

THE ENSIGN-BICKFORD COMPANY

SPANISH FORK, UTAH

October 2009

Property Update

Site Background

The Ensign-Bickford Company (EBCo) owns nearly 500 acres currently located within Spanish Fork City near the mouth of the Spanish Fork Canyon, approximately four miles from the town center of Spanish Fork City and three miles from the town center of Mapleton City. While the site has a lengthy manufacturing legacy that began in 1941, EBCo did not purchase the facility until 1986. From that time until 2006, EBCo manufactured commercial blasting products and other specialty cast explosives products at the site for use in mining, oil and gas exploration, and construction. Other blasting products, such as dynamite, were manufactured there by prior site owners.

Environmental Activities

Since acquiring the site, EBCo has been investigating and cleaning up soil and groundwater impacts, both on and in the vicinity of the site, resulting from historical manufacturing operations. The Utah Department of Environmental Quality (DEQ) oversees these investigation and cleanup activities.

On-Site

EBCo conducted extensive investigations on the site, identifying 44 areas, called solid waste management units (SWMUs) where impact from historical activities occurred. To investigate and remediate these areas, EBCo collected and analyzed more than 4,500 surface and subsurface soil samples. Based on the results of these sampling efforts, EBCo thermally treated approximately 92,000 tons of soil to destroy contaminants and removed approximately 170,000 tons of soil from the site and shipped it to secure disposal facilities. In addition, approximately 75,000 tons of soil is being consolidated into an on-site placement unit comprising about 3 acres in order to reduce the areas on the site subject to future use restrictions. These clean-up activities will result in most of the site achieving an unrestricted residential or “no further action” status, with a few areas achieving a level suitable for industrial/commercial development. EBCo anticipates completing final clean-up in 2009, and approximately 93% of site acreage will be environmentally suitable for either residential or commercial development. The remaining 7% (roughly 30 acres) will be environmentally suitable for industrial/commercial development only and will have appropriate site management controls and environmental land management covenants. Risk assessments are being performed to ensure that the site will meet conservative risk levels mandated by the DEQ.

EBCo has also implemented an on-site groundwater monitoring program that includes 30 on-site monitoring wells, 2 facility production wells and 1 recovery well. Since 1995, EBCo has collected and analyzed over 650 ground water samples from monitoring wells located on the site.

All data are reported to the DEQ and can be found at DEQ’s offices in Salt Lake City and in document repositories in Spanish Fork City and Mapleton City.

Off-Site

Prior production practices (in particular discharge practices that ceased about 17 years ago) also resulted in off-site impacts to groundwater in the local area. In approximately 1998, EBCo began pumping groundwater from wells in the local area and treating the water in treatment systems using granular activated carbon (GAC) to filter and remove the low levels of site-related constituents in the water. Today, EBCo maintains a DEQ-approved system from which groundwater is recovered from one of four off-site wells and one on-site well and treated in one of three GAC water treatment systems. DEQ's Division of Water Quality oversees this groundwater recovery program as well as an off-site groundwater quality monitoring program under which EBCo monitors 32 off-site groundwater monitoring wells. With groundwater monitoring results trending in a positive direction, EBCo anticipates that these systems will be in place about 13 more years. EBCo has posted financial assurance with the DEQ to ensure that funds will be available to take care of system expenses through remediation completion. In 2007, the DEQ and EBCo entered into a Consent Order that memorialized each of these requirements.

Future Site Use

Following DEQ approval that on-site environmental activities have been completed, the Company desires to return the property to productive mixed use development consisting of residential and commercial uses. Through planning and development activities, we have learned that there are many advantages to being located in the City of Mapleton, both for the Company and City, and have initiated efforts toward a City boundary line adjustment.

Questions That May Be On Your Mind About Future Site Development

In working to transform the property from its former industrial manufacturing use to a future mixed use development, the Company recognizes that you may have certain environmental questions. The questions and answers presented below attempt to respond to those questions.

1. With such a long plant history, how do you know all the right areas have been identified?

In a process that began about 20 years ago, the entire property has been thoroughly studied and mapped to ensure a complete understanding of the site, its geology, environmental issues and successful remediation. As part of the process to investigate and clean-up the site, we interviewed numerous current and former employees of the plant about location of manufacturing activities, discharge locations, and waste and materials management practices. All of the prior owners cooperated in identifying records and employees to assist in reconstructing this operating history. As a result, the site's production history is well understood. Additionally, the site has been subjected to the thorough sampling scrutiny discussed above, under DEQ oversight, in order to fully understand the scope of environmental issues and the best path to remediation.

2. How do you know the contamination has been removed?

Since issues were first investigated in the early 1990's, we've worked closely with the DEQ Division of Solid and Hazardous Waste to identify all areas of suspected impact and to satisfy DEQ's rigorous cleanup requirements. As part of that comprehensive process, we've taken more than 4,500 soil samples and over 650 groundwater samples, excavated and treated or disposed of thousands of tons of soil, and taken confirmation samples to demonstrate the effectiveness of the cleanup. Comprehensive documents related to this process are available for public review at

Mapleton City, Spanish Fork City, and DEQ. We're confident that this process has resulted in an effective cleanup of the property.

3. What if there is other contamination still present?

After comprehensive sampling and extensive clean-up done in close coordination with DEQ, we are near the point where the remediation will be complete. EBCo anticipates submitting the required reports to DEQ this year to enable DEQ to review and approve the site for future development. These reports will document that the historic impact has been sufficiently addressed.

