

1501.

report:

THAT the Minister of Lands, Forests, and Water Resources is prepared to grant an option to Cariboo Pulp & Paper Company Limited to purchase pulpwood from Pulpwood Harvesting Area No. 5.

THAT Order-in-Council No. 769 March 15, 1966 approved that the Minister of Lands, Forests, and Water Resources enter into an option agreement with the said Cariboo Pulp & Paper Company Limited in the form of a draft agreement attached thereto.

AND TO RECOMMEND THAT the said form of draft agreement be amended by deleting the Clause 33(g) on Page 17 thereof and substituting therefore the following:

"33(g) The stumpage rate inclusive of royalty shall be appraised on the basis of assessing the logs suitable for sawmilling purposes in accordance with the method of appraisal in use by the Forest Service at the time the appraisal is made and the pulpwood portion shall be sold at the royalty rate set forth in Section 60 of the Forest Act as enacted as of the date of this Agreement."

DATED this 19th day of May A.D. 1966

"Ray Williston"

.....  
Minister of Lands, Forests, and Water Resources

APPROVED this 19th day of May A.D. 1966

" D.L. Brothers"

.....  
Presiding Member of the Executive Council

769

report:

THAT pursuant to the provisions of Section 17A of the Forest Act being Chapter 153 of the Revised Statutes of British Columbia, 1960, as enacted by Section 3 of Chapter 20 of the Statutes of British Columbia, 1961, and as amended by Section 2 of Chapter 24 of the Statutes of British Columbia, 1962, and as amended by Section 3 of Chapter 13 of the Statutes of British Columbia, 1965, the Minister of Lands, Forests, and Water Resources, after holding a public hearing and receiving a submission in the form of a proposal for the utilization of the pulpwood from Pulpwood Harvesting Area No. 5 is prepared to grant an option to Cariboo Pulp & Paper Company Limited to purchase the said pulpwood.

AND TO RECOMMEND THAT the Minister of Lands, Forests, and Water Resources enter into an option agreement with the said Cariboo Pulp & Paper Company Limited in the form of a draft agreement attached hereto.

DATED this                    15th                    day of                    March                    A.D. 1966

"Ray Williston"

.....  
Minister of Lands, Forests, and Water Resources

APPROVED this                    15th                    day of                    March                    A.D. 1966

"W.A.C. Bennett"

.....  
Presiding Member of the Executive Council

File: P.H.A. 5  
HNC/jem

THIS AGREEMENT made in duplicate this

day of June, A.D. 1966,

BETWEEN:

THE MINISTER OF LANDS, FORESTS, AND WATER RESOURCES  
of the Province of British Columbia, who, with his  
successors in office, is

hereinafter referred to as "the Minister"

OF THE FIRST PART,

AND

CARIBOO PULP & PAPER COMPANY LIMITED, a Company  
incorporated under the laws of the Province of  
British Columbia, having its registered office in  
the City of Vancouver in the said Province

hereinafter referred to as "the Company"

OF THE SECOND PART.

WHEREAS pursuant to Section 17A of the Forest Act, being  
Chapter 153 of the Revised Statutes of British Columbia, 1960, as enacted  
by Chapter 20 of the Statutes of British Columbia, 1961, as amended by  
Chapter 24 of the Statutes of British Columbia, 1962, and as amended by  
Chapter 13 of the Statutes of British Columbia, 1965, the Minister has  
designated the area hereinafter described as a Pulpwood Harvesting Area  
in accordance with the provisions of the said Section 17A;

AND WHEREAS the Company has agreed to build a pulp mill in  
the Prince George Forest District in the Province of British Columbia to  
utilize pulpwood from the pulpwood harvesting area as designated by the  
Minister and set forth in this Agreement;

AND WHEREAS pursuant to the said Section 17A, the Minister has  
granted to the Company an option to purchase pulpwood from the designated  
pulpwood harvesting area to ensure a supply of pulpwood, as set forth in  
this Agreement, to sustain the pulp manufacturing facilities above  
mentioned;

