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**Phase 1 Environmental Site Assessment
Briar Bay Tract – 2,971 Acres
Camden County, Georgia
December 2004**



Prepared For:

**BLUE SKY TIMBER PROPERTIES LLC
1201 West Lathrop Avenue
Savannah, Georgia 31415**

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1.0 SUMMARY

Geo-Source, Inc. performed a Phase I Environmental Site Assessment (Phase I ESA) for 2,971+/- acres of timberland property in ownership by Blue Sky Timber Properties LLC (Property). The Property is located in north central Camden County, Georgia, west-southwest from the intersection of Horse Stomp Road and Interstate 95 approximately 5-miles east from the Town of Waverly. The Property has a land-use history of being forested and managed to produce forest resource products during the ownership tenures of Union Camp Corporation, International Paper Company and Blue Sky Timber Properties LLC. Blue Sky Timber Properties LLC, the current owner, refers to the Property as the Briar Bay Tract. The Phase I ESA was conducted during December 2004 in accordance with ASTM E 2247-02, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process for Forestland and Rural Property. This Phase I ESA was performed specifically for Blue Sky Timber Properties LLC for use in disposition of the Property.

Geo-Source, Inc. has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 2247-02 of the Property (Briar Bay Tract). Any exceptions to, or deletions from, this practice are described in Section 2.0 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

2.0 INTRODUCTION

2.1 Purpose

The purpose of this Phase I Environmental Site Assessment (Phase I ESA) is to identify recognized environmental conditions in connection with the Property pursuant to ASTM E 2247-02 (ASTM Standard). The purpose of the ASTM Standard is to define good commercial and customary practice for conducting assessments on property 120 acres or greater of forestland or rural property. Specifically, this Phase I ESA serves as an evaluation of the Property with respect to the range of contaminants within the scope of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and petroleum products. This practice is intended to permit the user to satisfy one of the requirements to qualify for the innocent landowner defense to CERCLA liability: that is, the practices that constitute all appropriate inquiry into the previous ownership and uses of the Property consistent with good commercial or customary practice. In defining a standard of good commercial and customary practice, the goal of the processes established by this practice is to identify the presence or likely presence of any hazardous substances or petroleum products on a Property under conditions that indicate an existing release, past release, or a material threat of a release of hazardous substances or petroleum products even under conditions in compliance with laws.

This Phase I ESA was conducted at the request of Mr. Curtis Hensyl of Blue Sky Timber Properties LLC, Savannah, Georgia, for use in disposition of the Property.

2.2 Scope of Work

The scope of work in accomplishing this Phase I ESA was performed in accordance with the ASTM Standard referenced above including the following:

2.2.1 Records Review

Geo-Source, Inc. obtained and reviewed records to assist in identifying recognized environmental conditions in connection with the Property. The records review is based on reasonably ascertainable sources that are publicly available at a reasonable time and cost. The records review included the following sources: NPL, CERCLIS, NFRAP, RCRA CORRACTS, RCRA TSD, RCRA GEN, ERNS, SCL, SWLF, LUST, UST, USGS topographic maps, aerial photography, USDA Camden County soil survey information, and records from the Environmental Protection Division of the Georgia Department of Natural Resources.

2.2.2 Reconnaissance

Through a site visit, Geo-Source, Inc. endeavored to obtain information indicating the likelihood of identifying recognized environmental conditions in connection with the Property. Property uses and conditions were identified only to the extent that they were visually and physically observed during the site visit. An area reconnaissance surrounding the Property was conducted to ascertain the likelihood, as was able to be established through observations, of a recognized environmental condition or potential thereof, from vicinity and adjoining properties. Observations made during the reconnaissance of the Property are plotted on Findings Maps 1 and 2 included as Appendix 3–E with corresponding latitude and longitude coordinates for geographic and topographic reference.

2.2.3 Interviews

Geo-Source, Inc. conducted interviews with State, County and local government officials, property owners, and others with historical information regarding the Property to obtain information indicating recognized environmental conditions in connection with the Property.

2.2.4 Report

Summarize and document findings, analyses, and conclusions obtained through the records review, site reconnaissance and interviews, as well as information supplied by the user regarding any relevant specialized knowledge or environmental liens encumbering the Property.

2.3 Special Terms or Conditions

In connection with this Phase I ESA on the Property, Geo-Source, Inc. certifies that its principals and employees have no present or prospective ownership interests in this property or any other conflicts of interest, which might affect the findings and conclusions of this report. Neither our employment for this Phase I ESA nor the compensation for employment is contingent upon the information gathered and reported. Much of the information provided in this report has been obtained and consolidated from a variety of third party sources and is believed to be reliable. Geo-Source, Inc. has not made independent investigations of accuracy or completeness of this third party information and cannot guarantee such data.

All maps included in this report show approximate locations and are for the purpose of assisting the reader in visualizing the location of specific observations relative to known geographic features. Geo-Source, Inc. has made no survey of the Property. Property boundaries and location information were provided by

Blue Sky Timber Properties LLC in electronic format and are assumed to be accurate.

In accordance with the ASTM Standard, Geo-Source, Inc. has performed no on-site or off-site testing of materials or substances including soil, ground water, or surface water during this Phase I ESA for the purpose of assessing the presence of environmental conditions.

2.4 Limitations and Exceptions of the Assessment

2.4.1 Vegetation

Areas of dense vegetation may limit observations for recognized environmental conditions associated with the timberland property.

2.4.2 Access

During the reconnaissance portion of this Phase I ESA, a reasonable effort to visually inspect as much of the Property as possible was made given viable road/trail access. Some portions of the Property were not visually inspected due to a lack of navigable roads and/or trails or flooding of forest roads.

