



California Regional Water Quality Control Board Central Valley Region

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TO: Robert A. Crandall
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FROM: Dale Stultz, R.E.H.S.
Groundwater Unit

DATE: 20 April 2010

SIGNATURE: Dale Stultz

STATUS UPDATE REGARDING COMPLIANCE WITH CLEANUP AND ABATEMENT ORDER NO. R5-2004-0717, WINEMUCCA TRADING COMPANY LIMITED, INC. (FORMER SHASTA PAPER COMPANY FACILITIES AND PROPERTIES), ANDERSON, SHASTA COUNTY, SITE CLEANUP PROGRAM NO. 2050189

History

Kimberly-Clark, Inc. bought the subject property and developed the pulp and paper mill in 1964. Simpson Paper Company purchased the mill and properties in 1973. Wastewater from the mill was treated in the industrial wastewater treatment system, then discharged to the Sacramento River and applied to land under authority of National Pollutant Discharge Elimination System (NPDES) Permit No. CA0004065. Paper pulp sludge waste generated during manufacturing processes was discharged at Twin Bridges Landfill, formerly owned by Simpson Paper Company, in Shasta County (and another closed Class III landfill still owned by Simpson Paper Company in Shasta County). Leachate from the landfill sites was discharged back to treatment lagoons at the mill property.

On 11 January 1999, the Central Valley Regional Water Quality Control Board (Central Valley Water Board) was notified that Shasta Acquisition, Inc. had purchased the Shasta Pulp and Paper Mill properties, Twin Bridges Landfill, and the Shasta Ranch (land application site) from Simpson Paper Company. The notice further stated that Shasta Acquisition, Inc. would be doing business as Plainwell Paper Shasta Paper Company.

On 31 October 2001, Plainwell Paper Shasta Paper Company filed for bankruptcy. On 17 September 2003, the *Order Approving Settlement Agreement And Mutual Release of Claims Between The Estate And Congress Financial Corporation* was issued in United States Bankruptcy Court for the Eastern District of California, Sacramento Division. Congress Financial Corporation, senior secured creditor of Shasta Paper Company controlled and/or owned the former Plainwell Paper Shasta Paper Company mill, landfill, and properties.

On 9 February 2004, the Central Valley Water Board Executive Officer issued Cleanup and Abatement Order (CAO) No. R5-2004-0700 to Simpson Paper Company and Congress Financial Corporation requiring them to cleanup and abate wastes that have been discharged or threatened to be discharged at the Shasta Pulp and Paper Mill, Twin Bridges Landfill, and

Shasta Ranch. CAO No. R5-2004-0700 was issued because Plainwell Paper Shasta Paper Company was no longer a viable responsible party after settlements were approved in bankruptcy court.

On 20 May 2004, Congress Financial Corporation sold at auction the Shasta Pulp and Paper Mill and treatment lagoons, which included 16 separate parcels of land. Winemucca Trading Company Limited, Inc. (Winemucca) purchased the properties at the auction for \$500,001. The Twin Bridges Landfill and Shasta Ranch were purchased at a separate auction by other entities, unrelated to Winemucca.

CAO No. R5-2004-0717 was issued to Winemucca on 29 October 2004. Table 1 below summarizes actions required by CAO No. R5-2004-0717 and includes the current status of compliance with its' requirements.