AND WHEREAS pursuant to Order-in-Council No. 769, approved on the 15<sup>th</sup> day of March 1966 the Lieutenant-Governor in Council approved the terms and conditions of this Agreement:

NOW THEREFORE, in consideration of the premises,

IT IS HEREBY AGREED AS FOLLOWS THAT:

1. The Minister hereby grants to the Company an option to purchase from the Crown pulpwood as hereunder defined from the designated pulpwood harvesting area, being more particularly described as comprised of four administrative units, namely Quesnel Lake Block 1, Quesnel Lake Block 2, Cottonwood, and Narcosli Public Sustained Yield Units all of which are shown outlined in bold black on the map attached hereto marked Schedule "A", subject to the terms and conditions hereunder set forth.
2. The option granted in clause 1 above is for the purpose of enabling the Company to obtain a supply of pulpwood to sustain the pulp mill required to be built under this Agreement as more particularly set forth in clause 13. All wood harvested pursuant to this Agreement shall be used in the manufacture of pulp in the said pulp mill but the Company may sell or trade volumes of wood with other operators in which case the volume equivalent to the volume sold or traded by the Company shall be used in the manufacture of pulp in the said pulp mill. Provided that the Company agrees to submit to the Minister, whenever so requested by him and at the end of each calendar year during the term of this Agreement, a return of any sale or trade of timber harvested under this Agreement setting forth the volumes sold or traded in cubic feet and the volume in cubic feet or other measure converted to cubic feet of the wood or wood fibre received in trade.

3. The term of this Agreement shall be for a period of 21 years from the date hereof and shall be renewable by the order of the Lieutenant-Governor in Council upon application by the Company but subject to negotiation of terms and conditions according to the provisions of the Forest Act and regulations in force at the time of application for renewal and according to clause 32.

4. Pursuant to the provisions of Section 17A of the Forest Act and any regulations relating thereto the Minister for the purposes of this Agreement herewith designates pulpwood to include:

- (a) All sound wood in stands of Crown timber which are decadent and when harvested to a 7.1 inch diameter breast height and a 4 inch top diameter inside bark are primarily unsuitable for sawmilling or plywood purposes;
- (b) All sound wood in stands of Crown timber which when utilized to a 7.1 inch diameter breast height and a 4 inch top diameter inside bark will be below the standard of utilization for sawmilling purposes at the rotation ages then currently in effect in the administrative units wherein such stands are located;
- (c) All sound wood on Crown lands, which have been logged over for logs suitable for sawmilling purposes, which has been designated by the Minister to be pulpwood for the purpose of this Agreement; without limiting the generality of the foregoing, such wood to include:
  - (i) portions of the trunks of trees left as tops and long butts
  - (ii) damaged or down trees

(iii) logs below the standard of utilization for sawmilling

as defined in the most recent Timber Sale contract over  
the area for which a relogging Timber Sale has been  
applied by the Company

(iv) standing live trees of size or species not suitable for  
utilization for sawmilling other than standing live  
trees designated by the Chief Forester as being required  
for silvicultural purposes.

5. The Minister, during the term of this Agreement, may change the boundaries of one or more of the four administrative units comprising the pulpwood harvesting area for general administrative purposes of the Forest Service but the boundaries of the pulpwood harvesting area as shown outlined in bold black on the map attached hereto marked Schedule "A" shall not thereby be affected. Provided that at any time the Minister may eliminate from this Agreement areas located within the perimeter of the pulpwood harvesting area which are required for higher economic use including experimental forests and recreational use provided such eliminations in the aggregate do not reduce the productive capacity of the respective administrative units by more than one per cent.
6. During the balance of the term of this Agreement, after construction of the pulp mill has been completed, the Company agrees to utilize sawmilling waste and logging salvage wood suitable for the pulp mill which results from logging operations on timber stands suitable for logging for sawmilling purposes and from sawmilling operations in and about the pulpwood harvesting area to the fullest extent consistent with availability, economic feasibility and sound programming of wood supply for the pulp mill. In this regard without limiting the generality of the foregoing, it is understood that the Company is expected:

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(a) To harvest pulpwood from timber stands suitable for sawmilling purposes within the pulpwood harvesting area which have been logged for logs suitable for sawmilling purposes;

(b) To purchase top logs and other wood material suitable for the manufacture of pulp from logging operators in and about the pulpwood harvesting area;

(c) To purchase pulpwood from bona fide settlers;

PROVIDED THAT the wood referred to in (b) and (c) above is offered at prices which are competitive with the cost of all other round wood delivered at the pulp mill.

