



**Chevron**

98-75-NG

October 13, 1998

**Chevron U.S.A. Production Company**  
1301 McKinney Street  
Houston, Texas 77010-3029  
Mail Address: P. O. Box 3725  
Houston, Texas 77253-3725

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

**Gary M. Smale**  
Compliance Supervisor  
Law Department  
(713) 754-3464  
Fax (713) 754-3366

REC'D DOE/FE  
OCT 14 P 2:00

**CHEVRON U.S.A. INC.  
APPLICATION FOR AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA**

Gentlemen:

Enclosed is an Application of Chevron U.S.A. Inc. for Authorization to Import Natural Gas from Canada. Chevron requests this authorization in order to sell and deliver natural gas to the Georgia-Pacific Corporation under a Gas Sales and Purchase Agreement dated November 1, 1997. The term of the requested authorization is for a period of four years, beginning on November 1, 1997, and continuing through October 31, 2001, to conform to the term of the Agreement between Chevron and Georgia-Pacific.

Chevron has supplied Georgia-Pacific with quantities of gas imported from Canada since November 1, 1993, under a Gas Sales and Purchase Agreement between Chevron Natural Gas Services, Inc. and Georgia-Pacific. The November 1, 1993, contract was assigned to Chevron U.S.A. Inc. on July 1, 1994. Chevron relied on the blanket authorization granted under DOE/FE Order No. 1723, issued on November 19, 1992, in FE Docket No. 92-125-NG, to initiate the first deliveries of imported gas to Georgia-Pacific. Chevron has continued to rely on successive two-year blanket authorizations in order to supply Georgia-Pacific's gas requirements under the former contract.

Chevron and Georgia-Pacific agreed to amend the price provisions of the 1993 contract beginning with November 1, 1997 deliveries. The price change was an oral commitment between the two parties while negotiations to amend or replace the contract continued. The replacement contract was not executed until August 1998, although it specified an effective date retroactive to November 1, 1997.

U.S. Department of Energy  
Office of Fossil Energy  
Office of Natural Gas & Petroleum  
Import and Export Activities  
October 13, 1998  
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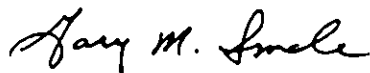
The November 1, 1997 date assigned to the new contract represented the effective date of the price change, without fully considering the regulations with respect to the import authorization. This oversight was unintentional and was based on the assumption that Chevron's existing blanket authorization provided authorization to import gas without regard to a specific contract.

Chevron has reported the quantities of gas that have been imported for delivery to Georgia-Pacific for the period November 1, 1997, through June 30, 1998, on the quarterly reports filed under Chevron's blanket authorization in DOE/FE Order No. 1160. The volume and price information provided on the quarterly reports were accurate summaries of the gas sales to Georgia-Pacific for this period.

Enclosed with Chevron's Application is a copy of the November 1, 1997 Agreement. Chevron respectfully requests the authorization to continue to supply Georgia-Pacific's gas requirements under the new agreement with gas imported from Canada. Chevron will amend its quarterly reports, if necessary, to conform to the requirements of the Office of Fossil Energy.

Please call me at (713) 754-3464 if you have any questions regarding this application.

Sincerely,



Gary M. Smale  
Compliance Supervisor

United States of America  
Before the  
Department of Energy  
Office of Fossil Energy  
Washington, D.C.

Chevron U.S.A. Inc.

§

Docket No. \_\_\_\_\_

Application of  
Chevron U.S.A. Inc.  
for Authorization to Import  
Natural Gas from Canada

Pursuant to Section 3 of the Natural Gas Act ("NGA") and Part 590 of the Department of Energy's ("DOE") Regulations thereunder, 10 C.F.R. 590.100, et seq., Chevron U.S.A. Inc. ("Chevron") submits this Application for an order authorizing importation of natural gas from Canada.

In support thereof, Chevron states the following:

I. Name of Applicant;  
Service Representative

Applicant's exact legal name is Chevron U.S.A. Inc. The names, titles, and mailing addresses of the persons to whom all communications concerning this Application should be addressed, and who are designated to receive service pursuant to 10 C.F.R. 590.202(a), are as follows:

Gary M. Smale  
Chevron U.S.A. Inc.  
1301 McKinney Street, Suite 2258  
Houston, Texas 77010

John E. Dickinson  
Chevron U.S.A. Inc.  
1301 McKinney Street, Suite 2250  
Houston, TX 77010

## II. Affiliations

Chevron is a Pennsylvania corporation with a place of business at 1301 McKinney Street, Houston, Texas 77010, and is authorized to do business in the United States. Chevron is a wholly-owned subsidiary of Chevron Corporation, a Delaware corporation. Another wholly-owned subsidiary of Chevron Corporation, Chevron Canada Resources ("Chevron Canada"), explores for and produces oil and gas in Canada. Chevron Canada's place of business is 500 Fifth Avenue S.W., Calgary, Alberta, Canada T2P 0L7.

As a purchaser and reseller of natural gas, Chevron intends to operate as a non-jurisdictional company, and will refrain from engaging in transactions which would make Chevron a "natural gas company" subject to the jurisdiction of the Federal Energy Regulatory Commission.

## III. Nature of Request

Chevron requests an order authorizing it to import up to 1,500 Dckatherms per day (approximately 1,500 Mcf per day) of natural gas from Canada for a four (4) year

period beginning on November 1, 1997, and continuing through October 31, 2001, in order that Chevron may sell such gas to the Georgia-Pacific Corporation (Georgia-Pacific). Georgia-Pacific is a Georgia corporation with a place of business at 327 Margaret Street, Plattsburg, New York 12901.

Chevron and Georgia-Pacific have entered into a Gas Purchase and Sales Agreement ("Agreement") dated November 1, 1997. Subject to approval of the import authorization sought herein, gas sales to Georgia-Pacific under the Agreement will continue for four (4) years.

#### IV. Security of Supply

The gas will be supplied by Chevron Canada, or by other producer groups or associations or pipeline companies that sell natural gas in Canada. The gas will primarily be provided by Chevron Canada from sources of supply in the Provinces of Alberta and British Columbia. Presently Chevron Canada has uncommitted deliverabilities of approximately 120,000 Mcf per day. Furthermore, Chevron Canada is engaged in the acquisition, exploration and development of gas-producing properties in Canada. The affiliate relationship between Chevron and Chevron Canada assures that the natural gas supply for the requested import is secure.

#### V. Facilities and Environmental Impact

The imported gas will be transmitted through existing pipeline facilities of North Country Gas Pipeline. No new construction of facilities is proposed, therefore approval of this Application will not have any environmental impact.

## VI. Sales Provisions

Commencing on November 1, 1997, and on each day thereafter during the term of the Agreement, Chevron has agreed to sell and deliver to Georgia-Pacific on a firm basis, a quantity of gas sufficient for Georgia-Pacific's plant requirements up to a maximum daily quantity. The maximum daily quantity means a quantity of gas equal to 1,500 Dekatherms per day.

Chevron Canada has a Firm Transportation Service Agreement providing for the firm transportation of 42.5 MCMD (approximately 1,500 Mcf per day) on the pipeline system of NOVA Corporation to enable delivery of its own or controlled gas reserves from producing fields in Alberta or British Columbia to the pipeline facilities of TransCanada Pipe Lines ("TransCanada").

