
Canada

Dear Mr. Flay:

Subject: Review of Soil Closure Report  
J. L. de Ball Girmes of America, Incorporated  
Girmes-Pump House and Oil Storage House  
Groundwater Incident Nos. 10033 and 10034  
Buncombe County, North Carolina

This letter is to acknowledge receipt on July 22, 1993 of the subject report submitted by Bain, Palmer and Associates, Incorporated.

Review of the analytical data indicates that remediation of the petroleum contaminated soil at the pump house and oil storage house has been completed within acceptable action levels. No further action is required at the two subject areas at this time.

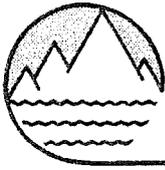
If you have any comments or questions, please contact me at (704) 251-6208.

Sincerely,

Laura Kay Dechant  
Hydrogeologist

LKD/gc

cc: Burrie Boshoff  
Amos C. Dawson, III  
Kenneth B. Vanhoy



BULLCO  
GIRMES  
LKA 4/1/93

**BAIN, PALMER & ASSOCIATES, INC.**  
environmental consultants

(919) 272-9713

2641-G Randleman Road, Greensboro, NC 27406

April 2, 1993

Ms. Kay Dechant  
NC DEHNR  
DEM - Groundwater Section  
Asheville Regional Office  
Interchange Building  
59 Woodfin Place  
Asheville, NC 28801

Re: Notice of Violation for Oil Pollution  
Hazardous Substances Control Act  
J.L. deBall - Girmes of America, Incorporated  
Buncombe County, North Carolina  
Bain, Palmer & Assoc. No. 0121.001

Dear Ms. Dechant:

This letter is in response to your March 26, 1993 letter concerning the petroleum hydrocarbon contamination at the subject location. J.L. deBall - Girmes of America, Incorporated has retained Bain, Palmer & Associates, Inc. (BPA) to address the violations as soon as possible. BPA will provide the following services to bring the site into compliance:

- 1.) Remove and properly dispose of the water currently in the excavation.
- 2.) Excavate soil in both a vertical and horizontal extent at both the oil house and pump house until apparently clean soils are encountered.
- 3.) Collect soil samples from the bottom of the excavations and have them analyzed by EPA Method 9071, 5030 and 3550 for total petroleum fuel hydrocarbons.
- 4.) Sidewall samples may be collected and analyzed by the above referenced methods if field conditions indicate possible contamination.
- 5.) Excavated soil will be stockpiled and covered with plastic until arrangements for proper disposal are made.

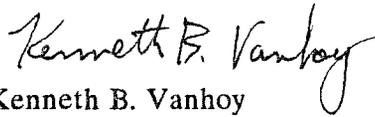
APR - 5 1993

We plan to remove the water from the excavation and excavate additional soils from the oil and pumphouse locations either the week of April 5th or April 12th. Soil disposal will occur less than 30 days after excavation. Approximately 10 days after soil disposal a written report documenting the results of soil sampling and disposal will be submitted to the NC DEHNR, DEM, Groundwater Section Regional Office in Asheville.

If you have any questions concerning this scope of work, please feel free to call Ken Vahoy at (919) 272-9713.

Sincerely,

BAIN, PALMER & ASSOCIATES, INC.



Kenneth B. Vanhoy  
Geologist



E.W. Scarlett, P.G.  
Principal

KBV/cwm

cc: Mr. Paul Flay

State of North Carolina  
Department of Environment,  
Health and Natural Resources



James B. Hunt, Jr., Governor  
Jonathan B. Howes, Secretary  
A. Preston Howard, Jr., P.E., Director

DIVISION OF ENVIRONMENTAL MANAGEMENT  
ASHEVILLE REGIONAL OFFICE  
GROUNDWATER SECTION

August 4, 1993

Mr. Paul Flay  
J. L. de Ball Canada, Incorporated  
835 Industrial Boulevard  
Granby, Quebec J2J 1A5  
Canada

Dear Mr. Flay:

Subject: Review of Soil Closure Report  
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Girmes-Pump House and Oil Storage House  
Groundwater Incident Nos. 10033 and 10034  
Buncombe County, North Carolina

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Review of the analytical data indicates that remediation of the petroleum contaminated soil at the pump house and oil storage house has been completed within acceptable action levels. No further action is required at the two subject areas at this time.