(d) To purchase chips, slabs and edgings, free from bark, suitable for the manufacture of pulp from sawmill operators in and about the pulpwood harvesting area at competitive prices.

7. The Company shall not compete for Timber Sale licences designated to cut logs suitable for sawmilling purposes within the pulpwood harvesting area unless approval in writing has been granted by the Minister, provided always that the provisions of this clause shall not be deemed to preclude other persons or corporations which are now or hereafter owned by or affiliated with the Company, which at the date hereof are engaged in the sawmill industry, from competing for said Timber Sale licences.

8. Notwithstanding any other provisions contained in this Agreement but subject to the Company not being in default hereunder, commencing the 1st day of January, 1967, the Minister shall allow the Company to harvest or acquire from the pulpwood harvesting area in each calendar year thereafter during the term hereof, if it so requires, up to six point two (6.2) million cubic feet of Crown timber from Quesnel Lake Block 1, eight point five (8.5) million cubic feet from Quesnel Lake Block 2, four point three (4.3) million cubic feet from Cottonwood, and sixteen point zero (16.0) million cubic feet from Narcosli

Public Sustained Yield Units, such timber to be suitable for utilization in the pulp mill.

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9. The Company shall submit annually to the Chief Forester for approval, a cutting plan prepared by the Company's Forester showing the areas and quantities of timber which the Company proposes to harvest during the forthcoming year. This plan shall include such information and details as are required by the Chief Forester.
10. Pursuant to this Agreement a Timber Sale licence in a form containing such terms and conditions as the Chief Forester approves, consistent with the provisions and intent of this Agreement, shall be executed by the Company and the Chief Forester for each sale of pulpwood. Provided that a notice of intention to grant a sale of such pulpwood shall be given by notice published in one issue of the British Columbia Gazette at least thirty (30) days before the date fixed for granting of each sale.
11. (a) The stumpage inclusive of royalty payable for pulpwood as declared in accordance with clause 4(c) above until November 22nd, 1983 shall be appraised and assessed at the salvage rate of 20 cents per 100 cubic feet as provided by Section 59 of the Forest Act and after that date the rate shall be appraised and assessed by the Forest Service from time to time according to the method of appraisal then in use by the Forest Service.  
  
(b) Until December 31st, 1978 the stumpage inclusive of royalty payable for the wood harvested from stands declared to be pulpwood stands in accordance with clauses 4(a), (b) and (d) shall be a prorated rate on the basis of the material suitable for sawmilling purposes being appraised and assessed by the Forest Service from time to time according to the method of



appraisal then in use by the Forest Service and the material  
unsuitable for sawmilling purposes shall be appraised and  
assessed at the royalty rate as provided in Section 60 of  
the Forest Act as enacted as of the date of this Agreement.

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(c) After December 31st, 1978 the stumpage inclusive of royalty  
for the wood harvested from stands declared to be pulpwood  
stands in accordance with clauses 4 (a), (b) and (d) shall  
be appraised and assessed by the Forest Service from time  
to time according to the method of appraisal then in use by  
the Forest Service.

12. The Company shall ensure that areas over which it has removed  
pulpwood in primary logging become restocked to a standard and  
within the times as fixed by the Chief Forester provided that  
such requirements are not more onerous than the requirements  
generally imposed on other operators who harvest timber from  
within the same administrative units.
13. The Company covenants and agrees with the Minister that the  
Company or its shareholders will undertake, subject to force  
majeure, to begin construction by July 1, 1967 of a pulp mill  
of at least 650 tons rated daily capacity unbleached pulp in  
the Prince George Forest District and to complete the said mill  
within forty-eight (48) months.
14. The Company herewith delivers to the Minister a performance  
bond in the penal sum of six hundred and fifty thousand dollars  
(\$650,000) of lawful money of Canada as guarantee of performance  
in respect of clause 13 above, provided that such performance  
bond shall be released and returned to the Company by the Minister  
when the pulp mill commences to operate or when the Company has  
expended or committed an amount of not less than thirty million  
dollars (\$30,000,000) towards the establishment of the pulp  
mill, whichever of such times shall first occur.

