

PROVINCE OF BRITISH COLUMBIA

Ministry of Forests

TREE FARM LICENCE NO. 18

THIS LICENCE, dated January 1, 1996

BETWEEN:

THE MINISTER OF FORESTS, on behalf of
HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA
(the "Minister")

AND: SLOCAN FOREST PRODUCTS LIMITED
240-10451 SHELLBRIDGE WAY
RICHMOND, BRITISH COLUMBIA
V6X 2W9
Fax: (604) 278-7316
(the "Licensee")

WHEREAS:

- A. Under Section 29 of the *Forest Act*, this Licence replaces Tree Farm Licence No. 18, dated January 1, 1982.
- B. Under the *Forest Amendment Act, 1988*, the portion of the allowable annual cut attributable to Schedule B Land, which was available to the Licensee under Tree Farm Licence No. 18, was reduced by 10 500 m³.

THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, the Minister grants the Licensee
- (a) the exclusive right during the term of this Licence to harvest from
 - (i) Schedule B Land, and
 - (ii) Schedule A Land subject to a timber licence, timber of the types specified in paragraph 1.02 from the types of terrain specified in paragraph 1.03,
 - (b) the right to manage
 - (i) Schedule B Land, and
 - (ii) Schedule A Land subject to a timber licence, according to this Licence, the Acts, regulations and standards referred to in paragraph 11.01, higher level plans, the management plan in effect under this Licence, and operational plans approved in respect of this Licence, and
 - (c) the right to enter and use
 - (i) Schedule B Land, and
 - (ii) Schedule A Land subject to a timber licence, for the purpose of exercising a right or fulfilling an obligation under this Licence.
- 1.02 The following types of timber are specified for the purposes of paragraph 1.01:
- (a) on Schedule A Land subject to a timber licence, all merchantable timber; and
 - (b) on Schedule B Land, all types of timber other than deciduous types.
- 1.03 The following types of terrain are specified for the purposes of paragraph 1.01:
- (a) on Schedule A Land subject to a timber licence, all terrain containing merchantable timber; and
 - (b) on Schedule B Land, all types of terrain.
- 1.04 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, the Licensee may also harvest timber from the Licence Area that is not
- (a) of a type specified in paragraph 1.02, or
 - (b) from a type of terrain specified in paragraph 1.03.

- 1.05 The Licensee will not harvest timber from the Licence Area except under a cutting permit or road permit, or a free use permit issued to the Licensee.
- 1.06 Subject to paragraph 1.07, the Licensee will not occupy Schedule B Land or Schedule A Land subject to a timber licence, except under and in accordance with a cutting permit, road permit, or special use permit authorizing such use or occupation.
- 1.07 Paragraph 1.06 does not apply to temporary occupation for the purpose of
- (a) carrying out silviculture,
 - (b) collecting inventory information,
 - (c) doing engineering layouts and surveys,
 - (d) carrying out protection activities, and
 - (e) fulfilling other obligations of the Licensee under or associated with this Licence.
- 1.08 Each year during the term of this Licence, the Regional Manager or District Manager may dispose of the following volumes of timber of a type specified in paragraph 1.02 from a type of terrain specified in paragraph 1.03, provided the timber is within areas of Schedule B Land agreed to under paragraph 1.11 or specified under paragraph 1.12:
- (a) subject to paragraph 1.16, 10 500 m³ of the allowable annual cut, under non-replaceable timber sale licences; and
 - (b) a volume of timber not exceeding one half of one percent (0.5%) of the portion of the allowable annual cut the Chief Forester determines is attributable to Schedule B Land, under free use permits.
- 1.09 In addition to any timber disposed of under paragraph 1.08, each year during the term of this Licence, the Regional Manager or District Manager may dispose of timber of a type specified in paragraph 1.02 from a type of terrain specified in paragraph 1.03, under timber sale licences issued pursuant to a pulpwood agreement, provided
- (a) the timber is
 - (i) of the type referred to in Section 34(1)(b) of the *Forest Act*,
 - (ii) within a pulpwood area designated by the Minister, and
 - (iii) within areas of Schedule B Land agreed to under paragraph 1.11 or specified under paragraph 1.12, and
 - (b) the volume of timber disposed of does not exceed an amount equal to the portion of the allowable annual cut which the Chief Forester determines is attributable to timber of the type referred to in

clause(a)(i), having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.

- 1.10 In addition to any timber disposed of under paragraphs 1.08 and 1.09, the Regional Manager or District Manager may dispose of any timber in the Licence Area that is not
- (a) of a type specified in paragraph 1.02, or
 - (b) from a type of terrain specified in paragraph 1.03,
- provided the timber is within areas of Schedule B Land agreed to under paragraph 1.11 or specified under paragraph 1.12.
- 1.11 Subject to paragraph 1.12, the District Manager and the Licensee will agree upon areas of Schedule B Land for the purposes of paragraphs 1.08, 1.09, 1.10 and 1.17, having regard to
- (a) the type and quality of timber on the area of Schedule B Land under consideration compared to the Schedule B Land as a whole,
 - (b) the type of terrain on the area of Schedule B Land under consideration compared to the Schedule B Land as a whole,
 - (c) in the case of paragraph 1.09, the type of timber referred to in Section 34(1)(b) of the *Forest Act*,
 - (d) in the case of paragraph 1.17, the nature of the Licensee's failure to comply with the management plan,
 - (e) the management plan in effect under this Licence and the forest development plan approved in respect of this Licence,
 - (f) any potential interference with the operations of the Licensee under this Licence, and
 - (g) use of the Licence Area for purposes other than timber production, including use of the Licence Area by
 - (i) trappers, guide outfitters, range tenure holders, and other licensed resource users, and
 - (ii) aboriginal people carrying out aboriginal activities.
- 1.12 If under paragraph 1.11 the District Manager and the Licensee are unable to agree upon areas of Schedule B Land for the purposes of paragraph 1.08, 1.09, 1.10 or 1.17, the District Manager or the Licensee may refer the matter to the Regional Manager, in which case the Regional Manager, subject to paragraph 1.15, and having regard to
- (a) the factors referred to in paragraph 1.11, and
 - (b) the recommendations of the District Manager and the Licensee,
- will specify areas for these purposes.
- 1.13 Subject to paragraphs 1.14 and 1.15, the Minister in a notice given to the

Licensee may delete an area from Schedule B Land to enable the Regional Manager or District Manager to issue a woodlot licence over the area, if the Chief Forester determines that the portion of the allowable annual cut attributable to the area does not exceed the volume of timber referred to in paragraph 1.08(a), having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.

- 1.14 Before deleting an area under paragraph 1.13, the Minister will consult the Licensee and consider any recommendations made by the Licensee.
- 1.15 The Regional Manager will only specify an area under paragraph 1.12, and the Minister will only delete an area under paragraph 1.13, where the Regional Manager or the Minister, as the case may be, is satisfied that specifying or deleting the area will not
- (a) compromise the management plan in effect under this Licence or a forest development plan approved in respect of this Licence, or
 - (b) unreasonably interfere with the Licensee's operations under this Licence.
- 1.16 Where the Minister deletes an area under paragraph 1.13, the volume of timber referred to in paragraph 1.08(a) is deemed to be reduced by an amount equal to the portion of the allowable annual cut that the Chief Forester determines is attributable to the deleted area, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.
- 1.17 If
- (a) a management plan referred to in paragraph 2.01 or approved under paragraph 2.27 provides that part of the allowable annual cut is to be harvested from a specified part of the Licence Area or from a specified type of timber or terrain, and the Licensee fails to comply with that provision, and
 - (b) as a consequence, the Chief Forester, under Section 55.5 of the *Forest Act*, reduces the portion of the allowable annual cut available to the Licensee,
- then, in addition to any timber disposed of under paragraphs 1.08, 1.09 and 1.10, the Regional Manager or District Manager may dispose of a volume of timber, from areas of Schedule B Land agreed to under paragraph 1.11 or specified under paragraph 1.12, up to an amount equal to the amount by which the Chief Forester reduces the allowable annual

cut under Section 55.5 of the *Forest Act* multiplied by the number of years the reduction remains in effect.

1.18 If an area of Schedule A Land is

- (a) subject to a timber licence that expires, or
 - (b) deleted from a timber licence,
- then the area is deemed to be deleted from Schedule A Land and added to Schedule B Land.

1.19 The term of this Licence is 25 years, beginning January 1, 1996.

2.00 MANAGEMENT PLANS

2.01 A management plan

- (a) approved under the tree farm licence replaced by this Licence, and
 - (b) still in effect on the date immediately preceding the date referred to in paragraph 1.19,
- is deemed for the remainder of the term of the management plan to be the management plan in effect under this Licence.

2.02 If there is no approved management plan in effect under the tree farm licence replaced by this Licence on the date immediately preceding the date referred to in paragraph 1.19, then solely for the purposes of

- (a) inviting comments under paragraph 2.05(a) and providing an assessment under paragraph 2.08(a), and
- (b) determining the deadlines for
 - (i) inviting comments under paragraph 2.05(a),
 - (ii) submitting a review strategy under paragraph 2.05(b),
 - (iii) providing an assessment under paragraph 2.08(a)(i),
 - (iv) submitting a summary of comments under paragraph 2.08(b),
 - (v) submitting a Statement of Management Objectives, Options and Procedures under paragraph 2.09,
 - (vi) referring a draft management plan and inviting comments under paragraph 2.24, and
 - (vii) submitting a proposed management plan under paragraph 2.26,

the parties will proceed as if the management plan which was last in effect under that tree farm licence is the management plan in effect under this Licence and, subject to paragraph 2.04, is due to expire 28 months after the date referred to in paragraph 1.19.

- 2.03 If the management plan deemed under paragraph 2.01 to be the management plan in effect under this Licence is due to expire less than 28 months after the date referred to in paragraph 1.19, then solely for the purpose of determining the deadlines for
- (a) inviting comments under paragraph 2.05(a),
 - (b) submitting a review strategy under paragraph 2.05(b), if applicable,
 - (c) providing an assessment under paragraph 2.08(a)(i),
 - (d) submitting a summary of comments under paragraph 2.08(b),
 - (e) submitting a Statement of Management Objectives, Options and Procedures under paragraph 2.09,
 - (f) referring a draft management plan and inviting comments under paragraph 2.24, and
 - (g) submitting a proposed management plan under paragraph 2.26,
- the parties will proceed as if, subject to paragraph 2.04, the management plan in effect under this Licence is due to expire 28 months after the date referred to in paragraph 1.19.

2.04 If

- (a) either
 - (i) there is no approved management plan in effect under the tree farm licence replaced by this Licence on the date immediately preceding the date referred to in paragraph 1.19, or
 - (ii) the management plan deemed under paragraph 2.01 to be the management plan in effect under this Licence is due to expire less than 28 months after the date referred to in paragraph 1.19, and
 - (b) the Chief Forester is satisfied that a requirement or obligation referred to in this Part has been met or fulfilled under the tree farm licence replaced by this Licence,
- the Chief Forester, in a notice given to the Licensee, may
- (c) specify the requirement or obligation that has been met or fulfilled and deem that requirement or obligation to have been met or fulfilled under this Licence, and
 - (d) if a period of less than 28 months is sufficient for the purpose of establishing a deadline referred to in paragraph 2.02(b) or 2.03, specify a period of less than 28 months which is sufficient for this purpose.