If you have any comments or questions, please contact me at (704) 251-6208.

Sincerely,

Laura Kay Dechant  
Hydrogeologist

LKD/gc

cc: Burrie Boshoff  
Amos C. Dawson, III  
Kenneth B. Vanhoy

# POLLUTION INCIDENT/U.S.T. LEAK REPORTING FORM

Department of Environment, Health, Natural Resources  
 Division of Environmental Management  
 GROUNDWATER SECTION

Confirm. GW Contamination (Y/N) N  
 Major Soil Contamination (Y/N) N  
 Minor Soil Contamination (Y/N) Y

Incident # 10034  
 Date Incident Occurred  
 or Leak Detected 3/4/93

## INCIDENT DESCRIPTION

Incident Location/Name Girmes - Pump House

Address US 74

City/Town Asheville County Buncombe Region ARO

Briefly Describe Incident As the result of a Phase I assessment performed for real estate sale, surface staining by No 5 fuel oil was discovered. Soil was excavated (13' x 5' x 4' deep) (34 tons) & soil sample results indicate that contaminated soil remains above the SSE action level of 1,400 ppm for oil & grease. Additional excavation is scheduled.

## POTENTIAL SOURCE OWNER-OPERATOR

Potential Source Owner-Operator Paul Flay - Clement Rigsby Telephone (514) 378-7978  
(704) 298-7976

Company J.L. de Ball Canada Inc Street Address 835 Industrial Blvd.

City Granby County Quebec J2J 1K5 State Canada Zip Code

### OWNERSHIP

0. N/A 1. Municipal 2. Military 3. Unknown 4. Private 5. Federal 6. County 7. State

### OPERATION TYPE

0. N/A 1. Public Service 2. Agricultural 3. Residential 4. Educational/Relig. 5. Industrial 6. Commercial 7. Mining

## POLLUTANTS INVOLVED

MATERIALS INVOLVED	AMOUNT LOST	AMOUNT RECOVERED
<u>No. 5 Fuel Oil</u>	<u>unk.</u>	

## SOURCE OF POLLUTION

### PRIMARY SOURCE OF POLLUTION (Select one)

- 1. Intentional dump
- 2. Pit, pond, lagoon
- 3. Leak-underground
- 4. Spray irrigation
- 5. Land application
- 6. Animal feedlot
- 7. Source unknown
- 8. Septic tank
- 9. Sewer line
- 10. Stockpile
- 11. Landfill
- 12. Spill-surface
- 13. Well
- 14. Dredge spoil
- 15. Nonpoint source

### PRIMARY POLLUTANT TYPE (Select one)

- 1. Pesticide/herbicide
- 2. Radioactive waste
- 3. Gasoline/diesel
- 4. Heating oil
- 5. Other petroleum prod.
- 6. Sewage/septage
- 7. Fertilizers
- 8. Sludge
- 9. Solid waste leachate
- 10. Metals
- 11. Other inorganics
- 12. Other organics

### LOCATION

- 1. Facility
- 2. Railroad
- 3. Waterway
- 4. Pipeline
- 5. Dumpsite
- 6. Highway
- 7. Residence
- 8. Other

### SETTING

- 1. Residential
- 2. Industrial
- 3. Urban
- 4. Rural

Site Priority  
 Ranking

D.E.M. Regional Contact

Kay Dechant

Signature

Kay Dechant

Date

3/26/93



State of North Carolina  
Department of Environment, Health, and Natural Resources

Asheville Regional Office

James B. Hunt, Jr., Governor  
Jonathan B. Howes, Secretary

DIVISION OF ENVIRONMENTAL MANAGEMENT

Ann B. Orr  
Regional Manager

March 26, 1993

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

P 411 632 920

Mr. Paul Flay  
J. L. de Ball Canada, Incorporated  
835 Industrial Boulevard  
Granby Quebec J2J 1A5  
Canada

Dear Mr. Flay:

Subject: Notice of Violation for:  
Oil Pollution and Hazardous Substances Control Act, N. C. General  
Statutes 143-215.75 et. seq.  
J. L. de Ball - Girmes of America, Incorporated  
Buncombe County, North Carolina

Based upon the report of petroleum hydrocarbon contamination at the subject location, the Division of Environmental Management (the Division) has reason to believe that you are responsible for activities resulting in violations of North Carolina law. This letter is a standard notification to such a violation under North Carolina law.

