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98-30-NG

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April 14, 1998

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Mr. John Glynn  
Office of Natural Gas and Petroleum Import  
and Export Activities  
U.S. Department of Energy  
Forrestal Building, FE-34, Room 3E 042  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

REC'D ECE/FE  
1998 APR 14 P 3:41

RE: Application of ROCK-TENN COMPANY, MILL DIVISION, Inc.  
for Authorization to Import Natural Gas

Dear Mr. Glynn:

Pursuant to 10 C.F.R. 590.201, enclosed for filing are an original and fifteen copies of the application of Rock-Tenn Company, Mill Division, Inc. (Rock-Tenn) for the long-term authorization to import natural gas under Section 3 of the Natural Gas Act. Also enclosed is a check in the amount of \$50.00 for the filing fee imposed by 10 C.F.R. Section 590.207.

Rock-Tenn submits this application under the provisions of the Energy Policy Act of 1992 and its finding that imports and exports of natural gas from and to Canada are consistent with the public interest.

Please feel free to call me directly at (202) 429-8800 if you have any questions regarding this application.

Very truly yours,

*Kim M. Clark*

Kim M. Clark  
Counsel for Rock-Tenn Company,  
Mill Division, Inc.

Enclosures

UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY

REC'D DOE/FE  
1988 FEB 11 P 3:41

In the Matter of )  
 )  
ROCK-TENN COMPANY, MILL DIVISION, INC. ) FE Docket No. 98-30 NG

APPLICATION OF ROCK-TENN COMPANY, MILL DIVISION, INC.  
FOR AN ORDER AUTHORIZING THE LONG-TERM IMPORT  
OF NATURAL GAS ON A BLANKET BASIS

Rock-Tenn Company, Mill Division, Inc. (Rock-Tenn) hereby requests issuance by the Office of Fossil Energy ("FE") of the Department of Energy ("DOE") of a blanket authorization to import natural gas<sup>1</sup> from Canada into the United States for a ten year period starting November 1, 1998. This application is submitted pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717b (as amended by the Energy Policy Act of 1992),<sup>2</sup> Department of Energy Delegation Order No. 0204-111, and the Department's regulations, 10 C.F.R. Part 590B.<sup>3</sup>

In support hereof, Rock-Tenn shows the following:

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1 When used herein, the term "natural gas" refers to gas in either the liquid or gaseous form.

2 Pub. L. No. 102-486, § 201, 106 Stat. 2776 (1992).

3 "New Policy Guidelines and Delegation Orders From Secretary of Energy to Economic Regulatory Administration and Federal Energy Regulatory Commission Relating to the Regulation of Imported Natural Gas", Department of Energy (effective February 15, 1984) 49 Fed. Reg. 6684 (February 22, 1984) (hereinafter "Delegation Order"). On January 5, 1989, the Secretary of Energy announced the restructuring of the Department of Energy so that "the ERA's residual regulatory-related functions will be transferred to the Assistant Secretary for Fossil Energy." Among the regulatory functions transferred was the approval of gas imports and exports. Delegation Order No. 0204-127, Department of Energy (effective February 7, 1989), 54 Fed. Reg. 11437 (March 20, 1989).

I.

Communications and correspondence concerning this application should be directed to the following:

Kim M. Clark  
JOHN & HENGERER  
1200 17th Street, N.W.  
Suite 600  
Washington, D.C. 20036  
(202) 429-8800

Don Fowler  
Fowler Energy Company  
4520 Spicewood Springs Road  
Suite 200  
Austin, Texas 78759  
(512) 502-0101

II.

The exact name of Rock-Tenn is Rock-Tenn Company, Mill Division, Inc. Rock-Tenn is a Georgia corporation with its principal place of business at 504 Thrasher, Norcross, Georgia 30071.<sup>4</sup> Rock-Tenn is a paper products manufacturing company, engaged in the business of manufacturing paper and paper products at paper mills situated throughout the U.S.

Rock-Tenn owns and operates a paper mill located at Sheldon Springs, Vermont where boilers fueled by natural gas are used to provide power and steam, and also for other purposes in the manufacture of paper and paper products. Rock-Tenn requires the gas supply for which import authorization is requested herein to meet the future needs of its Sheldon Springs paper mill facility

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<sup>4</sup> Rock-Tenn has no subsidiaries or affiliates.

following expiration of its currently effective natural gas supply arrangements.

Rock-Tenn has executed a ten-year contract with Wascana Marketing, A Division of Wascana Energy Inc. (Wascana), a Canadian gas supplier, to supply the needs of Rock-Tenn's paper mill at Sheldon Springs.<sup>5</sup> The annual volume scheduled to be purchased under the contract is up to 0.8 Bcf.<sup>6</sup> Wascana will provide these volumes from its current and future reserves, and will export the gas pursuant to its existing export license.

The purchased gas supply will be transported on a firm basis in Canada by TransCanada PipeLine Limited (TransCanada) for delivery to Vermont Gas Systems, Inc. (Vermont) at the international border at Phillipsburg Station, Quebec. Vermont Gas, an intrastate natural gas pipeline, will deliver the gas to Rock-Tenn's Sheldon Spring's paper mill through an existing connection pursuant to a transportation contract.

The gas supply contract and the TransCanada transportation contract have identical terms of ten (10) years beginning November 1, 1998. A term of this length was required by the Canadian pipeline transporter.

The price of the gas supply and the rate for the transportation in Canada and Vermont were negotiated by the respective parties. The transportation rates will be at levels

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<sup>5</sup> Subsequent to the execution of this contract, Wascana Energy Inc. succeeded to the interests of Wascana Marketing, A Division of Wascana Energy Inc.

<sup>6</sup> A copy of the gas supply contract with Wascana is attached.

4/5/63

not in excess of the transporter's published tariff, as that tariff rate may change from time to time.

Because of these long-term gas supply and transportation contracts, Rock-Tenn requests the import authorization be granted effective November 1, 1998 for a term of ten (10) years.

Rock-Tenn is interested in the long-term import of gas from Canada to the U.S. This is consistent with the Free Trade Agreement between the U.S. and Canada.<sup>7</sup> Further, Rock-Tenn is filing this application under provisions of the Energy Policy Act of 1992<sup>8</sup> and its finding that imports and exports of natural gas are consistent with the public interest. Rock-Tenn understands that such procedures will allow the application to bypass the pre-Energy Policy Act notice and comment procedures and be reviewed on an expedited basis.

III.

The purpose of this Application is to obtain a long-term authorization to import natural gas from Canada into the U.S. for the purposes stated above. Rock-Tenn asks that the import authorization include no daily volume requirement, in order to ensure maximum flexibility.<sup>9</sup> Rock-Tenn also requests that the

<sup>7</sup> See North American Free Trade Agreement, 103 Pub. L. No. 103-211, 1067 Stat. 2776 (1993).

<sup>8</sup> Energy Policy Act of 1992, Pub. L. No. 102-486, § 201, 106 Stat. 2776 (1992).

<sup>9</sup> The FE has set import/export limits as a total volume over the term of the authorization, rather than setting maximum daily quantities. Therefore, Rock-Tenn requests that no restrictions be placed on the daily volumes that it may import.

authorization sought herein be granted on a blanket basis in order to eliminate regulatory delays which could effectively place Rock-Tenn at a competitive disadvantage in securing gas supplies.

