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Document name: G:\Workgrp\Timber\LOUIS\A57077\transferextensionletter.doc LG

Contact: Louis Gagné, Tenures Specialist, Northern Interior Forest Region, 250-565-6163

Date typed: 2005/10/03 Date last saved: 2005/10/04 1:15 pm

File: 19510-25/A57077

OCT 7 - 2005

Gord Gunson, Woods Manager
West Fraser Mills Ltd.
PO Box 3130
Smithers, British Columbia
V0J 2N0

Dear Gord Gunson:

Thank you for your letter of May 18, 2005, where you request an extension to the transfers of cutting rights currently approved for FL A57077 from the Bulkley Timber Supply Area (TSA) to high priority beetle management areas in the Lakes TSA. The transfers were approved pursuant to Section 18 of the *Forest Act*.

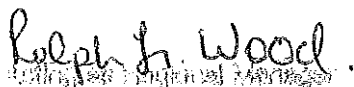


Given that the district managers of the Nadina and Skeena Stikine Forest Districts support this request and that there were no issues raised by the First Nations groups during the consultation period, I hereby approve an extension to the currently approved transfers to March 31, 2007, as requested.

The harvest principles supporting the approved transfers will continue to apply during this extension.

If you have any questions regarding this extension, please contact Louis Gagné, Tenures Specialist, Northern Interior Forest Region, at (250) 565-6163.

Yours truly,



W.J. (Bill) Warner, R.P.F.
Regional Manager
Northern Interior Forest Region

Page 1 of 2

Ministry of Forests and
Range
and Ministry Responsible
for Housing

Northern Interior Forest Region

Location:
5th Floor, Plaza 400
Prince George, BC

Mailing Address:
1011 4th Ave
Prince George, BC V2L 3H9

Tel: (250) 565-6100
Fax: (250) 565-6671

FNR-2012-00164
Page 1 of 49

- c: Jim Langridge, Director, Resource Tenures and Engineering Branch
Mark Vieweg, District Manager, Nadina Forest District
Barry Smith, District Manager, Skeena Stikine Forest District
Louis Gagné, Tenures Specialist, Northern Interior Forest Region
- bpc: Rob Weeks, Timber Administration Technician, Northern Interior Forest Region
Chris Marsh, Tenures Specialist, Northern Interior Forest Region
Note: please update FTA and commitment table accordingly.

**Ministry of Forests and Range
and Ministry Responsible for Housing
BRITISH COLUMBIA FOREST SERVICE
BRIEFING NOTE**

File: 280-20/90982
19510-25/A57077

I PREPARED FOR:

Bill Warner, Regional Manager, Northern Interior Forest Region, **-FOR DECISION**
(as prepared by Louis Gagné, Tenures Specialist, Northern Interior Forest Region)

II ISSUE:

West Fraser Mills Ltd.-Pacific Inland Resources Division's (PIR) request of May 18, 2005, for extension of their transfer of cutting rights for Forest Licence (FL) A57077 from the Bulkley Timber Supply Area (TSA) to control bark beetle within the Lakes TSA under Section 18 of the *Forest Act*.

III BACKGROUND:

This briefing note is to request the regional manager's approval of the above extension under the authority of Section 18 of the *Forest Act*.

The minister has delegated his authority to approve transfers of cutting rights for beetle management under Section 18 of the *Forest Act* to the regional managers in July 2004.

PIR is the licensee of FL A57077, a non-replaceable forest licence issued September 1, 1998, with an allowable annual cut (AAC) of 185 000m³ and a term of 10 years within the Bulkley TSA. They have a primary processing facility located in Smithers, British Columbia. One of the key objectives of this licence is to utilize marginal sawlog and pulp timber stands in accordance with current utilization standards.

On November 7, 2001, the Minister of Forests approved a temporary transfer of cutting rights for FL A57077 from the Bulkley TSA to the Emergency Bark Beetle Management Area (EBBMA) in the Lakes TSA. The transfer was approved under Section 18 of the *Forest Act* for a volume of 300 000m³ per year and a period of two years effective November 7, 2001. On May 30, 2002, the Minister of Forests extended this approval for an additional year and a volume of 300 000m³ to expire November 6, 2004.

On January 24, 2004, the Minister of Forests approved an additional transfer of cutting rights (beetle management) for 300 000m³ per year, for two years from the Bulkley TSA to the EBBMA in the Lakes TSA, pursuant to Section 18 of the *Forest Act*. This transfer is to expire on November 6, 2006.

On May 18, 2005, PIR has requested an extension to their current transfers from November 6, 2006, to March 31, 2007. A copy of PIR's letter is attached in Appendix 1 for your information. The extension request does not require additional volumes, only more time for completion of the existing approvals. The extension would allow for an additional winter harvest season and provide more flexibility to manage cutting permit

West Fraser Mills Ltd.-Pacific Inland Resources Division's (PIR) request of May 18, 2005, for extension of their transfer of cutting rights for Forest Licence (FL) A57077 from the Bulkley Timber Supply Area (TSA) to control bark beetle within the Lakes T

volumes which are subject to take or pay policies. As per the minister's delegation of authorities of July 2004, the regional manager now has the authority to make the decision on this extension.

PIR has logged approximately 765 000m³ under these transfers as of May 2005. They plan on harvesting another 300 000m³ from the Lakes TSA prior to March 31, 2007. So even at the end of the proposed expiry date they will still be quite short of the approved volumes (1.5 million cubic metres).

PIR expects to harvest approximately 150 000m³ during the extension period and have provided a map of the proposed operating area for that volume. The map was used for the First Nations consultation process.

The district managers of the Skeena Stikine and Nadina Forest Districts both support this extension.

First Nations Consultation Summary

The Nadina Forest District directed consultation efforts to the five First Nation groups who have asserted traditional territories over the proposed operating area for the extension. These groups are the Skin Tyee Band, Nee Tahi Buhn Band, Office of the Wet'suwet'en, Wet'suwet'en First Nation and Cheslatta Carrier Nation.


During the 60 day period of the consultation, no comments were received from the First Nations groups. District staff followed ministry standards for consultation and are satisfied that adequate consultation did occur with the First Nations who could be potentially affected by this proposed extension.

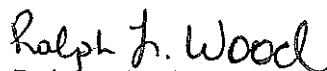
A summary report of the consultation is attached in Appendix 2 for your information.

IV DISCUSSION:

On a forest management point of view, the extension has positive benefits as it allows one more winter harvest season for PIR to recover the approved volumes in high priority beetle management areas. PIR is an established licensee and needs this volume for their primary sawmill in Smithers therefore this transfer does not amplify the glut of beetle attacked fibre supply in the mills located in the Prince George and Lakes TSA's.

V OPTIONS:


APPROVED / NOT APPROVED 05-10-07
Date
W.J. (Bill) Warner, R.P.F.
Regional Manager
Northern Interior Forest Region


Ralph Wood, R.P.F.
Manager, Operations
Northern Interior Forest Region

October 5, 2005

Attachment(s): 1) Copy of extension request from PIR
2) First Nations consultation summary report
3) Response letter to licensee

APPENDIX 1



Pacific Inland Resources

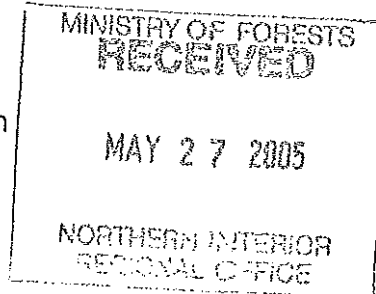
A Division of
West Fraser Mills Ltd

Box 3130
Smithers, B.C.
Canada V0J 2N0

Telephone (250) 847-2656
Fax (250) 847-5520

May 18, 2005

Regional Executive Director
Northern Interior Forest Region
Ministry of Forests
1011 4th Ave.
Prince George, B.C.
V2L 3H9



Attn: Bill Warner, Regional Executive Director

Re: Extension of Transfer of F.L. A-57077 to the Lakes TSA

Dear Bill:

This letter is with regard to the transfer of volume associated with Forest License A-57077 from the Bulkley TSA to the Lakes TSA. The transfer at present involves 300,000m³ for 5 years (1,500,000m³ total) and is intended to aid in the salvage of mountain pine beetle infested timber volumes. The transfer was initiated on November 7, 2001 and expires November 6, 2006. To date the transfer has been successful in terms of concentrating harvest potential on infested volumes and increasing the infested percentage of volume being consumed by our Smithers sawmilling facility.

