



Community Forest Pilot Agreement K1H  
File: CP 995

December 3, 2003

03/12/03  
Ministry of Forests  
Headwater Forest District  
PO Box 4501, RR2, Highway 5  
Clearwater, BC  
VOE 1N0

Attention: Korinne Isbister

Please accept this letter as our application for Cutting Permit 995 located within the boundaries of the McBride Community Forest.

This cutting permit is for the harvest and removal of select, high value timber such as spruce and fir to be used mainly for the manufacture of musical instruments. All timber will be located on a map and GPS points will be established for each tree or groups of trees to be removed. Each area of operation will be restricted to less than 500 m3 and no openings will be created. Timber will be removed only by helicopter to select locations, processed and shipped.

Attached you will find two appraisals submitted under section 6.2 1.a. & 1. b. of the Interior Appraisal Manual (Average Value Indexes by District and Species DVI) to establish stumpage rates for this cutting permit. Under section b (full appraisal) the cruise information was borrowed from Slocan Forest Products Ltd, FL A15430 CP W61. I submitted both types of appraisals, as I was unsure of your procedures for this type of cutting authority.

Thank you for your consideration to this request.

Yours truly,

Robert Elliott  
Operations supervisor / salvage coordinator  
McBride Community Forest Corporation

This is Exhibit " 4 " referred to in the  
Affidavit of Marc van der Gonne

Sworn before me at Kanloops

This 5<sup>th</sup> day of May 20 11

A Commissioner for taking  
Affidavits for British Columbia



BRITISH  
COLUMBIA

Ministry of  
Forests



## INTERIOR APPRAISAL DATA SUBMISSION

Cutting  
Licence CEPAKIH Permit 995 Mark KIH995  
Licencee MCBRIDE COMMUNITY FOREST CORP

### ACKNOWLEDGEMENTS

This Appraisal Data Submission contains, as of this date, truthful information on the timber to be harvested, site conditions, harvesting, development, and silviculture plans and other information, all prepared according to the *Interior Appraisal Manual*.

Check if appropriate

- ☐ I certify that there have been no changes, to the data elements, specified operation or detailed engineering methodologies, or amendments to the cutting authority since the last appraisal or reappraisal.
- ☐ I certify that there are less than 2 000 cubic metres of merchantable timber remaining on the cutting authority area and that no timber is expected to be harvested during the next year. I am requesting that the current stumpage rate be extended.

Check one of the boxes below:

- ☐ I certify I personally completed the work described herein.
- ☒ I certify that the work described herein fulfils standards acceptable of a Registered Professional Forester and that I did personally supervise the work.
- ☐ I certify that I have reviewed this document and while I did not personally supervise the work described, I have determined that this work has been done to standards acceptable of a Registered Professional Forester.

Registered Professional Forester:

Name: M. van der Grinten R.P.F. # 2436

Phone: (250) 569-2229

Fax: (250) 569-3276

E-mail Address: m.v.g@mcbridecommunityforest.com

Date (ccyy/mm/dd): 2003/12/03

RPF's Signature and Seal:

The information contained in this package may be released under the *Freedom of Information and Protection of Privacy Act*.

November 1, 2002

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# INTERIOR APPRAISAL DATA SUBMISSION

## Reference Information

Mark: KIIT 995 Ref Mark: \_\_\_\_\_  
 Effective Date: 2003/12/01 Expiry Date: 2004/11/30  
 Admin Forest District: HEADWATERS Geographic Forest District: ROBSON VALLEY  
 Tenure Type: CEPA TSA 17 Supply Block: 3 TFL: \_\_\_\_\_

Woodlot Annual Rate Adjustment Selection

☐ Annually Adjusting

☐ Quarterly Adjusting

Appraisal Type (Check one):

New ☒

Reappraisal ☐

SBFEP Advertise ☐

Point of Appraisal

MCBRIDE

Rate Calculation Method (Check one)

CVP ☒

MPS ☐

Comparative Cruise

☐ Yes

☐ No

Specified Operation

☐ Yes

☐ No

Salvage

☐ Yes

☐ No

## Cruise Information/Tree-to-Truck:

### Cruise Information

Species	Volume <sup>①</sup>	Decay	Stud Log	LRF	Burn	Re-use Only	
	m <sup>3</sup>	%	%		%	Comp. Ind.	S.P. Zone
BA							
CE							
FI	500						
HE							
LA							
LO							
SP	1500						
YE							
WH							
TOTAL *	2000	Other species tied to: _____					

\* To be harvested.

① From the Cutting Permit Summary of the Cruise Compilation.



Ministry of  
Forests



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- ☐ I certify that I have reviewed this document and while I did not personally supervise the work described, I have determined that this work has been done to standards acceptable of a Registered Professional Forester.

Registered Professional Forester:

Name: <u>Michael von Gönne</u>	R.P.F. # <u>2436</u>	RPF's Signature and Seal: 
Phone: (250) <u>569-2229</u>		
Fax: (250) <u>569-3276</u>		
E-mail Address: <u>marc@mcbridecommunityforest.com</u>		
Date (ccyy/mm/dd): <u>2003/12/03</u>		

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November 1, 2002

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## INTERIOR APPRAISAL DATA SUBMISSION

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 Admin Forest District: HEADWATERS Geographic Forest District: ROBSON VALLEY  
 Tenure Type: CEPA TSA 17 Supply Block B TFL \_\_\_\_\_

Woodlot Annual Rate Adjustment Selection ☐ Annually Adjusting ☐ Quarterly Adjusting

Appraisal Type (Check one): New ☒ Reappraisal ☐ SBEP Advertise ☐

Point of Appraisal MCBRIDE

Rate Calculation Method (Check one) CVP ☒ MPS ☐

Comparative Cruise ☒ Yes ☐ No FLA15430 CP W61

Specified Operation ☐ Yes ☐ No

Salvage ☐ Yes ☐ No

## Cruise Information/Tree-to-Truck:

## Cruise Information

Species	Volume <sup>①</sup>	Decay	Stud Log	LRF	Burn	Revenio or Use Only	
	m <sup>3</sup>	%	%		%	Comp. Ind.	S.P. Zone
BA							
CE							
FI	<u>500</u>	<u>4</u>	<u>9</u>	<u>225</u>			
HE							
LA							
LO							
SP	<u>1500</u>	<u>13</u>	<u>9</u>	<u>215</u>			
YE							
WH							
TOTAL*	<u>2000</u>	Other species tied to: _____					

\* To be harvested.

① From the Cutting Permit Summary of the Cruise Compilation.

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# INTERIOR APPRAISAL DATA SUBMISSION

## Cruise Information/Tree-to-Truck (cont'd)

### Cruise Information (cont'd)

Total Net Cruise Volume 2000 m<sup>3</sup> CP Avg. Vol/Tree 2.3 m<sup>3</sup>/tree CP Predominant BGC zone ICH

Total Net Cruise Area 29,795 Ha CP Avg. Vol/ha 250 m<sup>3</sup>/ha

Obligatory Deciduous Volume — m<sup>3</sup> CP Average Slope 67 %

Sampling Error % (at 2 stand dev.) — %

Mandatory Small Log Utilization Yes ☐ No ☒ Mandatory Grade 4 Hemlock Yes ☐ No ☒

Handwritten notes: CP W4, AAC ↑,  $PCUT = \frac{2000}{50000} \times 100 = 4\%$

### Tree-to Truck

Support Centre MILBRIDE. Distance to Support Centre 30 Km (km)(one way)

	Conventional		Overhead Cable			Other Systems		
	Ground Skidding		Highlead/Grapple		Skyline	Helicopter		Horse
	Clear Cut	Partial Cut	Clear Cut	Partial Cut		Clear Cut	Partial Cut	
Vol. To be harvested (m <sup>3</sup> )							<u>2000</u>	
Lodgepole Pine Vol (m <sup>3</sup> )								
Biogeoclimatic zone							<u>ICH</u>	
Net Vol./tree (m <sup>3</sup> )							<u>2.3</u>	
Volume/hectare (m <sup>3</sup> )							<u>250</u>	
Stand defect (%)							<u>17</u>	
Partial cut (%)							<u>4</u>	
Average slope (%)							<u>67</u>	
Blowdown (%)							<u>—</u>	
Heavy fire damage (%)							<u>—</u>	
Dead useless snags (%)							<u>6</u>	
Skyline Yarding Dist. (m)								
Heli Yarding Dist (m)							<u>900 m.</u>	
Uphill Yarding?						<input type="checkbox"/>	<input type="checkbox"/>	

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# INTERIOR APPRAISAL DATA SUBMISSION

## Log Transportation (Section 4.5)

### A. Truck Haul

Primary Highway ☒ Off Highway ☐ Primary Cycle Time 1.5 hours  
 If Secondary Haul Secondary Cycle        hours

COMMON LINE ITEM CALCULATION				
Cut Block	Volume (m3) (A)	Distance (km)	Time (minutes)	M3 x minutes (B)

" CALCULATIONS ESTIMATED  
 FROM CENTER OF  
 OPERATING AREA "

PRIMARY CYCLE TIME CALCULATION							
Road			Distance	Speed (km/hr)		Time (nearest 1.0 min)	
Identifier	Primary	Secondary	D (km)	Loaded	Empty	Loaded	Empty
Hwy 16	P		20	85	95	14.1176	12.6315
MFEOR	P		.7	17	19	2.4705	2.2105
SUBTOTAL						L = 16.5881	E = 14.842

Load Handling, Delay in minutes

60

Total Cycle Time, Minutes (L + E + D)

91.4301

Divided by 60 =

1.5

hrs (0.1)

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# INTERIOR APPRAISAL DATA SUBMISSION.

## B. Water Transportation (Section 4.5.3)

Lake Name \_\_\_\_\_ Code \_\_\_\_\_  
 Dump & Boom Yes ☐ No ☐  
 Lake Tow N/A \_\_\_\_\_ km  
 Dewater/Reload Yes ☐ No ☐  
 Road Management Yes ☐ No ☐  
 Approved Road Use Charges \_\_\_\_\_ (\$/m<sup>3</sup>)

## C. Special Transportation Systems (Section 4.5.4)

Description	Location	Code	*Applicable Vol. (m <sup>3</sup> )
<b>1. Railway</b>			
Truck to Rail Transfer	No <input type="checkbox"/> <u>N/A</u>	- BC Rail Dease Lk Yes <input type="checkbox"/> RTD _____	
		- All other railways Yes <input type="checkbox"/> RTA _____	
Rail Transportation	No <input type="checkbox"/>	Leo Creek Yes <input type="checkbox"/> RLE _____	
		Lovell Yes <input type="checkbox"/> RLO _____	
		Bear Lake Yes <input type="checkbox"/> RBL _____	
		Minaret Lake Yes <input type="checkbox"/> RMT _____	
		Niteal Yes <input type="checkbox"/> RNL _____	
<b>2. Barge Ferry Used for Truck Haul</b>			
	No <input type="checkbox"/>	- Reservoir Lakes Yes <input type="checkbox"/> BUK _____	
			BUO _____
			BUR _____
			BUW _____
	<u>N/A</u>	- Natural Lakes Yes <input type="checkbox"/> BUA _____	
<b>3. Barge Ferry Used for Crew Transportation</b>			
	No <input type="checkbox"/>	All Lakes Yes <input type="checkbox"/> BFA _____	
<b>4. Francois Lake Ferry (Private/Public)</b>			
	No <input type="checkbox"/> Yes <input type="checkbox"/>		

Specified Operation \* (Section 4.1.1) Description \_\_\_\_\_ Cost \_\_\_\_\_ \$/m<sup>3</sup>

\* Complete only when different from cutting authority.

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## INTERIOR APPRAISAL DATA SUBMISSION

## Administration and Other Costs (Section 4.8)

Isolated Cutting Authority (Section 4.8.2)      No ☐      Yes ☐      Rail (Code 4)  
Yes ☐      Lake or Ocean (Code 3)

## Specified Operation (Section 4.1.1)

N/A

Description \_\_\_\_\_ Cost \_\_\_\_\_ \$/m<sup>3</sup>

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# INTERIOR APPRAISAL DATA SUBMISSION

## Road and Drainage Structures (New, Reconstruction & Upgrade)

### 1. Culverts (Tabulated) (Section 4.3.2.4)

Applicable Volume \* N/A (m<sup>3</sup>)

Culvert Pipe Diameter (m)	Culvert Pipe Length (m)	Number

\* Applicable Volume: Complete only when different from Cutting Authority Volume.

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NA

Applicable Volume: \_\_\_\_\_ (m<sup>3</sup>)

### 3. Tabular Road Construction Data (New Construction Only) (Section 4.3.2)

[illegible]

- |   |                       |   |  |
|---|-----------------------|---|--|
| ① | Road Type             | - | Must enter one of "O" = operational road, "B" = block road, or "W" = snow (winter) road. |
| ② | Soil Moisture (SMR)   | - | If the road section is wet (Section 4.3.2.2(5)) enter "W". Otherwise leave blank.        |
| ③ | Material Type         | - | If the stabilizing material is quarried rock enter "Q". Otherwise leave blank.           |
| ④ | Ballast Haul Distance | - | One way.   |

## INTERIOR APPRAISAL DATA SUBMISSION

### 4. Other Structures (Section 4.3.2.6)

Fencing (in 100's of metres) \_\_\_\_\_

No. of Cattle Guards \_\_\_\_\_

No. of Pipeline Crossings \_\_\_\_\_

N/A

### 5. Allocated Development

Identifier	Description	Cost Base Year of Original Cost	Original Cost (\$)	Trended Cost (\$)	Applicable Volume (m <sup>3</sup> )

### 6. Engineered Development

Identifier	Description	Cost Base Year of Original Cost	Original Cost (\$)	Trended Cost (\$)	Applicable Volume (m <sup>3</sup> )	Amended credit (m <sup>3</sup> )
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>
						<input type="checkbox"/>

\* Trended to the cost base of the current manual

# INTERIOR APPRAISAL DATA SUBMISSION

## Engineered Construction Cost Estimates

N/A

Licence: \_\_\_\_\_ C.P.: \_\_\_\_\_ Estimate Date: \_\_\_\_\_

Name and/or Location: \_\_\_\_\_

Description: \_\_\_\_\_

Effective date of Engineered Estimate: \_\_\_\_\_

	Type	Function	Hours	Rate/Hour	Total
1. Comp. Bid Costs:	N/A	N/A	N/A	N/A	
2. Machine Cost:					
3. Labour Cost:					
4. Materials Cost:					
5. Freight & Haulage for materials only:					
6. Engineering (if applicable)					
Total Cost (July 1, 2000)					

1. Refer to Appendix 1 of the *Interior Appraisal Manual* for further information on equipment, labour and material rates.
2. List each machine employed and work performed.
4. Freight and haulage is allowed for permanent type bridges (i.e., steel, concrete, or glu-lam).
5. Cost of design and engineering for log bridges is not allowed. Cost of design inspection and supervision for other more complex structures by a professional engineer not on salary may be allowed.
6. No GST to be included, PST is allowed on materials.

