

PROVINCE OF BRITISH COLUMBIA**TREE FARM LICENCE NO. 39**

THIS LICENCE, dated March 1, 1995

BETWEEN:

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

(the "Minister")

AND: MACMILLAN BLOEDEL LIMITED
 925 WEST GEORGIA STREET
 VANCOUVER, BRITISH COLUMBIA
 V6E 3R9

(the "Licensee")

WHEREAS

- A. Under Section 29 of the *Forest Act*, this Licence replaces Tree Farm Licence No. 39, dated December 31, 1987.

- B. Under the *Forest Amendment Act, 1988*, the portion of the allowable annual cut attributable to Schedule B Land, available to the Licensee under Tree Farm Licence No. 39, was reduced by 162 218 m³.

THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 Subject to this Licence and the *Forest Act*, 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 the management plan and development plan in effect under 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 The Licensee will not harvest timber from the Licence Area except under and in accordance with a cutting permit, road permit, free use permit issued to the Licensee, or special use permit.

- 1.05 Subject to paragraph 1.06, 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.
- 1.06 Paragraph 1.05 does not apply to temporary occupation for the purpose of
- (a) carrying out basic or incremental 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 in association with this Licence.
- 1.07 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 1.10 or specified under paragraph 1.11:
- (a) subject to paragraph 1.15, 162 218 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.
- 1.08 In addition to any timber disposed of under paragraph 1.07, 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 1.10 or specified under paragraph 1.11, 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, having regard to the factors and information considered in his or her most recent determination of the allowable annual cut, determines is attributable to timber of the type referred to in clause (a)(i).

- 1.09 Subject to paragraph 1.17, in addition to any timber disposed of under paragraph 1.07 and 1.08, the Regional Manager or District Manager may dispose of any timber in the Licence Area that
- (a) is not of a type specified in paragraph 1.02, or
 - (b) is not from a type of terrain specified in paragraph 1.03,
- provided the timber is within areas of Schedule B Land agreed to under paragraph 1.10, or specified under paragraph 1.11.
- 1.10 Subject to paragraph 1.11, the District Manager and the Licensee will agree upon areas of Schedule B Land for the purposes of paragraphs 1.07, 1.08, 1.09 and 1.16, 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 1.08, the type of timber referred to in Section 34(1)(b) of the *Forest Act*,
 - (d) in the case of paragraph 1.16, the nature of the Licensee's failure to comply with the management plan,
 - (e) the management plan and development plan in effect under 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.
- 1.11 If under paragraph 1.10 the District Manager and the Licensee are unable to agree upon areas of Schedule B Land for the purposes of paragraph 1.07, 1.08, 1.09 or 1.16, the District Manager or the Licensee may refer the matter to the Regional Manager, in which case, the Regional Manager, subject to paragraph 1.14, and having regard to
- (a) the factors referred to in paragraph 1.10, and
 - (b) the recommendations of the District Manager and the Licensee,
- will specify areas for these purposes.

- 1.12 Subject to paragraphs 1.13 and 1.14, 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 subparagraph 1.07(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.
- 1.13 Before deleting an area under paragraph 1.12, the Minister will consult the Licensee and consider any recommendations made by the Licensee.
- 1.14 The Regional Manager will only specify an area under paragraph 1.11, and the Minister will only delete an area under paragraph 1.12, 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 and development plan in effect under this Licence, or
 - (b) unreasonably interfere with the Licensee's operations under this Licence.
- 1.15 Where the Minister deletes an area under paragraph 1.12,
- (a) the volume of timber referred to in subparagraph 1.07(a), and
 - (b) the allowable annual cut,
- 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.
- 1.16 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 allowable annual cut available to the Licensee,

then, in addition to any timber disposed of under paragraphs 1.07, 1.08 and 1.09, the Regional Manager or the District Manager may dispose of a volume of timber, from areas of Schedule B Land agreed to under paragraph 1.10 or specified under paragraph 1.11, 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.

- 1.17 The Licensee may harvest timber in the Licence Area that
- (a) is not of a type specified in paragraph 1.02, or
 - (b) is not from a type of terrain specified in paragraph 1.03,
- provided the Licensee is authorized to do so under a cutting permit issued under Part 5.00.
- 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 March 1, 1995.

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 on which that tree farm licence expires,
- 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 on which that tree farm licence expires, then solely for the purposes of
- (a) inviting comments under subparagraph 2.05(a) and providing an assessment under subparagraph 2.08(a), and
 - (b) determining the deadlines for
 - (i) inviting comments under subparagraph 2.05(a),
 - (ii) submitting a review strategy under subparagraph 2.05(b),
 - (iii) providing an assessment under clause 2.08(a)(i),
 - (iv) submitting a summary under subparagraph 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 subparagraph 2.05(a),
 - (b) submitting a review strategy under subparagraph 2.05(b), if applicable,
 - (c) providing an assessment under clause 2.08(a)(i),
 - (d) submitting a summary under subparagraph 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 on which that tree farm licence expires, 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,
- then 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 subparagraph 2.02(b) or paragraph 2.03, specify a period 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 paragraph 6.01 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 subparagraph 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 paragraph 6.01.
- 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
 - (A) guidelines,
 - (B) land and resource management plans, and
 - (C) local resource use plans, 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 subparagraph 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 subparagraph 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 subparagraph 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 subparagraph 2.25(d),
- (d) propose management objectives for the Licence Area, and identify management options, regarding
 - (i) utilization of the timber resources, including harvesting methods and utilization standards suitable to the types of timber and terrain specified in paragraphs 1.02 and 1.03,
 - (ii) conservation of the non-timber values and resources, including visual quality, biodiversity, soils, water, recreation resources, cultural heritage resources, range land, and wildlife and fish habitats,
 - (iii) integration of harvesting activities 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) road construction, maintenance and deactivation,
- (vii) basic silviculture and, if applicable, incremental silviculture, and
- (viii) any issues identified
 - (A) by the Licensee,
 - (B) by the Regional Manager in the assessment referred to in clause 2.08(a)(i), or
 - (C) in the comments referred to in subparagraph 2.08(b), which are consistent with the guidelines, land and resource management plans, and local resource use plans referred to in clause 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 strategies 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.

- 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 subparagraph 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 subparagraph 2.10 (c), the issues referred to in clause 2.10(d)(viii), and the comments referred to in clause 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 2.12(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 subparagraph 2.17(a) which, subject to paragraph 2.33, are consistent with
 - (i) the management objectives proposed in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11, and
 - (ii) the guidelines, land and resource management plans and local resource use plans referred to in clause 2.08(a)(ii),

- (c) without restricting the generality of subparagraph (b), identify assumptions the Licensee proposes to incorporate into the timber supply analysis referred to in subparagraph 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 utilization standards, 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 subparagraph 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 Objectives, 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 subparagraph 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 subparagraph 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, subparagraph 2.16(b) for use in the timber supply analysis, subject to such conditions as the Timber Supply Forester considers necessary or appropriate, if
- (a) the requirements of paragraph 2.14 and, if applicable, subparagraph 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 2.16(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 subparagraph 2.17(a) or 2.22(b) must
 - (a) assess the impact of the management options referred to in subparagraph 2.10(g) on the timber supply, 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 subparagraph 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 landbase, and

- (iv) areas subject to specific integrated resource management constraints,
- (b) categorize areas within the operable land base referred to in clause (a)(i) by
 - (i) the harvesting methods suitable to the terrain, and
 - (ii) the type and, where the information is available to the Licensee, quality of timber, and
- (c) in support of the timber supply analysis, set out a sequence of cut blocks in 5 year increments over a period of 20 years, or longer if the Licensee so chooses, which, subject to paragraph 2.33, is
 - (i) based on a management option selected by the Licensee from the management options referred to in subparagraph 2.18(a), and
 - (ii) consistent with
 - (A) the management objectives proposed in the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11, and
 - (B) the guidelines, land and resource management plans and local resource use plans referred to in clause 2.08(a)(ii).