In this regard, Rock-Tenn requests authorization to import natural gas for its own account, as well as for the account of others for which Rock-Tenn may agree to act as agent. The use of agency relationships is common and well-suited in a variety of gas marketing contexts.<sup>10</sup> Rock-Tenn agrees to comply with all applicable DOE/FE reporting requirements.

Rock-Tenn intends to utilize existing pipeline facilities and related facilities for the transportation of its imported gas supplies.

#### IV.

Pursuant to Section 3 of the Natural Gas Act, supra, and Delegation Order No. 0204-111, supra, an application to import or export natural gas must be approved unless it is determined that the import or export is not consistent with the public interest. NGA Section 3 was amended by the National Energy Policy Act of 1992 (Energy Policy Act) to specify that the importation and exportation of natural gas with "a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or

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<sup>10</sup> Rock-Tenn may, from time to time, sell or transfer supply that is in excess of its needs to Vermont Gas.

exportation shall be granted without modification or delay."<sup>11</sup> Because the United States and Canada fit within the above-described qualification,<sup>12</sup> this application, consistent with the statute, should be granted expeditiously.

Even without the clear expression of Congressional intent that applications such as this be granted, Rock-Tenn notes that the authority requested herein meets NGA Section 3's public interest requirements and the proposed imports and exports are consistent with pre-Energy Policy Act guidelines for processing applications such as this, as such guidelines still appear in the regulations.<sup>13</sup>

V.

Since no new facilities will be constructed for the proposed importation of natural gas, granting this application would not involve a Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et. seq. Accordingly,

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11 National Energy Policy Act of 1992, Pub. L. No. 102-486, 106 Stat. 2776 (1992).

12 See North American Free Trade Agreement, supra, n.7.

13 In addition to the information provided above, Rock-Tenn notes in support of its application that: (i) supplies of natural gas are sufficient in the U.S. to justify exports of gas to Canada, (ii) Rock-Tenn is unable to identify at this time the participants in any future import transactions, other than as stated in this application, (iii) the base price, volume requirements, transportation and other costs of imports have been negotiated by the parties, (iv) the need for the projected imports is so that Rock-Tenn can satisfy the requirements of its paper mill at Sheldon Springs, Vermont, and (v) there will be no environmental impact from the proposed imports in that these transactions will utilize existing pipeline facilities.

neither an environmental impact statement nor an environmental assessment is required.

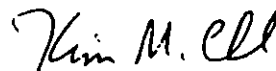
VI.

In light of the fact that the authorizations requested herein parallel similar authorizations in which the FE has found the public interest to be served and the general finding of public interest in Section 201 of the Energy Policy Act, Rock-Tenn requests that the FE grant such authorization on an expedited basis.

VII.

WHEREFORE, Rock-Tenn respectfully requests that the FE expeditiously issue an order, pursuant to Section 3 of the Natural Gas Act, granting Rock-Tenn authorization to import up to 0.8 Bcf annually of natural gas from Canada for a term beginning November 1, 1998 and ending October 31, 2008, and finding that a such blanket import authorization is not inconsistent with the public interest and approving it in all respects.

Respectfully submitted,



Kim M. Clark  
Counsel for Rock-Tenn Company,  
Mill Division, Inc.

Dated: April 14, 1998

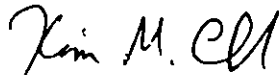


STATEMENT AND OPINION OF COUNSEL

Pursuant to 10 C.F.R. § 590.202(c), the undersigned hereby submits the following Statement and Opinion of Counsel in connection with the APPLICATION OF ROCK-TENN COMPANY, MILL DIVISION, INC. FOR AN ORDER AUTHORIZING THE LONG-TERM IMPORT OF NATURAL GAS ON A BLANKET BASIS pursuant to Section 3 of the Natural Gas Act.

- (1) I am an attorney at law, authorized to practice law in the District of Columbia.
- (2) Rock-Tenn Company, Mill Division, Inc. is a paper products manufacturing company organized under the laws of the State of Georgia, validly existing and in good standing under the laws of the United States and doing business in the United States; and
- (3) To the best of my knowledge and belief, the proposed importation of natural gas is within the powers of Rock-Tenn Company, Mill Division, Inc.; and
- (4) To the best of my knowledge and belief, Rock-Tenn Company, Mill Division, Inc. either has complied with or is in the process of complying with applicable rules and regulations of state regulatory authorities in the political subdivisions in which it operates.

Respectfully submitted,



Kim M. Clark  
Counsel for Rock-Tenn Company, Mill  
Division, Inc.

Dated: April 14, 1998

ATTACHMENT

WASCANA - ROCK-TENN GAS PURCHASE CONTRACT

## FIRM SALES/PURCHASE AGREEMENT

THIS AGREEMENT made as of the 18th day of December, 1996

BETWEEN:

*JB*  
 COMPANY, MILL DIVISION, INC.  
 ROCK-TENN MISSISQUOIDEAU, having offices in the City of Sheldon Springs, in the State  
 of Vermont ("Buyer")

- and -

WASCANA MARKETING, A DIVISION OF WASCANA ENERGY INC., having offices in  
 the City of Calgary, in the Province of Alberta ("Wascana") ("Seller")

WHEREAS the parties have agreed that they each may either sell natural gas to the other party from time to time on a Firm basis, or purchase natural gas from the other party from time to time on a Firm basis; and

WHEREAS the basis for each sale or purchase of natural gas shall be indicated as Firm in the applicable Confirmation Form and shall be governed under the provisions of this Agreement;

WHEREAS the party designated as Seller in the applicable Confirmation Form will sell and deliver the natural gas on a Firm basis and the party designated as Buyer in the applicable Confirmation Form will purchase and take the natural gas on a Firm basis;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, Buyer and Seller agree as follows:

I. DEFINITIONS

"business day" means any day, other than a day that commences on a Saturday, Sunday or a provincial or federal bank holiday in Calgary, Alberta;

"Confirmation Form" shall mean a written notice substantially in the form of Schedule "A" hereto confirming the specific terms of a Transaction, accepted by Buyer and Seller pursuant to subclause 2(b) of this Agreement;

"Contract Year" means a period of 365 days (or 366 days in the event of a leap year) commencing on November, 1 08:00 and continuing until November, 1 08:00 of the following calendar year;

"cubic metre" or "m<sup>3</sup>", means the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius and at an absolute pressure of 101.325 kilopascals (10<sup>3</sup>m<sup>3</sup> means 1000 cubic metres);

"Daily Contract Quantity" or "DCQ" shall mean the maximum volume of gas that seller is required to make available per day which is equal to 61.2 10<sup>3</sup>m<sup>3</sup> plus compressor fuel on TransCanada;

"day" means a period of twenty-four (24) consecutive hours, beginning at 8:00 am Mountain time, and the reference date of any day is the calendar date upon which the twenty-four (24) hour period commences;

"Delivery Point" means the interconnect called Steelman, between TransGas Limited and TransCanada PipeLines Limited (TCPL);

"Downstream Pipeline" means the pipeline(s) or facilities as described in the Exhibit 1, Part A;

"Effective Date" means the date first above written;

"Financial Transaction" means any natural gas or foreign exchange derivative arrangements in the over the counter swap market or on the NYMEX (or other recognized natural gas commodity exchanges in North America), including without limitation future contracts, price swaps, options, puts or calls.