To allow for flexibility and time to accommodate the harvest of infested pine, Pacific Inland Resources requests an extension of the expiry of the transfer from the current date of November 6, 2006 to March 31, 2007.

The extension of the term of the transfer allows:


- a suitable expiry date at the end of the winter harvest season (as opposed to the November 6 date which disallows cutting permit completion in a winter season)
- flexibility to manage cutting permit volumes which are subject to take or pay policies

Pacific Inland Resources is not requesting an increase in the transfer volume at this time, our request is solely to extend the termination date of the transfer for efficiency and administrative reasons.

Initial discussions with Mark Viewig and Barry Smith indicate support for this request. Pacific Inland Resources' continued operation in the Lakes TSA is subject to appropriate timber being available and economical as well as our ability to manage Bulkley TSA infested volumes with our other tenures.

Thank you for your consideration of this issue. We look forward to receiving your reply in the near future.

Yours truly,


for Gord Gunson
Woods Manager

pc Mark Viewig, R.P.F., District Manager, Nadina Forest District
Barry Smith, R.P.F., District Manager, Skeena-Stikine Forest District

APPENDIX 2



File: 10350-60/PIR

September 30, 2005

Louis Gagne, R.P.F
Tenures Specialist
Northern Interior Forest Region
1011 4th Avenue
Prince George, British Columbia
V2L 3H9

Dear Louis Gagne:

Included within this letter is the consultation summary for the Forest License A57077 extension request for Pacific Inland Resources.

The Nadina Forest District directed consultation efforts over a 60 day period with the five First Nation groups who claim aboriginal interests in the license area. These groups were the Skin Tyee Band, Nee Tahi Buhn Band, Office of the Wet'suwet'en, Wet'suwet'en First Nation and Cheslatta Carrier Nation. Following is the timeline and consultation efforts for this referral.



Date	Comments
July 4, 2005	An initial referral letter was sent to the First Nation's: Skin Tyee Band, Nee Tahi Buhn Band, Office of the Wet'suwet'en, Wet'suwet'en First Nation and Cheslatta Carrier Nation.
July 8, 2005	Sent a follow up fax to all five First Nation's regarding this referral.
July 22, 2005	Attempted to contact the First Nation's by phone and left messages regarding this referral to all five groups.
August 15, 2005	Sent a follow up fax to all five First Nation's regarding this referral.
September 2, 2005	Attempted to contact the First Nation's by phone and left messages regarding this referral to all five groups. Did speak to Stephan Schug from the Office of the Wet'suwet'en and he did comment that the chief's did have concern with the ecosystem, vegetation, plants and berries. I did speak with Skin Tyee Band and they had no comments at this time.

Page 1 of 2

Louis Gagne

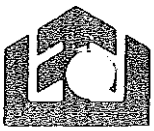
Throughout the consultation period the Nadina Forest District did not receive any requests for a meeting. We are satisfied that adequate consultation did occur with the First Nations who could be potentially affected by the issuance of the Forest License extension request for A57077.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sharon Marr', with a stylized flourish at the end.

Sharon Marr
Tenures/First Nation's Forester
Nadina Forest District

APPENDIX 3



Pacific Inland Resources

A Division of
West Fraser Mills Ltd

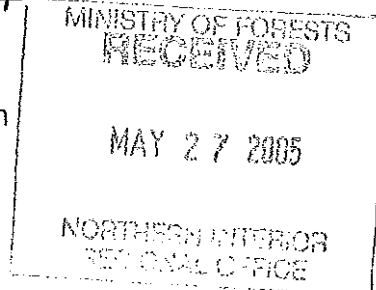
Box 3130
Smithers, B.C.
Canada V0J 2N0

Telephone (250) 847-2656
Fax (250) 847-5520

May 18, 2005

File: 19510-25 / A57077

Regional Executive Director
Northern Interior Forest Region
Ministry of Forests
1011 4th Ave.
Prince George, B.C.
V2L 3H9



Attn: Bill Warner, Regional Executive Director

Re: Extension of Transfer of F.L. A-57077 to the Lakes TSA

Dear Bill:

This letter is with regard to the transfer of volume associated with Forest License A-57077 from the Bulkley TSA to the Lakes TSA. The transfer at present involves 300,000m³ for 5 years (1,500,000m³ total) and is intended to aid in the salvage of mountain pine beetle infested timber volumes. The transfer was initiated on November 7, 2001 and expires November 6, 2006. To date the transfer has been successful in terms of concentrating harvest potential on infested volumes and increasing the infested percentage of volume being consumed by our Smithers sawmilling facility.

To allow for flexibility and time to accommodate the harvest of infested pine, Pacific Inland Resources requests an extension of the expiry of the transfer from the current date of November 6, 2006 to March 31, 2007.

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- flexibility to manage cutting permit volumes which are subject to take or pay policies

Pacific Inland Resources is not requesting an increase in the transfer volume at this time, our request is solely to extend the termination date of the transfer for efficiency and administrative reasons.

Initial discussions with Mark Viewig and Barry Smith indicate support for this request. Pacific Inland Resources' continued operation in the Lakes TSA is subject to appropriate timber being available and economical as well as our ability to manage Bulkley TSA infested volumes with our other tenures.

Thank you for your consideration of this issue. We look forward to receiving your reply in the near future.

Yours truly,


for Gord Gunson
Woods Manager

pc Mark Viewig, R.P.F., District Manager, Nadina Forest District
Barry Smith, R.P.F., District Manager, Skeena-Stikine Forest District



File: 10350-60/PIR

September 30, 2005

Louis Gagne, R.P.F
Tenures Specialist
Northern Interior Forest Region
1011 4th Avenue
Prince George, British Columbia
V2L 3H9

Dear Louis Gagne:

Included within this letter is the consultation summary for the Forest License A57077 extension request for Pacific Inland Resources.

The Nadina Forest District directed consultation efforts over a 60 day period with the five First Nation groups who claim aboriginal interests in the license area. These groups were the Skin Tyee Band, Nee Tahi Buhn Band, Office of the Wet'suwet'en, Wet'suwet'en First Nation and Cheslatta Carrier Nation. Following is the timeline and consultation efforts for this referral.



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Page 1 of 2

Ministry of
Forests and Range
Ministry Responsible for Housing

Nadina Forest District

Location:
185 Yellowhead Hwy,
Burns Lake, BC

Mailing Address:
Box 3500
Burns Lake, BC V0J 1E0

Tel: (250) 692-2200
Fax: (250) 692-7461

FNR-2012-00164
Page 15 of 49

Louis Gagne

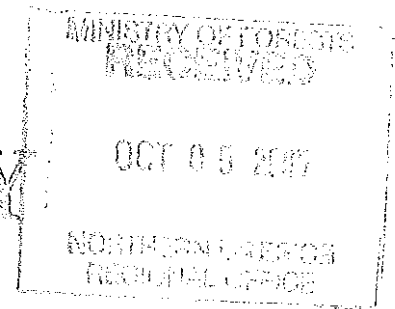
Throughout the consultation period the Nadina Forest District did not receive any requests for a meeting. We are satisfied that adequate consultation did occur with the First Nations who could be potentially affected by the issuance of the Forest License extension request for A57077.

Yours truly,

A handwritten signature in black ink, appearing to read 'Sharon Marr', with a stylized flourish at the end.

Sharon Marr
Tenures/First Nation's Forester
Nadina Forest District

COPY



File: 10350-60/PIR

July 4, 2005

Office of the Wet'suwet'en
205 Beaver Road, Suite 1
Smithers, British Columbia
V0J 2N1

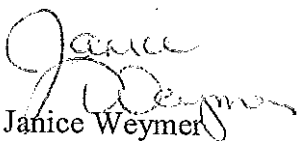
Dear Andrew George:

The following information is to inform you that Pacific Inland Resources (PIR) has requested a harvest extension on the Non-Replaceable Forest License A57077 within the Lakes Timber Supply Area (TSA). The attached map shows this area just south of Takysie Lake and north of the Cheslatta River. Currently the approved expiry date is November 6, 2006, and PIR would like to extend this date to March 31, 2007, to provide an additional winter to harvest the approved 150,000 m³ beetle wood.



