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VIA EMAIL – laura.pave@maine.gov

September 12, 2025

Laura Paye
Hydropower Coordinator
Maine Department of Environmental Protection
17 State House Station
Augusta, ME 04333

Re Town of Bucksport Comments in Bucksport Mill, LLC Petition for Release from Dam Ownership and Water Level Maintenance – Status of Town of Bucksport Resolve 2025-28 To Continue Exploring Ownership of Silver Lake Dam

Dear Ms. Paye:

I write as counsel for the Town of Bucksport (“the Town”) in response to the Department’s request for comments by September 12. The Town of Bucksport asked me to put these comments into writing for the Department.¹ These comments serve two purposes i) to update the Department on the Town’s work during the pendency of this petition to facilitate the transfer of the Silver Lake dam facilities to the Town, and ii) to comment on the dam owner’s inability to comply with the statutory process that it consult with and offer the dam(s) for transfer to other potential owners.

Summary of Town of Bucksport Comments

The Town would prefer to have control of the Silver Lake Dam along with the associated flowage and access rights. The Town observes that the current owner has sold off and liquidated most of the assets of the former Bucksport paper mill. As these matters go with closed mills in Maine, the Town is therefore extremely concerned the dam owner, Bucksport Mill, LLC (“BuckMill”), a limited liability company that only owns the limited remaining assets, will become functionally defunct with inadequate resources to maintain and provide the necessary capital to maintain the dam. The fact that the company is seeking to abandon three dams speaks for itself.

¹ The Town Manager, Jacob Gran, and former Town Manager, Susan Lessard can submit sworn testimony as necessary or as requested by the Department as to the factual statements herein. As this has been an administrative process to date, we have not prepared sworn testimony that would be required only in a formal adjudication.

The Town reasonably needs a release of the water supply rights sold by the dam owner to Bucksport Generation, LLC (“BuckGen”) and Whole Oceans, LLC (“Whole Oceans”) in 2019 to take ownership. The Town would maintain and operate the dam with those entities but cannot find itself beholden to BuckMill’s grantees, BuckGen and Whole Oceans, under the substantial water supply, maintenance, operations, and reporting encumbrances sold in 2019 by BuckMill to each of them. For that reason, the Town has been working diligently with other parties with an interest in the Silver Lake dam for almost a year now to put necessary arrangements in place.² Throughout this time, the Town has been in discussions and negotiations with BuckGen which has an interest in maintaining its current obligations from the dam owner and Maine Water Company (“Maine Water”) which owns the water system with Silver Lake as its water source. BuckGen and Maine Water have been negotiating with the Town in good faith. BuckGen has agreed to undertake certain dam inspection duties it is currently carrying out under an agreement with the dam owner. BuckGen’s letter memorializing that offer is attached as Attachment A to these comments.

That said, as explained below, BuckGen is not able to release the dam owner obligations— at this time—as the Town requested to facilitate the Town taking ownership.³ Unfortunately, the current owner did nothing to procure BuckGen’s agreement to a transfer and only at the end of August raised the issue with BuckGen. BuckMill, as the current dam owner, has not met its obligations, created in the 2019 easement from BuckMill to BuckGen to sell the mill property and assets. Exhibit C to the 2019 easement, which includes the applicable terms and conditions is attached as Attachment B. In short, as of a month ago, the Town finds itself stuck with BuckMill needing consent of BuckGen (and of Whole Oceans LLC) before any transfer of the dam assets can be made. There are multiple contractual and real estate rights created by BuckMill in its 2019 water supply commitments which it sold to BuckGen and Whole Oceans. Among the other encumbrances which BuckMill put in place, BuckMill gave those entities a unilateral right to agree to a transfer or assignment.

As stated, the Town wants to ensure the dam ownership does not become defunct.⁴ Silver Lake provides water to Maine Water to serve the Town, cooling water to BuckGen for its operations, and flood control to protect the Town and surrounding areas. Unfortunately, recent

² In addition to the Town of Bucksport, the Towns of Orland, Surry, Penobscot, and Blue Hill (collectively “the Towns”) each have an interest in the fate of the Silver Lake, Alamoosook Lake, and Toddy Pond Dams. BuckGen and Maine Water Company also have an interest in Silver Lake.

³ The Town has requested that BuckGen release the obligations put in place in 2019 by BuckMill. BuckGen informed the Town at the end of August it could not do so and had not even been contacted by BuckMill to initiate a discussion of transfer much less resolution of the obligations BuckMill made to BuckGen in 2019. BuckGen’s letter reinforces the Town’s concern regarding the expensive of the BuckMill obligations: “Because the Mill put these obligations in easement documents, which run with the land, the Town would automatically be subject to those obligations upon accepting voluntary transfer of the Silver Lake Dam and associated downstream infrastructure as part of the process the Mill initiated with the Department of Environmental Protection.” *See* Attachment A, BuckGen Letter to the Town of Bucksport dated September 8, 2025, p. 2.

⁴ It is common in the Town officials’ experience for an entity to become defunct yet maintain ownership of assets to exact additional value when other parties seek control of those assets, including governmental entities.

events, including BuckMill's extremely late request for BuckGen's consent to a transfer, have made it all but impossible to resolve issues related to BuckMill's obligations in time to allow the Town to put this issue on the November ballot.

The Town does not understand why BuckMill sought extremely late permission of BuckGen to transfer the dams. For reasons the Town does not understand, BuckMill waited until the end of August to initiate permission to transfer, despite having petitioned the Department in July and September of 2024 for permission to abandon—and asking the Towns to pass resolutions of interest in acquiring the dams in the Fall of 2024. As a result of its own grantor obligations, it appears that BuckMill may not have sufficient legal rights (as a matter of the deeded easements and contract rights it sold in 2019 to BuckGen and Whole Oceans) to comply with the dam abandonment process which specifies the dam owner seeking to abandon shall offer the dams for state and municipal ownership. In any case, BuckMill did not make a timely request of BuckGen (and we do not know of Whole Oceans) for permission to transfer ownership to the Towns. That tardiness by BuckMill in initiating permission to transfer discussions makes a Town vote in November on this dam transfer impossible given ballot preparation, printing, and absentee ballot availability requirements for a municipal election.

Beyond not obtaining permission to transfer the dam(s), the Petitioner, BuckMill, has also failed to comply with the statutory minimum requirements under the dam abandonment statute, 38 M.R.S. §§ 902, 903, 906, as set forth below. BuckMill's apparent noncompliance with the statutory process, which is effectively too late to remedy with this petition given the statutory time requirements, materially compromises the Town's ability (and rights under the statute) to take title to Silver Lake Dam and facilities as envisioned in the dam abandonment statute.

The Recent Sharing of the Facility Sharing Agreement

The Town has, of course, conducted a diligent review of the documents produced, including real estate documents produced by BuckMill in February and May and the recently shared Facility Sharing Agreement (the "Agreement") between BuckMill and BuckGen. These documents commit BuckMill, the owner of the dams and water system, to substantial and expensive commitments to BuckGen and Whole Oceans, LLC.

As a legal matter, the deeded rights, including two extensive easements granted separately to BuckGen and Whole Oceans would bind a subsequent owner of the dams (unless released, which the Town has been working on). On the other hand, it is less clear how the Agreement between BuckMill and BuckGen would impact subsequent owners. The Town's review of the Agreement, which includes additional restrictions and requirements beyond those in the easements with BuckGen and Whole Oceans, began less than two months ago when it was shared. The Town asked BuckMill for this document, referenced in both BuckMill's July and October Petitions, for nearly a year now. This Agreement was produced and filed in the record by BuckGen, rather than BuckMill, for reasons unclear to the Town.

The Impediment Encountered in August by the Town

The Town wants to take control of the Silver Lake Dam facilities and property rights in the process envisioned by the dam abandonment statute. With the newly shared Agreement and the two 2019 Buckmill granted easements, it has become clear that ownership of the Silver Lake dam is substantially encumbered. Resolution will clearly require direct engagement of BuckMill and BuckGen in resolving their mutual contracts and easements. In short, despite the Town's efforts over the last year to establish a structure for a clean transfer of the Silver Lake Dam as envisioned in the Dam Abandonment statute, it has become clear in the last month that zero preparation for such a transfer among those parties that sold and hold rights to the Fresh Water Supply System⁵ (of which the Silver Lake Dam facilities are a part) has occurred.

BuckGen informed the Town that it had not been approached by BuckMill asking for permission to transfer the dams. BuckGen and BuckMill have a substantial discussion on that apparently given that BuckMill may be viewed as reneging on its 2019 commitments to provide a water supply and maintain the Fresh Water Supply System including the three dams for BuckGen. BuckGen likewise informed the Town that it will not be able to consider releasing the Town as future potential dam owner of these obligations before reaching resolution with BuckMill. The agreements that the Town hoped to have in hand to take consideration of dam ownership to the Bucksport voters in November essentially were put on hold in August.

The Town Engagement with BuckMill and Bucksport Council Resolution Passed at BuckMill's Request

Despite the lack of consultation by BuckMill with the Town, the Town has engaged with BuckMill since it first filed its petition for dam abandonment through document requests and letter exchanges and review of information provided. As the Department is aware, after filing its first Petition for Release from Dam Ownership in July of 2024, which was deemed incomplete and returned to BuckMill, BuckMill filed its second Petition for Release from Dam Ownership and Water Level Maintenance on October 18, 2024, and the Petition was deemed complete by the DEP

⁵ According to the Easement from Bucksport Mill LLC to Bucksport Generation LLC dated May 21, 2019, at Book 6951, Page 698, "Fresh Water Supply System" means:

[T]he lakes and ponds, the dams, and all water control equipment and pumps and structures associated with the lakes and ponds included in the Easement Area, including the aqueducts, pipelines, pumps, filters, communication equipment, structures, and all facilities used or useful in connection with any of the foregoing; together with the infrastructure through and pursuant to which water is delivered from Silver Lake to the Mill Property over, across and through the Easement Area, including without limitation an intake structure situated in Silver Lake, a pipeline running from Silver Lake to the Mill Property and a filter house, together with such water control equipment and structures associated with such intake, pipeline and filter house and all aqueducts, pipelines, pumps, filters, communication equipment, structures, overhead electric lines and poles, and all facilities used or useful in connection with the delivery of water from Silver Lake to the Mill Property.

on November 1, 2024. The Town requested information from BuckMill on November 6, 2024. Counsel for BuckMill responded on November 18, 2024, stating that the Town “would be required to show an expression of interest” from the Town legislative body before it would provide information requested by the Town. While BuckMill put a limitation on its willingness to share information, at that point requested twice, including the Facility Sharing Agreement that was only shared recently, the Town complied by passing a Town resolution less than one month later. On December 12, 2024, the Town Council passed Resolve 2025-28, To Continue Exploring Ownership of Silver Lake Dam.