2.5 User Reliance

This Phase I ESA was prepared specifically for Blue Sky Timber Properties LLC for use in disposition of the Property. Blue Sky Timber Properties LLC and the prospective purchaser and their respective attorneys and lenders specific to this transaction may rely on the information contained in this report as an assessment of recognized environmental conditions pursuant to the ASTM Standard. No other party shall rely on the information in this report without express written permission from Geo-Source, Inc. This report should be considered accurate only for the time frame in which the Phase I ESA was conducted.

3.0 SITE DESCRIPTION

3.1 Property Location

The Property, which totals approximately 2,971 acres, is located in north central Camden County, west-southwest from the intersection of Horse Stomp Road and Interstate 95 (I-95) approximately 5-miles east from the Town of Waverly in coastal Georgia (Appendix 1-A: Location Map). Camden County is bounded to the west by Charlton County, to the north by Glynn and Brantley Counties, to the south by Nassau County, Florida, and to the east by the Atlantic Ocean. The Property is approximately 10-miles southwest from the City of Brunswick in an area denoted as Hazards Neck along the north side of White Oak and Waverly Creeks.

3.2 Site and Vicinity Information

The Property occurs in the Barrier Island Sequence District of the Sea Island Section of the Coastal Plain physiographic region. The Barrier Island Sequence District, marked as "BIS" on the Georgia Physiographic Regions Map in Appendix 1-E, consists of Quaternary-aged shallow marine deposits. These shallow marine geologic formations are denoted as marsh and lagoon deposits on the Geologic Map of Georgia (Appendix 1-F). The marsh and lagoon deposits are unconsolidated and form a step-like progression toward the current-day sea level with thick sequences of sands, sandy clays and silts formed from transgressions and regressions of shorelines resulting from fluctuations in sea levels over geologic time. The barrier island-salt marsh environment occupies the south portion of the Property and represents the current high-tide level. Streams and creeks have moderately dissected portions of the Property allowing for marshes (non-forested areas) to exist in poorly drained, depressional areas. Many small creeks and streams drain south across the Property to the adjoining White Oak and Waverly Creeks which drain east-southeast to the Atlantic Ocean at St. Andrews Sound. The topography of the Property is relatively flat with elevations ranging from sea level to approximately 20 feet above sea level along Horse Stomp Road. The portions of the Property at sea level are comprised of expansive *Juncus* grass with an abrupt boundary at higher elevations that support trees and shrubs. Surface and subsurface (groundwater) flow is expected to move south-southeast with the general gradient of the Property.

According to information obtained from the USDA "Soil Survey of Camden and Glynn Counties, Georgia" (1980), the Property is generally associated with poorly drained soils formed from unconsolidated coastal plain deposits. More particularly, the south portion of the Property is occupied by the Bohicket and Capers Series marked as BO on the USDA Soils Map in Appendix 3-B. The Bohicket and Capers soils are formed in tidal marshes that are saturated with

sea water and, in some cases, are inundated twice per day. Both of these soil series are classified as typic sulfaquents.

The north portion of the Property up-gradient from the tidal marsh is occupied by soils of the Sapelo (Sa), Pelham (Pe) and Brookman (Br) Series (Appendix 3-B: USDA Soils Map). The Sapelo Series is a poorly drained sandy soil with a diagnostic spodic horizon at approximately 18" deep. The spodic horizon is a characteristic of a hydric soil consistent with a very shallow, persistent internal free water occurrence. This fine sand soil increases with clay and silt at depth which can extend beyond 80 inches. The Sapelo soils are classified as a thermic Ultic Alaquod. The Pelham soils are similar to the Sapelo except they lack the spodic horizon and have a sandy loam texture though they occur on level broad flats, depressions, and drainage ways with slopes up to 5 percent. The Pelham Series is classified as a thermic Arenic Paleaquult. The Brookman Series are very deep, poorly drained soils that formed in thick clayey sediments on marine terraces. This clay loam soil occurs on broad shallow depressions and is typically saturated in late winter and early spring. The Brookman soils are classified as thermic Umbric Endoaqualls. According to the US Army Corps of Engineers Wetland Delineation Manual (1987), all five of these soil series (Bohicket, Capers, Sapelo, Pelham, and Brookman) are listed as hydric soils. Hydric soils are defined as, "a soil that is saturated, flooded, or ponded long enough during the growing season to develop anaerobic conditions that favor the growth and regeneration of hydrophytic vegetation" (National Technical Committee for Hydric Soils, 1987).

3.3 Current and Past Uses of Property

The primary use of the Property is the production of timber, pulpwood, and other forest products through forest management operations conducted by Blue Sky Timber Properties LLC, International Paper Company, and Union Camp Corporation. Records reviewed at the Tax Assessors Office of Camden County in the City of Woodbine indicate the Property was part of the Hazard Neck Unit of Union Camp Bag and Paper Company as recorded as Map 112, Parcel 1. The Hazard Neck Unit comprised 10,206.72 acres with 1,409 acres denoted as "marsh" (Appendix 2: Figures 1 and 2). Blue Sky Timber Properties LLC and International Paper Company acquired the Hazard Neck Unit including the Property from Union Camp Corporation through a merger in 1999. A small metal placard for Union Camp was observed at the north boundary of the Property (Appendix 2: Figure 3). The Property naturally supports stands of southern yellow pine and a hardwood mix of species suited to periodic flooding in the lower and alluvial areas. The Briar Bay Tract Map included as Appendix 1-B depict those portions of the Property in varying age classes of pine stands colored green while the alluvial and depressional areas are naturally regenerated with hardwoods and colored brown; non-forested areas are colored gray. While natural pine stands exist, most of the pine stands on the Property are planted following mechanical and/or chemical site preparation. Periodic timber harvesting

activities and mid-rotation timber stand improvement activities have occurred throughout the land use history of the Property for timber production. In addition to the Briar Bay Tract Map, Blue Sky Timber Properties LLC also provided Cruise Maps 1 and 2 for the east and west portions of the Property (Appendix 1-C and D). These maps delineate specific stands of timber with corresponding acreages, predominate species, ages of specific stands as well as non-forested areas labeled as "building", "company roads", "marsh" and "borrow pit".

