

October 13, 2010

Mr. John Cunningham
Southern States Energy, LLC
201A Front Street
Cheraw, South Carolina 29520

Subject: Addendum to Phase I Environmental Site Assessment
Former Delta Mills Plants 2 & 3
4351 Brickyard Road
Wallace, South Carolina
Site ID#00114

Dear Mr. Cunningham,

GEL Engineering, LLC (GEL) is submitting this addendum to the *Phase I Environmental Site Assessment, Former Delta Mills Plants 2 & 3, 4351 Brickyard Road, Wallace, South Carolina 29596, dated April 16, 2010* to document the recent detection of polychlorinated biphenyls (PCBs) at the site.

The prior Phase I ESA documented the presence of two No. 6 fuel oil above ground storage tanks (ASTs) located on the west side of Delta 3 adjacent to the coal pile and boiler house. The report documented the size of tanks as a 300,000 gallon and a 150,000 gallon. The size of the tanks was obtained from historical Delta Mills maps. The tanks have since been measured and the size of the tanks is now estimated to be 500,000 and 300,000 gallons. Due to concerns that the No. 6 fuel oil tanks at the site may contain PCBs, Schwarz Wallace, LLC requested that GEL prepare a proposal to obtain samples of the tank contents and pump house spillage and analyze them for PCBs.

Samples of the No. 6 fuel oil were collected on July 26, 2010 from the following areas: two samples from each tank, one sample from the fuel oil spill in the pump house area, and one sample from one of the valves in the pump house. The samples (six total) were analyzed for PCBs using EPA Method 8082. The No. 6 fuel oil samples from the 500,000 gallon AST contained aroclor-1260 at concentrations of 510,000 and 1,170,000 micrograms per kilogram (ug/kg). The No. 6 fuel oil samples from the 300,000 gallon AST did not contain PCBs above the method detection level of

problem solved

4,310 ug/kg. The No. 6 fuel oil sample from the pump house floor and the valve interior contained aroclor-1260 at concentrations of 30,300 and 3,750,000 ug/kg, respectively.

In a meeting on September 14, 2010 between Schwarz Wallace, LLC's Mr. Jeff Schwarz and Frank Edmondson, Southern States Energy, LLC's (SSE) Mr. John Cunningham and GEL's Mr. Robert MacPhee, it was decided that in order to facilitate the property transaction, the PCB contaminated AST and pump house area would be carved out of the property to be purchased by SSE. Mr. MacPhee, Mr. Cunningham and Mr. Carl Maness, a South Carolina licensed surveyor, met at the site on September 20, 2010 to evaluate the property boundaries of the property to be carved out of the purchase.


At the time of the No. 6 fuel oil spillage into the pump house, it appears that an effort was made to cleanup some of the spill. It appears that some of the No. 6 fuel oil was collected in buckets, transferred to 55-gallon drums and moved across the coal pile where it was staged and burned. Several oil stained drums were noted along with full and partially full drums of No. 6 fuel oil. Additionally, some drums had been moved into the boiler house and stored. Incidental spillage was noted in areas around the drums and in several areas within the coal pile. At this time, John Cunningham decided to carve out a parcel that included only the No. 6 fuel oil ASTs, associated containment structures and the pump house. The stained drums and drums containing the No. 6 fuel oil will be moved into AST containment area. The areas of incidental spillage will remain on the property to be purchased by SSE. A plat of the property containing the ASTs and pump house (0.42 acres) is attached.

Thus, the AST and pump house area are now considered an offsite recognized environmental conditions (RECs) due to the spillage of PCB containing fuel oil. The spillage has impacted the offsite soils and could migrate onto the subject property. The incidental spillage of PCB contaminated fuel oil in the vicinity of the coal pile and boiler house is considered an onsite REC. The spillage has contaminated portions of the coal pile, area soils, concrete slabs and asphalt roads.

If you have any questions regarding this change order, please call us at your convenience at (864) 676-2202.

Respectfully submitted,

GEL Engineering, LLC



Robert E. MacPhee
Regional Branch Manager

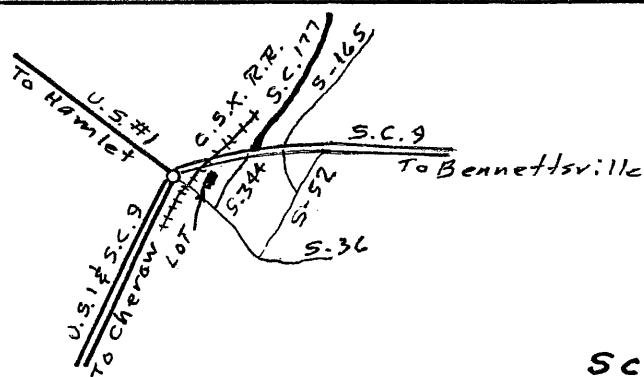
Attachments:
Plat and Property Description