Chapter 143, North Carolina General Statutes, authorize and directs the Environmental Management Commission and the North Carolina Department of Environment, Health, and Natural Resources (DEHNR) to protect and preserve the water and air resources of the State. The Division has the delegated authority to enforce adopted pollution control rules and regulations.

Under G.S. 143-215.83(a), the unlawful discharge of oil or other hazardous substances into or upon any water or lands within this State is prohibited. The release of oil and grease at the subject site establishes a violation of G.S. 143-215.83(a) of the Oil Pollution and Hazardous Substances Control Act.

Mr. Paul Flay  
March 26, 1993  
Page 2

As described in G.S. 143-215.84(a), any person having control over oil or other hazardous substances unlawfully discharged into or upon any water or lands within this State shall immediately undertake to collect and remove the discharge, and to restore the area affected by the discharge as nearly as may be to the condition existing prior to the discharge. If it is not feasible to collect and remove the discharge, the person responsible shall take all practicable actions to contain, treat, and disperse the discharge; but no chemicals or other dispersants or treatment material which will be detrimental to the environment or natural resources shall be used for such purposes unless they shall have been previously approved by the Environmental Management Commission.

Upon any violations of established deadlines, no further notice may be sent and this office may immediately request that enforcement measures be commenced. Therefore, it is important that all deadlines be met, or an extension of time be requested for good cause. Failure to respond within the times specified may result in the recommendation for one or both of the following enforcement actions:

1. Assessment of a civil penalty under the authority of G.S. 143-215.88A, of not more than \$5,000 for each violation of the Oil Pollution and Hazardous Substances Control Act;
2. Assessment of a civil penalty assessment under authority of G.S. 143-215.6A of not more than \$10,000 per day if any action or failure to act is continuous; issuance of a special order against you under the authority of G.S. 143-215.2; or a request to the Attorney General to institute an action for injunctive relief for violations of the North Carolina Groundwater Standards;
3. Criminal action, including penalty assessments may be commenced against any person who knowingly and willfully violates any groundwater standard, cleanup requirement, or UST technical requirement.

Within two weeks of the receipt of this notice, you are to submit to this office a written response providing the following information:

1. Plans for removal of the contaminated soil in excess of the State's action level. This shall include confirmatory soil analysis by EPA Method 9071 for oil and grease, and EPA Methods 5030 and 3550 for total petroleum fuel hydrocarbons.
2. Proper disposition of the contaminated soil.
3. A schedule for implementation of the above activities.

Mr. Paul Flay  
 March 26, 1993  
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Your response should be directed to Kay Dechant at the following address:  
 NC DEHNR, DEM, Groundwater Section, 59 Woodfin Place, Asheville, North Carolina  
 28801. If you have any questions, please feel free to call Kay Dechant at  
 (704) 251-6208.

Sincerely,

*Roy M. Davis*

Roy M. Davis  
 Regional Supervisor

RMD/LKD/gc

cc: Arthur Mouberry  
 Burrie Boshoff  
 Barry Nelson

P 411 632 920



**Receipt for Certified Mail**

No Insurance Coverage Provided  
 Do not use for International Mail  
 (See Reverse)

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete Items 1 and/or 2 for additional services.
- Complete Items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return it to you.
- Print your name and address on the reverse of this form so that we can return it to you.
- Write "Return Receipt Requested" on the mailing label below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery  
 Consult postmaster for fee.

3. Article Addressed to:

MR PAUL FLAY  
 J L DE BALL CANADA INCORPORATED  
 835 INDUSTRIAL BOULEVARD  
 GRANBY QUEBEC J2J 1A5  
 CANADA

4a. Article Number  
 P 411 632 920

4b. Service Type

Registered  Insured  
 Certified  COD  
 Express Mail  Return Receipt for Merchandise