"gas" means methane and other gaseous hydrocarbons;

"GST" means the Federal Government Goods and Services Tax;

"heating value" means the energy, expressed in MJ/m<sup>3</sup>, produced by the complete combustion at constant pressure of one cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by the combustion reaction to be condensed to the liquid state;

"Interest Rate" means the prime rate of the then current lowest commercial lending rate charged by the Royal Bank of Canada (Calgary, Main Branch), or its successor, to its most credit-worthy customers in effect on the last day of the month during which payment was due, plus three percentage points, and any reference to interest herein shall be deemed to mean at the Interest Rate;

"joule", or its symbol "J", means the amount of work done when the point of application of a force of one Newton is displaced a distance of one metre in the direction of the force;

"megajoule", or its symbol "MJ", means one million joules; and "gigajoule", or its symbol "GJ", means one billion (1,000,000,000) joules;

"month" means the period beginning with the commencement of the first day of any calendar month and ending upon the commencement of the first day of the next succeeding month;

"party" means either party to this Agreement and includes each parties' successors and assigns;

"Price" means the price of gas to be paid by Buyer to Seller for all gas pursuant to Article 6;

"Rock-Tenn's TCPL transportation" means 61.2  $10^3\text{m}^3/\text{d}$  of Rock-Tenn's firm transportation, held on TransCanada PipeLines Ltd. (TCPL) from Steelman to Philipsburg;

"tax(es)" means all ad valorem, property, occupation, production, gathering, pipeline, sales, use, excise, consumption (including without limitation GST) and other taxes, governmental charges and assessments, other than income taxes;

"Term" shall mean the period of time that this Agreement is in effect as described in subclause 9(a) hereof;

"Transaction" shall mean a written agreement between the parties to a specific gas transaction as evidenced by a Confirmation Form issued by Seller and executed by Buyer; and

"Upstream Pipeline" means the pipeline(s) or facilities as described in Exhibit A, Part B.

## 2. CONTRACT PROCEDURES

(a) Buyer shall advise Seller on a daily basis of the volume of gas Buyer requires for the next day if different from the DCQ. To facilitate resale by Seller, Buyer shall advise Seller in a timely manner, that is at least 30 minutes prior to the pipeline nomination deadlines, such that Seller can resell such volume below the DCQ and schedule the same volumes prior to the upstream and downstream pipeline nomination deadlines. In the event that Seller is not advised in a timely manner, that is at least 30 minutes prior to the pipeline nomination deadlines, and the gas cannot be scheduled on the downstream pipeline, then Buyer will be fully responsible for the demand charges levied by the pipeline(s) applicable for such volumes not nominated. In the case of a failure to perform by either Buyer or Seller, damages shall be calculated as set out in Article A4(b) and (c).

(b) When from time to time Wascana and Rock-Tenn agree to a specific fixed price, as set out in Article 6, Wascana shall promptly send to Rock-Tenn by facsimile a Confirmation Form documenting the agreed-to provisions. Rock-Tenn shall verify the accuracy of the terms of such Transaction detailed therein and return an executed copy of the Confirmation Form by facsimile by 5:00 p.m. Mountain time on the second (2nd) business day following the date the Confirmation Form was sent.

## 3. DELIVERY, IMBALANCES AND OPERATIONS

The quality, pressure and temperature of the gas delivered hereunder at the Delivery Point shall be the quality, pressure and temperature specified by the Upstream Pipeline and the Downstream Pipeline.

The parties shall work together to ensure that actual deliveries fall within the Upstream Pipeline's operating tolerance for assessing scheduling and imbalance penalties. A party causing or having notice of any change in the dispatched quantity will immediately notify the other. Seller shall monitor the quantities being allocated to Buyer and shall immediately notify Buyer of any variances. If a pipeline notifies either party that it intends, or is entitled, to assess a scheduling or imbalance penalty ("Penalty") against such party and the other party may be held responsible, in whole or in part, under this Agreement for such Penalty (the "Potentially Responsible Party"), then, no later than the close of business on the following business day, the party receiving such notice shall notify the Potentially Responsible Party of the pipeline's action. If the Potentially Responsible Party elects to challenge such Penalty, then the other party shall endeavor in good faith to assist the Potentially Responsible Party to contest the imposition of the Penalty on the Potentially Responsible Party to contest the imposition of the Penalty on the Potentially Responsible Party; provided, however, that the assisting party shall not be required to take actions not specifically requested by the Potentially Responsible Party, and provided further that such assistance need only be rendered if the Potentially Responsible Party agrees to reimburse the other party for its costs reasonably incurred in providing such assistance.

If a scheduling penalty is assessed by a pipeline against Buyer as a result of a shortfall in Seller's deliveries, or to Seller as a result of Buyer's failure to take full delivery at the Delivery Point, or an imbalance penalty is assessed to either as a result of the other party's failure to adjust deliveries or receipts after notice of a pipeline notification requiring such adjustment, then the other party causing such penalties will reimburse the other for its share of such penalty within ten (10) days of being provided full particulars and being invoiced for such penalty.

Seller's obligation to schedule, sell and deliver shall be limited to the Delivery Point. Nothing herein shall be interpreted to require Seller to schedule, sell and deliver gas to Buyer, or Buyer to receive gas at a point not specified as the Delivery Point.

**4. TRANSPORTATION**

- (a) Seller shall be responsible for obtaining firm transportation service to the Delivery Point. Buyer shall be responsible for obtaining firm transportation service from the Delivery Point. Each party covenants and agrees to maintain in place throughout the term of a Transaction, the transportation service for which it is responsible.

**5. TITLE TRANSFER AND MEASUREMENT**

Title to and risk of loss of gas delivered and purchased hereunder shall pass to Buyer from Seller at the Delivery Point. The quantity and heating value of gas delivered hereunder shall be measured at the Delivery Point.

**6. PRICING**

Buyer shall pay to Seller each month for the gas delivered in CAD \$:

- (a) Commodity Cost of Empress Index plus \$0.043/GJ where the Empress Index is defined as the monthly price as quoted in Canadian Enerdata's Canadian Gas Price reporter in the table entitled "Alberta", subrow, "Border" (Empress) Monthly Average Spot (one month) Firm (100% LF) in the subcolumn entitled "\$/GJ", subcolumn "Avg"; plus
- (b) Compression charge on TransGas of \$0.03/GJ; plus
- (c) TCPL transportation charges defined as the as billed transportation charges, including but without limitation, monthly billing adjustments, surcharges applicable for the 61.2 103m3 firm transportation service from Steelman to Philipsburg; plus
- (d) Transportation Management fee of \$0.02/GJ multiplied by the DCQ.

**Fixed Price**

Wascana shall, under specific requests from Rock-Tenn, quote Rock-Tenn a fixed price, in lieu of the Empress index, at which time Wascana is willing to sell hereunder for the time period requested by Rock-Tenn. Should Wascana and Rock-Tenn agree on a fixed price for a specific term, Wascana shall send to Rock-Tenn, a Schedule "A" to reflect the fixed price. At the end of the term specified on the Schedule "A", the price shall revert to the price as set out in Article 6.