In Resolve 2025-28, the Town of Bucksport’s Town Council formally expressed the Town’s interest in entering into discussions with BuckMill and AIM entities to transfer to the Town some or all of the dam facilities on and related to Silver Lake and located in the Town of Bucksport. Even before Resolve 2025-28 was adopted by the Town Council, the Town worked diligently to gain access to necessary information to conduct a thorough due diligence review of ownership of the Silver Lake dam facility. The information first requested in in November 2024 and then again in December 2024 was partially provided on February 21, 2025, with a third request in March of 2025 and subsequent response May 2, 2025, and eventually in late July of 2025 for the Joint Facilities Sharing Agreement. The Town has undertaken everything within its power to accomplish the goals established in Resolve 2025-28 and intends to put in place arrangements to take ownership of the Silver Lake dam facilities clear of the encumbrances by the dam owner.

At the public meeting held by BuckMill on November 14, 2024, the Town in its public comments requested directly of BuckMill that the Town have consultation(s) with BuckMill. BuckMill’s consultant presentation stated in his November 14 presentation that consultations will occur in this process. Yet, no consultations with the Town of Bucksport pursuant to 38 M.R.S. § 903(3)(C) have occurred. BuckMill has neither consulted with the Town nor offered the Silver Lake Dam or any portion of BuckMill’s Freshwater System to the Town.

The Still Incomplete Picture of Dam Transfer Requirements and Ownership

From the still incomplete picture taking shape from the information provided, one thing is clear—the Town is only one of multiple parties with an interest in the security of the Silver Lake dam. These other parties have been granted substantial rights by BuckMill that are firmly anchored in the chain of title. While BuckMill retains fee title to the Fresh Water Supply System, BuckMill has conveyed extensive water rights, *for consideration paid*, to Whole Oceans, LLC and BuckGen. Although Whole Oceans, LLC provided notice that it will not continue to pay BuckMill for rights to the Water System, both Whole Oceans, LLC and BuckGen retain significant easement rights to the Fresh Water Supply System and to operation and maintenance by the dam owner. These rights granted by BuckMill in 2019 require BuckMill to provide access to millions of gallons of fresh water supply, to undertake dam operations and maintenance, dam and piping inspections, engineering reports on the dam, filter house, pumps and piping upkeep, and capital budget reports among other obligations BuckMill acquired from the former paper mill owner in 2016 when it sold

off properties and equipment to both Whole Oceans, LLC and BuckGen in 2019 as part of its liquidation process.

Here is the picture that emerged from the Town's due diligence: The rights and obligations to the Fresh Water Supply System of both purchasing entities—which both require a fresh water supply—are set forth in the separate May 21, 2019,⁶ easements from BuckMill to Whole Oceans,⁷ and from BuckMill to BuckGen. *See* Hancock County Registry of Deeds Book 6951, Page 556 and Book 6951, Page 693, respectively. These easements were granted by BuckMill for substantial consideration paid by Whole Oceans and BuckGen. The water supply was part of the deal of the BuckGen gas-fired electrical generation facility and by Whole Oceans for an aquaculture facility. BuckMill guaranteed access to a water supply and commitments to operate the Fresh Water System to induce Whole Oceans and BuckGen to pay substantial amounts to BuckMill for these assets.

The Town requested that BuckMill produce title summaries, title abstracts, and BuckMill's chain of title back through prior owners or purchasers. None have been produced.

Brief Comments on Easements granted by BuckMill to BuckGen and/or Whole Oceans, LLC

The Town appreciates that adjudication of real estate rights is a DEP purview. That said, this case is unique because the petitioner has sold off its rights to comply with the dam abandonment statute. Specifically, the petitioner has sold deeded service guarantees and contract guarantees to maintain and operate the dam(s). These service guarantees, sold in 2019 to BuckGen and Whole Oceans, substantially encumber the dam(s) with hundreds of thousands and eventually millions of dollars of obligations that would flow to any subsequent owner. Further, the petitioner literally sold off the right to transfer the dams as well. To the extent these issues are of concern to the Department, we briefly comment on the deeded service guarantees the petitioner sold in 2019.

The commitments which BuckMill make to provide access to millions of gallons of fresh water, and to operate and maintain the dam, piping and water system to its buyers BuckGen and Whole Oceans, LLC are of substantial concern to the Town. These extensive requirements are far beyond typical access easements and provide extensive commitments by BuckMill that would, if not released prior to transfer, encumber the Town as subsequent dam owners with hundreds of

⁶ The easements were granted pursuant to earlier Amended Plan of Reorganization Dated March 22, 2016, filed as Document 120 in the United States Bankruptcy Court, District of Maine, in Case No. 15-10802. *Id.* Exhibit A describes the easement over the Fresh Water Supply System, Book 6951, Pages 696-700, Exhibit B describes the easement areas, Book 6951, Pages 701-22, and Exhibit C details the terms and conditions applicable to the water transmission easement, water easement, and access easement, Book 6951, Pages 723-40.

⁷ On May 21, 2019, BuckMill granted to Whole Oceans, LLC, certain real property and easements, including water use rights to the Fresh Water Supply System, via quitclaim deed and covenants. Hancock County Registry of Deeds Book 6951, Page 556. Later, on March 27, 2023, Whole Oceans, LLC, released its easements over the Fresh Water Supply System back to BuckMill by release deed. Hancock County Registry of Deeds Book 7275, Page 502. Pursuant to Book 6951, Page 608, Exhibit C, Section 11, Termination: "Upon the recording of [the] release, Grantee shall have no further rights with respect to the Easements and no further rights or obligations under this Exhibit C, except as set forth in this Section 11. No such release shall affect any other rights of Grantee in any other property or rights conveyed to Grantee in this Deed." (Book 6951, Page 608) Thus, as of the filing of the March 27, 2023, release, Whole Oceans, LLC no longer has any rights with respect to the Fresh Water Supply System Easement.

thousands of dollars of obligations of costs to BuckMill's buyers-grantees, BuckGen and Whole Oceans.

The most relevant provisions implicating dam owner grants of rights, burdens, and liabilities to its buyer-grantees BuckGen and Whole Oceans, LLC in Exhibit A are as follows:⁸

Non-exclusive perpetual rights and easements in and to the "Fresh Water Supply System" . . . and in and to the "Easement Areas" . . . , for the following purposes:

- (1) for the transmission of water in, over, and through the Fresh Water Supply System situated within the Easement Areas (the "Water Transmission Easement"); and
- (2) to draw, take, use, and divert water in, over, from and through the Fresh Water Supply System and Easement Areas for the operation of Grantee's business and activities located on, and directly related to and supporting its operation at the [Grantee Parcel"] (as defined herein) and for no other purpose (the "Water Use Easement")

Book 6951, Page 696. These rights are later divided in terms of millions of gallons of water per day that each buyer-grantee may take.

Pursuant to Section 2 of Exhibit A to the Easement, BuckMill created and obligated itself to the following rights granted as part of its sale for BuckMill to operate and maintain the Fresh Water Supply System and the Easement Areas:

- (a) perpetual, non-exclusive right to use the Easement Areas for all purposes that do not unreasonably interfere with the exercise of the rights granted herein to Grantee [BuckGen and Whole Oceans]. In the event that the Grantor [BuckMill] shall grant rights to third parties within the Easement Area, such rights shall be subject to the rights granted to Grantee [BuckGen and Whole Oceans] herein.
- (b) Grantor [BuckMill] reserves fee title in and to the Fresh Water Supply System, and the right to use the Fresh Water Supply System together with Grantee [BuckGen and Whole Oceans] and others entitled to use the same, together with the rights to convey these rights and easements to other parties, subject to the rights granted to Grantee [BuckGen and Whole Oceans] herein and further subject to the limitations set forth in this Easement.
- (c) Grantor [BuckMill] reserves the exclusive right to operate, manage, control, patrol, monitor, maintain, repair, replace, improve and expand the Fresh Water Supply System, except as otherwise provided in this Easement.

⁸ Note that the language in the respective easements to Whole Oceans and BuckGen (Book 6951, Page 556 and Book 6951, Page 693) are substantially similar. Where the language varies between the two documents, such variations will be noted. Otherwise, quotations provided in this document are identical or substantially similar in the respective documents.

- (d) Grantor [BuckMill] reserves the right to relocate, at its sole cost and expense, any portion(s) of the Fresh Water Supply System so long as the Easements continue in full force and effect as to the relocation and so long as there is no interruption of the availability of Water for the Fresh Water Supply System. Once any such relocation is complete, the parties agree to execute and deliver, and record in the Registry of Deeds, such reasonable instruments as may be necessary or requested terminating the Easements as to the pre-relocation area, and granting the Easements as to the post-relocation area, all in form and substance reasonably acceptable to Grantor and Grantee.

Book 6951, Page 699; Book 6951, Page 569. In short, BuckMill's 2019 sold easements specify that BuckMill as dam owner will operate, manage, control, patrol, monitor, maintain, repair, replace, improve, and expand these dams as part of the Fresh Water Supply System. Lest there be any confusion, it is clear that these obligations were created by BuckMill essentially with itself—in its own creation of an affiliated entity, BuckGen, which it was preparing to and did sell off and is now owned by JERA Americas. BuckMill personnel signed these 2019 documents for both BuckMill and BuckGen (on both sides of the creation of BuckGen) setting up the rights and obligations to a water supply operated and maintained by BuckMill as part of its preparation to sell BuckGen in 2019.

Exhibit C (included as Attachment B) to this easement is a critical document, again entirely created by BuckMill with its own affiliate BuckGen that it later sold. Exhibit C contains the terms and BuckMill's legal commitments applicable to the water transmission easement, water easement, and access easement. In a provision now paramount in the Town's review is BuckMill's obligation granted to BuckGen to provide water:

Section 4. Obligation to Provide Water. Subject to the terms and conditions set forth in this Easement, Grantor hereby agrees . . . that Grantor [BuckMill] shall provide Water to Grantee from the Fresh Water Supply System.

Book 6951, Page 726-727. First, as noted above, this obligation of the owner of the Silver Lake dam (and other dams) is in the easement in chain of title bind a subsequent owner together with additional obligations described below. A separate deed gives Whole Oceans the right to withdraw up to 8 million gallons per day.⁹

Second, in Exhibit C, the Grantor, BuckMill, also created another set of at least three separate obligations upon itself as dam owner related to engineering assessment, reports, and plans related to the Silver Lake dam. Of these three, engineering assessment, reports, and plans obligations:

- Every three (3) years BuckMill committed to engage a qualified third-party engineer to assess and provide a written evaluation of the condition of both the Downstream Infrastructure and Upstream Water System, and to make recommendations for required maintenance and capital repairs and/or replacements.