2.05 Not less than 28 months prior to the date on which the management plan in effect under this Licence is due to expire,

- (a) the Licensee will

- (i) publish at least twice within a period of two consecutive weeks in a newspaper acceptable to the Regional Manager, an advertisement inviting comments regarding
 - (A) the management plan in effect under this Licence, and
 - (B) the Licensee's performance in respect of that management plan, and
 - (ii) make a copy of the management plan in effect under this Licence available for review by interested persons
 - (A) during normal business hours, and
 - (B) at the Licensee's place of business in the vicinity of the Licence Area or, if the Licensee so chooses, at another location which is convenient to the public and acceptable to the Regional Manager,

for a period of one month, or longer if the Licensee so chooses, beginning at least one week after the last publication of the advertisement referred to in clause (i), and
- (b) if there is no management plan in effect under this Licence, or if the management plan in effect under this Licence does not include a review strategy for
 - (i) the Statement of Management Objectives, Options and Procedures referred to in paragraph 2.09,
 - (ii) the draft management plan referred to in paragraph 2.24,
 - (iii) the statement of objectives referred to in paragraph 3.01, or
 - (iv) the statement of proposals referred to in paragraph 3.02,

the Licensee will submit to the Regional Manager a review strategy, complying with the requirements of Part 4.00, for the Statement of Management Objectives, Options and Procedures, the draft management plan, the statement of objectives referred to in paragraph 3.01, and the statement of proposals referred to in paragraph 3.02, as applicable.

2.06 The Regional Manager, within two months after the date on which the Regional Manager receives a review strategy submitted under paragraph 2.05(b) or 2.07(b), will in a notice given to the Licensee approve the review strategy, subject to such conditions as the Regional Manager considers necessary or appropriate, if the Regional Manager is satisfied that the review strategy meets the requirements of Part 4.00.

2.07 Where the Regional Manager does not approve a review strategy under paragraph 2.06,

- (a) the Regional Manager, within two months after the date on which

- the Regional Manager receives the review strategy, will specify in a notice given to the Licensee why the Regional Manager has not approved the review strategy, and
- (b) the Licensee, within one month after the date on which the Licensee is given the notice referred to in subparagraph (a), will submit a new or revised review strategy to the Regional Manager.
- 2.08 Not less than 26 months prior to the date on which the management plan in effect under this Licence is due to expire,
- (a) the Regional Manager will provide the Licensee with
- (i) an assessment of
- (A) the management plan in effect under this Licence, and
- (B) the Licensee's performance in respect of that management plan, and
- (ii) a list of guidelines currently in effect, and
- (b) the Licensee will submit to the Regional Manager a summary of the comments received by the Licensee in complying with paragraph 2.05(a).
- 2.09 The Licensee, not less than 22 months prior to the date on which the management plan in effect under this Licence is due to expire, will submit to the Regional Manager
- (a) a Statement of Management Objectives, Options and Procedures which has been referred to resource agencies and made available for comment in accordance with the review strategy approved
- (i) in the management plan in effect under this Licence, or
- (ii) under paragraph 2.06,
- as the case may be, and
- (b) a summary of
- (i) all comments received by the Licensee in complying with the review strategy referred to in subparagraph (a), and
- (ii) the modifications, if any, made to the Statement of Management Objectives, Options and Procedures, prior to its submission to the Regional Manager, in response to the comments referred to in clause (i).
- 2.10 A Statement of Management Objectives, Options and Procedures submitted under paragraph 2.09 or 2.12(b) must
- (a) be prepared by a professional forester in accordance with the applicable manual in effect four months prior to the deadline for submitting the Statement of Management Objectives, Options and

- Procedures under paragraph 2.09 or 2.12(b), as the case may be,
- (b) summarize the commitments which
 - (i) were made by the Licensee
 - (A) in the application on which the award of the tree farm licence replaced by this Licence or any predecessor to that tree farm licence was based,
 - (B) in accepting the offer of the tree farm licence replaced by this Licence or any predecessor to that tree farm licence, or
 - (C) as a result of a request for the Minister's consent for the purposes of Section 50 of the *Forest Act*, and
 - (ii) remain in effect at the time the Statement of Management Objectives, Options and Procedures is submitted,
 - (c) identify the inadequacies, if any, in the information to be included in the inventories referred to in paragraph 2.25(d),
 - (d) propose management objectives for the Licence Area reflecting the management objectives which the Licensee intends to include in the draft management plan, and identify management options reflecting the proposals for meeting these objectives which the Licensee also intends to include in the draft management plan, regarding
 - (i) management and utilization of the timber resources in the Licence Area, including harvesting methods and felling, bucking and utilization specifications suitable to the types of timber and terrain specified in paragraphs 1.02 and 1.03,
 - (ii) protection and conservation of the non-timber values and resources in the Licence Area, including visual quality, biological diversity, soils, water, recreation resources, cultural heritage resources, range land, and wildlife and fish habitats,
 - (iii) integration of harvesting activities in the Licence Area with use of the Licence Area for purposes other than timber production, including use of the Licence Area by
 - (A) trappers, guide outfitters, range tenure holders, and other licensed resource users, and
 - (B) aboriginal people carrying out aboriginal activities,
 - (iv) forest fire prevention and suppression, prescribed fire, and fuel management,
 - (v) forest health, including disease and pest management,
 - (vi) silviculture,
 - (vii) road construction, maintenance and deactivation, and
 - (viii) any issues identified
 - (A) by the Licensee,
 - (B) by the Regional Manager in the assessment referred

to in paragraph 2.08(a)(i), or

- (C) in the comments referred to in paragraph 2.08(b), which are consistent with this Licence, the Acts, regulations and standards referred to in paragraph 11.01, higher level plans, including any objectives for resource management zones, landscape units, sensitive areas, recreation sites and trails and interpretive forest sites under the *Forest Practices Code of British Columbia Act*, the guidelines referred to in paragraph 2.08(a)(ii), and the commitments referred to in subparagraph (b),
- (e) identify inadequacies referred to in subparagraph (c) and issues referred to in clause (d)(viii) which will require further study or analysis, and indicate what, if any, studies or analyses the Licensee will carry out,
- (f) identify issues referred to in clause (d)(viii) which will be addressed in the management objectives and proposals in the draft management plan referred to in paragraph 2.24 and proposed management plan referred to in paragraph 2.26, and
- (g) identify management options referred to in subparagraph (d) which the Licensee proposes to assess in the timber supply analysis referred to in paragraph 2.17(a).

2.11 The Regional Manager, within three months after the date on which the Regional Manager receives a Statement of Management Objectives, Options and Procedures submitted under paragraph 2.09, or two months after the date on which the Regional Manager receives a Statement of Management Objectives, Options and Procedures submitted under paragraph 2.12(b), will in a notice given to the Licensee accept the Statement of Management Objectives, Options and Procedures, subject to such conditions as the Regional Manager considers necessary or appropriate, if

- (a) the Statement of Management Objectives, Options and Procedures meets the requirements of paragraph 2.10, and
- (b) the Regional Manager is satisfied that the Licensee has
 - (i) adequately addressed the inadequacies referred to in paragraph 2.10 (c), the issues referred to in paragraph 2.10(d)(viii), and the comments referred to in paragraph 2.09(b)(i), and
 - (ii) selected appropriate management options for assessment in the timber supply analysis.

2.12 Where the Regional Manager does not accept a Statement of Management Objectives, Options and Procedures under paragraph 2.11,

- (a) the Regional Manager, within three months after the date on which

the Regional Manager receives a Statement of Management Objectives, Options and Procedures submitted under paragraph 2.09, or two months after the date on which the Regional Manager receives a Statement of Management Objectives, Options and Procedures submitted under subparagraph (b), will specify in a notice given to the Licensee why the Regional Manager has not accepted the Statement of Management Objectives, Options and Procedures, and

- (b) the Licensee, within one month after the date on which the Licensee is given the notice referred to in subparagraph (a), will submit a new or revised Statement of Management Objectives, Options and Procedures to the Regional Manager.

2.13 Where the Regional Manager accepts a Statement of Management Objectives, Options and Procedures under paragraph 2.11, the Licensee, within three months after the date on which the Statement of Management Objectives, Options and Procedures is accepted, will submit a Timber Supply Analysis Information Package to the Timber Supply Forester.

2.14 A Timber Supply Analysis Information Package submitted under paragraph 2.13 must

- (a) include the information required in the applicable manual in effect six months prior to the deadline for submitting the Timber Supply Analysis Information Package,
- (b) identify assumptions the Licensee proposes to incorporate into the timber supply analysis referred to in paragraph 2.17(a) which are consistent with
 - (i) this Licence,
 - (ii) the Acts, regulations and standards referred to in paragraph 11.01,
 - (iii) higher level plans, including any objectives for resource management zones, landscape units, sensitive areas, recreation sites and trails and interpretive forest sites under the *Forest Practices Code of British Columbia Act*,
 - (iv) subject to paragraph 2.33, the guidelines referred to in paragraph 2.08(a)(ii),
 - (v) subject to paragraph 2.33, the management objectives in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11, and
 - (vi) subject to paragraph 2.33, the management options in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11 which are referred to in paragraph 2.10(g),

- (c) without restricting the generality of subparagraph (b), identify assumptions the Licensee proposes to incorporate into the timber supply analysis referred to in paragraph 2.17(a) regarding
 - (i) the inventory of timber and non-timber resources in the Licence Area,
 - (ii) growth and yield,
 - (iii) regeneration delays,
 - (iv) silviculture treatments,
 - (v) integrated resource management constraints,
 - (vi) harvesting methods and felling, bucking and utilization specifications, and
 - (vii) the operable land base,
- (d) describe the methodology, including the computer model, if any, that the Licensee proposes to use in the timber supply analysis, including a description of the extent to which the assumptions referred to in subparagraphs (b) and (c) are reflected in the methodology,
- (e) include information which supports the assumptions referred to in subparagraphs (b), (c) and (d),
- (f) describe how the Licensee proposes to address in the timber supply analysis any inadequacies referred to in paragraph 2.10(c), and
- (g) include any other information readily available to the Licensee, which
 - (i) the Licensee, or
 - (ii) the Timber Supply Forester, in a notice given to the Licensee within one month after the date on which the Licensee is given the notice accepting the Statement of Management Objective, Options and Procedures under paragraph 2.11,
 considers relevant to an assessment of the impact on the timber supply of the management options referred to paragraph 2.10(g).