**7. PAYMENT**

- (a) Seller shall provide to Buyer, on or before the 15th day of each month, an invoice setting forth the quantity of gas delivered by Seller in the preceding month, the heating value of the gas delivered and the total amount payable by Buyer for that gas. If the actual volume of gas delivered is not determinable, Seller may estimate such volumes based on Buyer's nominations, taking into account interruptions in deliveries, and the heating value shall be in accordance with the estimate of the Upstream Pipeline and the Downstream Pipeline for the period in question. In the event the estimated heating value or the volumes of the Upstream Pipeline are different than the estimated heating value or the volumes of the Downstream Pipeline, the estimate of the Downstream Pipeline shall take precedence. Invoicing shall reflect the pricing set out in Article 6 as well as any revenues actualized by Seller, as set out in Article 11.
- (b) On or before the 25th day of the month in which the invoice was given, Buyer shall make payment of the amount invoiced by electronic funds transfer to the account of Seller as described in Schedule "B". In the event that the 25th day of the billing

month is not a business day and is other than a Sunday, then Buyer shall pay Seller as aforesaid on or before the last business day immediately before the 25th day of the billing month. If the 25th is a Sunday, then the Buyer shall pay Seller on the next business day. If Seller's invoice for any month is based on an estimate of the gas sold in the previous month, then the parties shall make all necessary adjustments in the month following the billing month to reflect the actual volumes of gas sold. No interest shall be charged as part of any such adjustments.

- (c) If a party fails to pay the full amount of any invoice when such amount is due, interest shall accrue, calculated at the Interest Rate, on the unpaid portion from and including the day such payment is due to and excluding the day of payment. All such interest shall be payable on demand.
- (d) If Buyer, in good faith, disputes the amount of any invoice or any part thereof, and if Buyer pays to Seller such amounts as it concedes to be correct, and if Buyer at any time within twenty (20) days after a demand made upon it by Seller for security for payment of the amount in dispute furnishes security in a form reasonably satisfactory to Seller assuring payment to Seller of the amount reasonably to be expected to be found to be due together with applicable interest, then Seller shall not be entitled to terminate this Agreement pursuant to Article 10 as a result of such non-payment (unless and until a default occurs in relation to the conditions of such security).
- (e) Subject to the provisions of subclauses 7(a) and 9(b), if it shall be found at any time that Buyer has been overcharged by Seller in relation to this Agreement and Buyer shall have actually paid the invoices containing such overcharge, then within thirty (30) days after the final determination thereof, Seller shall refund the amount of any such overcharge. Similarly, if it shall be found that at any time Buyer has been undercharged under the provisions of this Agreement, then within thirty (30) days after the final determination thereof, Buyer shall pay the amount undercharged. No interest shall be payable by either party on the amount of any overcharge or undercharge unless the party shall fail to refund any overcharge or pay any shortfall as the case may be within such thirty (30) day period, in which event interest shall be calculated and payable thereon on the same basis as is described in subclause 7(c) from the first day after such thirty (30) day period to the date of payment of the overcharge or undercharge by the party.
- (f) If presentation of the invoice to Buyer is delayed after the 15th day of the billing month, then the time of payment shall be extended accordingly unless Buyer is responsible for such delay.
- (g) Notwithstanding anything herein contained to the contrary, neither party hereto shall be entitled to dispute the volume of gas delivered, or the amount paid or payable with respect thereto, unless such dispute is raised by notice to the other party within twelve (12) months after the end of the month in question, provided that any such dispute may be raised beyond the said twelve (12) month period if it originated from a volume adjustment made by the Upstream Pipeline or the Downstream Pipeline, and further provided that the Buyer and Seller notify the other party hereto of such adjustment forthwith upon receipt of same and in no event beyond thirty (30) days of such receipt. For greater certainty, this subclause 7(g) will continue to have application as between the parties notwithstanding the termination of this Agreement under Article 9 or Article 10.
- (h) The Seller shall pay or cause to be paid the taxes lawfully levied on the Seller, or otherwise to be borne contractually by the Seller, and applicable to the gas delivered hereunder, prior to its delivery to the Buyer at the Delivery Point, and the Seller shall hold the Buyer harmless therefrom. The Buyer shall pay or cause to be paid, all taxes lawfully levied on the Buyer, or otherwise to be borne contractually by the Buyer, and applicable to the gas delivered hereunder, after delivery to the Delivery Point and the Buyer shall hold the Seller harmless therefrom.

Notwithstanding anything herein contained to the contrary, Buyer shall be liable to and indemnify Seller from and against any liability of Seller in respect of the GST or any successor or parallel provincial or federal legislation that is intended to impose a tax on the recipient of gas supplied under this Agreement; and for greater certainty any such GST exigible in respect of gas supplied under this Agreement will not form any component of the Price of gas under this Agreement.

- (i) Either party may withhold payment of amounts due hereunder to offset an equivalent amount due them under this or any other agreement between the parties. This agreement to offset payments may be canceled at any time by either party, with such cancellation to be effective sixty (60) days following written notification from one party to the other, provided that the provisions of this subclause 7(i) continue to apply to any Transaction entered into between the parties prior to the date of such cancellation until any and all such Transactions are completed or terminated pursuant to the provisions thereof.

**8. WARRANTY OF TITLE AND INDEMNITIES**

- (a) Seller warrants that it has title to the gas delivered to Buyer under this Agreement, and it has full right and authority to sell and deliver the gas to Buyer under this Agreement.
- (b) Seller shall indemnify Buyer and save Buyer harmless from all suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses arising from or out of Seller's ownership and title to the gas hereunder prior to title to the gas passing to Buyer at the Delivery Point or arising from or out of Seller's maintenance and operation of its facilities or its possession, custody and control of the gas hereunder prior to the delivery thereof at the Delivery Point.
- (c) Buyer shall indemnify and save Seller harmless from all suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses arising from or out of Buyer's ownership and title to the gas after title to the gas passes to Buyer at the Delivery Point or arising from or out of Buyer's maintenance and operation of its facilities or its possession, custody and control of such gas after delivery thereof at the Delivery Point.

**9. TERM AND ORDINARY TERMINATION**

- (a) Subject to the early termination provisions of Article 10 hereof, this Agreement shall be effective for a term of ten years effective as of the Commencement Date of November 1, 1998.
- (b) Upon the expiration of the parties' delivery and purchase obligations under this Agreement, any monies or penalties due and owing Seller shall be paid pursuant to the terms hereof, and any corrections or adjustments to payments previously made shall be determined and any refunds due Buyer made forthwith, and in any and all events [subject to subclause 7(g)] such shall occur no later than sixty (60) days after the expiration of the said obligations.

**10. EARLY TERMINATION**

- (a) If a Triggering Event [defined in subclause 10(b)] occurs with respect to either party at any time in respect of a specific Transaction, the other party ("Notifying Party") may, upon two (2) business days written notice to the first party, establish a date on which the specific or all Transactions hereunder will terminate ("Early Termination Date"). Notwithstanding the foregoing, if a Triggering Event occurs, the Notifying Party may, in its unfettered discretion and without waiving any of its rights to later declare, within a reasonable time, an Early Termination Date with respect to the particular Triggering Event, instead of terminating the specific or all Transactions hereunder, agree to (i) the posting of a letter of credit, or (ii) cash prepayments or other security in a form satisfactory to the Notifying Party, or (iii) such other terms and conditions acceptable to the Notifying Party as are appropriate in the circumstances.
- (b) "Triggering Event" shall mean, with respect to a party (the "Affected Party"):
  - (i) the failure by the Affected Party to make, when due, any payment required under this Agreement if such failure is not remedied within three (3) business days after written notice of such failure is given to the Affected Party, and provided that such payment is not the subject of a good faith dispute as provided for and allowed in subclause 7(d); or
  - (ii) the failure by the Affected Party to perform (unless such performance is excused by *force majeure* as allowed herein) any covenant or other commitment set forth in this Agreement (other than its obligations to make any payment as covered in (i) above), and such failure is not cured within five (5) business days after notice thereof to the Affected Party from the other party; or
  - (iii) immediately when the Affected Party (A) makes a general assignment or any general arrangement or compromise for the benefit of creditors; (B) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it, and such proceeding remains undismissed for sixty (60) days; (C) otherwise becomes bankrupt or insolvent (however evidenced); or (D) becomes unable to pay its debts generally as they fall due.

