December 9, 2008

Earl Liverman
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Dear Earl,

The primary purpose of this letter is to confirm receipt of EPA's comments on the second draft of the EE/CA work plan for the Avery Landing site and to convey a third draft of the work plan to you that we believe addresses all of EPA's comments. A third draft has already been sent to you electronically, as well as four hardcopies via mail.

A secondary purpose is to clarify our position on a couple of EPA comments that cannot be well addressed within the EE/CA itself. These points are discussed below and referenced to the numbers in your comments.

EPA Comment 27. Page 12, section 4.2.2, 2nd paragraph, 4th sentence. Revise this section with respect to the clarification provided below:

- During the 2007 removal assessment, START did not collect any groundwater samples underneath a floating LNAPL layer. Several of the new EPA monitoring wells (including EMW-02, EMW-04, EMW-5, and EMW-06) were installed within the free product area, a conclusion that was based on the observation of free product in the soil borings during monitoring well installation. However, when the groundwater samples were collected from these monitoring wells, no free product was detected or observed on the groundwater table, which was attributed to the fact that the free product in the area of the monitoring wells had been dispersed by the installation of the monitoring wells.

Comment not addressed. The work plan still contains the original language – the allegation or suggestion that E&E's groundwater samples were compromised because they were collected in groundwater monitoring wells below an LNPL layer. As was discussed during the conference call, the data is not compromised and the work plan must be revised accordingly.

Potlatch response: This issue has several aspects. The first aspect deals with sampling below an LNAPL layer. We do not accept as "fact" that free product was dispersed by the installation of the monitoring wells; we simply do not understand the physics of well installation that would result in this phenomena. Further, if this were a possibility, it seems logical that groundwater samples should be taken after the wells were purged a

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sufficient number of times to re-establish representative groundwater conditions. A logical conclusion is that the samples may be compromised either because they were taken below an LNAPL layer, or because they do not represent local groundwater conditions since those conditions were affected by well installation.

The second aspect deals with turbidity in the groundwater samples. According to the data provided by E&E on December 2, 2008, the turbidity levels were significantly above what would be expected in groundwater samples. These high turbidity levels would likely affect total metal analyses.

Finally, according to our records of the phone conversation referenced in the red comment, we did not accept that the groundwater data are accurate and still have significant concerns.

Of course, the EE/CA will involve collecting new data that we will ensure meets the needed standards to allow us to draw accurate conclusions about the site. So, the above debate may be moot, but it is important to us that the situation be stated accurately to ensure the EE/CA plan is evaluated in the proper context.

EPA Comment 31. Page 13, section 4.3, 5th paragraph. Clarify the statement regarding the questionable validity of the arsenic groundwater data.

Comment not addressed. As noted in Comment No. 27 above, water quality monitoring data was provided to the Respondent. Thus, it now known whether the metal concentrations (particularly arsenic) are questionable with respect to turbidity levels and the subject paragraph can be revised to reflect this information.

Potlatch response: see comment above.

EPA Comment 44. Page 20, section 5.3. The discussion of proposed field investigations must be revised to reflect prior work plan comments and to include sediment sampling as shown by Figure 5-1.

Comment partially addressed. This section has not been revised to include sediment sampling.

Potlatch response: We believe this section has been revised to include sediment sampling (***bold and italics*** added here):

5.3.6. Near Shore Floating LNAPL, Surface Water, and ***Sediment Sampling***

The St. Joe River LNAPL seep, surface water and ***sediments*** will be sampled along the river embankment to assess discharges and impacts from the Site. The sampling stations are shown in Figure 5-1. ***Two sediment samples will be obtained at each surface water station; one at the shoreline and a second one about three or four feet from the shoreline. Only one sediment sampling event will be conducted.*** Two sampling events will be conducted for LNAPL (if present) and river water samples that coincide with maximum groundwater discharges to the river (high hydraulic gradient between the groundwater levels and the river water level). River station RS-1 will represent up-river

background for comparison to river stations RS-2 through RS-8. The samples will be analyzed for the list of COPCs.

EPA General Comment 1, page 4 section 2.3 and Specific Comment 26, section 4.2.2 United States ownership of a portion of the Site:

1. The work plan is a document wherein the Respondent describes its proposed technical approach for completing the requirements of the SOW. It is not a document intended for statements about legal liability issues.

26 Page 12, Section 4.2.2, 1st paragraph, 10th sentence. Describe the data supporting the interpretation that the thickness of the floating product is overall thinner than that observed on the water table in Section 15.

Comment not addressed. The work plan fails to support the claim that the layer of free product on the Section 16 area is thinner compared to the Section 15 area. Also, the work plan continues to claim that MW-11, which still contains a large quantity of free product (at least since April 2007), is on FHA-owned property, which seems to be an important piece of evidence to support the claim that the Potlatch property is not as contaminated as the Bentcik or FHA property. It's not clear that this well is actually in the highway right-of-way, as no documentation or survey data has been offered. Furthermore, even if MW-11 is in the highway right-of-way, it would still be on the Potlatch property, as right-of-way is not the same as ownership. As has been previously pointed out, this issue is irrelevant to the purpose of the EE/CA, but if it will persist in the work plan, then these claims regarding the ownership of MW-11, and how they relate to which properties contain more contamination, should be clarified.

Potlatch response: Although Potlatch is not proposing any additional changes to the EE/CA Work Plan regarding the United States' ownership of a portion of the Site, it is important to clarify a few points made regarding this issue raised in your November 20. 2008 comment letter and prior correspondence on this subject. Although EPA asserts some "uncertainty" regarding the United States Department of Transportation, Federal Highway Administration (FHA) ownership of a portion of the site adjacent to and underlying Highway 50, Potlatch is unaware of any such uncertainty. We have previously provided to you the 1986 Judgment and Taking entered by the United States District Court for the District of Idaho (CV-86-3035) which awards the FHA all interest in the property adjacent to and underlying Highway 50 in both Sections 15 and 16 at the Site. Although you told us in a phone call a few months ago that the United States Forest Service (USFS) may claim some interest in this same property, the only documentation we have seen on this issue is an e-mail from a representative of the USFS asserting no such interest in the property. It would be helpful for Potlatch to understand what if any uncertainty remains regarding ownership of this portion of the Site. Also we do not understand your specific comment 26 in which EPA asserts that the State Highway 50 property is "still on Potlatch property" as a "right of way is not the same as ownership." The FHA ownership is not so limited and there is nothing in the documents or ownership records that suggest that FHA owns only a right of way or easement on Potlatch's property. The 1986 Judgment made clear that the FHA acquired the entire estates in the property in both Sections 15 and 16 at the Site. Perhaps the confusion on these issues relates to the FHA's subsequent transfer of a portion of its same property interest in 1992

to Shoshone County in the form of a right of way to operate and maintain Highway 50. It is important to clarify these ownership issues, because we believe it is only fair and equitable for EPA to also require other property owners at the Site to assist in the site investigation and potential remediation at the Site even if such other owner is another federal agency. We are concerned that if EPA does not fully understand these ownership issues, it will unreasonably delay getting other responsible parties involved at the Site.

In summary, we appreciate EPA's careful review of this EE/CA and intend to work cooperatively with you until this plan is factually and technically correct. We look forward to receiving your evaluation of this third draft. If, in your view, we can make better progress with a phone discussion, please let me know and I will make the arrangements.

Sincerely,

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