⁹ Whole Oceans has "the right to withdraw Water from the Fresh Water Supply System," but only up to 8 MGD. Book 6951, Pages 599-601 (PDF pages 332-334).

- Grantor BuckMill also obligated itself to provide preventative maintenance and capital repairs and/or replacement recommendations that in the professional opinion of the engineer are reasonably required in order to provide for the reliable delivery of water to BuckGen.
- Grantor, BuckMill, likewise created an obligation on itself to be responsible for preparing and delivering to BuckGen a maintenance and anticipated capital repair plan and budget.

See Book 6951, Pages 728-31; Book 6951, Pages 302-04. Third, termination is addressed in Section 9 of Exhibit C, provides in Grantor BuckMill's Covenants, as attached, restrict BuckMill from terminating the obligations it created upon itself unless they become legally impractical or illegal. Book 6951, Page 731-732. Section 11 of Exhibit C in the easement from BuckMill to BuckGen outlines the only avenue for termination of the Easement:

This Easement may be terminated by Grantor or Grantee if any in [sic] change in law, regulations or ordinances or any taking or other connection takes place that would make it legally or physically impracticable on a permanent basis for Grantor to comply with its obligations under this Easement; provided that in such event, Grantor shall comply with this Easement for so long as, and to the extent, legally permitted to do so or is physically able to do so, as applicable. If any such law, regulation or ordinance, or if any condemnation causes a non-permanent disruption of Grantor's ability to comply with its obligations hereunder, those obligations of Grantor rendered illegal or physically impractical shall be suspended during disruption, but Grantor shall comply with those obligations hereunder that are not so interrupted and shall use its good faith efforts to minimize any disruption and to commence any interrupted obligations as soon as legally able or physically practicable to do so, provided that in no event shall Grantor be obligated to expend any funds in such effort or commence a lawsuit. Grantee shall have the right to challenge any such change in law, regulation or ordinances or condemnation within ninety (90) days; within which period, and for so long as Grantee is diligently and in good faith pursuing such challenge, Grantor shall have no right to terminate this Easement pursuant to this Section 11.

Book 6951, Page 732-733. Notably, the Town observes that BuckMill appears to be attempting to use the DEP dam abandonment process to terminate its own obligations created upon itself to make the asset they sold attractive in 2019. BuckMill then argues under this provision that the DEP Order voids their obligations sold in 2019 to terminate its obligations. Unfortunately, since the obligations are in the chain of title, any subsequent owner would take ownership subject to these commitments by BuckMill to BuckGen and Whole Oceans.

Assignment is addressed in Subsection (a) of the Miscellaneous provisions of Section 15, and contains limitations on the assignment of rights under the Easement, which are included, in relevant part, below, and attached in full.

(a) The rights and obligations under the Easements touch and concern the land and shall constitute covenants running with the Easement Areas and Grantee Parcel and shall inure to the benefit of and be binding upon Grantor, and any successor to or assignee of Grantor's interests in the Easement Areas (Grantor and such successors and assigns, the "Easement Areas Owner") and Grantee and its successors and assigns, provided that, except as provided herein, Grantee will not assign any of its rights under the Easements in whole or in part or delegate any of its duties under this Easement to any third party without the prior written consent of the then current Easement Areas Owner, which consent shall not be unreasonably withheld, conditioned or delayed, *and provided further that Grantor may not assign or otherwise convey to any other party, other than to any party controlling, controlled by or under common control with Grantor in any manner any of its rights and/or obligations in the Easement Areas or under this Easement without first offering to assign such rights and obligations to Grantor in consideration of one dollar. Upon any change of control of Grantor, Grantee shall have the right to require Grantor to assign all of its rights and interest under this Easement to Grantee in consideration of one dollar.* Any such assignment from Grantor to Grantee shall be in form and substance reasonably satisfactory to Grantee, and shall expressly include an assumption by Grantee of all of Grantor's obligations hereunder Any assignment or delegation in violation of this Section will be void and of no force and effect. . . .

Book 6951, Page 736-738 (emphasis added). Grantee BuckGen's and Whole Oceans purchase rights are set forth¹⁰ in the easement. But again, only recently, at the end of August, was the Town

¹⁰ Grantee's Purchase rights are specified in Section 16.

(a) In the event that Grantor elects to sell all or any portion of the Fresh Water Supply System that is not an Excluded Transfer under Section 16(c), Grantor agrees that it will provide Grantee written notice of such election or proposed sale and (i) Grantee shall have a ninety (90) day option to purchase the Fresh Water Supply System for one dollar, such ninety (90) day period to commence upon receipt of such written notice, and (ii) if Grantee does not exercise such purchase option within such 90-day period, it shall have waived any right to purchase the Fresh Water Supply System under this Section 16(a) and the provisions of Section 16(b) shall apply. If Grantee does acquire the Fresh Water Supply System as provided herein, Whole Ocean's right to purchase the Fresh Water Supply System as provided in this Section 16(b) shall continue after such acquisition.

. . . .

(c) The right to purchase granted hereunder to Grantee shall not apply to the sale or transfer (an "Excluded Transfer") to any entity that controls, is controlled by or is under common control with Grantor, provided that such transfer is for no consideration, other than for receipt of stock or membership interests in such entity; provided, however, that the purchase rights of Grantee granted in this Section 16 shall continue in effect following any Excluded Transfer and shall bind any transferee in such Excluded Transfer.

(d) If Grantee timely elects to purchase the Fresh Water Supply System, or so much thereof as is being offered for sale, the parties shall be bound to close such transaction and the closing of title shall take place on the business day that is at least 45 days after the date the Acceptance Notice is given. The closing shall be held at such time or place as the parties may mutually agree. At the closing, Grantor shall convey the Fresh Water Supply System to Grantee in accordance with the terms and conditions set forth in the Offer Notice and Grantee shall pay to Grantor the purchase price as set forth in the Offer Notice.

informed in negotiations that the water system is so substantially encumbered by BuckMill's multiple cross obligations that BuckGen cannot consider agreeing to a future release of the Town of *any* portion of the system without BuckMill sorting out its obligations granted to BuckGen and Whole Oceans first.

The Facility Sharing Agreement Reinforces the Easement Restrictions Against Transfer and Dam Owner Obligations

The Town gained additional clarity on BuckMill and BuckGen's shared rights over the Fresh Water Supply Agreement when it finally received the Facility Sharing Agreement (the "Agreement") between the two entities—a document which has been referenced and requested since the beginning of this dam abandonment processes first filing in July of 2024, but was only shared less than two months ago. In addition to the first right of refusal BuckGen retains under the May 21, 2019, easement, BuckMill cannot "sell, transfer or otherwise dispose of all or any portion of the equipment or rights subject to the [Agreement], or take any other action that interferes with [BuckGen's] rights . . . , without the express written consent of [BuckGen]." *See* Facility Sharing Agreement, p. 7. In other words, under both the May 21, 2019, easement and the Agreement, BuckGen must grant its approval to transfer any dam as part of the dam abandonment process.

BuckMill's Late Request Seeking Permission to Transfer Effectively Denies the Town the Ability to Put a Dam Transfer on the November Ballot and is Inconsistent with the Statutory Consultation Requirements

At the end of August, it came to the Town's attention that, nearly a full year after filing its initial petition to abandon the Silver Lake, Alamoosook Lake, and Toddy Pond Dams, BuckMill has only then sought consent from BuckGen to release BuckMill to transfer these dams to the Towns. That notice is extremely late in the process as it implicates a substantial discussion of BuckMill's obligations under the May 21, 2019, easement and the Agreement between the two entities. This late request effectively means that the Town will not get answers on taking the dams clear of the substantial BuckMill encumbrances any time soon.

Effectively, BuckMill's delay in opening discussion with BuckGen did and does not allow the Town to have answers within a reasonable amount of time to conduct a vote on the November ballot,¹¹ much less conduct proper due diligence to determine whether the Town Manager and

(d) [sic] Any sale of the Fresh Water Supply System, whether to Grantee under this Section 16, to Whole Oceans or to a third party, shall be subject to documentation reasonably satisfactory to Grantee that its rights and obligations with respect to the Fresh Water Supply System and this Easement will continue uninterrupted as set forth herein.

Book 6951, Page 738-740.

¹¹ Municipal ballots must be printed in time to send out absentee ballots consistent with Maine state election laws. This effectively imposes a practical municipal deadline on the Town Council of voting on issues to be placed on the November ballot by end of August or the very beginning of November. There is no longer sufficient time this year for such a vote which as recently as early August the Town of Bucksport planned to take.

Council can recommend to voters that the Town assume ownership of all or a portion of the Fresh Water Supply System that serves Silver Lake.

The deadline according to statute for the Department to deny the BuckMill petition of October 13, 2025, by the Town's calculation is approaching, and the Town is extremely frustrated that BuckMill neither shared the Agreement at all (BuckGen did) and then apparently did not initiate communications with BuckGen until the end of August, 11 months after its second petition and 13 months after BuckMill's first petition. The consultation requirements of the statute requiring a petitioner to consult with interested parties to seek other owners are entirely defeated by BuckMill's late notice to BuckGen. BuckMill is not engaging in consultations to seek alternative ownership so far as the Town can discern from BuckMill's actions with the Town, BuckGen and other parties interested in the Silver Lake dam. 38 M.R.S. §§ 902, 903, 906

While the Town wants to assume ownership of the Silver Lake Dam facilities, it cannot without BuckMill first receiving written consent from BuckGen for the transfer. Pursuant to 38 M.R.S. § 902(4-A), BuckMill only has until October 13, 2025, to file a report with the DEP with the results of its consultation and whether a new owner has been located, yet no consultations with the Town have occurred despite the Town's explicit request at the November 14 public meeting and BuckMill's consultant slide stating those consultations will occur (as the statute requires).

BuckMill has not undertaken the rudimentary and basic steps to gain permission to transfer, much less release, the obligations it created in 2019 (it only at the end of August asked BuckGen for permission to transfer, which permission BuckGen apparently for good reason is not going to grant because BuckGen is owed substantial water supply and dam maintenance obligations by BuckMill). We understand from BuckGen that it intends to negotiate with BuckMill, which discussion had not begun at the end of August.

The way the Town reads the easements and Agreement, BuckMill must determine whether BuckGen is interested in taking ownership. Then, if not, and the letter from BuckGen attached indicates not, as the Town reads the Dam Abandonment statute, prior to October 2025, BuckMill must consult directly with the Town and other possible owners, which may assume ownership of the Silver Lake Dam facilities for no compensation. *See* 38 M.R.S. § 902(5)(B). The Town is extremely frustrated at this circumstance where it cannot take ownership subject to the existing encumbrances on the Silver Lake Dam¹² and BuckMill has not initiated transfer negotiations, yet BuckMill has also done nothing other than send an extremely tardy letter to BuckGen seeking permission to transfer.