**11. LOAD FACTOR, CURTAILMENT OF DELIVERY/REDELIVERY AND TRANSPORTATION MANAGEMENT**

The Daily Contract Quantity ("DCQ") shall be at 100% load factor. However Wascana understands that Rock-Tenn, acting reasonably, may from time to time be required to have Rock-Tenn's delivery obligations at less than 100% load factor due to planned outages or changes in plant operations requiring curtailment of the DCQ under the following terms and conditions:

- (a) Rock-Tenn may provide Wascana with written notification thirty (30) days prior to any planned outages or volume reductions that Rock-Tenn may undertake from time to time. Such written notice shall include the estimated daily volumes and duration of the volume reductions. Wascana shall re-sell the dedicated gas supply utilizing Rock-Tenn's TCPL transportation at then current market price. With regard to sales made pursuant to Rock-Tenn's prior notices, should Wascana receive proceeds from the re-sale in excess of all associated costs (transportation, gas supply costs including without limitation, the amounts mentioned in 6(b), (c) and (d)), Wascana agrees to share any net profits on a 75/25 split with Rock-Tenn. The 75/25 split shall mean 75% of any net profits flowing to Rock-Tenn, this amount to be deducted from the applicable invoice to Rock-Tenn and 25% of any net profits flowing to Wascana. In the event that Wascana is unable to recover all associated costs (transportation, gas supply costs including without limitation, the amounts mentioned in 6(b), (c) and (d)) Wascana shall invoice Rock-Tenn for any costs Rock-Tenn is obligated to pay Wascana as specified in 6(b), (c) and (d) less any proceeds associated with the re-sale of gas.
- (b) Wascana will work on a day to day basis with Rock-Tenn as operational necessities arise that do not allow Rock-Tenn to take delivery of their fully contracted volumes. The net profit split for volumes that do not have prior notification shall be 50/50. The 50/50 split shall mean 50% of any net profits flowing to Rock-Tenn, this amount to be deducted from the applicable invoice to Rock-Tenn and 50% of any net profits flowing to Wascana. In the event that Wascana is unable to recover all associated costs (transportation, gas supply costs including without limitation, the amounts mentioned in 6(b), (c) and (d)). Wascana shall invoice Rock-Tenn for any costs Rock-Tenn is obligated to pay Wascana as specified in 6(b), (c) and (d) less any proceeds associated with the re-sale of gas.

Should the situation arise that Wascana is in a net-payable position to Rock-Tenn, in any given month, the amount owed to Rock-Tenn will be forwarded as outlined in Article 7(b).

Rock-Tenn will assign their TCPL transportation to Wascana, on a year by year term allowing Wascana to act as agent on behalf of Rock-Tenn. For this transportation service, Rock-Tenn will be billed as set out in Article 6.

## 12. MISCELLANEOUS

- (a) Any person, firm, or corporation which succeeds by purchase, merger or amalgamation of one party to this Agreement, shall be entitled to the rights and be bound by the obligations under this Agreement of the party which was purchased, merged or amalgamated; provided that no assignment of this Agreement shall be made by one party to this Agreement without the consent of the other party not to be unreasonably withheld; and further provided that a party may pledge or mortgage its rights under this Agreement as security for its indebtedness, without the consent of the other party.
- (b) This Agreement shall be binding upon and shall enure to the benefit of the successors and permitted assigns of Buyer and Seller.
- (c) This Agreement shall be interpreted in accordance with the laws of the Province of Alberta and the parties agree to accept, and hereby attorn to, the jurisdiction of the courts of the Province of Alberta for the purposes of the interpretation and enforcement of this Agreement. Subject to the foregoing, this Agreement and the rights and obligations of the parties hereunder are subject to all applicable present and future laws, rules, regulations and orders of any regulatory or legislative body or other duly constituted authority having jurisdiction over Seller or Buyer.
- (d) Amendments to this Agreement are valid only if they are in writing and executed by the appropriate officers.
- (e) This Agreement is the entire agreement between Buyer and Seller in regard to the specified subject matter herein, and no other prior or existing written or oral agreements or correspondence regarding that subject matter are valid or effective, and are hereby superseded.
- (f) Time is of the essence of this Agreement.
- (g) All notices and statements shall be in writing and shall be delivered personally, by mail, by electronic mail, or by facsimile to the address of service of the parties as described in Schedule "B". Notices sent by facsimile at least thirty (30) minutes prior to the close of business, shall be deemed to have been received by the close of business on the business day on which it was



transmitted or such earlier time as is confirmed by the receiving party. Notice by overnight mail or courier shall be deemed to have been received two (2) business days after it was sent or such earlier time as is confirmed by the receiving party.

- (h) No waiver or estoppel by either party hereto of any one or more defaults by the other in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver or estoppel of any other default or defaults whether of a like kind or a different nature.
- (i) Each party agrees that it will maintain this Agreement, and all parts and contents thereof, in strict confidence, and that it will not cause or permit disclosure of same to any third party without the express written consent of the other party; provided that disclosure by a party is permitted in the event and to the extent:
  - (i) such party is required by a court or agency exercising jurisdiction over the subject matter hereof, by order or regulation or law, to disclose; provided that in the event either party becomes aware of a judicial or administrative proceeding that has resulted or may result in such a requirement or need of disclosure, it shall (A) so notify the other party immediately (B) utilize all reasonably available means to limit the scope of the order or regulation or law requiring disclosure, and (C) take all actions reasonably necessary to prevent disclosure to the public as a result of disclosure to the court or administrative body;
  - (ii) disclosure is necessary to obtain transportation of the gas covered by this Agreement; or
  - (iii) disclosure is required in the course of routine audit procedures or to enforce the provisions of this Agreement.
- (j) All defined terms herein whether capitalized or not shall have the meaning as ascribed in Articles I and A1 hereof.
- (k) Each party hereto shall have the right, exercisable upon reasonable prior notice to the other party and at reasonable times, at its sole cost and expense, to examine the books and records of the other party to the extent reasonably necessary to verify the accuracy of any statement, notice, claim, demand, charge, payment, cost, expense or computation made or incurred by such party under and pursuant to this Agreement.
- (l) The right(s) of the parties hereto as described in subclause 12(k) hereof shall continue for a period of one (1) year following the occurrence of each and every event or Transaction which triggers the exercise of such right(s), and not thereafter.

Firm Sales/Purchase Agreement dated  
18 December 1996 between  
Rock-Tenn Missisquoi Mill and  
Wascana Marketing, a division of Wascana Energy Inc.  
Execution Page

IN WITNESS WHEREOF this Agreement has been properly executed by the parties hereto as at the date first above written.

WASCANA MARKETING,  
A DIVISION OF WASCANA ENERGY INC.