2.15 The Timber Supply Forester, within three months after the date on which the Timber Supply Forester receives the Timber Supply Analysis Information Package submitted under paragraph 2.13, or two months after the date on which the Timber Supply Forester receives the information or proposals submitted under paragraph 2.16(b), will in a notice given to the Licensee accept the assumptions and the methodology referred to in paragraph 2.14 and, if applicable, paragraph 2.16(b) for use in the timber supply analysis referred to in paragraph 2.17(a), subject to such conditions as the Timber Supply Forester considers necessary or appropriate, if

- (a) the requirements of paragraph 2.14 and, if applicable, paragraph 2.16(b) have been met, and
- (b) the Timber Supply Forester is satisfied with the information

provided in support of the assumptions and methodology.

- 2.16 Where the Timber Supply Forester does not accept both the assumptions and the methodology under paragraph 2.15,
- (a) the Timber Supply Forester, within three months after the date on which the Timber Supply Forester receives the Timber Supply Analysis Information Package submitted under paragraph 2.13, or two months after the date on which the Timber Supply Forester receives the information or proposals submitted under subparagraph (b), will specify in a notice given to the Licensee why the Timber Supply Forester has not accepted the assumptions, the methodology or both, and
 - (b) the Licensee, within one month after the date on which the Licensee is given the notice referred to in subparagraph (a), will
 - (i) propose new or revised assumptions,
 - (ii) propose a new or revised methodology, and
 - (iii) submit further information in support of the assumptions, the methodology or both,as required by the Timber Supply Forester.
- 2.17 Where the Timber Supply Forester accepts the assumptions and the methodology under paragraph 2.15, the Licensee, within three months after the date on which the assumptions and the methodology are accepted, will submit
- (a) a timber supply analysis to the Timber Supply Forester, and
 - (b) a 20-year plan to the District Manager.
- 2.18 A timber supply analysis submitted under paragraph 2.17(a) or 2.22(b) must:
- (a) assess the impact on the timber supply of the management options in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11 which are referred to in paragraph 2.10(g), and
 - (b) subject to paragraph 2.33,
 - (i) be based on the assumptions, and
 - (ii) use the methodology,accepted by the Timber Supply Forester under paragraph 2.15.
- 2.19 A 20-year plan submitted under paragraph 2.17(b) or 2.23(b) must
- (a) identify
 - (i) the net operable land base,
 - (ii) harvested areas,

- (iii) existing and proposed road access within the net operable land base, and
 - (iv) areas subject to special integrated resource management constraints, such as use of the Licence Area for purposes other than timber production,
- (b) categorize areas within the net operable land base referred to in clause (a)(i) by
 - (i) the type and quality of timber, and
 - (ii) the harvesting methods suitable to the terrain, and
- (c) in support of the timber supply analysis, set out a hypothetical sequence of cut blocks in 5 year increments over a period of 20 years, or longer if the Licensee so chooses, which is consistent with
 - (i) this Licence,
 - (ii) the Acts, regulations and standards referred to in paragraph 11.01,
 - (iii) higher level plans, including any objectives for resource management zones, landscape units, sensitive areas, recreation sites and trails and interpretive forest sites under the *Forest Practices Code of British Columbia Act*,
 - (iv) subject to paragraph 2.33, the guidelines referred to in paragraph 2.08(a)(ii),
 - (v) subject to paragraph 2.33, the management objectives in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11, and
 - (vi) subject to paragraph 2.33, a management option selected by the Licensee from the management options in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11 which are referred to in paragraph 2.10(g).

2.20 The Timber Supply Forester, within three months after the date on which the Timber Supply Forester receives a timber supply analysis submitted under paragraph 2.17(a), or two months after the date the Timber Supply Forester receives a timber supply analysis submitted under paragraph 2.22(b), will

- (a) in a notice given to the Licensee accept the timber supply analysis, subject to such conditions as the Timber Supply Forester considers necessary or appropriate, if the timber supply analysis meets the requirements of paragraph 2.18, and
- (b) where the Timber Supply Forester accepts the timber supply analysis under subparagraph (a), provide the Licensee with an assessment of the strengths and weakness of the timber supply analysis.

- 2.21 The District Manager, within three months after the date on which the District Manager receives a 20-year plan submitted under paragraph 2.17(b), or two months after the date on which the District Manager receives a 20-year plan submitted under paragraph 2.23(b), will
- (a) in a notice given to the Licensee accept the 20-year plan, subject to such conditions as the District Manager considers necessary or appropriate, if the 20-year plan meets the requirements of paragraph 2.19, and
 - (b) where the District Manager accepts the 20-year plan under subparagraph (a), provide the Licensee with an assessment of the strengths and weakness of the 20-year plan.
- 2.22 Where the Timber Supply Forester does not accept a timber supply analysis under paragraph 2.20,
- (a) the Timber Supply Forester, within three months after the date on which the Timber Supply Forester receives a timber supply analysis submitted under paragraph 2.17(a), or two months after the date on which the Timber Supply Forester receives a timber supply analysis submitted under subparagraph (b), will specify in a notice given to the Licensee why the Timber Supply Forester has not accepted the timber supply analysis, and
 - (b) the Licensee, within one month after the date on which the Licensee is given the notice referred to in subparagraph (a), will submit a new or revised timber supply analysis to the Timber Supply Forester.
- 2.23 Where the District Manager does not accept a 20-year plan under paragraph 2.21,
- (a) the District Manager, within three months after the date on which the District Manager receives a 20-year plan submitted under paragraph 2.17(b), or two months after the date on which the District Manager receives a 20-year plan submitted under subparagraph (b), will specify in a notice given to the Licensee why the District Manager has not accepted the 20-year plan, and
 - (b) the Licensee, within one month after the date on which the Licensee is given the notice referred to in subparagraph (a), will submit a new or revised 20-year plan to the District Manager.
- 2.24 Not less than six months prior to the date on which the management plan in effect under this Licence is due to expire, the Licensee will
- (a) refer a draft management plan to the Regional Manager for comment, and

- (b) at the same time, refer the draft management plan referred to in subparagraph (a) to resource agencies and make it available for comment in accordance with the review strategy approved
 - (i) in the management plan in effect under this Licence, or
 - (ii) under paragraph 2.06,as the case may be.

2.25 A draft management plan referred to in paragraph 2.24 or 2.37(a) and a proposed management plan submitted by the Licensee under paragraph 2.26, 2.30(b) or 2.37(b) must

- (a) be prepared by a professional forester in accordance with the applicable manual in effect four months prior to the deadline for submitting the draft management plan under paragraph 2.24 or 2.37(a), as the case may be,
- (b) be signed and sealed by the professional forester who prepared it, and signed by the Licensee or an authorized signatory of the Licensee,
- (c) be consistent with
 - (i) this Licence,
 - (ii) the Act, regulations and standards referred to in paragraph 11.01,
 - (iii) higher level plans, including any objectives for resource management zones, landscape units, sensitive areas, recreation sites and trails and interpretive forest sites under the *Forest Practices Code of British Columbia Act*,
 - (iv) the commitments referred to in paragraph 2.10(b),
 - (v) subject to paragraph 2.33, the guidelines referred to in paragraph 2.08(a)(ii),
 - (vi) subject to paragraph 2.33, the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11,
- (d) include inventories, prepared in the manner, presented in the format and meeting the specifications set or approved in the applicable manual in effect six months prior to the deadline for submitting the Timber Supply Analysis Information Package, of the forest, recreation, fisheries, wildlife, range, and cultural heritage resources in the Licence Area, including information relating to visual quality objectives, sensitive soils, recreation sites, and the type of timber and terrain,
- (e) include proposals for updating the inventories referred to in subparagraph (d) and, if applicable, addressing inadequacies in the inventory information,
- (f) propose management objectives regarding
 - (i) management and utilization of the timber resources in the

- (ii) Licence Area, including harvesting methods and felling, bucking and utilization specifications suitable to the types of timber and terrain specified in paragraphs 1.02 and 1.03, protection and conservation of the non-timber values and resources in the Licence Area, including visual quality, biological diversity, soils, water, recreation resources, cultural heritage resources, range land, and wildlife and fish habitats,
 - (iii) integration of harvesting activities in the Licence Area with use of the Licence Area for purposes other than timber production, including use of the Licence Area by
 - (A) trappers, guide outfitters, range tenure holders, and other licensed resource users, and
 - (B) aboriginal people carrying out aboriginal activities,
 - (iv) forest fire prevention and suppression, prescribed fire, and fuel management,
 - (v) forest health, including disease and pest management,
 - (vi) silviculture,
 - (vii) road construction, maintenance and deactivation, and
 - (viii) anything else relating to the management, development and use of the Licence Area that the Chief Forester requires,
- (g) include proposals for meeting the proposed management objectives referred to in subparagraph (f), including measures to be taken and specifications to be followed by the Licensee which meet or, if the Licensee so chooses, exceeds any requirements of the Act, regulations and standards referred to in paragraph 11.01, or of the higher level plans or guidelines referred to in paragraph (c),
- (h) specify measures to be taken by the Licensee to identify and consult with persons using the Licence Area for purposes other than timber productions, including
 - (i) trappers, guide outfitters, range tenure holders, and other licensed resource users, and
 - (ii) aboriginal people who are or who may be carrying out aboriginal activities,
- (i) include
 - (i) the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11, including revisions, if any, required under paragraph 2.33,
 - (ii) either
 - (A) the timber supply analysis accepted under paragraph 2.20, together with the assessment referred to in paragraph 2.20(b), or
 - (B) where no timber supply analysis has been accepted, a draft timber supply analysis prefaced with a

statement to the effect that the draft timber supply analysis has not been submitted under paragraph 2.17(a) or accepted under paragraph 2.20, as applicable, and

- (iii) either
 - (A) the 20-year plan accepted under paragraph 2.21, together with the assessment referred to in paragraph 2.21(b), or
 - (B) where no 20-year plan has been accepted, a draft 20-year plan prefaced with a statement to the effect that the draft 20-year plan has been not submitted under paragraph 2.17(b) or accepted under paragraph 2.21, as applicable,
- (j) assess the impact the draft management plan or proposed management plan, as the case may be, will have on factors such as harvest levels, economic opportunities, the number of persons employed by the Licensee and contractors of the Licensee, and the protection and conservation of non-timber values,
- (k) highlight the key similarities and differences between the draft management plan or the proposed management plan, as the case may be, and the management plan in effect or last in effect under this Licence, and in a summary form compare
 - (i) the impact, if any, that implementation of the management plan in effect or last in effect under this Licence had, and
 - (ii) the impact, if any, that the Licensee anticipates implementation of the draft management plan or the proposed management plan, as the case may be, will have on factors such as those referred to in subparagraph (j),
- (l) propose a review strategy, complying with the requirements of Part 4.00, for
 - (i) the next Statement of Management Objectives, Options and Procedures to be referred and made available for comment under paragraph 2.09(a),
 - (ii) the next draft management plan to be referred and made available for comment under paragraph 2.24,
 - (iii) the next statement of objectives to be referred and made available for comment under paragraph 3.01(a), and
 - (iv) the next statement of proposals to be referred and made available for comment under paragraph 3.02,
- (m) if applicable, provide that part of the allowable annual cut will be harvested from a specified part of the Licence Area, or from a specified type of timber or terrain,
- (n) include any other information on the development, management and use of the Licence Area that the Chief Forester requires, and

