

**PG TSA Licensees' Memorandum of Understanding on the Order Establishing
Landscape Objectives for the Prince George Timber Supply Area**

A. PREAMBLE

It has been a priority of the Northern Interior Region of the Ministry of Sustainable Resource Management (MSRM) to develop landscape level biodiversity objectives based on current research relevant to the PG TSA. MSRM elected to work with major licensees in developing the objectives, and the Landscape Objectives Working Group (LOWG) was formed in October of 2002. The group is led by MSRM and includes representation of all major licensees in the PG TSA, including BCTS. The group collaborated to establish objectives that meet the needs of both government and the forest industry. The objectives for old forest, old interior forest and young forest patch size distribution were completed by the LOWG in June 2004. Significant achievements for both parties have been the development of aspatial objectives, and to provide licensees the opportunity to work cooperatively in achieving the objectives at a true landscape level.

Now that the objectives have been set, major licensees need to prepare to deliver on the objectives. A collaborative approach offers benefits to the participants in terms of providing greater flexibility in harvesting of old and interior forest, shared costs of landscape level analysis, and greater credibility in managing for landscape level biodiversity. For the purpose of achieving these benefits, the licensees of the LOWG formed their own group, known as LLOWG, and developed this Memorandum of Understanding (MoU).

B. MoU OBJECTIVE

1. To facilitate the collaboration of the signatory licensees in meeting landscape objective targets for the amount of old forest, interior forest, and young forest patch size distribution in the PG TSA;
2. To provide evidence to government that PG TSA Licensees are working together to achieve the objectives.

C. PRINCIPLES

The undersigned PG TSA Licensees agree to:

1. collective management of the old forest, interior forest and young forest patch size targets;
2. collective management of joint recruitment strategies, where old forest and/or interior forest targets will not be met in the short term;

3. individual licensee responsibilities to maintain the amount of old forest, interior forest, or recruitment old forest, as agreed between the licensees in the Natural Disturbance Unit/merged biogeoclimatic unit (NDU/BEC), as described in the biodiversity order;
4. roles and responsibilities in working collaboratively to meet landscape objective targets for old forest, interior forest, and young forest patch size distribution in the PG TSA, and;
5. Support a Licensee Landscape Objectives Working Group (LLOWG) in order to collaborate, implement, monitor, and apply adaptive management in meeting landscape objective targets.

D. ROLES AND RESPONSIBILITIES

Each signatory licensee has the following responsibilities:

1. to provide a representative to participate in the Licensee LOWG (LLOWG);
2. to submit, as requested by LLOWG, an update of blocks that have been harvested;
3. to prepare plans that maintain old forest and interior forest targets, and trend positively toward meeting young patch size distributions, wherever possible;
4. as requested by other signatory licensees, to collaborate in the planning of old forest, interior forest or young forest patches along licensee operating area boundaries;
5. as requested by other signatory licensees, to collaborate in planning recruitment strategies for NDU/BEC units, where old forest or interior forest targets cannot be met in the short term, and;
6. to support the LLOWG by providing funding and/or resources, for projects that have been approved by the signatories, to facilitate implementation, monitoring and adaptive management of the landscape objective targets.

E. NON-PARTICIPATING FOREST LICENSEES

1. Where licensees listed in the appendices are not signatories to this agreement, the amount of old and interior forest is shown for information only. Surpluses or deficits for non-signatory licensees are not managed through this MoU.
2. As **new volume based licenses and licensees** are allocated to planning cells in the PG TSA, they will be included in the next update of the appendices. If the

licensee is not yet a signatory to the MoU, the licensee will be given opportunity to become a signatory. In the interim, the new licensees will be expected to seek direction from the planning cells' previous operator in specifying the amount or location of old and interior forest to be retained to meet the expectation of the MoU licensees. If the new licensee is not the sole operator for the area, they will be expected to perform as described below in 4.

3. As **new area based and community forest licenses** are added to the land base, their areas will be removed from the appendices at the time of updating. Area based tenures are not part of the PG TSA, and community forest licensees are not subject to meeting landscape objectives. In the interim, if necessary, the previous licensees will manually calculate and remove the existing and target old forest from their areas.
4. Where **two or more signatory licensees operate in the same area**, they must collaborate in meeting the requirements for old and interior forest retention for the area. Both licensees will apportion, or spatially assign, the old and interior forest retention to be met for the area. The MoU licensees expect that government will withhold approval for a non-signatory licensee's plans that do not meet the reasonable expectations of signatory licensees for apportioned old and interior forest.

F. IMPLEMENTATION, MONITORING AND ADAPTIVE MANAGEMENT

The Licensee LOWG will meet as required to fulfill the following objectives:

- 1.
2. to update the current old and interior forest, and the licensee apportionment in the appendices (update harvested blocks, newly planned blocks, aging of forest, licensee operating area changes);
3. to assess current performance of the collective signatory licensees in meeting old forest, interior forest and young forest patch size targets;
4. to undertake projects aimed at adaptive management;
5. to amend this MoU, as needed and agreed upon between the signatory licensees.
6. to recommend changes to the landscape objective targets or their implementation, to MSRM.