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 subparagraph 2.17(a), or two months after the date the Timber Supply Forester receives a timber supply analysis submitted under subparagraph 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 subparagraph 2.17(b), or two months after the date on which the District Manager receives a 20-year plan submitted under 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 subparagraph 2.17(a), or two months after the date on which the Timber Supply Forester receives a timber supply analysis submitted under subparagraph 2.22(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 subparagraph 2.17(b), or two months after the date on which the District Manager receives a 20-year plan submitted under 2.23(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 subparagraph 2.37(a) and a proposed management plan submitted by the Licensee under paragraph 2.26, subparagraph 2.30(b), or subparagraph 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 subparagraph 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 this Licence and, subject to paragraph 2.33, the Statement of Management Objectives, Options and Procedures accepted under paragraph 2.11,
 - (d) include inventories, meeting the standards and presented in the format set or approved in the applicable manual in effect six months prior to the deadline for submitting the Timber Supply Analysis Information Package, of
 - (i) the forest and recreation resources in the Licence Area, based on information collected for this purpose by the Licensee, including information relating to visual quality objectives, sensitive soils, recreation sites, and the type of timber and terrain, and
 - (ii) the fisheries, wildlife, range and cultural heritage resources of the Licence Area, based on the best information readily available to the Licensee,
 - (e) include proposals for updating the inventories referred to in subparagraph (d) and, if applicable, addressing inadequacies in the inventory information,
 - (f) include proposals for
 - (i) developing timber harvesting operations on the Licence Area,
 - (ii) protecting the forest in the Licence Area from damage by fire, pests, wind and disease, and
 - (iii) carrying out
 - (A) basic silviculture required under the *Forest Act*, and
 - (B) such incremental silviculture as the Licensee considers desirable,
 - (g) specify measures to be taken, specifications to be followed, and standards to be met by the Licensee in the Licence Area to provide for

- (i) utilization of the timber resources, including harvesting methods and utilization standards suitable to the types of timber and terrain specified in paragraphs 1.02 and 1.03,
- (ii) conservation of the non-timber values and resources, including visual quality, biodiversity, soils, water, recreation resources, cultural heritage resources, range land, and wildlife and fish habitats,
- (iii) integration of harvesting activities 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) road construction, maintenance and deactivation,
- (vii) basic silviculture and, if applicable, incremental silviculture, and
- (viii) anything else relating to the management, development and use of the Licence Area as the Chief Forester requires, which, subject to paragraph 2.33, meet or, if the Licensee so chooses, exceed the applicable measures, standards or specifications contained or reflected in the guidelines, land and resource management plans, and local resource use plans referred to in clause 2.08(a)(ii),
- (h) specify measures to be taken by the Licensee to identify and consult with trappers, guide outfitters, range tenure holders, and other licensed resource users operating in the Licence Area,
- (i) specify measures to be taken by the Licensee to identify and consult with aboriginal people who are or who may be carrying out aboriginal activities in the Licence Area,
- (j) 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 subparagraph 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 subparagraph 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 subparagraph 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 subparagraph 2.17(b) or accepted under paragraph 2.21, as applicable,
 - (k) 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 conservation of non-timber values,
 - (l) 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 (k),
 - (m) propose a review strategy, complying with the requirements of paragraphs 6.01 and 6.03, for
 - (i) the next Statement of Management Objectives, Options and Procedures to be submitted under paragraph 2.09,
 - (ii) the next draft management plan to be submitted under paragraph 2.24,
 - (iii) the next statement of objectives referred to in paragraph 3.01,
 - (iv) the next statement of proposals referred to in paragraph 3.02, and
 - (v) proposed development plans to be submitted under Part 4.00,

- (n) 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,
- (o) include such other information on the development, management and use of the Licence Area as the Chief Forester requires, and
- (p) 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 in paragraph 2.24(a), and
 - (B) received by the Licensee in complying with the requirements of subparagraph 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, subparagraph 2.30 or subparagraph 2.37(b), will in a notice given to the Licensee approve or disapprove 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 subparagraph 2.26(a) or clause 2.37(b)(i), as the case may be, and
 - (ii) adequately addresses the comment referred to in clause 2.26(b)(i) or subclause 2.37(b)(ii)(A), as the case may be, and
- (b) the proposed management plan includes
 - (i) inventories referred to in subparagraph 2.25(d),
 - (ii) proposals referred to in subparagraph 2.25(e) and (f),

- (iii) measures referred to in subparagraphs 2.25(h) and (i), and
- (iv) a review strategy referred to in subparagraph 2.25(m),
which are satisfactory to the Chief Forester.

2.28 The Chief Forester, in a notice given to the Licensee, may decline to approve a proposed management plan under paragraph 2.27 until such time as

- (a) a timber supply analysis is accepted under paragraph 2.20, or
- (b) a 20-year plan is accepted under paragraph 2.21.

2.29 Where a timber supply analysis accepted under paragraph 2.20 or a 20-year plan accepted under paragraph 2.21 was not included in the draft management plan referred to in paragraph 2.24, before approving a proposed management plan under paragraph 2.27, the Chief Forester, in a notice given to the Licensee, may require the Licensee to refer the timber supply analysis or the 20-year plan, as the case may be, and make it available for comment in accordance with the review strategy referred to in paragraph 2.24.

2.30 Where the Chief Forester does not approve a proposed management plan under paragraph 2.27,

- (a) subject to paragraphs 2.28 and 2.29, the Chief Forester, within three months after the date on which the Chief Forester receives the proposed management plan, will specify in a notice given to the Licensee why the Chief Forester has not approved the proposed management 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 proposed management plan to the Chief Forester.

2.31 Subject to paragraphs 2.28 and 2.29, if

- (a) the Chief Forester, within three months after the date on which the Chief Forester receives a proposed management plan submitted under paragraph 2.26, has neither
 - (i) approved the proposed management plan under paragraph 2.27, nor
 - (ii) given the Licensee a notice referred to in subparagraph 2.30(a), and
- (b) there is a management plan in effect under this Licence,
then the term of that management plan referred to in subparagraph (b) is deemed to be extended until such time as the Chief Forester approves the proposed management plan under paragraph 2.27, or gives the Licensee a notice referred to in subparagraph 2.30(a), as the case may be.

2.32 If the Chief Forester is satisfied that the Licensee or a ministry officer is trying in good faith to fulfill a requirement or obligation under this Part, but for reasons beyond the control of the Licensee or the ministry officer, as the case may be, cannot

- (a)** meet a deadline referred to in this Part, or
- (b)** where there is a management plan in effect under this Licence, fulfill the requirement or obligation before the management plan is due to expire,

then the Chief Forester, in a notice given to the Licensee, will, as applicable,

- (c)** extend the deadline by a period the Chief Forester considers sufficient to allow the ministry officer or the Licensee, as the case may be, to fulfill the requirement or obligation, or
- (d)** extend the term of the management plan by a period the Chief Forester considers sufficient to allow the ministry officer or the Licensee, as the case may be, to fulfill the requirement or obligation in accordance with applicable deadlines,

subject to such conditions as the Chief Forester considers necessary or appropriate.

