

LATHAM & WATKINS^{LLP}

**Curtis Specialty Papers Superfund Site
Borough of Milford and Alexandria Township,
New Jersey**

National Priorities Listing Discussion

**September 17, 2009
New York, New York**



Georgia-Pacific



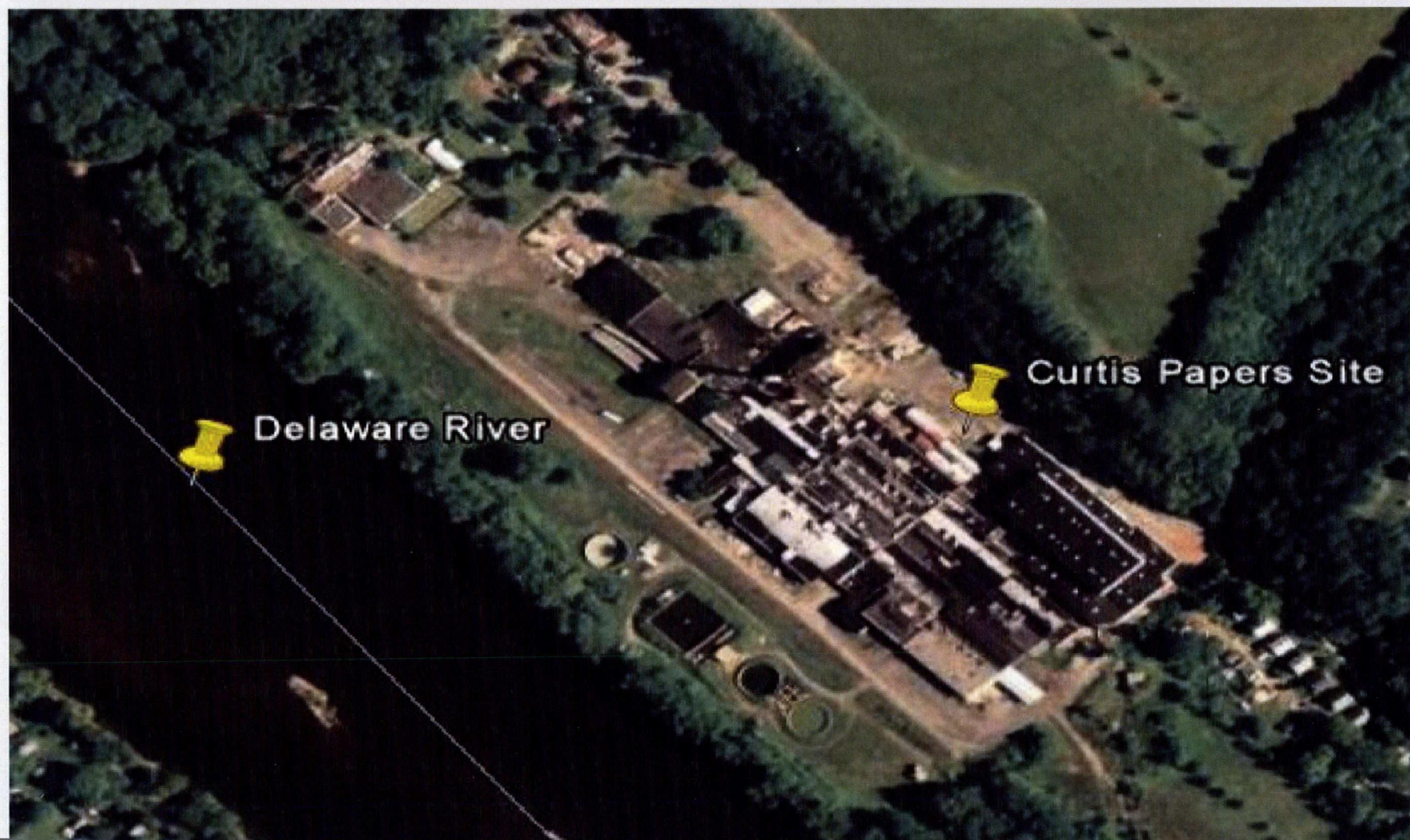
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Agenda

- Introductions
- Brief History of the Site
- Cooperation by IP and GP
- Progress at the Site
- Site Risk
- Recent Discussions with the Borough of Milford
- Long-Term Consequences of NPL Listing
- Discussion

