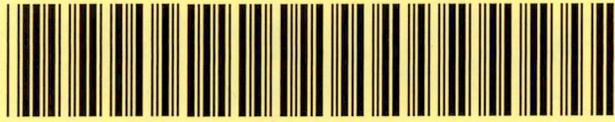


1824IHSSF1121



DocumentID NONCD0002916

Site Name COASTAL LUMBER

DocumentType Correspondence (C)

RptSegment 1

DocDate 3/4/2013

DocRcvd 3/11/2013

Box SF1121

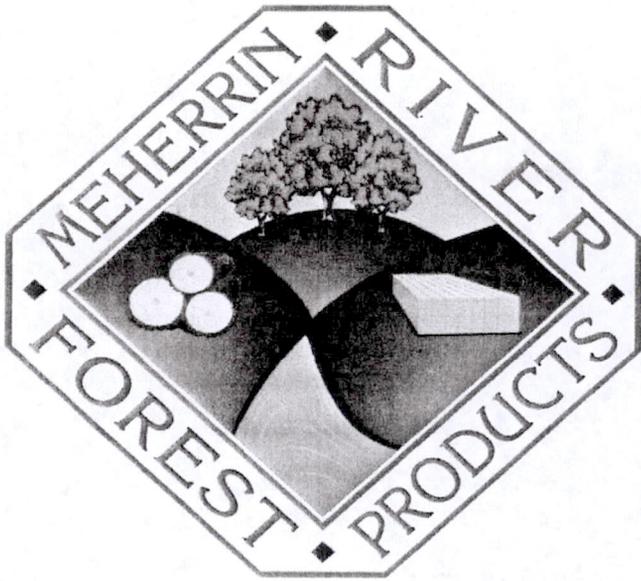
AccessLevel PUBLIC

Division WASTE MANAGEMENT

Section SUPERFUND

Program IHS (IHS)

DocCat FACILITY



Meherrin River Forest Products
P.O. Box 100
Alberta, VA 23821
434-949-7707 Telephone
434-949-7171 Fax

RECEIVED
MAR 11 2013
DIVISION OF WASTE MANAGEMENT
FAYETTEVILLE REGIONAL OFFICE

March ^{4th}, 2013

David L. Brown
Inactive Hazardous Sites Branch
225 Green Street, Suite 714
Fayetteville, NC 28301

Re: Former Coastal Lumber Company – 1772 Trueblood Road, Weldon, NC

Dear Mr. Brown:

This letter is submitted to you jointly by Meherrin River Forest Products, Inc. ("Meherrin") and Northwest Hardwoods, Inc. ("Northwest") in response to the Notice of Regulatory Requirements ("NORR") dated January 30, 2013 that the North Carolina Department of Environment and Natural Resources ("NCDENR") sent to Northwest regarding the above-captioned property (the "Site"). As you know, Bensinger & Garrison Environmental, Inc., working on behalf of Meherrin, submitted certain Phase II testing results related to the Site to your office in January, 2013. These test results were obtained as part of Meherrin's due diligence in connection with its acquisition of the Site. Northwest (as successor by merger to Eastern Hardwoods, LLC) owned the Site at the time that Bensinger & Garrison performed its investigations. Northwest neither engaged Bensinger & Garrison, nor authorized Meherrin to submit the Bensinger & Garrison's report to NCDENR. The enclosed Questionnaire was requested by you as part of the NORR. The purpose of this letter is to submit the completed Questionnaire, inform NCDENR that Meherrin has purchased the Site from Northwest, inform NCDENR of Meherrin's ownership of site, and advise that Meherrin has agreed to indemnify and hold Northwest harmless from any regulatory responsibility for the Site.