Table 1: Summary of Actions Required By CAO No. R5-2004-0717

Required Action	Response or Current Status
Provide access to Central Valley Water Board staff and representatives for inspections, determining compliance with the CAO, and implementing California Water Code, Division 7. Provide written statement by 26 November 2004 agreeing to provide access as specified above.	Written statement dated 23 November 2004 conditionally agreeing to provide access to Central Valley Water Board staff and representatives, as long as Winemucca is notified 24 hours prior to inspection, unless the event presents an emergency situation.
By 28 January 2005 , submit a Storm Water Pollution Prevention Plan for Shasta Pulp and Paper Mill property.	Storm Water Pollution Prevention Plan dated 28 January 2005 was submitted.
By 28 January 2005 , remove and properly dispose of lime (some stockpiled and some in tanks). Disposal method must be approved by the Executive Officer.	23 November 2004 letter from Winemucca states that stockpiled lime was removed by Ben's Trucking and delivered to a walnut ranch and rice farm in Red Bluff. Plant tissue analysis from Monarch Laboratory, Inc. was attached. There is no record in file indicating that disposal method was approved by the Executive Officer and no documentation indicating that lime was shipped to walnut ranch and rice farm in Red Bluff. The 28 April 2008 Tank Inventory indicates that approximately 1,200 cu. ft. of lime remains in the invert cone hopper.
By 28 January 2005 , submit to Central Valley Water Board a management plan for controlling water level in the treatment lagoons to prevent uncontrolled overflow to Anderson Creek. Beginning immediately, manage treatment lagoons to maintain at least two feet of freeboard.	A Water Management Plan dated 27 January 2005 was submitted. Plan indicates that there is currently sufficient freeboard, and as long as the volume of storm water conveyed to the ponds does not increase significantly, annual evaporative losses exceed annual inflow.

Table 1 continued

<p>By 1 February 2005, collect samples from all existing groundwater monitoring wells and water from the treatment lagoons. Comply with the analytical and reporting requirements of Attachment C of CAO.</p>	<p>First monitoring report dated 18 April 2005 was submitted. Groundwater and treatment lagoon monitoring is current. March 2010 Annual Monitoring Report was received 30 March 2010.</p>
<p>Requirement to notify Central Valley Water Board by phone within 24 hours if a discharge occurs from the treatment lagoons. If discharge occurs, effluent must be sampled in accordance with the analytical and reporting requirements of Attachment C of CAO.</p>	<p>No discharge from the treatment lagoons has been reported. Central Valley Water Board records indicate that the effluent pipe from the treatment lagoons to the Sacramento River was blanked off in August 2001.</p>
<p>By 1 April 2005, remove and properly dispose or recycle the materials (dyes and other additives) stored in the warehouse and chemicals (chlorine, etc.) associated with the treatment system at the mill. Disposal method must be approved by the Executive Officer.</p>	<p>23 November 2004 letter from Winemucca states that all dyes and additives previously located at various areas of the mill have been consolidated and relocated to a secured storage building onsite. Documentation of proper disposal of these materials has not been provided. The dyes and chlorine described in the CAO are not included in the 15 April 2008 Tank Inventory.</p>
<p>By 1 April 2005, remove and properly dispose of petroleum coke and black liquor stored at the mill. Disposal method must be approved by the Executive Officer.</p>	<p>The black liquor tank was cleaned in November 2008. A Black Liquor Removal (Tank No. 31) Completion Report was received. A 15 December 2008 Central Valley Water Board No Further Action letter regarding tank cleaning and disposal of the black liquor has been provided to Winemucca. No documentation has been provided regarding disposal of the petroleum coke.</p>
<p>By 1 April 2005, sample and characterize sludge from the treatment lagoons, holding basins, and clarifiers at the mill. Submit results to the Central Valley Water Board.</p>	<p>Surface water and sediment samples from the treatment lagoons, clarifiers, and holding basins were collected in 2005, 2006, and 2008. The <i>Clarifiers, Holding Basins, and Wastewater Treatment Lagoons Characterization and Volume Estimates</i> report, dated 16 April 2008 summarizes the sample results.</p>

