

Dec 6, 1991



STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION
STATE HOUSE STATION 17 AUGUSTA, MAINE 04333

DEPARTMENT ORDER

IN THE MATTER OF

BOWATER INCORPORATED, AND) WATER POLLUTION CONTROL
GREAT NORTHERN PAPER, INC.) NATURAL RESOURCES PROTECTION
MILLINOCKET, EAST MILLINOCKET, NASHVILLE) SITE LOCATION OF DEVELOPMENT
PLANTATION, MATTAWAMKEAG, PITTSTON) PROTECTION & IMPROVEMENT OF AIR
ACADEMY GRANT, AND T5, R11 WELS) MAINE WATERWAY DEVELOPMENT AND
PULP & PAPER, LUMBER MILL, SOLID WASTE,) CONSERVATION
HYDROPOWER, AND ASSOCIATED FACILITIES) SOLID WASTE
W-999999-22-B-T (Approval with Conditions)) WATER QUALITY CERTIFICATION
<i>L-16637-20-D-T (corrected)</i> <i>CORR</i>) LICENSE TRANSFERS

Pursuant to the provisions of 38 M.R.S.A. Sections 413 et seq., 480-A et seq., 481 et seq., 581 et seq., 630 et seq., and 1301 et seq.; Department Regulations promulgated pursuant to these laws, 06-096 CMR 1.11, Regulations for the Processing of Applications, (December 30, 1989), and Section 401 of the Federal Water Pollution Control Act, the Department of Environmental Protection has considered the application of BOWATER INCORPORATED and GREAT NORTHERN PAPER, INC., with its supportive data, agency review comments, and other related materials on file and FINDS THE FOLLOWING FACTS:

1. APPLICATION SUMMARY

- a. Application: The applicants have applied to transfer all Department licenses, license amendments, modifications, condition compliances, certifications, and other approvals held by Great Northern Nekoosa Corporation, a wholly-owned subsidiary of Georgia-Pacific Corporation ("GNN/GP"). These licenses pertain to a pulp and paper mill and associated facilities in Millinocket, a pulp and paper mill and associated facilities in East Millinocket, a lumber mill and associated facilities in Nashville Plantation, hydropower facilities located in Mattawamkeg, and Department Water Quality certifications associated with Land Use Regulation Commission licenses in Pittston Academy Grant and T5, R11 WELS; specifically including those listed in Appendix A.
- b. History: Great Northern Nekoosa Corporation ("GNN"), formerly Great Northern Paper Company, had an active history with the Department, holding numerous licenses for the facilities listed above. Georgia-Pacific Corporation ("GP") acquired 100% of the stock of GNN in June of 1990. GNN continues to exist as a wholly-owned subsidiary of GP. On December 6, 1991, prior to the issuance of this license, an after-the-fact license transfer was issued by the Department to cover the licenses listed in Appendix A, reflecting the change in ownership of the GNN stock.

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2) WATER POLLUTION CONTROL
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c. Summary of Proposal: GP and Bowater Incorporated ("Bowater") have entered into an agreement pursuant to which GNN/GP's Maine assets will be transferred to Great Northern Paper, Inc., a new corporation in which Bowater will have the controlling interest.

(1) The transaction will occur in the following manner:

(a) A new Delaware Corporation named Great Northern Paper, Inc. has been formed as a subsidiary of GNN/GP. The first step of the acquisition will involve the transfer, from GNN/GP to Great Northern Paper, Inc., of the pulp and paper mills and all associated facilities located in Millinocket and East Millinocket, certain dams and hydroelectric generating facilities that power these mills, the Pinkham Lumber Company and associated facilities located in Nashville Plantation, and approximately 2.1 million acres of associated GNN/GP timberlands.

(b) The second step of the acquisition will consist of Bowater's purchase of 80% of the outstanding common stock of Great Northern Paper, Inc. Step two will take place within only a few days of the transfer of GNN/GP's Maine assets to Great Northern Paper, Inc. Great Northern Paper, Inc. will then become a subsidiary of Bowater Incorporated.

(2) All licenses which are the subject of this license transfer will be held in the name of Great Northern Paper, Inc., a Subsidiary of Bowater Incorporated.

(3) The applicants have submitted the following information in support of the transfer request:

(a) Title, Right, or Interest: The applicants have submitted a summary of the "Stock Purchase Agreement Dated as of October 9, 1991 between Bowater Incorporated and Great Northern Nekoosa Corporation," which explains the terms of the stock acquisition by Bowater. The Department finds that this agreement provides sufficient title, right or interest for processing of the transfer application to take place.