Meherrin and Northwest wanted to bring the following key facts to your attention as you begin to characterize and assess the Site's status under the N.C. Inactive Hazardous Sites Program. Specifically, we want to clarify that it will be Meherrin who should receive all future correspondence related to the Site. Second, Bensinger & Garrison believe that the contamination is isolated to areas directly adjacent to Coastal Industrial Products' treatment operation whose

storm water disperses to the areas of contamination. Bensinger & Garrison believe that the substances found are consistent with those used in the treatment process and not in the manufacturing of hardwood lumber that was the sole former and Meherrin River Forest Products future use of the site. Thus Coastal should ultimately be responsible for any remediation resulting from their former and current business practices. Meherrin River has received a Brownfield eligibility letter and plans to cooperate with the state in the design and execution of the Brownfields Plan. Accordingly, Meherrin has completed the enclosed Questionnaire with the understanding that the Brownfields agreement will allow them to return this site to a productive state and operate under the direction of thus said agreement. Moreover, for the reasons set forth below, Northwest is not a potentially responsible party under the Comprehensive Environmental Responsibility, Compensation, and Liability Act ("CERCLA") or the N.C. Inactive Hazardous Sites Response Act ("IHSRA"), should not have received the NORR, and should be removed immediately from DWM's database of PRP's for this specific site.

Northwest is exempt from any CERCLA and IHSRA liability for the Site for at least two reasons: first, because it acquired ownership of the Site through a foreclosure process and is entitled to the "secured lender" protections set forth in CERCLA; and second, because it is a bona fide prospective purchaser ("BFPP") who performed "all appropriate inquiry" (as both such terms are defined in CERCLA) prior to acquiring ownership of the Site.

Secured Lender Defense: Merely holding a security interest in property does not, in and of itself, result in either CERCLA or IHSRA liability. Neither does simply foreclosing on that security interest, winding up operations, and selling or re-leasing the property after foreclosure, all of which occurred here prior to Meherrin's acquisition of this property. This is particularly clear where – as here – Northwest acquired the Site by foreclosing on an outstanding loan and undertook steps to sell the property promptly, at a "commercially reasonable time," taking into account market conditions. As a result of these marketing efforts, Northwest identified Meherrin as a suitable purchaser of the Site.

More specifically, in 2011 Northwest purchased a portfolio of loans that Branch Banking & Trust ("BB&T") had made to Coastal Lumber Company. Among the loans in the BB&T portfolio was one secured by the real property comprising the Site. Subsequent to acquiring the loans from BB&T, Northwest entered into a Deed in Lieu of Foreclosure Agreement with Coastal Lumber (which had defaulted on the loans) and thereby acquired title to the Weldon property. All of these events and transactions occurred in connection with Northwest's status as a "secured lender" under CERCLA.

At no time did Northwest ever "manage" the Site or direct or conduct any commercial, industrial or other type of business operations at the Site. Northwest merely engaged a few temporary employees immediately after foreclosure to transfer existing inventory off-site, maintained a few office personnel in a building away from the actual mill property, and controlled access to the Site by deploying an on-site security guard. Neither Northwest nor any agent of Northwest ever became involved in any way with environmental compliance matters at the Site; hazardous substance handling or disposal practices related to the Site; or any Site "operations" whatsoever, other than the minor activities described above.

At the earliest practical time, given market conditions, Northwest took steps to dispose of its interest in the Site to an unrelated third party, Meherrin. Based on the foregoing facts, Northwest is a "secured lender" and is exempt from CERCLA and IHSRA liability for any hazardous substance contamination at the Site.

BFPP Defense: As you also know, both CERCLA and IHSRA treat a purchaser of contaminated property who conducts "all appropriate inquiry" prior to the purchase as a "bona fide prospective purchaser" entitled to an exemption from liability. BFPP protection requires the purchaser to establish that: (1) disposal of hazardous substances occurred before the purchaser acquired the property; (2) appropriate due diligence was conducted into previous ownership and uses of the facility; (3) all legally required notices were provided regarding discovery or release of any hazardous substances at the facility; (4) reasonable steps were taken to prevent any continuing or future release and exposure to previously released substances; (5) purchaser provided full cooperation with any response actions; (6) purchaser complied with land use restrictions; (7) purchaser complied with requests for information; and (8) purchaser has no affiliation with any party that was responsible for releasing hazardous substances at the property.

