

# Remediation and "Buying" Liabilities



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# Chickadee Remediation Co.

## Our Business

Remediate contaminated soil and groundwater to the extent necessary to protect the public health and the environment. "Acquire" the regulatory responsibility for each property to permanently shift the long-term site environmental liability to Chickadee Remediation Company.

## Background

Spills and leaks of chemicals from various sources have contaminated soils and groundwater at many properties that have significant economic potential. This economic potential is constrained by the environmental liabilities associated with the properties. Usually some entity (corporation, individual, governmental unit, etc.) retains the environmental liabilities for properties.

In many areas there is a shortage of developable land, and prime agricultural land is being redeveloped as commercial and/or residential. Chickadee promotes the responsible redevelopment of contaminated industrial/commercial properties and saves prime agricultural land for food production.

The Brownfields program addresses the long-term beneficial use of remediated properties with residual chemical concentrations. However, the environmental liabilities for the properties typically remain with the property owner unless the owner has received specific indemnification from the previous owner or from some other entity.

Chickadee Remediation Company addresses the two critical issues associated with contaminated properties:

1. Remediation of the contaminated soils and groundwater to reduce the health and environmental risk to acceptable levels.
2. Long-term "ownership" and management of the environmental liabilities. Chickadee has extensive experience addressing both of these issues for a number of complex contaminated properties.

There are remediation technologies available that can address most contamination in a timely and cost-effective manner. At most sites, some residual chemical concentrations remain after active remediation is completed and some long-term care and control is required.

## Liability Transfer

In many cases, Chickadee will secure ownership of the environmental liabilities associated with the property via a "double closing" whereby Chickadee indemnifies both the current property owner and the future property owner(s). This "double closing" nets Chickadee the funds for the site remediation and the long-term environmental liabilities management; a premium for the risks associated with the property is included.

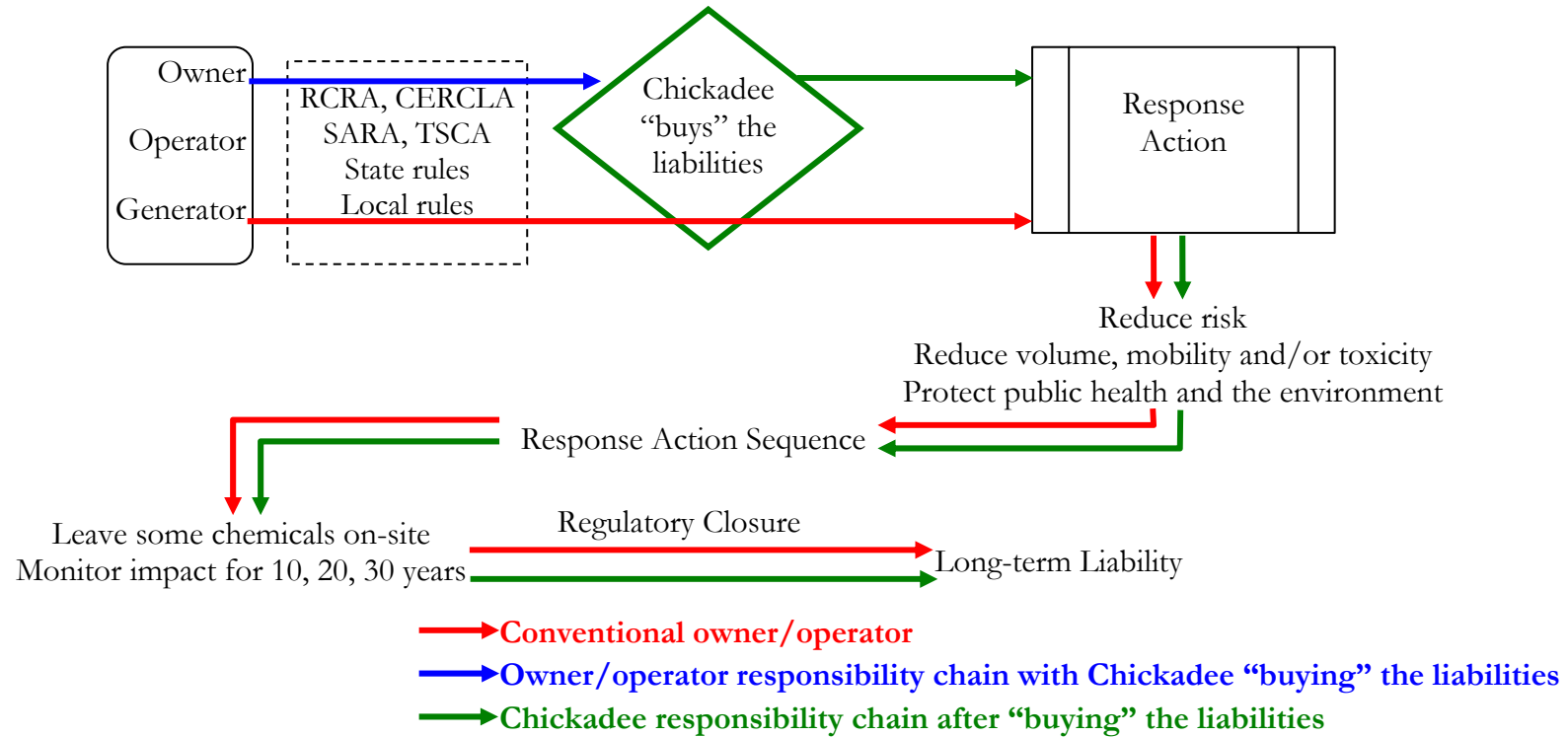
In other cases, Chickadee will acquire the environmental liabilities associated with a specific property by executing an agreement with the existing responsible party whereby the liabilities are transferred to Chickadee.