15. The Company agrees to submit to the Minister, whenever so requested by him and at regular six-month intervals from the date of this Agreement, until commencement of production, a progress report of construction of the pulp mill, setting forth information as to the stage of construction of the pulp mill, any contracts that have been made or let and any commitments for the equipment to be installed in the pulp mill.

16. (a) In the event the Company is delayed by reason of circumstances beyond its reasonable control or economic distress in the pulp market, the Minister shall give such reasonable extension of time for the commencement of the operation of the pulp mill equal to the period of such delay.
- (b) In the event of the Company failing to have the pulp mill in operation by the time specified, the Minister may require the Company to remedy the matter within three months from date of written notice to the Company and, on failure to do so, the Minister may declare the rights of the Company under this Agreement forfeited, and thereupon the performance bond delivered pursuant to clause 14 above shall be forfeited and the Company shall forthwith pay to the Minister the sum of six hundred and fifty thousand dollars (\$650,000) of lawful money of Canada which monies shall become the absolute property of the Crown and this Agreement shall be void, terminated and of no further force or effect. Provided, however, that the Minister shall in no event declare either the rights of the Company under this Agreement or the said performance bond to be forfeited pursuant to this subclause (b) if the Company has expended or committed an amount of not less than thirty million dollars (\$30,000,000)

towards the establishment of the pulp mill by the date  
specified in clause 13 above for having the pulp mill in  
operation.

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(c) The Minister, in his discretion, may waive any default or  
extend the time for the completion or commencement of any  
act.

(d) Any commencement or extensions of time given by the Minister  
pursuant to subclauses (a) and (c) above shall not apply to  
enable the term of this Agreement, as set forth in clause 3,  
to be extended.

17. This Agreement shall not in any way limit or impair any rights  
of the Crown to grant, lease, licence, or permit any use  
(including recreational use) pursuant to any Statutes or  
Regulations for the use and occupation of any of the lands  
included within the areas described in this Agreement as shown  
outlined in bold black on the map attached hereto marked  
Schedule "A" and as shown outlined in bold black on the map  
attached hereto marked Schedule "B" provided that such use and  
occupation does not impede or obstruct the operations of the  
Company or its contractors carried on pursuant to this Agreement.
18. Where Timber Sale licences as provided under clause 10 of this  
Agreement or road or other easements or consent agreements  
granted to the Company lie within Crown lands used for grazing  
purposes, such Timber Sale licences, easements or consent  
agreements shall contain such conditions as are necessary to  
protect the rights of the grazing lessees or licensees and all  
range improvements.
19. Where improvements exist on any Crown lands from which pulpwood  
is to be removed as provided in clause 10 and such improvements  
are not being lawfully used or occupied by anyone, the Company  
shall be entitled to use such improvements on compliance with  
the applicable regulations respecting permits.

20. Where roads and other improvements are occupied or used by another Timber Sale licensee as an integral part of the operations of the Timber Sale licence, the Company shall not occupy or use such improvements without the prior consent of the Timber Sale licensee, except as provided in Section 56 of the Forest Act. Where the rights to grant the use and occupation have been reserved to the Crown the Company shall obtain from the Crown the necessary authority for such use and occupation.
21. It is understood and agreed that all areas and lands covered with water and all lakes, rivers and streams, are excluded from this Agreement and from Timber Sale licences as provided in clause 10 and from any area on which the Company is given authority to cut pulpwood and that the Company has no foreshore or riparian rights or any rights whatsoever by virtue of this Agreement with regard to the lakes, rivers and streams and the Crown reserves the right to grant all uses of any of the said lakes, rivers and streams including any foreshore and riparian rights as it may see fit.
22. The Minister does not guarantee any specific quantity of pulpwood on areas covered by Timber Sale licences awarded to the Company pursuant to this Agreement.
23. Pulpwood cut from the pulpwood harvesting area shall be subject in all respects to the provisions of Part X of the Forest Act insofar as such provisions relate to lands granted after the 12th day of March, 1906.
24. For the purposes of fire suppression the Company shall be deemed to be in occupation of all areas covered by Timber Sale licences awarded to the Company pursuant to this Agreement that are from time to time current and subsisting.