M. Simon

Morgan F. Romanow

ROCK-TENN COMPANY, MILL DIVISION, INC.

Robert B. McE...

Paul S. Saa

This is the execution page to the Firm Sales/Purchase Agreement dated 18 December 1996 and entered into between Rock-Tenn ~~Missisquoi Mill~~ and Wascana Marketing, a division of Wascana Energy Inc. Company, Mill Division, Inc.

RBW

**SECTION A**  
**SPECIFIC TERMS AND CONDITIONS OF TRANSACTIONS ENTERED INTO ON A FIRM BASIS**

**A1. DEFINITIONS**

"Buyer's Load Factor" means the load factor of Buyer, which shall be 100%, except in those cases as outlined in Article 11;

"Buyer's Load Period" means that period of time in which the Buyer's Load Factor obligation is to have application, as expressed in days, except in those cases as outlined in Article 11;

"Daily Contract Quantity" or "DCQ" shall be at 100% load factor. However Wascana understands that Rock-Tenn may from time to time be required to have Rock-Tenn's delivery obligations at less than 100% load factor due to planned outages or changes in plant operations.

"Seller's Load Factor" means the load factor of Seller, which shall be 100%;

"Seller's Load Period" means that period of time in which the Seller's Load Factor obligation is to have application, as expressed in days, which shall be 100%.

**A2. LOAD FACTOR AND CONTRACT VOLUME**

(a) Subject to the provisions hereof, Buyer shall purchase and take delivery from Seller and Seller shall sell and deliver to Buyer each day during the period of delivery under a Transaction, on a Firm basis, a volume of gas equal to the DCQ.

(b) During the period of delivery under a Transaction, Seller shall be required to deliver a minimum volume equal to Seller's Load Factor multiplied by the number of days in Seller's Load Period, as further multiplied by the DCQ. In the event either party validly claims *force majeure* pursuant to Article A3 hereof, the required minimum volume that must be delivered hereunder shall be reduced by the Seller's Load Factor, pursuant to any adjustments made by Buyer under Article 11, multiplied by the number of days that a party validly claims *force majeure* multiplied by the DCQ, provided that any volume actually delivered during the period of *force majeure* shall be added to the required minimum volume otherwise calculated under this provision Article A2(b).

(c) During the period of delivery under a Transaction, Buyer shall be required to take a minimum volume equal to Buyer's Load Factor multiplied by the number of days in Buyer's Load Period, as further multiplied by the DCQ. In the event either party validly claims *force majeure* pursuant to Article A3 hereof, the required minimum volume that must be taken hereunder shall be reduced by the Buyer's Load Factor, as adjusted under Article 11, multiplied by the number of days that a party validly claims *force majeure* multiplied by the DCQ, provided that any volume actually taken during the period of *force majeure* shall be added to the required minimum volume otherwise calculated under this Article A2(c).

**A3. FORCE MAJEURE**

(a) For the purposes of this Agreement, the term "*force majeure*" means any event the occurrence or subsistence of which prevents any party to this Agreement from performing any obligation under this Agreement, or prevents Buyer from nominating gas for delivery under this Agreement, and which is not reasonably within the control of the party seeking to claim such event as an event of *force majeure*, and includes, without limitation:

- (i) a storm, flood, tornado, earthquake, lightning strike or other act of God;
- a war, revolution, insurrection, riot, blockade or other unlawful act against public order or authority;
- a strike, lock-out, shortage of labour or other labour disturbance;
- a fire, explosion or other accident or act of sabotage causing breakage of or damage to any pipeline, plant, machine or item of equipment;
- an order, directive or restraint issued or imposed by any governmental authority, regulatory body or court having jurisdiction;
- an inability to obtain, or an interruption or curtailment of the provision of, a supply of electricity, water, fuel (other than gas) or other utilities or services, or of any materials, machinery or equipment;

a revocation or adverse amendment of, any license, permit, approval or authorization of any governmental authority or regulatory body having jurisdiction;

a curtailment of firm deliveries or receipts at the Delivery Point but only to the extent that such curtailment actually affects deliveries or receipts at the Delivery Point;

a failure of the Upstream Pipeline(s) as a transporter of gas on a firm basis contracted by the Seller or their agent to transport gas and deliver such gas to the Seller; or a failure of the Downstream Pipeline(s) as a transporter of gas on a firm basis contracted by the Buyer or their agent to receive gas and transport such gas to Buyer; either situation being the result of the occurrence or subsistence of an event of the kind which would constitute an event of *force majeure* under this Agreement but only to the extent and in the event that such failure directly affects delivery, transport or receipt of the gas intended to be sold hereunder.

but does not include:

- (ii) a lack of financial resources or available funds or similar financial predicament (including without limitation any financial predicament because of gas pricing matters), or an event the occurrence or subsistence of which is due to the financial inability of the party seeking to claim such event as an event of *force majeure* to pay any amount which a financially sound entity would be expected to pay;

an event the occurrence or subsistence of which is due to a negligent act or omission, breach of contract, violation of law, violation of the terms of a regulatory approval, or similar wrongful act or omission on the part of the party seeking to claim such event as an event of *force majeure*;

either party's operational or transportation balancing requirements on pipelines;

Buyer's loss of markets or Buyer's inability to economically use or sell gas purchased under this Agreement;

Seller's inadequacy of reserves, deliverability of reserves, insufficiency of gas supply due to lack of contracted volumes or failure to receive contracted volumes; or

any transportation difficulty or impediment either upstream or downstream of the Point of Delivery apart from the situations set out in (i) above.

- (b) Subject to the provisions of subclause A3(c), if either party to this Agreement is prevented by an event of *force majeure* from performing any obligation under this Agreement, in whole or in part, such obligation shall, to the extent that its performance is prevented by such event of *force majeure*, be suspended for so long as such event of *force majeure* continues to prevent such performance, and the non-performance of such obligation to such extent during such period of suspension shall not constitute a breach or default hereunder.

- (c) A party may not rely on the provisions of subclause A3(b) unless it shall:

immediately upon being made aware of the occurrence, or the impending occurrence, of the event of *force majeure* giving rise to the right to rely on subclause A3(b), notify the other party in writing of such event of *force majeure* and of the obligations expected to be affected thereby;

immediately commence, and diligently pursue, the taking of all such steps as may be reasonable in the circumstances to cause the discontinuance of, and to minimize the effect of, the event of *force majeure*, provided that neither party shall be required by the provisions hereof to settle any strike, lockout or other labour dispute on terms which it would not otherwise be willing to agree to; and

notify in writing the other party forthwith upon the occurrence of any significant development in the process of attempting to discontinue or minimize the effect of the event of *force majeure*.

- (d) The provisions of subclause A3(b) shall not:

apply so as to suspend the performance of any obligation to make payment of any amount payable under or in respect of this Agreement; or

give rise to any extension of the period of any Transaction.

- (c) Upon the occurrence of an event of *force majeure*, the affected party shall allocate its gas supply or markets, as the case may be, pro rata among all of the persons supplying gas to it or purchasing gas from it, as the case may be, on a Firm basis at the Delivery Point.

