

Exhibit 1
First Amendment to Consent Decree
with Murray Pacific Corporation

First Amendment to EXHIBIT B
Scope of Work and Schedule

Exhibit 1: First Amendment to Exhibit B (Scope of Work and Schedule) Phase 3 Scope of Work and Schedule

B.1 OVERVIEW

As part of the B&L Woodwaste Amended Consent Decree (Amended Consent Decree), the Custodial Trust (Trust) has agreed to perform certain elements of the Remedial Action defined in the 2007 Final Cleanup Action Plan (CAP; Exhibit A to Consent Decree No. DE 082106107), known as Phase 3. These elements consist of the operations, maintenance, and monitoring requirements of the remedy, which comprise the remaining remedial actions specified in the CAP (refer to Section VI of the Consent Decree No. DE 082106107). This scope of work (SOW) describes in further detail the work that the Trust will perform in order to comply with the terms of the Amended Consent Decree. Terms used in this SOW are as defined in the Amended Consent Decree and in the Operations, Monitoring, and Maintenance Plan (OMMP) developed in Phase 2.

Implementation of the remedial action specified in the CAP consists of three major phases. Phase 1 and Phase 2 formed the “Initial Construction Phase” of *Section VI: Work to Be Performed* of Consent Decree No. DE 082106107, and which have been completed by the Trust. Phase 3 includes long-term operations, maintenance and monitoring of all remedy components as described in the OMMP. Operation of the groundwater remedies for the areas outside the barrier wall (Outside Area) will continue under Phase 3 until such time as the Washington State Department of Ecology (Ecology) approves their termination or has determined that the groundwater is in compliance.

B.2 PHASE 3 SCOPE OF WORK

Specific work elements to be completed in Phase 3 are described below. Work elements are divided into (1) routine operations and maintenance activities; (2) adaptive management activities expected to have a more limited period of performance and that require active management and decision-making; and (3) emergency repair activities to address major unexpected disruptions. The overall remedy is described in Section 6 of the CAP, and remedy components are described in detail in the OMMP; specific terms from the CAP and OMMP are used below.

B.2.1 Phase 3 Routine Operations and Maintenance Activities

1. Operation and maintenance of the landfill and groundwater containment systems (landfill cap, barrier wall, interceptor trenches/lift stations, ponds, stormwater ditches), groundwater recovery system, groundwater treatment system, building systems, in-situ groundwater remediation system, compliance monitoring well network, site security system, and other remedy components in accordance with the OMMP; contracting for utilities and support systems needed to operate these systems, and annual review to confirm that the OMMP remains up to date in accordance with the management of change provisions in OMMP Section 1.6.

2. Compliance monitoring and reporting in accordance with WAC 173-340-410 and the approved compliance monitoring plan appended to the OMMP, including submittal of data to Ecology's Environmental Information Management (EIM) database.
3. Sampling, reporting, and other actions necessary for compliance with National Pollutant Discharge Elimination System (NPDES) Discharge Permit for the groundwater treatment system including periodic renewals, plan updates, evaluation of impact on surface water quality, and other compliance requirements specified in the permit.
4. Project management, including cost tracking, progress and financial reporting, subcontracting, and routine coordination with Ecology.

B.2.2 Phase 3 Adaptive Management Activities

1. Pilot study to support expanded operation of the in-situ groundwater remediation program. The pilot study consists of continuation of work elements described in the Phase 2 In-situ Pilot Study Work Plan, including:
 - Two years of annual groundwater monitoring, evaluation of treatment effectiveness, and reporting.
 - Follow-up reinjection, or other treatment modification, as appropriate.
 - Solid-phase speciation analysis.
 - Evaluation and recommendation regarding the treatment program.
2. Evaluation, adaptive management and eventual decommissioning or modifications to the outside area groundwater recovery network, as appropriate to attain CAP cleanup objectives and as described in the OMMP. The groundwater recovery system for outside areas is not expected to achieve cleanup levels in the affected aquifer, but is intended to remove arsenic mass to concentrations demonstrated by the pilot study to be adequately remediated by in-situ treatment. It is projected that the outside area groundwater recovery network may be operated for approximately 6 years. Changes to the Outside Area groundwater recovery network will be developed with Ecology and detailed in the Outside Area Remediation Work Plan.
3. Expanded operation of in-situ treatment in the outside areas, as described in the OMMP and as recommended following the pilot study. This will include contractor and vendor selection to expand the in-situ program, compliance with wetlands and other permitting requirements, and field oversight for construction and injection. The design of expanded in-situ treatment operations will be developed with Ecology and detailed in the Outside Area Remediation Work Plan.
4. Adjustments to the compliance monitoring program and eventual decommissioning of selected monitoring wells and surface water sampling locations.