Aerial Photograph of the Curtis Papers Site



Brief History of the Site

- The Site is located in the Borough of Milford and Alexandria Township and is bordered by Quequacommissacong Creek ("Q Creek") to the northwest, Frenchtown Road to the east, farmland and the Crown Vantage Landfill Site to the south, and the Delaware River to the west.
- The Site operated from approximately 1907 until June 2003. The Site has a Main Mill, Coatings Facility, co-generation plant, settling ponds, and wastewater treatment plant.
- The Site manufactured glassine paper, which is a thin, smooth, and translucent type of paper that is air and water resistant.
- The Coatings Facility operated from approximately 1935 until 1988. Its operations included the application of coatings to paper products.
- The Site has been owned and operated by several entities including, but not limited to, predecessors of IP and GP.

Brief History of the Site (continued)

- On March 15, 2000, Crown Vantage, Inc., the then-owner and operator of the Site, filed a voluntary petition for bankruptcy.
- In March 2001, Curtis Papers (then known as Royal Blue Papers, Inc.) purchased the Site from the Crown Vantage bankruptcy estate.
- Curtis Papers ceased Site operations in June 2003. In November 2003, Curtis Papers' creditors filed an involuntary petition for bankruptcy, which was later converted to a voluntary petition.

Brief History of the Site (continued)

- On February 13, 2007, NJDEP requested that EPA conduct a removal site evaluation of the Site.
 - From June 2007 until December 2008, EPA performed a removal action at the Site, which included the removal of approximately 30 pallets of containerized waste (*i.e.*, drums, pails, small containers), numerous vats, radiation sources, and 6 abandoned 55-gallon galvanized steel drums.
 - The removal action included retention of a security service and installation of a fence to secure the Site.

Brief History of the Site (continued)

- On May 13, 2008, EPA completed the removal site evaluation and found that hazardous substances had been released at the Site based on the following:
 - Buildings were damaged from scavenging and vandalism resulting in asbestos containing materials ("ACM") both inside and outside the Site structures;
 - Friable asbestos had been documented throughout the Site;
 - Elevated levels of PCBs were identified at the Site and in former discharge pipes leading from the Coatings Facility to Q Creek; and
 - Elevated VOCs were identified in the subsurface soils between the Coatings Facility and Q Creek.

Brief History of the Site (continued)

- EPA proposed the Site for the NPL on September 3, 2008.
 - IP and GP submitted comments to the proposed NPL listing indicating that the PCBs detected at the Site likely resulted from historic leaks or spills from transformers.
- On September 30, 2008, EPA issued a Unilateral Administrative Order to Curtis Papers and CP Assignment (Curtis Papers' chief restructuring officer) requiring them to secure the Site.
 - On November 3, 2008, Curtis Papers and CP Assignment indicated their intent to comply with the UAO to the extent permitted by KPS Special Situations Fund, LP, which held the assets of Curtis Papers' parent company. KPS consented to the use of up to \$100,000 of the Curtis Papers bankruptcy estate to comply with the UAO.

Cooperation by IP and GP

- From the beginning, IP and GP have been proactive, volunteered to undertake Site activities, and fully cooperated with EPA.
- In September 2007, we began discussions with EPA about how the parties could work with EPA to address the Site, which was part of the Curtis Papers bankruptcy estate.
- In an October 18, 2007 telephone conference with EPA, we proposed a strategy to obtain the ability to manage the Site.
- In April 2008, we continued to discuss with EPA how management of the Site could be obtained in the Curtis Papers bankruptcy.
 - While this strategy was being developed, EPA decided to provide security at the Site, and indicated that it would issue a UAO to Curtis Papers to provide site security.

Cooperation by IP and GP (continued)

- In May 2008, we participated in another telephone conference with EPA to discuss obtaining access to the Site and the development of the Curtis Papers bankruptcy strategy. We subsequently provided an outline of our bankruptcy strategy to EPA.
- In August 2008, EPA inquired whether the parties would be willing to take over site security and perform a site investigation. We responded that, subject to acceptable terms, we likely would be willing to perform these actions.
 - We also indicated that we would be willing to work quickly with EPA.

Cooperation by IP and GP (continued)

- In September 2008, we contacted EPA to discuss its decision to propose the Site for the NPL.
- In September 2008, we requested a meeting with EPA, which was set for October 16, 2008, to discuss our proposals to perform work at the Site.
- On September 30, 2008, EPA issued the UAO to Curtis Papers to provide site security.
- In October 2008, we informed EPA that we would be submitting comments to the proposed NPL listing. At the time, EPA indicated that it was considering our request not to list the Site.
- On October 16, 2008, we met with EPA to discuss the Site and proposed to perform early removal work and the RI/FS for the Site.

