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February 5, 2019

Michael Herman, Vice President/General Counsel
Rayonier Advanced Materials
1301 Riverplace Blvd., Suite 2300
Jacksonville, FL 32207

Re: Final Determination of Liability for Release of Hazardous Substances at the following Contaminated Site:

- **Site Name:** Oakland Bay and Shelton Harbor Sediments
- **Site Address:** Mason County, Washington
- **Cleanup Site ID:** 13007
- **Facility/Site ID:** 18051

Dear Michael Herman:

On May 11, 2018, the Department of Ecology (Ecology) sent you written notice of our preliminary determination that Rayonier Advanced Materials (Rayonier) is a potentially liable person (PLP) for a release of hazardous substances at the Oakland Bay and Shelton Harbor facility (Site). On June 10, 2018, the 30-day comment period on our preliminary determination expired. On June 6, 2018, Ecology received your written comments.

In your comment letter you reference a meeting between representatives of Rayonier and Ecology on September 16, 2011, and state that you expected a response from Ecology concerning your conclusion that Rayonier was, at most, a *de minimus* party for the site.

We recall the 2011 meeting where Rayonier representatives presented the position that Rayonier has only a small legacy of contribution to contamination at the site. At the meeting, Rayonier provided Ecology with one hand-drawn figure and a draft map, and declined to share the chemometric analysis or other detailed materials that were presented in the meeting.

At the time of the 2011 meeting, Rayonier was scheduled to meet with Simpson the following week. Rayonier representatives stated they would “report back” to Ecology after meeting with Simpson. At the meeting, Rayonier did not request a response from Ecology nor did Ecology indicate that we would respond to Rayonier’s presentation. After the September 2011 meeting, we did not receive any further related communications from Rayonier until your June 6, 2018, comment letter. Ecology has continued to communicate with

Rayonier since the 2011 meeting. Rayonier representatives are on the Oakland Bay site mailing list; we have provided Rayonier with fact sheets and opportunities to comment on various aspects of the project over the past several years, but we have not heard from you.

Your comments on the preliminary status of PLP letter did not provide new information to change Ecology's determination that Rayonier is a PLP for the site.

Your letter states that there is no indication that the Shelton pulp mill used pentachlorophenol (PCP) or discharged PCP in its effluent, and that other industries contributed PCP. You disagree with Ecology's statement that PCP was commonly used at pulp mills. Ecology asserts that PCP would likely have been used by Rayonier as a slimicide, consistent with widespread pulp and paper industry practice at the time, as documented in *Slime Control in the Pulp and Paper Industry* (J.R. Sanborn, Lockwood Trade Journal Co., Inc., New York, New York, 1965)

This is reinforced by a reference in the *Oakland Bay Sediment Dioxin Source Study* (Newfields, 2014) that six percent of PCP production in the United States has been used for slime control in pulp and paper production (IEP, 2008 as referenced in Newfields, 2014). Appendix A from the *Summary of Existing Information and Identification of Data Gaps* report (Herrera Environmental Consultants, May, 2008) includes a 1983 discharge monitoring report from the Rayonier Research Center at the mill site in Shelton, which shows that pentachlorophenol was used at that facility.

Furthermore, the US EPA *Permit Guidance Document for Pulp, Paper, and Paperboard Manufacturing* (EPA-821-B00003, May, 2000) sets effluent limitations for PCP at pulp bleach plants indicating that PCP is a chemical commonly associated with pulp mills. Ecology is not aware of any documents indicating that Rayonier did not need to control the formation of slime on wood chip feedstock at its Shelton mill, or that it used a method or product other than PCP to do so.

Your letter also states that samples from Rayonier's upland disposal site (presumably Goose Lake) did not contain detectable PCP. PCP degrades relatively quickly and it is not surprising that it was not detected 20 to 30 years after the landfill was closed. However, the pattern of the "Factor 2" dioxin mixture identified in the *Oakland Bay Sediment Dioxin Source Study* (Newfields, 2014) very closely matches samples from Goose Lake landfill soil. Both Goose Lake soils and Factor 2 match PCP-product dioxin sources.