¹² As BuckGen observed in its letter to BuckGen earlier this week, "Because the Mill put these obligations in easement documents, which run with the land, the Town would automatically be subject to those obligations upon accepting voluntary transfer of the Silver Lake Dam and associated downstream infrastructure as part of the process the Mill initiated with the Department of Environmental Protection." Unless these encumbrances are cleaned up by BuckMill or released by the BuckMill grantees, the Town cannot reasonably accept the dam subject to such obligations to BuckGen put in place in 2019.

Having intended to have an arrangement in place to allow the Town to acquire the Silver Lake dam to go to vote this November, the Town is extremely frustrated at the circumstances it finds itself in with late provided documents, late provided notice, no consultation, and a highly encumbered set of dam assets which need releases to satisfy the conveyance requirement of 38 M.R.S. § 902(5)(B). The Town has no way of requiring these other parties to facilitate discussions leading to a reasonable outcome. But the Town is convinced a reasonable outcome is easily obtainable with adequate diligence.

Conclusion

It is evident that BuckMill cannot move forward without BuckGen's and likely Whole Ocean's consent to allow transfer of the dam(s). The Town does not know why BuckMill has not consulted with the Town as the Town requested. It may be that consultation has not occurred because BuckMill cannot transfer the dam or portions of the water system—we do not know, but the situation is apparently inconsistent with the statutory expectations that the dam(s) be offered to state agencies and other interested parties including municipal host communities. 38 M.R.S. §§ 902, 903, 906.

It is also evident that the Town cannot move forward with a Town vote until BuckMill obtains permission to transfer and until the grants of water supply obligations and commitments to operate and maintain the dam and provide specific reports to BuckGen are released or agreed upon between BuckMill and BuckGen and likely Whole Oceans as well. The Town's point is not that the DEP needs to be involved in the negotiations on permission to transfer, release of rights, and transfer of the dams leading to BuckGen's and Whole Oceans agreement to allow a transfer. That is not a DEP concern in our experience. What is a DEP concern is that BuckMill has already deeded away its right to transfer the dam(s), BuckMill has been extremely tardy in seeking permission to transfer so it is still bound, BuckMill has not provided all documents requested in a timely manner, BuckMill has received substantial consideration by selling its own obligation (its own services) to maintain these dams which would be transferred to subsequent owners per deed restrictions, and BuckMill has not conducted the statutory minimal consultations to determine if another owner can be located. 38 M.R.S. §§ 902, 903, 906.

BuckMill's tardiness and lack of consultation aimed at solving a set of circumstances that it has largely created in its 2019 transactions now creates a situation where the Town has been unable to take advantage of the apparent statutory right to receive ownership under the Dam Abandonment statute process. 38 M.R.S. §§ 902, 903, 906. The Town is frustrated and nonetheless hopes to find a path forward working with BuckMill, BuckGen, and other interested parties to transfer ownership of the Silver Lake dam pursuant to the statutory scheme with the obligations BuckMill sold off to BuckGen in 2019 released.

On the issue of the obligations with BuckMill imposed on itself in spinning off BuckGen and then sold, the Town questions whether selling off substantial obligations to supply water,

maintain and operate the dams and piping, and provide reports, disqualify the dam owner from utilizing the dam abandonment process. The dam abandonment statute presupposes that the dam owner is obliged to offer the dams to the state agencies (MEMA and DIFW) and to the municipal hosts for no consideration (other than perhaps transfer costs such as recording fees). Selling these rights beforehand to other entities and then offering a highly encumbered dam to the state or municipal host does not appear consistent with the statutory requirements that the dam be offered for no consideration. The Town's perspective is that BuckMill needs to unwind the commitments it sold off to maintain and operate the dams before it moves through the dam abandonment process. In short, this complex set of circumstances is entirely of BuckMill's creation. BuckMill can resolve it but instead tried to end run its deeded, contractual, and statutory obligations by asking DEP for an abandonment Order.

As of the end of August, it has become clear that the Town is effectively blocked from moving through the statutory process to assume ownership of the Silver Lake dam facilities. This blockage is as a result of the obligations BuckMill created in 2019 and has not resolved to any degree. Once obligations to maintain and operate the dam are released, the Town, together with support from BuckGen and Maine Water, will gladly move forward the statutory process to accept ownership of the Silver Lake dam facilities. In any event, it is clear BuckMill does not at this point even have legal ability to transfer the dam.

Sincerely,



David Littell

cc: Commissioner Melanie Loyzim
Maine Assistant Attorney General Jack Dafoe
Maine Assistant Attorney General Scott Boak
Bucksport Town Manager Jacob Gran
Former Bucksport Town Manager Susan Lessard
Attorney Katherine Joyce
Attorney Joanna Brown Tourangeau
Attorney Russell B. Pierce

ATTACHMENT A

JERA Americas Inc.
1000 Main Street, Suite 3100
Houston, TX 77002



September 8, 2025

By electronic mail only.

Mr. Jacob Gran
Town Manager
Ms. Sue Lessard
Bucksport Town Office
50 Main Street
Bucksport, ME 04416

Re: Silver Lake Dam and Downstream Infrastructure – Collaboration and Continuity

Dear Town Manager Gran and Ms. Lessard:

Bucksport Generation LLC (“BucksGen”) appreciates the Town of Bucksport’s active engagement in the consultation process initiated by Bucksport Mill LLC’s (“Mill”) petition to the Maine Department of Environmental Protection (“DEP”) for release from ownership of the Silver Lake, Alamoosook Lake and Toddy Pond dams and associated downstream infrastructure under 38 M.R.S. § 901 *et seq.*

As the Town considers assuming ownership of the Silver Lake Dam and associated downstream infrastructure—to ensure the continuation of commercial activity and, more importantly, to safeguard the public water supply and mitigate flooding risk—BucksGen wishes to express its interest in collaborating constructively with the Town in support of this potential transfer of ownership.

BucksGen’s rights and responsibilities regarding the Silver Lake Dam and associated downstream infrastructure are currently governed by three agreements. Notably, the Mill itself created these documented agreements when it spun off BucksGen and they were signed by a single Mill employee on behalf of the Mill and BucksGen before the generation assets were sold. They are the following:

- The **May 21, 2019, Water Easement** granted by the Mill to BucksGen (to which Whole Oceans is also a party),
- The **May 21, 2019, Release and Cross Easement and Indenture** (also involving Whole Oceans), and
- The **October 23, 2019, Amended Facilities Sharing Agreement** between the Mill and BucksGen.

BucksGen supports Town ownership of the Silver Lake Dam and associated downstream infrastructure in a manner that preserves BucksGen’s status quo rights regarding water quantity, quality and costs. To support the Town in this endeavor, BucksGen is committed to the resolution of the Mill’s and Whole Ocean’s obligations, pursuant to the documents listed above.

When the Mill liquidated the generation assets it took on the obligation to not just provide BucksGen water but also responsibility for all operations, maintenance, and capital improvements to the Silver Lake Dam and associated downstream infrastructure. Because the Mill put these obligations in easement documents, which run with the land, the Town would automatically be subject to those obligations upon accepting voluntary transfer of the Silver Lake Dam and associated downstream infrastructure as part of the process the Mill initiated with the Department of Environmental Protection.

BucksGen is prepared to continue performing operations and maintenance activities and to cover associated expenses, in each case, in a manner consistent with the current agreement with the Mill as related to the Silver Lake Dam and associated downstream infrastructure. Under the Amended Facilities Sharing Agreement, which does not run with the land, BucksGen's financial or in-kind services contribution is capped at \$50,000.

This approach would preserve continuity and reliability of service for the parties relying on the water supply from the Silver Lake Dam and downstream infrastructure. Implementation of this approach would require additional time for review, coordination across multiple stakeholders, and formal approvals.

Importantly, BucksGen cannot assume ownership of the downstream infrastructure as defined under the Water Easement, because BucksGen is a regulated wholesale generator and is legally prohibited from providing water utility services to any entity other than itself.

We remain committed to supporting a smooth transition in ownership of the Silver Lake Dam and associated downstream infrastructure and ensuring that the interests of all stakeholders are respected and protected.

Thank you for your continued leadership and consideration.

Sincerely,

Signed by:

09D1E6045A02493...
Randolph Bell
Vice President, Regulatory & Government Affairs

cc: David Littell, Esq., Counsel to Bucksport

ATTACHMENT B

EXHIBIT C

**TERMS AND CONDITIONS APPLICABLE TO THE
WATER TRANSMISSION EASEMENT, WATER EASEMENT AND ACCESS EASEMENT**

Section 1. Certain Definitions. In addition to other defined terms set forth in this Exhibit C and elsewhere in this Easement, the following terms as used in this Exhibit C will each have the meaning assigned in this Section 1:

"Available Water" means the volume of Water defined below as available for delivery from Silver Lake through the Downstream Infrastructure each day that corresponds the following water elevations at Silver Lake, all as measured at the Silver Lake Gauge:

- (i) whenever the water level at Silver Lake is within the Standard Range of Water Elevation, the "Available Water" is 12.5 MGD;
- (ii) whenever the water level at Silver Lake is lower than 124 feet above MSL but higher than 122 feet above MSL, the "Available Water" is 8.5 MGD;
- (iii) whenever the water level at Silver Lake is lower than 122 feet above MSL but higher than 120 feet above MSL, the "Available Water" is 4.5 MGD;
- (iv) whenever the water level at Silver Lake is lower than 120 feet above MSL but higher than 118 feet above MSL, the "Available Water" is 2.0 MGD; and
- (v) whenever the water level at Silver Lake is at or below 118 feet above MSL, the "Available Water" is zero (0) MGD.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Portland, Maine, are authorized or required by law to be closed.

"Consumer Price Index" means the Consumer Price Index, All Urban Consumers (CPI-U), All Items, U.S. City Average (1982 - 84 = 100), prepared by the United States Department of Labor, Bureau of Labor Statistics; or if such index is no longer prepared, another comparable index prepared by the United States Department of Labor, Bureau of Labor Statistics or by other governmental agencies as the parties shall mutually agree.

"Downstream Infrastructure" means that portion of the Fresh Water Supply System running from Silver Lake to the Mill Property, for the delivery of water from Silver Lake to the Mill Property, including without limitation an intake structure in Silver Lake, a pipeline and a filter house, certain water control equipment and structures associated with such intake, pipeline and filter house and all aqueducts, pipelines, pumps, filters, communication equipment, structures, and all facilities used or useful in connection with the delivery of water from Silver Lake to the Mill Property.