## INTERIOR APPRAISAL DATA SUBMISSION

## Basic Silviculture (Section 4.9)

Predominant Biogeoclimatic (BGC)		
Zone	Sub Zone	Variant

N/A  
≤ 500 m<sup>3</sup> ≤ 1.0 ha openings

## Specified Operation (Root Disease Control) (Section 4.1.1)

Total Cost (\$) \_\_\_\_\_

May 1, 2003

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## \*\*\* FOR APPRAISAL PURPOSES \*\*\*

CP- 1

Average Line Method  
SLOCAN FOREST PRODUCTS  
Licence Number : A15430  
Cutting Permit : W61

Gross - Comp DWB  
Forest Inventory Zone : G  
Region : 2 - Southern Interior District : 1 - Headwaters  
Project : W61

Useless Volumes Excluded  
PSYU : Canoe

02-Dec-2003 08:35:54AM  
Filename: w61-appraisal-0103.c  
Compiled by : J.S.Thrower & As.  
Cruised by : SLOCAN FOREST PRO  
Version : 2003.0

Net Area: [ A : 70.4 ]  
Gross Area: [ Grand Total : 70.4 ]

B03 E.

		Total	Conifer	F	G	H	B	S	PH	PL
Min DBH	cm (M)			17.5	17.5	17.5	17.5	17.5	17.5	12.5
Stump Ht	cm (M)			30.0	30.0	30.0	30.0	30.0	30.0	30.0
Top Dia	cm (M)			10.0	10.0	10.0	10.0	10.0	10.0	10.0
Log Len	m			5.0	5.0	5.0	5.0	5.0	5.0	5.0
Gross Merchantable	m3	49297	49297	5849	9303	5728	945	26953	234	263
Net Merchantable	m3	38292	38292	5462	6439	3782	882	21634	198	187
Net Merch - All	m3/ha	544	544	78	91	53	10	307	3	2
Species Distribution	%	100	100	14	17	10	2	56	1	0
Decay	%	14	14	4	15	21	18	13	15	44
Waste	%	5	5	1	6	10	8	4	6	10
Waste (bidding)	%	7	7	1	3	15	11	6	7	22
Breakage	%	1	3	2	8	3	2	2	2	22
Total Cull (DWB)	%	22	22	7	31	34	28	20	23	56
Stems/Ha (Live & DP)		516.1	516.1	30.3	195.1	92.1	44.5	149.9	0.7	3.5
Avg DBH (Live & DP)	cm	40.0	40.0	53.8	33.8	35.6	24.6	49.4	70.9	32.1
Snags/Ha		27.4	27.4	0.5	15.7			8.0		3.2
Avg Snag DBH	cm	33.9	33.9	65.5	21.2			48.6		33.2
Gross Merch Vol/Tree	m3	1.36	1.36	2.74	0.68	0.88	0.30	2.55	5.05	1.87
Net Merch Vol/Tree	m3	1.05	1.05	2.56	0.47	0.58	0.22	2.05	3.80	0.88
Avg Weight Total Ht	m	33.4	33.4	38.8	25.2	25.0	17.3	37.5	36.3	31.4
Avg Weight Merch Ht	m	28.9	28.9	34.0	20.4	20.5	12.1	32.6	32.8	26.2
Avg 5.0 m Log Net	m3	0.28	0.28	0.44	0.18	0.17	0.12	0.36	0.57	0.10
Avg 5.0 m Log Gross	m3	0.34	0.34	0.46	0.24	0.25	0.16	0.44	0.72	0.21
Avg # of 5.0 m Logs/Tree		3.95	3.95	5.94	2.84	3.51	1.94	5.83	7.08	5.00
Wet Impairment %		0	0	0	0	0	0	0	0	0
Average Slope	%	67								
Net Merch - Small	%	8	8	8	8	8	8	8	8	8
Net Merch - Small Log	%	40	40	25	68	64	100	29	14	78
Net Merch - Large Log	%	60	60	75	32	36		71	86	22
LRF Small Logs	bdft/m3	169	169	193	137	164	164	189	174	155
LRF Large Logs	bdft/m3	223	223	235	193	192		226	213	168
Avg LRF All	bdft/m3	201	201	225	155	174	154	215	208	158
Chip Yield	units/m3	0.11	0.11	0.12	0.33	0.16	0.14	0.10	0.10	0.17
#1 Sawlog	1	86	86	82	98	83	91	84	100	
#3 Sawlog (Dead)	3	11	11	10	2	9	9	13		100
#4 Chipper	4	3	3	8		8		3		
Coeff. of Variation	%	24.6	24.6	125.8	52.9	93.8	184.6	42.0	556.8	556.8
Standard Error	%	9.8	9.8	45.0	22.1	35.6	92.9	14.8	124.4	248.9



RSI

Ru H.

Ministry of  
Forests



## INTERIOR APPRAISAL DATA SUBMISSION

### Control Sheet

Region: RSI District: DHW

Licence <u>KTH</u>		Permit <u>995</u>		Mark <u>KTH</u>	
<b>RECEIVED</b>				<u>995</u>	
Forest District					
Receipt of Submission in District Office APR 02 2004 SOUTHERN INTERIOR FOREST REGION				CCYY	Date MM DD
Data Submission Reviewed By: (Print Name)		Signature: <u>K. J. J. J.</u>		CCYY	Date MM DD
				04	03 01
Comments: - as per DM approved - no Exh 'A'					
Forest Region					
Reviewed by: <u>J. J. J. J.</u>				CCYY	Date MM DD
				2004	04 20



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Licencee MCBRIDE COMMUNITY FOREST CORP.

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Check if appropriate

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☐

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Check one of the boxes below:

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I certify I personally completed the work described herein.

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Registered Professional Forester:

Name: <u>M. von der Gönne</u>	R.P.F. # <u>2436</u>	RPF's Signature and Seal: 
Phone: (250) <u>569-2229</u>		
Fax: (250) <u>569-3276</u>		
E-mail Address: <u>masc@mcbridecommunityforest.com</u>		
Date (ccyy/mm/dd): <u>2003/12/03</u>		

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 Tenure Type: CFPA TSA 17 Supply Block: B TFL: \_\_\_\_\_

Woodlot Annual Rate Adjustment Selection ☐ Annually Adjusting ☐ Quarterly Adjusting

Appraisal Type (Check one): New ☒ Reappraisal ☐ SBFEP Advertise ☐

Point of Appraisal: MCBRIDE

Rate Calculation Method (Check one): CVP ☒ MPS ☐

Comparative Cruise: ☒ Yes ☐ No PLAN 5430 c.p. w 61

Specified Operation: ☐ Yes ☐ No

Salvage: ☐ Yes ☐ No

## Cruise Information/Tree-to-Truck:

### Cruise Information

Species	Volume <sup>①</sup>	Decay	Stud Log	LRF	Burn	Revenue Office Use Only	
	m <sup>3</sup>	%	%		%	Comp. Ind.	S.P. Zone
BA							
CE							
FI	500	4	9	225			
HE							
LA							
LO							
SP	1500	13	9	215			
YE							
WH							
TOTAL*	2000						

Other species felled to: \_\_\_\_\_

\* To be harvested.

① From the Cutting Permit Summary of the Cruise Compilation.

# INTERIOR APPRAISAL DATA SUBMISSION

## Cruise Information/Tree-to-Truck (cont'd)

### Cruise Information (cont'd)

Total Net Cruise Volume 2000 m<sup>3</sup> CP Avg. Vol/Tree 2.3 m<sup>3</sup>/tree CP Predominant BGC zone ICH

Total Net Cruise Area 20,795 Ha CP Avg. Vol/ha 250 m<sup>3</sup>/ha

Obligatory Deciduous Volume — m<sup>3</sup> CP Average Slope 67 %

Sampling Error % (at 2 stand dev.) — %

Mandatory Small Log Utilization Yes ☐ No ☒ Mandatory Grade 4 Hemlock Yes ☐ No ☒

CP: WL ↓  
AAC ↑  
 $PCUT = \frac{2000}{5000} \times 100 = 40\%$

Confirmed by phone to Marc 04/04/2002 JH.

### Tree-to Truck

Support Centre M'BRIDE. Distance to Support Centre 30 km (km)(one way)

	Conventional		Overhead Cable			Other Systems		
	Ground Skidding		Highlead/Grapple		Skyline	Helicopter		Horse
	Clear Cut	Partial Cut	Clear Cut	Partial Cut		Clear Cut	Partial Cut	
Vol. To be harvested (m <sup>3</sup> )							<u>2000</u>	
Lodgepole Pine Vol (m <sup>3</sup> )								
Biogeoclimatic zone							<u>ICH</u>	
Net Vol./tree (m <sup>3</sup> )							<u>2.3</u>	
Volume/hectare (m <sup>3</sup> )							<u>250</u>	
Stand defect (%)							<u>1.7</u>	
Partial cut (%)							<u>4</u>	
Average slope (%)							<u>67</u>	
Blowdown (%)							<u>—</u>	
Heavy fire damage (%)							<u>—</u>	
Dead useless snags (%)							<u>6</u>	
Skyline Yarding Dist. (m)								
Heli Yarding Dist (m)							<u>900 m.</u>	
Uphill Yarding?						<input type="checkbox"/>	<input type="checkbox"/>	

November 1, 2002

Entered - 9 km. for Heli Yarding distance.



## INTERIOR APPRAISAL DATA SUBMISSION

### Log Transportation (Section 4.5)

#### A. Truck Haul

Primary ☒ Highway ☐ Off Highway ☐ Primary Cycle Time 1.5 hours  
 If Secondary Haul Secondary Cycle          hours

COMMON JUNCTION CALCULATION				
Cut Block	Volume (m3) (A)	Distance (km)	Time (minutes)	M3 x minutes (B)

*ALL CALCULATIONS ESTIMATED FROM CENTER OF OPERATING AREA.*

PRIMARY CYCLE TIME CALCULATION							
Road			Distance D (km)	Speed (km/hr)		Time (nearest 1.0 min)	
Identifier	Primary	Secondary		Loaded	Empty	Loaded	Empty
Hwy 16	P		20	85	95	14.1176	12.6315
MFE DR	P		.7	17	19	2.4705	2.2105
SUBTOTAL						L=16.5881	E=14.842

Load Handling, Delay in minutes

60

Total Cycle Time, Minutes (L + E + D)

91.4301

Divided by 60 =

1.5

hrs (0.1)



## INTERIOR APPRAISAL DATA SUBMISSION

### B. Water Transportation (Section 4.5.3)

Lake Name		Code	
Dump & Boom	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Lake Tow	_____		km
Dewater/Reload	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Road Management	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Approved Road Use Charges	_____		(\$/m <sup>3</sup> )

### C. Special Transportation Systems (Section 4.5.4)

Description		Location	Code	*Applicable Vol. (m <sup>3</sup> )
<b>1. Railway</b>				
Truck to Rail Transfer	No <input type="checkbox"/>	- BC Rail	Yes <input type="checkbox"/>	RTD _____
		- Dease Lk	Yes <input type="checkbox"/>	RTA _____
		- All other railways	Yes <input type="checkbox"/>	RLE _____
Rail Transportation	No <input type="checkbox"/>	Leo Creek	Yes <input type="checkbox"/>	RLO _____
		Lovell	Yes <input type="checkbox"/>	RBL _____
		Bear Lake	Yes <input type="checkbox"/>	RMT _____
		Minaret Lake	Yes <input type="checkbox"/>	RNL _____
		Niteal	Yes <input type="checkbox"/>	
<b>2. Barge Ferry Used for Truck Haul</b>				
	No <input type="checkbox"/>	- Reservoir Lakes	Yes <input type="checkbox"/>	BUK _____
				BUO _____
				BUR _____
				BUW _____
		- Natural Lakes	Yes <input type="checkbox"/>	BUA _____
<b>3. Barge Ferry Used for Crew Transportation</b>				
	No <input type="checkbox"/>	All Lakes	Yes <input type="checkbox"/>	BFA _____
<b>4. Francois Lake Ferry (Private/Public)</b>				
	No <input type="checkbox"/>	Yes <input type="checkbox"/>		

Specified Operation \* (Section 4.1.1)    Description \_\_\_\_\_    Cost \_\_\_\_\_ \$/m<sup>3</sup>

\* Complete only when different from cutting authority.

## INTERIOR APPRAISAL DATA SUBMISSION

### Administration and Other Costs (Section 4.8)

Isolated Cutting Authority  
(Section 4.8.2)

No ☐

Yes ☐

Rail (Code 4)

Yes ☐

Lake or Ocean (Code 3)

Specified Operation (Section 4.1.1)

N/A

Description

Cost

\$/m<sup>3</sup>

## INTERIOR APPRAISAL DATA SUBMISSION

### Road and Drainage Structures (New, Reconstruction & Upgrade)

#### 1. Culverts (Tabulated) (Section 4.3.2.4)

Applicable Volume \* N/A (m<sup>3</sup>)

Circular Pipe Diameter (m)	Circular Pipe Length (m)	Number

\* Applicable Volume: Complete only when different from Cutting Authority Volume.

## INTERIOR APPRAISAL DATA SUBMISSION

### 3. Tabular Road Construction Data (New Construction Only) (Section 4.3.2)

N/A

Applicable Volume: \_\_\_\_\_ (m<sup>3</sup>)

						Subgrade		Stabilizing Material			
Road Identifier	Road Group	Biogeo Climatic Zone	Road Section Number	Road Type ① O B W	Section Length (km)	Soil ② Moisture (blank W)	Slope (%)	Rock (%)	Stab Length (km)	Mat ③ Type (blank O)	Ballast ④ Haul Distance (km)
Total Length						Attach additional pages where necessary.					