If your office wishes to request a meeting and discuss this referral with the Nadina Forest District, or are aware of any cultural heritage sites within this area, consultation arrangements can be facilitated by contacting the undersigned at (250) 692-2200. If your office requests that the licensee attend, an invitation to attend this meeting will be extended from our office to the licensee. If your office chooses to send written comments about this referral, please forward them by mail, or fax to the Nadina Forest District office attention John Illes.

Yours truly,


Janice Weymer
First Nation's Program Clerk
Nadina Forest District

Gagne, Louis L FOR:EX

From: Gagne, Louis L FOR:EX
Sent: Tuesday, June 28, 2005 11:48 AM
To: Weymer, Janice M FOR:EX
Cc: Illes, John S FOR:EX; Robertson, Linda G FOR:EX; Baumbach, Rod FOR:EX; 'dave.ripmeester@westfraser.com'
Subject: FW: FLA57077 Extension Request

Thanks Janice for looking after this for us. It will most likely save us some time. Here are some answers to your questions plus some pertinent information to go into the letter:

1) FL A57077-non replaceable forest licence-licensee is PIR-AAC is 185 000m³/yr. and term is 10 years effective September 1, 1998.

2) Beetle transfers under Section 18 of the Forest Act (from the Bulkley TSA to the Lakes TSA) have been approved between November 2001 to November 2006 for a total volume of 1.5 million m³.

3) PIR has logged app. 765 000m³ to date under those transfers and expects to log another 300 000m³ from the Lakes TSA prior to March 31, 2007. So even at the end of the new expiry date they will still be quite short of the approved volumes.

4) Currently the approved expiry date of the beetle transfers is November 6, 2006 and PIR would like to extend that date to March 31, 2007, to provide an additional winter to harvest the approved volumes, i.e. no additional volumes requested. PIR expects to harvest app. 150 000m³ during that additional winter and they have provided a map of the operating area where this volume would come from. The bands with asserted territories covering that area should be consulted.

5) The timeline for the consultation should be 60 days in my opinion. We have time and there most likely will be some bands with FRA's in that area which require that period. You can get more advice on this from Linda Robertson if needed.

6) We usually don't put licensee contacts in those letters unless we absolutely need to, don't we? As discussed, your district contact could be John Illes because he is familiar with that file I assume but it is ultimately the district to decide that person.

I think that pretty well covers it without getting into too much detail. If you or John have any questions, feel free to contact me before the end of this week.

Regards,
Louis Gagné, R.P.F.

- **Tenures Specialist**
- **Northern Interior Forest Region**
- **(250) 565-6163 Fx: (250) 565-6671**

Email to: Louis.Gagné@Gems5.Gov.BC.CA

-----Original Message-----

From: Weymer, Janice M FOR:EX
Sent: Tuesday, June 28, 2005 9:31 AM
To: Gagne, Louis L FOR:EX
Subject: RE: FLA57077 Extension Request

Good morning Louis. I spoke with Sharon and John this morning regarding this referral and if you like we can proceed with this referral S22 However I was wondering if you could forward me some more information concerning the referral.

Information concerning this referral::

License A57077 held by Pacific Inland Resources for 300,000 m3 within the Nadina Forest District

Is there a specific timeline for this referral?

Contact name and number from PIR and MoF (would this be John Illes)

Is there any other specific information that needs to be included with the letter we send out?

When we have all the information we need we will go ahead and send out the letters and start the referral process here at our office.

Thanks, and talk to you soon.

Janice Weymer

First Nations Program Clerk

Nadina Forest District

email: Janice.Weymer@gems8.gov.bc.ca

(250) 692-2205

(250) 692-7461

-----Original Message-----

From: Gagne, Louis L FOR:EX

Sent: June 27, 2005 4:16 PM

To: Weymer, Janice M FOR:EX

Cc: Illes, John S FOR:EX

Subject: FW: FLA57077 Extension Request

Hi,Janice.At some point in the near future we need to get a consultation process going.I will not be able to get the letters completed this week and S22

S22 Some options:

1) S22 I complete the letters then.

2)district staff would volunteer to do the initial letters.

3)i can ask Rod Baumbach to assign this to somebody else S22 but from emails note going back and forth today it may be hard to find somebody that has the time during this favorite holiday period (he can still try).

Let me know what the district would feel most comfortable with and we go from there.Thx.

Regards,

Louis Gagné, R.P.F.

- Tenures Specialist
- Northern Interior Forest Region
- (250) 565-6163 Fx: (250) 565-6671

Email to: Louis.Gagné@Gems5.Gov.BC.CA

-----Original Message-----

From: Dave Ripmeester [mailto:Dave.Ripmeester@westfraser.com]
Sent: Monday, June 27, 2005 9:54 AM
To: Gagne, Louis L FOR:EX
Cc: Barry Smith; Vieweg, Mark FOR:EX; Tim Penninga
Subject: FLA57077 Extension Request

Louis,

Further to your June 15/05 e-mail, following is a summary of the volume remaining on the license and attached is a map of the area that the volume will be drawn from for the later part of the transfer. John Illes of the Nadina District indicated that there was 567,943 m3 remaining on FLA57077. PIRs information indicates that 577,353 m3 remains on this license. As I mentioned in a previous e-mail the remaining volume associated with the license will not be drawn entirely from the Nadina District. Approximately 300,000 m3 will be removed in the Nadina from now until March 31, 2007 - with 150,000 m3 coming from the area shown on the attached map. The other 150,000 m3 has been shown in previous consultation and FDP amendments and is in approved cutting permits or has been layed out and is in the CP submission process. The attached map is intended for printing at 8.5 x 11 as requested.

If you have any further questions please contact me

Dave Ripmeester, R.P.F.
 Forestry Supervisor
 West Fraser Mills Ltd.
 Pacific Inland Resources Division
 Phone: 250-847-2656
 Fax: 847-5520
 E-mail: Dave.Ripmeester@westfraser.com

 This e-mail message and any attachments are confidential. Any dissemination or use of this information by a person other than the intended recipient is unauthorized. If you are not the intended recipient, please notify me by return e-mail, do not open any attachment and delete this communication and any copy. Thank you

Gagne, Louis L FOR:EX

From: Gagne, Louis L FOR:EX
Sent: Tuesday, June 28, 2005 10:49 AM
To: 'dave.ripmeester@westfraser.com'
Cc: Weymer, Janice M FOR:EX; Illes, John S FOR:EX
Subject: FW: FLA57077 Extension Request

OK Dave. My main concern was to be sure we don't go overboard with what has been approved in beetle transfers and it looks like there is still lots of room.

Janice; i am forwarding you these notes to give you some background for the First Nations consultation letters. I will call you later this morning to further discuss.

Regards,
 Louis Gagné, R.P.F.

- Tenures Specialist
- Northern Interior Forest Region
- (250) 565-6163 Fx: (250) 565-6671

Email to: Louis.Gagné@Gems5.Gov.BC.CA

-----Original Message-----

From: Dave Ripmeester [<mailto:Dave.Ripmeester@westfraser.com>]
Sent: Monday, June 27, 2005 4:58 PM
To: Gagne, Louis L FOR:EX
Subject: RE: FLA57077 Extension Request

Louis,
 Some further clarification:

because this license commenced in 1998 - there was volume removed from FLA57077 from the Bulkley TSA before the transfer occurred. I have attached a spreadsheet which shows the location of the harvest on this license by year.

Of the remaining 577,353 m3, approximately 300,000 m3 will come from the Lakes TSA. So, in 2008 if all of the cut control volume is harvested on this license approx. 1,065,541 m3 will have originated in the Lakes and the remainder from the Bulkley.