"Fiscal Year" means the 12-month period beginning on each July 1.

"Lake Management Plan" means that certain management plan adopted by Grantor entitled "Verso Paper Corp. Lake Level Management Plan", last revised March, 2015.

"MGD" means million gallons per day

"MSL" means mean sea level as established by the United States Geodetic Survey Datum:

"Silver Lake Gauge" means the existing measurement point in Silver Lake to which the intake pipe to the filter house is connected.

"Silver Lake Indenture" means that certain Indenture between Bucksport Water Company and Maine Seaboard Paper Company, dated November 30, 1935 and recorded in the Hancock County Registry of Deeds in Book 648, Page 556, as amended by that certain Indenture between Bucksport Water Company and Champion International Corporation (successor in interest to Maine Seaboard Paper Company), dated October 16, 1989 and recorded in said Registry of Deeds in Book 1779, Page 89.

"Standard Range of Water Elevation" shall mean the water level in Silver Lake being between 124 feet and 128 feet above MSL, measured at the Silver Lake Gauge.

"Upstream Water System" means that portion of the Fresh Water Supply System, including Toddy Pond and extending from Toddy Pond in Orland to and through Alamoosook Lake, and further extending from Alamoosook Lake to Silver Lake in Bucksport, together with the Silver Lake Dam, and together with all of Grantor's rights in and to such lakes and ponds, the dams, and all water control equipment and structures associated with such lakes and ponds, and the aqueducts, pipelines, pumps, filters, communication equipment, structures, and all facilities used or useful in connection with such dams, water control equipment and structures, aqueducts, pipelines, pumps, filters, communication equipment, and structures.

"Water" means water delivered from Silver Lake in Bucksport, Maine through the Fresh Water Supply System to all or any portion of the Total Property.

"Whole Oceans Water Supply Easement" means the easement set forth in Parcel 4 of the Whole Oceans Deed.

Section 2. Water Management.

(a) In order to increase the likelihood of sufficient water in the Fresh Water Supply System for itself, Grantee, Whole Oceans and other users of water from the Fresh Water Supply System as provided in this Exhibit C, Grantor agrees to use its good faith efforts to maintain the water elevation at Silver Lake within the Standard Range of Water Elevation. In so doing, Grantor agrees to operate the Silver Lake Water System as provided in the Lake Management Plan, as the same may be amended from time to time. Grantor shall periodically measure the water level at the Silver Lake Gauge (the **"Water Level Measurement"**) and provide to Grantee a report of such measurement. So long as the water levels at Silver Lake, measured at the Silver Lake Gauge, are within the Standard Range of Water Elevation, such reports shall be made no less often than once a month.

(b) If at any time the water level at Silver Lake should fall below the Standard Range of Water Elevation, i.e., 124 feet above MSL (i) the allocation provisions of Section 3(a) shall apply; (ii) Grantor shall use its good faith efforts to raise such water level back to within the Standard Range of Water Elevation, consistent with the Lake Management Plan; (iii) the sale pursuant to Section 3(c) of any water from the Fresh Water Supply System to any "Outside User" (as defined below) shall be suspended; (iv) Grantor shall make Water Level Measurements no less frequently than once per week and report the same to the parties hereto at or before the end of the day; and (v) the parties hereto shall promptly meet and work in good faith to coordinate efforts to minimize the impact of the reduced water level, given the nature of their respective operations and need for Water, and to determine what, if any, steps can be taken to reduce water usage or defer anticipated heavy water usage, given the nature of their respective operations and need for Water.

(c) If at any time the water level at Silver Lake should fall below 122 feet above MSL, Grantor's obligation to make and report Water Level Measurements pursuant to Section 2(b)(iv) above shall be increased in frequency to no less than once per day.

Section 3. Allocation of Water.

(a) During any period of time when the water elevation at Silver Lake is below the Standard Range of Water Elevation, and subject in all respects to (i) the limitations imposed on Grantor under the Silver Lake Indenture, (ii) all applicable laws, rules, regulations, ordinances and orders of any governmental authority or court of competent jurisdiction, (iii) the terms and conditions set forth in this Easement, and (iv) the amount of Available Water, Water shall be allocated among Grantor, Grantee and Whole Oceans with the following priority:

- (A) Subject to clauses (C) and (D) below, each of Grantee and Whole Oceans shall have the right each day to use fifty-percent (50%) of the Available Water.
- (B) Subject to clauses (C) and (D) below, in the event that on any day either Grantee or Whole Oceans does not use all of the Water it is entitled to pursuant to Clause (A) above, then the other party may request from the first party the right to use the first party's unused allocation of Water, assent to which request shall be granted except to the extent that the first party reasonably determines that it will need additional Water that day.
- (C) Notwithstanding Clauses (A) and (B) above and Clause (D) below, on any day when Grantee is required by ISO New England, Inc. (or similar successor and/or replacement entity) to operate the energy-producing equipment located on the Grantee Parcel, then Grantee shall have the first priority right to use the first 2.5 MGD of Available Water from and after the receiving of a notice to operate and each day thereafter until such time as it is no longer required to operate such equipment. The next 2.5 MGD of Available Water shall be allocated to Whole Oceans. All Available Water in excess of such 5 MGD shall be shared in accordance with Clauses (A) and (B) above and Section 3(b) below. Grantee shall promptly provide notice to Grantor and Whole Oceans in the event it is

taking Water pursuant to the priority afforded to it by this Clause (C), it being understood that Grantee may not be able to provide such notice in advance of so using Water.

(D) Grantor reserves the right to (i) utilize for itself and its successor owners of the Fresh Water Supply System or (ii) sell to third-parties who purchase all or any portion of the Grantor Retained Parcels (collectively, "Third Party Mill Property Users" and each individually a "Third Party Mill Property User"), up to one (1) MGD of Available Water in the aggregate for use in connection with all or any portion of the Total Property. Such right to use or purchase water shall be allocated among all parties entitled to use or purchase Available Water under this Clause D such that the total of all Available Water used or sold under this Clause D shall not exceed 1 MGD. In order to exercise this right Grantor or any Third Party User must:

- (i) if Grantor is the party utilizing such Water, it shall provide Grantee and Whole Oceans at least 90 days written notice of its intent to begin utilizing such Water; or
- (ii) if the user will be a Third Party Mill Property User (and not Grantor), such party shall enter into an agreement reasonably acceptable to Grantee and Whole Oceans prior to utilizing any Water and will be subject to the notice provisions set forth in clause (i) above and will, among other things acknowledge the rights of Grantee hereunder and Whole Oceans under the Whole Oceans Water Supply Easement.

(b) If Grantor or a Third Party Mill Property User who has executed an agreement as outlined in clause (ii) above provides notice contemplated by Clause (D), as applicable, then clause (A) above shall be deemed to be modified during such time as Grantor or such Third Party Mill Property User has rights to the Water to provide for sharing of Available Water 40% to each of Grantee and Whole Oceans, and 20% to Grantor and/or such Third Party Mill Property User, until such time as Grantor and/or such Third Party User has reached its or their aggregate limit of one (1) MGD, at which time the allocation of Available Water shall revert back to the 50/50 sharing agreement between Grantee and Whole Oceans as described in Clause A above. For clarification, Clause (D) shall not modify Grantee's priority right to the first 2.5 MGD of Available Water from and after the receiving of a notice to operate described in Clause (C), which right shall have priority over any such use by Grantor or any such Third Party Mill Property User.

(c) During any period of time when the water elevation at Silver Lake is at or above the lower end of the Standard Range of Water Elevation, up to 1 MGD of Water may be sold by Grantor to a third party other than a Third Party Mill Property User (an "Outside User") so long as it does not affect or reduce the availability of Water below the lower end of the Standard Range of Water Elevation, subject to the user covenants in Section 6(b) below.

Section 4. Obligation To Provide Water. Subject to the terms and conditions set forth in this Easement, Grantor hereby agrees, in accordance with the priorities and allocation set

forth in Section 3 above, that Grantor shall provide Water to Grantee from the Fresh Water Supply System.

Section 5. No Warranty as to Quality or Availability of Water. Grantee acknowledges and agrees that Grantor is making the Water available without any covenants or warranties of any kind whatsoever, including, without limitation, no covenants or warranties about the quality of the Water or the availability of the Water. GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 6. User Covenants.

(a) Grantee hereby covenants and agrees as follows:

(i) Grantee will comply in all material respects with its obligations under this Easement, including, without limitation, the priority and allocation of Water set forth in Section 3, when applicable.

(ii) Grantee will not sell the Water to any third party.

(iii) Grantee will use the Water solely for the operation of its business and activities located on, and directly related to and supporting its operation at, the Grantee Parcel and for no other purpose. For the avoidance of doubt, there shall be no residential, municipal or domestic use of the Water.

(iv) Grantee will install, maintain, test and repair, and is solely responsible for, the installation, maintenance, repairing and testing of a meter (the "Grantee Meter") to measure the quantities of the Water withdrawn by Grantee. The Grantee Meter, its location and installation process, shall be subject to the review and approval of Grantor, which approval will not be unreasonably withheld. Grantor and Whole Oceans will have the right to have the Grantee Meter tested from time to time to ensure its accuracy and Grantor and Whole Oceans, together with their respective agents, consultants and other representatives, shall have access to the Grantee Meter at all times. Grantee shall install the Grantee Meter prior to withdrawing any Water.

(b) If Grantor elects to sell Water to an Outside User, as provided in Section 3(c) above, such sale shall be pursuant to a written agreement wherein the Outside User agrees, among other things as Grantor shall require, that:

(i) it will comply with the priority and allocation of Water set forth in Section 3 of this Exhibit C, including a provision that its right to obtain Water will be suspended during any period of time when the water level in Silver Lake falls below the lower end of the Standard Range of Water Elevation;

(ii) it will not sell the Water to any third party;

(iii) the Water shall be used solely for the operation of its business and activities located on, and directly related to and supporting its operation at the Outside User's property specified in such written agreement, and shall specifically prohibit any residential, municipal or domestic use of the Water;

(iv) such Outside User shall install, maintain, test and repair, and be solely responsible for, the installation, maintenance, repairing and testing of a meter (the "Outside User Meter") to measure the quantities of the Water used by such Outside User, which Outside User Meter, and its location and installation process, shall be subject to the review and approval of Grantor, which approval will not be unreasonably withheld, which meter shall be installed and approved prior to accessing any Water;

(v) Grantee and Whole Oceans will have the right to have the Outside User Meter tested from time to time to ensure its accuracy, and Grantee and Whole Oceans, together with their respective agents, consultants and other representatives, shall have access to the Outside User Meter at all times; and

(vi) That no modifications shall be made to the Downstream Infrastructure without the prior approval of Grantee and Whole Oceans, and that the installation and construction of any such approved modifications as well as any additional infrastructure required to provide Water to such Outside User, together with any repair, maintenance or replacement of the same, shall be paid for solely by such Outside User; and

(vii) That Grantee and Whole Oceans will be third-party beneficiaries of such written agreement to enforce the covenants and agreements of the Outside User set forth therein.