The Property is also well suited for recreation including horseback riding, hunting, and camping. Recreational hunting rights are leased to the Briar Bay Hunt Club and Little York Hunt Club. According to Mr. Donny McClellan who has hunted on the Property for 30+ years, these two clubs have combined members and no longer act as separate entities. As further described in Section 3.4.1, the hunting club utilizes a primitive camp on the Property.

3.4 Structures, Roads, and Other Improvements

3.4.1 Structures

The Briar Bay and Little York Hunt Club utilize a primitive camp area on the Property at N 31° 02.978' W 81° 39.958' as plotted on Findings Map 1 of 2 in Appendix 3-E. The camp consists of a six-post open pavilion, small (120 square feet) wooden-frame enclosed camp building and a self contained camper (Appendix 2: Figures 4 and 5). These structures are congregated near the intersection of interior forest roads and utilize a mechanical water well as further described in Section 3.4.3. The hunt club also utilizes a sighting range comprised of an earthen berm and wood bench which is located nearby the camp as also plotted on Findings Map 1 of 2 in Appendix 3-E. (Appendix 2: Figure 6). In addition, several wooden enclosures utilized as shooting houses were also observed throughout the Property. These shooting houses are generally located along interior forest roads and at small plots of planted clover and grasses (Appendix 2: Figure 7).

3.4.2 Roads

The Property is bounded to the north by Horse Stomp Road, a paved two-lane east to west rural residential road, and adjoins the west side of Interstate 95 (Appendix 2: Figures 8 and 9). Interstate 95 (I-95) is a major 4 or 6 lane highway between the City of Jacksonville, Florida, and points south, and the City of Savannah and points north (Appendix 2: Figures 10 and 11). Based on a review of historical aerial photography as described in Section 4.4, I-95 was constructed in the late 1960's and early 1970's as the overpass at Horse Stomp Road is dated to 1975 (Appendix 2: Figure 12). The I-95 corridor is not present on the 1952 State Highway Department, System of State Roads map (Appendix 3-C) and is also not discernible on the 1965 or 1953 aerial photographs in Appendix 3-A. Horse Stomp Road does not have an interchange with I-95 but is accessed from State Highway 17 at the Town of Waverly approximately 5-miles to the west

of the Property and I-95. Head Road, an unpaved county road, is the only public road corridor crossing the Property to the south from Horse Stomp Road (Appendix 2: Figure 13). This unpaved public road accesses an adjoining cellular tower and residential properties adjoining to the east, as further described in Section 5.9. The Property interiors are accessed from points of ingress from Head Road and Horse Stomp Road through locked metal gates which are utilized to deter trespass and other undesired activities (Appendix 2: Figure 14). These interior forest roads meander across the Property from the north to the south and east to west (Appendix 2: Figures 15 and 16). In all cases, the roads appeared in excellent condition with culverts draining or small, single lane concrete slabs spanning the numerous creeks and streams characteristic to the Property (Appendix 2: Figure 17). Some portions of forest roads, particularly those crossing depressional areas, were encountered flooded.

3.4.3 Utilities

No public utilities are utilized on the Property though a mechanical water well was observed at the Briar Bay / Little York Hunt Club. This water well is situated adjacent to the six-pole pavilion and appears to supply water for domestic needs such as washing dishes and cleaning utensils (Appendix 2: Figure 18). No electrical, natural gas or sewer services were observed or reported in association with the hunt camp.

Overhead electrical lines were observed along the public road corridors including Horse Stomp Road and Head Road. These electrical lines serve adjoining and vicinity rural residences, churches, and the adjoining cell tower via pole mounted transformers (Appendix 2: Figure 19). A bank of three large 144 KvA – 100 amp transformers was observed adjoining the Property along the south right-of-way of Horse Stomp Road (Appendix 2: Figure 20). These three transformers are labeled as containing “new oil” and as with the other single transformers, none appeared to be in a condition indicative of being a past or posing a present or imminent threat to the Property.

3.5 Current and Past Uses of Adjoining Properties

The adjoining properties mainly consist of neighboring timberlands being a part of the former Hazard Neck Unit of the Union Camp Bag and Paper Company that totaled 10,206 acres. Other adjoining properties include single family residences, the Crown Castle cellular tower, Horse Stomp Methodist Church and Cemetery and Quarterman Cemetery. These adjoining properties are further discussed in Section 5.9.

4.0 RECORDS REVIEW

4.1 Federal and State Environmental Record Sources

Environmental information pertaining to the subject, adjoining and vicinity properties was obtained electronically and through telephone interviews from sources at the Georgia Department of Natural Resources, Environmental Protection Division (GEDP) and the Region 4 offices of the U.S. Environmental Protection Agency (EPA). Using this information, an evaluation of properties located within the minimum search distances identified by the ASTM Standard within the zip code 31565 was conducted with respect to the databases listed below. The supporting documentation for each database search, as described in the paragraphs below, is provided in Appendix 4.