Hopefully this clarifies things - if not give me a call

Dave Ripmeester, R.P.F.
 Forestry Supervisor
 West Fraser Mills Ltd.
 Pacific Inland Resources Division
 Phone: 250-847-2656
 Fax: 847-5520
 E-mail: Dave.Ripmeester@westfraser.com

>>> "Gagne, Louis L FOR:EX" <Louis.Gagne@gems5.gov.bc.ca> 6/27/2005 4:03:54 PM >>>
 Thanks Dave. The map should be fine. Just to confirm; there is 567 943m³

re: ...ing to be harvested from the 1.5 million approved in beetle transfers to ...?Which means that app. 922 647m³ has been harvested in the Lakes District since November 2001 (date of the first approval)?I will talk to district staff to set up a plan for the First Nations consultation.

Regards,
Louis Gagné, R.P.F.

* Tenures Specialist
* Northern Interior Forest Region
* (250) 565-6163 Fx: (250) 565-6671

Email to: Louis.Gagné@Gems5.Gov.BC.CA

-----Original Message-----

From: Dave Ripmeester [<mailto:Dave.Ripmeester@westfraser.com>]
Sent: Monday, June 27, 2005 9:54 AM
To: Gagne, Louis L FOR:EX
Cc: Barry Smith; Vieweg, Mark FOR:EX; Tim Penninga
Subject: FLA57077 Extension Request

Louis,

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The attached map is intended for printing at 8.5 x 11 as requested.

If you have any further questions please contact me

Dave Ripmeester, R.P.F.
Forestry Supervisor
West Fraser Mills Ltd.
Pacific Inland Resources Division
Phone: 250-847-2656
Fax: 847-5520
E-mail: Dave.Ripmeester@westfraser.com
<<mailto:Dave.Ripmeester@westfraser.com>>

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FL A-57077 SUMMARY TO MAY/05

Total Available 1,850,000

	Cut Control Volumes		
	Bulkley	Lakes	Total
1998	525	-	525
1999	84,133	-	84,133
2000	182,917	-	182,917
2001	165,694	-	165,694
2002	19,036	216,224	235,260
2003	39,487	242,802	282,289
2004	15,314	181,543	196,857
2005 YTD	-	124,972	124,972
Totals	507,106	765,541	1,272,647

Volume Remaining: 577,353

Gagne Louis L FOR:EX

From: Smith, Barry G FOR:EX
Sent: Thursday, June 16, 2005 9:48 AM
To: Gagne, Louis L FOR:EX
Cc: Braam, Rick FOR:EX; Madeley, Phil FOR:EX; Vieweg, Mark FOR:EX
Subject: RE: Beetle transfer extension request-FL A57077

Louis, DSS supports PIR's extension request.

-----Original Message-----

From: Gagne, Louis L FOR:EX
Sent: Mon, June 13, 2005 4:01 PM
To: Vieweg, Mark FOR:EX; Smith, Barry G FOR:EX
Cc: 'gord.gunson@westfraser.com'; Baumbach, Rod FOR:EX; Wood, Ralph FOR:EX
Subject: Beetle transfer extension request-FL A57077

Mark and Barry: attached is the May 18, 2005 request from West Fraser/PIR to extend the approved beetle transfer Bulkley to Lakes from November 6, 2006, to March 31, 2007. There are no additional volumes requested here, only the completion of the approved ones. This will require First Nations consultation (assume a two month process as was done recently in Vanderhoof). Before we go any further I would need the following information:

- 1) Mark and Barry: do you support this extension on a forest stewardship/forest health point of view?
- 2) Mark: assuming that you and Barry support this proposal, could you advise which area PIR will go to harvest the remaining volumes as of November 2006 and which bands will require consultation. If we proceed to consultation, could you discuss with me how the region/district will share the responsibilities (i.e. does district want to do the initial letter or would you prefer the region do them?)
- 3) Gord: can we get a summary of volumes harvested under the approved transfers;
 - a) to date
 - b) estimate to November 2006 (which should give us the estimated volume left for harvest between November 2006 and March 2007)

Thank you all. Please call me if you have any questions.

<< File: A57077transferextensionrequestMay18-05.pdf >>

Regards,

Louis Gagné, R.P.F.

- Tenures Specialist
 - Northern Interior Forest Region
 - (250) 565-6163 Fx: (250) 565-6671
- Email to: Louis.Gagné@Gems5.Gov.BC.CA

Gagne, Louis L FOR:EX

From: Marr, Sharon P FOR:EX
Sent: Wednesday, August 03, 2005 9:20 AM
To: Gagne, Louis L FOR:EX
Subject: RE: Beetle transfer extension request-FL A57077

Letters were sent out on July 4 (to Office of the Wet'suwet'en, Skin Tyee, Wet'suwet'en FN, Cheslatta and Nee Tahi Buhn). Reminder faxes were sent July 8 and follow-up phone calls made July 22. We have received/heard nothing from the FN to date.

Sharon Marr, R.P.F.
Tenures/First Nations Forester
Nadina Forest District
(p)250-692-2204 (f)250-692-7461

-----Original Message-----

From: Gagne, Louis L FOR:EX
Sent: August 3, 2005 9:02 AM
To: Marr, Sharon P FOR:EX
Subject: FW: Beetle transfer extension request-FL A57077

Hi, Sharon S22 maybe you can give me an update on where the district is at with this. Thx.

Regards,
Louis Gagné, R.P.F.
Tenures Specialist
Northern Interior Forest Region
Phone: (250) 565-6163 Fax: (250) 565-6671
Email to: Louis.Gagne@Gems5.Gov.Bc.Ca

-----Original Message-----

From: Gagne, Louis L FOR:EX
Sent: Tuesday, August 02, 2005 3:58 PM
To: Weymer, Janice M FOR:EX
Cc: Illes, John S FOR:EX
Subject: FW: Beetle transfer extension request-FL A57077

Hi, Janice. Just curious to see if district staff was able to send the initial consultation letters on this beetle extension?

Regards,
Louis Gagné, R.P.F.
Tenures Specialist
Northern Interior Forest Region
Phone: (250) 565-6163 Fax: (250) 565-6671
Email to: Louis.Gagne@Gems5.Gov.Bc.Ca

-----Original Message-----

From: Vieweg, Mark FOR:EX
Sent: Sunday, June 19, 2005 10:26 AM
To: Gagne, Louis L FOR:EX
Cc: Weymer, Janice M FOR:EX; Marr, Sharon P FOR:EX
Subject: RE: Beetle transfer extension request-FL A57077

Sorry, I'm late on this, Louis. I am in support of the transfer as outlined. You can send all FN consultation requirements through Janice Weymer.

Thanks

Mark Vieweg

District Manager
Nadina Forest District
Bag 3500
Burns Lake, B.C. V0J 1E0
Phone: (250) 692-2227
E-Mail: Mark.Vieweg@gems5.gov.bc.ca

-----Original Message-----

From: Gagne, Louis L FOR:EX
Sent: June 15, 2005 9:34 AM
To: 'Dave Ripmeester'
Cc: Vieweg, Mark FOR:EX; Smith, Barry G FOR:EX
Subject: RE: Beetle transfer extension request-FL A57077

Thanks Dave. Will you be able to produce a location map of those operating areas that we can use for First Nations consultation? A letter size pdf or jpg format showing the area within the forest district would be ideal but I leave it up to you.

Mark; I assume by your comments "the letter is fine" means that you support the extension. Please advise in the contrary.

Once we have the volume answers and the map we can get a first nations consultation process going.

Mark; who would be your district contact to discuss a workplan for this consultation?

Regards,
Louis Gagné, R.P.F.

- Tenures Specialist
- Northern Interior Forest Region
- (250) 565-6163 Fx: (250) 565-6671

Email to: Louis.Gagné@Gems5.Gov.BC.CA

-----Original Message-----

From: Dave Ripmeester [mailto:Dave.Ripmeester@westfraser.com]
Sent: Wednesday, June 15, 2005 7:24 AM
To: Gagne, Louis L FOR:EX
Cc: Vieweg, Mark FOR:EX; Smith, Barry G FOR:EX; Gord Gunson

Subject: Fwd: Beetle transfer extension request-FL A57077

Louis,

We were aware that you were going to ask these questions
The e-mail copied below was a request for District Manager support of the letter to Bill Warner on the extension request. A brief reply from Barry Smith and Mark Viewig is also copied below.