- ① Road Type - Must enter one of "O" = operational road, "B" = block road, or "W" = snow (winter) road.
- ② Soil Moisture (SMR) - If the road section is wet (Section 4.3.2.2(5)) enter "W". Otherwise leave blank.
- ③ Material Type - If the stabilizing material is quarried rock enter "Q". Otherwise leave blank.
- ④ Ballast Haul Distance - One way.

## INTERIOR APPRAISAL DATA SUBMISSION

### Basic Silviculture (Section 4.9)

Predominant Biogeoclimatic (BGC)		
Zone	Sub Zone	Variant

N/A  
≤ 500 m<sup>3</sup> ≤ 1.0 ha OPENINGS

### Specified Operation (Root Disease Control) (Section 4.1.1)

Total Cost (\$) \_\_\_\_\_

\*\*\* FOR APPRAISAL PURPOSES \*\*\*

Average Line Method  
SLOCAN FOREST PRODUCTS  
Licence Number : A15430  
Cutting Permit : W61

Gross - Comp DWB  
Forest Inventory Zone : G  
Region : 2 - Southern Interior District : 1 - Headwaters  
Project : W61

Useless Volumes Excluded

PSYU : Canoe

CP- 1  
02-Dec-2003 08:35:54AM  
Filename: w61-appraisal-0103.c  
Compiled by : J.S.Thrower & As.  
Cruised by : SLOCAN FOREST PRO  
Version : 2003.0

Net Area: [ A : 70.4 ]  
Gross Area: [ Grand Total : 70.4 ]

B 813 E.

		Total	Conifer	F	G	H	B	S	PA	PL
Min DBH	cm (M)			17.5	17.5	17.5	17.5	17.5	17.5	12.5
Stump Ht	cm (M)			30.0	30.0	30.0	30.0	30.0	30.0	30.0
Top Dia	cm (M)			10.0	10.0	10.0	10.0	10.0	10.0	10.0
Log Len	m			5.0	5.0	5.0	5.0	5.0	5.0	5.0
Gross Merchantable	m3	49227	49297	5849	9303	5728	946	26953	254	263
Net Merchantable	m3	38292	38292	5462	6439	3762	682	21634	198	157
Net Merch - All	m3/ha	544	544	78	91	53	10	307	3	32
Species Distribution	%	100	100	14	17	10	2	56	1	0
Decay	%	14	14	4	16	21	18	13	15	44
Waste	%	5	5	1	6	10	8	4	6	10
Waste (billing)	%	1	7	1	3	15	11	6	7	22
Breakage	%	1	3	2	3	3	2	2	2	2
Total Coll. (DWB)	%	22	22	7	31	34	28	20	23	36
Stems/Ha (Live & DP)		516.1	516.1	30.3	195.1	92.1	44.5	149.9	0.7	3.5
Avg DBH (Live & DP)	cm	40.0	40.0	53.8	33.8	35.6	24.6	49.4	70.9	32.1
Snags/Ha		27.4	27.4	0.5	15.7			8.0		3.2
Avg Snag DBH	cm	33.9	33.9	65.5	21.2			48.6		33.2
Gross Merch Vol/Tree	m3	1.36	1.36	2.74	0.68	0.88	0.30	2.55	5.06	1.07
Net Merch Vol/Tree	m3	1.05	1.05	2.56	0.47	0.58	0.22	2.05	3.90	0.88
Avg Weight Total Ht	m	33.4	33.4	38.8	25.2	25.0	17.3	37.5	36.3	31.4
Avg Weight Merch Ht	m	28.9	28.9	34.0	20.4	20.5	12.1	32.6	32.8	26.2
Avg 5.0 m Log Net	m3	0.28	0.28	0.44	0.18	0.17	0.12	0.36	0.57	0.10
Avg 5.0 m Log Gross	m3	0.34	0.34	0.46	0.24	0.25	0.16	0.44	0.72	0.21
Avg # of 5.0 m Logs/Tree		3.85	3.95	5.94	2.84	3.51	1.94	5.83	7.00	5.00
Net Moisture %		0	0		0					
Average Slope	%	67								
Net Merch - Small	%	8	8	9			69	9		31
Net Merch - Small Log	%	40	40	25	68	64	100	29	14	28
Net Merch - Large Log	%	60	60	75	32	36		71	86	22
LRF Small Logs	bdft/m3	169	169	193	137	164	164	189	174	155
LRF Large Logs	bdft/m3	223	223	235	193	192		226	213	168
Avg LRF All	bdft/m3	201	201	225	155	174	164	215	208	158
Chip Field	units/m3	0.11	0.11	0.12	0.13	0.16	0.14	0.10	0.10	0.17
#1 Sawlog	I	86	86	82	98	83	91	84	100	
#3 Sawlog (Dead)	3	11	11	10	2	9	9	13		100
#4 Chipper	4	3	3	8		8		3		
Coeff. of Variation	%	24.6	24.6	125.8	52.9	93.8	184.6	42.0	556.8	556.8
to Standard Error	%	9.8	9.8	45.0	22.1	35.6	92.9	14.8	124.4	248.9



GRADE/SPECIES	Billing for 2004-05 m³	Billing for 2004-05 \$	Billing for 2006-07 m³	Billing for 2006-07 \$	2004-07 total	
					m³	\$
<b>Green Sawlog:</b>						
Balsam (BA)	119.954	2008.11	88.998	515.79	208.952	2523.9
Cedar (CE)	1,405.721	21,505.28	821.48	2306.95	2227.201	23812.23
Douglas Fir (FI)	1,558.289	25,119.43	2354.409	7720.79	3912.698	32840.22
Hemlock (HE)	34.737	634.49	15.681	-323.55	19.056	310.94
Lodgepole Pine (LO)	81.033	1,211.08	514.931	1850.5	595.964	3061.58
Spruce (SP)	2,588.678	41,678.66	5400.957	25355.26	7989.635	67033.92
White Pine (WH)	0.198	2.72	0.52	1.66	0.718	4.38
Cottonwood (CO)	39.800	19.9	0	0	39.800	19.9
<b>TOTAL sawlog –</b>	<b>5,828.410</b>	<b>92,179.670</b>	<b>9,165.614</b>	<b>37,427.400</b>	<b>14,994.024</b>	<b>129,607.070</b>
<b>Dead and dry sawlog and non-sawlog grades:</b>						
• Grades 3-6	2,312.145	578.19	2,037.020	279.57	4,349.165	857.76
• Grade Z	106.041	0	37.271	0	143.312	0
<b>TOTAL Dead and Dry sawlog and non-sawlog grades -</b>	<b>2,418.186</b>	<b>578.190</b>	<b>2,074.291</b>	<b>279.570</b>	<b>4,492.477</b>	<b>857.76</b>
<b>Special Forest Products:</b>						
• Fence posts (split) (PS)	25.5	76.5	0	0	25.5	76.5
• Posts and rails (PR)	80.14	227.24	0	0	80.14	227.24
• Shake bolts and blocks (SB)	697.79	3,698.31	116.12	615.44	813.91	4,313.75
<b>TOTAL Special Forest Products –</b>	<b>803.43</b>	<b>4002.05</b>	<b>116.12</b>	<b>615.44</b>	<b>919.55</b>	<b>4,617.49</b>
<b>TOTAL</b>	<b>9,050.026</b>	<b>96,759.91</b>	<b>11,356.025</b>	<b>38,322.41</b>	<b>20,406.051</b>	<b>135,082.32</b>



Ministry of  
Forests

REGIONAL MANAGER  
MINISTRY OF FORESTS  
515 COLUMBIA ST.  
KAMLOOPS  
BRITISH COLUMBIA  
V2C 2T7



Date : April 23, 2004

MCBRIDE COMMUNITY FOREST CORP  
PO BOX 519  
MCBRIDE  
BRITISH COLUMBIA

In reference to:  
Client Number : 00135624  
Forest File : K1H  
Cutting Permit : 995  
Timber Mark : K1H995

V0J 2E0

Headwaters Forest District  
Southern Interior Forest Region

Stumpage Advisory Notice

Attached is a summary of the appraisal information used in determining the stumpage rate for this cutting authority.

The cutting authority Total Stumpage Rate of \$5.29 per cubic metre is effective for sawlogs scaled between

April 01, 2004 and June 30, 2004

Inclusive unless this cutting authority is reappraised during this period in accordance with the applicable Appraisal Manual.

The Miscellaneous Stumpage Rates listed in the applicable Appraisal Manual in effect on the date of scale take precedence over the above rate. A levy and/or bonus may be applied to any Miscellaneous Stumpage Rate.

Objections to this rate determination should be brought immediately to the attention of the undersigned in this office. The formal 21 day review period specified in the Forest Act begins upon delivery of this notice. Consideration of any objection does not delay the determination nor stop the 21 day review period. Any rate change or redetermination as a result of an objection will result in a new Stumpage Advisory Notice being issued.

The Reserve Rate will be redetermined on January 1, April 1, July 1, and October 1 each year, or on any date specified by the Minister of Forests, according to appraisal policies then in effect.

Please be advised that this letter and information is releasable under the Freedom of Information and Protection of Privacy Act.

Jim Schafthuisen  
Revenue Manager-Timber Pricing  
Attachment

This notice forms an integral part of the cutting authority document and should be attached thereto.

REGION COPY

Date : April 23, 2004

In reference to:

Client Number : 00135624

Forest File : K1H

Cutting Permit : 995

Timber Mark : K1H995

Headwaters Forest District  
Southern Interior Forest Region

The following is a listing of cutting authority and individual species rate calculations effective when scaled between

April 01, 2004 and June 30, 2004

inclusive unless this cutting authority is reappraised during this period in accordance with the applicable Appraisal Manual.

Cutting Authority Rate Calculation Detail		Species Rate Calculation Detail					
		Species Code	Reserve Rate (\$/m3)	Silviculture Levy (\$/m3)	Development Levy (\$/m3)	Upset Rate (\$/m3)	Bonus Bid (\$/m3)
Estimated Value	\$107.51	FI	5.29	0.00	0.00	5.29	0.00
- Estimated Cost	\$119.61	SP	5.29	0.00	0.00	5.29	0.00
= Stand Value Index	-12.10						
- Mean Value Index	\$0.76						
+ Base Rate	\$18.15						
= Indicated Rate	\$5.29						
Reserve Rate	\$5.29						
+ Development Levy	\$0.00						
+ Silviculture Levy	\$0.00						
= Upset Rate	\$5.29						

This notice forms an integral part of the cutting authority document and should be attached thereto.

REGION COPY



Ministry of Forests  
Interior Appraisal System  
Logging and Silviculture Cost  
Estimate

Page : 1 of 2  
Date/Time Printed : 2004-04-23 7:01:57  
User ID : CLMOORE  
Database : DBP01  
Report ID : IASR083

Timber Mark : K1H895

Appraisal Effective Date : 2004-04-01

OBSOLETE - Prince George Forest Region (RNI and RSI)  
Headwaters Forest District

Licence : K1H  
Cutting Permit : 995  
Calculation Date : 2004-04-23

Total Volume : 2,000  
Expiry Date : 2007-03-31

Logging Trend Factor : 1.000  
Silviculture Trend Factor : 1.000  
Manufacturing Trend Factor : 1.000  
Stumpage Rate Effective Date : 2004-04-01

MVI Eligible Indicator : N  
Adjust Quarterly Indicator : Y

PHASE	Subphase Cost (\$ / m3)	Phase Total (\$ / m3)
DEVELOPMENT :		0.00
Tabulated		
Culverts	0.00	
Roads	0.00	
Fencing and Cattle Guards	0.00	
Allocated Development	0.00	
Engineered Development	0.00	
TREE TO TRUCK :		62.43
Ground Skidding (Clear Cut)	0.00	
Ground Skidding (Partial Cut)	0.00	
Overhead Cable Yarding Highlead & Grapple (Clear)	0.00	
Overhead Cable Yarding Highlead & Grapple (Partial)	0.00	
Overhead Cable Yarding Skyline	0.00	
Helicopter Logging (Clear)	0.00	
Helicopter Logging (Partial)	62.43	
Horse Logging	0.00	
Specified Operation	0.00	
LOG TRANSPORTATION : (Summer)		4.33
Hauling	2.18	
Primary	2.18	
Secondary	0.00	
Water Transportation	0.00	
Special Transportation and Specified Operations	0.00	
Road Management	2.15	
Road Use	0.00	



Ministry of Forests  
Interior Appraisal System  
Logging and Silviculture Cost  
Estimate

Page : 2 of 2  
Date/Time Printed : 2004-04-23 7:01:57  
User ID : CLMOORE  
Database : DBP01  
Report ID : IASR083

Timber Mark : K1H995

Appraisal Effective Date : 2004-04-01

PHASE	Subphase Cost (\$/m3)	Phase Total (\$/m3)
ADMINISTRATION & OTHER :		8.77
Overhead	8.77	
Low Volume additive:		
TOTAL LOGGING COST :		75.53
TOTAL TRENDDED LOGGING COST :		75.53
SILVICULTURE :		0.00
Basic	0.00	
Specified	0.00	
TOTAL TRENDDED SILVICULTURE COST :		0.00

End of Report



Ministry of Forests  
Interior Appraisal System  
Comparative Value Rate Confirmation

Page : 1 of 1  
Date/Time Printed : 2004-04-23 7:03:38  
User ID : CLMOORE  
Database : DBP01  
Report ID : IASR082

Timber Mark : K1H995

Appraisal Effective Date : 2004-04-01  
Stumpage Rate Effective Date : 2004-04-01

OBSOLETE - Prince George Forest  
Headwaters Forest District

McBride Pt. of App.