Federal Databases:

National Priority List (NPL) – 1.0 mile
Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) – 0.5-mile
CERCLIS No Further Remedial Action Planned (NFRAP) – Property and Adjoining Properties
Resource Conservation and Recovery Act Corrective Action (RCRA CORRACTS) – 1.0 mile
RCRA non-CORRACTS Treatment, Storage and Disposal (TSD) – 0.5 mile
RCRA Generators (GEN) – Property and Adjoining Properties
Emergency Response Notification System (ERNS) – Property

State Databases:

State-Equivalent NPL – 1.0 mile
State-Equivalent CERCLIS – 0.5 mile
State Clean-Up List (SCL) – 1.0 mile
State Landfills and/or Solid Waste Disposal Sites (SWLF) – 0.5 mile
State Leaking Underground Storage Tank Sites (LUST) – 0.5 mile
State Registered Underground Storage Tank Sites (UST) – Subject and Adjoining Properties

NPL

A list of NPL sites presented by county for the State of Georgia was obtained from the EPA on-line NPL database current through November 23, 2004. The list of NPL sites in Georgia and a map illustrating their locations is provided in Appendix 4. No NPL sites are reported in Camden County, Georgia.

CERCLIS

The CERCLIS Database list was queried from the Superfund Information Systems on-line database from EPA for all sites in the zip code 31565 of Camden County current through November 11, 2004. No CERCLIS sites are reported for the zip code 31565.

CERCLIS NFRAP

The CERCLIS Archived Sites list was queried from the Superfund Information Systems on-line database from EPA for all sites in Camden County in the zip code 31565, current through November 13, 2004. No archived sites are reported for the zip code 31565.

RCRA CORRACTS

A list of RCRA Corrective Action sites occurring in Camden County, Georgia, current through November 12, 2004, was obtained from the EPA on-line RCRAInfo database. No RCRA CORRACTS sites are reported for the zip code 31565.

RCRA non-CORRACTS TSD

A list of RCRA TSD sites for Camden County, Georgia, was obtained from the EPA on-line RCRAInfo database current through November 12, 2004. No RCRA TSD facilities are reported for the zip code 31565.

RCRA GEN

A list of RCRA generator sites occurring in Camden County was obtained from the EPA on-line RCRAInfo database, current through November 12, 2004. No large or small quantity generators of hazardous waste are reported in the zip code 31565.

ERNS

A list of oil and chemical spill and incident reports maintained by the National Response Center (NRC) was queried for Camden County. The NRC database, maintained by the U.S. Coast Guard has replaced the EPA ERNS list. No records of incidents in the zip code 31565 are reported.

In addition, the GEPD Emergency Response Team Incident database was queried for all sites in Camden County for the zip code 31565. The database returned one incident reported as an odor on Horse Stomp Road recorded in February 1994. A copy of the record returned from the database is provided in Appendix 4.

State-Equivalent NPL / CERCLIS

The GEPD Hazardous Sites Inventory (HSI) database was queried alphabetically by county for all sites in the State of Georgia. Two (2) sites, reported as HSI ID 10647 and 10093, were reported for Camden County though both are located in the south part of Camden County greater than 20 miles from the Property. The Coastal Georgia HSI Site Locations map and List of HSI Sites in Camden County is provided in Appendix 4.

SCL

In an interview with a representative from the Hazardous Waste Branch of the GEPD, it was determined that there are no state clean-up lists maintained by the GEPD. The GEPD utilizes the State Equivalent NPL / CERCLIS lists, maintained as the Hazardous Sites Inventory, for all issues pertaining to Georgia facilities.

SWLF

A list of permitted solid waste disposal sites was obtained from the Solid Waste Branch of the GEPD. No landfills are reported within 0.5-mile of the Property. The SWLF database includes municipal solid waste landfills, construction and demolition landfills, collection operations, inert landfills, and transfer stations as included in Appendix 4.

LUST

A list of state registered Leaking Underground Storage Tank sites was obtained from the Land Protection Branch of the GEPD, current through August 2004. Of the 80 LUST sites reported in Camden County as presented in Appendix 4, only two (2) are located within the zip code 31565 and none are located within 0.5-mile from the Property.

UST

A list of state registered Underground Storage Tanks was obtained from the Land Protection Branch of the GEPD, current through February 2004. Of the 97 reported UST sites in Camden County, three (3) are located in the zip code 31565, two of which are reported as LUST sites. None of the reported UST sites in Camden County are located on or adjoining the Property.

4.3 Topographic Resources

The Waverly 7.5 Minute Series topographic quadrangle map issued by the U.S. Department of the Interior Geological Survey (USGS) was procured and analyzed with respect to the Property. Specifically, this map provides insight on surficial geomorphology and hydrology on and around the Property. The topographic map is a historical reference for land-use, structures, cleared land versus forested lands, locations of surface mines and cemeteries, as well as serving as a useful resource in determining access options from different public road corridors. An electronic copy of this topographic quadrangle map was used to plot observations as provided on Findings Map 1 and 2 in Appendix 3-E.

4.4 Aerial Photographs

Blue Sky Timber Properties personnel in Brunswick, Georgia, provided color aerial photograph of the Property taken in 1995 (Appendix 3-A: Aerial Photographs). This photograph was obtained prior to initiating reconnaissance and was helpful in identifying forest roads providing access to the Property interiors as well as identifying any large land disturbances, landfills, or other land-uses that could pose a material threat to the Property. In addition, black and white aerial photographs from 1981, 1965, and 1953, also in Appendix 3-A, were obtained from the USDA Natural Resource Conservation Service in Brunswick, Georgia. Because of restrictions imposed by the Natural Resource Conservation Service, these black and white aerial photographs could not be removed for color reproduction, hence only black and white copies could be made. These historical aerial photographs show the Property to be forested and a network of forest roads and creek drainages are easily discernible. From a review of these aerial photographs, no large land disturbances, landfilling activities or other large-scale land-use operations that could pose a material threat to the Property were discovered and no evidence of past industrial land-uses or structures are discernible.