In addition to having the full benefit of the secured lender defense, Northwest would also qualify as a BFPP had it acquired the Site through a conventional purchase process rather than through foreclosure. Again, Northwest never became involved in any way with facility operations, including specifically any decision making or operations involving hazardous substance management or disposal. Taking the above-listed BFPP criteria and applying them here, it is significant to note that:

1. Any and all disposal or release of hazardous substances occurred before Northwest acquired the Site.
2. Appropriate due diligence, constituting "all appropriate inquiry" as the term is defined in CERCLA, and including an ASTM Standard Phase I report, was conducted on behalf of Northwest prior to the time that it foreclosed on its security interest in the Site.
3. Consequently, Northwest was not required to provide any notices regarding the discovery or release of any hazardous substances at the Site, and therefore none were made during its brief period of ownership.
4. Similarly, since Northwest had no actual knowledge of any suspected release(s) at the Site until Meherrin performed its due diligence investigations, no steps were taken – or required - to prevent any continuing or future release and exposure to previously released substances.
5. Similarly, Northwest was not involved in any response actions at the Site.
6. The Site is not subject to any land use restrictions.
7. The NORR and related Site Cleanup Questionnaire were the first and only requests for information regarding this Site of which Northwest is aware, and the enclosed completed Questionnaire responds to this request.
8. Northwest has never had any legal affiliation with any entity that may have been responsible for historic releases of hazardous substances at the Site.

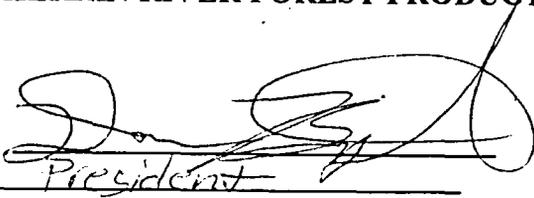
In summary, we request that DWM direct all future correspondence relating to this Site to Meherrin. Further, for the reasons explained above, we believe the Division should delete Northwest from any DWM database of PRPs relating to this site.

Meherrin is signing this letter as the party submitting the completed Questionnaire, and to confirm that it has purchased the Site. Northwest is signing this letter to confirm that it has sold the Site to Meherrin and to confirm the facts and circumstances related to its status as secured lender and BFPP. Thank you for your consideration of the information relayed in this letter.

Sincerely,

MEHERRIN RIVER FOREST PRODUCTS, INC.

By: _____
Its: _____



NORTHWEST HARDWOODS, INC.

By: _____
Its: _____

Encl. (completed Questionnaire)

Site Cleanup Questionnaire

Remediating parties interested in volunteering should prepare this form with the assistance of an environmental consultant. All cooperative parties are eligible for Branch-approved remedial actions. Answer all questions, based on current information, and provide written descriptions where needed.

NCDENR Site Name, City and County Former Coastal Lumber Company, Weldon,
Halifax County, NC

1. Is the site located on or immediately adjacent to residential property, schools, day-care centers or other sensitive populations? Y N
If yes, please explain on a separate page.
2. What is the distance (from site property line) to the nearest residence, school or day-care center? Please attach a map showing the site and nearest residence, school or daycare center. ~ 90ft.
3. Is the site completely surrounded by a locked fence? Y N
If no, please explain security measures at the site on a separate page.
4. Are site surface soils known to be contaminated? Y N
If yes, or unknown, describe briefly on a separate page.
5. Is site groundwater known to be contaminated? Y N
If yes, or unknown, describe briefly on a separate page.
6. Is site sediment or surface water known to be contaminated? Inufficient information - Unknown. Y N
If yes, or unknown, describe briefly on a separate page.
7. Has groundwater contamination affected any drinking water wells? Y N
If yes, or unknown, please explain on a separate page.
8. What is the distance to the nearest downgradient drinking water well? > 1 mile
9. What is the distance to the nearest downstream surface water intake? ~ 2.4 miles
10. Are hazardous vapors, air emissions or contaminated dust migrating into occupied residential, commercial or industrial areas? Y N
If yes, or unknown, please explain on a separate page.
11. Have hazardous substances known to have migrated off property at concentrations in excess of Branch unrestricted-use remediation goals? Y N
If yes, or unknown, please explain on a separate page.
12. Has the local community expressed concerns about contamination at the site? Y N
If yes, or unknown, please explain on a separate page.
13. Based on current information, are there any sensitive environments located on the property (sensitive environments are identified in the Remedial Investigation Work Plans section of the IHSB "Guidelines for Assessment and Cleanup" at <http://portal.ncdenr.org/web/wm/sf/sfavailabledocs>)? Y N
See attached.