Grantor shall use commercially reasonable efforts to enforce such written agreement.

Section 7. Maintenance Budgets and Capital Expenditure Plans.

(a) Downstream Maintenance.

(i) Not less than once every three (3) years, Grantor shall engage a qualified third party engineer to assess and provide a written evaluation of the condition of the Downstream Infrastructure with respect to the integrity of the components and performance of the filtering process (each, a "Downstream Engineering Assessment"), who shall identify, and make recommendations for, required maintenance and capital repairs and/or replacements, if any, and proposed preventative maintenance and capital repairs and/or replacements, if any, that in the professional opinion of the engineer are reasonably required in order to provide for the reliable delivery of Water to the Total Property in quantities to satisfy the needs of Grantor, Grantee, Whole Oceans under the Whole Oceans Water Supply Easement, any Third Party Mill Property User, and any Outside User, if any, subject to limitations set forth herein, and to cause the filter station to operate at design standards, subject to customary wear and tear (the "Baseline Operating Standards") for the next five (5) Fiscal Years. A copy of each such

Downstream Engineering Assessment shall be promptly shared with Grantee and Whole Oceans. The costs and expenses of such third party engineer shall be deemed maintenance costs and expenses and shall be paid from the "R&M Account" (as defined in Section 8(a)).

(ii) On or before May 1 of each year, Grantor shall prepare and deliver to Grantee and Whole Oceans with respect to the Downstream Infrastructure: (i) a maintenance plan and budget (the "**Downstream Infrastructure Maintenance Budget**") for the next Fiscal Year in order to ensure that the Downstream Infrastructure can operate consistent with Baseline Operating Standards; (ii) a budget for anticipated capital repairs or improvements (the "**Downstream Infrastructure Capital Expenditure Plan**") for the next Fiscal Year and estimated to be incurred over the next five (5) Fiscal Years in order to ensure that the Downstream Infrastructure can operate consistent with Baseline Operating Standards; (iii) a proposed timeline for expenditures for the next Fiscal Year; (iv) a summary of maintenance and capital repairs and/or improvements that were performed with respect to the Downstream Infrastructure for the then ending Fiscal Year and costs incurred in connection therewith; and (v) an accounting of the expenditure of funds from the R&M Account during the then ended Fiscal Year, and any balance remaining. Grantor will share with Grantee and Whole Oceans a draft of the Downstream Infrastructure Maintenance Budget and a draft of the Downstream Infrastructure Capital Expenditure Plan.

(b) Upstream Maintenance.

(i) Simultaneously with the engagement of the engineer to provide the Downstream Engineering Assessment as provided above, Grantor shall engage the same engineer to assess and provide a written evaluation of the condition of the Upstream Water System with respect to the integrity of the components and performance of the pumping process (each, an "**Upstream Engineering Assessment**"), who shall identify, and make recommendations for, required maintenance and capital repairs and/or replacements, if any, and proposed preventative maintenance and capital repairs and/or replacements, if any, that in the professional opinion of the engineer are reasonably required in order to meet the Upstream Baseline Standard (as herein defined) for the next five (5) Fiscal Years; the term "**Upstream Baseline Standard**" shall mean such repair and/or maintenance as needed to reasonably and dependably deliver water under normal conditions to Silver Lake in sufficient amounts so as to satisfy the water rights of all parties entitled to water from Silver Lake (based on an assumed water level at Silver Lake at 124' MSL), including Grantor, Grantee, Whole Oceans (pursuant to the Whole Oceans Water Supply Easement), any Third Party Mill Property User, any Outside User, and including the rights of Maine Water Company, or its successor or assign, under the Silver Lake Indenture. A copy of each such Upstream Engineering Assessment shall be promptly shared with Grantee and Whole Oceans. The costs and expenses of such third party engineer shall be shared equally by Grantor and Whole Oceans.

(ii) Simultaneously with the delivery of the Downstream Infrastructure Maintenance Budget as provided above, Grantor shall prepare and deliver to Grantee and

Whole Oceans with respect to the Upstream Water System (i) a proposed maintenance plan and budget (the "**Upstream Maintenance Budget**") for the next Fiscal Year; and (ii) a budget for anticipated capital repairs or improvements (the "**Upstream Water System Capital Expenditure Plan**") for the next Fiscal Year and estimated to be incurred over the next five (5) Fiscal Years, in both cases taking into account the recommendations set forth in the Upstream Engineering Assessment. Grantee shall have the right to review and propose, with a copy to Whole Oceans, commercially reasonable changes to the Upstream Water System Maintenance Budget and the Upstream Water System Capital Expenditure Plan, which proposed changes Grantor agrees to review and consider in good faith. Whether or not to undertake any such repairs and maintenance or capital expenditure as set forth in such budget and plan, and the method for paying for any such repairs and maintenance are governed by Section 8(b) hereof.

Section 8. Fees for Repair and Maintenance; Pumping; Insurance Proceeds.

(a) Downstream Infrastructure. On or before July 1 of each year during which the Easements shall remain in effect, Grantor shall deposit, and Grantor shall cause Whole Oceans to deposit, the annual fees required under the Whole Oceans Water Supply Easement in a separate bank account under the control of Grantor (the "**R&M Account**"). Such funds shall not be co-mingled with other funds of Grantor, and such funds shall be withdrawn and used only for the costs and expenses related to the repair, maintenance, replacement and other improvements to the Downstream Infrastructure described above. Notwithstanding anything to the contrary contained in this Easement, Grantee shall not have any obligation to pay any fee or amount into the R&M Account and/or to otherwise pay for any repair, maintenance, replacement and/or other improvements to the Downstream Infrastructure.

(b) Upstream Water System. Grantor shall cause Whole Oceans to place, pursuant to the Whole Oceans Water Supply Easement, the net sales proceeds from the sale of the salt water pumps by Grantor for Whole Oceans in a separate bank account under the control of Grantor (the "**Upstream R&M Account**"). Such funds shall not be co-mingled with other funds of Grantor, and such funds shall be withdrawn and used only for the costs and expenses related to the Approved Upstream R&M Costs (as herein defined). The term "**Approved Upstream R&M Costs**" shall be, and include, only those repair and maintenance costs pertaining to the pumps and pump house that pump water from Alamoosook Lake to Silver Lake, the pipeline running from Alamoosook Lake to Silver Lake, and related equipment, valves, filters, meters, water control equipment and the like, and which either (i) cost less than \$10,000 for any single item or related item; or (ii) cost \$10,000 or more and are approved by both Grantor and Whole Oceans (or as determined by arbitration). For avoidance of doubt, Approved Upstream R&M Costs do not include any costs or expenses relating to any of the dams or the lakes within the Upstream Water System. Notwithstanding anything to the contrary contained in this Easement, Grantee shall not have any obligation to pay any fee or amount into the Upstream R&M Account and/or to otherwise pay for any repair, maintenance, replacement and/or other improvements to the Upstream Water System.

(c) Pumping from Alamoosook. If the amount of water in Silver Lake falls below 124 feet above MSL, at the request of, and to the extent requested by, Grantee, Grantor shall

pump water from Alamoosook Lake in an effort to raise the water level at Silver Lake, all in accordance with the Lake Management Plan. Grantee shall not be required to contribute to the costs to operate the pumps at Alamoosook Lake; Grantor and Whole Oceans shall have such obligation pursuant to the Whole Oceans Water Supply Easement.

(d) Insurance. Either Grantor or Grantee shall have the right, but neither shall be obligated, to insure the Fresh Water Supply System, or any portion thereof, against such perils and for such amounts as the insuring party shall determine in its sole and absolute discretion. If either Grantor or Grantee elects to insure all or any portion of the Fresh Water Supply System, and if there is a loss to the Fresh Water Supply System for which insurance proceeds are received by the insured party, such insured party agrees to make such insurance proceeds available for restoration of any damage to the Fresh Water Supply System to the extent of such covered loss. For avoidance of doubt, nothing in this Section 8(d) obligates either Grantor or Grantee to insure the Fresh Water Supply System, or any portion thereof.

Section 9. Grantor's Covenants. Grantor hereby covenants and agrees as follows:

(a) Grantor shall use its good faith efforts to (i) comply with the Silver Lake Indenture, the Lake Management Plan and any lake level order or other private agreement pertaining to the Silver Lake Water System to which Grantor is a party and applicable law; and (ii) manage the Silver Lake Water System in a manner such that the amount of water in Silver Lake is at or above the lower end of the Standard Range of Water Elevation, including providing for commercially reasonable and ordinary repair and maintenance. Good faith efforts mean, subject to commercially reasonable operating procedures and taking into account historical practices, pumping water from Alamoosook Lake, and, if necessary, releasing water from Toddy Pond, subject to any legal limitation (including, without limitation, the provisions of the Silver Lake Indenture, any changes in law and any condemnation or other taking by any governmental or quasi-governmental authority) on Grantor's ability to draw water from such lakes and maintaining the Silver Lake Water System to the extent necessary to facilitate sufficient water elevation in Silver Lake as provided in this subsection (a).

(b) Grantor shall use good faith efforts maintain the Downstream Infrastructure to the point of connection by Grantee and Whole Oceans to the extent reasonably necessary to facilitate continuous flow of water to Grantee and the Whole Oceans Connector Water Pipe in the amounts necessary to allow Grantee and Whole Oceans to withdraw the Available Water as described herein and to comply with applicable law, it being understood that Grantor shall not be obligated to expend its own funds but shall utilize funds in the R&M Account in connection with such efforts. Notwithstanding the foregoing, Grantor's obligations under this subsection (b) shall be subject to there being sufficient funds in the R&M Account to fund the costs of any such maintenance, repair, replacement, upgrades or modifications. Except in the case of an emergency, Grantor shall provide not less than sixty (60) days' notice before undertaking any maintenance, repair, replacement, upgrade or modification that would adversely impact the ability of Whole Oceans or Grantee to withdraw Water as contemplated herein. Any such work, whether planned or brought about by emergency, shall be undertaken in such a manner so as to minimize the disruption to the flow of Water to Grantee and Whole Oceans.

