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March 7, 2011

2241960 Ontario Inc.
carrying on business as Earthworx Industries
13471 Lakeridge Rd.,
Scugog, Ontario, L9L 1W3
Canada

Attention: Mr. Gordon Churchill & Mr. Claudio Villa

Re: Provincial Officer's Order No. 7671-8AGPMT – Amendment No. 3

Further to discussions held with 2241960 Ontario Inc. operating as Earthworx Industries, (Earthworx) and its legal counsel, this letter constitutes an amendment, identified as Amendment No. 3, to my Provincial Officer's Order No. 7671-8AGPMT (Order) which I issued on October 25, 2010 and amended on November 15 and December 8, 2010.

This amendment amends and constitutes part of the Order. The terms herein that are capitalized have the meanings described in the Order.

Reasons for this Amendment:

I am amending the Order in response to the events that have taken place this year and the new information obtained. Three new requirements are being added and one existing requirement is being strengthened.

Set out below is a summary of the key events that have occurred since the issuance of Order Amendment No. 2 on December 8, 2010 and a brief description of the reasons for this Order Amendment No. 3 and the circumstances on which the reasons are based.

Earthworx has been cooperating with the Ministry and has been complying with all the requirements of the Order. The information obtained so far has not indicated any impact on the groundwater aquifer underlying the Site. However, the procedures set in place by the Order have disclosed that there are issues with the quality of the soils that have been brought to the Site.

On January 25, 2011, the Earthworx on-site Qualified Person collected the monthly sample for each of the four source sites delivering material to the Site as required by Order Item No. 10. These analysis results were compared to the Table 2 criteria outlined in the Ministry's "Soil, Ground Water and Sediment Standards for Use under Part XV.1 of the Environmental Protection Act" (Table 2 criteria). Concentrations of certain polyaromatic hydrocarbons and the level of electrical conductivity in a sample taken from fill originating at Block 6N Fort York at Bathurst and Lakeshore Avenue in Toronto were found to be higher than the relevant Table 2 criteria. Consequently, soils that were above Table 2 criteria were deposited at the Site. There is, however, only limited, after the fact, information regarding where at the source site the material came from and where it was placed at the Site as it was placed in the fill pile and was not segregated, prior to receiving the analysis. On February 14, 2011 the Ministry received a copy of the work plan for the excavation and removal of soil in the area where Earthworx believed the failing soil sample was deposited and that work has been completed.

The amendments to Order Item No. 10 and the new requirements in Order Items No. 13 and 14 are being made to address the need to have better procedures both at the source sites and at the Site and to strengthen the auditing thereof by the on-site Earthworx Qualified Person.

In January 2011 and early February 2011, the excavation of four test pits and the drilling of 23 boreholes were completed at the Site and samples were submitted for analysis of the soil. Ministry staff attended to observe the carrying out of the environmental site assessment to ensure that it was done in accordance with the work plan submitted under the Order. The Ministry also took some samples to be analyzed at its laboratory.

However, the sampling results from three of the boreholes indicated levels of certain polyaromatic hydrocarbons were above Table 2 criteria. In February, Earthworx completed an excavation of one the areas (borehole 14) where these soils were located and retained the services of a consulting firm to complete confirmatory sampling of the side walls.

The Ministry has not been provided with a copy of the report on the environmental site assessment and the work completed to address the area where the soil was above Table 2 criteria. Order Item No. 15 sets out an additional requirement to have the necessary report provided to the undersigned Provincial Officer and to have it include recommendations from the Qualified Persons regarding the need for any further soil and groundwater sampling at the Site.

In late February 2011, four groundwater monitoring wells were installed at the Site. The groundwater samples have been analyzed by Earthworx and the ministry was verbally provided with the results on February 25, 2011. This information, and the ministry's analytical results indicate no exceedences of the Table 2 criteria from the samples at the groundwater monitoring wells located at the Site.

The Order was originally issued to Earthworx pursuant to subsection 157.1 of the EPA. I am amending the Order pursuant to my authority under section 157.2 (1) of the EPA. I reasonably believe that the requirements specified in the amendment are necessary or advisable so as to (a) prevent or reduce the risk of a discharge of a contaminant into the natural environment from an undertaking or a property or (b) to prevent, decrease or

eliminate an adverse effect that may result from the presence or discharge of a contaminant in, on or under the property.

Work Ordered:

- (1) I hereby amend Item No. 10 of the Order by deleting the word “monthly” and inserting instead “ at a minimum weekly” and by adding a new final sentence so that this requirement now reads as follows:

Item No. 10

Effective immediately and for the duration of this Order, Earthworx shall collect at a minimum weekly audit soil samples from trucks representing each source site that has been accepted to ship material to the Site. These soil samples shall be analyzed for metals, soluble chlorides, volatile organic compounds, petroleum hydrocarbons and benzene, toluene, ethylbenzene, xylenes and semi-volatile organic compounds. Copies of these analysis results shall be maintained on the Site and be made available to Ministry staff upon request. Earthworx shall notify the Provincial Officer within 24 hours if any audit sample results indicate levels above Table 2 criteria, and the notice shall also indicate the action(s) being taken and to be taken and by when the soils above Table 2 criteria will be removed.