4. What if during development of the property someone finds something and EBCo is not present to clean it up?

Part of EBCo's heritage is a strong sense of corporate responsibility. The company has been around since 1836. Even after the property is developed, the company will retain responsibility for the current environmental issues. It should also be noted that seven different entities have managed this site since 1941 and EBCo has taken on the responsibility of cleaning up environmental issues of previous owners.

But what if, for some reason, The Ensign-Bickford Company dissolves?

Again, that is an extremely unlikely scenario. But if it were the case, DEQ would likely evaluate the conditions, determine what, if anything, was required, determine who would be responsible for addressing those conditions and pursue the responsible party or parties. Additionally, DEQ has required that EBCo maintain a letter of credit to ensure that funds are available to satisfy ongoing obligations.

5. What happens if someone who buys a house out there becomes ill and thinks it relates to the site?

The rigorous and very conservative cleanup standards that DEQ has required at the plant site are established using health and risk assessment techniques to ensure that the conditions do not present a risk to human health. EBCo is confident the current conditions of the property are safe for the approved future use. Furthermore, while it is true that there were prior lawsuits involving allegations of this type, the best scientific data shows that EBCo activities did not cause illness to anyone. Again, this data is and will be available for public review in Mapleton City, Spanish Fork City, and DEQ.

6. At a recent public meeting, I heard mention of a cancer study done by the Department of Health. Are the results accurate?

The incidence of cancer has been extensively studied by the State and is not unusually high in Mapleton. In 2004, the Utah Department of Health published the results of its investigation of cancer incidence rates in Mapleton between 1978 and 2001. The study could not establish a causal association with cancers in Mapleton. Toxicologists, scientists and public health officials could find no link between the plant's operations or the contaminated groundwater with the specific types of cancers alleged in the past lawsuits.

7. Why isn't the entire property being cleaned to residential standards?

Cleanup standards are determined by the intended use of the property, which will be influenced by a number of factors, such as geology, wind, elevation and other site-related features. EBCo has elected to clean-up much of the property to the more conservative residential standards, and will restrict the property to prohibit residential use for those areas that do not satisfy residential cleanup standards. When the cleanup is done and all appropriate restrictions are in place, the conditions should not pose a threat to human health or ground water for those uses.

8. For the on-site placement unit, aren't you really just moving contamination from one spot on-site to another?

The vast majority of impacts found on the site were either thermally destroyed or removed from the site. Any constituents remaining are at very low levels already satisfying the industrial/commercial cleanup criteria. Soil consolidation is being done to shrink the size of any areas subject to future residential use restrictions.

9. Won't this cleanup plan just create a waste landfill on the site?

No waste products will remain on the property. Any areas where soils containing very low levels of constituents are being consolidated will continue to satisfy the industrial/commercial and open space risk criteria, consistent with the intended use of that portion of the site. As mentioned above, we anticipate this consolidation area to be approximately 3 acres of the estimated 500.

10. What is happening with EBCo's groundwater recovery activities?

EBCo installed a recovery well near the property border to capture any impacted ground water to prevent it from migrating off-site. In addition, EBCo operates several other ground water recovery wells to capture and treat any impacted ground water north of the plant site. These wells have been operating for approximately 10 years and constituent levels in ground water have generally been stable or declining, demonstrating the effectiveness of the ground water recovery system. Under the DEQ-approved Corrective Action Plan (CAP), the State of Utah must approve any reduction in treatment, as well as final completion.

11. What is the timing and status of environmental reports to be submitted to DEQ in order to finalize the cleanup?

The two main documents remaining to be submitted are the Corrective Measures Implementation Report (CMI) and the Site Management Plan (SMP). The CMI details all of the cleanup activities that have occurred, and contains confirmatory sampling data and results of the site risk assessment in support of project completion. The SMP lays out EBCo's future environmental obligations for areas cleaned to the industrial/commercial level. The SMP process also includes the opportunity for public comments to be submitted to the DEQ. EBCo anticipates submittal of the CMI in December 2009, with the SMP to follow along shortly after.

12. What liabilities does Mapleton City face by annexing property known to be formerly contaminated?

While the City's attorney can best respond to the issue, it is our understanding that the City is not liable, nor will it be liable, for this historical contamination because it did not create it.

13. What guarantees does the City have that EBCo will fulfill its responsibilities if in the future issues emerge?

DEQ has required that EBCo maintain a letter of credit to ensure that funds are available to satisfy ongoing obligations.

14. Given the manufacturing history of this site, would it be better just to leave it vacant?

The intent of the cleanup program is to return the property to productive use in a manner that is safe to human health or the environment for approved purposes. The investigations and remediation have been undertaken with the strict oversight of the DEQ.

15. How do we know we can trust the sampling results that EBCo and the DEQ are relying on to conclude that the site is clean?

Samples are obtained by an environmental consulting firm and are tested by an independent environmental testing laboratory. The state has the ability to obtain its own samples to verify results obtained by EBCo.

16. Will I have a say in how the property gets developed?

If the property becomes part of Mapleton City, you will have a say in future development activities. If the property stays in Spanish Fork City, you will have an opportunity to hear about environmental remediation activities.

For more information, please contact:

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View toward the Wasatch Mountains from the site