

CONFIDENTIAL

**PROVINCE OF BRITISH COLUMBIA**

**Ministry of Forests**

**PULPWOOD AGREEMENT NO. 14**

THIS AGREEMENT, dated for reference August 17, 1994

BETWEEN:

THE MINISTER OF FORESTS  
OF BRITISH COLUMBIA, on behalf of  
HER MAJESTY THE QUEEN IN RIGHT  
OF THE PROVINCE OF BRITISH COLUMBIA,

(the "Minister")

AND:

SLOCAN FOREST PRODUCTS LTD.  
#240 - 10451 SHELLBRIDGE WAY  
RICHMOND, BRITISH COLUMBIA  
V6X 2W8

(the "Company")

Under Section 34 of the *Forest Act*, the parties agree as follows:

**1.00 GRANT OF RIGHTS**

- 1.01 Subject to this Agreement and to the availability of deciduous leading timber stands, and in consideration of the Company's covenants in it, the Minister grants to the Company the option to obtain from the Regional Manager or District Manager, without advertising or competition from other applicants, timber sale licences authorizing the Company to

harvest from Crown land in the Pulpwood Area not more than 610 000 m<sup>3</sup> of timber, each year during the term of this Agreement,

- (a) from deciduous leading timber stands in the Pulpwood Area, and
- (b) according to management plans, development plans, pre-harvest silviculture prescriptions and road permits.

1.02 The term of this Agreement is 25 years, beginning January 1, 1995.

1.03 This Agreement will not be replaced within the meaning of Section 36 of the *Forest Act*, and the term of this Agreement will not be extended.

1.04 The Pulpwood Area means that area of Pulpwood Area No. 14 as outlined in bold black on the map attached to this Agreement.

1.05 Subject to subparagraph 3.03 (b), the Company's maximum annual raw material requirement for the Mill for purposes of this Agreement, is 665 000 m<sup>3</sup>.

1.06 The maximum volume of timber specified under paragraph 1.01, in respect of which the Company may exercise its option to obtain timber sale licences under that paragraph, is deemed to be reduced, as the case may be, according to any reduction made to it under the Agreement.

## **2.00 PURCHASE OF WOOD RESIDUES AND PULP LOGS**

2.01 Subject to paragraph 2.02, the Company will purchase or otherwise obtain pulp logs, including residual wood from Forest Licence A32900, and wood residues offered to the Company in volumes equal to the raw material requirements, from time to time, of the Mill minus the volumes of pulp logs, including residual wood from Forest Licence A22797 and wood residues produced, from time to time, by the Company and its affiliates within the Pulpwood Area which are not utilized in other facilities, in the Pulpwood Area, owned or operated by the Company and/or its affiliates.

2.02 The Company will not be required to purchase residual wood, wood residues or pulp logs:

- (a) originating from outside the Pulpwood Area, or
- (b) from private land, or

- (c) in the opinion of the District Manager are not reasonably accessible, or
  - (d) at prices which the Regional Manager considers to be unreasonable, or
  - (e) if the Company is able to otherwise satisfy its raw material requirements for the Mill.
- 2.03 If the Company and the Regional Manager disagree at any time as to whether a price for residual wood, wood residues or pulp logs is unreasonable, the question shall be referred to an independent expert acceptable to the Regional Manager and the Company for a recommendation as to the determination of the question, and the costs and expenses of such expert shall be the responsibility of the Company.
- 2.04 If the Company and the Regional Manager cannot agree on an acceptable expert referred to in paragraph 2.03, or to resolve the disagreement in accordance with the recommendations of such expert, either party may require that the question be determined by binding arbitration under the *Commercial Arbitration Act*.
- 2.05 The Company will utilize in the Mill all pulp logs, including residual wood from Forest Licence A22797, and wood residues produced by the Company and its affiliates in the Pulpwood Area which are not utilized in other facilities, in the Pulpwood Area, owned or operated by the Company and/or its affiliates.

### **3.00 EXERCISE OF HARVESTING OPTION**

- 3.01 The Company may not exercise its option to obtain timber sale licences under paragraph 1.01 unless the Company
- (a) is performing its obligations under paragraphs 2.01 and 2.05, and
  - (b) has made every reasonable effort to obtain from other sources the total raw material requirements of the Mill.
- 3.02 The onus of proving that the conditions in paragraph 3.01 are met is on the Company.
- 3.03 The maximum volume of timber in respect of which the Company may exercise its option to obtain timber sale licences under paragraph 1.01 during any year shall be the smaller of
- a) 610 000 m<sup>3</sup> minus:

- (i) the total volume of suitable wood obtained from Forest Licence (FL) A22797 which is not processed through Tackama's facility;
  - (ii) total residue and waste to interior utilization standards accountable to FL A22797;
  - (iii) the total volume of suitable wood obtained from Forest Licence A32900,
  - (iv) the volume of wood purchased or obtained for use in the Mill from licences to cut, seismic lines, road permits and other Crown areas within the Pulpwood Area to the extent that the volumes are part of the allowable cut determination for the Fort Nelson TSA;
  - (v) the overcut adjustment determined pursuant to paragraph 3.06 to be allocated to that year, and
- b) 665 000 m<sup>3</sup> minus
- (i) peeler cores and other suitable volume from Tackama's veneer plant;
  - (ii) deciduous wood volumes purchased for use in the Mill from Small Business Forest Enterprise Program operators within the Pulpwood Area; and
  - (iii) (a) (i), (a)(iii) and (a)(iv) volumes identified above but without deducting volumes from Forest Licence No. A17005 and Forest Licence No. A17007 as long as these licences are held by the Company or an affiliate.

3.04 Subject to this Part and paragraphs 1.06 and 8.01, the Company may, from time to time, exercise the harvesting option under paragraph 1.01 by giving written notice to the District Manager, applying for one or more timber sale licence(s) and specifying

- (a) the volume of timber the Company considers that it is eligible for under paragraph 3.03,
- (b) the Company's inventory of wood residues and pulp logs for use in the Mill, and
- (c) reasonable evidence of the Company's compliance with paragraphs 2.01 and 3.01.

3.05 Any timber or wood residues purchased by the Company from the following sources and delivered to the Mill, will not be considered as contributing to the maximum annual raw material requirement for the Mill:

- (a) private land,
- (b) sources outside of the Pulpwood Area, and

- (c) any timber which is purchased or obtained from a form of agreement specified in Section 10 of the *Forest Act*, which provides that timber will not be a charge against this Agreement.

3.06 Subject to paragraph 3.04, the overcut adjustment means the volume of timber harvested under the Agreement

- (a) during the previous calendar year, or
- (b) during the last year in which harvesting occurred,

which exceeds the maximum volume of timber determined under paragraph 3.03 for that year in which the harvesting occurred.

#### **4.00 MANAGEMENT PLANS**

4.01 If there is no management plan in effect, then

- (a) the Company may submit for the Regional Manager's approval a proposed management plan for the planning area, or
- (b) the Regional Manager, in a notice given to the Company, may require the Company to submit a proposed management plan, beginning on the date specified in that notice, for a term of five years or for a term as determined by the Regional Manager.

4.02 Where required by the Regional Manager under paragraph 4.01(b), the Company will submit a proposed management plan within six months for the Regional Manager's approval.

