

**WINTON
IRELAND
STROM &
GREEN**

INSURANCE AGENCY

"We're there when you need us"



From 19 Jan 07 Mtg

License # 0596517

TURLOCK

627 E. Canal Drive
P.O. Box 3277
Turlock, CA 95381
209-667-0995
209-577-4640
800-790-4875
FAX-667-7142

LIVINGSTON

503 Main Street
P.O. Box 307
Livingston, CA 95334
209-394-7925
209-358-0544
FAX-394-8037

MODESTO

1100 14th St., Suite C
Modesto, CA 95354
209-529-3480
FAX-529-6963

MARIPOSA

5080 Bullion Street
P.O. Box 808
Mariposa, CA 95338
209-966-3818
FAX-966-2637

OAKHURST

49220 Road 426
P.O. Box 335
Oakhurst, CA 93644
559-683-4610
FAX-683-2580

FRESNO

6760 N. West Ave.
Suite # 101
Fresno, CA 93711
559-432-8200
FAX-432-8273

December 21, 2006

Mike Sommers
Winemucca Trading Company Limited, Inc.
PO Box 4261
Incline Village, NV 89450

Re: California Regional Water Quality Control Board
Request for \$2,562,500 Bond

Dear Mr. Sommers:

Around December 11, 2006 we received your request to obtain a \$2,562,500 bond to the above Board. That request was accompanied with the Board's letter to you dated November 17, 2006.

To comply with the various alternatives you have proposed for the cleanup of wastes at the former Shasta Paper Company, Shasta County, California, the Board has required you to provide them financial assurance in the amount of \$2,562,500. The financial assurance we were to secure is in the form of a bond in that amount from an insurance carrier.

The nature of cleanup of wastes/pollution/environment is a very difficult area to bond. The multi year cleanup in the schedule of your alternatives makes it even more difficult to obtain.

We have had discussions with two of the largest insurance markets that can write this type of bond. Both Great American Insurance Company and CNA Insurance Companies have declined to issue a \$2,562,500 bond of this type. The underwriters we reviewed the bond with both agreed that if a bond was available, it would be with a specialty carrier and that full, 100% collateral would be required; probably cash not real estate. This collateral would be required during the entire length of the cleanup and not be released until the Board releases the bond.

Our agency has worked on other similar type bonds over the years. We have not had a case where collateral was not required.

Please advise us if you wish us to pursue other markets on this action.

Very truly yours,

Jeffrey J. Quinn, AAI
Vice President/Modesto Manager