B.2.3 Phase 3 Emergency Repair Activities

The Phase 3 SOW includes implementing emergency or unplanned repairs to address events such as natural disasters or major equipment failures. This work may include building repair and/or restoring or replacing remedy components following failure. Regular maintenance of the system components that comprise the remedy includes the periodic repair and replacement of system component parts due to normal use and wear over time; a modest contingency has been included in the projected costs to allow for predictable and expected maintenance and replacement. The scope of regular and contingent maintenance is not sufficient, however, to address the potential for unanticipated damages to these systems from natural disasters or other emergencies.

B.2.4 Phase 3 Deliverables

Draft plans and reports will be prepared and submitted to Ecology for review and approval per the terms of the OMMP and in accordance with the Consent Decree and Model Toxics Control Act (MTCA) regulations. Final reports will be prepared after receipt of Ecology comments. Progress reports as described in Section B.3 will also be prepared and submitted to Ecology.

Deliverables are divided into routine operations/maintenance deliverables and adaptive management deliverables. The following routine plans and reports will be prepared in accordance with the OMMP and submitted to Ecology under the Phase 3 scope of work. In addition, all reports and deliverables specified in the NPDES permit shall be prepared and submitted to Ecology in accordance with the compliance schedule in the permit, and all reports required for compliance with dangerous waste regulations will be prepared and submitted in accordance with applicable dangerous waste regulations. A preliminary schedule of Phase 3 deliverables is included in Section B.3.

A. Routine Operation and Maintenance Deliverables

1. Annual Operations and Maintenance Reports. These reports shall include a report of changes to the OMMP that have been approved by Ecology over the past year, along with any additional recommended OMMP adjustments to consider for the following year.
2. Annual Compliance Monitoring Reports, with supplemental Annual Compliance Monitoring Data Reports, based on semiannual monitoring.

B. Adaptive Management Deliverables

1. Annual In-situ Pilot Study Report.
2. In-situ Pilot Study Conclusion Report, which will include groundwater monitoring results and interpretation and recommendations for implementing in-situ treatment.
3. Draft Outside Area Remediation Work Plan, which will include:

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- Identification of permit requirements and a plan for obtaining permits and approvals and/or a demonstration showing that substantive permit requirements have been met.
 - The basis for the design.
 - Plans for decommissioning or modifying the groundwater recovery system.
 - Design and specification of the expanded in-situ treatment suitable for implementation.
 - Construction Implementation and Construction Quality Control Plans.
4. Final Outside Area Remediation Work Plan.
 5. Construction Completion Report for Outside Area Remediation. Elements prepared in accordance with WAC 173-340-400(6)(b).
 6. Revised OMMP, to reflect changes associated with Outside Area Remediation.

B.3 Phase 3 Schedule, Estimated Cost, and Progress Reporting

The work required by the Amended Consent Decree shall, in general, follow the schedule set forth below. Because the schedule may be affected by field conditions, investigation or pilot study findings, design constraints, the permitting process, and other issues, it is approximate and subject to revision, as approved by Ecology. Schedule modifications will be submitted for Ecology approval.

**Table 1
Preliminary Schedule**

Routine Operations and Maintenance Deliverables	Completion/Due Date
Draft Annual Operations and Maintenance Report, and Draft Annual Compliance Monitoring Report	March 1, 2014 <i>and annually thereafter</i>
Final Annual Operations and Maintenance Report, and Final Annual Compliance Monitoring Report	30 days after receipt of Ecology comments on draft reports
Annual Compliance Monitoring Data Report	July 2014 <i>and annually thereafter</i>
Adaptive Management Deliverables	Completion/Due Date
Draft Annual In-situ Pilot Study Report	November 2013
Final Annual In-situ Pilot Study Report	30 days after receipt of Ecology comments on draft reports
Draft In-situ Pilot Study Conclusion Report	November 2014
Final In-situ Pilot Study Conclusion Report	30 days after receipt of Ecology comments on draft report
Draft Outside Area Remediation Work Plan	May 2015
Final Outside Area Remediation Work Plan	30 days after receipt of Ecology comments on draft

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Draft Construction Completion Report for Outside Area Remediation	120 days after substantial completion of Outside Area Remediation
Final Construction Completion Report for Outside Area Remediation	30 days after receipt of Ecology comments on draft report

The following Table 2 provides a preliminary estimate of projected Phase 3 spending, presented as annual budgetary estimates for both routine and adaptive management tasks through the anticipated completion of Outside Area remediation in approximately 2023. The preliminary estimate provided for each year is approximate and is based on a number of assumptions. It is assumed that the Outside Area remediation will consist of 6 years of groundwater recovery, followed by an expansion of in-situ treatment that will include 5 years of repeat injection and monitoring. For these reasons, a large expenditure is expected to occur in approximately 2018 for in-situ treatment, and a decrease in spending associated with a lower groundwater treatment plant flow rate is expected to follow this in approximately 2019. It is assumed that in 2023, in-situ treatment operations and maintenance and all major adaptive management tasks will be completed. Annual budgets beginning in 2024 are assumed to fund only routine operations and maintenance of the site remedy, as described in the SOW.