4.03 The Regional Manager, in a notice given to the Company, may require that a management plan be amended if

- (a) timber in the Pulpwood Area is damaged by fire, flood, wind, insects, disease, or other causes,
- (b) the Regional Manager determines that operations conducted in accordance with the management plan are causing or could cause serious damage to the natural environment, including soils, fisheries, wildlife, water, range, and recreation resources,
- (c) a land and resource management plan is approved, amended or replaced,
- (d) a local resource use plan is approved, amended or replaced, or
- (e) the Chief Forester determines a new allowable annual cut for a timber supply area which is covered in whole or part by the Pulpwood Area,

and the Regional Manager considers that the management plan is thereby rendered inadequate.

- 4.04 A notice referred to in paragraph 4.03 must specify
- (a) why the Regional Manager considers the management plan has been rendered inadequate,
  - (b) the extent to which the management plan is inadequate, and
  - (c) the changes required by the Regional Manager.
- 4.05 Where the Regional Manager gives a notice referred to in paragraph 4.03 to the Company, the Company will, within three months after the date on which the notice is given, submit for the Regional Manager's approval a proposed amendment to the management plan, which incorporates the changes referred to in subparagraph 4.04(c), to have effect during the unexpired term of the management plan.
- 4.06 If the Company fails to comply with the requirements of paragraph 4.05, the management plan then in effect will expire three months after the date on which the notice referred to in paragraph 4.03 is given to the Company, in which case the Company will submit for the Regional Manager's approval a proposed management plan to replace the management plan which expires under this paragraph.
- 4.07 A proposed management plan submitted by the Company under paragraph 4.01, 4.02, or 4.06 must be signed and sealed by a professional forester and the Company's authorized signatory, and must
- (a) be prepared according to the guidelines set or approved by the Ministry of Forests, which are in effect four months prior to the date on which the proposed management plan is:
    - (i) required to be submitted, or
    - (ii) submitted under paragraph 4.01(a),
  - (b) be consistent with this Agreement, and any land and resource management plan and local resource use plan in effect at the time the proposed management plan is submitted,
  - (c) incorporate the commitments which
    - (i) were made by the Company
      - (A) in the application on which the award of the agreement was based,
      - (B) in accepting the offer of this Agreement, or
      - (C) as a result of all requests for the Minister's consent for the purposes of Section 50 of the *Forest Act*, and
    - (ii) remain in effect at the time the proposed management plan is submitted,

- unless the Minister exempts the Company in whole or in part from the requirements of this subparagraph,
- (d) based on the best information readily available to the Company, describe the timber and non-timber resources within the planning area,
  - (e) specify measures to be taken, specifications to be followed, and standards to be met by the Company in the planning area to provide for
    - (i) integrated resource management,
    - (ii) forest fire prevention and suppression, prescribed burning, and fuel management,
    - (iii) disease and pest management,
    - (iv) road planning, reconnaissance, survey, design and construction, road maintenance and road deactivation,
    - (v) harvesting methods and utilization standards appropriate to the types of timber and terrain within the planning area,
    - (vi) basic silviculture and, if applicable, incremental silviculture, and
    - (vii) any other forest management assumptions or constraints inherent in a land and resource management plan or local resource use plan in effect at the time the proposed management plan is submitted,
 which meet or, if the Company chooses, exceed the applicable measures, standards or specifications which have been set or approved by the Ministry of Forests or are contained in a land and resource management plan or local resource use plan in effect at the time the proposed management plan is submitted,
  - (f) specify measures to be taken by the Company to
    - (i) gather information regarding, and where the Regional Manager requires, consult with
      - (A) other licensees, and
      - (B) trappers, guide outfitters, range tenure holders, and other licensed resource users,
 who may be operating in the planning area, and
    - (ii) co-ordinate the Company's operations with
      - (A) the Small Business Forest Enterprise Program,
      - (B) other licensees operation, and
      - (C) trappers, guide outfitters, range tenure holders, and other licensed resource users operations
      - (D) aboriginal people carrying out aboriginal activities in the planning area,
  - (g) specify measures to be taken by the Company to identify and to consult with aboriginal people regarding aboriginal activities they may be carrying out in the planning area,
  - (h) have been referred to resource agencies in accordance with Part 6,

- (i) have been made available for public viewing in accordance with Part 6,
- (j) include a summary of
  - (i) all input received under Part 6 from resource agencies and the public not later than two weeks prior to submission of the proposed management plan to the Regional Manager, and
  - (ii) any modifications made to the proposed management plan, prior to its submission to the Regional Manager, in response to this input, and
- (k) describe the Mill including
  - (i) the type and capacity of the Mill,
  - (ii) the type and volume of raw material suitable for use in the Mill,
  - (iii) products produced, and
  - (iv) anticipated sources of raw material produced from the Company or affiliates operation and purchase from other sources.

4.08 Subject to paragraph 4.09, the Regional Manager will approve a proposed management plan submitted under paragraph 4.01, 4.02, 4.05, or 4.06, subject to such conditions as the Regional Manager considers necessary or appropriate, if

- (a) the Regional Manager is satisfied that the proposed management plan meets the requirements of paragraph 4.07,
- (b) the proposed management plan specifies measures referred to in subparagraphs 4.07(f) and (g) which are satisfactory to the Regional Manager, and
- (c) the modifications, if any, made to address the input referred to in subparagraph 4.07(j) are satisfactory to the Regional Manager.

4.09 Before approving a proposed management plan under paragraph 4.08, the Regional Manager may consult

- (a) resource agencies,
- (b) aboriginal people who may be carrying out aboriginal activities in the planning area,
- (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area,
- (d) other licensees who may be operating in the planning area,
- (e) any local government which may be interested in, or affected by, operations under this Agreement, and
- (f) any member of the public who provided input regarding the proposed management plan,



and may consider any input received as a result of consultation under this paragraph in approving a proposed management plan.

- 4.10 Where the Regional Manager does not approve a proposed management plan,
- (a) the Regional Manager will specify in a notice given to the Company why the Regional Manager has not approved the proposed management plan, and
  - (b) the Company will submit a new or revised proposed management plan, as required by the Regional Manager.
- 4.11 A management plan is deemed to be part of this Agreement.
- 4.12 Subject to paragraphs 4.06, 4.13, and 4.14, a management plan expires five years after the date on which it takes effect.
- 4.13 If the Regional Manager does not give the notice referred to in subparagraph 4.10(a) to the Company within three months of the date on which the proposed management plan was submitted, the term of the management plan then in effect is deemed to be extended to a date six months after the date on which the notice referred to in subparagraph 4.10(a) is given to the Company.
- 4.14 At the request of the Company, the Regional Manager may extend the term of a management plan.

## **5.00 DEVELOPMENT PLANS**

- 5.01 If there is no development plan in effect, then
- (a) the Company may submit for the District Manager's approval a proposed development plan for the planning area, or
  - (b) the District Manager, in a notice given to the Company, may require the Company to submit a development plan for the planning area beginning on the date specified in the notice, for a period of
  - (c) five years or as directed by the District Manager, or
  - (d) more than five years, if the Company so chooses.

