ATKA PRIDE SEAFOODS, INC.
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June 2, 2005

RECEIVED
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U.S. EPA REGION 10
OFFICE OF COMPLIANCE AND ENFORCEMENT

EPA Region 10
NPDES Compliance Unit, OW – 133
1200 Sixth Avenue
Seattle, Washington 98101

VIA FACSIMILE TO (206) 553-0165 AND U.S. MAIL

Re: Matters in Mitigation and Extenuation for APS Non-Compliance with NPDES Permitting Requirements;

Dear Sir or Madam:

Thank you for taking the time to meet with me on May 16, 2005, to discuss a settlement for (Atka Pride Seafood's (APS) Non Compliance with NPDES permitting requirements. You asked for additional information at that meeting to help you consider an appropriate penalty. Please accept this letter as responsive to that request.

To supplement the drawings, photographs, and verbal information I provided at our meeting on May 16, the following information is offered to more fully describe our operations at APS.

General Operations Overview

- APS generally operated from June 1 through September 30 each year from 1998 through 2004.
- More than 99% of the plant's production consisted of H & G (headed and gutted) halibut, with H & G sablefish accounting for the residual production. The rest of the discussion will address halibut only, but applies as well to sablefish.
- The plant bought CDQ halibut, and very minimal amounts of IFQ, from local, resident fishermen operating company owned boats. The fishing vessels were under 60' in length, with most being 35' in length.
- The fishermen were generally at sea from one to three days before delivering to the plant.
- The fishermen gutted and bled the halibut at sea, and delivered them to the plant with the heads on, and the belly cavity filled with ice.
- During the four month period the plant was normally open, it employed 10 people, all local and regional residents.
- The plant does not have a bunkhouse, shower room, laundry, or dining facility.
- Employees ate all meals at home, and attended to nearly all personal hygiene needs there as well.
- The plant has a male and female water closet, and each is equipped with a sink.

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- Waste water from the processing floor and the water closets drain to an outfall line that empties into Nazan Bay.
- Drains in the processing floor are all equipped with filters and grated covers.

General Processing Overview

- Fish is transported from the dock to a hopper at the head of the processing line.
- The halibut is taken from the hopper, one at a time, where they are run through a header. Heads are discarded into a tote, and the H & G product then moves down a water line for cleaning.
- The discarded heads are accumulated in totes, and eventually taken to sea and dumped in at least 30 fathoms of water.
- The H & G halibut moves from the header down the cleaning line, where it is lightly hosed externally – because product quality is much higher if it is frozen with the slime intact on the outside of the carcass.
- The halibut belly cavity is hosed thoroughly, and any loose blood clots and residual material in the belly cavity is removed. In addition, the collar of the fish is trimmed from the blunt, heading process.

General Production Overview

The following production information applies from 1998 through 2004.

Year	Total Operating Days	Total Pounds Processed	Daily Average
1998	130 days	560,279 lbs	4,310 lbs
1999	146 days	638,345 lbs	4,372 lbs
2000	151 days	768,816 lbs	5,091 lbs
2001	145 days	675,776 lbs	4,661 lbs
2002	132 days	524,668 lbs	3,975 lbs
2003	177 days	799,693 lbs	4,518 lbs
2004	195 days	514,959 lbs	2,641 lbs

The daily average amount of pounds processed is simply that. In reality, many days elapse with little to no production, followed by several days of 20,000 lbs/day production. The fishing vessels tend to leave town together and return together.

- We estimate that, on peak production days, we use no more than 2,000 gallons of water on the water line to clean the bellies and collar trim.
- The minimal amounts of solid, fish waste that fell to the processing floor accumulated in the floor drains, which were periodically cleaned.
- The waste collected from floor drains was thrown into the totes where heads were stored, for later disposal at sea.
- No doubt, some solid waste larger than 1/2" in size passed through the outfall line into Nazan Bay.

General Financial Overview

The following net profit information is offered to help you better understand the financial footing of the operation. It is considered proprietary information, and we request it not be made publicly available.

Operating Year	Net Profit (Loss)
1998	$ (40,352)
1999	$ 447,439
2000	$ 279,657
2001	$ 4,692
2002	$ (13,462)
2003	$ 106,920
2004	$ (273,846)

Summary

APS operated without an NPDES permit from 1998 through 2004. This oversight occurred because our local partner, the Atka Fishermen's' Association, in whose name the original NPDES permit was issued, inexplicably failed to renew it. This error was not detected by EPA, ADEC, or APICDA Joint Ventures (the managing partner) in a timely manner.

This error was uncovered by APICDA Joint Ventures when we began contemplating a change in our processing operations in the fall of 2004 that would significantly increase the minimal amounts of waste we historically generated. As part of our due diligence, we sent an employee, Ms. Annie Oberlitner, to an EPA training program in Seattle. Through her training and other inquiries, we learned we had failed to submit annual reports, and that the grinder we purchased and shipped to Atka had never been installed. In essence, we operated outside the NPDES program between 1998 and 2004.

Given the facts as they are, we believe they primarily relate to administrative failures and resulted in a miniscule, adverse impact on the environment. Our operations in Atka sporadically generated small amounts of waste water and solid waste over about 4 months of the year. Human waste from plant operations was practically non-existent. We deserve to be fined, but respectfully request you balance our bad facts with our good intent and very small operation.

Sincerely,

Joe Kyle

Joe Kyle
Chief Operating Officer