**A4. LIQUIDATED DAMAGES**

- (a) If an Early Termination Date is set as provided in Article 10, the Notifying Party shall calculate its Liquidated Damages resulting from the termination of any Transaction entered into as soon as practical. For the purposes hereof, the term "Liquidated Damages" with respect to the Notifying Party shall be calculated as provided in subclause A4(b) or A4(c). The Notifying Party shall give the Affected Party (defined in Article 10), notice of the Liquidated Damages accompanied by a statement or statements in reasonable detail stating how the amount was calculated. The Affected Party shall pay such Liquidated Damages to the Notifying Party within ten (10) days of receipt of such notice, and interest shall accrue at the Interest Rate on all unpaid amounts accruing before and after the notice date until paid in full.

- (b) Liquidated Damages for Unexcused Failure to Deliver:

If on any day during the time period a Transaction is in effect, Seller fails to deliver the volume nominated by Buyer and such failure is for any reason other than *force majeure* (the "Deficiency Volume"), Buyer shall have the right to:

- (i) purchase replacement gas in an amount equal to the Deficiency Volume and Seller shall pay to Buyer the sum of:  
the positive difference between the actual price of the replacement gas less the Transaction Price, as specified on the applicable Confirmation Form executed by Buyer, if any, multiplied by the Deficiency Volume and;  
\$0.05/GJ multiplied by the Deficiency Volume;

OR

- (ii) purchase replacement gas in an amount up to the Deficiency Volume and Seller shall pay to Buyer the sum of the positive difference, if any, between the actual price of the replacement gas less the Transaction Price multiplied by the alternate purchased volume plus the Transaction Price multiplied by the difference in the Deficiency Volume and the volume purchased from an alternate source plus \$0.05/GJ multiplied by the Deficiency Volume.

In both cases, Buyer shall make reasonable efforts to obtain replacement gas at prevailing market prices.

OR

- (iii) deduct the Transaction Price plus \$0.05/GJ, multiplied by the Deficiency Volume, from the invoice for the month in which the failure occurred, or, at Buyer's option, the next invoice received by Buyer, in the event Buyer, having made reasonable efforts, is unable to conclude an alternate purchase of any of the DCQ, in mitigation of Seller's default.

In addition to (i) (ii) or (iii) above, Buyer may require Seller to reimburse Buyer for any unabsorbed and unmitigated demand charges or the like paid by Buyer in respect of firm transportation service where such charges were borne by Buyer as a result of Seller's failure to so deliver.

- (c) Liquidated Damages for Unexcused Failure to Take Delivery:

If on any day during the time period a Transaction is in effect, Buyer fails to nominate or accept delivery of a volume of gas equal to the DCQ times the Buyer's Load Factor, as adjusted under Article 11, and such failure is for any reason other than *force majeure* (the "Deficient Quantity"), Seller shall have the right to:

- (i) sell to a replacement market in an amount equal to the Deficient Quantity and Buyer shall pay to Seller the sum of:  
the positive difference, if any, between the Transaction Price less the actual net unit sales price received from the replacement market, multiplied by the Deficient Quantity and;  
\$0.05/GJ multiplied by the Deficient Quantity.

OR

- (ii) sell to a replacement market in an amount up to the Deficient Quantity and Buyer shall pay to Seller the sum of the positive difference, if any, between the Transaction Price less the actual net unit sales price received from the replacement market, multiplied by the volume sold to the replacement market, plus the Transaction Price multiplied by the difference in the Deficient Quantity and the volume sold to the replacement market plus \$0.05/GJ multiplied by the Deficient Quantity.

In both cases, Seller shall make reasonable efforts to obtain replacement market at prevailing market prices.

OR

- (iii) receive from Buyer the Transaction Price plus \$0.05/GJ, multiplied by the Deficient Quantity, in the event that Seller, having made reasonable efforts, is unable to conclude an alternate sale of any of the DCQ, in mitigation of Buyer's default.

In addition to (i), (ii) or (iii) above, Seller may require Buyer to reimburse Seller for any unabsorbed and unmitigated demand charges or the like paid by Seller in respect of firm transportation service where such charges were borne by Seller as a result of Buyer's failure to so take.

The parties hereto acknowledge and agree that the amounts which may be payable hereunder under subclause A4(b) or A4(c) are, as at the date of this Agreement, their genuine pre-estimate of the aggregate loss and damage which would be sustained by a party for the failure of the other party referenced herein. Such amounts shall be conclusively deemed to be Liquidated Damages and shall not be construed as a penalty. No party shall be liable to the other party for punitive or exemplary damages. Except for such sums which may be due and owing hereunder under subclause A4(b) or A4(c), neither party shall in any event, be liable to the other party, whether in contract, tort, including negligence, or otherwise for any consequential damages, including without limitation, loss of profit, even if such damages were contemplated, reasonably foreseeable, or resulted from a fundamental breach of this Agreement.

- (d) A party seeking to rely on the provisions of subclause A4(b) or A4(c) for the determination of its Liquidated Damages shall take such steps as are reasonable in the circumstances to mitigate its costs and expenses.
- (e) Each party reserves to itself all rights, set-offs, counterclaims and other remedies and/or defenses which such party is or may be entitled to arising from or out of this Agreement in the event of an early termination pursuant to this Article A4.

Firm Sales/Purchase Agreement dated  
18 December 1996 between  
Rock-Tenn Missisquoi Mill and  
Wascana Marketing, a division of Wascana Energy Inc.  
Exhibit "A"

## EXHIBIT "A"

Attached to and made a part of the Firm Sales/Purchase Agreement dated 18  
December 1996 and entered into between Rock Tenn ~~MISSISQUOI~~ and Wascana  
Marketing, a division of Wascana Energy Inc. ~~Company, Mill Division, Inc.~~

### Part A

#### Downstream Pipelines

TransCanada PipeLines Limited

### Part B

#### Upstream Pipelines

TransGas Limited

*KB?*

SCHEDULE "B"

Attached to and made part of the Firm Sales/Purchase Agreement dated 18 December 1996 and entered into between Rock-Tenn ~~MISSOURI~~ and Wascana Marketing, a division of Wascana Energy Inc. ~~Company, Mill Division, Inc.~~

*RBm*

Rock-Tenn ~~MISSOURI~~ ~~MISSOURI~~ Company, Mill Division, Inc.  
Mill Street, P.O. Box 98  
Sheldon Springs, Vermont  
05485

*RBm*

		Phone	Fax
Contractual:	Harvey Martin - Vice President and General Manager	(802) 933-7733 ext. 296	(802) 933-5326
Gas Control:	Doug Edwards - E&I Superintendent	(802) 933-7733 ext. 284	(802) 933-5326
After Hours:	Doug Edwards - E&I Superintendent	(802) 933-7733 ext. 284	(802) 933-5326
Accounting	Tammy Ayyoub - Controller	(802) 933-7733 ext. 211	(802) 933-5326

GST #:

Payments by wire transfer to:

Sun Trust Bank (contact: Jenna Hale @ 404/230-5427)  
P.O. Box 4418  
Atlanta, Georgia 30302

Bank #: Transit #: 061000104 Account # 88008449666 Currency: Cdn \$

**Wascana Marketing, a division of Wascana Energy Inc.:**  
2500, 205 - 5 Avenue SW  
Calgary, Alberta  
T2P 2V7

		Phone	Fax
Contractual:	Marketing Administration	(403) 260-3400	(403) 266-2701
Gas Control:	Supervisor, Operations	(403) 260-3432	(403) 237-8266
After Hours:	On Call #1	(403) 735-7838	
Accounting:	Gas Accounting	(403) 260-3457	(403) 266-2701

GST #: R104725338

Payments by wire transfer to:

The Royal Bank of Canada  
Bow Valley Square III  
255 - 5 Avenue SW  
Calgary AB T2P 3G6

Bank #: 003 Transit #: 02319 Account # 100-423-3  
400-144-2 Currency: Cdn \$  
US \$

Contract #: ROC01001  
SF #203.02



**SCHEDULE "C"**

Attached to and made a part of the Firm Sales/Purchase Agreement dated 18 December 1996 and entered into between Rock-Tenn Company, Mill Division, Inc. and Wascana Marketing, a division of Wascana Energy Inc.