As work is completed under the Amended Consent Decree, cost uncertainties underlying these and other assumptions will be resolved, and it is expected that after the remediation systems have been operated for 2 years, the accuracy of the projected costs presented in Table 2 may be improved. The estimated costs in Table 2 are not intended to define the budget for performing this SOW; budgets will be provided to Ecology annually in accordance with the Trust Agreement. Table 2, along with other task, schedule, and budget documentation, provide a basis for Ecology to assess whether the project tasks are being completed within expected timeframes and budgets. The estimated costs presented in Table 2 may be revised by the Trust and Ecology as appropriate throughout the duration of the project. Trust reports and notifications to Ecology are detailed below. As a more complete reference regarding Ecology's Phase 3 cost estimates, please find a preliminary estimate of costs for each year, as well as a net present value estimate attached as Appendix A.

**Table 2
Preliminary Estimate of Costs to Complete the Scope of Work¹**

Period	Routine Operations and Maintenance Budget^{2, 6}	Adaptive Management Budget	Annual Estimated Total
2013	\$500,000	\$110,000	\$610,000
2014	\$520,000	\$120,000	\$640,000
2015	\$540,000	\$90,000	\$630,000
2016	\$550,000	\$40,000	\$590,000
2017	\$570,000	\$40,000	\$610,000

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2018	\$590,000	\$1,800,000 to \$2,100,000 ³	\$2,400,000 to \$2,600,000 ³
2019	\$430,000 ⁴	\$130,000	\$560,000
2020	\$450,000	\$130,000	\$580,000
2021	\$460,000	\$140,000	\$600,000
2022	\$480,000	\$140,000	\$620,000
2023	\$490,000	\$150,000	\$640,000
2024 and beyond ⁵	\$510,000		\$510,000

Notes:

- 1 Estimated costs are adjusted for inflation at 3.41 percent.
- 2 Estimated routine operations and maintenance costs include administrative Trust expenses, including bank fees and Ecology oversight costs.
- 3 The estimated range of costs reflects a range of potential costs for in-situ treatment reagents.
- 4 It is assumed that the groundwater treatment plant flow rate will decrease from approximately 30 gallons per minute (gpm) to approximately 17 gpm in 2019, and that groundwater treatment plant operations costs will decrease accordingly.
- 5 It is expected that Trust funds will be depleted until the Trust is no longer able to fund routine operations and maintenance at a future time in the years following the anticipated end of Adaptive Management in 2023.
- 6 Estimated costs do not include costs for emergency repairs to address unanticipated damages to the remedy component systems, as described in Section B.2.3.

Semi-Annual Progress Reports and Special Notice. Consistent with the Amended Consent Decree and Trust Agreement, Semi-Annual Progress Reports will be submitted to Ecology by the Trustee that detail the work performed and implementation costs during the reporting period and project the work to be completed and expected implementation costs during the next reporting period. In addition, the reports will document key personnel changes and other pertinent information. The Trustee will provide notification to the Ecology Project Coordinator either by email or in writing within 3 working days (if possible) of any significant delay or significant cost increase that was not previously discussed.

Appendix A

Annual Cost and Net Present Value (NPV) Preliminary Estimates

The following two spreadsheets represent projected expenditures for the B& L Woodwaste site for Phase 3 work. The information contained in this Appendix is considered by Ecology as a preliminary estimate of work items, costs, or schedules, which may be subject to change. This Appendix has been included with the Consent Decree Amendment Scope of Work to serve as a readily available reference of the cost and scheduling information used by Ecology in 2013 to prepare the Consent Decree and Trust Extension documents.

