Application for Use of State-owned Aquatic Lands

Applicant Name: Cosmo Specialty Fibers, Inc.
County: Grays Harbor County
Water Body: Chehalis River
Type of Authorization - Use: Easement -- Industrial Raw Submarine Water Supply Line
Authorization Number: 51-087151
Term: 30 years

Description: This agreement would allow the continued use of State-owned aquatic lands for the sole purpose of an industrial raw submarine water supply line. It is located in the Chehalis River, in Grays Harbor County, Washington.

This agreement will replace Right of Way No. 51-024562.
Cosmo Specialty Fibers Inc.
Authorization No. 51-087151
Authorized Use: Waterline
Location: Chehalis River, Grays Harbor County

Vicinity Map

Legal Description
Latitude: 46.95924N, Longitude: 123.75218W
Section 13, Township 17N, Range 09W W.M.

Prepared By: MLB Date: 03/18/2011
APPLICATION FOR AUTHORIZATION
TO USE STATE-OWNED AQUATIC LANDS

No work can be started on the project area until a use authorization has been granted by the state Department of Natural Resources

I. SUBMISSION OF APPLICATION

This application form will be reviewed by the state Department of Natural Resources upon receipt at the address given below, and also posted on the DNR website as public information. Applicants will be notified in writing if the application will be accepted for further review. However, this application may be rejected at any time before signed execution of a use authorization.

APPLICATION MUST BE FILLED OUT IN BLUE OR BLACK PEN

Please send the completed application form to your region land manager at:

Washington State Department of Natural Resources
[Region/District Address]

Enclose a $25.00 non-refundable application processing fee with the application. (This fee is not required for local, state, and other government agencies).

II. APPLICANT INFORMATION

Date of Application: 2/14/2011

Authorization to be Issued To (how name is to appear in the lease document): Cosmo Specialty Fibers Inc.

Applicant’s Representative: Robert Buchan

Relationship to Applicant: VP Gov’t Relations, Marketing and Communications

<table>
<thead>
<tr>
<th>Address: 1701 1st Street</th>
<th>City: Cosmopolis</th>
<th>State: WA</th>
<th>Zip Code: 98537</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone: (360) 590-0805</td>
<td>Fax: (360) 537-8415</td>
<td>E-Mail: <a href="mailto:bbuchan@CosmoSpecialtyFibers.com">bbuchan@CosmoSpecialtyFibers.com</a></td>
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FOR OFFICIAL USE ONLY

Support staff: Application Fee Received [X] JAARPA Received [X] Date: 3.22.11

Land Manager: New Application; Renewal Application

Land Manager Initials: Cufox PL

Natural Use Code: Z298

Land Records: New Application Number: 51-081151; Trust: 15/25; County: 14; AQR Plate No.: Note 3

EN 3.24.2011
II. APPLICANT INFORMATION cont'

Department of Revenue Tax *Registration Number (Unified Business Identifier) is Required: 187551862

Which of the following applies to Applicant (Check One and Attach written authority to sign - bylaws, power of attorney, etc):

<table>
<thead>
<tr>
<th>Corporation</th>
<th>X</th>
<th>Limited Partnership</th>
<th></th>
<th>General Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Registration: Delaware</td>
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<td>State of Registration:</td>
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<td>State of Registration:</td>
</tr>
<tr>
<td>Sole Proprietorship</td>
<td>□</td>
<td>Marital Community Spouse:</td>
<td>□</td>
<td>Government Agency □</td>
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</table>

Other □ (Please Explain):

Has the site use been authorized before or is it currently under lease? Yes □ Lease Number: 51-24562 No □ Don’t Know □

III. LOCATION

The Body of Water on which the state property is located: Chehalis River

<table>
<thead>
<tr>
<th>County in which the state property is located: Grays Harbor</th>
<th>Government Lot: 4</th>
</tr>
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<tbody>
<tr>
<td>Section: 13</td>
<td>Township: 17N</td>
</tr>
<tr>
<td>Range: 9W</td>
<td>E □ or W X□</td>
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Note: A legal property survey including the legal description and other information about the property is required to obtain a use authorization. WA DNR survey requirements are attached to this form. The survey plat will be attached to the lease/easement as Exhibit A. DO NOT HAVE THIS SURVEY CONDUCTED UNTIL YOU HAVE BEEN NOTIFIED IN WRITING THAT THE APPLICATION HAS BEEN ACCEPTED FOR PROCESSING.