Table 1 continued

<p>By 1 April 2005, submit a plan to the Central Valley Water Board to properly dispose of the sludge in the treatment lagoons, clarifiers, and holding basins and a plan to clean close the holding basins and treatment lagoons pursuant to Title 27, CCR. The plans shall include an implementation schedule with a defined date of when the sludge disposal and closure of the treatment lagoons and holding basins will be complete. The final completion date shall be no later than 1 October 2006. The closure plan and disposal method must be approved by the Executive Officer.</p>	<p>A <i>Feasibility Study for the Wastewater Treatment Facility</i> evaluating waste disposal and closure options was provided in October 2006. A <i>Revised Feasibility Study</i> was provided in April 2008. The preferred remedial alternative was clean closure of the treatment lagoons, clarifiers, and holding basins, with off-site disposal at the closed Twin Bridges Landfill (cost estimated to be \$2,950,000). This alternative assumed that the Twin Bridges Landfill could and would be re-opened by its owner. In the event that Twin Bridges Landfill was not available for disposal, then the preferred alternative would be to cap and close the wastes in place at the treatment lagoons (cost estimated to be \$2,800,000 + \$500,000 O&M). Cleanup of the treatment lagoons, clarifiers, and holding basins had not begun, and was not completed by 1 October 2006.</p>
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On 21 March 2008, Administrative Civil Liability Complaint No. R5-2008-0518 was issued to Winemucca in the amount of \$3,000,000 for failure to comply with CAO No. R5-2004-0717. The administrative civil liability hearing for this complaint was postponed "to a later date that is mutually agreeable to the parties" (Scharff, Brady, and Vinding 20 May 2008 facsimile to Jim Pedri). No attempt to reschedule an administrative civil liability hearing has occurred.

In response to a Central Valley Water Board staff request, a 15 April 2008 Tank Inventory report was submitted. The Tank Inventory identified 13 vessels containing hazardous materials. Two of these vessels are reportedly being used by Wheelabrator Technologies. Table 2 below briefly describes the 11 vessels identified in the Tank Inventory report as containing hazardous materials.

Table 2: Inventory of Hazardous Materials in Aboveground Storage Tanks

Tank Contents	Estimated Volume
Black Liquor (35% liquor)	10,800 gallons
Unknown Liquid (highly odorous)	Unknown (small irregular tank)
Lime	1,200 cubic feet
Coke	1,400 cubic feet
White Liquor	17,750 gallons
Unknown	575 gallons
White Liquor Clarifier	Unknown (large tank)
Sulfuric Acid	Minor product/rainwater
Aqua Ammonia	Unknown (small irregular tank)
Phosphoric Acid	Unknown (small irregular tank)
Defoamer	Unknown (small irregular tank)

It should also be noted that the dyes, additives and chlorine identified in CAO No. R5-2004-0717 were not included in the Tank Inventory. Additionally, an estimated 500 gallons of an unknown liquid is stored in an aboveground tank between the two treatment lagoons. There may be other unaccounted for hazardous products and/or wastes at the mill properties.

A 2 June 2008 *Work Plan Characterization and Disposal of Potentially Hazardous Waste Contained in Aboveground Storage Tanks* was approved by Central Valley Water Board staff on 4 June 2008. The approval letter required submittal of an interim report **by 15 August 2008** before proceeding with off-site disposal of any materials.

A 16 June 2008 *Clean Closure Work Plan for Clarifiers and Holding Basins* was approved by Central Valley Water Board staff in a 26 June 2008 letter. Cleaning and disposing of wastes from the clarifiers and holding basins was required to be completed **by 1 October 2008**. Also on 26 June 2008, Central Valley Water Board staff conditionally approved a notice of intent for removing the black liquor stored in Tank ID No. 31.

On 28 August 2008, a Notice of Violation was issued to Winemucca for failure to submit an interim report for aboveground tank waste removal activities and failure to comply with the clean closure work plan for the holding basins and clarifiers. On 4 November 2008, another Notice of Violation was issued to Winemucca for failure to remove aboveground tank and clarifier/holding basin wastes.

In November 2008, black liquor (stored in Tank Inventory ID No. 31) was removed and the aboveground storage tank cleaned. Wastes were hauled to Chemical Waste Management, Inc. in Kettleman City, California for disposal in December 2008. A *Black Liquor Removal (Tank No. 31) Completion Report* was submitted and approved in December 2008. Black liquor is the only hazardous waste/material identified in Table 2 above that has been properly disposed in accordance with CAO No. R5-2004-0717.