Southern States Energy, LLC
October 12, 2010

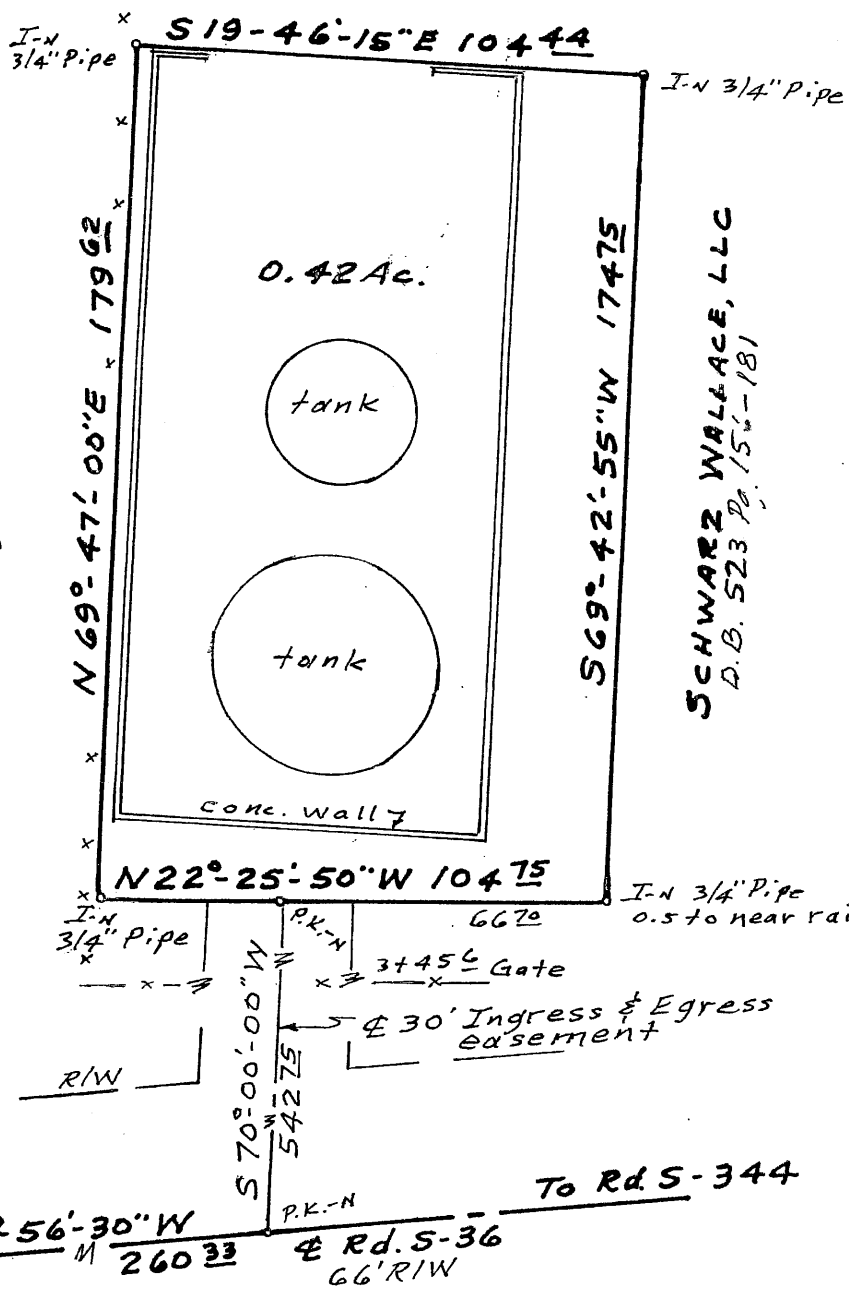
Deed Description for 0.42 Acre Tract
Retained by Schwarz Wallace, LLC

All that certain piece, parcel or lot of land containing 0.42 acres, situate, lying and being in the Town of Wallace, in Marlboro County, The State of South Carolina, and being shown and delineated on plat entitled, "Plat of Lot Surveyed for Schwarz Wallace, LLC", dated October 1, 2010, made by Carl Maness, L.S. No. 1058, and recorded in Plat Book _____ at page _____ in the office of the Clerk of Court for Marlboro County; reference to said plat is hereby craved for a metes and bounds description thereof, said plat being incorporated herein at length by reference and made a part of the within description.

THIS BEING, a part of that property conveyed to Schwarz Wallace, LLC, by Delta Mills, Inc., by deed recorded in Deed Book 523 at page 156 in the aforesaid Clerk's office.

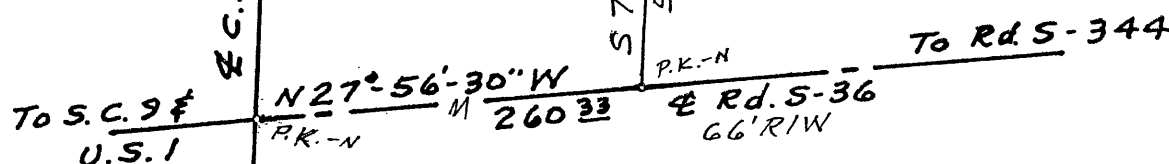


SCHWARZ WALLACE, LLC
D.B. 523 Pg. 156-181

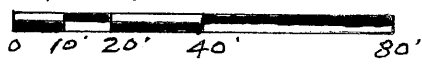


SCHWARZ WALLACE, LLC
D.B. 523 Pg. 156-181

SCHWARZ WALLACE, LLC
D.B. 523 Pg. 156-181



PLAT OF LOT
Surveyed for
SCHWARZ WALLACE, LLC D.B. 523 Pg. 156-181
Wallace, Marlboro Co., S.C.
Scale: 1" = 40' 10 October 2010



"I hereby state that to the best of my knowledge, information, and belief, the survey shown hereon was made in accordance with the requirements of the Minimum Standards Manual for the Practice of Land Surveying in South Carolina, and meets or exceeds the requirements for a Class B survey as specified therein."

Carl Maness

Tax map # 13-00-01-031

Carl Maness, L.S.
P.O. Box 1456
Bennettsville, S.C. 29512
1058

A part of Parcel #1, P.B. 44 Pg. 11 & 12