Species :		FIR	SPRUCE
Selling Price Zone :		7	7
LRF Zone :		7	7
Cruise LRF (FBM/m3)		225	215
Appraisal LRF (FBM/m3)		287	318
CPR Factor (FBM/m3)		426	426
Stud Percent		9	9
Stud AMV Fraction			
Stud AMV (\$/MBM)		286	286
Random AMV (\$/MBM)		355	320
Lumber AMV (\$/MBM)		355	320
Lumber Selling Price (\$/m3)		101.89	101.12
Chip Recovery (FBM/m3)		139	110
Chip Yield Factor (BDU/FBM)		.00098	.00076
Chip Yield (BDU/m3)		.13622	.08360
Chip Value (\$/BDU)		64.00	64.00
Total Chip Sell Price (\$/m3)		8.72	5.35
Chip Value Factor		1.00	1.00
Adj. Chip Sell Price (\$/m3)		8.72	5.35
Manufacturing Zone		7	7
Decay Percent		4	13
Logging Costs (\$/m3)		75.53	75.53
Manufacturing Costs (\$/m3)		57.43	39.63
Silviculture Costs (\$/m3)			
	Stand		
Selling Price (\$/m3)	107.51	110.81	106.47
Operating Costs (\$/m3)	119.61	132.96	116.16
Value Index (\$/m3)	-12.10	-22.35	-8.69
Volume (m3)	2000	500	1500
Species Value (\$)	215010	55305	169705
Species Costs (\$)	239220	66480	172740
Indicated Rate (\$/m3)	5.29	5.29	5.29
Reserve Rate (\$/m3)	5.29	5.29	5.29
Reduction (\$/m3)			
Silviculture Levy (\$/m3)			
Development Levy (\$/m3)			
Upset Rate (\$/m3)	5.29	5.29	5.29
Bonus Bid (\$/m3)			
Total Rate (\$/m3)	5.29	5.29	5.29

End of Report



**MCBRIDE COMMUNITY FOREST  
CORPORATION**

**RECEIVED**

April 19, 2004

AUG 18 2009

04/04/19  
Ministry of Forests  
Headwaters Forest District  
PO Box 4501, RR2, Highway 5  
Clearwater, BC  
V0E 1N0

SOUTHERN INTERIOR  
FOREST REGION

Attention: Leon O'Dette

**Re: Harvest Notification**

In accordance with Schedule A, Section 2.00 of Cutting Permit 995 Community Forest Pilot Agreement KIH. We are hereby notifying you of commencement of operations.

Harvest area: East Twin Creek, 20 kilometres North West of McBride

Licensee: McBride Community Forest Corporation

Contractor: Robert Patterson

Licensee Representative: Bob Elliott (250 569 2229)

Comments: Logging System: skidder, select removal for special forest products, cedar shake blocks, posts and rails and building logs. Shake blocks will be manufactured on site, single tree selection, no opening will created larger than 1.0 hectares and the volume will be restricted to less than 500 m3. All debris will be piled and disposed by burning under proper conditions and with a burn reference number.

Start Date: April 24, 2004

*Robert Elliott*

Robert Elliott  
Field Operations Supervisor  
McBride Community Forest Corporation

**K1H**

EXHIBIT A

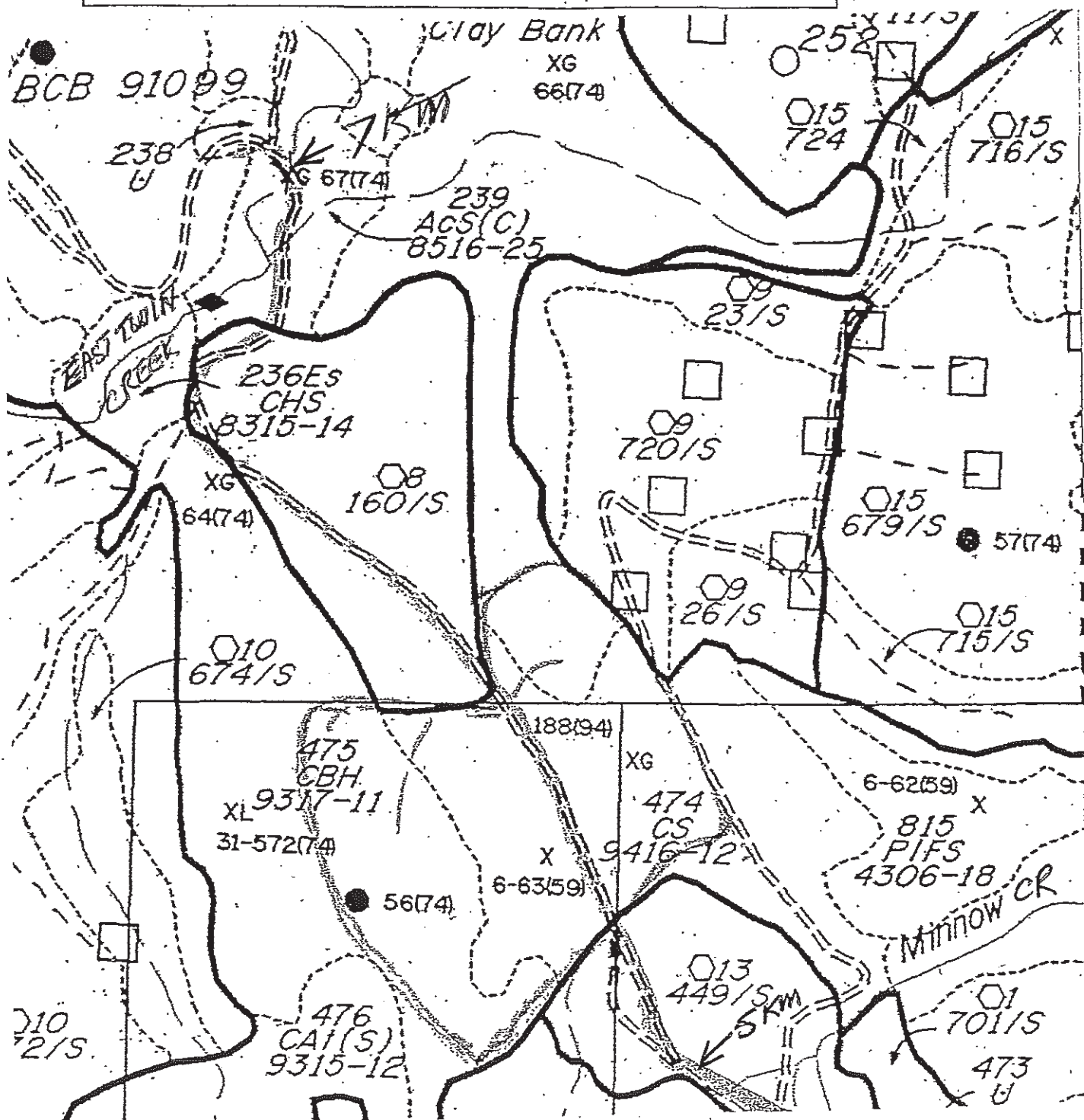
## SCHEDULE B

**BLOCK 1**

SCALE 1-10000

## Logging System

**select/special forest products**



**LOCATION:** East Twin Creek  
**BLOCK SIZE:** < 1.0 HECTARES

DATE: April 19, 2004

**MCBRIDE COMMUNITY FOREST  
CORPORATION**

April 19, 2004

Ministry of Forests  
Headwaters Forest District  
PO Box 4501, RR2, Highway 5  
Clearwater, BC  
V0E 1N0

Attention: Leon O'Dette

Re: Harvest Notification

In accordance with Schedule A, Section 2.00 of Cutting Permit 995 Community Forest Pilot Agreement K1H. We are hereby notifying you of commencement of operations.

Harvest area: East Twin Creek, 20 kilometres North West of McBride

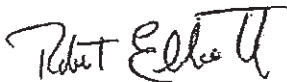
Licensee: McBride Community Forest Corporation

Contractor: Warren Patterson

Licensee Representative: Bob Elliott (250 569 2229)

Comments: Logging System: skidder, select removal for special forest products, cedar shake blocks, posts and rails and building logs. Shake blocks will be manufactured on site, single tree selection, no opening will created larger than 1.0 hectares and the volume will be restricted to less than 500 m3. All debris will be piled and disposed by burning under proper conditions and with a burn reference number.

Start Date: April 24, 2004



Robert Elliott  
Field Operations Supervisor  
McBride Community Forest Corporation

# MCBRIDE COMMUNITY FOREST CORPORATION

141

CFPA  
CP 995

K1H

EXHIBIT A

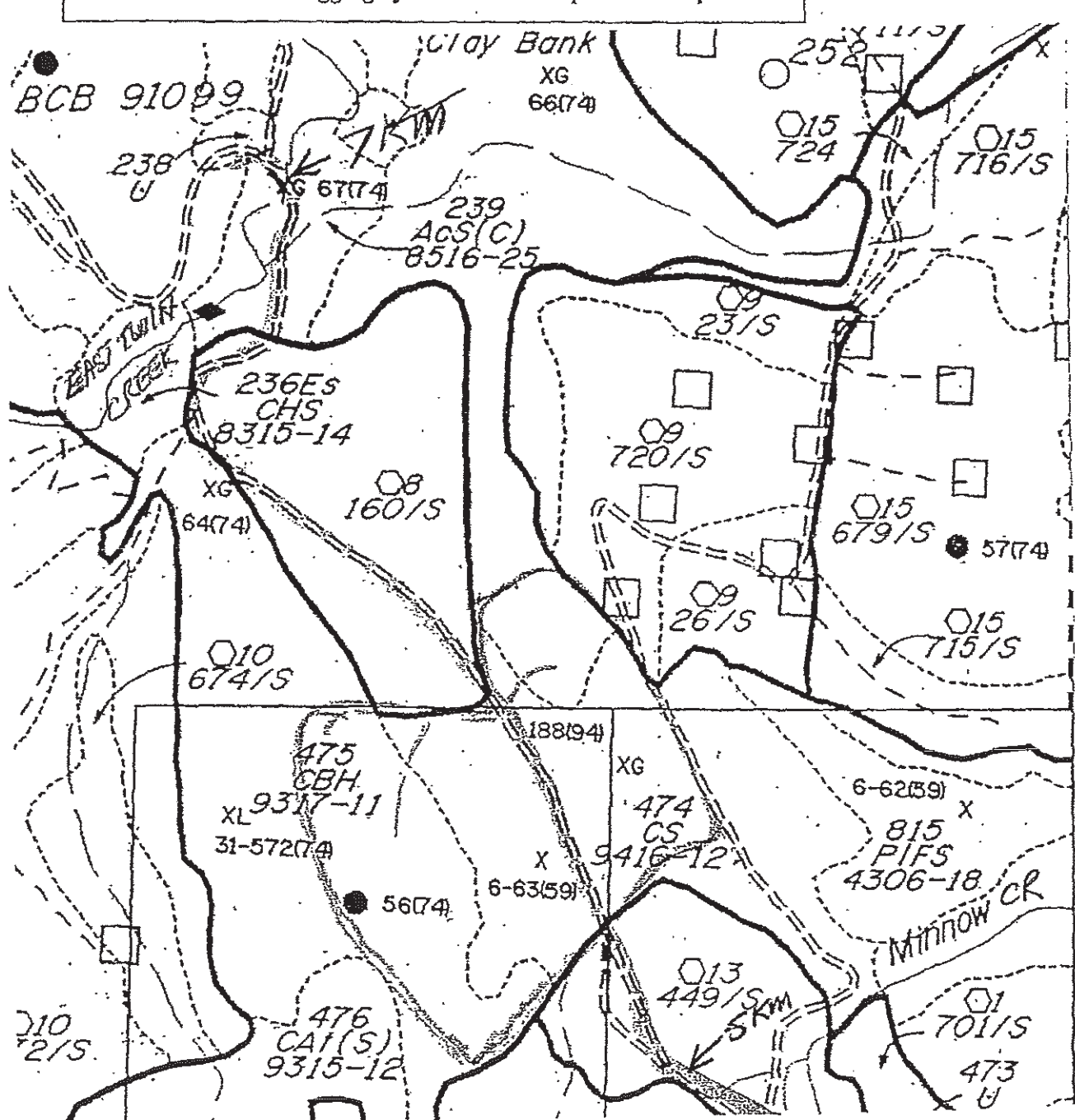
SCHEDULE B

BLOCK 2

SCALE 1-10000

Logging System

select/special forest products



LOCATION: East Twin Creek  
BLOCK SIZE: < 1.0 HECTARES

DATE: April 19, 2004



The Best Place on Earth

Distribution: Regional Executive Director; District Manager; Revenue Manager  
Document name: G:\Workgrp\Revenue\Jim Schafthuizen Files\REVENUE\BNs and Letters\MCFC Section  
105.2 letter - updated.doc RJS  
Contact: Jim Schafthuizen, RSM, Ministry of Natural Resource Operations (250) 828-4625  
Date typed: 2010/11/25 Date last saved: 2010-11-25 12:39 pm

File: 19460-25/K1H CP 995  
Client # 00135624-00

December 7, 2010

Marc von der Gonna, R.P.F.  
General Manager  
McBride Community Forest Corporation  
P.O. Box 519  
McBride, British Columbia  
V0J 2E0

Dear Marc von der Gonna:



This letter is to advise of my decision under Section 105.2 of the *Forest Act* for cutting permit (CP) 995 of Community Forest Agreement K1H held by the McBride Community Forest Corporation.

As an official designated by the minister, I have determined that the stumpage rate for CP 995 was in error because it was determined based on inaccurate information submitted by you on behalf of McBride Community Forest Corporation. Specifically, the method of harvest was determined to be inaccurate as notice of commencements for two ground-based cut blocks were received prior to the rate determination. The original stumpage rate should have been determined using 50 percent helicopter and 50 percent ground-based harvesting systems. Further changes to the harvest methods should have been addressed by a changed circumstance reappraisal.

It is clearly stated in the *Forest Act* that accurate data must be used in determining stumpage rates. If it is determined that inaccurate data was used, a redetermination of stumpage rates must be made to make the Crown whole with regards to stumpage payable.

Page 1 of 2

McBride Community Forest Corporation

Therefore, as a result of this decision, I am directing regional timber pricing staff to redetermine the stumpage rate taking the new information into account only to the extent necessary to correct the error. The effective date of the redetermination will be April 1, 2004.

The subsequent rate re-billing will include all timber scaled and billed up to and including December 31, 2005. The rate redetermination will be done in accordance with the *Interior Appraisal Manual* in effect at the time of the original determination. This will result in additional stumpage payable to the Crown by McBride Community Forest Corporation.