The area that we are planning to draw the volume from includes portions of the Dog Creek FSR and portions of the Braun FSR (generally north of the Cheslatta River and south of Takysie Lake).

I will gather the volume data in the next week or so - the volume associated with the extension request from the areas mentioned above will be approximately 150,000 m3. At March 31, 2007 if the extension is granted we will not have harvested the full 1.5 million m3 that was available. I will forward an approximation of the volume we expect to attain during the entire transfer in my next e-mail.

-----Original Message-----

From: Dave Ripmeester [mailto:Dave.Ripmeester@westfraser.com]
Sent: Wed, May 18, 2005 10:51 AM
To: Vieweg, Mark FOR:EX; Smith, Barry G FOR:EX
Subject: Extension of FLA57077 transfer to the Lakes TSA

Barry, Mark,

Attached is a draft letter to Bill Warner. The letter forms a request to extend the termination date of our Lakes transfer from Nov 6/06 to March 31/07. We are not requesting additional volume, only an extension in time to allow for a reasonable wrap up of our operations.
Please notify me if you have any concerns. If you are in agreement with the letter please send me an e-mail to that effect. I will then forward the letter to Bill. Thanks

Dave Ripmeester, R.P.F.
Forestry Supervisor
West Fraser Mills Ltd.
Pacific Inland Resources Division

Mark Viewig response:

The letter looks fine, Dave...thanks

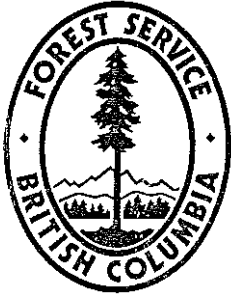
Barry Smith response: (letter was forwarded to Barry after he received the response)

Didn't get the attachment Dave, but we don't have any concerns with your request.

Dave Ripmeester, R.P.F.
Forestry Supervisor
West Fraser Mills Ltd.
Pacific Inland Resources Division
Phone: 250-847-2656
Fax: 847-5520
E-mail: Dave.Ripmeester@westfraser.com

APPENDIX 3

PRINCE RUPERT FOREST REGION



Facsimile Transmission Header
MINISTRY OF FORESTS

BAG 5000

3726 ALFRED AVENUE

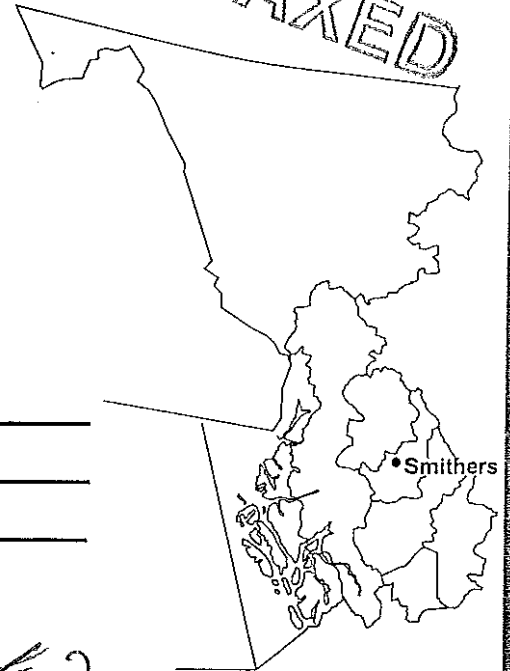
SMITHERS, BC

V0J 2N0

Phone: 250-847-7544

Fax: 250-847-7643

FAXED



To: Caroline Slydell

Location: _____

Fax: _____ Phone: _____

From: Gloria Kennedy - Operations Assistant

Date: May 28/02 Pages to Follow: 2

Response by June 10th

Attached ^{incoming} letter sent by email

Thanks
Gloria



Pacific Inland Resources

A Division of

West Fraser Mills Ltd

Box 3130
Smithers, B.C.
Canada V0J 2N0

Telephone (250) 847-2656
Fax (250) 847-5520

April 3, 2002

Regional Manager
Ministry of Forests
Prince Rupert Forest Region
Bag 5000
Smithers, B.C.
V0J 2N0

Attn: Norm Parry, Acting Regional Manager

Re: F.L. A-57077 Section 18 Transfer

Dear Norm:

In a November 7th, 2001 letter from the Minister of Forests, Michael DeJong, to Wayne Clogg, West Fraser Mills Ltd., Vice President Woodlands, a condition of the F.L. A-57077 Section 18 transfer was established as follows; "West Fraser and the Regional Manager will jointly review the effectiveness of, and continued need for, the transfer of F.L. A-57077." By means of this letter West Fraser Mills Ltd. Pacific Inland Resources Division expresses our intent to continue with the transfer.

The transfer of F.L. A-57077 was intended to facilitate the management of the Lakes District Mountain Pine Beetle infestation. We feel the transfer has been effective as represented by the following figures:

Volume approved under permit: 258,531m³
Volume delivered (to March 8/02): 111,091m³
Volume decked (to March 31/02): 50,495m³
Approximate Beetle Infestation Rate ~65-75%
(Note: the above figures are approximate values)

To make the transfer more viable economically, we request that the term of the transfer be extended from the current two year term to a three year term. The added year would enable some contractor investment in alternate harvesting equipment more suited to the Lakes District profile.

The continued success of the transfer of F.L. A-57077 is contingent upon timber pricing that recognizes the added costs of planning for, harvesting and hauling the beetle infested wood. Changes in timber pricing policy will necessitate re-evaluation of the transfer.

Norm NP
Phil M

*Phil, please prepare a response.
I am in favour of the extension
and agree it has been effective
in addressing beetle salvage.
Please confirm with Bob.M.*

Thanks
Norm

We would appreciate hearing from you in the near future regarding these matters.

Yours truly,

Pacific Inland Resources

A handwritten signature in black ink, appearing to read "Gord Gunson", written over a horizontal line.

Gord Gunson
Woods Manager

cg/GG

cc Bob Murray, Lakes Forest District, District Manager
cc Ray Schultz, Beetle Management Coordinator
cc Barry Smith, Bulkley/Cassiar Forest District, District Manager



Distribution: [Distribution List]

Document name: C:\DATA\Lakes Uplift\WF A57077 amend cover.doc p

Contact: [Contact Name]

Date typed: 2001/11/15 Date last saved: 2001/11/15 11:49 am

File: 19510-20/A57077

November 15, 2001

Wayne Clogg, Vice President Woodlands
West Fraser Mills Ltd.
1250 Brownmiller Road
Quesnel, British Columbia
V2J 6P5

Dear Wayne Clogg:

Reference is made to your letter of November 9, 2001, accepting the conditions of the minister's authorization to transfer Forest Licence A57077 from the Bulkley Timber Supply Area to the Lakes Timber Supply Area.



Enclosed are two copies of Amendment No. 3 to Forest Licence A57077, which will give effect to the conditions of the minister's authorization.

Please have both copies of this document signed by an authorized signatory for the company (or sealed with the corporate seal) and witnessed. Then return both copies to this office for execution by the Regional Manager.

A fully executed, original-signed copy will be returned to you for your records.

Yours truly,

Phil Madeley
Tenures Forester
Prince Rupert Forest Region

Enclosure

• THE GOVERNMENT OF BRITISH COLUMBIA IS AN "EMPLOYMENT EQUITY EMPLOYER" •

Ministry of
Forests

Prince Rupert Forest Region

Location:
3726 Alfred Avenue
Smithers, BC

Mailing Address:
Bag 5000
Smithers, BC V0J 2N0

Tel: (250) 847-7500
Fax: (250) 847-7217

Schedule to Amendment #3
Forest Licence A57077

- 1.01 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 9.01, the Licensee
- (a) may harvest an allowable annual cut of 185,000 m³ of Crown timber each year during the term of this Licence from areas of Crown land within the Bulkley Timber Supply Area and Lakes Timber Supply Area which are specified in cutting permits and road permits, and
- 5.03 The Licensee must ensure that
- (a) the volume of timber harvested during the first five year cut control period is not less than 50% of the total of the allowable annual cuts in effect during the first five year cut control period, and
 - (b) the volume of timber harvested in the Lakes Timber Supply Area during each 12 month period following the date of the transfer authorization under section 18 of the *Forest Act* is not less than 50,000 m³.
- 5.04 The Licensee must ensure that
- (a) the total volume of timber harvested during the period referred to in paragraph 1.02 of this Licence is not more than the total of all allowable annual cuts in effect during the period referred to in paragraph 1.02, and
 - (b) not more than 600,000 m³ of the total volume referred to in paragraph 5.04(a), is harvested in the Lakes Timber Supply Area.
- 6.03 Harvesting under this Licence is restricted to harvesting of
- (a) beetle infested timber stands in the Lakes Timber Supply Area, as defined by the District Manager, and
 - (b) marginal sawlog and pulp timber stands in the Bulkley Timber Supply Area.
- 21.01 In this Licence, unless the context otherwise requires,
- (w) "Timber Supply Area" means the Bulkley Timber Supply Area and the Lakes Timber Supply Area,

Amendment to Forest Licence

Memorandum of amendment to Forest Licence A57077 made this ____ day of _____, 2001, between the Regional Manager of the Prince Rupert Forest Region and the Licensee of the said Licence.