(c) If Grantor fails to satisfy in any material respect its obligations under subsection (b) of this Section with respect to the Downstream Infrastructure or fails to repair and maintain the Upstream Water System in accordance with subsection (a) of this Section resulting in or contributing to the water level at Silver Lake falling below the lower end of the Standard Range of Water Elevation, and such failure continues for thirty (30) days after written notice thereof to Grantor with a copy to Whole Oceans, or such shorter period of time as reasonable under the circumstances in the event of an emergency, Grantee shall have the right, but not the obligation, to perform such repair or maintenance or such obligations and recover the costs of such repair and maintenance from the Upstream R&M Account. To the extent that there are insufficient funds in the Upstream R&M Account or insufficient insurance proceeds as provided in Section 8(d) hereof to fully reimburse Grantee, Grantor shall reimburse Grantee for 100% of any such unreimbursed costs incurred by Grantee within forty-five (45) days after notice from Grantee setting forth the amount of such costs and providing reasonable documentation with respect thereto (a "Reimbursement Request"). If Grantor fails to reimburse Grantee for such costs, as set forth in the Reimbursement Request within such 45-day period, Grantee may thereafter offset such amount against any funds due hereunder from Grantee to Grantor until fully recovered and/or pursue any other remedy at law or in equity; provided, however, if on or before the end of such 45-day period Grantor notifies Grantee that it disagrees with the amount claimed by Grantee or with the right of Grantee to exercise its self-help right under this subsection (c) and demands arbitration under Section 13 hereof, then the parties will proceed to arbitration in accordance with Section 13 and Grantee shall not be entitled to offset any such amounts against any funds due hereunder from Grantee to Grantor or to pursue any other remedy until the conclusion of the arbitration or the parties otherwise agree. If the arbitration decision is that Grantee is entitled to reimbursement of its costs, such amount together with interest thereon from the date of the Reimbursement Request to the date of the arbitrator's decision at the Default Interest Rate shall be paid by Grantor to Grantee within ten (10) days after such arbitration decision is delivered to the parties. If not paid within such 10-day period, such amount, together with interest thereon from the date of the Reimbursement Request to the date of the arbitrator's decision at the Default Interest Rate, may thereafter be offset by Grantee against any funds due hereunder from Grantee to Grantor, or otherwise recover from Grantor. If Grantor fails to object to the Reimbursement Request and demand arbitration within the 45-day period specified above, Grantor shall be deemed to have accepted the costs set forth in the Reimbursement Request.

(d) Grantor will otherwise comply in all material respects with its obligations under this Exhibit C.

Section 10. *[intentionally omitted]*

Section 11. This Easement may be terminated by Grantor or Grantee if any in change in law, regulations or ordinances or any taking or other condemnation takes place that would make it legally or physically impracticable on a permanent basis for Grantor to comply with its obligations under this Easement; provided that in such event, Grantor shall comply with this Easement for so long as, and to the extent, legally permitted to do so or is physically able to do so, as applicable. If any such law, regulation or ordinance, or if any condemnation causes a non-permanent disruption of Grantor's ability to comply with its obligations hereunder, those obligations of Grantor rendered illegal or physically impractical shall be suspended during

disruption, but Grantor shall comply with those obligations hereunder that are not so interrupted and shall use its good faith efforts to minimize any disruption and to commence any interrupted obligations as soon as legally able or physically practicable to do so, provided that in no event shall Grantor be obligated to expend any funds in such effort or commence a lawsuit. Grantee shall have the right to challenge any such change in law, regulation or ordinances or condemnation within ninety (90) days; within which period, and for so long as Grantee is diligently and in good faith pursuing such challenge, Grantor shall have no right to terminate this Easement pursuant to this Section 11.

Section 12. Lender Protection Provisions for Grantee.

(a) Notwithstanding anything to the contrary in this Easement, Grantee, and its permitted successors and assigns, shall have the right to mortgage, pledge or collaterally assign its interests in the Easements, under one or more instruments, upon the condition that all rights acquired under such instruments shall be subject to each and all of the covenants, conditions and restrictions set forth in this Easement and provided further that the holder of any such mortgage also has a mortgage on the Whole Oceans Parcel, or portion thereof. The term "**Mortgage**" as used in this Section shall include fee mortgages, deeds of trust, collateral or conditional assignments of Grantee's interest in the Easements and like instruments and all modifications, extensions, renewals and replacements thereto. The term "**Mortgagee**" shall mean the holder of a Mortgage.

(b) If Grantee and/or its permitted successors and assigns shall grant a Mortgage with respect to the Easements, and if Mortgagee shall send to Grantor and Whole Oceans written notice of such Mortgage specifying the name and address of the Mortgagee (an "**Eligible Mortgagee**"), Grantor agrees that so long as any such Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by the holder to Grantor and Whole Oceans, the following provisions shall apply:

(i) There shall be no termination of the Easements under Section 11 above and no modification of the Easements that impacts the rights or obligations of Grantee without the prior written consent of such Eligible Mortgagee.

(ii) Grantor shall, upon serving Grantee with any notice of default, also serve a copy of such notice upon the Eligible Mortgagee, and no such notice of default to Grantee shall be effective unless and until a copy of such notice is delivered to each such Eligible Mortgagee. The Eligible Mortgagee shall thereupon have the same period as Grantee, after notice is given to such Eligible Mortgagee, to remedy or cause to be remedied the defaults complained of, and Grantor shall accept such performance by or at the instigation of such Eligible Mortgagee as if the same had been done by Grantee.

(iii) Anything herein contained notwithstanding, while such Mortgage remains unsatisfied of record, if any default shall occur which, pursuant to any provision of this Easement, entitles Grantor to terminate the Easements, and if before the expiration of ten (10) days from the date of service of notice of termination upon such Eligible Mortgagee such Eligible Mortgagee shall have notified Grantor of its desire to nullify such notice

and shall have paid to Grantor all fees and other payments herein provided for, and then in default, and shall have complied or shall commence the work of complying with all of the other requirements of this Easement, if any, that are then in default, and shall prosecute the same to completion with reasonable diligence and cure such default within 30 days, (or if such default cannot reasonably be cured within 30 days, within such longer period of time as is reasonable under the circumstances so long as such Eligible Mortgagee commences such cure within such 30-day period and continues diligently and in good faith to complete such cure, but in no event shall the period be extended beyond 180 days), then in such event Grantor shall not be entitled to terminate the Easements and any notice of termination theretofore given shall be void and of no effect and the Easements shall be reinstated.

(iv) Grantee shall give the Eligible Mortgagee notice of any arbitration proceedings by the parties hereto and such Eligible Mortgagee shall have the right to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that the Eligible Mortgagee shall not elect to intervene or become a party to such proceedings, Grantee will send the Eligible Mortgagee notice of, and a copy of any award or decision made in said arbitration proceedings.

(v) Each Eligible Mortgagee shall be a third-party beneficiary of the provisions of this Section and shall be entitled to enforce the provisions of this Section. Notwithstanding the foregoing, Grantor shall upon request, execute, acknowledge and deliver to each Eligible Mortgagee, an agreement prepared at the sole cost and expense of Grantee in form satisfactory to such Eligible Mortgagee, Grantee and Grantor, agreeing to all of the provisions of this Section.

(vi) Any notice to be given to an Eligible Mortgagee shall be given in accordance with the notice procedures set forth in Section 15(b) hereof, at the address specified in the notice referenced in Section 12(b) or subsequent notice from an Eligible Mortgagee.

(c) Notwithstanding anything to the contrary in this Section, if any Mortgagee forecloses on its Mortgage, or takes an assignment of the Easements in lieu of foreclosure, it, and its successors and assigns, shall be only be entitled to withdraw Water only if it, or its successors or assigns, also own a portion of the Whole Oceans Parcels and have assumed in writing reasonably satisfactory to Grantor all of Grantee's obligations under this Easement and have agreed to be bound by the provisions of this Easement. In any event, the rights of such Mortgagee, or its successors and assign, shall be subject to terms and conditions set forth in this Easement, including without limitation, the provisions of Section 3 and 4 above.

Section 13. Arbitration.

(a) All disputes (each, a "Dispute") under this Easement will be resolved by arbitration in accordance with the provisions of this Section.

(b) Either party may commence an arbitration proceeding by serving a written notice (an "Arbitration Notice") on the American Arbitration Association and on the other party or parties involved not more than ninety (90) days after the expiration of the time period provided for the parties to resolve such Dispute (or any extension thereof that may be mutually agreed by the parties involved). The Arbitration Notice shall contain a reasonably detailed description of the Dispute and the remedy sought and shall set forth the name of the arbitrator selected by the party giving the Arbitration Notice. The parties receiving the Arbitration Notice shall, within fifteen (15) days after receipt thereof, serve a notice (the "Reply Notice") on the party commencing the arbitration. Each Reply Notice shall contain a reasonably detailed response to the claim (including any counterclaims and remedies sought) by the parties giving the Reply Notice. If none of the parties submitting Reply Notices include an objection to the arbitrator designated in the Arbitration Notice or if no Reply Notice is timely given, then the arbitrator named in the Arbitration Notice shall serve as a sole arbitrator under this Section. If the arbitrator designated in the Arbitration Notice is objected to in any Reply Notice, as promptly as practicable, and no later than twenty (20) days after the date of the Reply Notice, the American Arbitration Association shall select a single arbitrator. Except as otherwise provided in this section, any arbitration hereunder shall be administered (and if necessary an arbitrator selected) by American Arbitration Association in accordance with its Commercial Arbitration Rules, or if the Dispute involves a matter related to the construction, reconstruction, maintenance or repair, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association.

(c) The arbitration proceeding shall take place in Portland, Maine, or in such other location as the Parties involved may agree in writing. The arbitrator shall:

- (i) promptly fix a time and place for receiving information from the parties in connection with the Dispute at hand; and
- (ii) make his or her decision only in relation to matters expressly referred to such arbitrator in accordance with this Section.

All decisions of the arbitrator or by a majority of the arbitrators shall be final and binding upon the parties involved.

(a) During the continuation of the resolution of any Dispute arising under this Easement and except as an arbitrator or a court having jurisdiction shall order otherwise, the parties shall continue to perform their obligations under this Easement.

(e) Anything to the contrary in this Section notwithstanding, if any Dispute involves the rights and obligations of one or more third parties and any such third parties do not agree to the arbitration provisions set forth in this Section, either Grantor or Grantee will have the right to resolve any such Dispute in a court of competent jurisdiction located in the State of Maine.