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25. The Head Office of the Company shall be maintained and remain in the Province of British Columbia and the books of the Company shall be kept at the said Head Office. Pg 11

26. The Company shall use such techniques as are available and practical in the construction and operation of the pulp mill to safeguard the public generally from any deleterious effects which may result from the manufacture or processing of pulp.

27. This Agreement shall be binding upon and enure to the benefit of the Company, its successors and assigns, but this Agreement shall not be assigned by the Company without the consent of the Minister. Provided, however, that the restriction on assignment herein contained shall not apply to an assignment made to:

(a) a Trustee for the holders of bonds, debentures or other securities of the Company issued for the purpose of financing in whole or in part the construction, equipment and operation of the pulp mill, for the manufacturing of wood pulp and other products and/or anything incidental thereto; or

(b) a person, firm or corporation upon the sale or other disposition by or on behalf of such Trustee aforesaid or other person realizing upon or enforcing any security for the benefit of the holders of such bonds, debentures or other securities of the Company.

28. (a) This Agreement may be terminated at any time by mutual consent of the parties hereto.

(b) The Company may terminate this Agreement on two years' notice in writing given to the Minister subject as hereinafter provided.

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(c) In the event that the Company serves notice of termination of this Agreement as provided in the next preceding sub-clause such termination shall be subject to the following conditions:

- (i) All monies held pursuant to this Agreement as security deposit of whatsoever nature or kind, or any part thereof, may be declared by the Minister payable to the Crown for damages or otherwise and the Minister shall not be obliged to account in respect thereof.
- (ii) Subject to the provisions of subclause (c) (iv) below, all improvements made on Crown lands shall become and be the property of the Crown and the Company shall have no claim or in any way be entitled to compensation therefor. Provided, that the Company may remove its own improvements and fixtures in such a manner as not to damage other improvements. Provided further that such removal shall not in any way affect the lien of the Crown on such improvements and fixtures as provided in the Forest Act.
- (iii) The Company shall forthwith pay all monies owing on outstanding accounts for stumpage, royalty, taxes, and annual rental.
- (iv) All rights granted pursuant to any Statute or Regulation or under this Agreement as ancillary thereto and which would not have been granted but for this Agreement and all appurtenances shall be cancelled effective on the termination of this Agreement, save and except where a contrary provision is contained in the grant of such rights or where such rights are granted in fee simple.

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29. If the Company shall make any general assignment for the benefit of creditors or becoming bankrupt or insolvent shall take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the Minister may, on written notice, cancel this Agreement and any or all monies on deposit pursuant to this Agreement may be declared by the Minister to be payable to the Crown for damages. Provided however that this clause shall not apply to the exercise by a Trustee or a Receiver for the holder(s) or the exercise by the holder(s) of bonds, debentures or other securities of the Company of any rights or remedies contained in any Deed of Trust and Mortgage or other agreement under which such bonds, debentures or other securities are issued or secured including, without restricting the generality of the foregoing, the taking of possession by such Trustee or Receiver or said holders of the Company's properties and assets and the operation or disposition thereof for the benefit of the holders of the Company's securities.
30. Upon the approval of the Lieutenant-Governor in Council this Agreement may be amended by the parties hereto by memorandum in writing signed by the parties hereto.
31. Any notice required to be given to the Company by the Minister under this Agreement may be given by written notice sent by registered mail or delivered to the registered office of the Company in British Columbia and shall be deemed to be given on the day it would be received by the Company in the ordinary course of post or on the day it was so delivered.
32. The purpose and intent of this Agreement, as hereinbefore mentioned, is to grant to the Company an option to purchase pulpwood within the pulpwood harvesting area for the purpose of ensuring a supply of wood to sustain the said pulp mill to be constructed