Your statement that the location of the mill in a 'quiescent' corner of the harbor made sediment transport out of the area unlikely, and that the sulfite waste liquor was disposed into Shelton Harbor over 80 years ago (in the 1930's) doesn't take into account the fact that Rayonier discharged millions of gallons per day of untreated liquid pulp mill process and bleach plant wastes into Shelton Harbor for approximately 30 years. The primary discharge was to an area east of the plant buildings, where wastes containing chemicals and fine wood fibers would have been carried by currents to other parts of Shelton Harbor and Oakland Bay.

Your statement that the quiescent aspect of the mill limited sediment transport also does not take into account the fact that Rayonier dredged the southwest corner and deposited 30,000 cubic yards of sediments to an area near the head of Hammersley Inlet, where currents would move the sediments to other parts of the site. Wastes from the Rayonier burn plant were also physically transported from the mill site and dumped on shoreline properties at Bayshore Golf Course.

As a point of clarification, your letter also contained a statement in the fifth bullet on page 2 that baghouse residues from Rayonier-owned hog fuel burners were not disposed of through wastewater treatment plant outfalls. Ecology acknowledges the truth of this statement, but I will point out that we did not make such a statement in our May 11, 2018, notice letter to Rayonier.

Several of your comments acknowledge that the Rayonier pulp mill in Shelton Harbor contributed contaminants to the site, even though you wish to make the case that the contribution was small and that other industries also contributed. Even if the contribution were small, the standard of liability under the Model Toxics Control Act (Revised Code of Washington (RCW) 70.105D.040) does not exclude minimally contributing parties.

Therefore, based on available information, Ecology finds that credible evidence exists that Rayonier is liable for a release of hazardous substances at the Site. On the basis of this finding, Ecology has determined that Rayonier is a PLP with regard to the Site. Your rights and responsibilities as a PLP are outlined in chapter 70.105D RCW, and chapters 173-340 and 173-204 of the Washington Administrative Code (WAC).

The purpose of the Model Toxics Control Act (MTCA) is to identify, investigate, and cleanup facilities where hazardous substances have been released. Liability for environmental contamination under MTCA is strict, joint, and several (RCW 70.105D.040(2)). Ecology ensures that contaminated sites are investigated and cleaned up to the standards set forth in the MTCA statute and regulations.

Ecology has determined that it is in the public interest for remedial actions to take place at this Site. Ecology will contact you regarding the actions necessary for Rayonier to bring about the prompt and thorough cleanup of hazardous substances at this Site. Failure to cooperate with Ecology or comply with MTCA in this matter will result in Ecology employing enforcement tools as it deems necessary and appropriate. This includes, but is not limited to, the issuance of an administrative order. Failure to comply with such an order may result in a fine of up to \$25,000 per day and liability for up to three times the costs incurred by the state (RCW 70.105D.050(1)).

Currently, Simpson Timber Company is working under Agreed Order DE 14091 for remedial actions at the Shelton Harbor Sediment Cleanup Unit within the Site, which include implementing interim actions, developing a remedial investigation, feasibility study, and draft cleanup action plan. It is our understanding that Simpson and Rayonier have been in communications about Rayonier's potential contribution to the cleanup efforts. Ecology does not have any objections to Rayonier participating in the Shelton Harbor cleanup efforts.

Michael Herman, Rayonier Advanced Materials
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If you have any questions regarding this notice, please contact me at (360) 407-6241 or rebecca.Lawson@ecy.wa.gov, or Joyce Mercuri, Cleanup Project Manager, at (360) 407-6260, or joyce.Mercuri@ecy.wa.gov.

Sincerely,



Rebecca S. Lawson, P.E., LHG
Southwest Region Section Manager
Toxics Cleanup Program

By certified mail: 9489 0090 0027 6066 5564 94

cc: Carla Yetter, Rayonier Advanced Materials
Thomas Newlon, Stoel Rives, LLP
Jon Thompson, Office of the Attorney General (via email)
Joyce Mercuri, Toxics Cleanup Program, Southwest Region (via email)