Yours truly,



Madeline Maley, R.P.F.  
A/Executive Director  
Regional Operations - South  
Ministry of Natural Resource Operations

pc: Jim Gowriluk, A/Assistant Deputy Minister, MNRO Regional Operations – South

Kevin Kriese, Assistant Deputy Minister, MNRO Regional Operations –  
North Central/West

Bill Warner, Regional Executive Director, MNRO Operations - Omineca

Greg Rawlings, District Manager, Prince George Forest District



**MINISTRY OF FORESTS AND RANGE  
BRITISH COLUMBIA FOREST SERVICE  
BRIEFING NOTE**

File: ~~280-20/BND-124371~~  
19460-25/K1H CP 995

**I PREPARED FOR:**

Madeline Maley, R.P.F., A/Regional Executive Director, Southern Interior Forest Region  
**for DECISION IN CONJUNCTION WITH MURRAY STECH, DIRECTOR,  
REVENUE BRANCH**

(as requested by Merva Lyons, Revenue Manager, Southern Interior Forest Region)

**II ISSUE:**

Redetermination of Stumpage Rates under Section 105.2 of the *Forest Act* (act) for  
McBride Community Forest Corporation, Community Forest Agreement (CFA)  
K1H Cutting Permit (CP) 995.

**III BACKGROUND:**

The purpose of this briefing note is to give the regional executive director (RED) the  
background for a decision on whether to redetermine stumpage rates under Section 105.2  
of the act.

On November 4, 2003, Section 105 of the act was amended to allow stumpage rates and  
invoices to be corrected if inaccurate data was submitted. The power is vested in "an  
official designated by the minister" to determine if the data submitted was inaccurate. On  
May 31, 2004, the minister designated the Director, Revenue Branch and the REDs as  
officials under Section 105.2 of the act.

**IV DISCUSSION:**

The CP application and appraisal for CFA licence K1H CP 995 was submitted  
December 2003 and issued on April 1, 2004, for a period of 3 years, ending  
March 31, 2007. In September 2005, it became known to regional appraisal staff that the  
original information used to appraise K1H CP 995 did not represent the actual harvesting  
conditions under the CP.

In December 2003, Marc von der Gonna, R.P.F., (Marc) representing  
McBride Community Forest Corporation, submitted a full appraisal for K1H CP 995 to  
Headwaters Forest District. The purpose of the CP was to helicopter-extract high-value  
spruce and Douglas-fir logs scattered throughout a large area of the CFA mainly for  
musical instruments and other special forest products as determined by the  
district manager. Helicopter logging and spruce and Douglas-fir were selected by Marc  
as the harvest method and species to be logged, respectively. The CP document reflected  
this choice. The volume to be harvested was 2 000 m<sup>3</sup> over an area of 20,795 hectares.  
A stumpage rate was determined on April 22, 2004, based on the submitted appraisal  
data.

In August 2005, regional staff discovered that approximately 6 000 m<sup>3</sup> of timber had been billed under timber mark K1H995 and that the majority of the volume was western redcedar. It was learned that there had been no helicopter logging; all of the harvesting was ground based.

A changed circumstance reappraisal was not submitted by Marc and the district manager did not request it. Marc claims he was not aware at the time that a reappraisal should have been submitted. District staff did not monitor CP 995 with respect to appraisal requirements and therefore would not have been aware that a reappraisal was necessary.

Section 105.1 of the act requires a holder of an agreement under the act to ensure that information submitted to the government is accurate. Ministry of Forests and Range Compliance and Enforcement staff investigated the appraisal data submission for K1H CP 995, and did not pursue a determination under Section 105.1 due to a finding of officially induced error. See the attachment for background details regarding this decision.

Marc, or his business colleague, submitted cut block applications dated April 19, 2004, for CP 995 to the district. These applications were for up to 1000 m<sup>3</sup> or 50 percent of the volume of the CP, and described the harvest method as ground based. The region staff recommend reappraising CP 995

s. 13

s. 13

Page 41 redacted for the following reason:

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s.13

Redetermination of Stumpage Rates Under Section 105.2 of the Forest Act

VI RECOMMENDATION:

Option #2.

As directed in writing on the designation, the RED must discuss this specific case and determination with the director, Revenue Branch. It is recommended that the RED and director jointly determine that there was inaccurate information in the appraisal submission for K1H CP 995 and decide that the stumpage rates be redetermined under Section 105.2 of the act.

VI COMMUNICATIONS PLAN ATTACHED:



*Madeline MRS*

*Oct 14-10*

**APPROVED / NOT APPROVED**

**Date**

Madeline Maley, R.P.F.

A/Regional Executive Director

Southern Interior Forest Region

for DECISION IN CONJUNCTION WITH

Murray Stech, Director, Revenue Branch

Tracy Hendry, R.P.F.

Revenue Business Analysis Forester

Southern Interior Forest Region

August 23, 2010

Attachment(s): Original appraisal document  
Background Information and calculations

Approved		
Initial		Date
<i>gs.</i>	RSM	<i>Aug 23/10</i>
	RED	

Distribution: HVA RSI DHW

Document name: G:\Workgrp\Revenue\TH\BN and MRL\McBride CFA\Briefing Note and details\BN 124371-

MCBRIDE CFA K1H995 Sec 105.2 - Version 2.docx wt

Contact Name: Tracy Hendry, Revenue Business Analysis Forester

Date typed: 2010/08/23 Date last saved: 2010-08-23 3:55 pm

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Sawlog stumpage comparison

	Stumpage rates		hell	ground
	hell	ground		
219.520	5.29	47.04	1161.261	10326.22
1562.270	13.74	50.97	21465.59	79628.9
282.610	21.27	50.87	6011.115	14376.37
680.357	21.92	46.14	14913.43	31391.67
785.789	18.55	40.09	14576.39	31502.28
893.585	20.95	38.99	18720.61	34840.88
0.000	18.95	37	0	0
2059.192	12.92	29.05	26604.76	59819.53
			<u>103453.1</u>	<u>261885.9</u>
6483.323				
		Stumpage difference		158432.7

Special forest products stumpage is not included as it is the same in both cases

Year/Quarter	Grade	Volume	Stumpage Rate	Value
2004				
April-May-June	Blank	219,520	5.28	1,161.26
	3	185,584	0.25	46.40
	4	4,970	0.25	1.24
	5	1,431	0.25	0.36
	6	0.285	0.25	0.07
July-Aug-Sept	Blank	1662,270	13.74	21,485.59
	3	657,158	0.25	164.29
	4	87,542	0.25	21.89
	5	7,972	0.25	1.99
	6	0.892	0.25	0.22
Oct-Nov-Dec	Blank	282,810	21.27	6,011.11
	3	140,915	0.25	35.00
	4	3,901	0.25	0.98
	5	0.387	0.25	0.10
	6	0.060	0.25	0.02
2005				
Jan-Feb-Mar	Blank	680,357	21.92	14,813.43
	3	683,859	0.25	145.81
	4	13,714	0.25	3.43
	5	-0.488	0.25	-0.12
	6	1.309	0.25	0.33
				0.00
April-May-June	Blank	785,789	18.65	14,578.39
	3	102,798	0.25	26.70
	4	6,025	0.25	1.61
	5	1,573	0.25	0.39
	6	-0.155	0.25	-0.04
July	Blank	893,585	20.95	18,720.61
	3	274,223	0.25	68.60
	4	8,445	0.25	2.36
	5	0.077	0.25	0.02
	6	1.143	0.25	0.29
Aug-Sept	Blank	0.000	18.95	0.00
	3	0.000	0.25	0.00
	4	0.000	0.25	0.00
	5	0.000	0.25	0.00
	6	0.000	0.25	0.00
Oct-Nov-Dec	Blank	2059,192	12.92	26,604.76
	3	489,359	0.25	122.34
	4	37,326	0.25	9.33
	5	3,109	0.25	0.78
	6	4.878	0.25	1.22
		9101,606		104,107.69

Special forest products	volume	Value \$
2004	607m3	3159
2005	196m3	842.68
		\$ 4001.68

total stumpage	\$	108,109.37
----------------	----	------------

2000 m3 Volume appraised - Ground Based - Partial Cut - Special forest products volume included in the {

Year/Quarter	Grade	Volume	Stumpage Rate	Value
<b>2004</b>				
April-May-June	Blank	219,520	43.84	9,823.76
	3	185,584	0.25	46.40
	4	4,970	0.25	1.24
	5	1,431	0.25	0.36
	6	0.285	0.25	0.07
July-Aug-Sept	Blank	1562,270	52.29	81,691.10
	3	657,158	0.25	164.29
	4	87,542	0.25	21.89
	5	7,972	0.25	1.99
	6	0.882	0.25	0.22
Oct-Nov-Dec	Blank	282,610	59.82	16,905.73
	3	140,015	0.25	35.00
	4	3,901	0.25	0.98
	5	0.387	0.25	0.10
	6	0.060	0.25	0.02
<b>2005</b>				
Jan-Feb-Mar	Blank	680,357	60.74	41,324.88
	3	583,659	0.25	145.91
	4	13,714	0.25	3.43
	5	-0.488	0.25	-0.12
	6	1,309	0.25	0.33
April-May-June	Blank	785,789	57.37	45,080.71
	3	102,798	0.25	25.70
	4	6,025	0.25	1.51
	5	1,573	0.25	0.39
	6	-0.155	0.25	-0.04
July	Blank	893,585	59.77	53,409.58
	3	274,223	0.25	68.56
	4	9,445	0.25	2.36
	5	0.077	0.25	0.02
	6	1.143	0.25	0.29
Aug-Sept	Blank	0.000	57.77	0.00
	3	0.000	0.25	0.00
	4	0.000	0.25	0.00
	5	0.000	0.25	0.00
	6	0.000	0.25	0.00
Oct-Nov-Dec	Blank	2059,192	51.74	106,542.59
	3	489,359	0.25	122.34
	4	37,326	0.25	9.33
	5	3,109	0.25	0.78
	6	4,879	0.25	1.22
				<b>355,232.90</b>



Actual Volume harvested - Ground Based - Partial Cut - Special forest products volume included in the grade code blank

Year/Quarter	Grade	Volume	Stumpage Rate	Value
2004				
April-May-June	Blank	219.520	58.8	12,490.69
	3	185.584	0.25	46.40
	4	4.970	0.25	1.24
	5	1.431	0.25	0.36
	6	0.285	0.25	0.07
July-Aug-Sept	Blank	1562.270	60.87	94,782.92
	3	657.158	0.25	164.29
	4	87.542	0.25	21.89
	5	7.972	0.25	1.99
	6	0.882	0.25	0.22
Oct-Nov-Dec	Blank	282.610	60.3	17,041.38
	3	140.015	0.25	35.00
	4	3.901	0.25	0.98
	5	0.387	0.25	0.10
	6	0.060	0.25	0.02
2005				
Jan-Feb-Mar	Blank	680.357	55.43	37,712.19
	3	583.659	0.25	145.91
	4	13.714	0.25	3.43
	5	-0.488	0.25	-0.12
	6	1.309	0.25	0.33
April-May-June	Blank	785.789	49.29	38,731.64
	3	102.798	0.25	25.70
	4	6.025	0.25	1.51
	5	1.573	0.25	0.39
	6	-0.155	0.25	-0.04
July	Blank	893.685	48.05	42,936.76
	3	274.223	0.25	68.56
	4	9.445	0.25	2.38
	5	0.077	0.25	0.02
	6	1.143	0.25	0.29
Aug-Sept	Blank	0.000	48.07	0.00
	3	0.000	0.25	0.00
	4	0.000	0.25	0.00
	5	0.000	0.25	0.00
	6	0.000	0.25	0.00
Oct-Nov-Dec	Blank	2059.192	38.08	78,372.85
	3	489.359	0.25	122.34
	4	37.328	0.25	9.33
	5	3.109	0.25	0.78
	6	4.879	0.25	1.22
				322,722.87

9912 m3 appraised - Ground Based -CC & Partial Cut -

Year/Quarter	Grade	Volume	Stumpage Rate	Value
<b>2004</b>				
April-May-June	Blank	219.520	47.04	10,326.22
	3	185.584	0.25	46.40
	4	4.970	0.25	1.24
	5	1.431	0.25	0.36
	6	0.285	0.25	0.07
<b>July-Aug-Sept</b>				
	Blank	1562.270	50.97	79,628.90
	3	657.158	0.25	164.29
	4	87.542	0.25	21.89
	5	7.972	0.25	1.99
	6	0.862	0.25	0.22
<b>Oct-Nov-Dec</b>				
	Blank	282.610	50.87	14,376.37
	3	140.015	0.25	35.00
	4	3.901	0.25	0.98
	5	0.387	0.25	0.10
	6	0.060	0.25	0.02
<b>2005</b>				
Jan-Feb-March	Blank	680.357	46.14	31,391.67
	3	583.659	0.25	145.91
	4	13.714	0.25	3.43
	5	-0.488	0.25	-0.12
	6	1.309	0.25	0.33
<b>April-May-June</b>				
	Blank	785.789	40.09	31,502.28
	3	102.798	0.25	25.70
	4	6.025	0.25	1.51
	5	1.573	0.25	0.39
	6	-0.155	0.25	-0.04
<b>July</b>				
	Blank	893.585	38.99	34,840.88
	3	274.223	0.25	68.56
	4	9.445	0.25	2.36
	5	0.077	0.25	0.02
	6	1.143	0.25	0.29
<b>Aug-Sept</b>				
	Blank	0.000	37	0.00
	3	0.000	0.25	0.00
	4	0.000	0.25	0.00
	5	0.000	0.25	0.00
	6	0.000	0.25	0.00
<b>Oct-Nov-Dec</b>				
	Blank	2059.192	29.05	59,819.53
	3	489.359	0.25	122.34
	4	37.326	0.25	9.33
	5	3.109	0.25	0.78
	6	4.879	0.25	1.22
		9101.506		262,540.40

Total stumpage

\$ 266,542.08

Special forest products

volume	Value \$
2004 807m3	3159
2005 196m3	842.68
	\$ 4001.68



RSI

Ruth

Ministry of  
Forests



## INTERIOR APPRAISAL DATA SUBMISSION

### Control Sheet

Region: RSI District DHW

Licence <u>KIH</u>		Permit <u>995</u>		Mark <u>KIH</u>	
<b>RECEIVED</b>				<u>995</u>	
Forest District					
Receipt of Submission in District Office APR 02 2004 SOUTHERN INTERIOR FOREST REGION				CCYY	Date MM DD
Data Submission Reviewed By: (Print Name)		Signature: <u>K. Idvister</u>		CCYY 04	Date MM DD 03 01
Comments: - as per DM approved - no Exh 'A'					
Forest Region					
Reviewed by: <u>Larry Hendry</u>				CCYY 2004	Date MM DD 04 20

November 1, 2001



## INTERIOR APPRAISAL DATA SUBMISSION

Licence CFPA KIH Cutting Permit 995 Mark KIH 995  
 Licencee MACBRIDE COMMUNITY FOREST CORP.