If yes, or unknown, please explain on a separate page.

14. Based on current information, has contamination from the site migrated into any sensitive environments?

Y N
see Attached.

If yes, or unknown, please explain on a separate page.

15. Do site contaminants include radioactive or mixed radioactive and chemical wastes?

Y N

If yes, or unknown, please explain on a separate page.

Remediating Party Certification Statement

After first being duly sworn or affirmed, I, _____, hereby state that: I am over the age of eighteen, I am competent to make this certification based upon my own personal knowledge and belief, and, to the best of my knowledge and belief, after thorough investigation, the information contained herein is accurate and complete. I am aware that there are significant penalties for willfully submitting false, inaccurate or incomplete information.

(Signature of Remediating Party Representative)

(Date)

(Printed Name and Title of Remediating Party Representative)

(Printed Name of Company)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of said County and State, do hereby certify that _____ personally appeared before me this day, produced proper identification in the form of _____, was duly sworn and/or affirmed, and declared that he or she is the owner of the property referenced above or is a duly authorized agent of said owner and that, to the best of his or her knowledge and belief, after thorough investigation, the information contained in the above certification is accurate and complete, and he or she then signed this Certification in my presence.

WITNESS my hand and official seal the _____ day of _____, 200__.

Notary Public (signature)

(OFFICIAL SEAL)

My commission expires: _____

Environmental Consultant Certification Statement

After first being duly sworn or affirmed, I, _____, hereby state that: I am over the age of eighteen, I am competent to make this certification based upon my own personal knowledge and belief, and, to the best of my knowledge and belief, after thorough investigation, the information contained herein is accurate and complete. I am aware that there are significant penalties for willfully submitting false, inaccurate or incomplete information.

(Signature)

(Date)

(Printed Name)

(Printed Name of Environmental Consultant)

STATE OF _____

COUNTY OF _____

I, _____, a Notary Public of said County and State, do hereby certify that _____ personally appeared before me this day, produced proper identification in the form of _____, was duly sworn and/or affirmed, and declared that he or she is an environmental consultant for the property referenced above and that, to the best of his or her knowledge and belief, after thorough investigation, the information contained in the above certification is accurate and complete, and he or she then signed this Certification in my presence.

WITNESS my hand and official seal the _____ day of _____, 200__.

Notary Public (signature)

(OFFICIAL SEAL)

My commission expires: _____

ATTACHMENT A

SUPPLEMENTAL SITE CLEANUP QUESTIONNAIRE RESPONSES

Question 1

Is the site located on or immediately adjacent to residential property, schools, day-care centers, or other sensitive populations? The site is located adjacent to residential properties to the south.

Question 2

What is the distance (from site property line) to the nearest residence, school or day-care center? Please attach a map showing the site and nearest residence, school, or daycare center. The nearest residential structure is approximately 90 feet from the southern site property line (Figure 1). Weldon High School is approximately 900 feet northwest of the northern site property line.

Question 3

Is the site completely surrounded by a locked fence? If no, please explain security measures at the site on a separate page. The main operational portion of the site, located on the east side of Trueblood Road is fenced and secured. Undeveloped portions of the site, located west of Trueblood Road, are not fenced.