- 5.02 Where required by the District Manager under subparagraph 5.01(b), the Company will submit within six months for the District Manager's approval a proposed development plan for the planning area for a period of
- (a) five years, or
  - (b) more than five years, if the Company so chooses.
- 5.03 If the Regional Manager gives a notice referred to in paragraph 4.03 to the Company, the Regional Manager may at the same time give a notice to the Company requiring the Company to amend the development plan to ensure consistency with the changes referred to in subparagraph 4.04(c).
- 5.04 Where the Regional Manager gives a notice in respect of the development plan referred to in paragraph 5.03 to the Company, the Company will, within three months after the date on which the notice is given, submit for the District Manager's approval a proposed amendment to the development plan to have effect during the unexpired term of the development plan.
- 5.05 If the Company fails to comply with the requirements of paragraph 5.04, the development plan then in effect will expire three months after the date on which the notice referred to in paragraph 5.03 is given to the Company, in which case the Company will submit for the District Manager's approval a proposed development plan to replace the development plan which expires under this paragraph.
- 5.06 A proposed development plan submitted under paragraph 5.01, 5.02 or 5.05 must be signed and sealed by a professional forester and signed by the Company's authorized signatory, and must
- (a) be prepared according to the guidelines set or approved by the Ministry of Forests, which are in effect four months prior to the date on which the proposed development plan is:
    - (i) required to be submitted, or
    - (ii) submitted under paragraph 5.01(a),
  - (b) be consistent with this Agreement and the management plan in effect at the time the proposed development plan is submitted,
  - (c) set out a proposed harvesting sequence of cut blocks, categorizing these cut blocks as follows:
    - (i) cut blocks covered by existing timber sale licences ,
    - (ii) cut blocks covered by outstanding timber sale licence applications submitted to the District Manager, and

- (iii) cut blocks for which the Company intends to submit timber sale licence applications during the term of the proposed development plan, if timber harvesting is required,
- (d) include the following information regarding the cut blocks referred to in subparagraph (c):
  - (i) season of operation, logging system and reforestation method, and
  - (ii) the status of adjacent logged areas,
- (e) include one or more detailed maps of the following information:
  - (i) based on the best information readily available to the Company,
    - (A) the forest cover,
    - (B) recreation areas, community watersheds, fish spawning, fish rearing and fish migration areas, critical wildlife habitats, and any other areas subject to integrated resource management constraints, and
    - (C) private properties, foreshore leases, and public utilities within the planning area,
  - (ii) based on information gathered by the Company for the area covered by the proposed development plan,
    - (A) operability and contour lines,
    - (B) sensitive soils, unstable slopes, and areas subject to visual quality constraints,
    - (C) boundaries of
      - (I) cut blocks referred to in subparagraph (c), and
      - (II) existing timber sale licences,
    - (D) existing roads including, where applicable, linkage to the public road system, timber processing facilities and log dumps,
    - (E) proposed roads, including bridges and major culverts,
    - (F) roads under construction,
    - (G) roads which have been deactivated to a temporary or semi-permanent level,
    - (H) fire breaks and fuel management problem areas, and
    - (I) log handling and storage areas, including existing or proposed log dump sites,
  - (iii) based on consultation carried out in accordance with the measures specified in the management plan, the location of areas where aboriginal people have indicated they may be carrying out aboriginal activities,
  - (iv) based on information gathered, or consultation carried out, in accordance with the measures specified in the management plan, the location of areas where
    - (A) other licensees, and

- (B) trappers, guide outfitters, range tenure holders, and other licensed resource users may be operating in the planning area,
- (v) projection of volumes to be purchased or obtained under paragraph 2.01 for the first two years of the development plan, and
- (vi) any other information required under the guidelines referred to in subparagraph (a),
- (f) include a Road Maintenance Plan complying with the requirements of paragraph 10.04 and a Road Deactivation Plan complying with the requirements of paragraph 10.05,
- (g) have been referred to resource agencies in accordance with Part 6,
- (h) have been made available for public viewing in accordance with Part 6, and
- (i) include a summary of
  - (i) all input received under Part 6 from resource agencies and the public not later than two weeks prior the date the development plan is or is required to be submitted to the District Manager, and
  - (ii) any modifications made to the proposed development plan, prior to its submission to the District Manager, in response to this input.

5.07 Subject to paragraphs 5.08 and 5.09, the District Manager will approve a proposed development plan submitted under paragraph 5.01, 5.02 or 5.05, subject to such conditions as the District Manager considers necessary or appropriate, if

- (a) the District Manager is satisfied that the proposed development plan meets the requirements of paragraph 5.06,
- (b) the proposed harvesting sequence is satisfactory to the District Manager,
- (c) the District Manager is prepared to accept timber sale licence applications for the cut blocks referred to in clause 5.06(c)(iii),
- (d) the modifications, if any, made to address the input referred to in subparagraph 5.06(i) are satisfactory to the District Manager,
- (e) the Regional Manager has approved the Company's proposal or amendment for a consultative process submitted under paragraph 6.05, and
- (f) the District Manager is satisfied that the Company has complied with the consultative process or amendment approved by the Regional Manager under paragraph 6.05.

5.08 The District Manager will not approve a proposed development plan unless there is a management plan in effect.

- 5.09 Before approving a proposed development plan under paragraph 5.07, the District Manager may consult
- (a) resource agencies,
  - (b) aboriginal people who may be carrying out aboriginal activities in the planning area,
  - (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area,
  - (d) other licensees who may be operating in the planning area,
  - (e) any local government which may be interested in, or affected by, operations under this Agreement, and
  - (f) any member of the public who provided input regarding the proposed development plan, and
- may consider any input received as a result of consultation under this paragraph in approving a proposed development plan.
- 5.10 Where the District Manager does not approve a proposed development plan,
- (a) the District Manager will specify in a notice given to the Company why the District Manager has not approved the proposed development plan, and
  - (b) the Company will submit a new or revised proposed development plan, as required by the District Manager.
- 5.11 A development plan is deemed to be part of this Agreement.
- 5.12 Subject to paragraphs 5.05, 5.13 and 5.14, a development plan expires one year after the date on which it takes effect or as otherwise specified by the District Manager.
- 5.13 If the District Manager does not give the notice referred to in subparagraph 5.10(a) to the Company within 45 days of the date on which the proposed development plan was submitted, then the term of the development plan then in effect is deemed to be extended to a date three months after the date on which the notice referred to in subparagraph 5.10(a) is given to the Company.
- 5.14 At the request of the Company, the District Manager may extend the term of the development plan for a period not greater than one year.
- 5.15 Before extending the term of a development plan under paragraph 5.14, the District Manager may require the Company to amend the development plan to the extent required to ensure compliance with the management

plan in effect at the time the Company requests an extension to the term of the development plan.