The Chickadee liability indemnification typically covers the following:

1. Known and unknown environmental and human health issues associated with the property. This includes site impacts that are discovered/defined as the result of future activities on the property.
2. Onsite and offsite environmental and human health impacts. This recognizes that in many cases, the contamination on the property has migrated off the property, and thus adjacent properties may be impacted.
3. Impacts due to migration of contaminated media onto the property from other contaminated properties.
4. Toxic Tort actions by third parties who claim that the environmental issues associated with the property have caused personal harm or financial loss to the third parties.
5. Successors and assigns of the current property owner and of all future owners of all or part of the property. This includes individual property owners if the property is developed and subdivided.
6. Insurance carriers, lending institutions, and other institutions with a valid lien or claim against the property to the extent that the lien or claim is impacted by the environmental/human health issues associated with the property.

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## Liability/Response Action Flow Sheet



**NOTE:**  
 Chickadee "buys" the liabilities and is responsible for:

1. Response actions
2. Response action sequence
3. Regulatory closure
4. Long-term monitoring/liability

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## Insurance

Chickadee has the experience and ability to successfully evaluate and manage the properties selected by Chickadee. Thus Chickadee does not require insurance to cover Chickadee's property-specific risk. However, Chickadee anticipates that focused risk insurance could be a part of some "liability transfer" agreements in order to increase the comfort level of the original and final property owners(s). Chickadee has established a relationship with Frank Crystal and Co. to provide environmental risk management insurance in those cases where insurance is required by the property owner(s).

## Insurance Examples

Project		Policy Term (years)	Costs (\$ x 10 <sup>6</sup> )			Comments	
			Project Estimate	Face Value	Deductible		Policy Cost
1.	Gas Station/ Mini Mart	6	0.400	0.800	0.300	0.100	Plume is well defined; 4 year database
2.	Dismantled chemical plant	6	8.000	16.000	7.000	0.400	Well defined, stable plumes; no close receptors; available utilities; use risk reduction approach
3.	Chemical disposal site	5	4.000	8.000	3.500	0.300	Well defined, stable plumes; extensive soil and groundwater database; close by receptors; 2 ppb vinyl chloride criteria
4.	Private airport	4	0.300	0.500	0.200	0.150	Spilled fuel and solvents; well-defined plume; no nearby receptors rapid source control
5.	Dry cleaner, strip mall	6	0.300	0.600	0.300	0.080	Well defined plume; close groundwater receptors; possible free-phase

## Business Plan

Chickadee would consider:

1. Any projects (properties) whose economic potential is retarded by the presence of soil and groundwater contamination.
2. Any plant, project, or properties where commercial activities, expansion plans, and progress are affected by soil and groundwater contamination.
3. Any property sale, lease, transfer, and/or redevelopment that is complicated by soil and groundwater contamination.
4. Abandoned, inactive industrial/commercial properties that are affected by contamination.

Chickadee has found that local commercial/industrial property realtors are aware of properties where sale, development, and/or beneficial use are prevented by the existence of environmental liabilities. In most areas, governmental entities (counties, cities, authorities) own properties that are contaminated; the sale and development of such properties is significantly impacted by the contamination. Old service stations, old dry cleaners, abandoned warehouse properties, and inactive industrial properties are all likely opportunities.

In each case, Chickadee would develop a proposal to "acquire" the environmental liabilities and to remediate the property. In order to expedite the proposal process, Chickadee would need to review the available data for each property and visit each property. Chickadee would execute an appropriate secrecy agreement in order to protect the confidentiality of property information.