### ACKNOWLEDGEMENTS

This Appraisal Data Submission contains, as of this date, truthful information on the timber to be harvested, site conditions, harvesting, development, and silviculture plans and other information, all prepared according to the *Interior Appraisal Manual*.

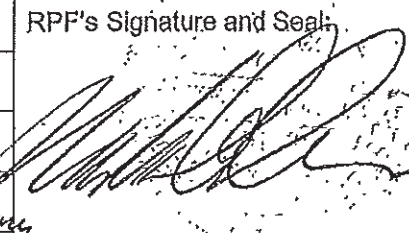
Check if appropriate

- ☐ I certify that there have been no changes, to the data elements, specified operation or detailed engineering methodologies, or amendments to the cutting authority since the last appraisal or reappraisal.
- ☐ I certify that there are less than 2,000 cubic metres of merchantable timber remaining on the cutting authority area and that no timber is expected to be harvested during the next year. I am requesting that the current stumpage rate be extended.

Check one of the boxes below:

- ☐ I certify I personally completed the work described herein.
- ☒ I certify that the work described herein fulfils standards acceptable of a Registered Professional Forester and that I did personally supervise the work.
- ☐ I certify that I have reviewed this document and while I did not personally supervise the work described, I have determined that this work has been done to standards acceptable of a Registered Professional Forester.

Registered Professional Forester:

Name: <u>M. von der Gönne</u>	R.P.F. # <u>2436</u>	RPF's Signature and Seal 
Phone: <u>(250) 569-2229</u>		
Fax: <u>(250) 569-3276</u>		
E-mail Address: <u>masc@macbridecommunityforest.com</u>		
Date (ccyy/mm/dd): <u>2003/12/03</u>		
The information contained in this package may be released under the <i>Freedom of Information and Protection of Privacy Act</i> .		

# INTERIOR APPRAISAL DATA SUBMISSION

## Reference Information

Mark: KIH995 Ref Mark: \_\_\_\_\_  
 Effective Date: 2003/12/01 2004/01/01 Expiry Date: 2004/11/30 2007/03/31  
 Admin Forest District: HEADWATERS Geographic Forest District: ROBSON VALLEY  
 Tenure Type: CFPA TSA: 17 Supply Block: B TFL: \_\_\_\_\_

Woodlot Annual Rate Adjustment Selection ☐ Annually Adjusting ☐ Quarterly Adjusting

Appraisal Type (Check one): New ☒ Reappraisal ☐ SBFEP Advertise ☐

Point of Appraisal: MCBRIDE

Rate Calculation Method (Check one): CVP ☒ MPS ☐

Comparative Cruise ☒ Yes ☐ No FLA13430 c.p.w.61

Specified Operation ☐ Yes ☐ No

Salvage ☐ Yes ☐ No

## Cruise Information/Tree-to-Truck:

### Cruise Information

Species	Volume <sup>①</sup>	Decay	Stud Log	LRF	Burn	Revenue Office Use Only	
	m <sup>3</sup>	%	%		%	Comp. Ind.	S.P. Zone
BA							
OE							
FI	500	4	9	225			
HE							
LA							
LO							
SP	1500	13	9	215			
YE							
WH							
TOTAL*	2000	Other species tied to: _____					

\* To be harvested.

① From the Cutting Permit Summary of the Cruise Compilation.

# INTERIOR APPRAISAL DATA SUBMISSION

## Cruise Information/Tree-to-Truck (cont'd)

### Cruise Information (cont'd)

Total Net Cruise Volume 2000 m<sup>3</sup> CP Avg. Vol/Tree 2.3 m<sup>3</sup>/tree CP Predominant BGC zone ICH

Total Net Cruise Area 20,795 Ha CP Avg. Vol/ha 250 m<sup>3</sup>/ha

Obligatory Deciduous Volume — m<sup>3</sup> CP Average Slope 67 %

Sampling Error % (at 2 stand dev.) — %

Mandatory Small Log Utilization Yes ☐ No ☒ Mandatory Grade 4 Hemlock Yes ☐ No ☒

Handwritten notes: CP: WCL ↓  
 $PCUT = \frac{2000}{50000} \times 100 = 4\%$   
AAC ↑  
Confirmed by phone 04/04/2002 JH.

### Tree-to Truck

Support Centre M'BRIDE. Distance to Support Centre 30 km (km)(one way)

	Conventional		Overhead Cable			Other Systems		
	Ground Skidding		Highlead/Grapple		Skyline	Helicopter		Horse
	Clear Cut	Partial Cut	Clear Cut	Partial Cut		Clear Cut	Partial Cut	
Vol. To be harvested (m <sup>3</sup> )							<u>2000</u>	
Lodgepole Pine Vol (m <sup>3</sup> )								
Biogeoclimatic zone							<u>ICH</u>	
Net Vol./tree (m <sup>3</sup> )							<u>2.3</u>	
Volume/hectare (m <sup>3</sup> )							<u>250</u>	
Stand defect (%)							<u>1.7</u>	
Partial cut (%)							<u>4</u>	
Average slope (%)							<u>67</u>	
Blowdown (%)							<u>—</u>	
Heavy fire damage (%)							<u>—</u>	
Dead useless snags (%)							<u>6</u>	
Skyline Yarding Dist. (m)								
Heli Yarding Dist (m)							<u>900 m.</u>	
Uphill Yarding?						<input type="checkbox"/>	<input type="checkbox"/>	

November 1, 2002

Entered - 9 Km. for  
Heli Yarding distance.

# INTERIOR APPRAISAL DATA SUBMISSION

## Log Transportation (Section 4.5)

### A. Truck Haul

Primary Highway ☒ Off Highway ☐ Primary Cycle Time 1.5 hours  
If Secondary Haul Secondary Cycle          hours

COMMON JUNCTION CALCULATION				
Cut Block	Volume (m3) (A)	Distance (km)	Time (minutes)	M3 x minutes (B)

*ALL CALCULATIONS ESTIMATED FROM CENTER OF OPERATING AREA.*

PRIMARY CYCLE TIME CALCULATION							
Road			Distance D (km)	Speed (km/hr)		Time (nearest 1.0 min)	
Identifier	Primary	Secondary		Loaded	Empty	Loaded	Empty
Hwy 16	P		20	85	95	14.1176	12.6315
MFE DR	P		.7	17	19	2.4705	2.2105
SUBTOTAL						L = 16.5881	E = 14.842

Load Handling, Delay in minutes

60

Total Cycle Time, Minutes (L + E + D)

91.4301

Divided by 60 =

1.5

hrs (0.1)



## INTERIOR APPRAISAL DATA SUBMISSION

### B. Water Transportation (Section 4.5.3)

Lake Name		Code	
Dump & Boom	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Lake Tow			km
Dewater/Reload	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Road Management	Yes <input type="checkbox"/>	No	<input type="checkbox"/>
Approved Road Use Charges			(\$/m <sup>3</sup> )

### C. Special Transportation Systems (Section 4.5.4)

Description	Location	Code	*Applicable Vol. (m <sup>3</sup> )
<b>1. Railway</b>			
Truck to Rail Transfer	No <input type="checkbox"/>	- BC Rail	Yes <input type="checkbox"/> RTD
		- Dease Lk	Yes <input type="checkbox"/> RTA
		- All other railways	Yes <input type="checkbox"/> RLE
Rail Transportation	No <input type="checkbox"/>	Leo Creek	Yes <input type="checkbox"/> RLO
		Lovell	Yes <input type="checkbox"/> RBL
		Bear Lake	Yes <input type="checkbox"/> RMT
		Minaret Lake	Yes <input type="checkbox"/> RNL
		Nlteal	Yes <input type="checkbox"/>
<b>2. Barge Ferry Used for Truck Haul</b>			
	No <input type="checkbox"/>	- Reservoir Lakes	Yes <input type="checkbox"/> BUK
			BUO
			BUR
			BUW
		- Natural Lakes	Yes <input type="checkbox"/> BUA
<b>3. Barge Ferry Used for Crew Transportation</b>			
	No <input type="checkbox"/>	All Lakes	Yes <input type="checkbox"/> BFA
<b>4. Francols Lake Ferry (Private/Public)</b>			
	No <input type="checkbox"/>	Yes <input type="checkbox"/>	

Specified Operation \* (Section 4.1.1)      Description \_\_\_\_\_ Cost \_\_\_\_\_ \$/m<sup>3</sup>

\* Complete only when different from cutting authority.

## INTERIOR APPRAISAL DATA SUBMISSION

### Administration and Other Costs (Section 4.8)

Isolated Cutting Authority  
(Section 4.8.2)

No ☐

Yes ☐

Rail (Code 4)

Yes ☐

Lake or Ocean (Code 3)

### Specified Operation (Section 4.1.1)

N/A

Description \_\_\_\_\_

Cost \_\_\_\_\_

\$/m<sup>3</sup>

## INTERIOR APPRAISAL DATA SUBMISSION

### Road and Drainage Structures (New, Reconstruction & Upgrade)

#### 1. Culverts (Tabulated) (Section 4.3.2.4)

Applicable Volume \* N/A (m<sup>3</sup>)

Circular Pipe Diameter (m)	Circular Pipe Length (m)	Number

\* Applicable Volume: Complete only when different from Cutting Authority Volume.

# INTERIOR APPRAISAL DATA SUBMISSION

## 3. Tabular Road Construction Data (New Construction Only) (Section 4.3.2)

N/A

Applicable Volume: \_\_\_\_\_ (m<sup>3</sup>)

Road Identifier	Road Group	Biogeoclimatic Zone	Road Section Number	Road Type <sup>①</sup> (O, B, W)	Section Length (km)	Subgrade		Stabilizing Material			
						Soil <sup>②</sup> Moisture (blank, W)	Slope (%)	Rock (%)	Stab. Length (km)	Mat. Type (blank, Q)	Ballast Haul Distance (km)
Total Length						Attach additional pages where necessary.					

- ① Road Type - Must enter one of "O" = operational road, "B" = block road, or "W" = snow (winter) road.
- ② Soil Moisture (SMR) - If the road section is wet (Section 4.3.2.2(5)) enter "W". Otherwise leave blank.
- ③ Material Type - If the stabilizing material is quarried rock enter "Q". Otherwise leave blank.
- ④ Ballast Haul Distance - One way.

## INTERIOR APPRAISAL DATA SUBMISSION

### Basic Silviculture (Section 4.9)

Predominant Biogeoclimatic (BGC)		
Zone	Sub Zone	Variant

N/A

< 500 m<sup>3</sup> < 1.0 ha OPENINGS

### Specified Operation (Root Disease Control) (Section 4.1.1)

Total Cost (\$) \_\_\_\_\_

\*\*\* FOR APPRAISAL PURPOSES \*\*\*

CP- 1

Average Line Method  
SLOCAN FOREST PRODUCTS  
Licence Number : AL5430  
Cutting Permit : W61

Gross - Comp DWB  
Forest Inventory Zone : G  
Region : 2 - Southern Interior District : 1 - Headwaters  
Project : W61

Useless Volumes Excluded  
PSYU : Canoe

02-Dec-2003 08:35:54AM  
Filename: w61-appraisal-0103.c  
Compiled by : J.S.Thrower & As.  
Cruised by : SLOCAN FOREST PRO.  
Version : 2003.0

Net Area: [ A : 70.4 ]  
Gross Area: [ Grand Total : 70.4 ]

BOR E.

		Total	Conifer	F	G	H	B	S	PH	PL
Min DBH	cm (M)			17.5	17.5	17.5	17.5	17.5	17.5	12.5
Stump Ht	cm (M)			30.0	30.0	30.0	30.0	30.0	30.0	30.0
Top Dia	cm (M)			10.0	10.0	10.0	10.0	10.0	10.0	10.0
Log Len	m			5.0	5.0	5.0	5.0	5.0	5.0	5.0
Gross Merchantable	m3	49287	49287	5849	9303	5728	946	26953	254	253
Net Merchantable	m3	38292	38292	5462	6439	3782	682	21634	196	187
Net Merch - All	m3/ha	544	544	78	91	53	10	307	3	3
Species Distribution	%	100	100	14	17	10	2	56	1	0
Decay	%	14	14	4	16	21	18	13	15	44
Waste	%	5	5	1	6	10	8	4	6	10
Waste (Bilting)	%	4	7	1	9	15	11	6	7	22
Breakage	%	1	3	2	4	3	2	2	2	2
Total Coll. (DWB)	%	22	22	7	31	34	28	20	23	36
Stems/Ha (Live & DP)		516.1	516.1	30.3	195.1	92.1	44.5	149.9	0.7	3.5
Avg DBH (Live & DP)	cm	40.0	40.0	53.8	33.8	35.6	24.6	49.4	70.9	32.1
Snags/Ha		27.4	27.4	0.5	15.7			8.0		3.2
Avg Snag DBH	cm	33.9	33.9	65.5	21.2			48.6		33.2
Gross Merch Vol/Tree	m3	1.36	1.36	2.74	0.68	0.88	0.30	2.55	5.06	1.07
Net Merch Vol/Tree	m3	1.05	1.05	2.56	0.47	0.58	0.22	2.05	3.90	0.88
Avg Weight Total Ht	m	33.4	33.4	38.8	25.2	25.0	17.3	37.5	36.3	31.4
Avg Weight Merch Ht	m	28.9	28.9	34.0	20.4	20.5	12.1	32.6	32.8	26.2
Avg 5.0 m Log Net	m3	0.28	0.28	0.44	0.18	0.17	0.12	0.36	0.57	0.10
Avg 5.0 m Log Gross	m3	0.34	0.34	0.46	0.24	0.25	0.16	0.44	0.72	0.23
Avg # of 5.0 m Logs/Tree		3.95	3.95	5.94	2.84	3.51	1.94	5.83	7.08	5.00
Net Immature %	%	0	0	0	0	0	0	0	0	0
Average Slope	%	67								
Net Merch - Small	%	8	8	5			69	9		31
Net Merch - Small Log	%	40	40	25	68	64	100	29	14	78
Net Merch - Large Log	%	60	60	75	32	36		71	86	22
LRP Small Logs	bdft/m3	169	169	193	137	164	164	189	174	155
LRP Large Logs	bdft/m3	223	223	235	193	192		226	213	168
Avg LRP All	bdft/m3	201	201	225	155	174	164	215	208	158
Chip Yield	units/m3	0.11	0.11	0.12	0.13	0.16	0.14	0.10	0.10	0.17
#1 Sawlog	I	86	86	82	98	83	91	84	100	
#3 Sawlog (Dead)	3	11	11	10	2	9	9	13		100
#4 Chipper	4	3	3	8		8		3		
Coeff. of Variation	%	24.6	24.6	125.8	52.9	93.8	184.6	42.0	556.8	556.8
1 Standard Error	%	9.8	9.8	45.0	22.1	35.6	92.9	14.8	124.4	248.9

P.1/1

NO.555

SLOCAN VALEMOUNT

DEC 28 2003 10:03AM

FNR 2013-000-0000





File: 19460-46/K1H CP 995

REGISTERED

May 30, 2012

Marc von der Gonna  
General Manager  
McBride Community Forest Corporation  
PO Box 519  
McBride, British Columbia  
V0J 2E0

Dear Mr von der Gonna:

**Re: McBride Community Forest Corporation – *Forest Act* section 105.2 Determination**

This is further to my letter dated January 30, 2012 offering you an opportunity to be heard (OTBH) and McBride Community Forest Corporation's ("McBride") OTBH hearing on March 8, 2012 respecting the Ministry of Forests, Lands, and Natural Resource Operations' ("the Ministry") request that I direct a redetermination of the stumpage rate that applied to Cutting Permit 995, issued to McBride in 2004. I have now made my determination in this matter, as described below.