Georgia-Pacific has a Firm Transportation Service Agreement with TransCanada providing for 42.5 MCMD of firm transportation capacity on TransCanada's system in order to receive up to 42.5 MCMD of gas for firm transportation and redelivery at the interconnection with the pipeline facilities of North Country Gas Pipeline ("North Country").

North Country operates an intrastate natural gas pipeline system within the state of New York. Georgia-Pacific has a Firm Transportation Service Agreement with North Country providing for the firm transportation of up to 1,500 Dekatherms per day of gas from the international border to Georgia-Pacific's plant in Plattsburg, New York.

Under the existing import arrangement, Chevron Canada utilizes its firm transportation capacity on NOVA to deliver a quantity of gas up to the maximum daily quantity from its producing fields in Alberta to an interconnection with the pipeline facilities of TransCanada near Empress, Alberta. TransCanada ships the gas under Georgia-Pacific's firm transportation service agreement to the interconnection with North Country at the border of the United States and Canada near Napierville, Quebec, Canada. North Country transports the gas to the plant delivery point in Plattsburg.

Title to all gas sold and delivered under the Agreement will pass from Chevron to Georgia-Pacific at the plant delivery point.

#### VII. Price

Georgia-Pacific agrees to pay Chevron for all quantities of gas delivered to Georgia-Pacific in accordance with the following schedule.

For the period beginning on November 1, 1997, and continuing through October 31, 1998, Georgia-Pacific will pay Chevron a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. Natural Gas Price Summary" for the "Alberta One-Year Price US\$/MMBtu" for the months of June, July, August and September, 1997, plus 0.27 US\$ per Dth.

For the period beginning on November 1, 1998, and continuing through October 31, 1999, Georgia-Pacific will pay Chevron a price per Dekatherm in US\$ equal to the

simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. Natural Gas Price Summary" for the "Alberta One-Year Price US\$/MMBtu" for the months of June, July, August and September, 1998, plus 0.25 US\$ per Dth.

For the period beginning on November 1, 1999, and continuing through October 31, 2000, Georgia-Pacific will pay Chevron a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. Natural Gas Price Summary" for the "Alberta One-Year Price US\$/MMBtu" for the months of June, July, August and September, 1999, plus 0.21 US\$ per Dth.

For the period beginning on November 1, 2000, and continuing until the Agreement expires on November 1, 2001, Georgia-Pacific will pay Chevron a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. Natural Gas Price Summary" for the "Alberta One-Year Price US\$/MMBtu" for the months of June, July, August and September, 2000, plus 0.16 US\$ per Dth.

Georgia-Pacific agrees to reimburse Chevron for all charges incurred by Chevron, or Chevron Canada, under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country, to transport quantities of gas for the account of Georgia-Pacific. Such charges shall include any demand charges incurred by



Chevron, or Chevron Canada, attributable to pipeline capacity reserved under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country, to effect delivery of gas to Georgia-Pacific that is not utilized because Georgia-Pacific purchases a quantity of gas on any day less than the maximum daily quantity.

Georgia-Pacific will reimburse Chevron for any quantities of gas provided by Chevron, or Chevron Canada, necessary to satisfy the fuel and/or shrinkage requirements applicable under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country.

#### VIII. Justification

The Agreement between Chevron and Georgia-Pacific underlying this request is basically a continuation of the gas sales arrangement between Chevron Natural Gas Services, Inc. ("CNGSI") and Georgia-Pacific under a Gas Purchase and Sales Agreement dated November 1, 1993. CNGSI is a wholly-owned subsidiary of Chevron U.S.A. Inc. By an amendment dated July, 1, 1994, CNGSI assigned the existing November 1, 1993, Agreement to Chevron U.S.A. Inc.

CNGSI relied on the blanket authorization granted to CNGSI under DOE/FE Order No. 1723, issued on November 19, 1992, in FE Docket No. 92-125-NG, to initiate the first deliveries of imported gas to Georgia-Pacific under the 1993 Agreement. Chevron has continued to rely on successive two-year blanket authorizations issued to Chevron U.S.A. in order to supply Georgia-Pacific's gas requirements under the former contract. A

summary of the monthly import activity has been provided on a quarterly basis to the Office of Fossil Energy in accordance with the reporting requirements specified in the blanket import authorizations.

Chevron presently is authorized to import up to 73 Bcf of natural gas from Canada for a period of two (2) years beginning July 1, 1998. Such authorization was granted in DOE/FE Order No. 1383, issued May 8, 1998, in FE Docket No. 98-32-NG. Chevron has reported the quantities of gas that have been imported each month for delivery to Georgia-Pacific for the period November 1, 1997, through June 30, 1998, on quarterly reports filed under Chevron's blanket authorization in DOE/FE Order No. 1160. The volume and price information provided on Chevron's quarterly reports is an accurate summary of gas sales to Georgia-Pacific for the period retroactively covered by the replacement contract.

Chevron will continue to file quarterly reports detailing the quantity of gas imported into the United States under the authorization requested herein and the value of such gas at the border.

Enclosed with this Application is a copy of the November 1, 1997, Agreement.

VII. Conclusion

WHEREFORE, Chevron respectfully requests that its authorization to import natural gas from Canada be granted as set forth above.

Respectfully submitted,

CHEVRON U.S.A. INC.

*G. M. Smale*  
G. M. Smale

Date: 10/13/98

STATE OF CALIFORNIA       §  
  §  
COUNTY OF CONTRA COSTA §

This instrument was acknowledged before me on the 13 day of October, 1998, by G. M. Smale, Compliance Supervisor, Chevron U.S.A. Inc., a Pennsylvania corporation, on behalf of said corporation.

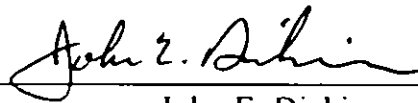
*Rebecca S. DuHame*  
Notary Public, State of California

My Commission Expires: 7/16/2000



Opinion of Counsel

Pursuant to 10 C.F.R. §590.202(c), I have examined the certificate and by-laws of Chevron U.S.A. Inc. ("Chevron"), and have determined that the proposed import of natural gas is within the corporate powers of Chevron.



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John E. Dickinson  
Senior Counsel, Chevron U.S.A. Inc.  
(713) 754-3406

Dated: 10/13/98

**GAS PURCHASE AND SALES AGREEMENT**

between

CHEVRON U.S.A. INC.

and

GEORGIA-PACIFIC CORPORATION

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## GAS PURCHASE AND SALES AGREEMENT

This GAS PURCHASE AND SALES AGREEMENT ("Agreement") is made and entered into effective the 1st day of November, 1997 (the "Effective Date"), by and between CHEVRON U.S.A. INC., a Pennsylvania corporation, hereinafter referred to as "Seller", and GEORGIA-PACIFIC CORPORATION, a Georgia corporation, hereinafter referred to as "Buyer".