- (o) if required in the manual referred to in subparagraph (a), provide some or all of the information referred to in this paragraph in the form of maps meeting the requirements of the manual.
- 2.26 The Licensee, not less than three months prior to the date on which the management plan in effect under this Licence is due to expire, will submit to the Chief Forester
- (a) a proposed management plan which is based on the draft management plan referred to in paragraph 2.24, and
 - (b) a summary of
 - (i) all comments
 - (A) provided by the Regional Manager within two months of the date on which the Regional Manager receives a draft management plan referred to the Regional Manager in accordance with the requirements of paragraph 2.24(a), and
 - (B) received by the Licensee in complying with the requirements of paragraph 2.24(b), and
 - (ii) the differences, if any, between the draft management plan and the proposed management plan, including differences resulting from modifications made in response to the comments referred to in clause (i).
- 2.27 Subject to paragraphs 2.28 and 2.29, the Chief Forester, within three months after the date on which the Chief Forester receives a proposed management plan submitted under paragraph 2.26, 2.30(b) or 2.37(b), will in a notice given to the Licensee approve the proposed management plan, subject to such conditions as the Chief Forester considers necessary or appropriate, if
- (a) the Chief Forester is satisfied that the proposed management plan
 - (i) meets the requirements of paragraph 2.25 and paragraph 2.26(a) or 2.37(b)(i), as the case may be, and
 - (ii) adequately addresses the comment referred to in paragraph 2.26(b)(i) or 2.37(b)(ii)(A), as the case may be, and
 - (b) the proposed management plan includes
 - (i) inventories referred to in paragraph 2.25(d),
 - (ii) proposals referred to in paragraph 2.25(e) for updating these inventories and, if applicable, addressing inadequacies in the inventory information,
 - (iii) management objectives referred to in paragraph 2.25(f),
 - (iv) proposals referred to in paragraph 2.25(g) for meeting these objectives,

ensure consistency with

- (e) any new guidelines or manuals in effect on the date the Licensee is given the notice,
- (f) higher level plans, and
- (g) the Acts, regulations and standards referred to in paragraph 11.01.

2.34 If the Chief Forester considers that

- (a) damage to timber in the Licence Area as a result of fire, flood, wind, insects, disease, or other causes,
 - (b) a determination by the Chief Forester 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) establishment, variance, cancellation or replacement of a higher level plan,
 - (d) interference with an aboriginal right,
 - (e) a change in the allowable annual cut as a result of a determination by the Chief Forester under the *Forest Act*, or
 - (f) other special circumstances,
- have rendered the management plan in effect under the Licence inadequate, the Chief Forester, in a notice given to the Licensee, may require that the management plan be amended.

2.35 A notice referred to in paragraph 2.34 must specify

- (a) why the Chief Forester 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 Chief Forester.

2.36 Where the Chief Forester gives the Licensee a notice referred to in paragraph 2.34, the Licensee, within three months after the date on which the notice is given, will submit for the Chief Forester's approval a proposed amendment to the management plan, which incorporates the changes referred to in paragraph 2.35(c), to have effect during the unexpired term of the management plan.

2.37 If the Licensee fails to comply with the requirements of paragraph 2.36, the management plan in effect under this Licence will expire three months after the date on which the notice referred to in paragraph 2.34 is given to the Licensee, in which case,

- (a) within three months after the date on which the management plan expires under this paragraph, the Licensee will

ensure consistency with

- (e) any new guidelines or manuals in effect on the date the Licensee is given the notice,
- (f) higher level plans, and
- (g) the Acts, regulations and standards referred to in paragraph 11.01.

2.34 If the Chief Forester considers that

- (a) damage to timber in the Licence Area as a result of fire, flood, wind, insects, disease, or other causes,
 - (b) a determination by the Chief Forester 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) establishment, variance, cancellation or replacement of a higher level plan,
 - (d) interference with an aboriginal right,
 - (e) a change in the allowable annual cut as a result of a determination by the Chief Forester under the *Forest Act*, or
 - (f) other special circumstances,
- have rendered the management plan in effect under the Licence inadequate, the Chief Forester, in a notice given to the Licensee, may require that the management plan be amended.

2.35 A notice referred to in paragraph 2.34 must specify

- (a) why the Chief Forester 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 Chief Forester.

2.36 Where the Chief Forester gives the Licensee a notice referred to in paragraph 2.34, the Licensee, within three months after the date on which the notice is given, will submit for the Chief Forester's approval a proposed amendment to the management plan, which incorporates the changes referred to in paragraph 2.35(c), to have effect during the unexpired term of the management plan.

2.37 If the Licensee fails to comply with the requirements of paragraph 2.36, the management plan in effect under this Licence will expire three months after the date on which the notice referred to in paragraph 2.34 is given to the Licensee, in which case,

- (a) within three months after the date on which the management plan expires under this paragraph, the Licensee will

- (i) refer a draft management plan to the Regional Manager and
 - (ii) at the same time, refer the draft management plan referred to in clause (i) to resource agencies and make it available for comment in accordance with the review strategy referred to in paragraph 2.24(b), and
 - (b) within six months after the date on which the management plan expires under this paragraph, the Licensee will submit to the Chief Forester
 - (i) a proposed management plan which is based on the draft management plan referred to in subparagraph (a), and
 - (ii) a summary of
 - (A) all comments received by the Licensee in complying with the requirements of subparagraph (a), and
 - (B) the differences, if any, between the draft management plan and the proposed management plan, including differences resulting from modifications made in response to the comments referred to in subclause (A).
- 2.38 The Licensee will implement the management plan in effect under this Licence.
- 2.39 The management plan in effect under this Licence is deemed to be part of this Licence.
- 2.40 Subject to paragraphs 2.31, 2.32, and 2.37, a management plan expires five years after the date on which it takes effect.

3.00 OBJECTIVES AND STRATEGIES FOR EMPLOYMENT AND ECONOMIC OPPORTUNITIES

- 3.01 When the Licensee submits a Statement of Management Objectives, Options and Procedures under paragraph 2.09, the Licensee will also submit to the Regional Manager
- (a) a statement of the Licensee's objectives regarding
 - (i) employment of people living in or near the Licence Area, including aboriginal people, and
 - (ii) economic opportunities available to people living in or near the Licence Area, including aboriginal people, in respect of timber harvested under this Licence or the Licensee's operations under or in respect of this Licence,

which has been referred to resource agencies and made available for comment in accordance with the review strategy approved in the management plan in effect under this Licence, or under paragraph 2.06, as the case may be, and

- (b) a summary of
 - (i) all comments received by the Licensee in complying with the review strategy referred to in subparagraph (a), and
 - (ii) the modifications, if any, made to the statement of objectives prior to its submission to the Regional Manager, in response to the comments referred to in clause (i).

3.02 When the Licensee refers a draft management plan and makes it available for comment under paragraph 2.24, the Licensee will also refer and make available for comment, in accordance with the review strategy approved

- (a) in the management plan in effect under this Licence, or
 - (b) under paragraph 2.06,
- as the case may be, a draft statement of the Licensee's proposals for meeting the objectives set out in the statement of objectives submitted under paragraph 3.01.

3.03 When the Licensee submits a proposed management plan to the Chief Forester under paragraph 2.26, the Licensee will also submit

- (a) a statement of proposals based on the draft statement of proposals referred to in paragraph 3.02, and
- (b) a summary of
 - (i) all comments received by the Licensee in complying with the requirements of paragraph 3.02, and
 - (ii) the differences, if any, between the statement of proposals submitted under this paragraph and the draft statement of proposals referred to in paragraph 3.02, including differences resulting from modifications made in response to the comments referred to in clause (i).

4.00 REVIEW STRATEGY & MINISTRY CONSULTATION

4.01 A review strategy referred to in paragraph 2.05(b), 2.07(b) or 2.25(l) must

- (a) provide adequate opportunities for comment to persons interested in or affected by operations under this Licence, including but not restricted to
 - (i) resource agencies,
 - (ii) trappers, guide outfitters, range tenure holders, and other licensed resource users,
 - (iii) aboriginal people,

- (iv) local governments, and
 - (v) members of the public, and
- (b) specify measures for inviting comment, including
 - (i) referrals to resource agencies,
 - (ii) advertising methods, times and locations,
 - (iii) viewing methods, times and locations,
 - (iv) if applicable, times and locations of open houses, and
 - (v) methods for collecting written and oral comments from interested persons.

4.02 An opportunity for comment provided to a person referred to in paragraph 4.01(a) will only be adequate if, in the opinion of the Regional Manager or the Chief Forester, as the case may be, the opportunity for comment properly reflects the nature and extent of that person's interest in the Licence Area and any right that person may have to use the Licence Area.

4.03 When the Licensee refers a document or plan to resource agencies, or makes it available for comment, in accordance with an approved review strategy, the Licensee will at the same time send a copy of the document or plan to the Regional Manager for his or her information.

4.04 Before

- (a) approving a review strategy under paragraph 2.06,
 - (b) accepting a Statement of Management Objectives, Options and Procedures under paragraph 2.11, or
 - (c) approving a proposed management plan under paragraph 2.27, the Regional Manager or the Chief Forester, as the case may be, at his or her sole discretion and notwithstanding the Licensee's obligations under the review strategy, may consult persons who may be interested in or affected by operations under or associated with this Licence, including but not restricted to
 - (d) resource agencies,
 - (e) trappers, guide outfitters, range tenure holders, and other licensed resource users,
 - (f) aboriginal people,
 - (g) local governments, and
 - (h) members of the public,
- and, subject to paragraph 4.05, may consider any comments received as a result of consultation under this paragraph.

4.05 If, because of comments received as a result of consultation under paragraph 4.04, the Regional Manager or the Chief Forester is considering

- (a) not accepting or not approving, or
- (b) imposing a condition upon acceptance or approval of, a document or plan referred to in paragraph 4.04, the Regional Manager or the Chief Forester, as the case may be, will provide the Licensee with an opportunity to respond to the comments before making a decision.

5.00 CONDITIONS IMPOSED UPON ACCEPTANCE OR APPROVAL

- 5.01 Where under this Licence a Ministry officer has a discretion to make his or her acceptance or approval of a document or plan subject to a condition, the Ministry officer will exercise that discretion in a reasonable manner, having regard to the purposes and functions of the Ministry of Forests set out in Section 4 of the *Ministry of Forests Act* as it read on June 1, 1993.
- 5.02 The Licensee, in a notice given to the appropriate Ministry officer within 15 days of the date on which the notice of acceptance or approval is given to the Licensee, may reject any condition to which the acceptance or approval is subject, in which case the notice of approval or acceptance is deemed to be a notice that the applicable document or plan is not accepted or approved for the reasons set out in the conditions.