Whereas it is mutually agreed to amend the terms and conditions of the said Licence and the parties hereto have agreed to amend the same as set forth in this memorandum.

NOW, THEREFORE, in consideration of the premises and other valuations now given by the Licensee to the Licenser, the parties hereto agree as follows:

To cancel paragraphs 1.01(a), 5.03, 5.04, 6.03 and 21.01(w) and replace as shown on the attached Schedule to Amendment #3, Forest Licence A57077;

This forms an integral part of the original Licence and should be attached thereto.

Subject to the foregoing, the parties confirm the said Licence.

IN WITNESS WHEREOF the said parties have hereunto set their hands and seals and/or the Licensee has caused it corporate seal to be affixed in the presence of duly authorized officers in that behalf on the date and year first above written.

Signed, sealed and delivered by the
Licensor in the presence of:

J. Snetsinger, Regional Manager
Licensor

Signed, sealed and delivered by the
Licensee in the presence of:

(Seal)
Licensee

Note 1: If the Licensee is a co-partnership, the amendment must be signed and sealed by each member of the partnership. All written signatures must be made in ink.

Note 2: If the Licensee is a corporation and the corporate seal affixed, it must be affixed by the officials who are authorized to execute deeds on behalf of the corporation and be accompanied by the signature of those officials.



West Fraser Mills Ltd

1250 Brownmill Road
Quesnel, BC
Canada V2J 6P5

Telephone: (250) 992-9244
Fax: (250) 992-9233

Phil Madeley

*FYI
Jane*

November 9, 2001

Ministry of Forests
Office of the Minister
Parliament Buildings
Victoria BC V8V 1X4

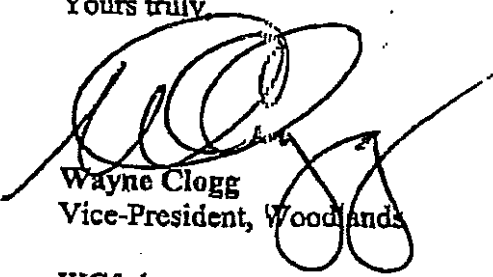
Attention: Michael de Jong, Minister

Dear Michael de Jong:

Thank you for your letter of November 7, 2001 outlining your conditional approval of our proposal to transfer cutting rights under Forest Licence A57077 from the Bulkley TSA to the Lakes TSA.

We concur with the conditions outlined in your letter and request that the Regional Manager prepare the appropriate amendment.

Yours truly,


Wayne Clogg
Vice-President, Woodlands

WC/hdn

cc Jim Snetzinger
Don Wright
Doug Konkin
Bob Murray (fax 692-7461)
Gord Gimson

WFS10

Madeley, Phil FOR:EX

From: Madeley, Phil FOR:EX
Sent: Thursday, November 15, 2001 11:46 AM
To: 'Dave Ripmeester'
Subject: RE: Draft amendment

We received the letter, thanks

As far as the amendments:

-Dont think we need to change the preamble - it provides context for the award, but doesnt preclude the changes that we are making

-3.10 is sufficient to allow wholesale substitution of util'n spec's in Lakes CPs - I talked with Gary Wallis about this yesterday

-5.03 - I read the the definition of "first five year cut control period", to be from Sept 1/98 til Aug 31/2003 - cut control for this licence is not constrained by Forest Act definitions, which are based on calendar year. Cut control performance should be based on volume billed during that 60 month time frame.

8.02 - Section 4.2 of Interior Appr Manual allows Director of Revenue Branch to override the Crusing Manual. On Nov 7 Bill Howard blessed use of PRFR comparative cruise procedures in Lakes for beetle infested timber. The authorization will be valid until superseded by expected amendments to Cruise and Appraisal manuals.

-----Original Message-----

From: Dave Ripmeester [mailto:Dave.Ripmeester@westfraser.com]
Sent: Thursday, November 15, 2001 9:19 AM
To: Madeley, Phil FOR:EX
Subject: Re: Draft amendment

Attached are a few comments on the amendment.

I assume you got the letter I faxed to you signed by Wayne. If you have questions please call

Dave Ripmeester, R.P.F.
 Forestry Supervisor
 West Fraser Mills Ltd.
 Pacific Inland Resources Division
 Phone: 250-847-2656
 Fax: 847-5520
 E-mail: Dave.Ripmeester@westfraser.com

>>> "Madeley, Phil FOR:EX" <Phil.Madeley@gems8.gov.bc.ca> 11/14/01 01:38PM >>>
 Attached is draft licence amendment to formalize minister's authorization
 <<WF A57077 amendment.doc>>

Phil Madeley
 Tenures Forester, Prince Rupert Forest Region
 Smithers, B.C.
 ph: (250) 847-7510 fax: (250) 847-7217
<mailto:phil.madeley@gems8.gov.bc.ca>

2001/11/15

November 15, 2001

Comments on Draft
Schedule to Amendment #3
F.L. A-57077

- A. 4. Add? – Utilize beetle infested stands in accordance with current utilization standards of the Lakes TSA. *Not necessary - preamble only.*
- 1.01 Amendment okay.
- 3.08 Should the reference to 33 ^{1/3} percent of gross scale (firmwood content) be removed (or does 3.10 suffice). *3.10 suffices*
- 5.03 Amendment okay.
Regarding the cut control year associated with F.L. A-57077 – does 1998 count as a full year or is it pro-rated by month (i.e. what happens in 2008).
- 5.04 Amendment okay.
- 6.03 Amendment okay.
- 8.02 Does 8.02 allow for comparative cruising using Lakes District procedures. *Yes. memo from Dir. Rev. Dr. Blosser comp. Cruise*
- 21.01 (w) Amendment okay.

NOV 09 2001
FAXED

To: *Jim Snetsinger*

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

File: 280-20/19510-20/A57077/BN#64753

I PREPARED FOR:

The Honourable Michael de Jong, Minister of Forest -- **FOR DECISION**

II ISSUE:

**Transfer of Nonreplaceable Forest Licence A57077
Bulkley Timber Supply Area (TSA) to Lakes TSA**

III BACKGROUND:

On September 16, 2001, the minister approved in principle a planned disposition of tenures to address the 1.5 million cubic meter allowable annual cut (AAC) uplift in the Lakes TSA, including the concept of transferring forest licences from the Bulkley TSA into the Lakes TSA.

Section 18 of the *Forest Act* provides the opportunity for the minister, with the consent of the holder of a forest licence, to transfer all or part of the cutting rights of that licence to another TSA, for a term determined by the minister.

West Fraser Mills Ltd. (Pacific Inland Resources Division) holds the following licences in the Bulkley TSA:

- Replaceable Forest Licence A16830, AAC 311 562 cubic metres, and
- Nonreplaceable Forest Licence A57077, AAC 185 000 cubic metres, 10 year term expiring Aug 2008, restricted to marginal sawlog and pulp timber stands

West Fraser has proposed the transfer of A57077 for a maximum of 300 000 cubic metres per year, for a two year period, targeting mountain pine beetle green attack timber in the Lakes TSA. The purpose of this briefing note is to obtain your decision with respect to this proposal.