**A. Conditions Precedent**

The following are conditions precedent that must be met to the satisfaction of both parties (who must act in good faith):

- a) Rock-Tenn agrees and accepts that this Agreement is subject to Rock-Tenn passing Wascana's credit and security requirements.
- b) Wascana agrees and accepts that this Agreement is subject to Wascana passing Rock-Tenn's credit and security requirements.
- c) Wascana is to obtain firm transportation service on TransGas to deliver gas at Steelman, Saskatchewan.
- d) Rock-Tenn is to obtain the firm transportation on TransCanada and transportation from the Canadian and Vermont border to the plant in Sheldon Springs, Vermont.
- e) Wascana is to obtain a long term export license from the National Energy Board for the term of the agreement.

If the conditions set forth in this Schedule C are not obtained by September 1, 1998 on terms satisfactory to the parties hereto, the parties shall meet to discuss an extension of such date. If the parties cannot agree on an extension, either party shall have the right to terminate this agreement on ninety (90) days notice to the other party and unless such authorizations are obtained and accepted prior to the date posted in such notice, this agreement shall terminate effective upon expiration of said ninety (90) day period and shall thereafter be of no further force and effect.

Agreed to and Accepted this 5<sup>th</sup> day of November, 1997.

Rock-Tenn Company, Mill Division, Inc.

Per: 

R. Evan Hardin  
Treasurer

Agreed to and Accepted this 27 day of August, 1997.

Wascana Marketing, a division of Wascana Energy Inc.

Per: 

Robert J. Black  
Executive Vice President, North American Marketing

VERIFICATION

WASHINGTON D.C. )SS:

Kim M. Clark, being duly sworn, deposes and says he is attorney for ROCK-TENN COMPANY, MILL DIVISION, INC.; that he has read the foregoing document; that he is familiar with the contents thereof; that the statements contained therein are true and correct to the best of his knowledge, information and belief, after due inquiry; and that he is authorized to file the same with the Office of Fossil Energy, DOE.

  
\_\_\_\_\_  
Kim M. Clark

SUBSCRIBED AND SWORN TO before me this 14th day of April, 1998.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
April 14, 1999  
Kathleen Quinn, Notary Public  
District of Columbia

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

\_\_\_\_\_  
ROCK-TENN COMPANY, MILL )  
DIVISION, INC. )  
\_\_\_\_\_ )

FE DOCKET NO. 98-30-NG

ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1385

MAY 20, 1998

REC'D DOE/FE  
MAY 20 1998 A 7-23

I. DESCRIPTION OF REQUEST

On April 14, 1998, Rock-Tenn Company, Mill Division Inc. (Rock-Tenn) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)<sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import approximately 0.8 Bcf annually of natural gas from Canada. Rock-Tenn, a Georgia corporation with its principal place of business in Norcross, Georgia, is a manufacturer of paper and paper products at paper mills situated throughout the United States. Rock-Tenn plans to purchase the imported natural gas from Wascana Energy Inc. (Wascana) under the terms of a "Firm Sales/Purchase Agreement" dated December 18, 1996, to be used as fuel at its paper mill in Sheldon Springs, Vermont.<sup>2/</sup> Although its gas Sales/Purchase Agreement with Wascana contains a maximum daily contract of about 2.2 MMcf/day, Rock-Tenn requests that the import authorization contain no daily volume limitation in order to ensure maximum flexibility. Rock-Tenn intends to resell any imported volumes that may be in excess of its needs to Vermont Gas Systems, Inc. (Vermont Gas), or to others for which it may act as agent. The imported natural gas will be transported by TransCanada PipeLine Limited (TCPL) to Vermont Gas at the international border near

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1/ 15 U.S.C. § 717b.

2/ Subsequent to the execution of the Sales/Purchase Agreement, Wascana Energy Inc. succeeded to the interest of Wascana Marketing, A Division of Wascana Energy Inc.

Phillipsburg, Québec, and Highgate Springs, Vermont, for delivery to the Sheldon Spring's paper mill.

The purchase price will be based on an Empress, Alberta, commodity index as quoted in Canadian Enerdata's Canadian Gas Price reporter, plus compression, transportation, and management fees. Rock-Tenn may request from Wascana a fixed price in lieu of the Empress index, for a specific term. Wascana shall send Rock-Tenn a schedule to reflect the fixed price and specified term. At the end of the specified term the price reverts back to the previously described index.

## II. FINDING

The application filed by Rock-Tenn has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Rock-Tenn to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Rock-Tenn Company, Mill Division, Inc. (Rock-Tenn) is authorized to import up to 0.8 Bcf annually of natural gas from Canada. The authorization is for a ten-year term commencing November 1, 1998, through October 31, 2008. This natural gas shall be imported in accordance with the Sales/Purchase Agreement between Rock-Tenn and Wascana Energy Inc. (Wascana) dated December 18, 1996.

B. This natural gas may be imported from Canada at the international border near Highgate Springs, Vermont (Phillipsburg, Quèbec).

C. Within two weeks after deliveries begin, Rock-Tenn shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

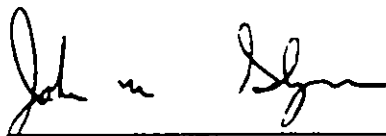
D. With respect to the natural gas imports authorized by this Order, Rock-Tenn shall file, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have

occurred, Rock-Tenn must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border. The monthly price information shall itemize separately the commodity and demand charges. The demand charges shall include compression, transportation, and any management fees. With respect to imports which are resold to other buyers, Rock-Tenn shall provide the name(s) of the purchaser(s) and the volume in Mcf.

E. The notification and reports required by Ordering Paragraphs C and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C. on May 20, 1998.



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John W. Glynn  
Manager, Natural Gas Regulations  
Office of Natural Gas & Petroleum  
Import and Export Activities  
Office of Fossil Energy

88-30-116



ROCK-TENN COMPANY  
MILL DIVISION

November 13, 1998

Office of Natural Gas & Petroleum Import and Export Activities  
Fossil Energy, Room 3E-042, FE-34  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

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JUN DOE/FE

RE: Order No. 1385, May 20, 1998; Notification of Import Commencement

Dir Sir / Madam:

In accordance with the subject order, this notification is to inform you that the importation of natural gas began on November 1, 1998 as described in the initial request for permit. The initial volume is 2,160 MCF/day.

If you have questions or require further clarification, please call me at (512) 502-0101. Fowler Energy Company is acting as Rock-Tenn's agent in this matter. If you have questions directly for Rock-Tenn, please contact Ms. Tammy Ayyoub at (802) 933-7733 ext 211.

Sincerely,

P. D. Leonard, Vice President  
Fowler Energy Company  
(Agent for Rock-Tenn Company)

cc: Tammy Ayyoub, Rock-Tenn Fax: (802) 933-5326