as hereinbefore mentioned. This Agreement shall be renewable subject to renegotiation of reasonable terms and conditions consistent with past performance with particular reference to the extent to which utilization is made of sawmilling waste and logging salvage wood as referred to in clause 6 of this Agreement as demonstrated during the term of this Agreement, and future needs, and according to the provisions of the Forest Act and the Regulations in force at the time of application for renewal. The purpose and intent of this clause is to provide an incentive for the Company to purchase and utilize as large an amount of waste wood as possible, consistent with availability, economic feasibility and sound programming of wood supply for the pulp mill, and nothing herein contained shall be construed to mean that because the Company has done a satisfactory job in the utilization of waste wood during the term of this Agreement, the assurance of a supply of raw material for the future in the form of rights to cut stands of timber in the pulpwood harvesting area is any less urgent or important. It is understood, however, that if, at the time for renewal of this Agreement, it is demonstrated, in accordance with the principles of sustained yield management, that the total of the pulpwood cutting budgets for the administrative units within the pulpwood harvesting area exceeds the then current and estimated future requirements of the Company for the pulp manufacturing facilities established by the Company, the Minister may after consultation with the Company, decrease the size of the pulpwood harvesting area, provided that the Company still is assured of being allowed to harvest a sufficient volume of pulpwood from the pulpwood harvesting area to sustain the continuous operation of the pulp mill manufacturing facilities established by the Company.

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to advertise for sale and sell a licence or licences to cut and remove Crown timber, up to December 31st, 1978, from the thrifty mature pulp stands as defined in clause 35 hereafter, or from any other stands of timber where the highest economic use of such timber would be in the manufacture of pulp, located on or within the area established as a Special Sale Area pursuant to the provisions of Section 27 of the Forest Act by Order-in-Council No. 2811, approved on the 22nd day of November, 1962 and amended by Order-in-Council No. 1509 approved on the 26th day of May, 1965 and further amended by Order-in-Council No. 768 approved on the 15th day of March, 1966. Provided that the Minister shall be obliged to sell to the Company pursuant to the provisions of this clause a quantity of timber up to but not exceeding two hundred million (200,000,000) cubic feet; provided further such commitment by the Minister shall be considered by the Company as a supplementary supply to the timber to be harvested by the Company from the pulpwood harvesting area described in this Agreement; and provided further that the said sale shall be advertised as being subject to the following conditions:

- (a) The Minister from time to time shall only upon application of the Company advertise for sale and subject to the provisions of Section 27 of the Forest Act sell by public competition a Pulp Timber Sale licence or licences to cut and remove pulpwood from thrifty mature stands or such other stands as above mentioned. Provided that applications for such Pulp Timber Sale licences for the period 1966-1970 inclusive will be confined to the designated area outlined in bold black on the map attached hereto and marked Schedule "B". If it is ascertained prior to December 31st, 1970, that there is not sufficient suitable Crown timber in the

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designated area to supply two hundred million (200,000,000) cubic feet of wood to the Company then the balance will be provided from the area outlined in the black dashed line on the map attached hereto and marked Schedule "B". Further provided that where it is necessary to remove the thrifty mature pulp stands from lands which are required for a higher economic use within the designated area or within the area outlined in the black dashed line on the map attached hereto and marked Schedule "B", then the Chief Forester shall request the Company to make application to purchase the timber thereon. And further provided, that if the Company fails within thirty days to make application to purchase the timber on the land which is required for a higher economic use, or advise that it does not wish to purchase such timber, the Minister may proceed to dispose of it to other persons.