**AUTHORITY**

I have been designated as an official by the Minister of Forests, Lands, and Natural Resource Operations with the discretion to direct a stumpage rate redetermination under section 105.2 of the *Forest Act*.

**LEGISLATION**

**Correcting stumpage rates where inaccurate information was provided**

**105.2 (1)** If, in the opinion of an official designated by the minister, a stumpage rate, whether still in effect or expired, is or was in error because it was determined, redetermined or varied under section 105 (1) based on

(a) inaccurate information, or

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(b) information generated using inaccurate information

that was submitted by or on behalf of the holder of an agreement referred to in that section, the official may direct that the stumpage rate be redetermined under that section

(c) taking new information into account only to the extent necessary to correct the error, and

(d) in accordance with the minister's policies and procedures that were in effect at the time of the determination, redetermination or variation of the stumpage rate.

(2) The stumpage rate as redetermined in accordance with subsection (1)

(a) is deemed to have taken effect on the date on which the erroneous stumpage rate took effect, or

(b) takes effect on the intended effective date for the erroneous stumpage rate if that erroneous rate is not in effect on the date of the redetermination.

## ISSUES

The following issues are relevant to this matter:

1. Was the stumpage rate that applied to Cutting Permit 995, issued to McBride in 2004, in error as a result of being based on inaccurate information submitted by or on behalf of McBride?
2. If so, should I exercise my discretion in favour of directing that the stumpage rate be redetermined under section 105 (1) of the *Forest Act*?

## DETERMINATION

After considering all the evidence presented to me, and for the reasons presented below, it is my determination that:

1. The stumpage rate that applied to Cutting Permit 995, issued to McBride in 2004, was in error as a result of being based on inaccurate information submitted by or on behalf of McBride.
2. I should not exercise my discretion in favour of directing that the stumpage rate be redetermined under section 105 (1) of the *Forest Act*.

The rationale for my decision is set out below.

## SUMMARY OF THE EVIDENCE

### ISSUE ONE – WAS THE STUMPAGE RATE IN ERROR BECAUSE IT WAS BASED ON INACCURATE INFORMATION?

## MINISTRY EVIDENCE AND ARGUMENT

Ministry staff submitted a detailed decision note and accompanying binder of material outlining why the information submitted by Mr von der Gonna on behalf of McBride was inaccurate and the reasons why the stumpage rate that applied to Cutting Permit 995 should be redetermined. Staff submit that McBride significantly underpaid stumpage on approximately 6,000<sup>m</sup> of green sawlogs scaled in 2004 and 2005. Depending on which calculations are used, if I direct a reappraisal of CP 995, McBride will be required to pay additional stumpage of between approximately \$100,000 and \$400,000.

### Interpretation of section 105.2

The Ministry submits that under section 105.2, the accuracy of information can be determined at any time after it is submitted and should not be assessed against a standard fixed at a particular point in time. In other words, whether or not the information is accurate at the time of submission is not the determining factor. What is relevant is whether or not the information is capable of producing an error-free stumpage rate in accordance with the Interior Appraisal Manual (IAM). According to this interpretation, if information produces a rate that is in error, it may be subject to reappraisal under section 105.2.

Staff note that McBride's plans to harvest by methods different from the original appraisal submission were in place *before* the stumpage rate was determined. Thus, even if the date the stumpage rate is determined is the key date for assessing accuracy, staff say the submitted information was inaccurate on that date. They contend that these changes should have been identified in an amended appraisal submission before the rate was determined.

### Section 105.2 versus changed circumstance reappraisals

The Ministry submits that a section 105.2 reappraisal can apply to the same circumstances as a changed circumstance reappraisal. It notes that section 105.2 pre-dates the changed circumstance provisions in the IAM by about 2 years and that the changed circumstance provisions were created to deal in an administratively efficient way with certain types of situations, leaving section 105.2 for particular situations where the administrative mechanism cannot be used effectively.

The Ministry argues that the presumption in statutory interpretation against redundancy, which McBride says applies in respect of this overlapping administrative mechanism, is a rebuttable presumption and does not apply in relation to section 105.2 and the IAM provisions, largely because the Manual is subordinate to the Act, and the remedies are applied to different situations.

Staff note that in the case of CP 995, because it was pre-2004, Ministry policy supports the use of section 105.2 to correct inaccuracies attributable to changed circumstances after the original rate determination, given that the *Canfor* decision and subsequent legislative changes now preclude effective use of the changed circumstance provisions for that purpose. The Ministry also notes that the changed circumstance provisions in the IAM would have allowed for correction of the appraisal data only in respect of the change in harvest method; the change in

volume and species composition would not have been within the ambit of a changed circumstance reappraisal.

### **Stumpage rate in error due to inaccurate information**

Ministry staff believe that the stumpage rate for CP 995 is in error due to the inconsistency between what was submitted in the appraisal data work sheet (ADS) and what actually occurred on the ground

- The December 3, 2003 ADS was a full appraisal, based on comparative cruise data. It specified that 2,000 m<sup>3</sup> (500 m<sup>3</sup> Fir, 1500 m<sup>3</sup> Spruce) was the total volume to be harvested (the maximum permitted in an appraisal using a comparative cruise) over an area of 20,795 hectares, and that the harvesting method was to be 100% helicopter. The ADS did not include silviculture costs, consistent with the proposed harvesting system.
- There is no disagreement between the parties that CP 995 was harvested using 100% ground based skidding rather than heli-logging.
- The harvest notifications submitted by McBride indicate that its plans were to use ground based skidding.
- In meetings with Regional staff in 2009 and 2010, Mr von der Gonna never disputed that McBride had used 100% ground-based harvesting systems under CP 995, and had not helicopter logged at all.

### **MCBRIDE'S EVIDENCE AND ARGUMENT ON ISSUE ONE**

McBride also submitted a detailed written submission and accompanying binder of material, in addition to oral submissions, outlining the reasons why the stumpage rate that applied to Cutting Permit 995 was not in error and should not be redetermined.

#### **Interpretation of section 105.2**

McBride submits that section 105.2 should be applied only when there is an inaccuracy in the information at the time of submission. In this case McBride contends that the information was accurate when it was submitted because the ADS reflected the harvesting that McBride planned to do at that time. It was only after the information was submitted that McBride changed its plans from 100% helicopter logging to skidder logging, and made other changes related to species and volume. McBride says that changes occurring after the initial submission are intended to be caught by the changed circumstance provisions of the IAM, not by section 105.2.

#### **Section 105.2 versus changed circumstance reappraisals**

McBride argues that the presumption against redundancy in statutory interpretation requires that the changed circumstance provisions of the IAM and section 105.2 be interpreted as mutually exclusive remedies. McBride says that applying section 105.2 to changed circumstance situations would render the changed circumstance provisions in the IAM superfluous. That is, if

a change in circumstance after the appraisal is submitted creates an inaccuracy for the purposes of section 105.2, then there would be no need for the changed circumstance provisions in the Manual. The Ministry could simply re-determine the rate under section 105.2. McBride notes that it is a well accepted principle of statutory interpretation that an interpretation which renders a legislative provision mere surplusage should be rejected.

McBride also points out that the Ministry cannot retroactively change the stumpage rate as the result of a changed circumstance on cutting permits issued prior to July 23, 2005, which would effectively prevent it from doing a changed circumstance reappraisal on CP 995.

McBride submits that combining the proposed tonewood permit with the proposed special forest products permit resulted in a changed circumstance which gave the District an opportunity to reappraise stumpage at the time the permits were combined, but the Ministry chose not to. McBride argues that the Ministry cannot now apply section 105.2 after the fact, having missed the opportunity to apply the changed circumstance provisions.

### **Stumpage rate in error due to inaccurate information**

McBride submits that the stumpage rate was not based on inaccurate information and so was not in error under section 105.2. Although McBride concedes that the rate did not reflect activities on the ground, McBride does not consider the information on which the rate was based to be inaccurate because that information reflected its plans at the time it was submitted and was therefore accurate at the time it was submitted.

## **ISSUE TWO – SHOULD I DIRECT A REDETERMINATION OF THE STUMPAGE RATE IF I AM SATISFIED IT WAS IN ERROR?**

### **MINISTRY'S EVIDENCE AND ARGUMENT**

Ministry staff contend that I should direct a redetermination of stumpage rates based on the following:

- The failure of McBride to correct the inaccurate information, knowing that the stumpage rate was artificially low, was unjustifiable. The duty to ensure the accuracy of the appraisal data prior to rate determination was the professional responsibility of Mr von der Gonna, and the duty to submit a changed circumstance reappraisal request was the legal responsibility of McBride; not the Ministry's, although the Ministry had a power of oversight.
- The defence of officially induced error does not apply as section 105.2 is not a penalty provision. The purpose of section 105.2 is simply to make the Crown whole, not to punish or lay blame on the licensee. As such, it does not make sense that officially induced error, a defence associated with penalty provisions, which typically operates to excuse persons from wrongdoing, should have any bearing on a decision under section 105.2, where no wrongdoing is alleged.

- Even if officially induced error were to apply to section 105.2 reappraisals, there is no evidence that anyone from the Ministry advised McBride that it could pay stumpage based on the original appraisal data without risk of redetermination. There was, rather, inadequate attention paid to this cutting permit at the District level. The Ministry says McBride took advantage of that oversight, which is quite different from saying that District staff induced the inaccuracy in the data.
- That District staff did not detect or do anything about the inaccuracy in the December 3, 2003 ADS should not excuse the licensee's failure to ensure the data were accurate. The Ministry has limited resources to verify the accuracy of appraisal data both at the time of submission and rate determination. Section 105.2 presumably exists precisely for the reason that there will inevitably be inaccuracies that slip through from lack of attention paid and thus a need for subsequent correction.
- The addition of authorization to harvest "special forest products" to CP 995—which Mr von der Gonna has said resulted from a combination of CPs 994 and 995, at the insistence of District staff—could not have caused the December 3, 2003 ADS to become inaccurate, as tabular stumpage rates apply to "special forest products".
- The accuracy of the ADS is a separate issue from whether District staff may have condoned or acquiesced in McBride's harvesting beyond the authority of CP 995. The decision was made by District Compliance & Enforcement not to pursue penalties against McBride for unauthorized harvest. The point in relation to section 105.2 is that McBride should have to pay accurate stumpage for whatever it did harvest, authorized or not.
- While the assessment of additional stumpage under CP 995 may have a significant financial impact on McBride, the Ministry does not generally concern itself with licensee profitability in applying existing legislation and policy on determining stumpage rates. The onus is on the licensee to ensure the appraisal data are accurate, so that it can make a realistic assessment of the economic viability of its operations on that basis, before it begins harvesting. If a licensee, having already carried out its harvesting, experiences an economic loss as a result of a section 105.2 direction, this may be an issue of professional negligence for the licensee to pursue against the forest professional who signed and sealed the ADS.
- While there was a period of delay by the Ministry in bringing the section 105.2 matter forward for decision, this has been to the benefit of McBride insofar as it, rather than the Ministry, has had the time value of the additional stumpage during the period of the delay. Interest will not begin to accrue on the additional stumpage unless and until the Ministry has actually re-determined the stumpage rate and issued replacement invoices, which to date it has not done.

For these reasons, Ministry staff do not see any compelling reasons for me to exercise my discretion in favour of McBride.

#### **MCBRIDE'S EVIDENCE AND ARGUMENT**



McBride requests that even if the stumpage rate for CP 995 is in error as a result of inaccurate information, I should not exercise my discretion to direct a redetermination of the stumpage rate. On behalf of McBride, Mr von der Gonna submitted the following:

- McBride acted in good faith at all times and kept the District informed of its harvesting activities throughout the life span of CP 995.
- The District represented to McBride that its harvesting activities were permissible.
- McBride contends that it was entitled to rely on the ministry's tacit approval of its harvesting activities. If the Ministry had issues with the harvesting activities during the life of CP 995 it should have communicated them, as regular harvest notifications were sent to the District. The Ministry cannot now, eight years after the fact, place blame on McBride for the District's lack of diligence with regard to CP 995.
- If the CP 995 was inaccurate in any sense, the inaccuracy was a direct consequence of the District's insistence on combining the proposed tonewood permit and the proposed special forest products permit. Had they not been combined CP 995 would have accurately reflected the total volume and species harvested under the permit. McBride acknowledges that the ADS would not have reflected the harvest method ultimately used, but this reflects a changed circumstance, not an inaccuracy.