Physical description of Project Area (For example, Marsh, Tideflat adjacent to the Chehalis River, etc.):

River Bottom and associated tidelands of Chehalis River

Name of Owner(s) of Uplands, Shorelands, and/or Tidelands shoreward and adjacent to the Property: Cosmo Specialty Fibers

Address: 1701 1st Street

City: Cosmopolis

State: WA

Zip Code: 98537

Phone Number: (360) 590-0805

Fax Number (360) 537-8415

E-mail: bbuchan@Cosmospecialtyfibers.com

Note: Except for property located within established Harbor Areas, proof of ownership, or authorization to use the adjacent tideland, shoreland, or upland property may be required. If the applicant is the owner of the adjacent land, attach a copy of the deed.

County Parcel No(s), for adjacent properties, upland, and/or adjacent tideland properties: 417091332-001 17091333000
IV. USE OF PROPERTY

Describe, in detail, the proposed use of the Property:
Crossing for 48" concrete cylinder industrial raw water supply line

Is or will the Property be subleased to another party? Yes □ No X□
If yes, submit a copy of the sublease agreement.

What are the current and past uses of the site? Same for 54 years

Do you have any knowledge of contamination of the site by toxic or hazardous substances, or of past uses or practices that might have lead to contamination by such substances? Yes □ No X□
If so, please explain:

Do you know if any fill material has been placed on the property in question? Yes X□ No □
If yes, please explain: Small quantity on Gov’t Lot 5 for pipe access and repair per JARPA NWS-2010-1347

V. IMPROVEMENTS

Physical improvements are structures placed on the land that cannot be removed without damage to the land. Examples of such structures include: pilings, dolphins, piers, wharves, piling-supported buildings, structures built on fill or concrete foundations, buried pipelines and cables, and support structures for bridges.

What physical improvements currently exist on the site? (Photos may be required.) Sheet pile enclosure and timber enclosure on N & S riversides providing access to pipe mechanical joints. Photos included in JARPA attached

If there are physical improvements currently on the site, who owns them? Cosmo Specialty Fibers

If there are physical improvements currently on the site, describe their condition: Excellent

Which, if any, of the existing physical improvements will be removed, remodeled, or reconstructed? North riverside enclosure (timber construction) may be replaced at some future date with steel sheet pile as per the repair on the South riverside if required

Describe any physical improvements that the applicant is proposing to construct on the site: None

Has any fill material been placed on the site? Yes X□ No □
VI. LOCAL, STATE, AND FEDERAL REGULATORY PERMITS

Copies of all Government Regulatory Permits, or Permit Waivers Are Required Before Issuance of a DNR Use Authorization. Your project may require all or some of the following.

Please include the following permit applications, permits, or waivers with the application: (attached)

**JARPA (Joint Aquatic Resource Permit Application)** - This one form is used to apply for all of the following individual permits:

1. **Section 10 Permit** (Required by the US Army Corps of Engineers for any work in or affecting navigable waters, e.g., floats, docks, piers, dredging, pilings, bridges, overhead power lines.)
2. **Shoreline Substantial Development, Conditional Use, Variance Permit or Exemption** (Issued by Local Government, and is required for work or activity in the 100 year flood plain, or within 200 feet of the Ordinary High Water mark of certain waters; and which included any one of the following: dumping, drilling, dredging, filling, placement or alteration of structures or any activity which substantially interferes with normal public use of the waters.)
3. **Hydraulic Project Approval** (Required by the Department of Fish and Wildlife if the project includes work that will use, divert, obstruct, or change the natural flow or bed of any fresh or salt water of the state.)
4. **Section 404 Permit** (Required by the US Army Corps of Engineers if your project will discharge or excavate any dredged or fill material waterward of the Ordinary High Water mark or the Mean Higher High Tide Line in tidal areas.)
5. **Section 401 Water Quality Certification** (Required by the Department of Ecology if a Section 404 permit is required.)

**NPDES (National Pollutant Discharge Elimination System Permit)** - Required by the Department of Ecology under delegated authority from the Federal Environmental Protection Agency for projects that include the discharge of fluid on or into surface water.

**SHEPA (State Environmental Policy Act) Checklist and Environmental Assessments** - When you submit a permit application to any agency, if the project is not exempt, the lead agency will ask you to fill out an environmental checklist. Based on checklist answers and the reviewers knowledge of the project site, agency personnel will determine the types of impacts the project may have on the environment. The agency assessments may be the following forms: Determination of Non-significance, Determination of Significance, scoping documents, draft or final Environmental Impact Statements (EIS) or others prepared for the purpose of compliance.

Describe any habitat mitigation required by any of the permitting agencies identified above and identify where such mitigation is proposed to occur.

All answers and statements are true and correct to the best of my knowledge.

<table>
<thead>
<tr>
<th>Applicant Name (please print):</th>
<th>Title:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Buchan</td>
<td>VP Government Relations Marketing Communications</td>
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</tbody>
</table>

Applicant or Authorized Signature: [Signature]

Date: Feb 14/2011