- (2) I order Earthworx to do or cause to be done the following:

Item No. 13

By 09:00 hours on March 9, 2011, cease accepting any material at the Site, until (a) a procedure is put in place that is acceptable to the undersigned Provincial Officer whereby each source site material can be segregated and managed at the Site in conjunction with the confirmatory audit sampling procedures; and the (b) plan required in Item No. 14 is submitted and accepted by the undersigned Provincial Officer.

Furthermore, until such time as the additional soil sampling and groundwater monitoring required in Item No. 15 is completed, all soils that are brought to the Site shall be deposited in an area to which no previous soil deposit has been made.

Furthermore, it is a requirement that all material shall be segregated and managed at the Site in accordance with the accepted procedure set out about above.

Item No. 14

Cease accepting material from any source site until a plan is submitted and is acceptable to the undersigned Provincial Officer, which addresses soil management activities at source sites prior to delivery of material to the Site. The plan will require a detailed

analysis and soil management plan to ensure the material received at the Site meets Table 2 criteria. No material shall be accepted from a source site at the Site until the Qualified Person for Earthworx approves the detailed analysis and soil management plan for such source site.

Copies of each soil management plan shall be maintained on-site and available to Ministry staff upon request

Item No. 15

By March 15, 2011, submit to the undersigned Provincial Officer one or more reports on the environmental site assessment and soil removal work done at the Site to date, and a plan for additional environmental site assessment. The plan will include the recommendations and opinion of the Qualified Persons involved regarding the extent of further soil sampling and ongoing groundwater monitoring required to ensure that there will be no impact to any groundwater aquifers or adjacent property from the activities at the Site. The plan must require at a minimum that soil sampling be undertaken at a minimum of 25 metre intervals.

Furthermore, it is required that the additional soil sampling shall be completed by March 31, 2011 or such other date as indicated in writing by the undersigned Provincial Officer and the groundwater monitoring shall be carried out on a quarterly basis (four times a year) commencing in May, 2011.

Issued at Ajax this 7th day of March, 2011.



David Fisher
Senior Environmental Officer
Badge No. 1215
York Durham District Office
Tel: (905) 427 5608

APPEAL/REVIEW INFORMATION

REQUEST FOR REVIEW

You may request that this order be reviewed by the Director. Your request must be made in writing (or orally with written confirmation) within seven days of service of this order and sent by mail or fax to the Director at the address below. In the written request or written confirmation you must,

- specify the portions of this order that you wish to be reviewed;
 - include any submissions to be considered by the Director with respect to issuance of the order to you or any other person and with respect to the contents of the order;
- apply for a stay of this order, if necessary; and provide an address for service by one of the following means:
 1. mail
 2. fax

The Director may confirm, alter or revoke this order. If this order is revoked by the Director, you will be notified in writing. If this order is confirmed or amended by order of the Director, the Director's order will be served upon you. The Director's order will include instructions for requiring a hearing before the Environmental Review Tribunal.

DEEMED CONFIRMATION OF THIS ORDER

If you do not receive oral or written notice of the Director's decision within seven days of receipt of your request, this order is deemed to be confirmed by order of the Director and deemed to be served upon you.

You may require a hearing before the Environmental Review Tribunal if, within 15 days of service of the confirming order deemed to have been made by the Director, you serve written notice of your appeal on the Environmental Review Tribunal and the Director. Your notice must state the portions of the order for which a hearing is required and the grounds on which you intend to rely at the hearing. Except by leave of the Environmental Review Tribunal, you are not entitled to appeal a portion of the order or to rely on grounds of appeal that are not stated in the notice requiring the hearing. Unless stayed by the Environmental Review Tribunal, the order is effective from the date of service.

Written notice requiring a hearing must be served personally or by mail upon:

The Secretary	and	Director (Provincial Officer Orders)
Environmental Review Tribunal		Ministry of the Environment
655 Bay Street, 15th Floor		York-Durham District Office
Toronto ON		5 th Floor
M5G 1E5		230 Westney Rd S.
		Ajax ON, L1S 7J5
		Fax: (905) 427-5602
		Tel: (905) 427-5600

Where service is made by mail, it is deemed to be made on the fifth day after the date of mailing and the time for requiring a hearing is not extended by choosing service by mail.

Further information on the Environmental Review Tribunal's requirements for an appeal can be obtained directly from the Tribunal by:

Tel: (416) 314-4600

Fax: (416) 314-4506

www.cri.gov.on.ca

FOR YOUR INFORMATION

- Unless stayed by the Director or the Environmental Review Tribunal, this order is effective from the date of service. Non-compliance with the requirements of this order constitutes an offence.
- The requirements of this order are minimum requirements only and do not relieve you from complying with the following:
 - any applicable federal legislation;
 - any applicable provincial requirements that are not addressed in the order; and
 - any applicable municipal law.
- The requirements of this order are severable. If any requirement of this order or the application of any requirement to any circumstance is held invalid, the application of such requirement to other circumstances and the remainder of the order are not affected.
- Further orders may be issued in accordance with the legislation as circumstances require.
- The procedures to request a review by the Director and other information provided above are intended as a guide. The legislation should be consulted for additional details and accurate reference.