## **6.00 INPUT FROM THIRD PARTIES**

- 6.01 Before submitting a proposed management plan under paragraph 4.01, 4.02, or 4.06, or a proposed development plan under paragraph 5.01, 5.02, or 5.05, the Company will
- (a) at least three months before the proposed management plan or proposed development plan is submitted to the Regional Manager or District Manager, refer the proposed management plan or proposed development plan to those resource agencies specified in a notice referred to in paragraph 6.04 ,
  - (b) make the proposed management plan or proposed development plan available for public viewing
    - (i) subject to paragraph 6.03, for at least five days with the last day being at least 30 days before the proposed management plan or proposed development plan is submitted to the Regional Manager or District Manager,
    - (ii) at locations within communities and at times which
      - (A) are convenient to the public, and
      - (B) have been approved by the Regional Manager or District Manager, as the case may be, and
  - (c) in accordance with paragraph 6.02, advertise where and when the proposed management plan or proposed development plan will be available for public viewing.
- 6.02 Subject to paragraph 6.03, the Company will advertise for the purposes of subparagraph 6.01(c) at least twice within a period of two consecutive weeks in at least one newspaper circulating in the Pulpwood Area, with the last advertisement appearing at least two weeks prior to the first date on which the proposed management plan or proposed development plan will be available for public viewing.
- 6.03 The Regional Manager or the District Manager, in a notice given to the Company not less than four weeks prior to the first date on which the Company must advertise under paragraph 6.02, may specify
- (a) a number of days greater or less than the five days referred to in subparagraph 6.01(b), and
  - (b) a period greater or less than the two weeks referred to in paragraph 6.02.

- 6.04 The Regional Manager or District Manager may from time to time, in a notice given to the Company, specify resource agencies for the purposes of paragraph 6.01.
- 6.05 In addition to the commitments to aboriginal interests that were made in the Company's proposal for this Agreement, within 90 days from the effective date of this Agreement, the Company will submit for the approval of the Regional Manager, a proposal for a consultative process, whereby aboriginal groups which could be affected by operations conducted under this Agreement, can have direct input into how those operations are planned and conducted.

## 7.00 ANNUAL REPORT

- 7.01 The District Manager, in a notice given to the Company on or before April 1, may require the Company to submit an annual report containing such information as the District Manager requires regarding
- (a) the Company's performance, over the previous calendar year, in relation to its obligations under this Agreement or a timber sale licence issued under the provision of this Agreement, and
  - (b) the processing or other use or disposition of the timber harvested under a timber sale licence issued under the provision of this Agreement,
- where the information is not or will not be included in any other reports which the Company must submit under this Agreement or the *Forest Act*.
- 7.02 Upon receipt of a notice referred to in paragraph 7.01, the Company, on or before the date specified in the notice, will submit an annual report to the District Manager containing the required information.
- 7.03 Subject to paragraph 7.04, the District Manager may include the information contained in an annual report submitted under paragraph 7.02 in any reports prepared by the Ministry of Forests for public review.
- 7.04 Subject to the *Freedom of Information and Privacy Act*, the District Manager will not disclose information provided in confidence by the Company in an annual report submitted under paragraph 7.02.

- 7.05 The Company may make a copy of an annual report submitted under paragraph 7.02 available for public review, and may display a copy at any public viewing under Part 6.

## **8.00 TIMBER SALE LICENCES**

- 8.01 Subject to Part 3.00 and paragraph 8.03, the Company may submit timber sale licence applications for cut blocks referred to in clause 5.06(c)(iii) which are categorized as such in the development plan.
- 8.02 Subject to paragraphs 8.04 and 8.05 upon receipt of a timber sale licence application referred to in paragraph 8.01, the District Manager will issue, within 90 days, a timber sale licence to the Company if the District Manager is satisfied that the timber sale licence application meets the requirements of paragraph 8.03.
- 8.03 A timber sale licence application referred to in paragraph 8.01 must be signed and sealed by a professional forester and signed by the Company's authorized signatory and must
- (a) contain such information as is required by the District Manager,
  - (b) subject to paragraph 8.07, be accompanied by a proposed logging plan, and
  - (c) be consistent with the management plan and development plan, and the pre-harvest silviculture prescription approved for the area on which the timber to be harvested is located.
- 8.04 The District Manager will not issue a timber sale licence under paragraph 8.02 unless:
- (a) subject to paragraph 8.07, the District Manager has approved the logging plan accompanying the timber sale licence application,
  - (b) the District Manager has approved a pre-harvest silviculture prescription for the area on which timber to be harvested is located,
  - (c) there is a management plan and development plan in effect, and
  - (d) the Company is complying with the requirement of paragraph 3.01.
- 8.05 The District Manager may consult
- (a) resource agencies,
  - (b) aboriginal people who may be carrying out aboriginal activities in the planning area,



- (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area, and
- (d) other licensees who may be operating in the planning area, prior to issuing a timber sale licence.

8.06 Where the District Manager

- (a) is not satisfied that a timber sale licence application meets the requirement of paragraph 8.03,
  - (b) is prohibited under paragraph 8.04 from issuing a timber sale licence, or
  - (c) is carrying out consultations under paragraph 8.05,
- the District Manager will notify the Company within 60 days of the date on which the timber sale licence application was submitted.

8.07 The District Manager may exempt the Company from the requirement under paragraph 8.03(b), in which case the District Manager is exempted from the prohibition under subparagraph 8.04(a); however, where a timber sale licence is issued prior to the approval of the logging plan, the Company will not commence operations under the timber sale licence until a logging plan has been approved.

8.08 If the District Manager requests the Company to remove wind thrown, dead, damaged or diseased timber within the Pulpwood Area, and the Company agrees to do so, the District Manager may

- (a) amend an existing timber sale licence, or
  - (b) issue a timber sale licence,
- to authorize the Company to harvest the timber.

8.09 A timber sale licence must

- (a) subject to this Agreement and the *Forest Act*, and in accordance with the provisions of the timber sale licence, authorize Crown timber to be harvested from proximate cut blocks located within an area of Crown land in the Pulpwood Area,
- (b) be consistent with this Agreement, the *Forest Act*, the pre-harvest silviculture prescription approved for the area on which the timber is to be harvested, and, subject to paragraphs 8.08 and 8.13, the management plan and development plan in effect on the date the timber sale licence is issued,
- (c) subject to paragraph 8.12, be for a term not exceeding one year or as determined by the District Manager,
- (d) prescribe the locations of roads to be built or deactivated on the area covered by the timber sale licence, and the specifications and standards to be followed in building or deactivating these roads,

- (e) prescribe utilization standards and forestry practices to be followed in timber harvesting operations carried on under the timber sale licence,
  - (f) provide for the payment of stumpage on timber harvested under the timber sale licence,
  - (g) set out procedures for assessing the volumes of timber wasted or damaged by the Company, and provide for a charge based on applicable stumpage rates to be paid by the Company,
  - (h) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under the timber sale licence,
  - (i) specify whether the timber sale licence is scale based or cruise based, and
  - (j) subject to subparagraph (b), include such other provisions as the District Manager considers necessary or appropriate.
- 8.10 Subject to paragraphs 8.11, 8.12 and 8.13, the District Manager may amend a timber sale licence only with the consent of the Company.
- 8.11 A timber sale licence that does not comply with the requirements of paragraph 8.09 is not void; however,
- (a) on the request of the Company, or
  - (b) on four weeks notice to the Company,
- the District Manager may amend the timber sale licence to the extent required to ensure compliance with the requirements of paragraph 8.09.
- 8.12 The District Manager may, in a notice given to the Company, extend the term of a timber sale licence.
- 8.13 Where under paragraph 8.12 the District Manager extends the term of a timber sale licence, the District Manager may, in a notice given to the Company, amend the timber sale licence to the extent required to ensure compliance with the management plan and development plan in effect on the date the term of the timber sale licence is extended.
- 8.14 Unless exempted in writing by the District Manager or a person authorized by the District Manager, the Company will define on the ground the boundaries of the areas authorized for harvesting under a timber sale licence.
- 8.15 Timber cut under this Agreement or a road permit must be
- (a) marked according to the *Forest Act*, and

- (b) unless the timber is cut under a cruise based timber sale licence, scaled according to the *Forest Act* and any procedures set or approved by the Ministry of Forests.
- 8.16 A timber sale licence is deemed to be part of this Agreement.
- 8.17 An approved logging plan referred to in paragraph 8.04 or 8.07 is deemed to be part of this Agreement and the applicable timber sale licence.
- 8.18 The Company will not harvest any timber under a timber sale licence, unless a pre-harvest silviculture prescription has been approved for the area on which the timber is located.
- 8.19 A timber sale licence or approved logging plan that is inconsistent with the pre-harvest silviculture prescription approved for the area covered by the timber sale licence is not void, but to the extent of the inconsistency the pre-harvest silviculture prescription will prevail.