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- (b) The cutting and removal of timber pursuant to the said Pulp Timber Sale licence or licences may only commence after the licensee has submitted a logging plan in respect of each said licence and such plan has been approved by the Chief Forester.
- (c) In the granting of cutting permits the Minister may take into account whether the commitment by the Minister in the Special Sale Area is being treated by the Company as a supplementary supply to the timber to be harvested by the Company from the pulpwood harvesting area.
- (d) Rental and forest protection charges on the Pulp Timber Sale licences shall be payable as provided in Section 17 (3) (c) and Section 126 (1) (b) of the Forest Act and the regulations.

(e) Only tenders from persons having either in operation or under continuing construction a pulpwood utilization mill with a minimum rated capacity of 300 tons of pulp or paper per day located within the said Special Sale Area shall be considered for the sale of the said Pulp Timber Sale licence.

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(f) If the Company's tender does not contain the highest offer for the timber amongst those called for and received by the Minister, the Company may, within such time as the Minister may fix, submit a further tender containing an offer not lower than the highest offer contained in the tenders called for and received, and, if the Company submits such further tender, the sale shall be made to the Company; otherwise, the sale shall be made to the person who initially made the highest offer.

(g) The stumpage rate inclusive of royalty shall be appraised on the basis of assessing the logs suitable for sawmilling purposes in accordance with the method of appraisal in use by the Forest Service at the time the appraisal is made and the pulpwood portion, namely that portion of the total volume of wood in the Pulp Timber Sale licence contained in 16 foot logs whose top diameter inside bark is less than 11 inches, shall be sold at the royalty rate set forth in Section 60 of the Forest Act as enacted as of the date of this Agreement.

34. If the aggregate volume of timber sold to and removed by the Company pursuant to clause 33 hereof during the said period expiring December 31st, 1978 referred to in clause 33 does not exceed two hundred million (200,000,000) cubic feet, then the Minister upon application by the Company, shall extend the said

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period to the expiry of this Agreement to allow the Company to purchase additional volumes of Crown timber within the limits of said maximum commitment under the same conditions as specified in clause 33 except that the stumpage rate for the pulpwood portion in clause 33 shall be at the royalty rate obtaining on the date the extension document is executed.

At the time for renewal of this Agreement, the Minister shall further extend the said period referred to in clause 33 if the Company has still not purchased all of the said aggregate volume.

35. In this Agreement, the expressions following have the meanings hereinafter mentioned.

"Administrative Units" means areas administered by the Forest Service for the purpose of growing and sustaining crops of trees continuously thereon for periodic harvesting which areas, at the date of this Agreement, are commonly known as Public Sustained Yield Units.

"Pulp" means and includes wood pulp, paper or other products manufactured from wood pulp.

"Pulp mill" means and includes a mill which produces wood pulp, paper or other products manufactured from wood pulp, and refers to the mill to be built as provided in this Agreement.

"Pulpwood" may include logs, individual trees or groups of trees.

"Thrifty-mature pulp stands" means those stands of timber which fall in the 80-140 year class and in which fifty per cent (50%) or more of the gross sound wood volume when utilized to a seven inch (7") diameter breast height and a four inch (4") top diameter is contained in sixteen foot (16') logs whose top diameter inside bark is less than eleven inches (11").

"Ton" means a ton of two thousand (2,000) pounds avoirdupois.

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36. This Agreement is subject to the provisions of the Forest Act and such amendments thereto as may be made from time to time and the regulations made pursuant thereto except where otherwise specified in this Agreement.

37. This Agreement shall enure to the benefit of and be binding upon the parties thereto, their respective successors and successors in office and the permitted assigns of the Company.

IN WITNESS WHEREOF the Minister has executed these presents and the Company has hereunto affixed its corporate seal by the hands of its proper officers in that behalf.

