Howe Sound Pulp and Paper to Get $36.7 Million Funding for Energy Upgrades

Howe Sound Pulp and Paper and BC Hydro have reached an agreement under BC Hydro’s Integrated Power Offer that will help to reduce the mill’s electricity consumption and enable the mill to sell surplus clean electricity to BC Hydro.

BC Hydro’s Integrated Power Offer helped the Howe Sound Pulp and Paper identify renewable power generation and energy conservation opportunities that enabled the mill to qualify for $36.7 million in Pulp and Paper Green Transformation Program funding from Natural Resources Canada.

“With these funds and the support we are receiving from BC Hydro, we will be making continuous improvements to our mill’s energy management and energy efficiency that will enable us to become a significant renewable clean power generator,” said Mac Palmiere, president and CEO of Howe Sound Pulp and Paper.

“The addition of a third product — electricity — transforms our business and enhances our viability for years to come,” Palmiere added.

According to Howe Sound, the energy-efficiency upgrades will enable the mill to save approximately 65 gigawatt hours of electricity every year. In addition, a refurbished boiler at the mill will enable it to operate its generators at a higher capacity using 100 per cent biomass fuel, resulting in the generation and sale of 400 gigawatt hours per year of clean electricity. BC Hydro will purchase all of the electricity produced as a result of the boiler upgrade.

By enabling the efficient use of biomass fuel, the boiler upgrade will also reduce the mill’s natural gas consumption by 6.5 million cubic meters annually and significantly reduce the mill’s greenhouse gas emissions by more than 12,000 tonnes per year, the company said.


Burrows Paper has started work on two capital projects at its paper mill in Pickens, Mississippi.

The first project is an extensive rebuild of the mill’s #41 paper machine, which includes the installation a new 15’ MG cylinder and integrated, custom-built MG hood.

Substantial foundation and other preparatory work to support the new machine will begin in October, Burrows said. A new winder has already been installed to accommodate the increased speed and output of the paper machine, the company added.

The entire rebuild is scheduled for completion before year-end.

“The modernization of this paper machine means that we can make paper at faster speeds and reduced cost, make additional grades of paper that we can’t make today, and enhance the quality and performance of our paper,” said Mike Lengvarsky, Burrows’ president and COO.

The second project, to be implemented concurrently, involves installation of heating and ventilation units with equipment to utilize geothermal energy for heating and cooling the mill.

Burrows’ Manager of Energy Services, Michael McCormick, said the use of geothermal energy to heat the facility will result in a 4 percent reduction in the use of natural gas, while also reducing greenhouse gas emissions by 342 tons per year.

“This is a unique project,” McCormick explained. “Most geothermal heat is drawn from steam; however, we are extracting heat directly from the well water we use during production.”

The geothermal project is funded in part with federal stimulus funds for renewable energy projects issued through the Mississippi Development Authority.

MeadWestvaco to Begin Renewable Energy Project at Evadale Mill

MeadWestvaco, VOW Resources and Zera Energy announced a strategic, collaborative development effort to enable the conversion of organic waste streams into biogas and other value added products.

Terms of the deal were not disclosed.

According to MeadWestvaco, the companies will immediately begin construction on a demonstration plant adjacent to MeadWestvaco’s Evadale, Texas, mill.

VOW Resources, an organic waste management and resource recovery company, will provide the design, engineering and testing of the process to be used at the plant; Zera Energy will be responsible for the construction and operation of the plant; and MeadWestvaco will determine the technical and commercial feasibility of the biogas generation process and, upon successful testing, will apply the technology to its waste treatment operations.

“We anticipate numerous benefits from this collaborative effort, including reducing consumption of water and natural gas, lowering our landfill requirements and creating a valuable organic fertilizer,” said Jim Gresham, vice president, MeadWestvaco’s Evadale Operations.

Construction of the demonstration plant is expected to be complete around November of 2010, MeadWestvaco said.
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Clearwater Paper to Acquire Cellu Tissue for $502 Million

Clearwater Paper has agreed to acquire Cellu Tissue Holdings for approximately $502 million, including equity value of approximately $247 million and net debt of approximately $255 million.

Clearwater said that it will pay $12.00 per share in cash for Cellu Tissue’s outstanding common stock and intends to fund the acquisition using a combination of existing cash on hand and $350 million of debt financing.