## **9.00 FINANCIAL AND DEPOSITS**

- 9.01 Where any money is payable by the Company under the *Forest Act* in respect of a timber sale licence under this Agreement or a road permit, the money payable under the *Forest Act* is also deemed to be money payable under this Agreement.
- 9.02 In addition to any money payable by the Company under paragraph 9.01, the Company will pay to the Crown, immediately upon receipt of a notice issued on behalf of the Crown
  - (a) stumpage at rates determined, redetermined and varied under the *Forest Act* in respect of timber harvested under a timber sale licence or a road permit, and
  - (b) any charges in respect of an assessment referred to in subparagraph 8.09(g).
- 9.03 During the term of this Agreement, the Company will maintain on deposit with the Crown an amount prescribed under the *Forest Act*, in cash or in negotiable securities acceptable to the Regional Manager, as security for the Company's performance of its obligations under a timber sale licence issued under this Agreement or a road permit, and where the Regional Manager gives the Company a notice that an amount has been taken under this Part from the deposit the Company, within four weeks of the date on which the notice is given, will pay to the Crown, in cash or

negotiable securities acceptable to the Regional Manager, an amount sufficient to replenish the deposit.

9.04 If the Company fails

- (a) to pay money that the Company is required to pay to the Crown under a timber sale licence issued under this Agreement or a road permit, or under the *Forest Act* in respect of this Agreement or a road permit, or
  - (b) to otherwise perform its obligations under a timber sale licence issued under this Agreement or a road permit, or under the *Forest Act* in respect of this Agreement or a road permit,
- then the Regional Manager or District Manager may, after at least four weeks notice to the Company, take from the deposit
- (c) an amount equal to the money which the Company failed to pay,
  - (d) an amount sufficient to cover all costs reasonably incurred by the Regional Manager or District Manager in remedying the Company's failure to perform its obligations, or
  - (e) an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations,
- and for that purpose a security included in the deposit may be sold.

9.05 A notice referred to in paragraph 9.04 must specify

- (a) the obligation which the Company has failed to perform, and
- (b) the amount of money the Regional Manager or District Manager intends to take from the deposit.

9.06 Subject to paragraphs 9.08, 9.09 and 9.10, where

- (a) the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations, and
  - (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Company's failure to perform its obligations are less than the amount taken from the deposit,
- the Regional Manager or District Manager, as the case may be, will as soon as practicable return to the Company an amount equal to the difference between the amount taken from the deposit and the costs incurred by the Regional Manager or District Manager.

9.07 Where

- (a) the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations, and
- (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Company's failure to perform its obligations are greater than the amount taken from the deposit, the Regional Manager or District Manager may take from the deposit an additional amount equal to the difference between the costs incurred by the Regional Manager or District Manager and the amount originally taken from the deposit, and for that purpose a security included in the deposit may be sold.

9.08 Where the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations, the Regional Manager or District Manager, as the case may be, is under no obligation to remedy the Company's failure.

9.09 Where

- (a) the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations,
- (b) the Regional Manager or District Manager does not remedy the Company's failure to perform its obligations, and
- (c) the Regional Manager or District Manager, as the case may be, gives a notice to the Company indicating that the Crown will not be remedying the Company's failure to perform its obligations, then, subject to paragraph 9.10, the Regional Manager or the District Manager, as the case may be, may retain the amount taken from the deposit under paragraph 9.04.

9.10 If, after receiving a notice referred to in paragraph 9.09, the Company

- (a) remedies the failure to perform its obligations, and

- (b) gives a notice to that effect to the Regional Manager or District Manager, as the case may be, within three months of the date on which the notice referred to in paragraph 9.09 is given to the Company, or within such longer period as the Regional Manager may approve, then the Regional Manager or District Manager, as the case may be, will return to the Company an amount equal to the difference between the amount taken from the deposit and any costs reasonably incurred by the Regional Manager or District Manager in respect of the Company's failure to perform its obligations.

9.11 If the Regional Manager or the District Manager considers that

- (a) any operation that is to be carried out under a timber sale licence issued under this Agreement or a road permit is likely to cause damage to persons or property, and
  - (b) the deposit is insufficient to indemnify the Crown for any liability which the Crown might incur as a consequence of the operation,
- then the Regional Manager or District Manager may require the Company to maintain with the Crown a special deposit, in cash or in negotiable securities acceptable to the Regional Manager, in the amount determined by the Regional Manager or the District Manager.

9.12 If the Company fails to

- (a) remedy any damage resulting from an operation referred to in paragraph 9.11, or
  - (b) compensate any person who suffers a loss as a result of an operation referred to in paragraph 9.11,
- the Regional Manager or the District Manager may, after at least four weeks notice to the Company, take an amount from the special deposit sufficient to indemnify the Crown for any liability which is or may be incurred by the Crown as a consequence of a failure referred to in subparagraph (a) or (b).

9.13 A notice referred to in paragraph 9.12 must specify

- (a) the nature of the Company's failure, and
- (b) the amount of money the Regional Manager or District Manager intends to take from the special deposit.

9.14 Subject to the *Forest Act*, the Regional Manager will refund to the Company

- (a) the deposit, less deductions made under paragraphs 9.04 and 9.07, when

- (i) a timber sale licence issued under this Agreement terminates or expires and is not extended under paragraph 8.12, and
- (ii) the Regional Manager is satisfied that the Company has fulfilled its obligations under this Agreement, and
- (b) a special deposit, less deductions made under paragraph 9.12, when the Regional Manager or District Manager, acting reasonably, is satisfied that the Crown is no longer at risk of being held liable as a consequence of an operation referred to in paragraph 9.11.

## **10.00 ROADS**

10.01 Subject to the provisions of a timber sale licence or road permit, the Company will ensure that the specifications, standards and locations of all roads the Company builds on Crown land under a timber sale licence or road permit are consistent with the management plan and development plan in effect at the time the road is built.

10.02 Upon the expiry of a road permit, all improvements, including roads and bridges, constructed by the Company under the authority of the road permit will vest in the Crown, without right of compensation to the Company, unless otherwise specified in the road permit.

10.03 The Company will not remove any improvements referred to in paragraph 10.02, unless authorized or is directed to do so by the District Manager.

