

North Coast Regional Water Quality Control Board

JOINT RELEASE WITH THE HUMDOLT DISTRICT ATTORNEY'S OFFICE

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Contacts: Catherine Kuhlman
Executive Officer
707-576-2220
Paul Hagen
Humboldt County D.A.
707-445-7411

Former Pulp Mill Owner to Pay Fine in Proposed Settlement of Water and Air Pollution Violations

The Humboldt County District Attorney's Office and the North Coast Regional Water Quality Control Board (Water Board) have reached a proposed \$125,000 settlement with Stockton Pacific Enterprises, Inc., for water pollution caused during the company's operation of the Pulp Mill situated on Humboldt Bay on the Samoa spit. The two offices began their enforcement action against Stockton Pacific when it ran the mill before it was acquired by Evergreen Pulp, Inc., earlier this year.

The settlement is the result of an investigation that included the execution of a search warrant at the mill on December 7, 2004. The DA's office and the U.S. Environmental Protection Agency's Criminal Investigation Division conducted subsequent additional investigations. The Water Board issued an administrative civil liability complaint for \$1.7 million to enforce clean water violations. At the conclusion of the DA's investigation, the DA's office and Water Board representatives started settlement negotiations with Stockton Pacific. As the company is no longer doing business and has no assets, former officers and directors came up with the settlement monies.

"In keeping with our ongoing commitment to enforcing the laws which protect our environment, we are pleased to bring this case to a successful conclusion," said Paul Gallegos, Humboldt County District Attorney.

Water Board Executive Officer Catherine Kuhlman was also pleased. "Teaming up with Paul Hagen allowed us to make the most efficient use of our enforcement resources to resolve this case. We can now fully turn our attention to ensuring Evergreen follows the law."

Since taking over the plant in February 2005, Evergreen has incurred sporadic minor violations of its wastewater permit. The Water Board is considering enforcement action against Evergreen.

Effectuating the settlement requires actions by both the DA's Office and the Water Board. The DA has filed a civil complaint and proposed settlement in Humboldt County Superior Court. The complaint addresses alleged violations of environmental laws including the Water Code, the Fish and Game Code, and the Health and Safety Code, and violations of the prohibitions on discharges or releases to waters of the state and violations of permit requirements. The proposed settlement also recognizes the administrative civil liability action by the Water Board. This action must be concluded for the settlement to be finalized.

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2-2-2 Pulp Mill

Terms of the proposed settlement include:

- \$60,000 to the Humboldt County DA's Office, \$10,000 in penalties for unfair business practices consisting of the violations above and \$50,000 for environmental education and enforcement projects;
- \$60,000 to the North Coast Regional Water Quality Control Board to be used for future environmental education and restoration,
- \$5,000 to the North Coast Unified Air Quality Management District in costs and fees.

The settlement recognizes that Stockton Pacific no longer has any assets or resources, nor is conducting business of any kind. The corporation has been foreclosed against and all of its assets – the pulp mill – have passed to Evergreen Pulp, Inc.

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