

**VIA FAX AND CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Panex Company  
c/o Marc Z. Edell  
Edell & Associates, P.C.  
1776 On the Green  
Morristown, NJ 07962-2355

Re: Tutu Wells Site  
St. Thomas, U.S. Virgin Islands

Notice of Potential Liability of Panex Company Pursuant to  
CERCLA, 42 U.S.C. §9601 et seq.

Dear Mr. Edell:

The U.S. Environmental Protection Agency ("EPA") is charged with responding to the release or threatened release of hazardous substances, pollutants and contaminants into the environment and with enforcement responsibilities under the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), 42 U.S.C. §§9601-9675.

EPA has documented the release and threatened release of hazardous substances and petroleum into the environment at the Tutu Wells Site, which is located in the upper Turpentine Run basin in the vicinity of Anna's Retreat in the east central section of St. Thomas. Hazardous substances, including, but not limited to benzene, toluene, ethylbenzene, xylene ("BTEX"), 1,2-dichloroethene, vinyl chloride, trichloroethene, tetrachloroethene and terbutylmethylether ("TBME") have been detected in groundwater, soil samples and supply wells in the vicinity of the upper Turpentine Run basin. EPA has spent public funds in detecting hazardous substances at the Site and anticipates spending additional public funds. These actions have been and will be taken by EPA pursuant to CERCLA. To date, response actions taken by EPA with regard to the Site include, but are not limited to, removal actions initiated by EPA, and

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| SURNAME -->  | C. KWAN | M. HAURTMAN | P. SIMON | E. SCHAAF | C. PETERSEN | H. MCCABE | K. CALLAHAN     |  |
| DATE ----->  |         |             |          | 7/28/95   |             |           | Callahan<br>8/3 |  |

oversight of the performance of the removal action and remedial investigation/feasibility study conducted by the Tutu Environmental Investigation Committee ("TEIC").

Under CERCLA and other laws, responsible parties may be held liable for monies expended by the federal government in taking response actions at and around sites where hazardous substances have been released, including investigative, planning, removal, remedial and enforcement actions. Responsible parties also may be subject to orders requiring them to take response actions themselves. Responsible parties under CERCLA include, among others, the current and past owners or operators of the facility from which there has been a release or threatened release of hazardous substances.

By this letter, we notify you that we have reason to believe that Panex Company, and/or its predecessor in interest, is a former owner/operator of the textile manufacturing plant ("Laga Plant" or "Plant"), which was located in Anna's Retreat, St. Thomas, USVI, at which there has been a release or threatened release of hazardous substances which has caused EPA to incur response costs. This Plant is part of the Tutu Wells Site. We also have reason to believe that Panex Company, and/or its predecessor in interest, was an owner/operator of the Plant during at least a portion of the time that hazardous substances were disposed of there. Accordingly, Panex Company is a potentially responsible party ("PRP") under Section 107(a) of CERCLA, 42 U.S.C. §9607(a), with respect to the Tutu Wells Site.

Currently, the TEIC is performing a remedial investigation/feasibility study in the area under an Administrative Order with EPA, which is scheduled to be completed this summer. Very shortly, we will be issuing for public comment a "Proposed Plan" for remedial action at the Tutu Wells Site. This action would address, among other things, groundwater and soils at the Site which are contaminated with hazardous substances and petroleum. We will send you a copy of the Proposed Plan.

Within two weeks of your receipt of this letter, please indicate whether Panex Company is interested in cooperating in future activities involved with this Site, by writing to:

Andrew L. Praschak, Esq.  
Office of Regional Counsel  
U.S. Environmental Protection Agency  
Caribbean Field Office  
1492 Ponce De Leon Avenue  
Suite 417  
San Juan, PR 00907

A copy of this correspondence should also be sent to the Project Manager at the following address:

Caroline Kwan, Project Manager  
Emergency & Remedial Response Division  
U.S. Environmental Protection Agency  
290 Broadway  
20th Floor  
New York, NY 10007-1866

Whether or not you indicate that Panex Company is interested in participating in future activities at the Site, you are invited to attend a public meeting on the Proposed Plan for Remedial Action at the Tutu Site currently scheduled to be held at the Department of Education, Curriculum Center, 386 Anna's Retreat, Estate Tutu, St. Thomas, U.S. Virgin Islands on September 7, 1995 at 7 pm. If you have any questions about this letter or the meeting, call Andrew Praschak at (809) 729-6951 ext. 231.

Sincerely yours,

Kathleen Callahan, Director  
Emergency and Remedial Response Division

cc: Andrew Praschak, EPA-CFO  
Leonard Reed, DPNR  
Larry Spivack, DPNR  
Joseph Hurley, DOJ  
John Newman, Porzio, Bromberg & Newman, P.C.  
Tim Knutson, Tutu PRP Steering Committee