SIGNED SEALED AND DELIVERED  
in the presence of:

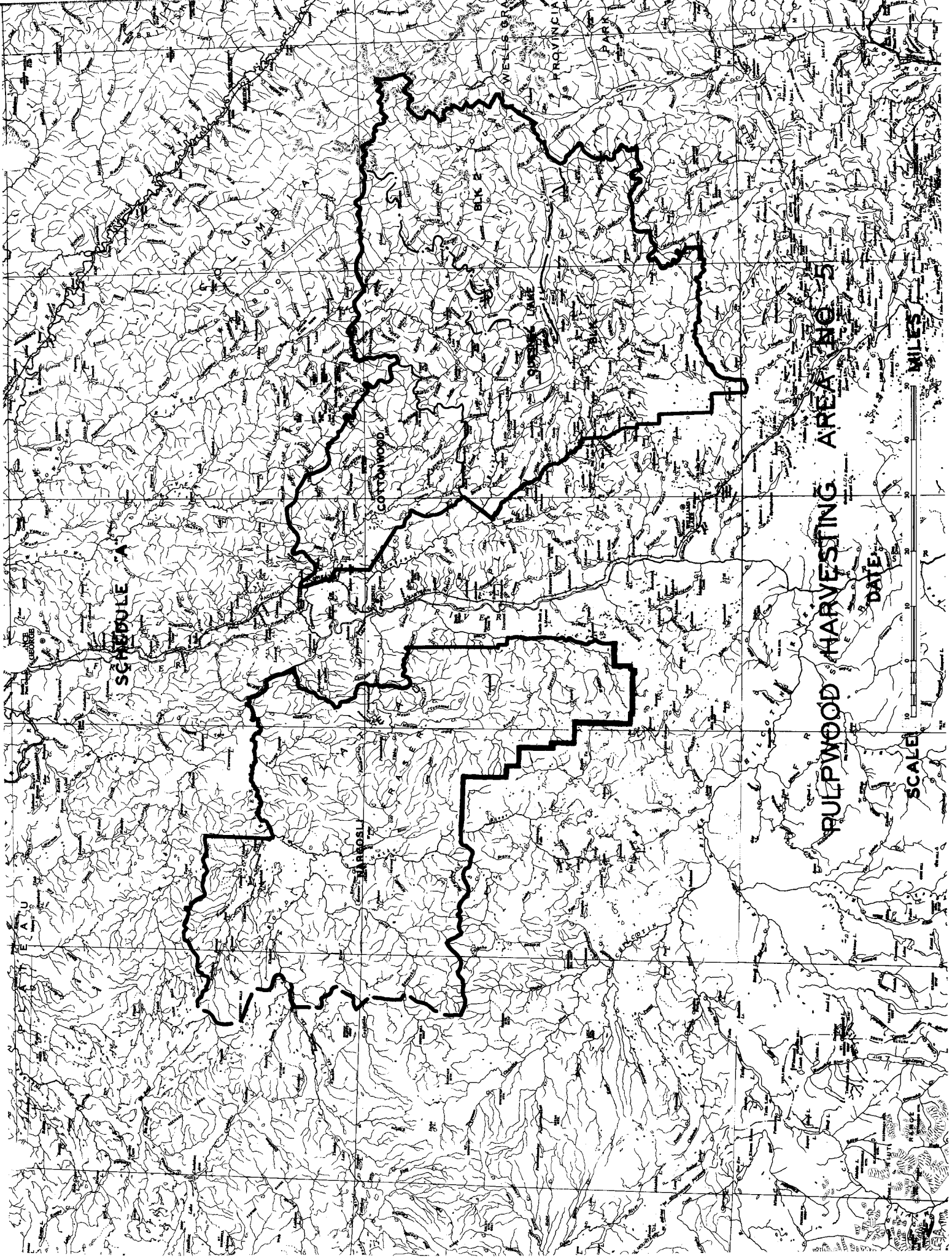
\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Lands, Forests, and Water Resources

THE CORPORATE SEAL OF THE COMPANY  
was hereunto affixed in the  
presence of:

\_\_\_\_\_

\_\_\_\_\_



SCHEDULE A

PULPWOOD HARVESTING AREA NO. 5

DATE

SCALE

MILES

SCHEDULE B

PRINCE GEORGE

SCHEDULE B

PORTION  
OF  
SPECIAL SALE AREA

ORDER-IN-COUNCIL NO 2811

DATE: 22-11-62

SCALE 10 0 10 20 30 MI.

