ENCLOSURE 1

SPECIAL NOTICE REGARDING
REMEDIAL INVESTIGATION AND FEASIBILITY STUDY
CEDAR CHEMICAL CORPORATION SUPERFUND SITE
WEST HELENA, PHILLIPS COUNTY, ARKANSAS

This Special Notice is from the U.S. Environmental Protection Agency (EPA). This notice says you may be liable for the costs of the cleanup of hazardous substances released into the environment at the Cedar Chemical Corporation (CCC) Superfund Site (Site) which is located in West Helena, Phillips County, Arkansas.
This notice provides you with information in four categories:

1. First, this notice tells you that you may be liable for the cleanup of hazardous substances, including acetic acid, benzoic acid, carbon tetrachloride, butyl amine, copper, copper cyanide, and sodium cyanide, at the Cedar Chemical Corporation Superfund Site (Site). This notice is issued under the Comprehensive Environmental Response, Compensation, and Liability Act, which is abbreviated as "CERCLA." CERCLA is also known as Superfund.

2. Second, this notice asks you to pay certain costs and/or to finance or perform a Remedial Investigation and Feasibility Study (RI/FS) regarding the hazardous substance contamination on the Site under a settlement agreement with the EPA. The purpose of the Remedial Investigation is to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release of hazardous substances, pollutants or contaminants at or from the Site. The purpose of the Feasibility Study is to determine and evaluate alternatives for remedial action to prevent, mitigate or otherwise respond to or remedy any release or threatened release of hazardous substances, pollutants, or contaminants at or from the Site.

3. Third, this notice requests that you respond within 14 days from your receipt of this notice on whether you wish to be added to the on-going negotiations to enter into a settlement to conduct or finance the RI/FS.

4. Fourth, this notice explains that the EPA will consider any party's ability to pay in determining an appropriate settlement amount and/or performance of the RI/FS.

BACKGROUND

The Site is a former specialty chemical manufacturing facility located on about 48 acres of property at West Helena, Arkansas. Its business address is 49 Phillips Road. The Site is bounded by Arkansas Highway 242 to the northwest, the Union Pacific Railway to the northeast, and other industrial park properties to the southeast and southwest. Residential areas are located within one half mile southwest and northeast of the Site. The Site consists of six separate processing units, laboratories, a finished goods warehouse, a storm water pond, a wastewater treatment plant, a warehouse and various other buildings. The Site was originally constructed in 1970 as a Propanil manufacturing facility by the Helena Chemical Company. The Site was owned and operated by Cedar Chemical Corporation from approximately 1986 until October 2002. Environmental issues associated with the Site included abandoned chemicals, buried drums, a constructed drum vault filled with unknown chemicals, ground water contamination, surface and subsurface soil contamination, and an abandoned storm water and wastewater treatment system. There were a number of hazardous chemicals present at the Site. These substances included, but were not limited to, acetic acid, benzoic acid, carbon tetrachloride, butyl amine, copper, copper cyanide, and sodium cyanide.

I. NOTICE THAT YOU MAY BE LIABLE

CERCLA says that four types of persons (entities) are liable for cleaning up (or paying the EPA to clean up) hazardous substances that have been released. The four types of liable persons are:

1. Persons who now own the place where the hazardous substance was released;

2. Persons who once owned or operated the place where the hazardous substance was released during the time when the hazardous substance was disposed of;

3. Persons who arranged for disposal or treatment of hazardous substances at the place where the hazardous substance was released; or

4. Persons who selected the place where the hazardous substance was released as a disposal site and transported the hazardous substances to that place.

The EPA's term for these persons is Potentially Responsible Parties or PRPs.

You may want to read the section of the CERCLA law, which tells which persons are liable for the cost of cleaning up hazardous substances. CERCLA can be found in Title 42 of the United States Code (U.S.C.) in Sections 9601 through 9675. The part of CERCLA which tells about these responsible parties can be found at Section 9607. Definitions of terms used in CERCLA can be found in Section 9601. Section 9607 is sometimes called Section 107, the section number which it has in the act of Congress.

Records which we have on hand indicate that you generated or transported hazardous substances to the Cedar Chemical Corporation Superfund Site. Accordingly, you may be a potentially responsible party (PRP) under the Superfund law. The EPA invites you to take stock of the evidence and to enter into the enclosed AOC for RI/FS on the Site in order to settle your liability with the EPA with respect to this matter.

II NEGOTIATION PERIOD AND MORATORIUM REGARDING CERTAIN ACTIVITY AT THE SITE

The EPA has determined that use of the special notice procedures specified in CERCLA Section 122(e), 42 U.S.C. § 9622(e), may facilitate a settlement between the EPA and the PRPs the EPA has thus far identified. Therefore, pursuant to CERCLA Section 122(e)(2)(C), 42 U.S.C. § 9622(e)(2)(C), this notice offers you the opportunity to negotiate a settlement, to conduct an RI/FS at the Site. The settlement will provide for you and other PRPs to: (1) conduct or finance the RI/FS activities required for the Site, and (2) reimburse the EPA for costs to be incurred in overseeing the PRPs' performance of the RI/FS.

If settlement is reached between the EPA and the PRPs, the settlement will be embodied in an AOC to be issued by the Superfund Division Director, EPA Region 6.

A draft AOC, written specifically for the Site, and a draft Statement of Work (SOW) for the RI/FS activities are enclosed (Enclosure 2 and 3, respectively). An electronic version of the draft AOC and SOW may be obtained from EPA Assistant Regional Counsel Mr. Marvin Benton at (214) 665-3190.

III PLEASE RESPOND WITHIN 14 DAYS OF YOUR RECEIPT OF THIS LETTER

Please use the enclosed draft AOC and draft SOW to assist you in determining whether you wish to negotiate a settlement to conduct the RI/FS and for reimbursing the EPA for future oversight costs. Please provide in writing a statement that you are willing to negotiate the performance and/or financing of the RI/FS in a manner consistent with the EPA's draft SOW and draft AOC and that you are also willing to negotiate the means to reimburse the EPA for response costs to be incurred in overseeing the PRPs performance of the RI/FS.

If the EPA determines that you have not submitted a statement within the 14-day period, the EPA may, thereafter, terminate its offer inviting you to the negotiation moratorium period pursuant to Subsection 122(e)(4) of CERCLA, 42 U.S.C. § 9622(e)(4), and commence such response activities or enforcement actions as may be appropriate.

Please mail, fax or email your statement to Mr. Marvin Benton at the following address:

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