

MILBERG, WEISS, BERSHAD, HYNES & LERACH, LLP
Various Sites Nationwide

Environmental Liability and Remedial Cost Assessment

Milberg, Weiss, Bershad, Hynes & Lerach, LLP retained Geolex, Inc. (Geolex) and Alberto A. Gutiérrez as principal in charge, on behalf of creditors of the bankrupt W. R. Grace Company to evaluate the magnitude of environmental liabilities at the time of a corporate transaction, spinning out certain assets of W. R. Grace to various successor corporations prior to its bankruptcy.

A key aspect of this assignment was to evaluate over 100 sites formerly owned by W.R. Grace throughout the United States and to estimate environmental liabilities associated with those sites at the time of the transaction. The sites included various vermiculite mining sites and vermiculite processing facilities throughout the United States. Several of the sites involved were CERCLA (Superfund) Sites that were under various stages of remediation or removal actions. In addition, there were numerous other sites where W. R. Grace had had operations or disposed of waste over the past 60 years that had to be evaluated in terms of the actual or potential environmental liabilities at the sites.

Geolex reviewed over 1.5 million pages of documents associated with the collection of sites and documented the environmental impairment and associated estimated remedial costs based on existing data at the time of the transaction for each of the sites. Through this effort it was determined that, while W. R. Grace had estimated the net present value of environmental liabilities associated with these sites to be approximately 80 million dollars at the time of the transaction, our analysis indicated that the actual net present value of these environmental liabilities was in excess of 400 million dollars at the time of the transaction.

Detailed remedial investigation and/or remediation costs were developed for each of the W. R. Grace sites on a site-specific basis by Geolex as part of this assignment. Furthermore, as part of this assignment, environmental regulators from over 20 states were interviewed to evaluate the status of remedial activities at various W. R. Grace sites in order to conduct a field check of actual remedial activities and associated costs. As part of this process, Geolex summarized and reviewed financial information developed by W. R. Grace over 12 years to comply with SEC requirements for detailing environmental liabilities and compared those to actual environmental liabilities estimated at the sites.

The analysis developed by Mr. Gutiérrez and Geolex on this effort resulted in a negotiated settlement for the creditors of the former W. R. Grace Company of nearly one billion dollars. The environmental remediation portion of the settlement exceed 270 million dollars, which resulted directly from the evaluation of remedial costs at the time of the transaction by Geolex and Mr. Gutiérrez

Major Project Elements:

- Remedial cost assessment
- Environmental auditing
- RCRA/CERCLA analysis
- Financial analysis - Corporate records
- Litigation and remedial risk analysis
- Financial analysis of environmental reserves

