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November 15, 2010

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. 1

Further to discussions held with 2241960 Ontario Limited operating as Earthworx Industries, (Earthworx) and Miller Thomson its legal counsel, this letter constitutes an amendment, Amendment No. 1, to Provincial Officer's Order No. 7671-8AGPMT (Order) which was issued on October 25, 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 to obtain the environmental site assessment required in Item No. 5, by November 19, 2010 instead of November 30, 2010, so that it can be discussed at a meeting scheduled for November 19, 2010 with Earthworx. Earthworx legal counsel has indicated that Item No. 5 can be completed prior to November 19, 2010.

I am amending the Order, by adding two new requirements, Item No. 6 & 7, set out below.

Since the issuance of the Order on October 25, 2010 the following outlines the involvement of myself, and the Ministry at the Site, and the key events that have occurred.

On October 26, 2010, I attended the Site and verified that Earthworx was aware of the Order. I was advised that procedures as required by Item No. 1 were in place and Earthworx was continuing to accept material at the Site. I witnessed 10 trucks depositing fill at the Site. Legal counsel for Earthworx forwarded to me by email a copy of the Earthworx "Fill Quality Control Procedures" dated September 2010.

On October 28, 2010, I met with Earthworx, its legal counsel, my District Manager and the Ministry's legal counsel, to discuss the requirements of the Order and the procedures that were in place at the Site. It was agreed, that the procedures needed to be updated.

On October 29, 2010, I received an email from Earthworx legal counsel identifying the requirements of Item No. 3. Canada Engineering Services Inc. Consulting Engineers (CESI) has been retained by Earthworx since June 2010 and was designated to be the Qualified Person for the Site. Ram Jagdat, P.Eng., consulting engineer and principal of CESI, is the primary contact for the Site.

On October 29, 2010, Earthworx legal counsel sent an email to the Ministry's legal counsel, advising that Earthworx, "is committed to taking all reasonable measures to ensure that it does not place fill at the site that would in any way contaminate groundwater in the area... While Earthworx may object to the jurisdiction of the Ministry to issue an Order, it is prepared to voluntarily undertake the actions requested"

On November 1, 2010, I received an updated procedure for fill management at the Site dated October 2010.

On November 4, 2010 I attended the Site and observed that material had been deposited at the Site by a hydro-vac truck without the knowledge or approval of the Qualified Person

On November 6, 2010, Ministry staff attended the Site and obtained a soil sample of the material being deposited at the Site from one truck as part of a random audit.

On Sunday, November 7, 2010, Ministry staff drove by the Site at 8:30 a.m. and 12:00 p.m. and verified that the Site was not receiving material.

On November 9, 2010, I attended the Site and obtained a soil sample of the material being deposited at the Site from one truck as part of a random audit. I received from Earthworx documentation from CESI regarding the shipments of "Excavated Soil Materials from 1070 Toy Ave., Pickering". This information did not satisfy the requirements of Item No. 4 of the Order.

On November 10, 2010, as part of the random audit, I attended the Site and obtained a soil sample of the material being deposited at the Site from one truck.

On November 11, 2010, Ministry staff drove by the Site and observed the Site to be operating and that there was a helicopter landing or taking off at the Site.

On November 12, 2010 Earthworx provided CESI Report No. 1042-56 dated November 11, 2010 which summarizes all of the work taken by CESI for Earthworx since June 2010. This information did not satisfy the requirements of Item No. 4 of the Order. Legal counsel for Earthworx advised the Ministry's legal counsel that Earthworx is reviewing all their documentation and preparing a summary by source of all fill that has been accepted at the Site since it opened and that this will be submitted by November 17, 2010.

On November 12, 2010 Ministry staff discussed with Earthworx and its legal counsel the need for an independent Qualified Person to be on site at all times the Site is open to ensure

that information relating to the quality of all material being deposited at the Site has been reviewed and approved by the Qualified Person as described in Item No. 1 of the Order. Earthworx agreed and advised that they will begin to implement this procedure on November 13, 2010.

On a number of occasions, Earthworx stated to Ministry staff that trespassing has occurred at the Site and that this could lead to the depositing of material at the Site during times when the Site is not open. Earthworx is considering the use of increased security cameras at the Site so as to identify these trespassers.

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.

Set out above is a brief description of the reasons for the Order amendment and the circumstances on which the reasons are based.

Work Ordered:

(1) I hereby amend Item No. 5 of the Order by replacing the date of November 30, 2010 to November 19, 2010 so that it now reads as follows:

Item No. 5.

By November 19, 2010, submit to the undersigned Provincial Officer, a copy of the report from the Qualified Person regarding a proposed plan for an environmental site assessment of the Site as described in section 5 of the attached Provincial Officer's Report.

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

Item No. 6

By November 15, 2010, cease accepting any material at the Site, until there is an on-site, independent Qualified Person to confirm in writing that the material being received is acceptable for use at the Site. The written documentation and written confirmation shall be available at the Site for review by a Provincial Officer. The Qualified Person shall be responsible for monitoring all vehicle activities at the Site, including documenting the vehicle identity for all vehicles depositing material at the Site, details of the approved source of the material, and the date and time the material was deposited.

Item No. 7

By November 19, 2010, submit to the undersigned Provincial Officer a plan for appropriate security measures at the Site, including barriers and surveillance cameras, and implement the measures by November 30, 2010.

Issued at Ajax this 15th day of November, 2010.

A handwritten signature in black ink, appearing to read 'David Fisher', written in a cursive style.

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
Environmental Review Tribunal
655 Bay Street, 15th Floor
Toronto ON
M5G 1E5

and
Director (Provincial Officer Orders)
Ministry of the Environment
York-Durham District Office
5th Floor
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.ert.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.