2.33 If the Licensee

- (a)** submits a Timber Supply Analysis Information Package under paragraph 2.13, or the information or proposals referred to in subparagraph 2.16(b) more than eight months,
- (b)** submits a timber supply analysis under subparagraph 2.17(a) or 2.22(b), or a 20-year plan under subparagraph 2.17(b) or 2.23(b) more than 13 months,
- (c)** submits a draft management plan under paragraph 2.24 more than 19 months, or
- (d)** submits a proposed management plan under paragraph 2.26 or subparagraph 2.30(b) more than 22 months,

after the date on which the Statement of Management Objectives, Options and Procedures is accepted under paragraph 2.11, the Chief Forester, in a notice given to the Licensee within one month of the date on which the applicable item is submitted, may require the Licensee to amend both the Statement of Management Objectives, Options and Procedures, and one or more the items referred to in subparagraph (a) through (d) inclusive, to the extent required to ensure consistency with

- (e)** guidelines,
- (f)** land and resource management plans, and
- (g)** local resource use plans,

in effect on the date the Licensee is given the notice.

- 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) approval, amendment or replacement of a land and resource management plan,
 - (d) approval, amendment or replacement of a local resource use plan,
 - (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 subparagraph 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 subparagraph 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 A management plan 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 the timber harvested under this Licence and the Licensee's operations under and in respect of this Licence, which has been referred to resource agencies and made available for comment in accordance with the review strategy approved
 - (iii) in the management plan in effect under this Licence, or
 - (iv) 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 in accordance with
 - (a) the review strategy approved in the management plan in effect under this Licence, or
 - (b) under paragraph 2.06,as the case may be, a 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 under paragraph 2.26, the Licensee will also submit to the Chief Forester
 - (a) a statement of proposals based on the 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 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 DEVELOPMENT PLANS

- 4.01 A five-year development plan approved under the tree farm licence replaced by this Licence and still in effect on the date immediately preceding the date on which that tree farm licence expires is deemed for the remainder of the term of the five-year development plan to be the development plan in effect under this Licence.
- 4.02 If there was no approved five-year development plan in effect under the tree farm licence replaced by this Licence on the date immediately preceding the date on which that tree farm licence expires, then the Licensee, not later than six months after the date referred to in paragraph 1.19, will submit for the District Manager's approval a proposed development plan for the Licence Area.

- 4.03 The Licensee, not less than three months prior to the date on which the development plan in effect under this Licence is due to expire will submit for the District Manager's approval a proposed development plan for the Licence Area.
- 4.04 Where the Chief Forester gives the Licensee a notice referred to in paragraph 2.34, the Chief Forester may at the same time give the Licensee a notice requiring the Licensee to amend the development plan in effect under this Licence to the extent required to ensure consistency with the changes referred to in subparagraph 2.35(c).
- 4.05 Where the Chief Forester gives the Licensee a notice referred to in paragraph 4.04, the Licensee, within three months after the date on which the notice is given, will submit for the District Manager's approval a proposed amendment to the development plan to have effect during the unexpired term of the development plan.
- 4.06 If the Licensee fails to comply with the requirements of paragraph 4.05, the development plan in effect under this Licence will expire three months after the date on which the notice referred to in paragraph 4.04 is given to the Licensee, in which case the Licensee, within four months after the date on which the development plan expires under this paragraph, will submit a proposed development plan for the District Manager's approval.
- 4.07 A proposed development plan submitted under paragraph 4.02, 4.03, 4.06, or 4.11(b) must
- (a) be signed and sealed by a professional forester and signed by the Licensee or the Licensee's authorized signatory,
 - (b) be prepared according to the applicable manual in effect three months prior to the deadline for submitting the proposed development plan under paragraph 4.02, 4.03, or 4.06, as the case may be,
 - (c) be consistent with this Licence and the management plan in effect at the time the proposed development plan is submitted,
 - (d) set out the Licensee's development plans for a period of five years, or longer if the Licensee so chooses, beginning on the date the proposed development plan takes effect,
 - (e) set out a proposed harvesting sequence of cut blocks which will enable the Licensee, each year during the period referred to in subparagraph (d), to harvest timber from the Licence Area in accordance with the cut control provisions of the *Forest Act*, categorizing these cut blocks as follows
 - (i) cut blocks covered by existing cutting permits,

- (ii) cut blocks covered by outstanding cutting permit applications submitted to the District Manager,
 - (iii) cut blocks for which the Licensee proposes to submit cutting permit applications during the term of the proposed development plan, and
 - (iv) cut blocks which the Licensee proposes to harvest during the period referred to in subparagraph (d), but for which the Licensee does not propose to submit cutting permit applications during the term of the proposed development plan, unless for any reason cut blocks referred to in clause (iii) cannot be harvested,
- (f) include the following information regarding the cut blocks referred to in subparagraph (e)
 - (i) season of operation, logging system and reforestation method, and
 - (ii) the status of adjacent harvested areas,
- (g) include one or more detailed maps of the following information
 - (i) based on the best information readily available to the Licensee,
 - (A) recreation areas, community watersheds, fish spawning, fish rearing and fish migration areas, critical wildlife habitats, and any other areas subject to specific integrated resource management constraints, and
 - (B) private properties, foreshore leases, and public utilities within the Licence Area,
 - (ii) based on information gathered by the Licensee for the purposes of the proposed development plan,
 - (A) the forest cover,
 - (B) operability and contour lines,
 - (C) sensitive soils, unstable slopes, and areas subject to visual quality constraints,
 - (D) boundaries of
 - (I) cut blocks referred to in subparagraph (e), and
 - (II) existing cutting permits,
 - (E) existing roads including, where applicable, linkage to the public road system, timber processing facilities and log dumps,
 - (F) proposed roads, including bridges and major culverts,
 - (G) roads under construction,

- (H) roads which have been deactivated to a temporary or semi-permanent level,
 - (I) fire breaks and fuel management problem areas, and
 - (J) log handling and storage areas, including existing or proposed log dump sites,
 - (iii) based on consultation carried out in accordance with the measures specified in the management plan,
 - (A) the location of areas where aboriginal people have indicated they are or may be carrying out aboriginal activities in the Licence Area, and
 - (B) the location of areas where trappers, guide outfitters, range tenure holders, and other licenced resource users are operating in the Licence Area, and
 - (iv) any other information required under the manual referred to in subparagraph (b), and
- (h) include a Road Maintenance Plan complying with the requirements of paragraph 11.04 and a Road Deactivation Plan complying with the requirements of paragraph 11.05.

- 4.08 In addition to the requirements under paragraph 4.07, a proposed development plan submitted under paragraph 4.02, 4.03, or 4.06 must
- (a) have 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, and
 - (b) be accompanied by 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 proposed development plan, prior to its submission to the District Manager, in response to the comments referred to in clause (i).