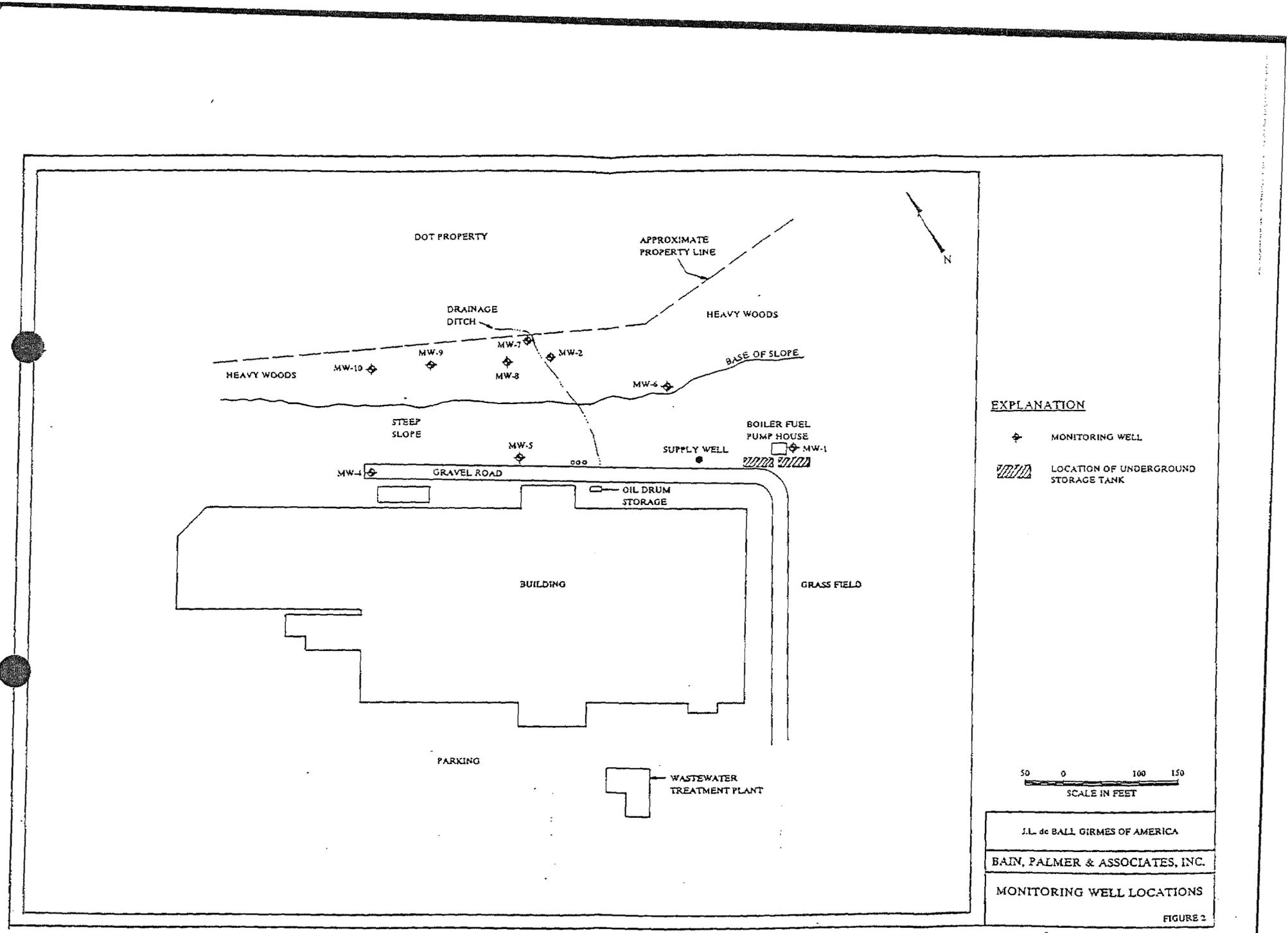
7. Date of Delivery  
 8/04/93

8. Addressee's Address (When required and fee is paid)

PS Form 3811, December 1991 \* U.S.G.P.O. : 1992-307-630

Thank you for using Return Receipt Service.  
 PS Form 3800, June 1991

Sent to Paul Flay	
Street and No. J.L. de Ball Canada, Inc.	
P.O., State and ZIP Code 835 Industrial Boulevard	
Postage Granby Quebec J2J 1A5	
Certified Fee CANADA	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date MAILED 3-29-93	



**EXPLANATION**

◆ MONITORING WELL

▨ LOCATION OF UNDERGROUND STORAGE TANK

50 0 100 150  
SCALE IN FEET

J.L. de BALL, GIRMES OF AMERICA

BAIN, PALMER & ASSOCIATES, INC.

MONITORING WELL LOCATIONS

FIGURE 2