IV DISCUSSION:

The district manager has held a number of meetings with Lakes TSA community representatives and stakeholders to discuss disposition of the AAC uplift volume. There is some general anxiety about licence transfers and the associated movement of Lakes TSA timber to facilities outside the local area. Discussion of transfer of licences from the Prince George TSA has drawn considerable negative reaction. However, transfers of licences from TSAs west of the Lakes TSA, such as the Bulkley, appear to be more palatable to the majority of those involved in the meetings.

In general, Crown revenue generated by the harvest of the A57077 volume in Lakes TSA timber (lower logging cost, higher quality) would be considerably higher than revenue that would be generated by retaining A57077 in the Bulkley TSA (higher logging cost, high pulp content).

A57077 is currently undercut and its liberal contractual cut control provision would allow West Fraser to aggressively pursue beetle infested timber in the Lakes TSA, without risk

*Copied to
Norm & Phil
forwarded to
DCA & DBC
forwarded to
Wage Clerk
Hond Munson
asked for writer
to for writer
consequence to
you
AK*

Transfer of Nonreplaceable Forest Licence A57077
Bulkley Timber Supply Area (TSA) to Lakes TSA/BN64753

of overcutting penalties. West Fraser (Fraser Lake Sawmills Division) also holds a replaceable forest licence in the Lakes TSA, which could assist the transfer of A57077 operations (utilizing existing standing timber inventory, joint forest development plans etc).

V OPTIONS:

1. Reject the proposed transfer

- ✓ would avoid any local community concerns about movement of logs, and the attendant social and economic benefits, out of the Lakes TSA
- ✓ would avoid potential complaints regarding improvements to West Fraser's tenured timber supply
- ✗ would forego an opportunity to quickly address harvest of beetle infested timber

2. Approve the proposed transfer

- ✓ would provides an opportunity to quickly address harvest of beetle infested timber
- ✓ would provide an increase in stumpage revenue over the status quo
- ✓ would help alleviate the industry concerns about exacerbating current lumber supply/market problems
- ✓ should have minimal impact, if any, on US trade issues
- ✗ transferring A57077 into a better timber profile and thereby improving West Fraser's tenured timber supply may lead to challenges from other licensees.

VI RECOMMENDATION:


Option 2

If the minister concurs with the recommendation, a letter authorizing the transfer, with conditions, is attached for consideration.


APPROVED / NOT APPROVED


Date

 The Honourable Michael de Jong
Minister of Forests


Jim Snetsinger
Regional Manager
Prince Rupert Forest Region
November 1, 2001

Attachment(s): Authorization letter

Distribution:

Document name: G:\WorkGrp\execconf\BN\64753.doc p

Notify (by Fax):

Date typed: 2001/11/02 Date last saved: 2001/11/02 9:01 am



November 7, 2001

Wayne Clogg, Vice President Woodlands
West Fraser Mills Ltd.
1250 Brownmiller Road
Quesnel, British Columbia
V2J 6P5

Dear Wayne Clogg:

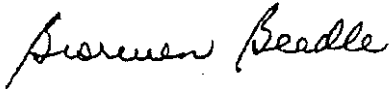
Reference is made to your letter dated August 17, 2001 to the regional manager, Prince Rupert Forest Region, proposing transfer of cutting rights under Forest Licence A57077 from the Bulkley Timber Supply Area (TSA), to the Lakes TSA to assist in addressing the bark beetle infestation.

I have reviewed your request and in accordance with Section 18 of the *Forest Act*, I approve the transfer of Forest Licence A57077 to the Lakes TSA, subject to the following conditions:

- The transfer will be effective for two years from the date of this letter;
- The maximum volume that may be harvested in the Lakes TSA under A57077 during the term of this authorization is 600 000 cubic meters;
- The minimum volume that will be harvested in the Lakes TSA under A57077 during each twelve month period following the date of this authorization will be 50 000 cubic meters;
- Unless otherwise authorized by the district manager, operations under A57077 within the Lakes TSA will be directed toward the harvest of green attack timber;
- Felling, bucking and utilization specifications contained in cutting permits and road permits issued under A57077 for harvest within the Lakes TSA will be consistent with prevailing Lakes TSA licence specifications;
- By June 1, 2002, or other mutually agreed upon date, West Fraser and the regional manager will jointly review the effectiveness of, and the continued need for, the transfer of A57077. If following this review, you no longer wish to participate in the transfer, you may request that I rescind the transfer.

Following your written concurrence with the above conditions, I will direct the regional manager to prepare an amendment to Forest Licence A57077 to effect the transfer.

Yours truly,



for Michael de Jong
Minister

pc: Don Wright, Deputy Minister

Doug Konkin, Executive Director, Operations



West Fraser Mills Ltd

1250 Brownmillar Road
Quesnel, BC
Canada V2J 6P5

Telephone: (250) 992-9244
Fax: (250) 992-9239

August 17, 2001

Hon. Michael de Jong
c/o Regional Manager
Ministry of Forests
Bag 5000
Smithers BC V0J 2N0



(250) 387-7217

MINISTER OF FORESTS RECEIVED	
MRL #:	62909
AUG 17 2001	
DUE DATE: _____	
<input checked="" type="checkbox"/> DRAFT REPLY	<input type="checkbox"/> REPLY DIRECT
<input type="checkbox"/> FILE	

Dear Sir:

Re: Transfer of Cutting Rights pursuant to Section 18 of the Forest Act

Further to discussions between Gord Gunson, Gary Hanson, Bruce MacNicola and Jim Magowan of West Fraser and Jim Snetsinger, please accept this as an application for the above-mentioned transfer as follows:

Rights to be transferred (license): Forest Licence A57077 and Forest Licence A16830 operated by Pacific Inland Resources (PIR) in the Bulkley TSA

Target TSA: Lakes

Term: 2 year commencing October 1, 2001

Volume of transfer: Up to 300,000 m³ per year

Rationale: This request is made to help address the emergency situation in the target TSA by providing for the disposal of bark beetle-infested volumes there. This is accomplished by shifting the harvest from non-infested timber in the Bulkley TSA into infested volume in the Lakes TSA.

Availability of AAC in the target TSA: The Chief Forester has recently increased the AAC in the Lakes TSA by nearly 1.5 Mm³; therefore, there is adequate unallocated AAC.

Impacts on operational plans in the target TSA: West Fraser Mills also holds Forest Licence A16826 in the Lakes TSA, which is operated by Fraser Lake Sawmills (a division of West Fraser Mills). Fraser Lake Sawmills (FLS) has operational plans approved that could be implemented by PIR, thereby expediting the transfer process and maximizing the recovery of beetle-infested volume.

Social and economic implications for both TSA's: The net impact on both TSA's would be beneficial. The volume set aside in the Bulkley TSA would remain there for future use and may mitigate future downward pressure on timber availability there. Meanwhile, maximizing the removal of infested timber in the Lakes TSA will reduce the rate of beetle spread as well as ensure that beetle-killed stands are regenerated sooner than otherwise. The Bulkley TSA has priority beetle stands that will be addressed with remaining volume from FL A57077 and FL A16830.

FL A57077 is an Opportunity Wood Licence, designed to address marginal sawlog and pulp stands in the Bulkley TSA. In general, these forests have a lower regional priority than the beetle attacked forests in the Lakes TSA.

WF518

Implication with respect to timber processing requirements: This transfer will bring about positive implications for timber processing requirements in the infestation area as a whole. Since PIR is an established processing facility and holds market share, there will be no additional production directed into a marketplace that is already extremely sensitive to such increases.

Impact on fibre flow to mills: The short-term impact will be benign. The volume harvested in the Lakes TSA under this license will be transported to the same mill as it would if harvested in the Bulkley (ie: PIR). Longer-term impact to available timber supplies in the Lakes is unavoidable since these losses would occur regardless of this transfer. Alternatives to this transfer, such as new licenses and additional sawmilling capacity, will worsen an already tense situation in the US market.

Implications on cut control requirements: Cut control flexibility currently exists for both the Smithers' licences. FL A57077 is in the third year of a 10-year term. The licence is now undercut by approximately 140,000 m3 and has no annual cut control requirements. FL A16830 is in the fifth year of a 5-year cut control period. The licence is scheduled to meet 100% of its 5-year requirement by December 31, 2001.