Preliminary Estimate of Costs for Year One of Phase 3 Scope of Work ^{1, 2, 3}

Estimated 2013 Routine Costs	
Trust Administrative Costs⁴	
Trustee Fee and Expense	\$15,000
Trustee Insurance	\$1,000
Accounting/Tax Prep	\$2,000
Legal	\$3,000
Ecology Oversight Costs	\$10,000
Access and Permitting	\$1,000
Bank Fees	\$28,000
Contingency	\$6,000
Subtotal, Trust Administrative Costs	\$66,000
Subtotal, Ecology Coordination	\$12,000
Compliance Monitoring and Maintenance	
Groundwater and Surface Water Sampling and Reporting ⁵	\$30,000
Landfill and Monitoring Network Inspection and Maintenance ⁶	\$20,000
Subtotal, Compliance Monitoring & Maintenance	\$50,000
Groundwater Treatment Plant O&M	
Engineering, Monitoring, and Reporting ⁷	\$40,000
Operators and Support ⁸	\$90,000
Laboratory Services ⁹	\$15,000
Chemicals and Consumables ¹⁰	\$150,000
Utilities ¹¹	\$15,000
Waste Disposal ¹²	\$20,000
Maintenance Allowance ¹³	\$42,000
Subtotal, GWTP O&M	\$372,000
TOTAL, ESTIMATED 2013 ROUTINE COSTS	\$500,000
Estimated 2013 Adaptive Management Costs	
In-situ Pilot Study Monitoring and Evaluation	
Pilot Study Data Collection and Laboratory Services	\$42,000
Drilling Services	\$4,000
Pilot Study Evaluation and Reporting	\$22,000
Subtotal, Pilot Study Monitoring & Evaluation	\$68,000
Pilot Study Supplemental Injection	
Drilling Services	\$22,000
Chemicals and Equipment	\$7,000
Oversight	\$13,000
Subtotal, Pilot Study Supplemental Injection	\$42,000
TOTAL, ESTIMATED 2013 ADAPTIVE MANAGEMENT	\$110,000
Total Estimated Costs for 2013	\$610,000

Notes

- 1 The costs presented in this table are preliminary estimates of the costs for completion of the first year of operations and maintenance and adaptive maintenance. These costs were projected in 2012 for budgetary purposes based on tasks that were expected to be completed during the calendar year 2013, and other assumptions to address uncertainties. Projected costs for groundwater treatment plant operations and maintenance contain considerable uncertainty because these projected costs were developed based on a 2010 estimate prepared prior to the design of the system, and these projected costs do not include engineering support for initial system adjustments following construction. This breakdown of projected 2013 costs is therefore approximate and provided as an example of a typical year at 30 gallons per minute (gpm) operation with costs that were relatively foreseeable at the time of its preparation. Based on spending in early 2013, operating costs in the first year of system operation and startup will exceed this projection. First year costs are not representative of future annual routine operations and maintenance and adaptive management costs, which will vary from year to year. Refer to the Phase 3 SOW for additional details. Estimated costs have been rounded to reflect the accuracy of the estimate. Contingencies of 4% to 10% are included in individual line items where appropriate.
- 2 These estimated costs are provided as a reference to illustrate the understanding of costs circa 2013. The inclusion of these estimates in the Consent Decree shall not be construed as the establishment of a budget; these estimates are distinct from the annual budget process and are not intended as limitations on spending. As time elapses, it is expected that more accurate, updated cost estimate information will become available for reference.
- 3 Projected costs do not include work elements that had not yet been scoped at the time the projection was prepared, including the cleanup of contaminated soil adjacent to the south and west ditch banks that was identified in October 2012.
- 4 The Trust Administrative estimate is based on the Kaiser Mead O & M administrative budget, and the following assumptions. The Trustee fee will increase 3% per year. An audit will be completed once every 10 years. Taxes will be filed annually. Ecology costs are estimated to be \$2,500 per quarter. Bank fees are 0.35% for the first \$5 million and 0.30% for next \$5 million. Bank fees will decrease as principal declines.
- 5 Groundwater and surface water monitoring sampling costs are based on the assumption of two semiannual monitoring events of a monitoring network of similar size to the current network. Each event is estimated to include approximately \$2,000 in analytical costs, \$1,000 in equipment and transportation costs, and \$12,000 in field sampling, database management, reporting and other costs.
- 6 Landfill and monitoring network inspection and maintenance costs are based on the assumption of approximately \$12,000 in landfill and monitoring well network inspection and other labor costs, \$500 in transportation and supplies costs, \$5,000 in landfill cap and fence maintenance and mowing costs, and \$2,500 in well maintenance costs.
- 7 Engineering, monitoring, and reporting costs are based on the assumption of approximately \$25,000 in operations and maintenance engineering support and associated labor and expenses, \$8,000 in routine reporting costs, and \$7,000 in non-routine reporting costs.
- 8 Operators and support costs are based on the assumption of operator(s) working 908 hours/year at \$65/hour, 30 hours/year of controls engineering subcontractor at \$150/hour, 104 hours/year of office management at \$100/hour, 24 hours/year of administration at \$50/hour, \$9,000 in other support, and \$5,500 in travel and expenses.
- 9 Laboratory services are based on the assumption of 2 WET testing events with fathead and daphnia at \$8,500/each, 17 water analyses at \$170/each, \$2,500 in other analyses and services, and \$1,100 in taxes.