Question 4

Are site surface soils known to be contaminated? Based on the results presented in Phase II Environmental Site Assessment of the ~ 117 Acres Former Coastal Lumber Company Property at 1772 Trueblood Road, Weldon, Halifax County, NC 27890, prepared by Bensinger & Garrison Environmental, Inc. (BGE), and dated January 8, 2013 (the "Phase II Report"), it is difficult to determine whether surface soils at the site have been impacted. BGE collected 7 soil samples at the site, 6 of which were collected at intervals between one and two feet below ground surface (bgs). No soil samples appear to have been collected from the upper foot of soil. Much of the site is covered with pavement or gravel.

Dieldrin was detected in two soil samples, collected at depths between 1 and 2 feet bgs, at locations adjacent to the former dip tank (0.0029 milligrams per kilogram [mg/kg]) and in the former outdoor lumber storage area (0.0041 mg/kg) as compared to the Inactive Hazardous Sites Branch (IHSB) preliminary soil remediation goal (PSRG) for protection of groundwater of 0.0008 mg/kg, but below the PSRG for industrial soil of 0.11 mg/kg. Based on these results, these soils do not pose a direct contact hazard. No deeper soil samples were collected at these locations to evaluate the potential migration of dieldrin through the soil column. However, dieldrin was not detected in site groundwater.

No other constituents were detected in site soil at concentrations exceeding the PSRGs for protection of groundwater or for industrial soil.

Question 5

Is site groundwater known to be contaminated? Based on the results presented in the Phase II Report, hexavalent chromium was detected in unfiltered groundwater collected from three locations at concentrations (up to 19 micrograms per liter [$\mu\text{g/L}$]) exceeding the 15A NCAC 2L groundwater

standard of 10 µg/L. Lead was detected in unfiltered groundwater from a single, inactive industrial water supply well at a concentration of 427 µg/L as compared to the 15A NCAC 2L groundwater standard of 15 µg/L. No information was provided regarding the turbidity of the groundwater samples, thus it is unclear if the elevated concentrations of metals result from suspended particulates, or are representative of dissolved concentrations. Further, it is unclear if the old pump situated in the former industrial water supply well may include lead piping or piping with lead-based solder. Lead was not detected at concentrations of concern in other site groundwater samples. Bromacil was measured in a groundwater sample collected from MW-8, located near a maintenance shed, at an estimated concentration of 25 µg/L; no groundwater standard has been established for Bromacil. Similarly, the compound 1-Adamantol was detected in groundwater collected from MW-13 at an estimated concentration of 17 µg/L; no groundwater standard has been established for this compound. No other constituents were detected in site groundwater at concentrations of concern.

Question 6

Is site sediment or surface water known to be contaminated? Based on the Phase II Report, two sediment samples and one surface water sample were collected from the pond located on the west side of Trueblood Road.

Concentrations of constituents detected in pond sediment at concentrations above the laboratory reporting limit include:

- Arsenic – 26.9 to 29.9 mg/kg.
- Acetone – 0.27 to 0.28 mg/kg.
- 2-butanone (MEK) – Non-detect (ND) to 0.11 mg/kg.

Several compounds were detected in one or both sediment samples at estimated concentrations below the laboratory reporting limit and included carbon disulfide (0.0052 mg/kg), tetracosane (0.98 mg/kg), octadecane (1.2 mg/kg), cyclopentasiloxane (0.02 mg/kg). The only compound detected in sediment at a concentration exceeding the PSRG for protection of groundwater or the PSRG for industrial soils is arsenic. Measured concentrations of arsenic also exceed the USEPA Region IV Ecological Risk Sediment Screening Value of 7.24 mg/kg. No information was provided regarding natural background concentrations of arsenic in area soil, thus it is unclear if the arsenic results may be representative of background.

Constituents detected in the single unfiltered pond surface water sample include: arsenic (estimated concentration of 5.48 µg/L); bis(2-ethylhexyl) phthalate (22 µg/L); methylene chloride (estimated concentration of 0.4 µg/L); and diethylphthalate (210 µg/L). The measured concentration of arsenic in surface water is below the applicable 15A NCAC 2B surface water standards. No surface water standards have been established by NCDENR for methylene chloride, bis(2-ethylhexyl) phthalate, or diethylphthalate.