Implications for forest certification: Since both PIR and FLS are seeking ISO certification, there should be no risk to achievement of this goal.

Since this application involves the use of existing license quota, contractors and sawmilling capacity, we submit that any social or economic impacts to labour organizations, contractors or local communities will be positive in nature. The harvest of this volume will be undertaken by the same logging contractors as it would if harvested in the Bulkley. Since the Lakes volume is farther removed from the destination (PIR in Smithers), there will be increased economic opportunity for local trucking contractors. This proposal assumes the Lakes TSA wood will be appraised to Smithers, with the appropriate haul differential approved.

FLS holds currently-approved operational plans for approximately half of the volume requested for transfer. This will allow for expedited startup of operations upon approval of the transfer and should provide for continuity of operations while operational planning is completed on the remaining volume.

* We respectfully request your early consideration of this application. Please direct inquiries and correspondence to Gord Gunson at our Smithers office.

Yours truly,

WEST FRASER MILLS


Wayne Clogg
Vice President, Woodlands

cc Gord Gunson
Jim Magowan
Doug Konkin
Don Wright



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September 25, 2001

Wayne Clogg
Vice President, Woodlands
West Fraser Mills Ltd.
1250 Brownmiller Road
Quesnel, British Columbia
V2J 6P5

Dear Wayne Clogg:

Thank you for your letter of August 17, 2001, to the Honourable Michael de Jong, Minister of Forests, concerning the transfer of cutting rights pursuant to Section 18 of the *Forest Act*. I have been asked to respond.

The Ministry of Forests has preliminary government approval of a broad strategy of disposition of the Lakes' timber supply areas 1.5 million cubic metre allowable annual cut increase precipitated by the mountain pine beetle epidemic. That strategy includes the use of Section 18 of the *Forest Act*. Attached for your information is the Ministry of Forests' Forest Act Bulletin outlining the circumstances and process for Section 18 transfer of cutting rights.

As discussed with Gord Gunson in Smithers on September 24, 2001, some more preparatory work will be done by West Fraser Mills Ltd. and the Ministry of Forests. I appreciate your proposal, and I am fully aware of West Fraser's desire for approval of a definitive Section 18 transfer by mid-October, to enable maximum implementation in beetle infested timber this coming winter.

Yours truly,



Page 1 of 2

• THE GOVERNMENT OF BRITISH COLUMBIA IS AN "EMPLOYMENT EQUITY EMPLOYER" •

Ministry of
Forests

Prince Rupert Forest Region

Location:
3726 Alfred Avenue
Smithers, BC

Mailing Address:
Bag 5000
Smithers, BC V0J 2N0

Tel: (250) 847-7500
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Page 44 of 49

Wayne Clogg

Jim Snetsinger
Regional Manager
Prince Rupert Forest Region

Attachment: Forest Act Bulletin

pc: Gord Gunson, Woodlands Manager
Pacific Inland Resources Division, West Fraser Mills Ltd.

Honourable Michael de Jong
Minister of Forests

Doug Konkin, Executive Director
Operations Division, Ministry of Forests

Don Wright, Deputy Minister
Ministry of Forests



Forest Act Bulletin

Number 1

January 24, 2001

Temporary Transfer of Cutting Rights Authorized Under A Forest Licence or Timber Sale Licence To Another Timber Supply Area

Summary

This bulletin describes the interpretation, application, and considerations for using Section 18 of the *Forest Act (FA)* to approve the temporary transfer of all or part of the harvesting rights from one timber supply area (TSA) to another TSA.

Definitions

"*cutting authority*" means a cutting permit or a road permit issued pursuant to the licence,
"*cutting rights*" means all or part of the allowable annual cut specified in the licence or the volume estimate of timber that may be harvested under the licence,
"*licence*" means a timber sale licence that makes provision for one or more cutting permits, or a replaceable or non-replaceable forest licence,
"*licensor*" means the applicable regional manager or district manager for the licence,
"*target TSA*" means the timber supply area (TSA) to which the rights under the licence are being transferred,
"*TSA*" means the TSA specified in the licence.

Interpretation

The Cutting Rights in a licence may be transferred from a TSA to a Target TSA, where:

- the minister has given approval for the transfer pursuant to section 18 of the *Forest Act*, and
- the licensor and the licensee have entered into an amendment to the licence evidencing the terms and conditions of the transfer.

Application

Timing

An application to transfer Cutting Rights will be given consideration:

- to the extent of uncommitted AAC, undercut volumes, or unsold volumes available in the Target TSA,
- if the minister determines the transfer is in the public interest, and
- if it is consistent with all relevant higher level plans,

Or

- if the transfer would address an emergency situation;
 - to salvage damaged timber, or
 - to control or dispose of insects, diseases, animals or abiotic factors that are causing, or are likely to cause imminent damage to a forest, and the minister determines the transfer is in the public interest.

Term

The transfer of harvesting rights will be approved for a period of time determined by the minister.

The term of the approval may not exceed the term of the licence and should reflect the nature and objectives of the transfer.

The effective date of the transfer cannot be set retroactively.

Conditions

1. The amendment to a licence will have to specify cutting rights transferred to the target TSA.
2. The authorization should be provided through an *FS3 Contract Amendment* form, signed by both parties.
3. The authorization should include the following information:
 - identification of authorized licence(s),
 - the effective term of the authorization, limited to a prescriptive time frame,
 - authorization for the licensee to apply for cutting and road permits in a described area(s) and timber type(s),
 - the amount of cutting rights (m3) transferred to the target TSA, and
 - other terms and conditions consistent with the objective of the transfer and with the licence.

Review of Application

Upon receipt of an application, the regional manager should prepare a decision briefing note for the minister's consideration. Before preparing a briefing note, the regional manager should consult with stakeholders who may be affected by the proposed transfer including, but not restricted to, contractors, local communities, labour organizations, and First Nations.

The briefing note should include the following:

- the result of consultation with the various stakeholders,
- the availability of AAC or volume in the target TSA,
- impacts on operational plans in the target TSA,
- the social and economic implications for both TSAs,
- implication with respect to timber processing requirements,
- impact on the fibre flow to mills,
- the implications on the cut control requirements in the Licence, and
- the implications for forest certification initiatives.

Consultation

Consultation is required when there are significant economic or social impacts to the contractors, local communities, labour organizations, First Nations or other groups. The type of consultation must reflect the expected impact on the identified groups or communities. Consultation may involve private meetings, public meetings, or invitations for written submissions. If major impacts are identified the public consultation process must include public and private meetings and invitations for written submissions.

Administration

Cut Control

The volume harvested under the transferred rights will form an integral part of *the volume of timber harvested during a calendar year* for the Licence. The cut control requirements of the Licence will remain in effect regardless of the source of the timber.

Issuance of Cutting Authority in Target TSA

The licence holder will submit an application for a cutting permit, road permit, or road use permits issued under the licence to the District Manager responsible for the area where the harvesting will take place.

References

Forest Act, Part 3, Div. 2, Section 18

Contacts

Ministry of Forests - Resource Tenures and Engineering Branch:

Dennis McPhail (250) 387-8330 Dennis.McPhail@gems1.gov.bc.ca


West Fraser Mills Ltd

 1250 Brownmiller Road
 Quesnel, BC
 Canada V2J 6P5

 Telephone: (250) 992-9244
 Fax: (250) 992-9233

Phil Madeley

November 9, 2001

 Ministry of Forests
 Office of the Minister
 Parliament Buildings
 Victoria BC V8V 1X4

Attention: Michael de Jong, Minister

Dear Michael de Jong:

Thank you for your letter of November 7, 2001 outlining your conditional approval of our proposal to transfer cutting rights under Forest Licence A57077 from the Bulkley TSA to the Lakes TSA.

We concur with the conditions outlined in your letter and request that the Regional Manager prepare the appropriate amendment.

Yours truly,


 Wayne Clogg
 Vice-President, Woodlands

WC/hdn

 cc Jim Snelzinger
 Don Wright
 Doug Konkin
 Bob Murray (fax 692-7461)
 Gord Gimson

FYI
Jane
cc
Smith
copy to
Norm
Phil

 11/16/2001

WFS:0