In addition, the Tax Assessors Office of Camden County in Woodbine, Georgia, utilizes aerial photography to superimpose property boundaries and record respective parcels of property. These photographs are on large 36" x 36" sheets and were initially compiled in 1965 and later updated in 1986. As with the other aerial photographs included in this assessment, these tax record maps depict the Property as forested and no large land disturbances, landfilling activities or other large-scale land-use operations are discernible.

4.5 Environmental Liens, Proceedings or Activity and Use Limitations

No information was provided by the User, owner, or any of the persons interviewed during the course of this ESA which is indicative of environmental liens filed against the Property due to recognized environmental conditions.

The User and owner did not know of any pending, threatened, or past litigation, administrative proceedings, or any notices from governmental entities regarding any possible violation of environmental laws or possible liability relating to hazardous substances and petroleum products.

5.0 SITE RECONNAISSANCE

Reconnaissance was conducted of the Property on December 7 and 8, 2004, in order to obtain information indicating the likelihood of recognized environmental conditions in connection with the Property. Site reconnaissance consisted of visual inspection of the Property and adjoining properties. Prior to initiating the reconnaissance, a meeting was held on December 7, 2004, at the Forest Resources office of International Paper in Brunswick, Georgia, with Mr. Bill Wikoff who has approximately 20 years of professional experience in managing the Property. This meeting was conducted to apprise Geo-Source, Inc. personnel of any known areas of concern that warrant careful attention, provide gate keys, and acquire information for ancillary questions as to the locations of particular areas, characteristics of land-uses, and provide general historical information that could be of use during the reconnaissance.

5.1 Methodology

Geo-Source, Inc. conducted general reconnaissance of the Property, which consisted primarily of visually observing the Property, to the extent feasible, to identify indicators of recognized environmental conditions. Such indicators include but are not limited to chemical and petroleum containers, piping and other structures protruding from the ground, stained soils, stressed vegetation, chemical odors, large surface land disturbances, and trash dumping. Global positioning system (GPS) units were used in conjunction with USGS topographic maps, current and historical aerial photographs and age classes map provided by Blue Sky Timber Properties LLC. Copies of these maps and aerial photographs are included in the appendices of this assessment. These references were used to assist in observations and potential environmental conditions relative to the location of the Property. The reconnaissance was performed using four-wheel drive and all terrain vehicles as well as on foot. Weather conditions ranged from clear and sunny to cloudy over the 2-day reconnaissance period. Field notes and digital photographs were used to document observations made during the reconnaissance.

5.2 General Site Setting

The Property is located in north central Camden County to the north side of White Oak Creek west of I-95 and east of the Town of Waverly. The area is generally flat and has been subjected to numerous fluctuations in sea levels over geologic time that has formed terraces or shelves of sand, sandy clay, and silt deposits. These shelves or terraces follow respective contours relative to the depth of the past shoreline marine environment(s). Drainage is described as being in a trellis pattern with slow moving streams and creeks meandering south-southeasterly to the tidal marsh within the watershed of White Oak Creek (Appendix 2: Figures 21 and 22). Most of the Property is in varying age classes of pine plantation with natural hardwood and pine stands occupying the lower

areas within stream corridors and depressional areas. Numerous points of ingress are available from Horse Stomp Road to a network of unpaved forest roads crossing the Property north to south and east to west. In all cases, these forest roads were found gated and locked at the intersection with Horse Stomp Road. No roads were encountered across the tidal marsh occupying the south portion of the Property. A large majority of the adjoining and vicinity properties are in timber production and no concentrated feed lots or other high impact agricultural operations were observed in the general areas around the Property. Those non-forested areas adjoining the Property were generally occupied by single family residences, churches and/or cemeteries.

The following sections summarize the observations made during reconnaissance of the Property. Further details of findings during reconnaissance of the Property are provided on the Tract Reconnaissance Form (Appendix 3-D) and Findings Maps 1 and 2 (Appendix 3-E) illustrating the locations of items described.

5.3 Hazardous Materials and Petroleum Products

No bulk storage or use of hazardous materials or petroleum products was observed or reported on the Property. Two five gallon plastic containers of gasoline were observed at the hunting camp on the Property. These small quantity containers are consistent with the use and operation of ATVs for recreation and hunting as well as other wildlife management activities.

5.4 Industrial Practices

Industrial forest management practices involving site preparation and timber stand improvement through use of chemical herbicides have occurred on the Property in accordance with applicable state best management practices for the protection of water resources. Pre-merchantable harvesting, thinning, and end-of-rotation harvesting operations have occurred on the Property throughout the land use history involving timber production. No indications of storage of chemical herbicides or other forest management products were observed or reported on the Property.

A small borrow pit encompassing 0.6-acre as marked on the Briar Bay East Cruise Map 1 (Appendix 1-C) was observed along an interior forest road. This idle borrow pit appears as a concave depressional area holding approximately 2 feet of accumulated rainwater and is also marked on Findings Map 1 of 2 in Appendix 3-E as "small pond". This borrow pit was used for forest road construction and maintenance.

5.5 Storage Tanks

No instances of aboveground or underground storage tanks were identified or reported on the Property during the course of conducting the assessment.

5.6 Uncontrolled Waste Disposal Sites

No significant uncontrolled waste disposal sites were identified or reported on the Property though two small dump sites and a discarded refrigerator were encountered during reconnaissance (Appendix 2: Figures 23 and 24). In both cases, the contents of the dump sites are inert and no evidence for the disposal of hazardous materials or petroleum products was observed. Several one-quart plastic oil containers were observed in one of the dumpsites though it appears that these containers were discarded in an empty state. More specific information as to the contents, size and geographic coordinates are provided on the Dump Site Records in Appendix 3-D and their respective locations are plotted on Findings Map 1 of 2 in Appendix 3-E.