### WITNESSETH:

WHEREAS, Buyer has a requirement for Gas (as hereinafter defined) for consumption at its Plant (as hereinafter defined); and

WHEREAS, Chevron Canada (as hereinafter defined) owns or controls Gas reserves in Alberta (as hereinafter defined) which it is willing to provide to Seller, and Seller is willing to commit, sell and deliver such Gas reserves to Buyer for consumption at its Plant; and

WHEREAS, Chevron Canada has a Firm Transportation Service Agreement (as hereinafter defined) providing for the firm transportation of a Quantity of Gas equal to 42.5 MCMD (as hereinafter defined) plus the TransCanada (as hereinafter defined) fuel and/or shrinkage quantity pertaining to such volume on the pipeline system of NOVA (as hereinafter defined) to enable delivery of its owned or controlled Gas reserves from producing fields in Alberta to the pipeline transmission facilities of TransCanada near Empress (as hereinafter defined); and

WHEREAS, Buyer has obtained a Firm Transportation Service Agreement with TransCanada providing for 42.5 MCMD of firm transportation capacity on TransCanada's system in order to receive up to 42.5 MCMD of Gas at Empress for firm transportation and redelivery at an interconnection with the pipeline facilities of North Country (as hereinafter defined) at the Export Point (as hereinafter defined); and

WHEREAS, North Country operates a sixteen (16) inch nominal diameter intrastate natural gas pipeline system within the State of New York to extend from an interconnection with TransCanada at the Export Point to the location of Buyer's Plant in Plattsburg, New York; and

WHEREAS, Buyer has entered into a Firm Transportation Service Agreement with North Country providing for the transportation of up to 1,500 Dekatherms (as hereinafter defined) per day of Gas on a firm basis from the Export Point to Buyer's Plant.

NOW, THEREFORE, in consideration of the mutual agreements set out herein, and intending to be legally bound, Seller and Buyer hereby agree as follows:

### ARTICLE I DEFINITIONS

1.1 Definitions: Except where expressly stated otherwise, the following terms where used in this Agreement, shall have the following meanings:

"Agency Agreement" means: (1) a mutually agreeable agency agreement executed by Buyer and Seller wherein Seller shall agree to act as Buyer's agent for all purposes under the North Country Firm Transportation Service Agreement in order to effect the delivery of the Quantities of Gas hereunder in the event such transportation agreement is not assigned by Buyer to Seller or (2) a mutually agreeable agency agreement executed by Buyer and Chevron Canada wherein Chevron Canada shall agree to act as Buyer's agent for all purposes under the TransCanada Firm Transportation Service Agreement in order to effect the delivery of the Quantities of Gas hereunder in the event such transportation agreement is not assigned by Buyer to Chevron Canada.

"Alberta" means the province of Alberta, Canada.

"Alberta One-Year Price" has the meaning set forth Article VIII hereof.

"British Thermal Unit", "Btu", means the amount of heat required to raise the temperature of one pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit.

"Business Day" means any Day other than Saturday, Sunday or any other Day on which banks are authorized to be closed in the State of New York or Alberta.

"Chevron Canada" means Chevron Canada Resources, a general partnership, and its successors and permitted assigns.

"Contract Year" means a period of twelve (12) consecutive Months beginning on November 1, 1997, and each period of twelve (12) consecutive Months thereafter.

"Cubic Foot" or the symbol "CF" means the volume of Gas (as hereinafter defined) which occupies one cubic foot when such Gas is at a temperature of sixty (60) degrees Fahrenheit and at a pressure of fourteen and seventy-three thousandths (14.73) pounds per square inch absolute.

"Cubic Meter" or the symbol "CM" means the volume of Gas which occupies one cubic meter at fifteen (15) degrees Celsius and at a pressure of 99.147 kilopascals absolute at Empress and 99.285 kilopascals at the Export Point.

"Day" means a period of twenty-four (24) consecutive hours beginning and ending at eight o'clock (8:00) a.m. local time in Clinton County, New York or at such other hour as Seller and Buyer may agree.

"Delivery Month" has the meaning set forth in Article IX hereof.

"DOE" means the United States Department of Energy, Office of Fossil Energy, and any successor authority.

"Due Date" has the meaning set forth in Article IX hereof.

"Dekatherm" or "Dth" means one million (1,000,000) British Thermal Units.



"Empress" means Empress, Alberta.

"Export Point" means the interconnection between the pipeline facilities of TransCanada and North Country at the Canada/United States border near Napierville, Quebec, Canada.

"Field Delivery Point" means the natural gas producing field point(s) in Alberta at which Chevron Canada delivers Gas into the facilities of NOVA for transportation and delivery hereunder.

"Firm" or "Firm Basis" means the obligation to provide a non-interruptible Quantity of Gas (as hereinafter defined) at all times except when specifically excused by the terms and conditions of this Agreement, including, but not limited to, a relevant and verifiable event of force majeure.

"Firm Transportation Service" means the obligation to provide Transportation Service (as hereinafter defined) on a Firm Basis.

"Firm Transportation Service Agreement" means an agreement from a bona fide natural gas pipeline company providing for Firm Transportation Service.

"Gas" means natural gas of the quality specified in Article X hereof.

"Gross Heating Value" or "Heating Value", means, when applied to a Cubic Foot of Gas, the number of Btu's expressed in Dekatherms per Mcf, produced by the complete combustion with air, at a constant pressure, of one anhydrous (measured on an "as delivered" basis) Cubic Foot of Gas at an absolute pressure of 14.73 pounds per square inch absolute (psia) and at a temperature of sixty (60) degrees Fahrenheit, when the products of combustion are cooled to the initial temperature of the Gas and air, and when water formed by combustion is condensed to liquid state.

"Invoice Date" has the meaning set forth in Article IX hereof.

"MCF" means one thousand (1,000) cubic feet.

"MCM" means one thousand (1,000) Cubic Meters.

"MCMD" means one thousand (1,000) Cubic Meters per day.

"Maximum Daily Quantity" or "MDQ" means a Quantity of Gas equal to 1,500 Dekatherms per Day at the Plant Delivery Point.

"Month" means the period beginning on the first Day of the calendar Month and ending on the first Day of the next succeeding calendar Month.

"NEB" means the Canadian National Energy Board, and any successor authority.

"North Country" means North Country Gas Pipeline Corporation, and its successors and permitted assigns.

"NOVA" means NOVA Corporation of Alberta, an Alberta corporation, and its successors and permitted assigns.

"Party" or "Parties" means a signatory or the signatories to this Agreement, and its or their successors and permitted assigns, as may be the case.

"Plant" or "Buyer's Plant" means Buyer's paper plant located in Plattsburg, New York.

"Plant Delivery Point" means the interconnection of the outlet flange of the facilities of North Country and Buyer's Plant receiving facilities.

"Point of Delivery" has the meaning set forth in Article V hereof.

"Quantity of Gas" or "Quantities of Gas" means an amount of Gas expressed in MCF, MCM or Dth.

"Saranac" means Saranac Power Partners, L.P., a Delaware limited partnership with an office in the City of Houston, Texas.

"TransCanada" means TransCanada Pipe Lines Limited, a Canadian corporation, and its successors and permitted assigns.

"Transportation Service" means the receipt, transportation and delivery of Gas for or on the behalf of Seller, Chevron Canada or Buyer.

"US\$" means United States dollars.

"Volume of Gas" means an amount of Gas expressed in MCF or MCM.