- 4.09 Subject to paragraph 4.10, the District Manager, within three months after the date on which a proposed development plan is submitted under paragraph 4.02, 4.03, or 4.06, or two months after the date on which a proposed development plan is submitted under subparagraph 4.11(b), will in a notice given to the Licensee approve the proposed development plan, subject to such conditions as the District Manager considers necessary or appropriate, if
- (a) the District Manager is satisfied that the proposed development plan meets the requirements of paragraph 4.07,

- (b) the proposed harvesting sequence is satisfactory to the District Manager,
 - (c) the District Manager is prepared to accept cutting permit applications for
 - (i) the cut blocks referred to in clause 4.07(e)(iii), and
 - (ii) the cut blocks referred to in clause 4.07(e)(iv), if for any reason cut blocks referred to in clause 4.07(e)(iii) cannot be harvested, and
 - (d) the District Manager is satisfied that the development plan adequately addressed the comments referred to in clause 4.08(b)(i).
- 4.10 The District Manager will not approve a proposed development plan unless there is a management plan in effect under this Licence.
- 4.11 Where the District Manager does not approve a proposed development plan under paragraph 4.09,
 - (a) subject to paragraph 4.10, the District Manager, within three months after the date on which a proposed development plan is submitted under paragraph 4.02, 4.03, or 4.06, or two months after the date on which a proposed development plan is submitted under subparagraph 4.11(b), will specify in a notice given to the Licensee why the District Manager has not approved the development 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 proposed development plan to the District Manager.
- 4.12 A development plan is deemed to be part of this Licence.
- 4.13 Subject to paragraphs 4.01, 4.06, 4.14 and 4.15, a development plan expires one year after the date on which it takes effect.
- 4.14 If
 - (a) the District Manager, within three months after the date on which the District Manager receives a proposed development plan submitted under paragraph 4.02 or 4.03, has neither
 - (i) approved the proposed development plan under paragraph 4.09, nor
 - (ii) given the Licensee a notice referred to in subparagraph 4.11(a), and
 - (b) there is a management plan and a development plan in effect under this Licence,

then the term of the development plan referred to in subparagraph (b) is deemed to be extended until such time as the District Manager approves the proposed development plan under paragraph 4.09, or gives the Licensee a notice referred to in subparagraph 4.11(a), as the case may be.

- 4.15 At the request of the Licensee, the District Manager may extend the term of a development plan for a period not greater than one year, provided there is a management plan in effect under this Licence.
- 4.16 Before extending the term of a development plan under paragraph 4.15, the District Manager may require the Licensee to amend the development plan to the extent required to ensure compliance with the management plan in effect under this Licence.
- 4.17 If the development plan in effect under this Licence has been rendered inadequate as a result of circumstances the Licensee could not reasonably have foreseen at the time the proposed development plan was submitted for the District Manager's approval, the Licensee may submit for the District Manager's approval a proposed amendment to the development plan.
- 4.18 The District Manager at his or her sole discretion may approve a proposed amendment submitted under paragraph 4.17, provided there is a management plan in effect under this Licence.
- 4.19 Before approving a proposed amendment submitted under paragraph 4.17, the District Manager may require the Licensee to refer the proposed amendment, and make it available for comment in accordance with the review strategy referred to in subparagraph 4.08(a).

5.00 CUTTING PERMITS

- 5.01 All cutting permits in effect under the tree farm licence replaced by this Licence continue in effect under this Licence for the duration of their respective terms.
- 5.02 Subject to paragraph 5.04, the Licensee may submit cutting permit applications for
 - (a) cut blocks referred to in clause 4.07(e)(iii), and
 - (b) cut blocks referred to in clause 4.07(e)(iv), if for any reason cut blocks referred to clause 4.07(e)(iii) cannot be harvested, to enable the Licensee to harvest timber from the Licence Area in accordance with the cut control provisions of the *Forest Act*.

- 5.03 Subject to paragraphs 5.05 and 5.06, upon receipt of cutting permit applications referred to in paragraph 5.02, the District Manager will issue cutting permits to the Licensee for
- (a) cut blocks referred to in clause 4.07(e)(iii), and
 - (b) cut blocks referred to in clause 4.07(e)(iv), if for any reason cut blocks referred to clause 4.07(e)(iii) cannot be harvested,
- if the District Manager is satisfied that the cutting permit application meets the requirements of paragraph 5.04.
- 5.04 A cutting permit application referred to in paragraph 5.02 must
- (a) be signed and sealed by a professional forester and signed by the Licensee or the Licensee's authorized signatory,
 - (b) contain such information as is required
 - (i) by the District Manager in a notice given to the Licensee two months prior to the date on which the cutting permit application is submitted, or
 - (ii) in the applicable manual in effect two months prior to the date on which the cutting permit application is submitted,
 - (c) subject to paragraph 5.08, be accompanied by a proposed logging plan, and
 - (d) be consistent with the management plan and development plan in effect under this Licence, and the pre-harvest silviculture prescription, if any, approved for the area on which the timber to be harvested is located.
- 5.05 The District Manager will not issue a cutting permit under paragraph 5.03 unless
- (a) subject to an exemption referred to in subparagraph 5.18(b), the District Manager has approved a pre-harvest silviculture prescription for the area on which the timber to be harvested is located, and
 - (b) there is a management plan and development plan in effect under this Licence.
- 5.06 The District Manager may delay issuing a cutting permit if he or she is satisfied that
- (a) the Licensee will be able under existing cutting permits and road permits to harvest that portion of the allowable annual cut available to the Licensee, and
 - (b) the delay will not compromise the management plan and development plan in effect under this Licence.
- 5.07 Where the District Manager

- (a) is not satisfied that a cutting permit application meets the requirement of paragraph 5.04,
 - (b) is prohibited under paragraph 5.05 from issuing a cutting permit, or
 - (c) is delaying issuing the cutting permit under paragraph 5.06,

the District Manager will give the Licensee a notice to that effect within two months after the date on which the cutting permit application is submitted.

- 5.08 The District Manager may
 - (a) exempt the Licensee from the requirement under paragraph 5.04(c) to submit a logging plan with a cutting permit application, and
 - (b) issue a cutting permit before approving a logging plan, however, where a cutting permit is issued prior to the approval of the logging plan, the Licensee will not commence operations under the cutting permit until a logging plan has been submitted and approved.

- 5.09 At the request or with the consent of the Licensee, the District Manager may at any time
 - (a) amend an existing cutting permit, or
 - (b) issue a cutting permit,

to authorize the Licensee to harvest wind thrown, dead, damaged, infested or diseased timber within the Licence Area.

- 5.10 A cutting permit must
 - (a) subject to this Licence and the *Forest Act*, authorize timber to be harvested in accordance with the provisions of the cutting permit from proximate cut blocks located within the Licence Area,
 - (b) be consistent with
 - (i) this Licence,
 - (ii) the *Forest Act*,
 - (iii) subject to an exemption referred to in subparagraph 5.18(b), the pre-harvest silviculture prescription approved for the area on which the timber is to be harvested, and
 - (iv) subject to paragraphs 5.09 and 5.14, the management plan and development plan in effect on the date the cutting permit is issued,
 - (c) subject to paragraph 5.13, be for a term not exceeding three years,
 - (d) prescribe the locations of roads to be built or deactivated on the area covered by the cutting permit, and the specifications and standards to be followed in building or deactivating these roads,
 - (e) prescribe utilization standards and forestry practices to be followed in timber harvesting operations carried on under the cutting permit,