6.00 FELLING, BUCKING AND UTILIZATION SPECIFICATIONS

- 6.01 Subject to paragraph 6.06, the Licensee will
 - (a) fell standing timber of the species specified in a cutting permit, in accordance with the felling specifications set out in the cutting permit,
 - (b) buck felled and dead-and-down timber of the species referred to in paragraph (a) in accordance with the bucking specifications set out in the cutting permit, and
 - (c) utilize all timber of the species and grades specified in the cutting permit as obligatory utilization if the timber meets the utilization specifications set out in the cutting permit.
- 6.02 The following will be identified as waste in an assessment under Part 7.00:
 - (a) timber referred to in paragraph 6.01(a) that is not felled in accordance with the requirements of that paragraph;
 - (b) timber referred to in paragraph 6.01(b) that is not bucked in accordance with the requirements of that paragraph; and
 - (c) timber referred to in paragraph 6.01(c) that is not utilized in accordance with the requirements of that paragraph.

- 6.03 A cutting permit may include a requirement that the Licensee fell timber not referred to in paragraph 6.01(a), in which case, subject to paragraph 6.06, the Licensee will fell but need not utilize such timber.
- 6.04 Subject to paragraph 6.06, the Licensee may utilize
- (a) timber of the species and grades specified in a cutting permit as optional utilization, and
 - (b) timber referred to in paragraph 6.03.
- 6.05 Timber referred to in paragraph 6.04(a) that is not utilized by the Licensee will be identified as residue in an assessment under Part 7.00, unless otherwise provided in the ***Provincial Logging Residue and Waste Measurement Procedures Manual***, dated January 1, 1994, as amended from time to time.
- 6.06 The Licensee will not fell standing timber, and will not buck or utilize felled or dead-and-down timber, if
- (a) the timber is specified in a cutting permit as reserved timber, or
 - (b) under an operational plan or the Acts, regulations or standards referred to in paragraph 11.01, the Licensee is required not to fell the timber, or not to buck or utilize the timber, for any reason, including silviculture, biodiversity or other forest management reasons.
- 6.07 If the Licensee fells, bucks or utilizes timber contrary to paragraph 6.06, the Licensee will
- (a) immediately notify the District Manager, and
 - (b) comply with any directions of the District Manager in respect of the timber.
- 6.08 Subject to paragraph 6.09 and 6.11, felling, bucking and utilization specifications in a cutting permit will be based on the specifications set out in the management plan in effect under this Licence.
- 6.09 If the management plan in effect under this Licence, does not contain felling, bucking or utilization specifications, the specifications in a cutting permit will be based on the following:

| Species | Minimum diameter at stump height for standing timber and butt logs | Maximum stump height | Minimum top diameter for butt logs and top logs | Minimum log length for butt logs and top logs | Minimum slab thickness | Minimum slab length |
|----------------------------|--|----------------------|---|---|------------------------|---------------------|
| Lodgepole Pine | 15.0 cm | 30.0 cm | 10.0 cm | 3.0 m | N/A | 3.0 m |
| Cedar older than 141 yrs | 20.0 cm | 30.0 cm | 15.0 cm | 3.0 m | N/A | 3.0 m |
| All other species and ages | 20.0 cm | 30.0 cm | 10.0 cm | 3.0 m | N/A | 3.0 m |

6.10 In this paragraph and in paragraph 6.09,

- (a) "butt end" means the log end that was previously attached to the stump,
- (b) "butt log" means the log cut from the portion of the tree that was previously attached to the stump,
- (c) "diameter at stump height" means
 - (i) in the case of standing timber, the diameter of the tree (outside bark) measured at the point of the maximum stump height,
 - (ii) in the case of a butt log, the diameter (outside bark) at the butt end of the log,
- (d) "slab" means one of 2 or more parts of a log produced as a result of the log fracturing along its length,
- (e) "stump height" means the height of the stump measured on the side the stump adjacent to the highest ground,
- (f) "top diameter" means the diameter (inside bark) at the narrowest end of the log,
- (g) "top log" means any log that is not a butt log.

6.11 The District Manager may include specifications in a cutting permit which are in addition to, or which replace, those referred to in paragraph 6.08 or 6.09 if, in the opinion of the District Manager, the additional or replacement specifications are necessary to ensure consistency with

- (a) the Acts, regulations or standards referred to in paragraph 11.01,
- (b) a higher level plan,
- (c) an operational plan, or
- (d) Ministry policy on timber utilization.

6.12 Before including specifications referred to in paragraph 6.11 in a cutting permit, the District Manager will consult the Licensee and consider any recommendations made by the Licensee.

7.00 RESIDUE AND WASTE ASSESSMENTS

7.01 Subject to paragraphs 7.02 and 7.03, the Licensee will

- (a) carry out an assessment of the volume of residue and waste left on an area of land authorized for harvest under a cutting permit
 - (i) within 60 days after primary logging on the area has been completed, or
 - (ii) if primary logging on the area is not completed before the expiry of the cutting permit, within 60 days after the expiry of the cutting permit,
- (b) as part of the assessment,
 - (i) measure the timber that was not felled, or was not bucked or utilized, in accordance with the specifications set out in the cutting permit,
 - (ii) classify the timber referred to in clause (i) as residue or waste, and
 - (iii) classify the residue and waste as avoidable or unavoidable, and
- (c) immediately upon completion of the assessment, provide the District Manager with the results of the assessment.

7.02 The District Manager may extend the periods referred to in paragraph 7.01(a)(i) and (ii).

7.03 If, for the purpose of determining the amount of stumpage payable in respect of timber harvested under a cutting permit, the cutting permit provides that the volume or quantity of timber harvested is to be determined using information provided by a cruise of the timber conducted before the timber is cut, the District Manager may waive the requirement for an assessment of the volume of residue and waste left on the area.

7.04 If, in the opinion of the District Manager, the Licensee has failed to

comply with the requirements of paragraph 7.01, the District Manager may carry out the assessment.

- 7.05 An assessment referred to in paragraph 7.01 or 7.04 must be carried out in accordance with the ***Provincial Logging Residue and Waste Measurement Procedures Manual***, dated January 1, 1994, as amended from time to time.
- 7.06 Before doing an assessment referred to in paragraph 7.01, the Licensee will ensure that the Licensee has a copy of the manual referred to in paragraph 7.05 that includes all amendments up to the date on which the assessment is carried out.
- 7.07 The District Manager, in a notice given to the Licensee, may require the Licensee to pay in respect of avoidable waste left on an area of land authorized for harvest under a cutting permit an amount determined in accordance with paragraph 7.08.
- 7.08 For the purpose of determining the amount payable under paragraph 7.07, the District Manager will
- (a) multiply
 - (i) the volume of avoidable waste assessed under paragraph 7.01 or 7.04 based on sawlog grades, by
 - (ii) the average stumpage rate charged for sawlogs harvested under the cutting permit in statements or invoices issued during the 12 month period ending 1 month after the month in which
 - (A) primary logging on the area was completed, or
 - (B) the cutting permit expires or is otherwise terminated,as the case may be, and
 - (b) multiply
 - (i) the volume of avoidable waste assessed under paragraph 7.01 or 7.04 based on grades other than sawlog grades, by
 - (ii) the stumpage rate charged for timber of the applicable grades.
- 7.09 If the District Manager carries out an assessment under paragraph 7.04, the District Manager, in a notice given to the Licensee, may require the Licensee to pay the costs reasonably incurred by the District Manager in carrying out the assessment.

8.00 CUT CONTROL

- 8.01 For the purposes of the definition of "5 year cut control period" in Section 49 of the *Forest Act*, the first 5 year period for this Licence begins on January 1, 1992.
- 8.02 For the purposes of subparagraph (b) of the definition of the "volume of timber harvested during a calendar year" in Section 49 of the *Forest Act*, the volume of
- (a) avoidable residue,
 - (b) unavoidable residue,
 - (c) avoidable waste, and
 - (d) unavoidable waste
- left on areas of land authorized for harvest under a cutting permit, as determined by an assessment under paragraph 7.01 or 7.04, will be charged to the Licensee as volumes of timber estimated to be wasted or damaged.

9.00 CRUISE AND APPRAISAL INFORMATION

- 9.01 The Licensee will ensure that cruise data submitted under this Licence are
- (a) compiled in accordance with the *Cruising Compilation System, Change Specifications, Detailed Requirements and Design Manual*, updated April 1, 1995, as amended from time to time, and
 - (b) based on cruises carried out in accordance with the *Cruising Manual* prepared by the Ministry of Forests, updated April 1, 1995, as amended from time to time.
- 9.02 The Licensee will ensure that appraisal data submitted under this Licence are
- (a) compiled in accordance with, and
 - (b) include all data required under,
- the policies and procedures approved by the Minister from time to time under Section 84 of the *Forest Act* for the forest region in which the Licence Area is located.
- 9.03 Before submitting cruise data referred to in paragraph 9.01, or appraisal data referred to in paragraph 9.02, the Licensee will ensure that the Licensee has copies of the manuals, policies and procedures referred to in those paragraphs that include all amendments up to the date on which the cruise data or appraisal data are submitted.

10.00 CUTTING PERMITS

- 10.01 Subject to paragraphs 10.02 through 10.05 inclusive, the Licensee may submit applications to the District Manager for cutting permits to authorize the Licensee to harvest the portion of the allowable annual cut available to the Licensee.
- 10.02 The Licensee may only submit an application for a cutting permit to authorize the Licensee to harvest one or more proximate areas of Crown land that are either
- (a) identified on a forest development plan approved in respect of this Licence as cutblocks for which the Licensee may, during the term of the forest development plan, apply for a cutting permit, or
 - (b) exempted under the *Forest Practices Code of British Columbia Act* from the requirement for a forest development plan.
- 10.03 Before submitting an application for a cutting permit, the Licensee will
- (a) compile
 - (i) cruise data, and
 - (ii) appraisal data,in accordance with the requirements of Part 9.00, for the areas to be included in the application, and
 - (b) if directed to do so by the District Manager, consult
 - (i) aboriginal people who may be carrying out aboriginal activities, and
 - (ii) trappers, guide outfitters, range tenure holders and other licensed resource users,to determine how, and to what extent, their interests may be affected by activities or operations engaged in or carried out on the areas of land to be included in the application.
- 10.04 An application for a cutting permit submitted under paragraph 10.01 must
- (a) be in a form acceptable to the District Manager,
 - (b) include
 - (i) a map to a scale acceptable to the District Manager showing the areas referred to in the application,
 - (ii) the cruise data and appraisal data referred to in paragraph 10.03(a), and
 - (iii) if the District Manager has directed the Licensee to consult under paragraph 10.03(b), the comments received as a result of the Licensee's consultations, and
 - (c) if required by the District Manager,

- (i) identify the sequence in which the areas of land referred to in the application would be harvested if a cutting permit is issued, and
- (ii) provide the names, addresses and phone numbers of contractors and subcontractors who may engage in or carry out activities or operations under or associated with the cutting permit.

10.05 The areas of land shown on the map referred to in paragraph 10.04(b)(i) must be identical to

- (a) cutblocks referred to in paragraph 10.02(a), or
- (b) areas referred to in paragraph 10.02(b),
allowing only for any difference in scale between maps used in the forest development plan or exemption and the map referred to in paragraph 10.04(b)(i).