Since December 2008, clean closure completion reports for Clarifiers 1 and 2, and Holding Basins 1, 3, 4, and 5 have been provided. Clean closure of Holding Basin 2 still needs to be completed. Sludge wastes from the holding basins and clarifiers have not yet been hauled off site for proper disposal, so Central Valley Water Board approval of the clean closures has not been granted.

A 12 October 2009 Notice of Violation was issued to Winemucca for failure to comply with requirements of CAO No. R5-2004-0717, failure to complete removal of chemicals and wastes stored in aboveground storage tanks in accordance with the 2 June 2008 *Work Plan Characterization and Disposal of Potentially Hazardous Waste Contained in Aboveground Storage Tanks*, and failure to complete cleanup of the clarifiers and holding basins in accordance with the 16 June 2008 *Clean Closure Work Plan for Clarifiers and Holding Basins*.

Other outstanding issues associated with Winemucca's management of the mill properties in Anderson, California include the following:

1. Property Ownership

Although Finding No. 6 in CAO No. R5-2004-0717 indicates 16 parcels were purchased at auction by Winemucca, research conducted by former Central Valley Water Board staff (Karen Clementsen) discovered an additional 45 parcels were included in the purchase.

Research of available public records discovered that, since issuance of the CAO, Winemucca has transferred ownership of some parcels to the following entities:

Date	Owner
2/10/2005	Cortez Fishiers, Inc., a Nova Scotia Company
9/30/2005	Frontier Village Development, LLC, a Nevada Limited Liability Company
9/30/2005	New Dawn Development, LLC, a Nevada Limited Liability Company

According to the 10 February 2005 recorded grant deed, Michael Sommers is the Secretary of Cortez Fishiers, Inc. On 30 September 2006, Cortez Fishiers split the parcel (formerly owned by Winemucca) into two separate parcels.

The officers of Frontier Village Development, LLC are Rodney Beard and BQN, Inc. BQN, Inc.'s officers are Rodney Beard and Michael Sommers.

According to information obtained from the Nevada Secretary of State, the officers of New Dawn Development, LLC are Rodney Beard and New Dawn Corporation. New Dawn Corporation's officers are Jon Beard, Steve Beard, Virginia Beard, and Michael Sommers.

To summarize Central Valley Water Board staff research, of the 16 parcels listed in Finding 6 of CAO No. R5-2004-0717, Winemucca currently owns fourteen parcels, Cortez Fishiers, Inc. owns one parcel (now split into two), and Frontier Village Development, LLC, owns one parcel. **NOTE: CAO No. R5-2004-0717 is issued to Winemucca Trading Company Limited, Inc. only. Cortez Fishiers, Frontier Village Development, LLC, and New Dawn Development, LLC are not included in any Central Valley Water Board Order.**

2. Possible Unregulated Waste Management Unit

Finishing ponds observed on an aerial photo of the mill may have been filled with wood chips. Current site assessments have not identified a wood chip disposal area on the mill property. The location of this potential disposal unit is Assessor Parcel No. 090-150-001.

3. 25 February 2010 Inspection Findings

Winemucca staff (Daryl Johnson) explained that he had begun treating white liquor from one of the aboveground storage tanks located near the holding basins and clarifiers with citric acid to adjust pH. Treated effluent was then discharged to Holding Basin 3 for evaporation. Notification regarding Winemucca's intent to treat the white liquor and discharge its effluent to Holding Basin 3 was never provided to Central Valley Water Board staff, and no professional oversight of the process was occurring.

Sludge and sediment from the holding basins and clarifiers was observed stockpiled on concrete slabs south of the mill buildings. Wastes were covered with plastic tarps. Mr. Johnson indicated that no wastes had been transported off site for disposal. Holding Basin 2 has not yet been cleaned.

DPS: knr