- (f) set out procedures for assessing the volumes of timber wasted or damaged by the Licensee, and provide for a charge based on applicable stumpage rates to be paid by the Licensee,
 - (g) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under the cutting permit,
 - (h) specify whether the cutting permit is scale based or cruise based, and
 - (i) subject to subparagraph (b), include such other provisions as the District Manager considers necessary or appropriate.
- 5.11 Subject to paragraphs 5.12, 5.13 and 5.14, the District Manager may amend a cutting permit only at the request or with the consent of the Licensee.
- 5.12 A cutting permit that does not comply with the requirements of paragraph 5.10 is not void, however,
 - (a) on the request of the Licensee, or
 - (b) on one month notice to the Licensee,the District Manager may amend the cutting permit to the extent required to ensure compliance with the requirements of paragraph 5.10.
- 5.13 The District Manager may, in a notice given to the Licensee, extend the term of a cutting permit.
- 5.14 Where under paragraph 5.13 the District Manager extends the term of a cutting permit, the District Manager may, in a notice given to the Licensee, amend the cutting permit to the extent required to ensure compliance with the management plan and development plan in effect on the date the term of the cutting permit is extended.
- 5.15 Unless exempted in writing by the District Manager or a person authorized by the District Manager, the Licensee will define on the ground the boundaries of the areas authorized for harvesting under a cutting permit.
- 5.16 A cutting permit is deemed to be part of this Licence.
- 5.17 An logging plan approved in respect of a cutting permit is deemed to be part of this Licence and the applicable cutting permit.
- 5.18 The Licensee will not harvest any timber under a cutting permit, unless
 - (a) a pre-harvest silviculture prescription has been approved, or
 - (b) the Licensee has been exempted under the *Forest Act* from the requirement to have a pre-harvest silviculture prescription approved,

for the area on which the timber is located.

- 5.19 A cutting permit or approved logging plan that is inconsistent with the pre-harvest silviculture prescription approved for the area covered by the cutting permit is not void, but to the extent of the inconsistency the pre-harvest silviculture prescription will prevail.
- 5.20 Without restricting the generality of subparagraph 5.10(i), the District Manager may include in a cutting permit a provision requiring the Licensee to provide a specified level of supervision in respect of employees and contractors carrying out operations under the cutting permit on sites identified by the District Manager as being environmentally sensitive sites.

6.00 REVIEW STRATEGY & MINISTRY CONSULTATION

- 6.01 A review strategy referred to in subparagraph 2.05(b), 2.07(b) and subparagraph 2.25(m) 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.
- 6.02 An opportunity for comment provided to a person referred to in subparagraph 6.01(a), will only be adequate for the purposes of that subparagraph 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.

- 6.03 In addition to the requirements under paragraph 6.01, a review strategy for development plans must specify measures which are consistent with the usual procedures in the applicable forest district.
- 6.04 When in accordance with an approved review strategy the Licensee refers a document or plan to resource agencies, or makes it available for comment, the Licensee will at the same time send a copy of the document or plan to the Regional Manager for his or her information.
- 6.05 Before
- (a) approving a review strategy under paragraph 2.06,
 - (b) accepting a Statement of Management Objectives, Options and Procedures under paragraph 2.11,
 - (c) approving a proposed management plan under paragraph 2.27,
 - (d) approving a proposed development plan under paragraph 4.09, or
 - (e) issuing a cutting permit under Part 5.00,
- the Regional Manager, the Chief Forester, or the District Manager, 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 this Licence, including but not restricted to
- (f) resource agencies,
 - (g) trappers, guide outfitters, range tenure holders, and other licensed resource users,
 - (h) aboriginal people,
 - (i) local governments, and
 - (j) members of the public,
- and, subject to paragraph 6.06, may consider any comments received as a result of consultation under this paragraph.
- 6.06 If because of comments received as a result of consultation under paragraph 6.05, the Regional Manager, the Chief Forester, or the District Manager is considering
- (a) not accepting, approving, or issuing, or
 - (b) imposing a condition upon acceptance, approval or issuance of,
- a document or plan referred to in paragraph 6.05, the Regional Manager, the Chief Forester, or the District Manager, as the case may be, will provide the Licensee with an opportunity to respond to the comments before making a decision.

7.00 CONDITIONS IMPOSED UPON ACCEPTANCE OR APPROVAL

- 7.01 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.
- 7.02 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.

8.00 ANNUAL REPORT

- 8.01 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.
- 8.02 The Licensee will make a copy of an annual report submitted under paragraph 8.01 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.

9.00 CUT CONTROL

- 9.01 The Licensee will comply with the cut control provisions of the *Forest Act*.

- 9.02 The five-year cut control period for this Licence means the 5-year period beginning on January 1, 1991, and each succeeding 5-year period.

10.00 FINANCIAL AND DEPOSITS

- 10.01 Where any money is payable by the Licensee under the *Forest Act* in respect of this Licence, a road permit or a special use permit, the money payable under the *Forest Act* is also deemed to be money payable under this Licence.
- 10.02 In addition to any money payable by the Licensee under paragraph 10.01, the Licensee will pay to the Crown, immediately upon receipt of a notice issued on behalf of the Crown,
- (a) in respect of timber harvested from Schedule B Land, stumpage under Part 7 of the *Forest Act*,
 - (b) in respect of timber harvested from Schedule A Land subject to a timber licence, stumpage or royalty under Part 7, as elected by the Licensee under Section 23 of the *Forest Act*, and
 - (c) any charges in respect of an assessment referred to in subparagraph 5.10(f).
- 10.03 During the term of this Licence, the Licensee will maintain on deposit with the Crown an amount prescribed under the *Forest Act*, in cash or in negotiable securities acceptable to the Minister, as security for the Licensee's performance of its obligations under
- (a) this Licence, a road permit or a special use permit, or
 - (b) the *Forest Act* in respect of this Licence a road permit or a special use permit, and
- where the Regional Manager or District Manager gives the Licensee a notice advising that an amount has been taken under this Part from the deposit, the Licensee, within one month after the date on which the notice is given, will pay to the Crown, in cash or negotiable securities acceptable to the Minister, an amount sufficient to replenish the deposit.
- 10.04 If the Licensee fails
- (a) to pay money that the Licensee is required to pay to the Crown under this Licence, a road permit or a special use permit, or under the *Forest Act* in respect of this Licence, a road permit or a special use permit, or
 - (b) to otherwise perform its obligations under this Licence, a road permit or a special use permit, or under the *Forest Act* in respect of this Licence, a road permit or a special use permit,

then the Regional Manager or District Manager, after at least one month 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 sold.

10.05 A notice referred to in paragraph 10.04 must specify

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

10.06 Subject to paragraphs 10.08, 10.09 and 10.10, where

- (a) the Regional Manager or District Manager under paragraph 10.04 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 Regional Manager or District Manager, as the case may be, will as soon as practicable return to the Licensee an amount equal to the difference between the amount taken from the deposit and the costs incurred by the Regional Manager or District Manager.

10.07 Where

- (a) the Regional Manager or District Manager under paragraph 10.04 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 sold.

10.08 Where the Regional Manager or District Manager under paragraph 10.04 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, as the case may be, is under no obligation to remedy the Licensee's failure.

10.09 Where

- (a) the Regional Manager or District Manager under paragraph 10.04 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 Regional Manager or District Manager will not be remedying the Licensee's failure to perform its obligations,

then, subject to paragraph 10.10, the Regional Manager or District Manager may retain the amount taken from the deposit under paragraph 10.04.

10.10 If, after receiving a notice referred to in paragraph 10.09, 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 10.09 is given to the Licensee, or within such longer period as the Regional Manager or District Manager may approve,

then the Regional Manager or District Manager, as the case may be, 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.