## ARTICLE II CONDITIONS PRECEDENT

2.1 Conditions Precedent: Subject to Paragraph 8.2(a) below, Seller shall have no obligation to sell, deliver or cause to be delivered to Buyer, and Buyer shall have no obligation to purchase, receive or cause to be received from Seller hereunder, the Quantities of Gas specified in this Agreement, unless and until all of the following conditions precedent have been satisfied, or any such conditions not satisfied have been waived by mutual agreement of Seller and Buyer. The Parties recognize and agree that time is of the essence and that each Party shall endeavor with all due diligence to satisfy each condition precedent or see that such condition precedent is satisfied.

(a) Chevron Canada or Seller shall have obtained all necessary Alberta governmental permits and authorizations for the removal of the Quantities of Gas to be sold and delivered hereunder from the province of Alberta.

(b) Chevron Canada or Seller shall have obtained all necessary NEB approvals, licenses and authorizations for the export of the Quantities of Gas to be sold and delivered hereunder from Canada to the United States.

(c) Seller or Buyer shall have obtained the necessary DOE and other authorizations for the importation of the Quantities of Gas to be sold and delivered hereunder from Canada into the United States.

(d) TransCanada shall have received any necessary governmental approvals required to provide service hereunder and shall have completed the construction of and shall have placed into service any expansion(s) of facilities and the interconnection with North Country at the Export Point necessary to provide Firm Transportation Service hereunder.

(e) Buyer shall have received a valid assignment of TransCanada capacity from Saranac along with any necessary governmental approvals for such assignment, and Buyer shall have entered into a Firm Transportation Service Agreement with TransCanada.

(f) North Country shall have received any necessary New York Public Service Commission or other governmental approvals required to provide service hereunder.

(g) Chevron Canada shall have taken assignment of the TransCanada Firm Transportation Service Agreement referred to herein, or, in the event the TransCanada assignment referenced in Paragraph 2.1(g) is not effectuated, Chevron Canada and Buyer shall have entered into an Agency Agreement to permit Chevron Canada to act as Buyer's agent with respect to such Transportation Service Agreement..

(h) Seller and Buyer shall have entered into an Agency Agreement to permit Seller to act as Buyer's agent with respect to Buyer's Firm Transportation Service Agreement with North Country.

In the event all of the foregoing conditions precedent have not been satisfied or waived by Seller and Buyer by July 1, 1998, either Party may terminate this Agreement by providing thirty (30) days prior written notice to the other Party. Between the effective date hereof and the time that the foregoing conditions have been satisfied or waived, the parties will nevertheless perform according to the terms of this Agreement to the extent permissible under applicable laws and regulations, including, but not limited to, Seller's short term import authorization from the DOE.

### ARTICLE III PURCHASE AND SALE OF GAS

3.1 Seller's Obligations: Subject to the other terms of this Agreement, commencing on the Effective Date and on each Day thereafter during the term of this Agreement, Seller shall sell and deliver to Buyer on a Firm Basis a Quantity of Gas sufficient for Buyer's Plant requirements up to the Maximum Daily Quantity. Seller agrees to cause Chevron Canada to utilize its NOVA Firm Transportation Service Agreement referred to herein to transport the Quantities of Gas to be received and purchased by Buyer herein. Seller shall also provide, or cause Chevron Canada to

provide, any Quantities of Gas necessary to satisfy the fuel and/or shrinkage requirements applicable under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country in order to deliver the Quantities of Gas purchased and received herein at the Plant Delivery Point, and Seller shall be reimbursed for such fuel and/or shrinkage Gas in accordance with Paragraph 8.2(b) below.

3.2 Buyer's Obligations: Subject to the other terms of this Agreement, commencing on the Effective Date and on each Day thereafter during the term of this Agreement, Buyer shall receive and purchase from Seller hereunder the Quantity of Gas required by Buyer to satisfy its entire requirements for Gas at the Plant up to the Maximum Daily Quantity.

3.3 Nominations:

(a) Monthly Nominations: On or before two (2) Business Days prior to the earliest date required by any pipeline involved in the transportation of the Quantities of Gas to be received and purchased by Buyer herein and prior to the beginning of each Month, Buyer shall advise Seller of the total Quantity of Gas (in Dekatherms per Day) that Buyer desires to receive and purchase hereunder at the Point of Delivery during each Day of the subsequent Month. If Buyer fails to timely submit such nomination schedule for any Month, Buyer shall be deemed to have nominated the same Quantity of Gas for each Day of the Month as it nominated in the last such monthly nomination schedule that it submitted to Seller, disregarding any Mid-Month or Intra-Day Nomination Changes (as more fully described in Paragraphs 3.3(b) and (c) below) that were subsequently made to such schedule.

(b) Mid-Month Nomination Chances: Buyer shall use reasonable efforts to notify Seller if Buyer becomes aware of any changes in its operations or other conditions that will cause the Quantity of Gas it will require on any Day to vary materially from Buyer's nomination for such Day. Buyer may change its nomination request from that set forth for such Day in the monthly nomination schedule provided for in Paragraph 3.3(a) above by notifying Seller no later than twelve o'clock (12:00) p.m. local time in Clinton County, New York of the previous Business Day. Seller shall accept subsequent changes in Buyer's daily nomination request if Seller, or Chevron Canada, can confirm such changes with the pipelines involved in the transportation of the Quantities of Gas to be received and purchased by Buyer herein.

(c) Intra-Day Nomination Chances: If Buyer's Gas usage requirements at the Plant change within a Day, Buyer may promptly notify Seller and request Seller to change its nomination effective for such Day. Seller shall use, or cause Chevron Canada to use, reasonable efforts to change the nomination request for such Day with the pipelines involved in the transportation of the Quantities of Gas to be received and purchased by Buyer herein. Seller shall accept such nomination change only if it, or Chevron Canada, can confirm such change with such transporting pipelines.

For the purposes of this Paragraph 3.3, Buyer shall deliver any nomination requests to Seller in writing, or by telephone and confirmed in writing, at the address provided in Paragraph 15.4 hereof, and shall deliver any such written notification by reputable overnight courier for delivery the

next Business Day or by telecopier. Any nomination request by Buyer shall be deemed to be delivered at the time of receipt of the written notification by Seller.

3.4 Receipt of Gas from Others and Use of Alternate Fuels: If Seller fails to deliver the Quantity of Gas required by Buyer on any Day to satisfy its entire requirements for Gas at the Plant up to the Maximum Daily Quantity, Buyer shall be free on such Day to use gas obtained from other sources or to burn alternative fuels at the Plant.