10.04 The Road Maintenance Plan included in the Development Plan must

- (a) identify those roads shown on the maps referred to in subparagraph 5.06(e) which the Company will maintain for harvesting, silviculture and forest protection purposes, and
- (b) specify the maintenance operations which the Company will carry out to
  - (i) protect the structural integrity of the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads,
  - (ii) keep drainage systems, including culverts and ditches, functional,
  - (iii) minimize surface erosion, and
  - (iv) ensure these roads are safe for forest harvesting or other industrial purposes.

10.05 The Road Deactivation Plan included in the Development Plan must

- (a) identify those roads shown on the maps referred to in subparagraph 5.06(e) which the Company will deactivate each year over the next three years, specifying in each case whether the deactivation will be temporary, semi-permanent or permanent,
- (b) specify the operations required to
  - (i) stabilize the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads, and
  - (ii) restore or maintain the natural drainage at each road location,
- (c) identify those roads shown on the maps referred to in subparagraph 5.06(e) which have been deactivated by the Company to a temporary or semi-permanent level in the past year, and any other roads that have been permanently deactivated by the Company in the past year, and
- (d) specify the type of vehicle which can access the roads referred to in subparagraph (a) or (c).

## **11.00 FIRE PROTECTION**

- 11.01 As required by the District Manager, the Company will submit for the District Manager's approval a fire protection pre-organization plan consistent with this Agreement, and will include a duty roster in the fire protection pre-organization plan.
- 11.02 An approved fire protection pre-organization plan is deemed to be part of this Agreement.
- 11.03 The Company's obligations under an approved fire protection pre-organization plan are in addition to and do not replace its commitments in the management plan or development plan or its obligations under Section 121 of the *Forest Act*.

## **12.00 FORESTRY**

- 12.01 The Company will, at its own expense and in accordance with the *Forest Act* and pre-harvest silviculture prescriptions approved by the District Manager, carry out basic silviculture on the land from which timber is harvested under a timber sale licence issued under this Agreement, and the Company may enter onto Crown land for this purpose.



- 12.02 If the Company posts a sign concerning silviculture or the development and maintenance of recreation sites or trails, the sign must acknowledge any contribution made by the Crown in respect of the silviculture or the development or maintenance of recreation sites or trails.
- 12.03 If required by the District Manager, the Company will annually review pest management strategies with the District Manager, and the Company will submit a pest treatment plan for the District Manager's approval.
- 12.04 The Company's obligations under an approved pest treatment plan are in addition to and do not replace its commitments in the management plan or development plan respecting pest management.

### **13.00 TIMBER PROCESSING**

- 13.01 The Company will maintain, or cause to be maintained, operation of the Mill at Fort Nelson, British Columbia except where subject to a Force Majeure Event.
- 13.02 Where it is the intention to close the Mill or reduce its production for a period of longer than 90 consecutive days the Company will give the Minister at least three months notice prior to the closure or reduction.
- 13.03 Where the Mill is closed or its production reduced for a period longer than 90 consecutive days except as a consequence of a Force Majeure Event, the Company will on request of the Minister provide information regarding the volume of timber and wood residues processed through the Mill during the 24-month period immediately preceding the closure or reduction in production level.
- 13.04 If the Mill is closed or its production reduced, for a period longer than 90 consecutive days except as a consequence of a Force Majeure Event, then the Minister, at any time within 12 months after the closure or reduction, may
  - (a) reduce the volume of timber specified under paragraph 1.01 by not more than the difference between
    - (i) the average annual volume of timber and wood residues processed through the Mill in the 24-month period immediately before the closure or reduction, and

- (ii) the average annual volume of timber and wood residues that would have been processed through the Mill during the 24-month period immediately before the closure or reduction if the closure or reduction had been in effect throughout that period, or
- (b) regardless of the suspension and cancellation provisions of the *Forest Act*, treat the reduction or closure as a breach of contract entitling the Minister to terminate this Agreement upon 30 day notice.

13.05 Subject to paragraph 13.06, the Company will not use any timber harvested under a timber sale licence entered into under this Agreement otherwise than in the Mill, but the Company may trade timber harvested under the timber sale licence for an equal or greater volume of pulp logs, or wood residues, to be used in the Mill.

13.06 The Company will notify the District Manager of all trades of timber referred to in paragraph 13.05, and will, at the request of the District Manager, submit reports to the District Manager containing such information concerning the trades as required by the District Manager.

13.07 As used herein:

- (a) the suitability of raw materials for use in the Mill shall be determined in light of the technological ability of the Mill, as improved from time to time, to manufacture a marketable end product from such raw material, consistent with Ministry of Forests' timber utilization standards. Factors to be considered shall include, but shall not be limited to the design of the Mill as well as species, grade, chip and log specifications , and.
- (b) for the purposes of this Part, a Force Majeure Event means any of the following:
  - i) acts of God, labour disputes, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, inability to obtain any approvals required from any regulatory authority,
  - ii) the invoking of a force majeure clause by a customer for the Mill's product triggered by an event which is beyond that customer's control other than lack of markets or uneconomic market conditions, or
  - iii) any other events which are beyond the control of the Company other than lack of markets or uneconomic market conditions.

13.08 The Company will, except where prevented from doing so by reason of a Force Majeure Event,

- (a) within 18 months after the date of this Agreement, cause construction of the Mill to be commenced, and
- (b) within 30 months after the date of this Agreement, cause the following to occur:
  - (i) completion of construction of its Mill, and
  - (ii) full operation of the Mill.

13.09 The Company will submit to the Regional Manager, whenever so requested and at regular six-month intervals from the date of this Agreement and until the Mill is in full operation, a progress report setting forth information as to the stage of expansion or construction of the Mill.

13.10 The Company will maintain a performance deposit in cash or in negotiable securities acceptable to the Regional Manager, the sum of \$740,000.00 as guarantee of its performance in respect paragraph 13.08 provided that such performance bond shall be released and returned to the Company by the Minister when the Mill is in full operation.

13.11 If the Company fails, except where prevented from doing so by reason of a Force Majeure Event,

- (a) within 18 months after the date of this Agreement to cause construction of the Mill to be commenced, or
- (b) within 30 months after the date of this Agreement, to cause the following to occur:
  - (i) completion of construction of its Mill, or
  - (ii) full operation of the Mill,

then the Minister may, after at least four weeks notice to the Company, take the performance deposit as a consequence of the Company's failure to comply.

13.12 A notice referred to in paragraph 13.11 must specify

- (a) the nature of the Company's failure, and
- (b) the amount of money the Minister intends to take from the performance deposit.

13.13 In the event the Company is delayed by reason of circumstances beyond its reasonable control, the Minister may extend the time

- (a) to begin construction of the Mill,
- (b) to complete the construction of its Mill, or
- (c) to have the Mill in full operation.

## **14.00 LIABILITY AND INDEMNITY**

14.01 The Company will indemnify the Crown against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Crown as a result, directly or indirectly, of any act or omission of

- (a) the Company,
- (b) an employee of the Company,
- (c) a contractor of the Company who engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Agreement or a road permit, or
- (d) any other person who on behalf of or with the consent of the Company engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Agreement or a road permit.

14.02 For greater certainty, the Company has no obligation to indemnify the Crown under paragraph 14.01 in respect of any act or omission of

- (a) an employee or agent of the Crown, in the course of carrying out his or her duties as employee or agent of the Crown, or
- (b) a person, other than the Company, to whom the Crown has granted the right to use or occupy Crown land, in the course of exercising those rights.