- 10.11 If the Regional Manager or District Manager considers that
- (a) any operation that is to be carried out under this Licence, a road permit or a special use permit is likely to cause damage to persons or property, and
 - (b) the deposit is insufficient to indemnify the Crown for any liability which the Crown might incur as a consequence of the operation,
- then the Regional Manager or District Manager may require the Licensee to maintain with the Crown a special deposit, in cash or in negotiable securities acceptable to the Minister, in the amount determined by the Regional Manager or District Manager, as the case may be.
- 10.12 If the Licensee fails to
- (a) remedy any damage resulting from an operation referred to in paragraph 10.11, or
 - (b) compensate any person who suffers a loss as a result of an operation referred to in paragraph 10.11,
- the Regional Manager or District Manager may, after at least one month notice to the Licensee, 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).
- 10.13 A notice referred to in paragraph 10.12 must specify
- (a) the nature of the Licensee's failure,
 - (b) the nature of the damage or loss, and
 - (c) the amount of money the Regional Manager or District Manager intends to take from the special deposit.
- 10.14 Subject to the *Forest Act*, the Regional Manager will refund to the Licensee
- (a) the deposit, less deductions made under paragraphs 10.04 and 10.07, when
 - (i) this Licence terminates or expires and is not replaced under Section 29 of the *Forest Act*, 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 10.12, when the Regional Manager, acting reasonably, is satisfied that the Crown is no longer at risk of being held liable as a consequence of an operation referred to in paragraph 10.11.

11.00 ROADS

- 11.01 Subject to the provisions of a cutting permit or road permit, the Licensee will ensure that the specifications, standards and locations of all roads the Licensee builds on the Licence Area are consistent with the management plan and development plan in effect at the time the road is built.
- 11.02 Upon the expiry of a road permit or a special use permit, all improvements, including roads and bridges, constructed by the Licensee under the authority of the road permit or the special use permit will vest in the Crown, without right of compensation to the Licensee, unless otherwise specified in the road permit or special use permit.
- 11.03 The Licensee will not remove any improvements referred to in paragraph 11.02, unless authorized to do so by the Regional Manager.
- 11.04 The Road Maintenance Plan included in the Development Plan must
- (a) identify those roads shown on the maps referred to in subparagraph 4.07(g) which the Licensee will maintain for harvesting, silviculture and forest protection purposes, and
 - (b) specify the maintenance operations which the Licensee will carry out to
 - (i) protect the structural integrity of the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads,
 - (ii) keep drainage systems, including culverts and ditches, functional,
 - (iii) minimize surface erosion, and
 - (iv) ensure these roads are safe for forest harvesting or other industrial purposes.
- 11.05 The Road Deactivation Plan included in the Development Plan must
- (a) identify those roads shown on the maps referred to in subparagraph 4.07(g) which the Licensee will deactivate each year over the next three years, specifying in each case whether the deactivation will be temporary, semi-permanent or permanent,
 - (b) specify the operations required to
 - (i) stabilize the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads, and
 - (ii) restore or maintain the natural drainage at each road location,

- (c) identify those roads shown on the maps referred to in subparagraph 4.07(g) which have been deactivated by the Licensee to a temporary or semi-permanent level in the past year, and any other roads that have been permanently deactivated by the Licensee in the past year, and
- (d) specify the type of vehicle which can access the roads referred to in subparagraph (a) or (c).

12.00 FIRE PROTECTION

- 12.01 Before April 1 of each year during the term of this Licence, the Licensee will submit for the District Manager's approval a fire protection pre-organization plan consistent with this Licence, and will include a duty roster in the fire protection pre-organization plan.
- 12.02 An approved fire protection pre-organization plan is deemed to be part of this Licence.
- 12.03 The Licensee's obligations under an approved fire protection pre-organization plan are in addition to and do not replace its commitments in the management plan or development plan or its obligations under Section 121 of the *Forest Act*.

13.00 FORESTRY

- 13.01 The Licensee will
 - (a) comply with the requirements of the *Forest Act* with respect to basic silviculture, and
 - (b) ensure basic silviculture and, if applicable, incremental silviculture carried out by or for the Licensee on the Licence Area is consistent with the management plan in effect under this Licence.
- 13.02 If under this Licence or the *Forest Act* the Licensee is to develop or maintain a recreation site or trail, the Licensee may enter onto Crown land for this purpose.
- 13.03 If the Licensee posts a sign concerning silviculture or the development and maintenance of recreation sites or trails, the sign must acknowledge any contribution made by the Crown in respect of the silviculture or the development or maintenance of recreation sites or trails.

- 13.04 The Licensee will annually review pest management strategies with the District Manager and, if required by the District Manager, the Licensee will submit a pest management plan, including appropriate surveys, for the District Manager's approval.
- 13.05 The Licensee's obligations under an approved pest management plan are in addition to and do not replace its commitments in the management plan or development plan respecting pest management.
- 13.06 The Regional Manager or the District Manager may carry out
- (a) basic silviculture on Schedule B Land referred to in paragraph 1.07, 1.08, 1.09 and 1.16, in accordance with the Crown's basic silviculture obligations under the *Forest Act*, and
 - (b) incremental silviculture on Schedule B Land or Schedule A Land subject to a timber licence, provided that in so doing the Regional Manager or District Manager, as the case may be, does not
 - (i) compromise the management plan or development plan in effect under this Licence, or
 - (ii) unreasonably interfere with the Licensee's operations under this Licence.
- 13.07 Where the Regional Manager or the District Manager carries out basic silviculture referred to in subparagraph 13.06(a) or incremental silviculture referred to in subparagraph 13.06(b), the Regional Manager or the District Manager, as the case may be, will ensure that the basic silviculture and, if applicable the incremental silviculture is consistent with the intent of the management plan in effect under this Licence.

14.00 ACCESS AND ACCOMMODATION

- 14.01 Any ministry officer may use roads owned or deemed to be owned by the Licensee, for the purposes of fulfilling an obligation or exercising a right under this Licence.
- 14.02 The Licensee will allow any person who has been granted harvesting rights to timber referred to in paragraph 1.07, 1.08, 1.09, or 1.16 to use any road providing access to timber within the Licence Area, which is owned or deemed to be owned by the Licensee.
- 14.03 The Licensee will not require any payment from a person referred to in paragraph 14.02 other than a reasonable payment in respect of the actual maintenance costs of the road.

- 14.04 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.
- 14.05 The Licensee may charge the Regional Manager or District Manager, as the case may be, for costs reasonably incurred in providing the accommodation referred to in paragraph 14.04.

15.00 CONTRACTORS

- 15.01 Each year during the term of this Licence, the Licensee will ensure that not less than
- (a) 50 percent of the volume of timber harvested by or for the Licensee under this Licence during the year, multiplied by
 - (b) the result obtained by the division of
 - (i) the portion of the allowable annual cut that the Chief Forester determines is attributable to Schedule B Land, by
 - (ii) the allowable annual cut,
- is harvested by persons under contract with the Licensee.
- 15.02 Compliance with the requirement of paragraph 15.01 will be calculated in accordance with the method prescribed under the *Forest Act*.
- 15.03 If in a calendar year the volume of timber harvested by persons under contract with the Licensee is less than a volume required under paragraph 15.01, the Licensee will on demand pay to the Crown, an amount of money equal to
- (a) the volume required under paragraph 15.01 minus the volume harvested during the calendar year by persons under contract, multiplied by
 - (b) the weighted average of the stumpage rates charged in invoices issued to the Licensee during the calendar year for timber harvested under this Licence from Schedule B Land,
- unless the Minister relieves the Licensee in whole or in part from the requirements of this paragraph.
- 15.04 The Licensee may contract to have more than the volume required under paragraph 15.01 harvested by persons under contract.
- 15.05 The Minister may relieve the Licensee from the requirement under paragraph 15.01 to the extent provided for under the *Forest Act*.