10.06 Subject to paragraphs 10.07 through 10.12 inclusive and 12.01, upon receipt of an application for a cutting permit submitted under paragraph 10.01, the District Manager will issue a cutting permit to the Licensee if

- (a) there is management plan in effect under this Licence,
- (b) the District Manager is satisfied that
 - (i) the requirements of paragraphs 10.02 through 1.05 inclusive have been met, and
 - (ii) the cruise data and appraisal data referred in paragraph 10.04(b)(ii) meet the requirements of Part 9.00,
- (c) where paragraph 10.04(b)(iii) applies, the District Manager is satisfied with the results of the Licensee's consultation,
- (d) where paragraph 10.04(c)(i) applies, the District Manager is satisfied with the sequence of harvesting, and
- (e) the District Manager is satisfied that activities and operations under or associated with the cutting permit will
 - (i) be consistent with this Licence, the Acts, regulations and standards referred to in paragraph 11.01, higher level plans, and the management plan referred to in subparagraph (a), and
 - (ii) adequately manage and conserve the forest resources of the areas of land referred to in the cutting permit.

10.07 The District Manager may consult

- (a) aboriginal people who may be carrying out aboriginal activities, and
- (b) trappers, guide outfitters, range tenure holders and other licensed

resource users,
who may be affected directly or indirectly by activities or operations under or associated with a cutting permit, engaged in or carried out on areas of land referred to in an application for a cutting permit.

10.08 The District Manager may consult other resource agencies for the purpose of determining whether activities and operations under or associated with a cutting permit, engaged in or carried out on areas of land referred to in an application for a cutting permit, will adequately manage and conserve the forest resources of these areas.

10.09 The District Manager may impose conditions in a cutting permit to

- (a) protect the interests of
 - (i) aboriginal people who may be carrying out aboriginal activities, and
 - (ii) trappers, guide outfitters, range tenure holders and other licensed resource users, and
- (b) ensure activities and operations under or associated with the cutting permit will adequately manage and conserve the forest resources of the areas referred to in the cutting permit.

10.10 The District Manager may refuse to issue a cutting permit if, in the opinion of the District Manager, issuance of the cutting permit would result in an infringement of an aboriginal right.

10.11 The District Manager may refuse to issue a cutting permit if a silviculture prescription or logging plan has not been approved for an area of land referred to in the application for the cutting permit.

10.12 The District Manager may refuse to issue a cutting permit if the District Manager is satisfied

- (a) the Licensee will be able to harvest the portion of the allowable annual cut available to the Licensee under existing cutting permits and road permits, and
- (b) refusing to issue the cutting permit will not compromise the management plan in effect under this Licence or a forest development plan approved in respect of this Licence.

10.13 If the District Manager

- (a) determines that a cutting permit may not be issued because the

- requirements of paragraph 10.06 have not been met,
- (b) is carrying out consultations under paragraph 10.07 or 10.08, or
 - (c) refuses to issue a cutting permit under paragraph 10.10, 10.11, or 10.12,

the District Manager will notify the Licensee within 60 days of the date on which the application for the cutting permit was submitted.

10.14 A cutting permit must

- (a) identify the boundaries of the areas of Crown land which, subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, the Licensee is authorized to harvest,
- (b) specify a term which, subject to paragraph 10.16, does not exceed three years,
- (c) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under the cutting permit,
- (d) specify whether, for the purpose of determining the amount of stumpage payable in respect of timber harvested under the cutting permit, the volume or quantity of timber is to be determined using information provided by
 - (i) a scale of the timber, or
 - (ii) a cruise of the timber conducted before the timber is cut,
- (e) include felling, bucking and utilization specifications and specify the species and grades of timber which are obligatory utilization and the species and grades, if any, which are optional utilization, and
- (f) include such other provisions, consistent with this Licence, as the District Manager considers necessary or appropriate.

10.15 Subject to 10.16, the District Manager may amend a cutting permit only with the consent of the Licensee.

10.16 With or without the consent of the Licensee, the District Manager, in a notice given to the Licensee, may

- (a) extend the term of a cutting permit, and
- (b) if he or she does so, amend the cutting permit to the extent necessary to ensure the cutting permit is consistent with the forest development plan in effect under this Licence at the time the cutting permit is extended.

10.17 A cutting permit is deemed to be part of this Licence.

10.18 A cutting permit that

- (a) was issued under the tree farm licence replaced by this Licence, and
- (b) is still in effect on the date this Licence is executed, continues in effect under this Licence for the duration of its term and is deemed to be part of this Licence.

11.00 LEGISLATIVE FRAMEWORK

11.01 This Licence is subject to

- (a) the *Forest Act* and the regulations made under that Act, and
- (b) the *Forest Practices Code of British Columbia Act* and the regulations and standards made under that Act.

11.02 The Licensee will

- (a) comply with the Acts, regulations and standards referred to in paragraph 11.01, and
- (b) ensure that its employees, agents and contractors comply with these Acts, regulations and standards when engaging in or carrying out activities or operations under or associated with this Licence.

11.03 Nothing in this Licence or a cutting permit is to be construed as authorizing the Licensee to harvest timber or engage in or carry out any related forest practices until

- (a) all applicable operational plans have been approved by the District Manager, and
- (b) in the case of road construction or modification, a road layout and design has been approved by the District Manager.

11.04 Nothing in this Licence or a cutting permit issued under this Licence is to be construed as authorizing the Licensee to engage in any activities or carry out any operations otherwise than in compliance with the requirements of the Acts, regulations and standards referred to in paragraph 11.01.

12.00 INTERFERENCE WITH ABORIGINAL RIGHTS

12.01 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction

- (a) determines that activities or operations under or associated with this Licence are 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 activities or operations under or associated with this Licence are interfering or may interfere with an aboriginal right,
- the Regional Manager or District Manager, in a notice given to the Licensee, may vary or suspend, in whole or in part, or refuse to issue a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, to the extent necessary to ensure there is no interference or no further interference with the aboriginal right or the alleged aboriginal right, having regard to any determination of the court and the terms of any injunction granted by the court.

12.02 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, if

- (a) under paragraph 12.01, the Regional Manager or District Manager has varied a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee,
 - (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 Licensee, will vary the permit to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit prior to the variation under paragraph 12.01.

12.03 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, if

- (a) under paragraph 12.01, the Regional Manager or District Manager has suspended a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee,
 - (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 Licensee, will reinstate the permit for the remainder of its term.

12.04 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 11.01, if

- (a) under paragraph 12.01, the Regional Manager or District Manager

- has refused to issue a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee,
- (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 Licensee, will issue the permit.

13.00 ANNUAL REPORT

- 13.01 On or before April 1 of each year during the term of this Licence, the Licensee will submit to the Chief Forester, the Regional Manager and the District Manager an annual report
- (a) prepared in accordance with the applicable manual in effect on January 1 of the year in which the annual report is submitted, and
 - (b) containing the information required in the manual referred to in subparagraph (a) regarding
 - (i) the Licensee's performance over the previous calendar year in relation to its management of the Licence Area and its obligations under this Licence,
 - (ii) the Licensee's success in meeting its management objectives, including but not restricted to its management objectives with respect to employment and economic opportunities,
 - (iii) the processing or other use or disposition of the timber harvested under this Licence, and.
 - (iv) the Licensee's goals and major initiatives for the next calendar year.
- 13.02 The Licensee will make a copy of an annual report submitted under paragraph 13.01 available for review by interested persons during normal business hours at the Licensee's place of business in the vicinity of the Licence Area or, if the Licensee chooses, at another location which is convenient to the public and acceptable to the Regional Manager.

14.00 FINANCIAL AND DEPOSITS

- 14.01 In addition to any money payable under the Acts and regulations referred to in paragraph 11.01 in respect of this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, the Licensee will pay to the Crown, immediately upon receipt of a notice, statement or invoice issued on behalf of the Crown,

- (a) stumpage under Part 7 of the *Forest Act* in respect of timber harvested
 - (i) under a cutting permit from
 - (A) Schedule B Land, or
 - (B) Schedule A Land subject to a timber licence, or
 - (ii) under a road permit,
 - at rates determined, redetermined and varied under Section 84 of that Act, and
- (b) any payments required under Part 7.00 or 16.00.

14.02 During the term of this Licence, the Licensee will maintain with the Crown a deposit in the amount prescribed under the *Forest Act* or the regulations made under that Act, in a form acceptable to the Minister, as security for the Licensee's performance of its obligations under or in respect of this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee.

14.03 If the Regional Manager or District Manager gives the Licensee a notice that an amount has been taken under this Part from the deposit, the Licensee, within four weeks of the date on which the notice is given, will pay to the Crown, in a form acceptable to the Minister, an amount sufficient to replenish the deposit.

14.04 If the Licensee fails

- (a) to pay money that the Licensee is required to pay to the Crown under
 - (i) this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, or
 - (ii) the Acts or regulations referred to in paragraph 11.01 in respect of this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, or
- (b) to otherwise perform its obligations under
 - (i) this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, or
 - (ii) the Acts, regulations or standards referred to in paragraph 11.01 in respect of this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee,

the Regional Manager or District Manager, after at least four weeks notice to the Licensee, may take from the deposit
- (c) an amount equal to the money which the Licensee failed to pay,

- (d) an amount sufficient to cover all costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee'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 Licensee's failure to perform its obligations,
- and for that purpose a security included in the deposit may be realized.

14.05 A notice referred to in paragraph 14.04 must specify

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

14.06 Subject to paragraphs 14.08, 14.09 and 14.10, if

- (a) the Regional Manager or District Manager, under paragraph 14.04, 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 Licensee's failure to perform its obligations, and
 - (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations are less than the amount taken from the deposit,
- the Crown will as soon as feasible return to the Licensee an amount equal to the difference between the amount taken from the deposit and the costs reasonably incurred by the Regional Manager or District Manager.

14.07 If

- (a) the Regional Manager or District Manager, under paragraph 14.04, 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 Licensee's failure to perform its obligations, and
 - (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee'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 realized.

14.08 If the Regional Manager or District Manager, under paragraph 14.04, 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 Licensee's failure to perform its obligations, the Regional Manager or District Manager is under no obligation to remedy the Licensee's failure.

14.09 If

- (a) the Regional Manager or District Manager, under paragraph 14.04, 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 Licensee's failure to perform its obligations,
 - (b) the Regional Manager or District Manager does not remedy the Licensee's failure to perform its obligations, and
 - (c) the Regional Manager or District Manager gives a notice to the Licensee indicating that the Crown will not be remedying the Licensee's failure to perform its obligations,
- subject to paragraph 14.10, the Crown may retain the amount taken from the deposit under paragraph 14.04.

14.10 If, after receiving a notice referred to in paragraph 14.09, the Licensee

- (a) remedies the failure to perform its obligations, and
 - (b) gives a notice to that effect to the Regional Manager or District Manager within three months of the date on which the notice referred to in paragraph 14.09 is given to the Licensee, or within such longer period as the Regional Manager may approve,
- the Crown will return to the Licensee 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 Licensee's failure to perform its obligations.