The deal has been unanimously approved by both companies’ boards of directors and is expected to close in the fourth quarter of 2010, following Cellu Tissue stockholder approval, regulatory clearances, and other customary closing conditions.

Weston Presidio, a U.S.-based private equity firm that acquired Cellu Tissue in 2006, and Russell Taylor, Cellu Tissue’s CEO, together own about 56% of Cellu Tissue’s common stock outstanding and have agreed to vote their shares in favor of the deal.

“We are very pleased to have the opportunity to rapidly expand our tissue manufacturing footprint through the acquisition of Cellu Tissue and create a combined company with much stronger operational scale to better serve private label tissue customers,” said Gordon Jones, Clearwater’s chairman, president and CEO.

“Clearwater Paper already has a national sales footprint, and this acquisition gives us a rare opportunity to immediately have a national manufacturing presence to increase service to our existing private label grocery customers and expand into new private label channels,” Jones added.

MeadWestvaco Sells AGI Media Business to Atlas Holdings for $68 Million

MeadWestvaco has signed a definitive agreement to sell its global media and entertainment packaging business to Atlas Holdings LLC for $68 million in cash.

MeadWestvaco expects the deal to close September 30.

The media business specializes in packaging for DVDs, music and video games and has approximately 1,450 employees.

Included in the sale is the global network of media packaging businesses that operate under the names AGI Media, AGI Amaray and AGI Polymatrix. Principal operations are in the United States, United Kingdom, Austria, France, Ireland, Germany, Poland, The Netherlands and Australia.

“This transaction allows us to further sharpen our focus on the growing global consumer packaging markets we have selected and dedicate our resources to ensure we are leveraging our capabilities in these key markets,” said John A. Luke, Jr., MWV chairman and chief executive officer.

Appleton’s West Carrollton Mill Earns Energy Award

The U.S. Department of Energy (DOE) Industrial Technologies Program (ITP) has awarded Appleton’s paper mill in West Carrollton, Ohio, with the Save Energy Now Energy Champion designation. The award recognizes the mill’s significant achievements in industrial energy efficiency.

Just 56 U.S. manufacturers have received the Energy Champion designation in 2010.

To be eligible for the Energy Champion award, facilities must achieve 250,000 million Btu of energy savings or reduce plant energy consumption by 15 percent.

Satish Damodaran, West Carrollton mill manager, said that significantly reducing energy consumption is a critical element of Appleton’s sustainable manufacturing process. He credited the engagement of mill employees in that process for driving the improvements that earned the mill its Energy Champion award.

“The award reflects progress in our ongoing efforts to eliminate waste from all aspects of our operations and to reduce energy consumption,” said Damodaran.

Save Energy Now is a national initiative to reduce industrial energy intensity by 25% or more in 10 years. Companies nationwide can partner with DOE, participate in no-cost energy assessments, and use ITP’s proven resources to reduce energy use and improve efficiency.

Tembec Shuts Idled Pine Falls Newsprint Mill

Tembec announced the permanent closure of its idled newsprint mill located in Pine Falls, Manitoba, Canada.

About 230 employees will be affected by the closure.

The mill had been indefinitely idled due to a labor dispute on September 1, 2009.

In a written statement, Tembec said, “After examining a full range of options, the company initiated a sales process for the mill in early January 2010. This sales process has proved unsuccessful. After a thorough analysis of the situation, the company concluded that the permanent closure of the facility was the only viable option.”

Chris Black, Tembec’s executive vice president and president, Paper Group, added, “Although not an easy decision to make, the structural decline of the newsprint market and the cost structure of the mill prompted such a decision.

The Pine Falls mill has the capacity to produce about 185,000 tpy of newsprint.
**GermANY**

**Stora Enso to Permanently Shut Newsprint Machine in Germany**

Stora Enso said that it intends to permanently shut down the 195,000 tons per year newsprint machine at Maxau Mill in Germany by the end of November 2010.

The decision will affect about 180 of the 617 people employed at the mill.

Stora Enso said newsprint production at Maxau will end due to weak European market outlook and high production costs. Sales prices have fallen significantly while recovered paper and wood costs have risen strongly. “As a result, there is no realistic prospect of newsprint production at Maxau Mill becoming profitable again in the foreseeable future,” the company said.