14.03 Money taken under Part 9 from a deposit or special deposit, money paid by the Company under paragraph 14.01, and reductions in the volume of timber specified in paragraph 1.01 under paragraph 13.04 are in addition to and not in substitution for any other remedies available to the Crown in respect of a default of the Company.

## **15.00 TERMINATION AND SURRENDER**

15.01 When this Agreement terminates, expires, or if this Agreement is canceled,

- (a) timber sale licences will terminate when the expiration, termination or cancellation occurs, and
- (b) title to all
  - (i) improvements, including roads and bridges, constructed by the Company under the authority of this Agreement, and

- (ii) logs and special forest products which were harvested under the authority of this Agreement and are still located on Crown land,  
will vest in the Crown, without right of compensation to the Company.

15.02 The Company will not remove any improvements, logs or special forest products referred to in subparagraph 15.01(b), unless authorized to do so by the Regional Manager.

15.03 Subject to paragraph 15.04, if the Company commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Minister may cancel this Agreement in a notice given to the Company.

15.04 The Minister will not cancel this Agreement under paragraph 15.03 unless and until the Minister gives a written notice to every holder of a registered security interest that charges this Agreement, allowing a period of not less than 60 days prior to cancellation during which the holder of the registered security interest may exercise the rights and pursue the remedies available in respect of the registered security interest.

## **16.00 NOTICE**

16.01 A notice given under this Agreement must be in writing.

16.02 Where a notice is to be given under this Agreement, it may be

- (a) delivered by hand, or
- (b) sent by prepaid registered mail addressed:
  - (i) to the Minister at Parliament Buildings, Victoria, British Columbia, V8V 1X4;
  - (ii) to the Regional Manager at 1011 4th Ave. Prince George, British Columbia, V2L 3H9;
  - (iii) to the District Manager at RR #1, Mile 301 Alaska Highway, Fort Nelson, British Columbia, V0C 1R0;
  - (iv) to the Company at #240 - 10451 Shellbridge Way, Richmond, British Columbia, V6X 2W8; or
  - (v) to such other address as is specified in a notice given in accordance with this Part.

- 16.03 Where a notice is given under this Agreement, it is deemed to have been given
- (a) if it is given in accordance with subparagraph 16.02(a), on the date it is delivered,
  - (b) if it is given in accordance with subparagraph 16.02(b), subject to paragraph 16.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada.
- 16.04 Where, between the time a notice is mailed in accordance with subparagraph 16.02(b) and the time it is actually received by a party, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.

## **17.00 MISCELLANEOUS**

- 17.01 This Agreement is subject to the *Forest Act*, and is governed by the laws of British Columbia.
- 17.02 This Agreement will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 17.03 This Agreement includes the obligations on the Company, and the promises made by the Company, expressed in the Proposal in Support of An Application for Pulpwood Agreement # 14 to Utilize Crown Timber within the Fort Nelson Timber Supply Area dated May 3, 1994, as amended by the Company's letters of July 27, 1994 and August 8, 1994, and attached as schedules A and B respectively.

## **18.00 INTERFERENCE WITH ABORIGINAL RIGHTS**

- 18.01 Notwithstanding any other provision of this Agreement, if a court of competent jurisdiction
- (a) determines that the Company's operations under this Agreement is interfering or may interfere with an aboriginal right,
  - (b) grants an injunction further to a determination referred to in subparagraph (a), or

- (c) grants an injunction pending a determination of whether the Company's operations under this Agreement, or the Company's use is interfering or may interfere with an aboriginal right,

then, having regard to any determination of the court and the terms of any injunction granted by the court, the Regional Manager or District Manager, in a notice given to the Company, may, in whole or in part, vary, suspend, or refuse to issue one or more of the following:

- (d) a timber sale licence,
- (e) a road permit, or
- (f) a special use permit.

to the extent necessary to ensure there is no interference or no further interference with the aboriginal right or the alleged aboriginal right.

18.02 Notwithstanding any other provision of this Agreement, if a court of competent jurisdiction

- (a) determines that the Company's operations under this Agreement, is interfering or may interfere with an aboriginal right,
- (b) grants an injunction further to a determination referred to in subparagraph (a), or
- (c) grants an injunction pending a determination of whether the Company's operations under this Agreement is interfering or may interfere with an aboriginal right,

then, having regard to any determination of the court and the terms of any injunction granted by the court, the Regional Manager, in a notice given to the Company, may require the Company to amend one or both of the following:

- (d) the management plan in effect under this Agreement, and
- (e) the development plan in effect under this Agreement,

to the extent necessary to ensure there is no interference or no further interference with the aboriginal right or the alleged aboriginal right.

18.03 Where the Regional Manager gives the Company a notice referred to in paragraph 18.02, the Company, in accordance with the requirements of the notice and within the time specified in the notice, will submit one or both of the following:

- (a) for the Regional Manager's approval, a proposed amendment to the management plan to have effect during the unexpired term of the management plan, and

- (b) for the District Manager's approval, a proposed amendment to the development plan to have effect during the unexpired term of the development plan.

18.04 Subject to applicable legislation and the other provisions of this Agreement, the Regional Manager or the District Manager, as the case may be, will approve a proposed amendment referred to in paragraph 18.03 if he or she is satisfied that the proposed amendment

- (a) meets the requirements of the notice referred in paragraph 18.02,
- (b) is consistent with any determination of the court and the terms of any injunction granted by the court referred to in paragraph 18.02, and
- (c) will ensure there is no interference or no further interference with the aboriginal right or the alleged aboriginal right.

18.05 If either

- (a) the Company fails to comply with the requirements of paragraph 18.03, or
- (b) the Regional Manager or the District Manager does not approve a proposed amendment under paragraph 18.04,

the Regional Manager or the District Manager may amend the management plan or the development plan, as the case may be, to the extent necessary to ensure

- (c) the plan is consistent with any determination of the court and the terms of any injunction granted by the court referred to in paragraph 18.02, and
- (d) there is no interference or no further interference with the aboriginal right or the alleged aboriginal right.

18.06 Subject to applicable legislation and the other provisions of this Agreement, where

- (a) the Regional Manager or District Manager has varied a timber sale licence, road permit, or special use permit under paragraph 18.01,
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
- (c) it is practical to do so,

the Regional Manager or District Manager, at the request of the Company, will vary the permit to reflect as closely as possible the terms and conditions of the timber sale licence or permit prior to its variation under paragraph 18.01.



18.07 Subject to applicable legislation and the other provisions of this Agreement, where

- (a) the Regional Manager or District Manager has suspended a timber sale licence, road permit, or special use permit under paragraph 18.01,
- (b) a court of competent jurisdiction subsequently sets aside or dissolves the determination or injunction referred to in that paragraph, and
- (c) it is practical to do so,

the Regional Manager or District Manager, at the request of the Company will reinstate the timber sale licence or permit.

18.08 Subject to applicable legislation and the other provisions of this Agreement, where

- (a) the Regional Manager or District Manager has refused to issue a timber sale licence, road permit, or special use permit under paragraph 18.01,
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
- (c) it is practical to do so,

the Regional Manager or District Manager, at the request of the Company, will issue the timber sale licence or permit.