14.11 If the Regional Manager or District Manager considers that

- (a) any activity or operation that may be engaged in or carried out under this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, 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 activity or operation,
the Regional Manager or District Manager may require the Licensee to maintain with the Crown a special deposit, in a form acceptable to the Minister, in the amount determined by the Regional Manager or District Manager, as the case may be, and the Licensee will comply.

14.12 If the Licensee fails to

- (a) remedy any damage resulting from an activity or operation referred to in paragraph 14.11, or
 - (b) compensate any person who suffers a loss as a result of an activity or operation referred to in paragraph 14.11,
- the Regional Manager or District Manager, after at least four weeks notice to the Licensee, may 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).

14.13 A notice referred to in paragraph 14.12 must specify

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

14.14 Subject to the *Forest Act* and the regulations made under that Act, the Crown will return to the Licensee

- (a) the deposit, less deductions made under paragraphs 14.04 and 14.07, when
 - (i) this Licence expires and is not replaced under Section 29 of the *Forest Act*, or is surrendered, and
 - (ii) the Regional Manager is satisfied that the Licensee has fulfilled its obligations under this Licence, and
- (b) a special deposit, less deductions made under paragraph 14.12, when the Regional Manager is satisfied that the Crown is no longer at risk of being held liable as a consequence of an activity or operation referred to in paragraph 14.11.

15.00 ACCESS AND ACCOMMODATION

15.01 Nothing in this Licence authorizes the Licensee to in any way restrict the Crown's right of access to Schedule B Land or Schedule A land subject to a timber licence.

15.02 The Regional Manager or District Manager may carry out on Schedule B

Land and Schedule A land subject to a timber licence

- (a) silviculture the Crown is required to carry out under the Acts or regulations referred to in paragraph 11.01, and
- (b) any other silviculture, provided it does not
 - (i) compromise the management plan in effect under this Licence or a forest development plan approved in respect of this Licence, or
 - (ii) unreasonably interfere with the Licensee's operations under this Licence.

15.03 Where the Regional Manager or District Manager carries out silviculture referred to in paragraph 15.02, the Regional Manager or District Manager, as the case may be, will ensure the silviculture is consistent with the intent of the management plan in effect under this Licence, except where the Regional Manager or District Manager is required to depart from the intent of the management plan because of the requirements of a higher level plan or the Acts, regulations or standards referred to in paragraph 11.01.

15.04 Any Ministry officer may

- (a) enter onto Schedule A land that is not subject to a timber licence, and
- (b) use roads owned or deemed to be owned by the Licensee, for the purpose of fulfilling an obligation or exercising a right under this Licence.

15.05 The Licensee will allow any person who has been granted harvesting rights to timber referred to in paragraph 1.08, 1.09, 1.10 or 1.17 to use any road referred to in paragraph 15.04(b) for the purpose of gaining access to timber within the Licence Area.

15.06 The Licensee will not require any payment from a person referred to in paragraph 15.05 other than a reasonable payment in respect of the actual maintenance costs of the road.

15.07 Upon reasonable notice from the Regional Manager or District Manager, the Licensee will provide a Ministry officer with reasonable office and living accommodation on premises owned or operated by the Licensee in or near the Licence Area, to enable the Ministry officer to fulfill an obligation or exercise a right under this Licence.

road permit, or equivalent volumes, through a timber processing facility

- (a) owned or operated by the Licensee or an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act*, and
- (b) equipped to carry out debarking and chipping, unless the Minister exempts the Licensee in whole or in part from the requirements of this paragraph.

18.02 If the Licensee

- (a) intends to close a timber processing facility or reduce its production, or
 - (b) has reason to believe that an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act* intends to close a timber processing facility or reduce its production,
- for a period of longer than 90 days, the Licensee will give the Minister at least three months notice prior to the closure or reduction.

18.03 If

- (a) the Licensee, or
 - (b) an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act*,
- closes a timber processing facility or reduces its production for a period longer than 90 days, the Licensee will on request of the Minister provide information regarding the volume of Crown timber processed through the timber processing facility during the 24-month period immediately preceding the closure or reduction in production level.

18.04 The Licensee will continue to operate, and where applicable construct or expand, a timber processing facility in accordance with

- (a) the proposal made in the application on which the award of the tree farm licence replaced by this Licence or any predecessor to that tree farm licence was based, and
- (b) the revisions, if any, to that proposal which have been approved by the Minister or an appropriate Ministry officer.

19.00 LIABILITY AND INDEMNITY

19.01 Subject to paragraph 19.03, the Licensee 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 Licensee,

road permit, or equivalent volumes, through a timber processing facility

- (a) owned or operated by the Licensee or an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act*, and
- (b) equipped to carry out debarking and chipping, unless the Minister exempts the Licensee in whole or in part from the requirements of this paragraph.

18.02 If the Licensee

- (a) intends to close a timber processing facility or reduce its production, or
 - (b) has reason to believe that an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act* intends to close a timber processing facility or reduce its production,
- for a period of longer than 90 days, the Licensee will give the Minister at least three months notice prior to the closure or reduction.

18.03 If

- (a) the Licensee, or
 - (b) an affiliate of the Licensee within the meaning of the Section 49 of the *Forest Act*,
- closes a timber processing facility or reduces its production for a period longer than 90 days, the Licensee will on request of the Minister provide information regarding the volume of Crown timber processed through the timber processing facility during the 24-month period immediately preceding the closure or reduction in production level.

18.04 The Licensee will continue to operate, and where applicable construct or expand, a timber processing facility in accordance with

- (a) the proposal made in the application on which the award of the tree farm licence replaced by this Licence or any predecessor to that tree farm licence was based, and
- (b) the revisions, if any, to that proposal which have been approved by the Minister or an appropriate Ministry officer.

19.00 LIABILITY AND INDEMNITY

19.01 Subject to paragraph 19.03, the Licensee 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 Licensee,

- (b) an employee of the Licensee,
- (c) an agent of the Licensee,
- (d) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee, or
- (e) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee.

19.02 For greater certainty, the Licensee has no obligation to indemnify the Crown under paragraph 19.01 in respect of any act or omission of

- (a) an employee, agent or contractor of the Crown, in the course of carrying out his or her duties as employee, agent or contractor of the Crown, or
- (b) a person, other than the Licensee, to whom the Crown has granted the right to use or occupy Crown land, including a person who has been granted the right to harvest timber referred to in paragraph 1.08, 1.09, 1.10 or 1.17, in the course of exercising those rights.

19.03 Paragraph 19.01 does not apply to an act or omission which is a direct response to, and complies with, an order made by a Ministry officer or another officer of the Crown.

19.04 Amounts taken under Part 14.00 from the deposit or a special deposit, any payments required under Part 7.00 or 16.00, any reductions made under the Acts and regulations referred to in paragraph 11.01 to the portion of the allowable annual cut available to the Licensee, and payments required further to the indemnity referred to in paragraph 19.01 are in addition to and not in substitution for any other remedies available to the Crown in respect of a default of the Licensee.

20.00 LIMITATION OF LIABILITY

20.01 The Crown is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.

21.00 TERMINATION

- 21.01 If this Licence expires and is not replaced under Section 29 of the *Forest Act*, or is surrendered, cancelled or otherwise terminated,
- (a) all cutting permits will immediately terminate, and
 - (b) title to all
 - (i) improvements, including roads and bridges, constructed by the Licensee under the authority of this Licence, and
 - (ii) timber, including logs and special forest products, harvested under the authority of this Licence and are still located on Crown land,will vest in the Crown, without right of compensation to the Licensee, and
 - (c) the Licensee may continue to enter and use Schedule B Land for a period of one month after the expiry or termination of this Licence for the purpose of removing the Licensee's property.
- 21.02 The Licensee will not remove any improvements or timber referred to in paragraph 21.01(b), unless authorized to do so by the Regional Manager.
- 21.03 If a road permit expires or is surrendered, cancelled or otherwise terminated, all improvements, including roads and bridges, constructed under the authority of the road permit will vest in the Crown, without right of compensation to the Licensee, unless otherwise specified in the road permit.
- 21.04 The Licensee will not remove any improvements vesting in the Crown under paragraph 21.03, unless authorized to do so by the Regional Manager.
- 21.05 Subject to paragraph 21.06, if the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Chief Forester, in a notice given to the Licensee, may cancel this Licence.
- 21.06 The Chief Forester will not cancel this Licence under paragraph 21.05 unless and until the Chief Forester gives a written notice to every holder of a registered security interest that charges this Licence, 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.

22.00 NOTICE

- 22.01 A notice given under this Licence must be in writing.
- 22.02 A notice given under this Licence may be
- (a) delivered by hand,
 - (b) sent by mail, or
 - (c) subject to paragraph 22.05, sent by facsimile transmission, to the address or facsimile number, as applicable, specified on the first page of this Licence, or to such other address or facsimile number as is specified in a notice given in accordance with this Part.
- 22.03 If a notice is given under this Licence, it is deemed to have been given
- (a) if it is given in accordance with paragraph 22.02(a), on the date it is delivered by hand,
 - (b) if it is given in accordance with paragraph 22.02(b), subject to paragraph 22.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada, and
 - (c) if it is given in accordance with paragraph 22.02(c), subject to paragraph 22.05, on the date it is sent by facsimile transmission.
- 22.04 If, between the time a notice is mailed in accordance with paragraph 22.02(b) and the time it is actually received, 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.
- 22.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.

23.00 MISCELLANEOUS

- 23.01 This Licence will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 23.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the parties' obligations under this Licence.
- 23.03 The Licensee will comply with the requirements of all legislation applicable to activities or operations under or associated with this Licence,

including but not restricted to the *Workers Compensation Act*, *Health Act*, and *Employment Standards Act*, and the regulations made under those Acts.

23.04 The Licensee will use the services of one or more professional foresters to manage the Licence Area.

23.05 At the request of the Regional Manager or District Manager, the Licensee will survey and define on the ground any or all boundaries of the Licence Area.

23.06 Where

- (a) the boundaries of the Licence Area are based on boundaries established under existing or expired timber licences,
 - (b) the legal description of the boundaries of the Licence Area has been derived from original timber licence survey plans or from reference maps prepared from original timber licence survey plans, and
 - (c) the legal description differs from the actual ground location of timber licence corner posts,
- the boundaries of the Licence Area are the boundaries as originally established by the actual ground location of the timber licence corner posts.

23.07 Any power conferred or duty imposed on a Ministry officer referred to in this Licence may be exercised or fulfilled by another Ministry officer designated or authorized to do so by the Minister, the Chief Forester, the Regional Manager, or the District Manager, as appropriate.

