

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No. 500-11-036133-094

SUPERIOR COURT

Commercial Division
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C., c. C-36, as amended)

**IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:**

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

BOWATER CANADIAN HOLDINGS INC.
and the other Petitioners listed on the motion

Petitioners

and

ERNST & YOUNG INC.

Monitor

and

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF ONTARIO AS REPRESENTED BY
THE MINISTER OF THE ENVIRONMENT.**

Respondent on the motion

AFFIDAVIT OF JOHN TAYLOR SWORN SEPTEMBER 14, 2010

I, **JOHN TAYLOR**, of the City of Thunder Bay, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Director of the Northern Region Office of the Ministry of the Environment ("MOE") and, as such, have knowledge of the matters hereinafter deposed. Where this affidavit is not based on my personal knowledge, it is based upon information obtained by me from the files of the MOE or other employees of the MOE. I believe such information to be true.
2. The Petitioners have owned and/or operated various facilities in Ontario that have been transferred to third parties. These facilities were operated under the authority of various Certificates of Approval issued by the Ministry of the Environment. There are contaminants in, on or under each of these properties that may have an adverse effect on the natural environment. Some of these facilities were sold prior the commencement of this CCAA proceeding and others were sold during this CCAA proceeding.
3. It is likely that some of the facilities that were sold to third parties will require remediation (such as the closure and capping of a landfill or groundwater monitoring) in order to prevent, decrease or eliminate an adverse effect that may result from the discharge of a contaminant from the property or the presence of discharge of a contaminant in, on or under the property. It is difficult, if not impossible, to speculate on what long-term remediation may be required given that all of the long-term environmental consequences of the presence of these contaminants is not currently known.

Georgetown Landfill

4. The Georgetown facility presents unique problems. I am advised by Tina Dufresne, District Manager, Halton-Peel District Office, and verily believe that from about the 1950s to 1991 Abitibi-Consolidated Company of Canada, and its various affiliates, owned and operated the Georgetown Landfill Site being a waste disposal site located in Halton Hills, Ontario. The landfill ceased accepting waste in 1991. Abitibi sold the landfill, including the surrounding property in 1991 however Abitibi retained an easement on the property for a period of twenty-one years less a day to manage the landfill. The ministry has a letter dated April 8, 2005, from Golder, a consultant working for Abitibi, to the Ministry of the Environment that indicates there is an agreement between Abitibi and the landowner to monitor and report on the monitoring of the landfill sampling wells, for a period of twenty-five years. The Transfer/Deed indicates that Abitibi retained a temporary right of entry in the nature of an easement, for a period of twenty-one years less a day for the purposes of closing, maintaining and monitoring the landfill site and groundwater and conducting such other work as may be required by applicable law, the requirements of the Ontario Ministry of the Environment, or any other applicable governmental authority at such time or

as may otherwise be deemed reasonably necessary by Abitibi, its successors and assigns. Abitibi capped the landfill in 1995. Under the current Certificate of Approval for the landfill, Abitibi is required to monitor groundwater and surface water impacts from the landfill on a quarterly basis, and to submit annual monitoring reports to the Ministry of the Environment. The Certificate of Approval was amended in February 2009 to require Abitibi to install off-site monitoring wells to assess off-site water impacts. This work was completed in 2009. The MOE holds \$179,297.00 in Letters of Credit as Financial Assurance. Abitibi purported to repudiate its obligations under the Certificate of Approval by letter dated May 20, 2010 however, the Ministry of the Environment has not yet taken regulatory action in response. The MOE could issue an Order under EPA requiring Abitibi to perform such work. The MOE could also consider prosecution in respect of Abitibi's apparent non-compliance with the terms and conditions of its Certificate of Approval.

Abitibi Properties Transferred During this CCAA Proceeding

5. Other facilities were transferred during this CCAA proceeding. Abitibi transferred the following waste disposal sites located in Ontario to 4513541 Canada Inc. pursuant to a Vesting Order issued by the Quebec Superior Court on September 10, 2010:
 - (A) Margach Landfill, Kenora, Ontario
 - (B) Mud Lake Landfill, Kenora, Ontario
 - (C) Dryden Mercury Landfill, Dryden, Ontario
6. In addition, Abitibi Consolidated Company of Canada sold land and other assets associated with the Fort William pulp and paper mill to American Iron & Metal LP pursuant to a Vesting Order issued by the Quebec Superior Court on May 3, 2010. I have reviewed the Monitor's 38th Report, dated April 24, 2010. The Report, states at paragraph 72, that the Fort William landfill was excluded from this sale. I am advised by Trina Rawn, and verily believe, that this landfill will be managed by AbitibiBowater upon its emergence from CCAA.

SWORN before me at the City of Toronto
this 17th day of September, 2010



A Commissioner, etc.


JOHN TAYLOR