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July 9, 2012

BY EMAIL

To: Interior Regional Managers

From: Bob Bull
A/Manager
Timber Pricing

Re: Errata – July 1, 2012 *Interior Appraisal Manual*

The purpose of this memo is to advise you that page 4–8 “Amortization Agreements”, contained a typographical error.

Please remove page 4–8 and replace it with the attached page.

We apologize for any inconvenience this may have caused.

A handwritten signature in black ink, appearing to read "R. Bull".

Bob Bull
A/Manager
Timber Pricing

Attachment

pc: Interior Appraisal Advisory Committee

3. Development in appraised timber areas that provide access to both the appraised timber and non-appraised timber or non-timber resources in a tenure held by the licensee or company legally associated with the licensee:

All cost estimates are prorated between appraised timber and non-appraised timber or non-timber resources as determined by the person who determines the stumpage rate. The appraised timber portion is then included in the appraisal.

4.3.1.2 Development Cost Estimates on Private Land

1. When a new or reconstructed road or structure on private land is required for Crown timber extraction, the estimated cost of the road or structure will be included in the appraisal of a tributary cutting authority according to the procedures of section 4.3.1 and the following:
 - a. If development provides access to appraised timber only, the total estimated costs are included in the appraisal.
 - b. If development provides access to non-appraised timber only, cost estimates are not included in any appraisal.
 - c. If development provides access to both non-appraised and appraised timber, all cost estimates are prorated between non-appraised and appraised timber (section 4.3.1) and then the Crown portion is included in the appraisal.

4.3.1.3 Existing Roads and Structures

1. The following are defined as existing roads for the cutting authority being appraised and are not eligible for inclusion in development cost estimates:
 - a. Constructed roads that have been previously considered in appraisals of Crown timber within another cutting authority.
 - b. Roads previously constructed and used to haul non-appraised timber (excluding right-of-way).
 - c. Roads previously constructed all or in part for purposes unrelated to logging the cutting authority area being appraised.
 - d. Roads previously constructed, repaired or reconstructed on private land before August 1, 1996.
2. Winter roads over muskeg or organic soils that use snow and ice for a driving surface are not considered as existing roads.
3. If the existing road requires reconstruction or replacement after August 1, 1996, the cost estimate is made as described in section 4.3. If the existing road is on private land, road and land use charges may be included in the appraisal as per section 4.4.1.

4. A road on private land that has previously been included in an appraisal because it was required for only short term timber extraction shall continue to be included upon reappraisal.

4.3.1.4 Amortization Agreements

1. Where the development cost estimate for an authorized project in respect of a road or roads accessing more than one tributary cutting authority exceeds \$4.00 per cubic metre, the regional manager may enter into a written agreement with the licensee which authorizes the distribution of that portion of the development cost estimate that the person who determines the stumpage rate determines is required in order to access future tributary timber, between or among, as the case may be, two or more tributary cutting authorities that are issued under the licence under which or because of which the authorization for the project was given.
2. An agreement under subsection (1) is subject to the following conditions:
 - a. For the purposes of this section, “authorized project” means a project that the person who determines the stumpage rate has accepted as consistent with this manual.
 - b. Previously apportioned costs may not be used to exceed the \$4.00 per cubic metre threshold specified in subsection (1) of this section.
 - c. The agreement must identify any future tributary timber included in the agreement by a unique identifier for each future cutting authority.
 - d. Costs for in-block development are **not** eligible for inclusion in the agreement unless the person who determines the stumpage rate is satisfied that they are required to access future tributary timber.
 - e. The road portion that may be included in the agreement ends at the far boundary of the first cutting authority being appraised.
 - f. The agreement is entered into only for the purposes of calculating a stumpage rate and confers no obligation on the Crown to compensate the licensee for any unamortized costs.
 - g. The agreement must be signed by the licensee and the regional manager.
3. The regional manager will not enter into any new extended road amortization agreements for cutting permits issued under a woodlot licence with an effective date after November 30, 2008.