5.7 Stressed or Dead Vegetation

No stressed or dead vegetation was observed on the Property.

5.8 Surface Impoundments

No impounded waters, pits, ponds, or lagoons suspect for waste disposal or discharges were observed on the Property. As discussed in Section 5.4, a 0.6-acre area formerly used as a borrow pit for road bed materials was observed with approximately 2 feet of standing water from accumulating rainwater (Appendix 2: Figure 25).

5.9 Adjoining Properties

A majority of the adjoining properties are forested and include timberlands in ownership by Blue Sky Timber Properties LLC. The Property and surrounding +/-7,235 acres were formerly owned by Union Camp Corporation until their merger with International Paper Company in 1999. Other adjoining properties include a cellular phone tower, single family residences, two churches and two cemeteries (Appendix 2: Figures 26, 27 and 28). Some of these adjoining properties including the cemeteries are plotted on Findings Maps 1 and 2 in Appendix 3-E. Crown Castle International Corp. owns and operates a cellular tower adjoining the Property at 546 Head Road at site #809392 (Appendix 2: Figure 29). This communications tower operates under FCC Registration Number 1063075 and is fenced with a locked gate. A steel aboveground natural gas tank supplies fuel to an auxiliary generator though the primary source of power is electricity served via a pole mounted transformer from overhead lines off Head Road (Appendix 2: Figure 30). The location of this adjoining property is plotted on Findings Map 1 of 2 in Appendix 3-E as "cellular tower". No industrial land-uses were observed adjoining the Property and no indications for the use, storage or disposal of hazardous materials or petroleum products was observed on any of the adjoining properties.

6.0 INTERVIEWS

Bill Wikoff / Blue Sky Timber Properties, LLC

A meeting with Mr. Wikoff was arranged for December 7, 2004, at the International Paper forest resources office in Brunswick, Georgia. Mr. Wikoff indicated that he has extensive knowledge of the Property and was unaware of any potential environmental concerns and did not know of any past or present liens, lawsuits or other pending judgments or actions arising from potential environmental issues or activities. Mr. Wikoff verified the Property location, provided infrared aerial photography, and supplied Geo-Source, Inc. personnel with gate keys to access the Property. He was able to describe the most viable road-trail access to the Property and stated that he did not know of any large areas of uncontrolled solid waste dumping and indicated that no industrial facilities or plants are located in areas within proximity to the Property.

Mac Namara / GEPD Bureau of Solid and Hazardous Waste

Mr. Namara was contacted at his office with the Bureau of Solid and Hazardous Waste, Georgia Environmental Protection Division (GEPD) on December 10, 2004. Mr. Namara was questioned regarding the use of GEPD databases for National Priorities Listing (NPL) and CERCLIS / RCRA sites within Georgia, and more particularly, in Camden County. Mr. Namara indicated that the GEPD defaults to the EPA databases for records pertaining to Florida facilities that are listed under NPL or CERCLIS though indicated that the State of Georgia utilizes the Hazardous Site Inventory (HSI) for facilities in Georgia that warrant corrective or remedial actions. Upon review of the HSI, two facilities are reported for Camden County and Mr. Namara stated that both sites are designated as Class IV meaning that another agency such as the EPA or Department of Defense has jurisdiction and responsibility for site activities. Mr. Namara also further stated that no solid waste or hazardous sites are within vicinity of the Property in north Camden County and to the best of his knowledge, this area is rural and does not support industrial activities.

Ms. Kristen Smith / USDA Natural Resource Conservation Service

Ms. Smith was encountered at the USDA office at 1900 Sunset Blvd in Jesup, Georgia, on December 8, 2004, to inquire as to the availability of a county soil survey and obtain copies of historical aerial photography. Ms. Smith indicated that these resources are available at the Brunswick USDA office and a meeting was arranged for December 10. Ms. Smith assisted in providing historical aerial photography and stated that she has limited knowledge of the Property. To the best of her knowledge, the Property was formerly owned by Union Camp Corporation and has a land use history involving timber management and recreational hunting. According to Ms. Smith, no known environmental issues or concerns are associated with the Property.

Mr. Donnie McClellan / Local Resident, Hunter

Mr. McClellan was encountered on the Property on December 7, 2004, and indicated that he has hunted the area for greater than 30 years and has intimate knowledge of the Property and surrounding vicinity. According to Mr. McClellan, the Property has a land use history involving timber management and has never been used for the storage or disposal of hazardous materials or petroleum products. Mr. McClellan indicated that the Briar Bay and Little York hunt clubs have merged and exist as a single entity. He stated that the hunt club members, including himself, regularly patrol the Property and maintain locked gates to deter trespass and other undesired activities. Mr. McClellan indicated that the Property has never been subjected to large scale solid waste disposal and most instances of trash dumping are small and generally occur along the public road corridors.

Mr. Robert Jones / Local Resident, Hunter

Mr. Jones was encountered on the Property on December 7, 2004, and indicated that he, along with Mr. McClellan, has hunted the area for greater than 30 years. Mr. Jones provided information consistent with that of Mr. McClellan and had no additional sustentative information pertinent to the potential for past, present or impending releases of hazardous materials or petroleum products on the Property.

7.0 FINDINGS AND CONCLUSIONS

The purpose of this section of the Phase I ESA is to fulfill the Findings, Opinion and Conclusion functions of the ASTM Standard 2247-02, as described in Sections 11.5, 11.6 and 11.7 of the ASTM Standard. This section presents findings resulting from the Scope of Work as described in Section 2.0 with corresponding conclusions from Geo-Source, Inc.