16.00 TIMBER PROCESSING

16.01 The Licensee will process all timber harvested under a cutting permit or a 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 *Company 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.

16.02 Where 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 *Company 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.

16.03 Where

- (a) the Licensee, or
- (b) an affiliate of the Licensee within the meaning of the *Company Act*,

closes a timber processing facility or reduces its production for a period longer than 90 days, the Licensee will at the 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.

16.04 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.

17.00 LIABILITY AND INDEMNITY

17.01 Subject to paragraph 17.03, 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 road permit, a free use permit issued to the Licensee, or a special use permit, or
- (e) any other person who on behalf 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 road permit, a free use permit issued to the Licensee or a special use permit.

17.02 For greater certainty, the Licensee has no obligation to indemnify the Crown under paragraph 17.01 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 enter, use or occupy Crown land, including a person who has been granted the right to harvest timber referred to in paragraph 1.07, 1.08, 1.09 or 1.16, in the course of exercising those rights.

17.03 Paragraph 17.01 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.

17.04 Money taken under Part 10.00 from a deposit or special deposit, and money paid by the Licensee under paragraph 15.03 or 17.01, is in addition to and not in substitution for any other remedies available to the Crown in respect of a default of the Licensee.

18.00 LIMITATION OF LIABILITY

18.01 The Licensor 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.

19.00 INTERFERENCE WITH ABORIGINAL RIGHTS

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

- (a) determines that the Licensee's operations under this Licence, or the Licensee's use or occupation of Schedule B Land or Schedule A Land subject to a timber licence, is interfering or may interfere with an aboriginal right,**
- (b) grants an injunction further to a determination referred to in subparagraph (a), or**
- (c) grants an injunction pending a determination of whether the Licensee's operations under this Licence, or the Licensee's use or occupation of Schedule B Land or Schedule A Land subject to a timber licence, is interfering or may interfere with an aboriginal right,**

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

- (d) a cutting permit,**
- (e) a road permit,**
- (f) a special use permit, or**
- (g) 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.

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

- (a) determines that the Licensee's operations under this Licence, or the Licensee's use or occupation of Schedule B Land or Schedule A Land subject to a timber licence, is interfering or may interfere with an aboriginal right,**
- (b) grants an injunction further to a determination referred to in subparagraph (a), or**
- (c) grants an injunction pending a determination of whether the Licensee's operations under this Licence, or the Licensee's use or occupation of Schedule B Land or Schedule A Land subject to a timber licence, is interfering or may interfere with an aboriginal right,**

then, having regard to any determination of the court and the terms of any injunction granted by the court, the Chief Forester, in a notice given to the Licensee, may require the Licensee to amend one or both of the following

- (d) the management plan in effect under this Licence, and**

(e) the development plan in effect under this Licence, to the extent necessary to ensure there is no interference or no further interference with the aboriginal right or the alleged aboriginal right.

19.03 Where the Chief Forester gives the Licensee a notice referred to in paragraph 19.02, the Licensee, in accordance with the requirements of the notice and within the time specified in the notice, will submit one or both of the following

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

19.04 Subject to the *Forest Act* and all other applicable legislation and the other provisions of this Licence, the Chief Forester or the District Manager, as the case may be, will approve a proposed amendment referred to in paragraph 19.03 if he or she is satisfied that the proposed amendment

- (a) meets the requirements of the notice referred in paragraph 19.02, and
- (b) is consistent with any determination of the court and the terms of any injunction granted by the court referred to in paragraph 19.02.

19.05 If either

- (a) the Licensee fails to comply with the requirements of paragraph 19.03, or
- (b) the Chief Forester or the District Manager does not approve a proposed amendment under paragraph 19.04,

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

- (c) meets the requirements of the notice referred to in paragraph 19.02, and
- (d) is consistent with any determination of the court and the terms of any injunction granted by the court referred to in paragraph 19.02.

19.06 Subject to the *Forest Act* and all other applicable legislation and the other provisions of this Licence, where

- (a) the Regional Manager or District Manager has varied a cutting permit, road permit, special use permit, or free use permit under paragraph 19.01,

- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) the Regional Manager or District Manager, as the case may be, considers it practicable 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 the terms and conditions of the permit prior to its variation under paragraph 19.01.
- 19.07 Subject to the *Forest Act* and all other applicable legislation and the other provisions of this Licence, where
 - (a) the Regional Manager or District Manager has suspended a cutting permit, road permit, special use permit, or free use permit under paragraph 19.01,
 - (b) a court of competent jurisdiction subsequently sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) the Regional Manager or District Manager, as the case may be, considers it practicable to do so,

the Regional Manager or District Manager, at the request of the Licensee will reinstate the permit.
- 19.08 Subject to the *Forest Act* and all other applicable legislation and the other provisions of this Licence, where
 - (a) the Regional Manager or District Manager has refused to issue a cutting permit, road permit, special use permit, or free use permit under paragraph 19.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) the Regional Manager or District Manager, as the case may be, considers it practicable to do so,

the Regional Manager or District Manager, at the request of the Licensee, will issue the permit.
- 19.09 Subject to the *Forest Act* and all other applicable legislation and the other provisions of this Licence, where
 - (a) as a result of a determination or injunction referred to in paragraph 19.02, an amendment to the management plan or development plan in effect under this Licence has been approved under paragraph 19.04 or made under paragraph 19.05, and
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction,

the Licensee may submit an amendment reversing, insofar as it is possible, the effects of the amendment referred to in subparagraph (a), and the Chief Forester or the District Manager, as the case may be, will approve the amendment if he or she considers its practicable to do so.

20.00 TERMINATION AND SURRENDER

- 20.01 If this Licence is terminated, expires and is not replaced under Section 29 of the *Forest Act*, or if this Licence is cancelled,
- (a) cutting permits will terminate when the expiration, termination or cancellation occurs, and
 - (b) title to all
 - (i) improvements, including roads and bridges, constructed on Schedule B Land by the Licensee under the authority of this Licence, and
 - (ii) logs and special forest products which were harvested from Schedule B Land under the authority of this Licence and are still located on Schedule B Land,will vest in the Crown, without right of compensation to the Licensee, and
 - (c) the Licensee may continue to enter, occupy and use Schedule B Land for a period of one month after the termination, expiry or cancellation of this Licence for the purposes of removing the Licensee's property.
- 20.02 The Licensee will not remove any improvements, logs or special forest products referred to in subparagraph 20.01(b), unless authorized to do so by the Regional Manager.
- 20.03 Subject to paragraph 20.04, 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 may cancel this Licence in a notice given to the Licensee.
- 20.04 The Chief Forester will not cancel this Licence under paragraph 20.03 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.

21.00 NOTICE

- 21.01 A notice given under this Licence must be in writing.