ARTICLE IV  
ASSIGNMENT OF TRANSPORTATION CAPACITY; PIPELINE  
REQUIREMENTS; AND RESPONSIBILITY FOR IMBALANCES

4.1 Assignment of Transportation Capacity: Seller agrees, if requested by Buyer, to cause Chevron Canada to take assignment from Buyer of the TransCanada Firm Transportation Service Agreement for a term equal to the term hereof, and to cause Chevron Canada to utilize such TransCanada Firm Transportation Service Agreement capacity to transport the Quantities of Gas to be received and purchased by Buyer herein. In addition, Seller agrees, if requested by Buyer, to take assignment from Buyer of the North Country Firm Transportation Service Agreement for a term equal to the term hereof, and to utilize such North Country Firm Transportation Service Agreement capacity in order to transport and deliver the Quantities of Gas to be received and purchased by Buyer herein. It is recognized and understood that any assignment of the North Country Firm Transportation Service Agreement requires the prior approval of the New York Public Service Commission. In the event of such assignment(s), Seller agrees to utilize, or to cause Chevron Canada to utilize, the capacity rights contained in such contract(s) only for purposes of effecting the transportation and delivery of the Gas committed hereunder to Buyer at the Plant Delivery Point, except as otherwise provided in Paragraph 8.2(a) below. Seller further agrees not to provide, or to cause Chevron Canada not to provide, to TransCanada the written notice referred to in Section 5.1(b) of Article V of the TransCanada Firm Transportation Service Agreement without obtaining the prior written consent of Buyer. Further, except as provided in Paragraph 4.3 below and in accordance with Paragraph 8.2 below, Buyer shall reimburse Seller for all expenses and charges incurred by Seller, or Chevron Canada, in connection with and as a result of such assignment(s). Seller shall concurrently with the termination of this Agreement reconvey to Buyer, or cause Chevron Canada to reconvey to Buyer, such assigned Firm Transportation Service Agreement(s). In the event the TransCanada assignment is not requested or effectuated, Chevron Canada and Buyer shall enter into an Agency Agreement, and Seller shall cause Chevron Canada to enter into such agreement. In the event the North Country assignment is not requested or effectuated, Seller and Buyer shall enter into an Agency Agreement. When such an Agency Agreement is in effect, Seller and Buyer agree (or, if applicable, Seller shall cause Chevron Canada to agree with Buyer) that Buyer has the right to ship under the applicable Firm Transportation Service Agreement the Quantities of Gas to be received and purchased by Buyer herein.

4.2 Pipeline Requirements: Whether the assignment or agency arrangement referenced in Paragraph 4.1 above is in effect, Seller agrees to meet, or cause Chevron Canada to meet, the requirements of TransCanada and North Country relating to nominating, scheduling and otherwise communicating with TransCanada and North Country under the TransCanada and North Country Firm Service Transportation Agreements as necessary for the efficient delivery of natural gas to

Buyer's Plant during the term hereof, including without limitation submitting adjusted nominations to the applicable transporting pipelines to stay within tolerance levels and meet the balancing requirements thereof. Buyer shall provide Seller any information regarding anticipated annual, monthly or daily Gas requirements necessary for Seller, or Chevron Canada, to meet such requirements.

4.3 Responsibility for Imbalances: Seller shall be responsible for any imbalance charges imposed by any pipeline transporter transporting Gas covered by this Agreement that are incurred as a result of the actions or inactions of Seller or Chevron Canada, including but not limited to Seller or Chevron Canada failing to deliver the Quantity of Gas that Seller or Chevron Canada has nominated for transportation. Buyer shall be responsible for any imbalance charges imposed by any pipeline transporter transporting Gas covered by this Agreement that are incurred as a result of the actions or inactions of Buyer, including but not limited to Buyer's failure to take and purchase the Quantity of Gas that Buyer has nominated for purchase under this Agreement. Buyer and Seller agree to cooperate, and Seller agrees to cause Chevron Canada to cooperate, with each other to eliminate, prevent and/or lessen imbalances and penalties, as they occur and are discovered. Seller shall use, or cause Chevron Canada to use, reasonable efforts to utilize the most favorable tariff or agreement provisions of the applicable transporting pipelines to avoid or minimize imbalances and penalties.

#### ARTICLE V POINT OF DELIVERY

5.1 Point of Delivery: Seller shall make, or cause to be made, deliveries of Gas hereunder at the Plant Delivery Point.

#### ARTICLE VI TERM OF AGREEMENT

6.1 Term: This Agreement shall become effective on November 1, 1997 and shall continue in full force and effect for a term of four (4) Contract Years.

#### ARTICLE VII UNIFORM TAKES OF GAS

7.1 Uniform Takes of Gas: Buyer shall use reasonable efforts to take as uniform a Quantity of Gas on each Day as daily operational conditions reasonably permit. However, it is recognized that Buyer's requirements for Quantities of Gas at its Plant are not uniform from Day to Day or within the Day, which Plant characteristic causes variations in daily Quantities of Gas utilized at the Plant.

ARTICLE VIII  
PRICE

8.1 Price: Buyer agrees to pay Seller for all Quantities of Gas delivered to Buyer at the Plant Delivery Point in accordance with the following:

(a) For the period beginning on November 1, 1997, and continuing through October 31, 1998, Buyer shall pay to Seller a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. natural gas price summary" for the "Alberta One-Year Price US\$/MMBtu" ("Alberta One-Year Price") for the months of June, July, August and September, 1997, plus 0.27 US\$ per Dth.

(b) For the period beginning on November 1, 1998, and continuing through October 31, 1999, Buyer shall pay to Seller a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. natural gas price summary" for the "Alberta One-Year Price US\$/MMBtu" ("Alberta One-Year Price") for the months of June, July, August and September, 1998, plus 0.25 US\$ per Dth.

(c) For the period beginning on November 1, 1999, and continuing through October 31, 2000, Buyer shall pay to Seller a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. natural gas price summary" for the "Alberta One-Year Price US\$/MMBtu" ("Alberta One-Year Price") for the months of June, July, August and September, 1999, plus 0.21 US\$ per Dth.

(d) For the period beginning on November 1, 2000, and continuing until this Agreement expires on November 1, 2001, Buyer shall pay to Seller a price per Dekatherm in US\$ equal to the simple average of the prices published in the publication "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. natural gas price summary" for the "Alberta One-Year Price US\$/MMBtu" ("Alberta One-Year Price") for the months of June, July, August and September, 2000, plus 0.16 US\$ per Dth.

8.2 Reimbursements: Buyer agrees to reimburse Seller for the following amounts beginning November 1, 1997:

(a) All charges (except as provided in Paragraph 4.3 above and Paragraphs 8.2 (b) and (c) below) actually incurred by Seller, or Chevron Canada, under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country referred to herein to transport Quantities of Gas for the account of Buyer hereunder. Such charges shall include any demand charges incurred by Seller, or Chevron Canada, attributable to pipeline capacity reserved under such Firm Transportation Service Agreements with NOVA, TransCanada and North Country to effect delivery of Gas to Buyer hereunder that is not utilized because Buyer receives and purchases from Seller hereunder a Quantity of Gas on any Day less than the Maximum Daily Quantity. Buyer shall be responsible for reimbursing Seller for such demand