- 10 Chemicals and consumables charges are based on the assumption of 19,050 lbs of potassium permanganate at \$2.67/lb, 59,250 gallons of lime at \$0.68/gallon, 6,600 lbs of sulfuric acid at \$0.16/lb, 83 gallons of polymer at \$62/gallon, 195 lbs of coagulant at \$72.60/gallon, 480 filter cartridge elements at \$12/each, \$18,000 in replacement absorption media, \$500 in testing supplies, and \$13,000 in taxes.
- 11 Utilities costs are based on the assumption of electricity at \$350/month, water and sewer at \$60/month, security at \$323/month, telecommunications at \$375/month, garbage at \$25/month, and fire monitoring at \$35/month.
- 12 Waste disposal costs are based on the assumption of 100 tons of treatment sludge at \$30/ton, 5 tons of spent adsorption media at \$30/ton, rolloff box rental at \$400/month, rolloff handling, transportation, and liners at \$730/month, lab waste disposal at \$75/month, and \$1,700 in taxes.
- 13 Maintenance costs are based on a percentage of the installed cost of the plant.

Net Present Value (NPV) Cost Analysis for Estimated Phase 3 Scope of Work Costs

Assumptions¹

Rate of return on invested Trust funds	5.41%
Inflation rate	3.41%
Net discount rate (rate of return adjusted for inflation)	2.00%
Payment from Murray Pacific is issued January 1, 2013 in the amount of \$3,700,000.	
Available Trust balance for Phase 3 activities on January 1, 2013 is \$8,630,000.	

2012 dollars estimated to fund remedy 2013 through 2063	\$14,100,000
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Estimated last year of Trust funding of remedy²	2030
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Preliminary Estimate of Phase 3 Scope of Work Costs^{3, 4, 5}				
Year	Routine O&M Estimate	Adaptive Management Estimate	Estimated Total	Estimated Trust Balance
2013	\$500,000	\$110,000	\$610,000	\$8,470,000
2014	\$517,000	\$123,000	\$640,000	\$8,270,000
2015	\$535,000	\$90,000	\$625,000	\$8,080,000
2016	\$553,000	\$37,000	\$590,000	\$7,910,000
2017	\$572,000	\$38,000	\$610,000	\$7,710,000
2018	\$592,000	\$2,049,000	\$2,641,000	\$5,410,000
2019	\$430,000	\$127,000	\$557,000	\$5,130,000
2020	\$445,000	\$132,000	\$577,000	\$4,810,000
2021	\$460,000	\$136,000	\$596,000	\$4,460,000
2022	\$476,000	\$141,000	\$617,000	\$4,070,000
2023	\$492,000	\$146,000	\$638,000	\$3,630,000
2024	\$509,000	\$0	\$509,000	\$3,300,000
2025	\$526,000	\$0	\$526,000	\$2,940,000
2026	\$544,000	\$0	\$544,000	\$2,540,000
2027	\$563,000	\$0	\$563,000	\$2,100,000
2028	\$582,000	\$0	\$582,000	\$1,620,000
2029	\$602,000	\$0	\$602,000	\$1,090,000
2030	\$623,000	\$0	\$623,000	\$510,000

Notes

- 1 The assumed rate of return does not reflect actual or anticipated Trust investment returns. The assumed inflation rate is based on an average of inflation rates in previous decades. Transfer of payment from Murray Pacific is expected to occur in approximately the latter half of 2013. The available Trust balance will vary from this estimate based on spending in 2013.
- 2 Use of the \$1 million contribution of Louisiana Pacific by Ecology for cleanup costs would extend the life of the Trust and postpone the date at which the Trust would no longer be able to fund the remedy.
- 3 Preliminary estimate of costs is approximate, and subject to the limitations described for 2013 costs in the Preliminary Estimate of Costs for Year One of Phase 3 Scope of Work table. Refer to the Phase 3 Scope of Work for additional details.
- 4 Estimated costs are adjusted for inflation at 3.41%.
- 5 Groundwater treatment plant annual operational costs are expected to be lower beginning in approximately 2019 based on the assumption that groundwater recovery for Outside Area Remediation will be complete and the treatment plant will treat water at a lower rate of approximately 17 gallons per minute.