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- 3) WATER POLLUTION CONTROL
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(b) Financial Capacity: The applicants have submitted a 1990 Annual Report for Bowater, Incorporated containing audited financial statements for the year ending December 31, 1991; a Securities and Exchange Commission form 10K for fiscal year ending December 31, 1991; and a Securities and Exchange Commission form 10Q for the quarterly period ending June 29, 1991. The Department finds that this information provides evidence that Bowater has the financial capacity to comply with the above-noted Department licenses, and applicable statutory and regulatory criteria.

(c) Technical Ability: Bowater's acquisition of the controlling interest in Great Northern Paper, Inc. will not result in any significant change in the corps of employees who operate pollution control equipment at the mills and power generation facilities. In general, the same personnel who managed the equipment and facilities for GNN/GP will manage and operate the equipment and facilities for Great Northern Paper, Inc., as a subsidiary of Bowater. Bowater itself operates pulp and paper mills in Calhoun, Tennessee; Catawba, South Carolina; and Liverpool, Nova Scotia, Canada. The company also operates two sawmills, one in Albertville, Alabama and the other in Oak Hill, Nova Scotia. The Department finds that this information provides sufficient evidence that the applicants has the technical ability to comply with the above-noted Department licenses, and applicable statutory and regulatory requirements.

2. SOLID WASTE FACILITY REQUIREMENTS

- a. In accordance with 06-096 CMR 400.4 (H)(1), General Provisions of the Solid Waste Management Rules (May 24, 1989), the applicants have provided a disclosure statement regarding any civil or criminal record of Bowater. This statement provides evidence that Bowater has had no felony convictions, criminal convictions of environmental laws, or adjudicated civil violations of environmental laws within the last ten years, nor are there any ongoing administrative enforcement action or court proceeding concerning environmental laws administered by the Board or the State. Regarding administrative consent agreements or consent decrees for violations of environmental laws, Bowater lists a notice of violation for a recovery boiler dissolving tank compliance stack test that exceeded permit limits for its plant in Calhoun Tennessee. This resulted in Bowater paying a civil penalty. There were some minor violations also listed which did not result in a consent agreement or decree nor the assessment of any penalties. The Department finds that the civil violations are not sufficient to warrant denial of the transfer of the solid waste facility licenses to the applicants.

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- 4) WATER POLLUTION CONTROL
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b. Capacity Needs: The applicants have stated that the Dolby III landfill will continue to be operated as it is at present to meet the disposal capacity needs of Great Northern Paper, Inc., and the towns of Millinocket, East Millinocket, and Medway.

BASED on the above Findings of Fact, the Department CONCLUDES that BOWATER INCORPORATED and GREAT NORTHERN PAPER, INC., have demonstrated the technical and financial capacity and ability to comply with the conditions of all Department licenses, license amendments, modifications, and condition compliances associated with the facilities described in the Findings above, specifically including those listed in Appendix A, and to satisfy all applicable statutory and regulatory criteria.

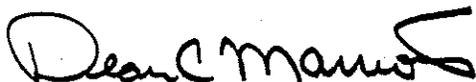
THEREFORE the Department APPROVES the above noted application of BOWATER INCORPORATED and GREAT NORTHERN PAPER, INC., SUBJECT TO THE FOLLOWING CONDITIONS and all applicable standards and regulations:

1. The applicants shall abide by the terms and conditions of all Department licenses associated with the facilities described in the Findings above, specifically including those listed in Appendix A.
2. This transfer of Department licenses shall not become effective until the applicants certify in writing to the Department that the transfer of GNN/GP assets to Great Northern Paper, Inc. and the subsequent purchase of 80% of Great Northern Paper, Inc. stock by Bowater Incorporated has occurred.

DONE AND DATED AT AUGUSTA, MAINE, THIS 6th DAY OF December, 1991.

DEPARTMENT OF ENVIRONMENTAL PROTECTION

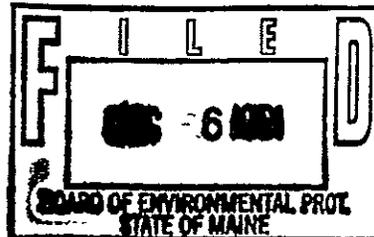
BY:



Dean C. Marriott, Commissioner

PLEASE NOTE ATTACHED SHEET FOR GUIDANCE ON APPEAL PROCEDURES

Date of initial receipt of application 11/05/91
Date application accepted for processing 11/25/91



Date filed with Board of Environmental Protection
(kj/bowater)