Cooperation by IP and GP (continued)

- On November 5, 2008, we met with EPA, and among other things, EPA indicated that the listing was necessary because we were not liable for all of the Site contamination.
 - We again proposed to perform a time-critical removal action aimed at addressing site security, PCBs, asbestos, and perhaps toluene.
 - EPA indicated that a draft RI/FS AOC would be forthcoming in approximately a month.
- In December 2008, we had several discussions with EPA regarding the implementation of early work at the Site and indicated that we would prepare and submit a work plan.
- On December 21, 2008, EPA provided a draft RI/FS AOC.
- In January 2009, we submitted the proposed work plan for an initial asbestos and hazardous material assessment and further characterization of the PCBs in Q Creek. Notably, we proposed to investigate Site issues for which we have no responsibility (i.e. asbestos).

Cooperation by IP and GP (continued)

- On January 21, 2009, we executed an access agreement for the Site with Curtis Papers.
- In late January/early February 2009, EPA informed us that it would only provide a removal cleanup standard, not a remedial cleanup standard, for any early removal work that may be implemented under the proposed work plan.
 - Therefore, it was possible that the characterization of Q Creek would have to be re-performed under the AOC.
 - As a result, instead of proposing removal work, we proposed pre-RI/FS activities in the RI/FS AOC, but retained the option to conduct removal work.
 - The pre-RI/FS activities included:
 - Inspection of the Site for ACM, sumps, floor drains, discharge pipes to Q Creek, USTs, and monitoring and production wells; and
 - Identification of sample locations.
 - This work was proposed to allow the investigation to begin as soon as possible.

Cooperation by IP and GP (continued)

- In April 2009, we implemented our plan to obtain control over the Site with a successful bid for the Site during the Curtis Papers bankruptcy auction process.
- In April 2009, we provided final comments on the draft RI/FS AOC and the AOC was executed in May 2009.
- We have attended and supported the CAG meetings, including providing presentation materials to EPA.

Progress at the Site

- We have accomplished a great deal at the Site, including all of the pre-RI/FS Phase I work proposed under the AOC and some additional Phase I work that we proposed and voluntarily performed.
- We are in the process of completing the pre-RI/FS Phase II work.
- We will have spent approximately \$1 million at the Site by the end of 2009.

Progress at the Site (continued)

- The followings actions have been taken at the Site:
 - Improved Security
 - Provided 24/7 security service
 - Cleared fence lines
 - Adding lighting and fencing
 - Installed office trailer
 - Boarded up an abandoned house on the site property, but not within the fencing
 - Pre-RI/FS Phase I
 - Conducted a thorough building survey for hazardous materials and asbestos
 - Conducted a geophysical survey to track discharge pipes from Q Creek to site sumps and drains
 - Located existing monitoring and production wells
 - Excavated areas of suspected USTs, confirmed and evaluated whether the USTs were closed properly

Progress at the Site (continued)