18.09 Subject to applicable legislation and the other provisions of this Agreement, where

- (a) as a result of a determination or injunction referred to in paragraph 18.02, an amendment to the management plan or development plan in effect under this Agreement has been approved under paragraph 18.04 or made under paragraph 18.05, and
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction,

the Company may submit an amendment reversing, insofar as it is possible, the effects of the amendment referred to in subparagraph (a), and the Regional Manager or the District Manager, as the case may be, will approve the amendment if it is practical to do so.

## 19.00 INTERPRETATION

19.01 In this Agreement, unless the context otherwise requires:

Note →

- (a) "aboriginal activities" means cultural, spiritual, religious, and sustenance activities associated with traditional aboriginal life, including aboriginal rights;
- (b) "aboriginal people" includes registered and non-registered Indians, Inuits and Metis,
- (c) "aboriginal right" means any activity found by a court to constitute an aboriginal right,
- (d) "affiliate" means affiliate within the meaning of the *Company Act*,
- (e) "begin construction" means that Mill design has been completed, the necessary permits for construction have been issued, and the tender for construction have been called and awarded,
- (f) "close" or "closure" means cessation of production of the principal forest products normally produced by the Mill,
- (g) "deciduous leading timber stands" means a stand of timber having a minimum of 51% of its merchantable volume in deciduous specie as determined by a cruise to Ministry of Forests' standards,
- (g) "deposit" means the deposit which the Company is required to maintain under paragraph 9.03,
- (h) "development plan" means a development plan referred to in paragraph 5.01, or approved under paragraph 5.07,
- (i) "District Manager" means a district manager appointed under the *Ministry of Forests Act*, for a forest district in which all or part of the Pulpwood Area is situated,
- (j) "*Forest Act*" means:
  - (i) the *Forest Act*, R.S.B.C. 1979, c. 140, as amended, or the successor to this Act, if it is repealed, and
  - (ii) the regulations enacted under this Act or its successor.
- (k) "harvest" includes entry on land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (l) "land and resource management plan" means a plan, approved by an appropriate official of the Government of British Columbia, which provides direction for land use, and establishes resource management objectives and strategies, for all or part of the Pulpwood Area,
- (m) "licensees" means holders of agreements entered into under the *Forest Act*,
- (n) "local resource use plan" means any plan approved by the District Manager which provides guidelines for resource use and development in all or part of the planning area,

- (o) "logging plan" means one or more detailed maps setting out how the Company proposes to conduct harvesting and related operations on one or more cut blocks covered or to be covered by a timber sale licence,
- (p) "management plan" means a management plan referred to in paragraph 4.01, or approved under paragraph 4.08,
- (q) "Mill" means the timber processing facility referred to in the proposal on which this agreement was made,
- (r) "Minister" means the minister responsible for administering the *Forest Act*,
- (s) "performance deposit" means the deposit which the Company is required to maintain under paragraph 13.10
- (t) "person" includes a corporation and a partnership,
- (u) "pulp logs" means deciduous logs and deciduous solid wood pieces that are suitable for use in the Mill, and includes residual wood,
- (v) "Pulpwood Area" means the Pulpwood Area described in paragraph 1.04,
- (w) "planning area" means that part of the Pulpwood Area for which the Company is recognized as a major user of the timber resource,
- (x) "raw material" means wood residue and pulp logs,
- (y) "Regional Manager" means the Regional Manager appointed under the *Ministry of Forests Act* for the Prince George Forest Region,
- (z) "resource agency" means any governmental agency, ministry or department having jurisdiction over a resource which, in the Regional Manager's or District Manager's opinion, may be affected by any activity or operation, including but not restricted to harvesting activities or operations, engaged in or carried out under or associated with this Agreement or a road permit,
- (aa) "residual wood" means any timber that
  - (i) is suitable for use in the Mill,
  - (ii) meets the minimum utilization standards used to determine the allowable annual cut for the Fort Nelson Timber Supply Area, and
  - (iii) is not required to be utilized under Forest Licence A32900 or Forest Licence A22797,
- (ab) "Road Deactivation Plan" means a road deactivation plan referred to in paragraph 10.05,
- (ac) "Road Maintenance Plan" means a road maintenance plan referred to in paragraph 10.04,
- (ad) "road permit" means a road permit entered into under the *Forest Act* which provides access to timber harvested under this Agreement,
- (ae) "special deposit" means a special deposit which the Company is required to maintain under paragraph 9.11,
- (af) "timber processing facility" includes sawmills, veneer plants, plywood plants, and other wood fibre-using mills,

- (ag) "timber sale licence" means a timber sale licence issued under paragraph 8.02 or 8.08,
- (ah) "wood residue" means veneer cores and other solid wood pieces which are suitable for use in the Mill.

19.02 Unless otherwise provided in paragraph 19.01, if a word or phrase used in this Agreement is defined in the *Forest Act*, the definition in the *Forest Act* applies to this Agreement, and where the word or phrase in the *Forest Act* is replaced by a new word or phrase, this Agreement is deemed to have been amended accordingly.

19.03 Where a provision of the *Forest Act* referred to in this Agreement is renumbered, the reference in this Agreement must be construed as a reference to the provision as renumbered.

19.04 In this Agreement, unless the context otherwise requires,

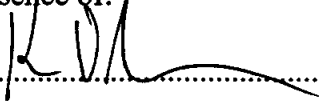
- (a) the singular includes the plural and the plural includes the singular, and
- (b) the masculine, the feminine and the neuter are interchangeable.

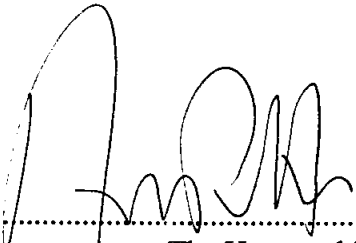
19.05 This Agreement is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

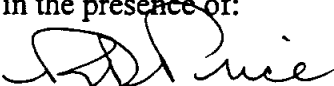
- 1.00 part,
  - 1.01 paragraph,
    - (a) subparagraph,
      - (i) clause,
        - (A) subclause;

and a reference to a subparagraph, clause or subclause must be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.

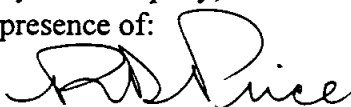
IN WITNESS WHEREOF this Agreement has been executed by the Minister and the Company.


SIGNED on Nov 8, 1994  
by the Minister of Forests )  
on behalf of Her Majesty )  
the Queen in Right of )  
the Province of )  
British Columbia in the )  
presence of: )  
 )  
..... )  
...KLAUS DIFFERMAN..... )  
(Print Name)

  
.....  
The Honourable Andrew Petter  
Minister of Forests

THE COMMON SEAL of )  
the Company was affixed )  
on November 3, 1994 )  
in the presence of: )  
 )  
..... )  
...R. D. Price..... )  
(Print Name)

(or)

SIGNED on Nov. 3, 1994  
by the Company, in the )  
presence of: )  
 )  
..... )  
...R. D. Price..... )  
(Print Name)

  
.....  
Authorized Signatory for Company  
I. K. Barber  
Chairman, President & CEO

# PULPWOOD AREA No. 14

(Excluding all Parks)