charges beginning November 1, 1997, even if all the conditions precedent set forth in Article II above have not been satisfied or waived by Seller and Buyer by that date. Seller shall use, or cause Chevron Canada to use, reasonable efforts to employ such unused capacity on NOVA or TransCanada to mitigate as much of the demand charges exposure as possible in other transactions when such capacity is not being used to effect the delivery of Gas to Buyer hereunder. Upon request by Buyer, Seller shall use reasonable efforts to employ such unused capacity on North Country to mitigate as much of the demand charges exposure as possible in other transactions when such capacity is not being used to effect the delivery of Gas to Buyer hereunder, and Buyer shall cooperate with Seller in such mitigation activity. If Seller, or Chevron Canada, is successful in this respect, Seller shall credit any amounts received by it, or Chevron Canada, against the charges owed by Buyer to Seller with respect to such Firm Transportation Service Agreements. If a force majeure event occurs, Buyer shall not be excused from reimbursing Seller for any transportation charges Seller, or Chevron Canada, incurs under the NOVA, TransCanada or North Country Firm Transportation Service Agreements unless such force majeure event also excuses the incurrence of such charges by Seller, or Chevron Canada, under such Firm Transportation Service Agreements. If such force majeure event results in pipeline capacity reserved under the Firm Transportation Service Agreements with NOVA, TransCanada or North Country to effect delivery of gas to Buyer hereunder not being utilized, Seller shall comply with the fourth, fifth and six sentences of this Paragraph 8.2(a) with respect to such unused capacity. If such force majeure event lasts for a period of one hundred eighty (180) consecutive Days or longer and Buyer is reimbursing Seller for transportation charges incurred by Seller, or Chevron Canada, under the NOVA, TransCanada or North Country Firm Transportation Service Agreements without Buyer receiving Gas from Seller hereunder, Buyer may terminate this Agreement on one hundred twenty (120) Days prior written notice to Seller.

(b) Buyer shall pay Seller at the price provided for in Paragraph 8.1 of this Agreement for the Quantities of Gas provided by Seller, or Chevron Canada, necessary to satisfy the fuel and/or shrinkage requirements applicable under the Firm Transportation Service Agreements with NOVA, TransCanada and North Country in order to deliver the Quantities of Gas purchased and received herein at the Plant Delivery Point.

(c) Any fees assessed by governmental authorities, or customs brokers, and incurred by Seller, or Chevron Canada, with respect to the export from Canada or import to the United States of the Quantities of Gas purchased by Buyer hereunder.

8.3 Taxes: Except as provided in Paragraph 8.2(a) above, the price provided in Paragraph 8.1 above is inclusive of all production, severance, ad valorem or similar taxes levied on the production or transportation of the Gas prior to its delivery to or for the account of Buyer at the Plant Delivery Point, and all such taxes shall be borne and paid exclusively by Seller, or Chevron Canada; provided, however, that if state law requires Buyer to remit such taxes to the collecting authority, Buyer shall do so and deduct the taxes paid on Seller's behalf from payments otherwise due to Seller hereunder. The price does not include any federal, Indian, state, or local sales, use, consumption, or similar taxes which may now or hereafter be imposed on the transfer of title or possession of the Gas to or for the account of Buyer at the Plant Delivery Point, or on Buyer's subsequent use or disposition thereof. Any such taxes shall be paid by Buyer directly to the taxing



authority unless Seller is required by law to collect and remit such taxes, in which case Buyer shall reimburse Seller for all amounts so paid. If Buyer claims exemption from any such taxes, Buyer shall provide Seller in writing Buyer's tax exemption number or other appropriate documentation thereof. The price also does not include any federal or provincial sales taxes that may be assessed in Canada on account of Chevron Canada taking assignment from Georgia-Pacific of the TransCanada Firm Transportation Service Agreement or supplying the Gas to be delivered to Buyer hereunder. Seller shall pay, or cause Chevron Canada to pay, any such taxes directly to the taxing authority, and Buyer shall reimburse Seller for all amounts so paid. Seller shall use, or cause Chevron Canada to use, reasonable efforts to permissibly avoid the imposition or lessen the amount of any such taxes.

8.4 Price Basis: All prices and reimbursements provided in this Article VIII are payable in United States funds (US\$). Conversions shall be made where necessary from Canadian funds to United States funds by utilizing the conversion rates for the relevant Month as posted in the "Canadian Gas Price Reporter" in the table entitled "Monthly Canadian and U.S. natural gas price summary" referenced in Paragraph 8.1 hereinabove. With respect to reimbursements by Buyer to Seller hereunder, the relevant Month shall be the Month in which Seller, or Chevron Canada, paid in Canadian funds the item for which reimbursement is sought.

#### ARTICLE IX BILLINGS AND PAYMENTS

9.1 Invoices: Beginning with the Month of December 1997, Seller shall present and deliver to Buyer on or before the fifteenth (15th) Day of each Month ("Invoice Date") following a Month in which Gas is delivered hereunder or reimbursements are due hereunder ("Delivery Month") a statement showing the Quantities of Gas delivered at the Point of Delivery on each Day hereunder during such Delivery Month and the associated Quantities of Gas required to satisfy the fuel and/or shrinkage requirements of NOVA, TransCanada and North Country during such Delivery Month, the weighted heating value per Mcf or MCM as applicable of such Quantities of Gas, the demand and/or commodity charges incurred by Seller, or Chevron Canada, on the behalf of Buyer under each of the Firm Transportation Service Agreements with NOVA, TransCanada and North Country to transport such Quantities of Gas from the Field Delivery Point to the Plant Delivery Point, any reimbursements due Seller under Paragraphs 8.2 and 8.3 hereof, and the total amount payable in US\$ by Buyer therefor. To the extent Seller's statement includes any reimbursement for charges incurred by Seller, or Chevron Canada, under the Firm Transportation Service Agreements with NOVA, TransCanada or North Country, Seller shall include, if available, copies of the invoices received from NOVA, TransCanada or North Country supporting such charges. If copies of such invoices from NOVA, TransCanada or North Country are not available to be included with Seller's statement, Seller shall provide copies of such invoices to Buyer as soon as they become available.

9.2 Payment Due Date: Buyer shall make payment to Seller of the amount invoiced under Paragraph 9.1 above by check to be received by Seller at the address provided in Paragraph 15.4 hereof on or before the thirtieth (30th) Day of the Month following the Delivery Month when such billing statement is presented ("Due Date"). If the Invoice Date occurs after the fifteenth (15th) Day of the Month, then the time for payment shall be extended one Day for each Day such invoice is late.

9.3 Correction of Errors: In the event either Party determines that there is an error in the amount billed in any statement rendered by Seller, the error shall be adjusted within thirty (30) Days of a final determination of whether an error has occurred; provided, however, any claim therefor shall have been made within sixty (60) Days from the Day the error was determined. If the error resulted in an overcharge or undercharge and the bill has been paid, Seller shall refund the amount of the overcharge or Buyer shall pay the amount of the undercharge; provided, however, in no event shall either Party be liable to the other Party for errors determined to have occurred in any bill or statement that was originally issued more than two (2) years prior to the Day on which the error is subsequently determined to have occurred. Notwithstanding the foregoing, if the error involves a charge under the NOVA, TransCanada or North Country Firm Transportation Service Agreement and such Firm Transportation Service Agreement, including the related gas tariff, is inconsistent with the provisions of this Agreement with respect to the correction of such error, the terms of such Firm Transportation Service Agreement and gas tariff shall control with respect to the correction of such error.

9.4 Inspection of Books and Records: During the term of this Agreement, and for a period of two (2) years thereafter, each Party hereto, upon providing reasonable prior notice to the other Party, shall have the right during the normal business hours, in the offices of the Party being audited, to examine the books and records of the other Party to the extent necessary to verify the accuracy of any statement, charge, computation, or demand made pursuant to any of the provisions of this Agreement. All books of accounts and records of either Party relating to this Agreement, deliveries of Gas hereunder, and any amount due hereunder, shall be preserved for a period of at least two (2) years.