Section 14. Force Majeure. Grantor shall not be liable to Grantee or be in default under this Easement to the extent that any failure or delay by Grantor in performing its obligations under this Easement is due to any Force Majeure (as defined below). As soon as

practicable, but in no event later than five (5) Business Days after it becomes aware of the commencement of an occurrence that is a Force Majeure, Grantor will provide Grantee with notice in the form of a letter identifying the occurrence as a Force Majeure and describing in detail the particulars of the occurrence giving rise to the Force Majeure including the expected duration and effect of such Force Majeure and the steps that Grantor is taking to resume performance under this Easement. Failure to provide timely notice shall not constitute a waiver of a claim of a Force Majeure. The suspension of performance due to a claim of a Force Majeure will be of no greater scope and of no longer duration than is required by the Force Majeure. Grantor will take, or cause to be taken, such action as is commercially reasonable to void, or nullify, or otherwise to mitigate, in all material respects, the effects of such Force Majeure, in taking such actions, it being understood that under no circumstances shall Grantor be obligated to spend any of its own funds in taking any such action. Grantor shall take commercially reasonable action to resume the normal performance of its obligations under this Easement after the cessation of any Force Majeure, including any repairs to the Fresh Water Supply System that may be required as a result of any such Force Majeure event, it being understood that under no circumstances shall Grantor be obligated to spend any of its own funds in taking any such action. Without limiting the foregoing, in the event of such Force Majeure, Grantee shall have the right, at its sole cost and expense, to take such action as it determines as needed to void, or nullify, or otherwise to mitigate, in all material respects, the effects of such Force Majeure. For purposes hereof, "**Force Majeure**" means an event which (i) is not within the reasonable control of Grantor, (ii) was not caused by the acts, omissions, negligence, fault or delays of the Grantor, and (iii) by the prompt exercise of due diligence, Grantor is unable to overcome or avoid or cause to be avoided. Force Majeure may include, to the extent the conditions set forth in the preceding sentence are satisfied, any of the following: acts of God; acts of the public enemy, war, hostilities, invasion, insurrection, riot, civil disturbance, or order of any competent civil or military government; volcanoes, earthquakes, tidal waves, and similar geologic events and the effects thereof, abnormally severe weather events and resulting conditions (hurricanes, flooding, ice and snow, wind storms and drought); explosion or fire; malicious acts, terrorism, vandalism or sabotage; action or restraint by court order of any public or governmental authority not requested by Grantor or any affiliate of Grantor; the adoption, enactment or application to Grantor or its assets of any law or regulation or ordinance not existing or not applicable to Grantor or its assets on the date of this Easement (the "Effective Date"), or any change in any law or regulation or ordinance or the application thereof by a governmental authority after the Effective Date; and any taking or condemnation. Nothing in this Section 14 modifies, diminishes or otherwise affects Grantor's right to otherwise terminate the Easements in accordance with the terms set forth herein.

Section 15. Miscellaneous.

(a) The rights and obligations under the Easements touch and concern the land and shall constitute covenants running with the Easement Areas and Grantee Parcel and shall inure to the benefit of and be binding upon Grantor, and any successor to or assignee of Grantor's interests in the Easement Areas (Grantor and such successors and assigns, the "**Easement Areas Owner**") and Grantee and its successors and assigns, provided that, except as provided herein, Grantee will not assign any of its rights under the Easements in whole or in part or delegate any of its duties under this Easement to any third party without the prior written consent of the then current Easement Areas Owner, which consent shall not be unreasonably withheld, conditioned

or delayed, and provided further that Grantor may not assign or otherwise convey to any other party, other than to any party controlling, controlled by or under common control with Grantor in any manner any of its rights and/or obligations in the Easement Areas or under this Easement without first offering to assign such rights and obligations to Grantor in consideration of one dollar. Upon any change of control of Grantor, Grantee shall have the right to require Grantor to assign all of its rights and interest under this Easement to Grantee in consideration of one dollar. Any such assignment from Grantor to Grantee shall be in form and substance reasonably satisfactory to Grantee, and shall expressly include an assumption by Grantee of all of Grantor's obligations hereunder and under the Whole Oceans Water Supply Easement and shall not alter Whole Ocean's rights and obligations thereunder. Any assignment or delegation in violation of this Section will be void and of no force and effect. Notwithstanding the foregoing, Grantee shall have the right, without the consent of the then current Easement Areas Owner, but with not less than ten (10) days prior written notice to such Easement Areas Owner, to assign its rights under this Easement and together with such assignment delegate to the same party Grantee's duties hereunder, (i) to any party controlling, controlled by or under common control with Grantee provided that Grantee will not be relieved of its obligations hereunder upon any such assignment; (ii) to any successor in interest of any part of the Grantee Parcel who also acquires the business and activities located on, and directly related to and supporting operation at, the Grantee Parcel, which third party assumes contemporaneously with such assignment in a writing reasonably acceptable to such Easement Areas Owner and Whole Oceans, all of Grantee's rights and obligations under this Easement; and (iii) to any lender of Grantee as collateral security pursuant to Section 12 of this Exhibit C and to any third-party purchaser of such lender's interest in the Easements pursuant to any foreclosure or secured party's sale, or assignment in lieu thereof, provided that contemporaneously with such assignment such third party purchaser assumes in a writing reasonably acceptable to Grantor and Grantee, all of Grantee's rights and obligations under this Easement. Except as expressly set forth in this Easement, there are no third-party beneficiaries to this Easement other than Whole Oceans.

(b) All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered personally, (ii) one business day after being sent by nationally recognized overnight delivery service, return receipt requested, or (iii) three business days after being deposited in the United States mail, certified and with proper postage prepaid, return receipt requested, addressed as follows:

If to Grantor:

c/o American Iron & Metal Company, Inc.
9100 Henri-Bourassa E.
Montreal, QC H1E 2S4
Canada
Attn: General Counsel

If to Grantee:

Bucksport Generation LLC
2 River Road
Bucksport, ME 04416
Attention: Plant Manager & Legal Department

Any party may change the address to which notices or other communications are to be directed to it by giving notice of such change to the other parties in the manner provided in this Section and recording such notice of change of address in the Registry of Deeds.

(e) The terms and conditions of the Water Transmission Easement, the Water Use Easement and the Access Easement are intended solely for the benefit of the parties hereto and their respective successors and assigns, and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of such Easements.

(f) Nothing in this Easement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship between the parties, or impose a trust, partnership or fiduciary duty, obligation or liability on or with respect to either party. Neither party shall act as or be the agent or representative of the other party.

(g) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY OR WHICH MAY ARISE UNDER THIS EASEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS EASEMENT.

(k) EACH PARTY HEREBY WAIVE ANY RIGHT TO SEEK OR OBTAIN ANY CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES FROM ANY OTHER PARTY HERETO RESULTING FROM, OR ALLEGED TO BE RESULTING FROM, ANY VIOLATION OF, OR DEFAULT UNDER, THE TERMS AND CONDITIONS OF THIS EASEMENT.

Section 16. Purchase Rights.

(a) In the event that Grantor elects to sell all or any portion of the Fresh Water Supply System that is not an Excluded Transfer under Section 16(c), Grantor agrees that it will provide Grantee written notice of such election or proposed sale and (i) Grantee shall have a ninety (90) day option to purchase the Fresh Water Supply System for one dollar, such ninety (90) day period to commence upon receipt of such written notice, and (ii) if Grantee does not exercise such purchase option within such 90-day period, it shall have waived any right to purchase the Fresh Water Supply System under this Section 16(a) and the provisions of Section 16(b) shall apply. If Grantee does acquire the Fresh Water Supply System as provided herein, Whole

Ocean's right to purchase the Fresh Water Supply System as provided in this Section 16(b) shall continue after such acquisition.

(b) If Grantee does not timely exercise its right to purchase the Fresh Water Supply System as provided in subsection (a) above, prior to offering the Fresh Water Supply System for sale to any other party or prior to such membership interest sale, as applicable, Grantor shall first offer in writing to sell the Fresh Water Supply System, or such portion thereof that it intends to sell, to Whole Oceans for such price and upon such terms as Grantor shall determine (the "Offer Notice"). Whole Oceans shall then have a period of fifteen (15) days after receipt of such Offer Notice within which to notify Grantor in writing that Whole Oceans desires to accept such offer for the price and upon the terms stated in the Offer Notice. If Whole Oceans elects to purchase the Fresh Water Supply System, or such portion as is being offered for sale, it shall so notify Grantor in writing (the "Acceptance Notice") on or before the end of such 15-day period. If Whole Oceans does not so elect to purchase the Fresh Water Supply System, or such portion thereof that is offered for sale, within such 15-day period, Grantor shall be free to sell the Fresh Water Supply System, or such portion thereof that was offered for sale, to a third party at a price no less than and on terms no more favorable to a buyer than those offered to Whole Oceans in such Offer Notice, provided that such sale closes within one-hundred eighty (180) days after the giving of such Offer Notice to Whole Oceans. If the sale does not take place within such 180-day period, or if Grantor wishes to sell the Fresh Water Supply System, or such portion thereof, at a price that is less than the price offered to Whole Oceans in the Offer Notice or on terms and conditions materially more favorable than those offered to Whole Oceans in the Offer Notice, Grantor shall then again offer to Grantee and Whole Oceans the right to purchase the Fresh Water Supply System, or such portion thereof that is offered for sale, in accordance with the provisions of this Section. If Grantee declines such purchase and Whole Oceans fails to give such Acceptance Notice within such 15-day period, they each shall be deemed to have waived its rights with respect to that sale; provided, however, that any subsequent sale or conveyance shall be subject to the terms of this right of first offer. Neither Grantee nor Whole Oceans shall have the right to purchase less than all of that portion of the Fresh Water Supply System that is described in the Offer Notice.

(c) The right to purchase granted hereunder to Grantee shall not apply to the sale or transfer (an "Excluded Transfer") to any entity that controls, is controlled by or is under common control with Grantor, provided that such transfer is for no consideration, other than for receipt of stock or membership interests in such entity; provided, however, that the purchase rights of Grantee granted in this Section 16 shall continue in effect following any Excluded Transfer and shall bind any transferee in such Excluded Transfer.

(d) If Grantee timely elects to purchase the Fresh Water Supply System, or so much thereof as is being offered for sale, the parties shall be bound to close such transaction and the closing of title shall take place on the business day that is at least 45 days after the date the Acceptance Notice is given. The closing shall be held at such time or place as the parties may mutually agree. At the closing, Grantor shall convey the Fresh Water Supply System to Grantee in accordance with the terms and conditions set forth in the Offer Notice and Grantee shall pay to Grantor the purchase price as set forth in the Offer Notice.

(d) Any sale of the Fresh Water Supply System, whether to Grantee under this Section 16, to Whole Oceans or to a third party, shall be subject to documentation reasonably satisfactory to Grantee that its rights and obligations with respect to the Fresh Water Supply System and this Easement will continue uninterrupted as set forth herein.