## **DISCUSSION AND FINDINGS OF FACT**

### **WAS THE STUMPAGE RATE IN ERROR BECAUSE IT WAS BASED ON INACCURATE INFORMATION?**

The Ministry and McBride are far apart on how to interpret section 105.2. The key difference is the date on which information submitted to the government should be considered inaccurate for the purposes of the section. McBride submits that information can only be considered inaccurate as of the date of its submission. Further, McBride submits that whether the information is accurate or not depends on whether or not it is consistent with what the agreement holder intended to do at the time the information was submitted. The Ministry, on the other hand, submits that information can be deemed inaccurate at any time if it is incapable of producing an accurate stumpage rate in accordance with the provisions of the Appraisal Manual.

I agree with the Ministry's interpretation of section 105.2. The Act does not specifically state that accuracy can only be determined as of the date of submission, or on the basis of what the submitter planned to do as of that date. The provision says that if a stumpage rate is or was in error because it was based on inaccurate information, it can be corrected. The focus of section 105.2 is on the stumpage rate, the purpose being to ensure that correct stumpage rates are arrived at. A section 105.2 reappraisal direction cannot be given until *after* the stumpage rate has been determined and an official is satisfied that it is in error on the basis of inaccurate information. It stands to reason, therefore, that if information were corrected after it was submitted but before

the stumpage rate was determined, that information could *not* form the basis of a direction under section 105.2. The proper date to assess the accuracy of the information under section 105.2 therefore, cannot be the date of submission, but must, at the earliest, be the date on which the stumpage rate is determined. It is the accuracy of the information that is actually used in the stumpage rate determination that must be assessed, not the accuracy of the information on the date it was submitted. In this case, I accept as a fact that harvesting plans had changed prior to the date of the stumpage rate determination, rendering the ADS information inaccurate by that date.

After reviewing the information and considering the arguments submitted by both parties I find that the stumpage rate for CP 995 was in error because it was based on inaccurate information. The ADS clearly indicated that harvesting would be 100% helicopter logged. In reality, the blocks were 100% ground skidded. The stumpage rate was determined on the basis that the CP would be helicopter logged, which did not happen. The stumpage rate was therefore in error.

I do not support McBride's view that whether the information is accurate or not depends on whether or not it is consistent with what the agreement holder intended to do at the time the information was submitted. A stumpage rate cannot be determined based on what is or is not in the submitter's mind at the time of submission. That is not an objective standard on which to base a stumpage rate.

Nonetheless, I have no reason to believe that when the ADS was submitted McBride intended on doing anything other than helicopter logging. According to its submissions, McBride encountered conditions during harvest planning that permitted its contractors to harvest the timber using a different harvest method than had been indicated in the ADS. I do not believe, and do not find, that McBride had any intention to act in a deceitful way.

Finally, McBride contended that if circumstances change after submission of the ADS, a changed circumstance reappraisal must be used to correct the stumpage rate, not section 105.2. The Ministry argued that section 105.2 was enacted in 2003, and then in 2005 the Minister provided an overlapping mechanism in the Manual to create administrative efficiencies for dealing with certain types of changed circumstances. It is my view that the presumption against redundancy in legislation should not prevent these mechanisms from operating together in their respective roles. I find that where the administrative mechanism is not available, or for some reason cannot be used, section 105.2 can be used. That is the case here.

**SHOULD I EXERCISE MY DISCRETION AND DIRECT THAT THE STUMPAGE RATE BE REDETERMINED?**

There are several factors that influenced my decision on how to exercise my discretion in this case. Those factors are:

1. Time since the incident occurred,
2. The impact of a redetermination on McBride,
3. Lack of diligence by the District in dealing with the appraisal for CP 995,
4. Lack of diligence by the licensee,
5. The change in the IAM in Jan 2006 to apply tabular rates for sawlogs harvested from CFAs.



I considered these factors within the context of the operating environment at the time in the Robson Valley. The McBride Community Forest Pilot Agreement was issued by the District Manager in the Robson Valley Forest District in 2002. The District office in McBride was then closed in 2003 and became a part of the Headwaters District. I believe this is significant because during the early period of this tenure the two offices were being merged and staff were being reassigned to new duties.

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Prior to 2003, the McBride Forest District was part of the Prince George Forest Region and appraisals were administered from Prince George. With the reorganization, the District office was closed and the District became part of the Headwaters district in Clearwater. Appraisal administration was shifted to Kamloops.

The closure of the District office was a large upheaval in the community and at the time there was a strong local concern that not only would government jobs be lost but jobs associated with the former Small Business Forest Enterprise Program would be lost as well. This created, I believe, a strong desire in the local community for the Community Forest to succeed and preserve jobs. This strong desire for success in a small community contributed to a culture that was less rules-based and more flexible than would be found in other communities or other circumstances. I believe there is evidence of this by the inclusion of a statement by District staff about the purpose of a Community Forest. The following statement was made by Leon O'dette in an email to Marc von der Gonna on April 15 2004

"... As community Forest Agreements are reasonably new tenures the contract documents are intended to create "freedom to manage" within the legislated framework and we are prepared to review the documents on their anniversary (or earlier if required) to evaluate the intent and effectiveness".

An unfortunate term that I find implied to McBride that the licence offered more flexibility than was really available to them. This term seemed to have more significance with McBride than it was likely intended to. In their submission McBride indicated that the Community Forest Agreement was intended to provide McBride with "freedom to manage" the resources of the community forest. This same reference is repeated in Mr von der Gonna's affidavit to the Supreme Court (para. 29) where he indicates that CP 995 was drafted to provide McBride with "freedom to manage".

I take the repeated use of this term to indicate there was a belief by McBride and possibly some Ministry staff that the tenure offered considerable flexibility. I am not saying that this culture was a good or bad thing; it is just what I believe was part of the operating environment of the day in that community.

#### **1. Time Since Incident Occurred**

The original ADS submission occurred in December 2003 with a rate determined in April 2004. It is now May, 2012, a significant length of time for this matter to be left unresolved. There was a substantial delay between the time when the Ministry Regional staff became aware of the issue and the District followed up with an investigation into a possible section

105.1 contravention and a re-determination of stumpage under section 105.2. Though no timeline was submitted by either party my review of the files indicates the issue was first raised with the District in early 2006. Despite prompts from the Regional staff in 2007 and 2008 it was not until July 2009 that a rational was provided explaining why an investigation into a possible section 105.1 contravention was not being pursued.

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Acting Regional Executive Director, Madeline Maley made a determination in December, 2010 that the stumpage on CP 995 was in error and directed that it be redetermined. McBride petitioned the Supreme Court of BC to appeal Maley's decision in May 2011. The Ministry conceded that there may have been procedural problems related to the manner in which Ms. Maley's decision was made and agreed to send the matter back to a new decision-maker for redetermination. In January 2012 it was referred to me for a new determination. An OTBH was then held on March 8 2012. I find that on the whole the majority of the delays in bringing this file to the point where a determination could be made were caused by the Ministry. To go back now, approximately 8 years later, to change the stumpage rate, even though it was based on inaccurate information, would not be fair or reasonable.

## **2. Impact of Redetermination on McBride**

The McBride Community Forest is a small licensee. McBride has submitted that the redetermination of stumpage at this time would have a significant economic impact on the McBride Community Forest. If the stumpage rate had been originally determined using accurate information McBride likely would have made different harvesting choices and may have harvested different volumes and species.

## **3. Lack of Diligence by District Staff**

I also support McBride's submission that the actions by Ministry staff contributed to this rate not being corrected at an earlier date. When the District effected the combination of permits they should have been aware of the need for a reappraisal as soon as McBride started to submit harvest notifications with ground based harvesting systems. They should have been aware that the harvesting systems in the notifications were not what were included in the ADS. There was an admitted lack of diligence on the part of the District to monitor this permit. The Ministry also indicated that their intention was to review the CP in a year's time and the contract documents are intended to create a "freedom to manage within the legislated framework". There was no review completed in a year's time by either McBride or the Ministry.

## **4. Lack of Diligence by Licensee at the Time**

In Sept 2005 Ministry staff did request that Mr von der Gonna provide information on the amount of CP 995 that had been helicopter logged. Mr von der Gonna did not respond to that request. I find this particularly troubling. Clearly Mr von der Gonna should have been aware there was a problem with the appraisal for CP 995 and taken the necessary steps to provide the current and accurate information. Mr von der Gonna indicated that with the shift to tabular rates for CFAs he thought the stumpage concerns raised by Ms Hendry no longer were

being pursued.

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Ideally, when McBride knew it would not be heli-logging, among other changes, it should have contacted the Ministry to discuss the appropriate means to adjust the appraisal. The Ministry pointed out in its submissions, a changed circumstance reappraisal cannot occur until after the initial rate determination has been made. Because McBride was aware of the harvesting changes before the stumpage rate was determined, it should have corrected the ADS at that point. McBride conceded at the OTBH that it should have triggered a changed circumstance reappraisal once it learned that the circumstances giving rise to the original ADS had changed, after the rate had been determined. It is clear to me that Mr von der Gonna's apparent lack of understanding of the licensees' responsibility under the IAM was a major contributing factor in the stumpage rate not being corrected.

#### **5. January 2006 IAM Change**

In January 2006 the Interior Appraisal Manual was amended to apply table rates for sawlogs from Community Forest Agreements. This change affected my decisions in that I believe it was a contributing factor to McBride's lack of response to Ministry staff's inquiry about the amount of heli-logging that had occurred on CP 995. I don't believe that a lack of response was appropriate; I just believe that it was a contributing factor and caused, in part, by this amendment to the IAM.

None of these factors when viewed in isolation would be enough for me not to direct that the stumpage be redetermined. However when viewed together, and considered within the context of the operating environment in McBride during the 2003 – 2005 period they swayed me to decide that a redetermination of stumpage would not be appropriate in this case. The lack of diligence by the licensee to identify that there was inaccurate information used to determine the stumpage rate, though compelling, was not sufficient to counterbalance the other factors that led me to decide that the stumpage rate should not be redetermined.

#### **CONCLUSION**

After considering all the information submitted by McBride and the Ministry, whether specifically referred to here or not, it is my conclusion that a direction to redetermine the stumpage rate on Cutting Permit 995 should not be made. Having found that no redetermination should be done, it is not necessary for me to consider questions involving volume of timber or species for the purposes of a re-appraisal.

I appreciate the thorough submissions of both McBride and the Ministry in this matter.

Marc von der Gonna

## OPPORTUNITIES FOR REVIEW AND APPEAL

There are no opportunities for statutory review or appeal of my decision; however, it may be judicially reviewed under the *Judicial Review Procedure Act*. If you have any questions concerning my decision, you may contact me at 250 565 6102.

Yours truly,

A handwritten signature in black ink, appearing to read 'Bill Warner', with a stylized, cursive script.

W.J. (Bill) Warner. R.P.F.  
Regional Executive Director  
Omineca Region

cc: Jim Schafthuizen, Thompson/Okanagan Region Pricing and Tenures  
Murray Stech, Timber Pricing Branch  
John Huybers, District Manager Prince George Resource District  
Wayne Martin, Director, Pricing and Tenures, North Area

File: 19460-45 K1H CP 995

To: Forest Act Section 105.2 Investigation file: McBride Community Forest CP995

From: Mike Hall, Operations Manager, Headwaters Forest District

Re: **Rationale for not pursuing an Inaccurate Appraisal Investigation (Section 105.1 FA) and Unauthorized Harvest on (Section 52 of FRPA) Cp 995 of McBride Community Forest.**

Background:

I was made aware of an alleged non-compliance by Jim Schafthuizen on September 9, 2005, and then arranged a conference call with Jim Schafthuizen, Tracy Hendry, Bill Lougheed, and Jeff Fedyk and myself for September 12, 2005. The Compliance and Enforcement Supervisor and Tenures Field Supervisor were tasked with reviewing the details and determining the best course of action.

There were two alleged compliance issue.

- The licence had submitted an appraisal that focused on harvesting fir and spruce by helicopter. The reality was that harvesting occurred over full cross section of species, all by ground based methods. Submission of Inaccurate appraisal information alleged. FA Section 105.1.
- The CP 995 was issued using an appraisal volume of 2000 m3. At the time of the original notice from Jim S. the volume had exceeded 6000 m3. Unauthorized harvest was alleged. FRPA Section 52.

The two supervisors meet and reviewed the background and facts leading up to the 2 alleged non-compliances. The result was that the non-compliances could not move to investigation because the review revealed that the licensee had been open about their intent and district staff through their action and inactions had condoned the activity. What would occur was a data collection exercise to move to a possible reappraisal. This information was shared with Jim Schafthuizen on September 16, 2005.

I was involved with Jeff Fedyk around the discussion and can offer some additional specific information why the decision was supported not to investigate as a FA section 105.1 or FRPA 52 at this earlier time and to the present time.





Discussion: Forest Act Section 105.1

- The licensee had made it clear in e-mails after the issuance of the CP but prior to the appraisal rate determination, to the Field Supervisor of the day, of their intention to harvest various special forest products from various locations. Several appraisal issues were identified by district and regional staff that lead to local discussion between the Licensee and Field Supervisor with the outcome being issuance of the permit, supporting the licensee's submission. With this high degree of involvement it was clear that the likelihood of success on contravention for inaccurate submission was minimal. There was very strong evidence of Officially Induced Error.
- In the earliest review, once it was decided that no FA Sec 105.1 would be pursued, C&E was tasked with gathering additional information on where, when and how the harvesting occurred on CP 955. This information would help determine next steps. This information was shared with Regional Valuation and tenures staff on February 3, 2006.
- On June 29, 2006 the district tenure staff completed an extensive file and information review and recommended that they initiated a FA section 105.2 immediately to make the crown whole. They also suggested C&E revisit the FA section 105.1 issue.
- My view on the FA section 105.1 remained unchanged and with the tenures team moving forward with a FRPA section 105.2, removing any revenue loss this further supported and mitigated any necessity for a FA Sec 105.1.

Discussion: Forest and Range Practices Act Section 52

- The over cutting and potential unauthorized harvest also identified that the practice had been accepted but also identified additional mitigations:
  - The tenure was area based and the additional harvesting affected no other licensees or values and caused no environmental damage.
  - All blocks would have been acceptable under a separate harvest authority within the Community Forest.
  - With a resetting of rates through the FA 105.2 process there was no revenue loss.
  - The licensee was forthcoming with information requested.It was decided that the over harvest of the appraisal limit would be accepted. No additional C&E involvement necessary.
- In conducting this review I further confirmed my original determination that the over harvesting of the appraisal limit was tolerated. At cutting permit expiry the total volume harvested was 20,732 m3.

Submitted July 17, 2009

R.M.Hall