



Palatka Pulp and Paper Operations
Consumer Products
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November 22, 2010

VIA U.S. MAIL & ELECTRONIC MAIL

Mr. Greg Strong, Director
State of Florida
Department of Environmental Protection
Northeast District
7828 Baymeadows Way, Suite B200
Jacksonville, Florida 32256-7590

RE: Administrative Order No. 039-NE

Dear Mr. Strong,

Georgia-Pacific is at a critical point regarding compliance with Florida Department of Environmental Protection's (the "Department") Administrative Order, including the Department's June 1, 2009, letter ("June 1 Letter"). The combined terms of the Administrative Order and June 1 Letter require that Georgia-Pacific install and operate a pipeline to the St. Johns River by October 15, 2012. Construction of the pipeline is a complex undertaking requiring many activities, including the drafting of final engineering plans, procurement of contractor services and materials, as well as installation. Accordingly, the Administrative Order granted Georgia-Pacific a 27-month timeframe to complete construction of the pipeline. The Department was aware that the submission of the final Rice Creek Water Quality Report on July 15th triggered the October 15, 2012, deadline to install the pipeline, and that undue delay could jeopardize Georgia-Pacific's ability to meet the construction deadline. In order to meet the October 15, 2012, deadline to complete the pipeline and ensure compliance with the terms of the Administrative Order, Georgia-Pacific intends to begin the pipeline construction project immediately.

Since 1998, Georgia-Pacific's Palatka mill has undertaken over \$200 million in facility upgrades and improvements in accordance with the Department's Administrative Order. Collectively, these improvements have yielded significant reductions in the mill's use of water and significant improvements to the mill's wastewater quality (including reductions in levels of phosphorus, nitrogen, water color, conductivity, chlorinated organic compounds and biochemical oxygen demand).

Recently, Georgia-Pacific completed a year long course of additional water quality monitoring and engineering investigations pursuant to the June 1 Letter, regularly informing the Department of Georgia-Pacific's progress. Georgia-Pacific routinely submitted draft reports for the Department's review, had several face-to-face meetings with the Department and fielded questions submitted by the Department.

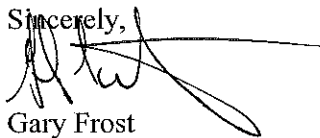
A final Rice Creek Water Quality Report and the Wastewater Treatment Alternatives Evaluation by Brown and Caldwell was submitted to the Department on July 15, 2010. On August 20, 2010, the Department sent Georgia-Pacific a letter containing ten (10) pages of questions for Georgia-Pacific's response ("RAIs"). On September 3, 2010, Georgia-Pacific and the Department met to discuss these RAIs further. Georgia-Pacific submitted its responses to the Department's RAIs on October 4, 2010.

At this time, with Georgia-Pacific's July 15th submittals and RAI responses, Georgia-Pacific has addressed all of the issues identified in the June 1 Letter and RAI. It is aware that there is one potentially outstanding issue dealing with an additional sampling and analysis event using a technique known as High Volume Extraction that has not been adopted by the Department as an approved method. Georgia-Pacific reiterates its previous objection to this use of non-rule policy on a technique not authorized by Chapter 62-160, F.A.C. Georgia-Pacific would also note that the sampling has not been triggered under the terms of the June 1 Letter. Nevertheless, should the Department determine that an additional sampling event is necessary, Georgia-Pacific will reimburse the Department for such sampling as prescribed under the June 1 Letter, similar in scope to the prior event, to ensure there is no misunderstanding as to its full compliance with that letter. Should the Department proceed with the additional sampling event, please send an invoice for the sampling to my attention and Georgia-Pacific will reimburse the Department within 2 weeks.

Georgia-Pacific must now move forward with steps necessary to comply with the remaining parts of the Administrative Order, including commencement of construction of the pipeline necessary to comply with the October 15, 2012, project completion and compliance date established pursuant to the Administrative Order.

Georgia-Pacific will continue to address any remaining questions relating to renewal of its permit and data or analysis requirements of the Department.

The Department has Georgia-Pacific's commitment to coordinate closely on the completion of the project, and regular updates will be provided so that the Department is assured of Georgia-Pacific's full compliance with the Administrative Order.

Sincerely,

Gary Frost
Vice President

Cc: M. Davis, Atlanta
A. Lathrop, Atlanta