- 21.02 Where a notice is to be given under this Licence, it may be
- (a) delivered by hand,
 - (b) sent by prepaid registered mail, or
 - (c) subject to paragraph 21.05, 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.
- 21.03 Where a notice is given under this Licence, it is deemed to have been given
- (a) if it is given in accordance with subparagraph 21.02(a), on the date it is delivered by hand,
 - (b) if it is given in accordance with subparagraph 21.02(b), subject to paragraph 21.04, 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 subparagraph 21.02(c), subject to paragraph 21.05, on the date it is sent by facsimile transmission.
- 21.04 Where, between the time a notice is mailed in accordance with subparagraph 21.02(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.
- 21.05 Where a notice is sent by facsimile transmission, the party sending the notice must ensure that the transmission has been successfully completed.

22.00 MISCELLANEOUS

- 22.01 This Licence is subject to the laws of British Columbia, including the *Forest Act* and all other applicable legislation.
- 22.02 This Licence will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 22.03 Where under this Licence the Minister or a ministry officer has a discretion to require information, the Minister or ministry officer 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.
- 22.04 The Minister will ensure that the obligations under this Licence of the ministry officers referred to in this Licence are fulfilled within the limits of this Licence and applicable legislation.

- 22.05 The Licensee will use the services of one or more registered professional foresters to manage the Licence Area in accordance with the management plan and development plan in effect under this Licence.
- 22.06 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.
- 22.07 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.
- 22.08 Timber cut under this Licence or a road permit must be
- (a) marked according to the *Forest Act*, and
 - (b) unless the timber is cut under a cruise based cutting permit, scaled according to the *Forest Act* and any procedures set or approved by the Ministry of Forests.
- 22.09 A right or duty of 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.
- 22.10 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 *Forest Act* or any other statute.

23.00 INTERPRETATION

- 23.01 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 for the Licence Area by the Chief Forester under the *Forest Act*, as increased or decreased under the *Forest Act*,
- (d) "close" or "closure" means cessation of production of the principal forest products normally produced by a timber processing facility,
- (e) "cultural heritage resource" means an object or site that is of historic, cultural, or archaeological significance,
- (f) "cutting permit" means a cutting permit referred to in paragraph 5.01, or issued under paragraph 5.03 or 5.09,
- (g) "deposit" means the deposit which the Licensee is required to maintain under paragraph 10.03,
- (h) "development plan" means a plan which
 - (i) details the proposed location and scheduling of development activities within the Licence Area, over a period of at least five years, including the location and scheduling of harvesting and road construction and deactivation activities,
 - (ii) provides information to be considered in assessing the proposed location and scheduling of development activities, and
 - (iii) subject to paragraph 4.15, is replaced every one or two years, depending on its term,
- (i) "*Forest Act*" means
 - (i) the *Forest Act*, R.S.B.C. 1979, c. 140, as amended, or the successor to this act, or a part of this act if all or a part of it is repealed, and
 - (ii) the regulations enacted under this act or its successor,
- (j) "free use permit" means a free use permit issued under the *Forest Act* to the Licensee, or to a person other than the Licensee,
- (k) "guideline" means a guideline, 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 ,
- (l) "harvest" includes entry onto land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (m) "land and resource management plan" means a plan, approved by an appropriate official of the Government of British Columbia, which provides direction for land use, and establishes resource management objectives and strategies, for all or part of the Licence Area,
- (n) "Licence Area" means Schedule A Land and Schedule B Land,

- (o) "local resource use plan" means a plan approved by the District Manager which provides guidelines for resource use and development in all or part of the Licence Area,
- (p) "logging plan" means one or more detailed maps setting out how the Licensee proposes to conduct harvesting and related operations on one or more cut blocks covered or to be covered by a cutting permit,
- (q) "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,
- (r) "manual" means a guideline, 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) a development plan,
 - (vi) a cutting permit application,
 - (vii) an annual report referred to in Part 8.00, or
 - (viii) inventories referred to in Part 2.00,
- (s) "Ministry" means the Ministry of Forests,
- (t) "ministry officer" means an employee of the Ministry,
- (u) "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,
- (v) "person" includes a corporation and a partnership,
- (w) "pest" means any animal, insect, fungus, bacteria, virus, nematode, or other organism which is detrimental to effective forest management,
- (x) "pre-harvest silviculture prescription" means a prescription required prior to harvesting under Section 129.3 of the *Forest Act*,
- (y) "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,

- (z) "review strategy" means a plan for obtaining input from resource agencies and interested persons regarding management and development of the Licence Area,
- (aa) "road" includes bridges and culverts,
- (bb) "Road Deactivation Plan" means a road deactivation plan referred to in paragraph 11.05,
- (cc) "Road Maintenance Plan" means a road maintenance plan referred to in paragraph 11.04,
- (dd) "road permit" means a road permit granted to the Licensee under the *Forest Act* which provides access to timber harvested, or to be harvested, under this Licence,
- (ee) "Schedule A Land" means the land described in the Schedule "A" to this Licence,
- (ff) "Schedule B Land" means the Crown land described in Schedule "B" to this Licence,
- (gg) "special deposit" means a special deposit which the Licensee is required to maintain under paragraph 10.11,
- (hh) "special use permit" means a special use permit issued under the *Forest Act* to authorize the Licensee to use or occupy Crown land within the Licence Area,
- (ii) "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,
- (jj) "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,
- (kk) "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,
- (ll) "20-year plan" means a plan prepared in support of a timber supply analysis, which indicates the availability of timber over a period of not less than 20 years.

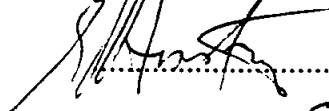
23.02 Unless otherwise provided in paragraph 23.01, if a word or phrase used in this Licence is defined in the *Forest Act*, the definition in the *Forest Act* applies to this Licence, and where the word or phrase in the *Forest Act* is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.

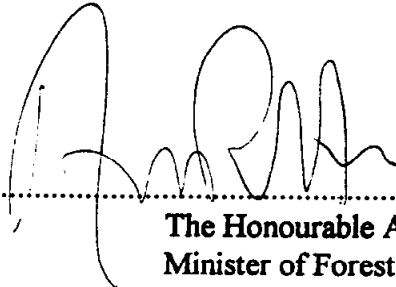
- 23.03 Where a provision of the *Forest Act* referred to in this Licence is renumbered, the reference in this Licence is to be construed as a reference to the provision as renumbered.
- 23.04 In this Licence, unless the context otherwise requires,
(a) the singular includes the plural and the plural includes the singular,
and
(b) the masculine, the feminine and the neuter are interchangeable.
- 23.05 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 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.

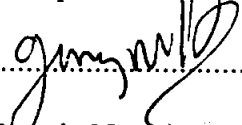
SIGNED on March 1, 1995

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


(Type in Name) G. Armstrong

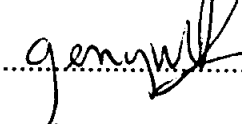

The Honourable Andrew Petter
Minister of Forests

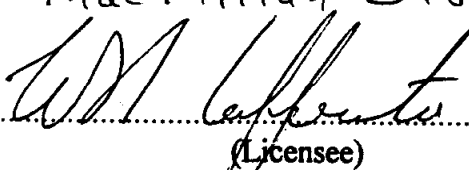
THE COMMON SEAL of)
the Licensee was affixed)
on Feb 20 1995)
in the presence of:)


(Type in Name) _____
GEOFFREY E. MYNETT
CORPORATE SECRETARY
(or)

c/s

SIGNED on Feb 20 1995)
by the Licensee, in the)
presence of:)


(Type in Name) _____
GEOFFREY E. MYNETT
CORPORATE SECRETARY

Mac Millan Bloedel Ltd.

(Licensee)