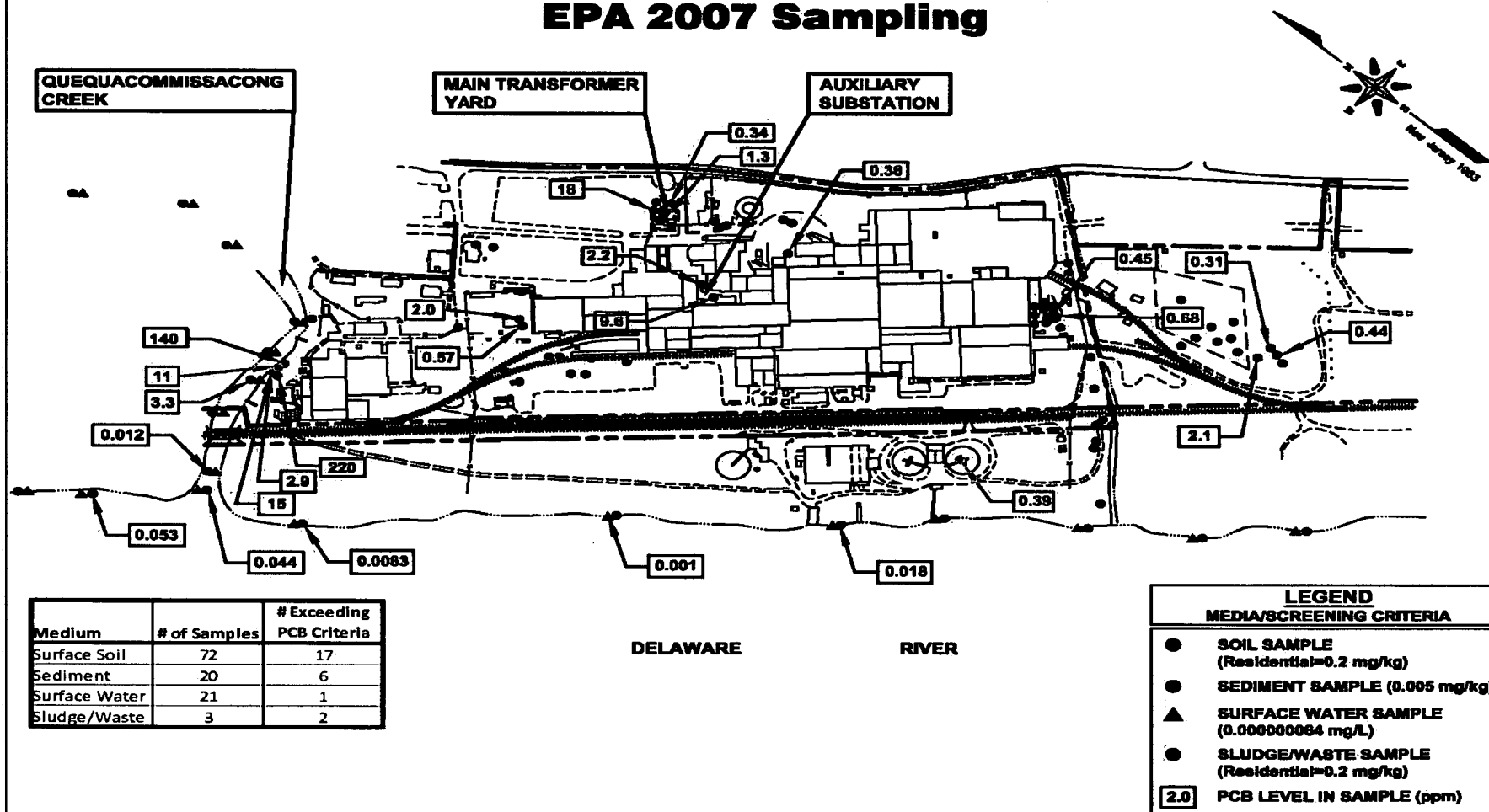
- The following actions have been taken at the Site (continued):
 - Emergency Removal and Interim Actions
 - Removed all transformers and capacitors
 - Interim actions to remove ACM roofing and piping located in areas accessible by the public
 - Property Improvements
 - Performed landscaping to clear overgrown vegetation from fences, buildings, and roads
 - Painted over graffiti
 - Performed property surveys (topographical, aerial, and boundary)

Site Risk

- EPA has proposed to list the Site due to PCBs.
- The Site is not heavily impacted by PCBs. Instead, PCB detections are generally limited to discrete soil and sediment samples near Q Creek.
- The Site is not heavily impacted by VOCs. Instead, VOC detections are generally minor and associated with the former Coatings Facility.
- The Site does not contain any identified waste disposal areas.
- The listing should be deferred at least until we can gather data to evaluate the true risk posed by the Site.

Figure of PCB Locations

Locations of PCB Detection Above Screening Criteria EPA 2007 Sampling



Recent Discussions with the Borough of Milford

- IP and GP recently discussed the Site with Mayor Gallos of the Borough of Milford, and advised him that we were seeking to defer the NPL listing.
- Mayor Gallos did not object to our approach, and thanked the companies for stepping up to the problems posed by the Site.

Long-Term Consequences of NPL Listing

- Listing the Site will have long-term consequences including:
 - Complicating future development;
 - Negative impact on financing – private and brownfields;
 - Public stigma; and
 - Prolonging the period of time until redevelopment.
- The Site is not a typical Superfund Site – it is a small mill where cooperative parties are present.
- Deferring the NPL listing has no downside for EPA and the public.
 - The cleanup standards are the same regardless of whether the Site is listed on the NPL.



DISCUSSION