Although no surface water flow studies have been conducted, it appears as though the pond may receive runoff from a number of surrounding area properties.

Question 8

Based on a review of the following databases¹: The North Carolina Rural Economic Development Center Water Distribution Well database; the NCDENR Division of Environmental Health, Public

¹ All data downloaded for use in GIS from NC One Map – Geospatial Portal | www.nconemap.com

Water Supply Section Public Water Supply Water Sources database; and the NCDENR Division of Water Quality Surface Water Intakes database, the nearest identified drinking water well is located approximately 0.7 mile east of the site, which is anticipated to be upgradient of the site. The nearby well owner is identified as New York Motel. No drinking water wells were identified within a one-mile of the site in the anticipated downgradient direction (i.e., west of the site).

Question 9

Based on a review of the databases listed in Question 8, the nearest downstream surface water intake appears to the Roanoke River which is located approximately 2.4 miles north of the site.

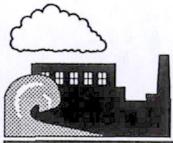
Question 13

Based on current information, are there any sensitive environments located on the property?

A complete review of all potential sensitive environments has not been conducted. However, based on a review of the U.S. Fish and Wildlife Service National Wetlands Inventory database, the pond located on the west side of Trueblood road, and surrounding areas, are part of the National Wetlands Inventory. The pond outlet flows to the northwest into an unnamed tributary, then north into Chockoyotte Creek, which drains into the easterly flowing Roanoke River.

Question 14

Based on current information, has contamination from the site migrated into any sensitive environments? Based on currently available information, it does not appear the contamination has migrated from the site into sensitive environments. Although hexavalent chromium and lead were detected in groundwater collected from one or more locations within the former operational portion of the site, these constituents were not detected in pond water, across Trueblood Road. Similarly, dieldrin was detected in two soil samples near the former drip tank at concentrations slightly exceeding the PSRG for protection of groundwater, but dieldrin was not detected in site groundwater or in pond water or sediment. Phthalate compounds were detected in pond water, but were not detected in groundwater beneath the former operational portion of the site, or in site soil.

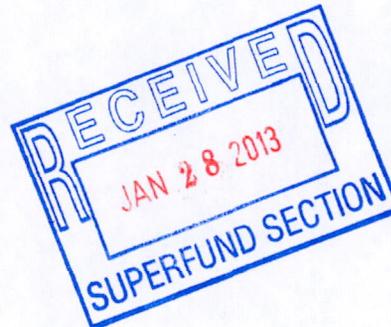


Bensinger & Garrison
ENVIRONMENTAL, INC.
Bluefield Engineering, P.C.

P.O. BOX 14609 • RTP, NC 27709
PHONE 919-484-8536
FAX 919-484-8540

January 25, 2013

Mr. John Walch
Eastern Unit Supervisor
Superfund Section
NCDENR Division of Waste Management
1646 Mail Service Center
Raleigh, North Carolina 27699-1646

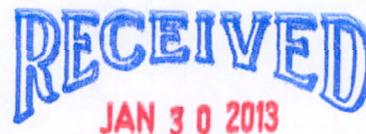


RE: Former Coastal Lumber Company
1772 Trueblood Road
Weldon, North Carolina

Dear Mr. Walch:

Thank you for discussing the Phase II Environmental Site Assessment of the above referenced property with me today. A copy of the report is attached. My client is interested in purchasing the site and has obtained authorization for me to submit this on behalf of the owner.

The current owner is: Northwest Hardwoods
820 A St # 500
Tacoma, WA 98402
T.J. Rosengarth, CEO



The property is adjacent to a current wood treating operation:

Coastal Treated Products Co.
P.O. Box 849
Weldon, NC 27890-0849
866-587-8761

DIVISION OF WASTE MANAGEMENT
FAYETTEVILLE REGIONAL OFFICE

Please call me if you have any questions.

Sincerely,
BENSINGER & GARRISON ENVIRONMENTAL INC

Jack H. Garrison, Jr.
Senior Environmental Consultant

JHG/jhg
Enclosure
213912/Walch.ltr