- 23.08 Where under this Licence the Minister or a Ministry officer has a discretion to require information, the Minister or Ministry officer, as the case may be, will exercise this discretion in a reasonable manner, having regard to the purposes and functions of the Ministry of Forests set out in Section 4 of the *Ministry of Forests Act* as it read on June 1, 1993.
- 23.09 Subject to this Licence and all applicable legislation, including but not restricted to the Acts, regulations and standards referred to in paragraph 11.01, the Minister will ensure that the obligations under this Licence of the Ministry officers referred to in this Licence are fulfilled.
- 23.10 Nothing in this Licence entitles the Licensee to have an area of Schedule B Land, or Schedule A Land subject to a timber licence, replaced with another area, or to have harvesting rights awarded under another agreement under the *Forest Act*, in the event timber is damaged or destroyed by pests, fire, wind or other natural causes, or an area of land is deleted from the Licence Area under the Acts or regulations referred to in paragraph 11.01, or under any other Act or regulation.
- 23.11 The Schedules to this Licence are deemed to be part of this Licence.

24.00 INTERPRETATION

- 24.01 In this Licence, unless the context otherwise requires,
- (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) "allowable annual cut" means the allowable annual cut determined by the Chief Forester for the Licence Area in accordance with the requirements of the *Forest Act*,
 - (d) "average stumpage rate charged for sawlogs" means the total stumpage charged for sawlogs divided by the total volume of sawlogs,
 - (e) "avoidable" in respect of residue or waste means timber that does not fall within the definition of unavoidable,
 - (f) "close" or "closure" means cessation of production of the principal forest products normally produced by a timber processing facility,

- (g) "cultural heritage resource" means an object or site that is of historic, cultural, or archaeological significance,
- (h) "cutting permit" means a cutting permit issued under this Licence or a cutting permit referred to in paragraph 10.18,
- (i) "deposit" means the deposit referred to in paragraph 14.02,
- (j) "District Manager" means
 - (i) a District Manager appointed under the *Ministry of Forests Act*, for a forest district in which all or part of the Licence is situated, and
 - (ii) any person authorized by the District Manager to exercise a power or fulfill a duty under this Licence,
- (k) "*Forest Act*" means the *Forest Act*, R.S.B.C. 1979, c. 140, as amended from time to time, or the successor to this Act if it is repealed,
- (l) "forest development plan" means a forest development plan referred to in the *Forest Practices Code of British Columbia Act*,
- (m) "*Forest Practices Code of British Columbia Act*" means the *Forest Practices Code of British Columbia Act*, S.B.C. 1994, c. 41, as amended from time to time, or the successor to this Act if it is repealed,
- (n) "free use permit" means a free use permit issued under the *Forest Act* to
 - (i) the Licensee, or
 - (ii) to a person other than the Licensee,to authorize the harvest timber within the Licence Area,
- (o) "guideline" means a guideline, guidebook, policy, procedure or manual regarding forest practices applicable to all or part of the Licence Area, which has been set or approved by the Ministry ,
- (p) "higher level plan" means a higher level plan applicable to all or part of the Licence Area,
- (q) "logging plan" means a logging plan referred to in the *Forest Practices Code of British Columbia Act*,
- (r) "Licence Area" means Schedule A Land and Schedule B Land,
- (s) "management plan" means a plan for managing, protecting and conserving both the timber resources and the non-timber values and resources of the Licence Area, and integrating harvesting and related activities with use of the Licence Area for purposes other than timber production,

- (t) "manual" means a guideline, guidebook, policy, procedure, or manual set or approved by the Ministry for preparation of:
 - (i) a Statement of Management Objectives, Options and Procedures,
 - (ii) a Timber Supply Analysis Information Package,
 - (iii) a timber supply analysis,
 - (iv) a management plan,
 - (v) an annual report referred to in Part 13.00, or
 - (vi) inventories referred to in Part 2.00,
- (u) "Ministry" means the Ministry of Forests,
- (v) "Ministry officer" means an employee of the Ministry,
- (w) "operable land base" mean those areas within the Licence Area, which, based on the highest log prices obtained over the previous decade for timber of the type and quality principally found on the areas, are economically feasible to develop and harvest with the technology currently available to the Licensee,
- (x) "person" includes a corporation and a partnership,
- (y) "pest" means any animal, insect, fungus, bacteria, virus, nematode, or other organism which is detrimental to effective forest management,
- (z) "primary logging" means felling timber and yarding or forwarding the timber to central landings or road-sides, but does not include removing the timber from these landings or road-sides,
- (aa) "Regional Manager" means
 - (i) a Regional Manager appointed under the *Ministry of Forests Act*, for a forest region in which all or part of the Licence Area is situated, and
 - (ii) any person authorized by the Regional Manager to exercise a power or fulfill a duty under this Licence,
- (bb) "residue" means timber of a species and grade specified as optional utilization in Schedule "B" to this Cutting Permit, that is not utilized by the Licensee, unless otherwise provided in the **Provincial Logging Residue and Waste Measurement Procedures Manual**, dated January 1, 1994, as amended from time to time,
- (cc) "resource agencies" means any governmental agency, ministry or department having jurisdiction over a resource which 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 Licence or a road permit,

- (dd) "review strategy" means a plan for obtaining input from resource agencies and interested persons regarding management and development of the Licence Area,
- (ee) "road permit" means a road permit entered into under the *Forest Act* which provides access to timber harvested, or to be harvested, under this Licence,
- (ff) "Schedule A Land" means the land described in the Schedule "A" to this Licence,
- (gg) "Schedule B Land" means the Crown land described in Schedule "B" to this Licence,
- (hh) "silviculture prescription" means a silviculture prescription referred to in the *Forest Practices Code of British Columbia Act*,
- (ii) "special deposit" means a special deposit referred to in paragraph 14.11,
- (jj) "special use permit" means a special use permit issued under the *Forest Act* before June 15, 1995, or under the *Forest Practices Code of British Columbia Act* on or after June 15, 1995, to authorize the Licensee to use or occupy Crown land within the Licence Area,
- (kk) "timber supply analysis" means an analysis of the short-term and long-term availability of timber for harvesting in the Licence Area, including an analysis of the short and long-term effect of management practices on the availability of timber,
- (ll) "Timber Supply Analysis Information Package" means information relating to the preparation of a timber supply analysis, including information regarding the assumptions to be incorporated into a timber supply analysis, and the methodology to be used in the timber supply analysis,
- (mm) "Timber Supply Forester" means the Ministry officer designated by the Chief Forester to review the Timber Supply Analysis Information Package and the timber supply analysis,
- (nn) "20-year plan" means an operational timber supply projection for the Licence Area, prepared in support of a timber supply analysis, that indicates the availability of timber over a period of not less than 20 years,

- (oo) "unavoidable" in respect of residue or waste means timber that was that was not felled, or was not bucked or utilized, in accordance with the specifications set out in a cutting permit, because the timber
 - (i) is inaccessible or physically obstructed,
 - (ii) could not be felled, bucked or utilized safely, or
 - (iii) could not be felled, bucked or utilized because of the restriction referred to in paragraph 6.06,
- (pp) "utilize" means to remove timber from the Licence Area for use or processing elsewhere,
- (qq) "waste" means
 - (i) timber referred to in paragraph 6.01(a) that is not felled in accordance with the requirements of that paragraph,
 - (ii) timber referred to in paragraph 6.01(b) that is not bucked in accordance with the requirements of that paragraph, and
 - (iii) timber referred to in paragraph 6.01(c) that is not utilized in accordance with the requirements of that paragraph.

24.02 Unless otherwise provided in paragraph 24.01, if a word or phrase used in this Licence is defined in the *Forest Act* or the *Forest Practices Code of British Columbia Act* the definition in the Act applies to this Licence, and where the word or phrase in the Act is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.

24.03 If a provision of the *Forest Act* or the *Forest Practices Code of British Columbia Act* referred to in this Licence is renumbered, the reference in this Licence is to be construed as a reference to the provision as renumbered.

24.04 In this Licence, 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.

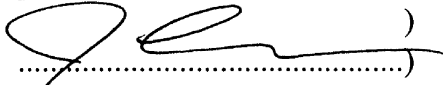
24.05 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

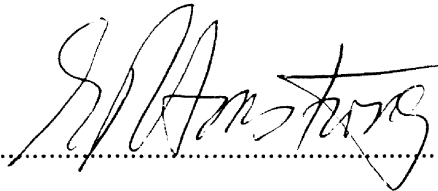
- 1.00 part;
- 1.01 paragraph;
 - (a) subparagraph;
 - (i) clause;
 - (A) subclause;


and a reference to a subparagraph, clause or subclause is to 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 Licence has been executed by the Minister and the Licensee on the date first written above.



SIGNED by the)
Minister)
on behalf of Her Majesty)
the Queen in Right of)
the Province of)
British Columbia in the)
presence of:)


.....
J. Langridge)
.....)


.....

 The Honourable Andrew Petter
Minister of Forests

THE COMMON SEAL of)
the Licensee was affixed)
in the presence of:)


.....

.....)

c/s

OR

SIGNED by the Licensee)
in the presence of:)

.....)
.....)
.....)

(Licensee)

SCHEDULE "A"

CLEARWATER TREE FARM LICENCE

TREE FARM LICENCE NUMBER 18

Forest lands and merchantable timber in other tenures owned or controlled by the Licensee in the Clearwater Tree Farm Licence Number 18.

Crown Grants

Nil

SCHEDULE "B"

CLEARWATER TREE FARM LICENCE

TREE FARM LICENCE NUMBER 18

Commencing at Mile-Post No. 14, being a point on the boundary between Kamloops Division of Yale Land District and Lillooet Land District, situated in the vicinity of Canimred Creek; thence east 3.218 kilometres; thence north 25 degrees east 5.632 kilometres; thence north 63 degrees east 6.862 kilometres, more or less, to the summit of Mount Mahood; thence east 2.815 kilometres; thence north 4.430 kilometres; thence east 6.838 kilometres; thence south 804 metres; thence east 1.609 kilometres; thence south 804 metres; thence east 5.897 kilometres, more or less, to a point due south of the southeast corner of Lot 3483, Kamloops Division of Yale Land District; thence south 3.957 kilometres, more or less, to a point due west of the northwest corner of Lot 3060; thence west 4.827 kilometres; thence south 1.609 kilometres; thence east 2.011 kilometres; thence south 3.211 kilometres, more or less, to a point due west of the northwest corner of Lot 2178; thence east 8.045 kilometres; thence south 6.468 kilometres, more or less, to a point due west of the northwest corner of Lot 2167; thence south 9 degrees 30 minutes east 7.345 kilometres, more or less, to a point due west of the southwest corner of Lot 2161; thence south 77 degrees west 9.257 kilometres; thence south 5.177 kilometres, more or less, to a point due west of the southwest corner of Lot 4458; thence west 6.829 kilometres, more or less, to a point due north of the northwest corner of Lot 3429; thence north 50 degrees west 5.970 kilometres; thence north 67 degrees west 3.964 kilometres, more or less, to the highest point of the easterly summit of the Sentinel Mountains; thence north 88 degrees west 11.260 kilometres, more or less, to Mile-Post No. 22, being a point on the aforesaid boundary between Kamloops Division of Yale Land District and Lillooet Land District; thence northerly along said land district boundary to aforesaid Mile-Post No. 14, being the point of commencement.

Excluding thereout all that foreshore and land covered by water in the above described area.