“The European newsprint market is structurally heavily oversupplied and there has been no substantial recovery in demand since consumption collapsed in early 2009. The outlook for demand is negative too,” said Juha Vanhainen, EVP, Publication Paper Business Area.

The two uncoated magazine paper machines with total annual capacity of 530,000 tons at Maxau Mill will remain in operation.

**Mitsubishi to Merge Its Two German Joint Venture Units**

Mitsubishi HiTec Paper Bielefeld and Mitsubishi HiTec Paper Flensburg, two German producers of communication paper, have announced plans to merge their companies.

Both companies are joint ventures of Mitsubishi Paper Mills Ltd. and Mitsubishi Corp. in Japan.

The new company will be called Mitsubishi HiTec Paper Europe.

Mitsubishi said the merger is intended to streamline in-house processes and organizational structures, and to take advantage of synergies and increase efficiency.

The plants in Bielefeld and Flensburg will remain at their current locations and their production programs will be unaffected by the change, Mitsubishi said. At the same time, sales activities will be reorganized and centralized at the Bielefeld site.

**SWEDEN**

**Bong to Merge with Hamelin’s Envelope Division**

Bong Ljungdahl and Hamelin have signed an agreement to merge Bong Ljungdahl and Hamelin’s envelope division. The new company will be called Bong.

According to Bong, the newly combined company will have a turnover of around SEK 3.500 million (EUR 370 million) and some 2,400 employees.

Payment for the acquisition will be made partly through an issue of 4,352,768 new shares corresponding to 24.9 percent of the shares in Bong after completion of the deal. In addition, Bong will issue convertible bonds with a total nominal value of 4 million euro to Hamelin.

As part of the deal, Bong will in addition take over or refinance the net debt of Hamelin’s envelope business totaling an approximately EUR 45 million including cash consideration. Hamelin will also give a vendor loan of Euro 7.5 million, which shall be amortized over a three-year period.

Bong and Hamelin have successfully co-operated in a strategic alliance since 2004 and are now taking the next step to create a strong European company with good growth prospects, Bong said.

“With the merger we are able to extend our product offering significantly and, furthermore, we widen our geographic coverage, especially with the units in France, Spain and Poland,” Bong’s president and CEO Anders Davidson, who will continue to lead the company after the merger.

Hamelin’s president, Stephane Hamelin, will join Bong’s board of directors following the merger.

Bong expects the acquisition to be completed on October 22, 2010.
EkO Peroxide to Hike Prices on Hydrogen Peroxide

EkO Peroxide recently implemented a price increase on hydrogen peroxide in North America, by $0.03 per pound on bulk shipments and by $0.04 per pound on semi-bulk shipments. EkO explained that the price hikes are the result of increases in cost structure and are necessary to maintain a sustainable operation.

Formed in November 2006, EkO Peroxide LLC is a joint venture between Eka Chemicals and OCI Chemical Corp. EkO Peroxide is headquartered in Columbus, Mississippi and operates a 70,000st hydrogen peroxide facility and distributes product throughout North America.

Voith to Deliver Tissue Machine to Bahrain

Voith Paper has received an order from a joint venture formed by Olayan Group and Kimberly-Clark for a turn-key tissue production line in Bahrain (an island country in the Persian Gulf).

The value of the deal was not disclosed.

The new Bahrain TM 2 will be located in Isa Town, close to the capital of Manama.

Olayan is one of the largest industrial groups in Saudi Arabia.

Swedish market pulp producer Rottneros said that its Board has approved an investment of SEK 60 million for a new biological water treatment plant at its Vallvik Mill in Sweden.

The investment is part of a larger program to improve the evaporation plant and the recovery boiler at Vallvik.

Work on this stage of the project will be carried out during the planned maintenance shutdown at the mill in October, Rottneros said.

The new water treatment plant will come on stream during the fall of 2011, when the company expects to implement the final stage of the investment program.

“The investment program that is going ahead at Vallvik Mill resolves long-standing discussions with various levels of the environmental agencies, at the same time as expanding the production of bioenergy at the mill and increasing production capacity by 20 percent to an annual figure of 242,000 tons,” said Ole Terland, president of Rottneros.

Currently, the mill has a permit to produce 220,000 tons.