Geo-Source, Inc. has performed a Phase I ESA for Forestland or Rural Property in conformance with the scope and limitations of ASTM E 2247 of the Property. An exceptions to, or deletions from, this practice are described in Sections 2.3 and 2.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

The Property, which totals approximately 2,971+/- acres, is located in north-central Camden County of coastal Georgia west of I-95 along the south right-of-way of Horse Stomp Road. Blue Sky Timber Property LLC, the current owner refers to the Property as the Briar Bay Tract which has a land use history for the production of timber, pulpwood, and other forest products. The forest management operations have been conducted by Blue Sky Timber Properties LLC, International Paper Company, and Union Camp Corporation. The Property naturally supports stands of southern yellow pine and a hardwood mix of species suited to periodic flooding in the lower and alluvial areas. The Briar Bay and Little York Hunt Clubs lease the Property for recreational hunting.

Structures:

No permanent structures were observed on the Property. An open pavilion, small enclosed wood-frame structure and self-contained camper associated with a primitive hunt club (Briar Bay / Little York Hunt Club) are on the Property. These primitive structures do not have utility connections. Small temporary wooden enclosures known as shooting houses were observed along the interior forest roads. In addition, the hunt club utilizes a small earthen berm of no more than 2 or 3 cubic yards as a backstop for sighting rifles. This earthen berm has the potential for lead contamination from accumulating lead bullets though it is unlikely that the concentrations are such that a material threat exists. Infrequent use of the sighting range by club members and the small quantity of soil potentially impacted from concentrations of lead bullets in the berm is such that enforcement action from applicable regulatory agencies is not likely. Thus, it is our opinion that the berm constitutes a *de minimus* condition and is not a recognized environmental condition.

Utilities:

No utilities including public water supplies, electrical service, natural gas or sewage service was reported or observed on the Property. Low-tension power lines follow some county road rights-of-way for electrical power distribution to adjoining and vicinity residences and other structures. In some cases, these electrical corridors cross the Property and pole mounted transformers were observed along Head Road and Horse Stomp Road. In all cases, these transformers appeared in excellent condition. A primitive hand-operated water well was observed at the Briar Bay / Little York Hunt Club camp on the Property. This well supplies wash water for domestic needs.

Records Review:

From the Federal and State record sources queried for this assessment as detailed in Section 4.1, no reported facilities, sites or incidents were identified on the Property or within the prescribed ASTM search radii from the Property.

Aerial photography obtained from Blue Sky Timber Properties (1995) and the USDA Natural Resource Conservation Service (1981, 1965, and 1953) shows the Property to have a land-use history involving timber management and production. These historical aerial photographs show a network of forest roads and creek drainages that have changed little to present day. The aerial photographs utilized at the Tax Assessors Office in Woodbine for delineating property boundaries records the Property as part of the Hazard Neck Unit (10,206.72 acres) of Union Camp Bag and Paper Company as recorded as Map 112, Parcel 1.

Reconnaissance:

Reconnaissance was conducted of the Property during the period from December 7 and 8, 2004, using global positioning system (GPS) units in conjunction with USGS topographic maps, aerial photographs, and a colored tract map provided by Blue Sky Timber Properties LLC. No hazardous materials or petroleum products were observed on the Property though it is expected that diesel fuels, oils and other lubricants are used on the Property during equipment operation for timber harvesting, thinning, and other related activities. Additionally, the use of incidental solvents in the operation and maintenance of equipment is assumed to occur and to have occurred on the Property, particularly in association with short-term silvicultural operations. Industrial forest management practices involving site preparation and timber stand improvement through use of chemical herbicides have occurred on the Property in accordance with applicable state best management practices for the protection of water resources.

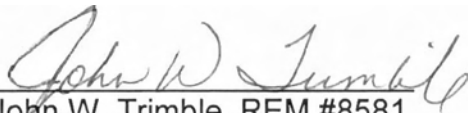
No aboveground or underground storage tanks, stressed and dead vegetation, large uncontrolled solid waste disposal areas (dump sites) and no surface impoundments, pits, ponds or lagoons suspect for waste disposal were observed. No observations were made during reconnaissance of the Property that indicates a material threat exists and no recognized environmental conditions were observed.


Adjoining Properties:

A majority of the adjoining properties are forested and include timberlands in ownership by Blue Sky Timber Properties, LLC. Other adjoining properties include a cellular phone tower, single family residences, two churches and two cemeteries. No industrial land-uses were observed adjoining the Property. None of the adjoining properties were identified as representing a material threat to the Property and no recognized environmental conditions were identified in association with the adjoining properties.

8.0 SIGNATURE OF ENVIRONMENTAL PROFESSIONAL

I certify that the activities conducted in this assessment are in accordance with the Standards cited in Section 2.0, and that the activities were based on sufficient training and experience for the identification of recognized environmental conditions. I also certify that I am a third party, independent contractor, and am not an employee of the user.


John W. Trimble, REM #8581
Project Manager


Brad Dethero
Reviewer

This Phase I Environmental Site Assessment has been prepared with the intent of satisfying the criteria specified in ASTM E 2247-02, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process for Forestland and Rural Property, with information developed from readily available public records, interviews with persons knowledgeable of the Property, and visual site inspections. No analytical testing of air, soil, surface water, or groundwater was conducted on the Property.

In development of this report, the majority of the data presented is related to the Property. Only a limited amount of data was made available and examined for the study of the adjacent properties in order to determine if there are any apparent environmental liabilities associated with these properties that may impact the Property.