9.5 Failure to Pay: Should Buyer fail to pay all of the amount of any bill as herein provided when such amount is due, interest shall accrue on the unpaid portion of the bill, at a rate per annum equal to the lesser of (i) the prime rate of interest charged by Citibank, New York, on the date such payment is due, plus one percent in addition thereto, or (ii) the maximum rate permitted by law, and shall be payable on the date of payment. If such failure to pay continues for thirty (30) Days after payment is due, Seller, in addition to any other remedies it may have, may, upon written notice, immediately suspend further deliveries of Gas until such amount inclusive of interest is paid and if such failure to pay continues for thirty (30) additional Days, Seller may thereafter, upon thirty (30) Days written notice, terminate this Agreement. In the event Buyer raises a bona fide dispute with respect to an invoice submitted by Seller, Buyer shall timely pay Seller any portion of the invoice amount which is undisputed and if it is later determined that Buyer must pay an additional amount to Seller with respect to such invoice, then Buyer shall pay to Seller such additional amount with interest thereon at the interest rate set forth in the first sentence of this Paragraph 9.5. If Buyer raises a bona fide dispute with respect to an invoice submitted by Seller, and Buyer pays the amounts not in dispute with respect to such invoice, then Seller shall not be entitled to suspend further deliveries of Gas hereunder or terminate this Agreement until such dispute is resolved. Buyer and Seller shall promptly seek to resolve any invoice or payment disputes that may arise from time to time.

ARTICLE X  
QUALITY AND DELIVERY PRESSURE

10.1 Quality and Delivery Pressure: The quality and delivery pressure of the Gas sold, transported or delivered hereunder shall be as provided in the NOVA Firm Transportation Service Agreement and NOVA's gas tariff, the TransCanada Firm Transportation Service Agreement and TransCanada's gas tariff and the North Country Firm Transportation Service Agreement, as applicable.

ARTICLE XI  
EXPORT AND IMPORT AUTHORITY

11.1 Canadian Export Authority: Seller agrees to, or cause Chevron Canada to, apply for, prosecute its application with due diligence, and if successful in obtaining the requested authorization, use due diligence to maintain in effect an export license from the NEB, a removal permit from the Alberta regulatory authorities, and such other regulatory authorizations as are required in order to accomplish the export of the Gas to be sold and purchased hereunder.

11.2 United States Import Authority: Seller agrees to apply for, prosecute its application with due diligence, and if successful in obtaining the requested authorization, use due diligence to maintain in effect import authorization from the DOE and such other regulatory authorizations, including without limitation the requirements imposed by the United States Customs Service, as are required in order to accomplish the import of the Gas to be sold and purchased hereunder.

ARTICLE XII  
MEASUREMENT OF GAS

12.1 Measurement: The measurement of Gas sold, transported or delivered hereunder shall be as provided in the NOVA Firm Transportation Service Agreement and NOVA's gas tariff, the TransCanada Firm Transportation Service Agreement and TransCanada's gas tariff and the North Country Firm Transportation Service Agreement as applicable. Upon request by Buyer, Seller shall provide, or cause to be provided, to Buyer, if they can be reasonably obtained, copies of the records and charts from the measurement equipment utilized to make such measurements, together with calculations therefrom, for inspection and verification, subject to return within thirty (30) Days after receipt thereof.

ARTICLE XIII  
POSSESSION TITLE AND WARRANTY

13.1 Possession of Gas: As between the Parties hereto, Seller shall be deemed to be in control and possession of the Gas and responsible for any damage or injury caused thereby until such Gas shall have been delivered to the Plant Delivery Point, and Buyer shall be deemed to be in control and possession of the Gas and responsible for any damage or injury cause thereby after it receives the Gas at the Plant Delivery Point.

13.2 Title: Title to all Gas sold and purchased hereunder shall pass from Seller to Buyer at the Plant Delivery Point.

13.3 Warranty: Seller warrants that it will at the time of delivery have good title to all Gas delivered by it to Buyer hereunder, free and clear of all liens, encumbrances and claims whatsoever and that Seller will indemnify Buyer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to the said Gas or to royalties, taxes, license fees or charges thereon, which are applicable before the title to the said Gas passes to Buyer.

#### ARTICLE XIV FORCE MAJEURE

14.1 Event of Force Mature: In the event either Party is rendered unable by an event of force majeure wholly or in part to carry out its obligations under the provisions hereof, it is agreed that upon such Party giving written notice and full particulars of such event of force majeure to the other Party (as soon as reasonably possible after the occurrence of the cause relied on), then the obligations of the Party affected by such force majeure, other than the obligation to make payments then or thereafter due hereunder, shall be suspended to the extent affected by the event of force majeure, during the continuance of such inability so caused but for no longer period, and such event of force majeure shall, so far as possible, be remedied with all reasonable dispatch.

14.2 Definition of Force Majeure: The term "force majeure" as employed herein shall mean acts of God; acts of the public enemy; war; blockades; insurrections; strikes, lockouts, or other industrial disturbances; riots; disorders; epidemics; landslides; lightning; earthquakes; fires; storms or storm warnings; floods; washouts; arrests and restraints of government; civil disturbances; explosions; extraordinary breakage, failure, freezing, disruption or accident to machinery, equipment, lines of pipe, or facilities of production; partial or entire failure of wells; interruptions or curtailment in Firm Transportation Service on NOVA, TransCanada, or North Country whether or not a condition of force majeure is claimed under the applicable transporter's tariff or transportation agreement; interruptions by government or court orders or present and future valid orders of any regulatory body having proper jurisdiction; and other extraordinary events not within the control of the Parties that directly affects the ability of the claiming Party to perform its obligations hereunder. Neither Party shall invoke the provisions of force majeure for the purpose of attempting to avoid the obligations entered into in good faith between the Parties, for the purpose of gaining economic benefit not contemplated by the Parties or mitigating economic detriment not specifically addressed by the Parties hereto. Further, either Party shall have the right to audit any claim of the other and to contest such claim should the non-claiming Party believe the claimed event not to impair the performance by claimant of its obligations hereunder. The settlement of strikes or lockouts affecting either Party shall be entirely within the discretion of such Party, and the above requirement that any force majeure shall be remedied "with all reasonable dispatch" shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the affected Party hereto. If a force majeure event occurs and is claimed hereunder with respect to the wells, facilities of production or the transportation on NOVA, TransCanada or North Country as described above and such force majeure event prevents Seller, or Chevron Canada, from meeting all of its firm sales obligations, then Seller shall curtail, or cause Chevron Canada, to curtail completely all of its interruptible sales of gas and then, to the extent

necessary, to curtail on a pro rata basis all of its non-reserved dedicated contracts with firm sales customers at Empress based on each customer's maximum daily quantity.

## ARTICLE XV MISCELLANEOUS

15.1 Waivers: A waiver by either Party of a default in the performance of this Agreement shall not operate as a waiver of any future default, whether of a like or different kind.

15.2 Regulatory Jurisdiction: The Parties covenant to comply with, and this Agreement shall be subject to all valid laws, statutes, rules, regulations, orders or directives enacted or promulgated by any legislature, commission, regulatory body, agency or other governmental authority having jurisdiction in the premises.

15.3 Assignment: This Agreement may be assigned in whole or in part by either Party to an affiliate of such Party. Any other attempted assignment shall be void unless first consented to in writing by the nonassigning Party, which consent shall not be unreasonably withheld. Any assignment to an affiliate or otherwise shall not release the assignor of any of its obligations hereunder unless consented to in writing by the nonassigning Party.

15.4 Addresses of the Parties: Until otherwise advised in writing, notices shall be considered effective when delivered via overnight courier or facsimile at the appropriate address as follows:

### BUYER:

GEORGIA-PACIFIC CORPORATION  
327 Margaret Street  
Plattsburg, New York 12901  
Attention: Resident Manager  
Telephone: (518) 561-3500  
Telecopier: (518) 561-8339

### SELLER:

Notices & Nominations  
CHEVRON U.S.A. INC.  
c/o Chevron Canada Resources  
500 - Fifth Avenue S.W.  
Calgary, Alberta T2P 0L7  
Attention: Gas Supply Administrator  
Telephone: (403) 234-5836  
Telecopier: (403) 234-5355

Payments  
CHEVRON U.S.A. INC.  
FEIN: 25-0527925  
NationsBank  
Lock Box Department  
Fifth Floor (P.O. Box 840592)  
1401 Elm Street  
Dallas, Texas 75202

15.5 Priority: Notwithstanding anything that may be contained in this Agreement, if there is a conflict between the provisions of this Agreement and the NOVA, TransCanada, or North Country Firm Transportation Service Agreement, gas tariff or practices, the provisions of this Agreement shall control.

15.6 Titles of Articles and Paragraphs: This Agreement, for convenience only, has been divided into articles and paragraphs. It is understood that the rights, powers, privileges, duties and other legal relations of Buyer and Seller shall be determined from this Agreement as an entirety and without regard to the aforesaid division into articles and paragraphs.

15.7 Entirety: This Agreement contains the entire agreement between the Parties and there are no oral promises, agreements, or warranties affecting it. This Agreement may not be modified, altered or amended except in writing signed by the Party against whom it is to be enforced.

15.8 Choice of Law: The provisions of this Agreement shall be interpreted in accordance with the laws of the State of New York, excluding those provisions that would direct application of the laws of another jurisdiction.

15.9 Survival: Any provisions of this Agreement which are expressly or by implication to come into or remain in force following the termination or expiration of this Agreement shall survive such termination or expiration.

15.10 Confidentiality: Both Parties agree to keep the terms and conditions of this Agreement confidential except to the extent that disclosure of any information is required to be disclosed by any governmental, legislative or judicial authority.

15.11 Execution: This Agreement shall be executed by both Parties on the signature lines below.

15.12 Prior Agreement Superseded: This Agreement supersedes and replaces, as of the Effective Date hereof, that certain Gas Purchase and Sales Agreement dated November 1, 1993, as heretofore amended, between Seller (as assignee of Chevron Natural Gas Services, Inc.) and Buyer.

15.13 Conflict of Interest: No director, or employee, or agent of either Buyer or Seller shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Agreement. Any duly authorized representative of either party hereto may audit

the applicable records of the other party solely for the purpose of determining whether there has been compliance with this Paragraph 15.13.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple originals.

BUYER:

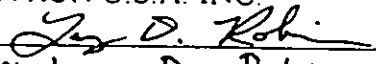
GEORGIA PACIFIC CORPORATION

By:   
Name: ~~Gerard R. Brandt~~ TOM NIX

Title: ~~Group Vice President~~ MILL MANAGER

SELLER:

CHEVRON U.S.A. INC.

By:  <sup>864</sup>  
Name: Larry D. Robison

Title: Manager, Midstream



October 14, 1998

Chevron U.S.A. Production Company  
1301 McKinney Street  
Houston, Texas 77010-3029  
Mail Address: P. O. Box 3725  
Houston, Texas 77253-3725

U. S. Department of Energy  
Office of Fossil Energy  
Office of Natural Gas & Petroleum  
Import and Export Activities  
FE-34, Room 3E-042  
1000 Independence Avenue, S.W.  
Washington, DC 20585  
Attention: Ms. Maureen Moore

John E. Dickinson  
Senior Counsel  
Law Department  
(713) 754-3406  
Fax (713) 754-3366

**CHEVRON U.S.A. INC.  
APPLICATION FOR AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA**

Ladies and Gentlemen:

Enclosed, in connection with the previously filed Application of Chevron U.S.A. Inc. for Authorization to Import Natural Gas from Canada, is Chevron's application fee check in the amount of \$50.00. We apologize for the inadvertent omission of the application fee with our initial filing.

Please call me at (713) 754-3406 if you have any questions regarding the application.

Sincerely,

A handwritten signature in cursive script that reads "John E. Dickinson".

John E. Dickinson



UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

DOE/FE  
OCT 30 1998

\_\_\_\_\_  
CHEVRON U.S.A. INC. )  
\_\_\_\_\_ )

FE DOCKET NO. 98-76-NG

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

DOE/FE ORDER NO. 1430

OCTOBER 30, 1998

## I. DESCRIPTION OF REQUEST

On October 14, 1998, Chevron U.S.A. Inc. (Chevron) 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 from Canada up to 1,500 thousand cubic feet (Mcf) of natural gas per day from November 1, 1997, through October 31, 2001. Chevron, a wholly-owned subsidiary of Chevron Corporation will be supplied the gas primarily by Chevron Canada Resources, another wholly-owned subsidiary of Chevron Corporation. Chevron will sell the gas to Georgia-Pacific Corporation (Georgia-Pacific) under the terms of an August 1988 natural gas purchase and sale agreement retroactive to November 1, 1997. Chevron has been utilizing its existing blanket authority to import these volumes since November 1997.<sup>2/</sup>

Chevron Canada has a firm transportation agreement with NOVA Corporation providing for 1,500 Mcf per day. Georgia-Pacific has firm transportation agreements with TransCanada PipeLines and North Country Gas Pipeline for delivery of the gas to its Plattsburg, New York, plant.

## II. FINDING

The application filed by Chevron 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

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1/ 15 U.S.C. § 717b.

2/ See DOE/FE Order Nos. 1160 and 1383, 1 FE ¶ 71,252 and 1 FE ¶ 71,559.

interest and must be granted without modification or delay. The authorization sought by Chevron 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:

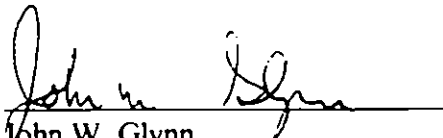
A. Chevron U.S.A. Inc. (Chevron) is authorized to import from Canada up to 1,500 thousand cubic feet per day of natural gas from November 1, 1997, through October 31, 2001. This natural gas may be imported from Canada at the pipeline connection of TransCanada PipeLines Limited and North Country Gas Pipeline near Champlain, New York (Napierville, Quebec) at the United States/ Canada border.

B. With respect to the natural gas imports authorized by this Order, Chevron shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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, Chevron 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, and paid to Chevron Canada Resources and other gas suppliers. The monthly price information shall itemize separately the monthly demand and commodity charges, and, if applicable, reservation fees.

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

D. The quarterly reports required by Ordering Paragraph B 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.

Issued in Washington, D.C., on October 30, 1998.

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