APPENDICES TO THE REPORT

- Appendix 1**
- A. Location Map**
 - B. Briar Bay Tract Map**
 - C. Briar Bay East Cruise Maps 1 and 2**
 - D. Briar Bay West Cruise Maps 1 and 2**
 - E. Georgia Physiographic Regions**
 - F. Geologic Map of Georgia – Coastal Plain**

Appendix 2 Photographic Documentation

- Appendix 3**
- A. Aerial Photographs (1995, 1981, 1965, 1953)**
 - B. USDA Soils Map**
 - C. Georgia Highway Dept. Map – 1952**
 - D. Tract Reconnaissance Form / Dump Site Records**
 - E. Findings Maps 1 and 2**

Appendix 4 Environmental Regulatory Documentation

APPENDIX 1

A. Location Map

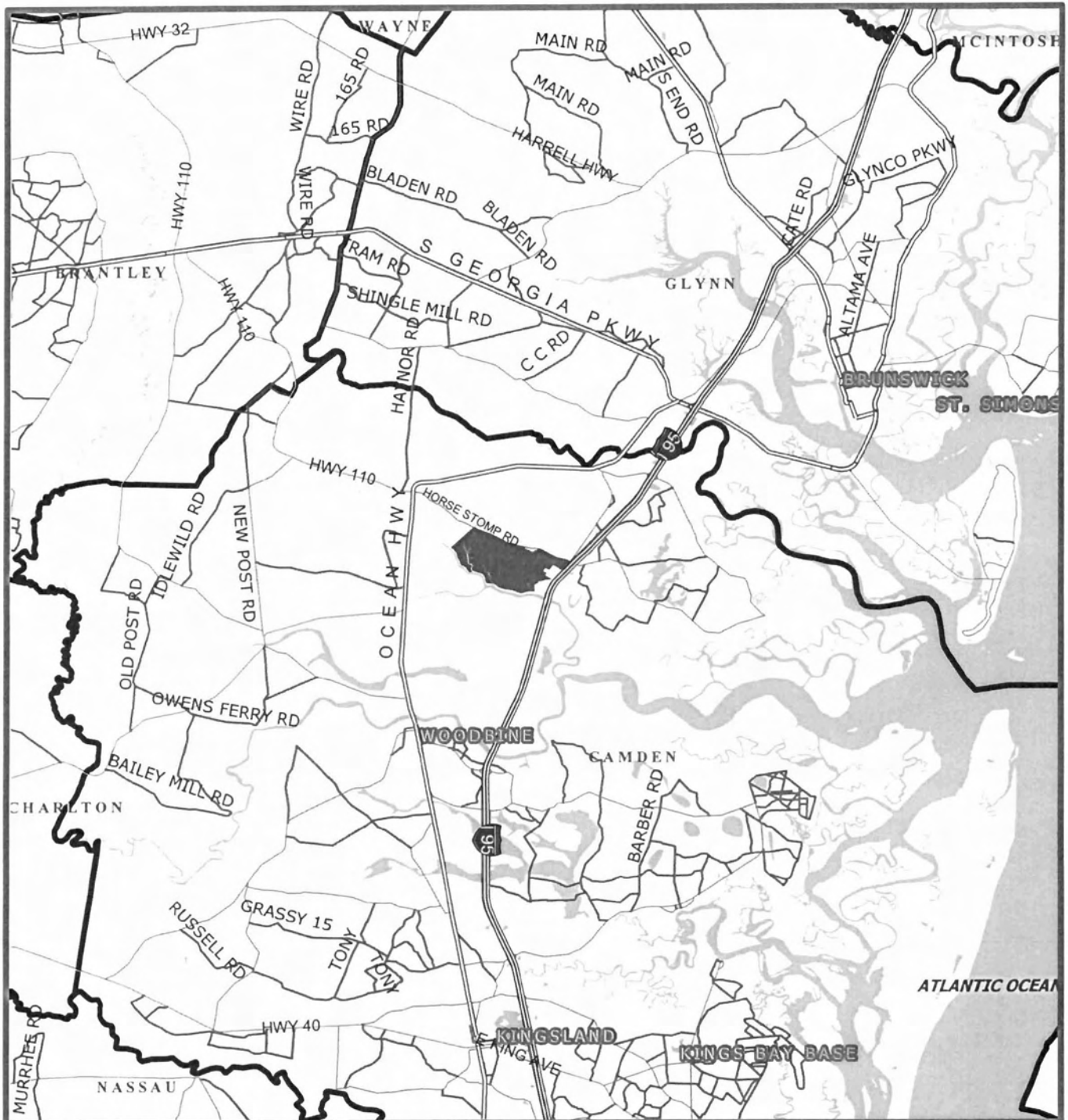
B. Briar Bay Tract Map

C. Briar Bay East Cruise Maps 1 and 2

D. Briar Bay West Cruise Maps 1 and 2

E. Georgia Physiographic Regions

F. Geologic Map of Georgia – Coastal Plain



Briar Bay

The information provided on this map is believed to be accurate and is based on the best information available at this time, however, this information is in no way guaranteed.

0 1.25 2.5 5 7.5 10 Miles

Briar Bay
Blue Sky Timber Properties LLC
Camden County, GA
2971 +/- acres

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Natural Pine/Hardwood Age Classes

- 0 - 9
- 10 - 48
- 49

Pine Plantation Age Classes

- 0 - 4
- 5 - 12
- 13 - 39
- Non - Forest

Briar Bay

The information provided on this map is believed to be accurate and is based on the best information available at this time, however, this information is in no way guaranteed.

0 0.3 0.6 1.2 1.8 Miles

Briar Bay
Blue Sky Timber Properties LLC
Camden County, GA
2971 +/- acres

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