G. OLD AND INTERIOR FOREST TARGET

Licensee apportionment is calculated by applying the target percent to the licensee's crown forest land base within the NDU/BEC unit. Where parks or "existing volume" are located within the unit, the licensee target amounts are reduced proportional to their crown forest land base.

Definitions:

Planned Development: development has been included in the appendices results.

New Development: development has not yet been included in the appendices results.

1. Where a **large amount** of surplus old and interior forest exists within the NDU/BEC (200 % surplus (current surplus/target) or >5,000 ha surplus), licensees can proceed with planned and new development with no communication or interaction required with other signatory licensees.
2. Where a **moderate amount** of surplus old and interior forest exists within the NDU/BEC (150 % surplus or 1,000 - 5,000 ha), licensees can proceed with planned and new development with little communication or interaction expected. However, if a large amount of new development is planned to be completed prior to the next updating of the database, the licensee must query the other licensees in the unit to establish whether the combination of harvest activities will result in a deficit of old forest. If a deficit is forecasted, the proponent must resolve the deficiency, or develop and seek approval for a recruitment strategy for the unit with the other signatory licensees.
3. If only a **small amount** of surplus old and interior forest exists within the NDU/BEC (< 150 % or <1,000 ha), licensees may only proceed with planned development. New development must be incorporated in the next update of the appendices, or be communicated to the other forest licensees, to ensure that a deficiency is not created. If a deficiency is forecasted due to the new harvest planning, the proponent must resolve the deficiency with the other signatory licensees in the unit, or develop and seek approval from MSRM for a recruitment strategy for the unit.
4. Where a **deficiency** in old or interior forest exists within the NDU/BEC, licensees will not apply for new cutting permits until the deficiency is resolved, or a recruitment strategy is approved for the unit.

H. YOUNG FOREST PATCH SIZE DISTRIBUTION

Appendix A and B contain the target, current, expected future and trend in young forest patch size distribution by NDU/Forest District.

1. The LLOWG will provide rationale to MSRM for those units and patch sizes that are not trending toward the targets when the Appendices are updated.

I. BUDGET

Prior to undertaking contract projects, the signatory licensees must agree to the budget and cost allocation of the project.

Analysis to be provided by 3rd party contractor agreed to and hired by the LLOWG. All costs associated with LLOWG, not deemed eligible for external funding, are to be split between LLOWG signatories based on the following:

- A) 50% total cost: (75%) split equally among major signatory tenure holders
(25%) split equally among minor signatory tenure holders to a maximum of \$600.00 or 16% / tenure holder.
- B) 50% total cost: pro-rated to all signatory tenure holders based on total yearly depletion area (TYDA) using the following formula:

$$50\% \text{ cost per Signatory licensee} = \text{Step 1: } \frac{50\% \text{ Total Cost}}{\text{TYDA (ha)}} = \$ / \text{ha}$$

$$\text{Step 2: } (\$ / \text{ha}) \times (\text{licensee depletion area})$$

$$\text{C) Total Cost / Licensee} = A + B$$

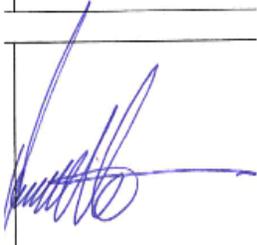
Definitions

Major signatory tenure holder - manages $\geq 100,000\text{m}^3$ AAC per year

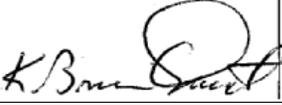
Minor signatory tenure holder - manages $< 100,000\text{m}^3$ AAC per year

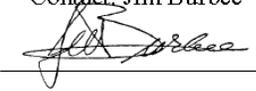
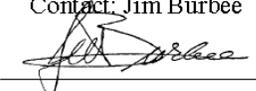
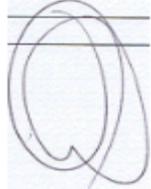
- The LLOWG recognizes that as NRFL's expire, the cost associated with the NRFL must be absorbed by both major and minor tenure holder, but a cap of cost must be in place to limit the overall cost to the minor tenure holders. (See A above)

Agreed to the above are:

| Licensee | Signature | Tenures | Licensee Contact Info |
|-----------------------------|---|---|--|
| Major Tenure Holder | | | |
| Apollo Forest Products Ltd. |  | A18156 (RFL) A81516 (NRFL) (Exp. 2012-10-31) A82364 (NRFL) (Exp. 2012-10-31) A64418 (NRFL) (Exp. 2016-05-31) | P.O Box 129 2555 Tachie Road Ft St. James, BC VOJ 1P0 Phone: (250) 567 – 4701 |
| BC Timber Sales - SN |  | N / A | P.O Box 190 1522 E. Highway 16 Vanderhoof, B.C VOJ 3A0 Phone: (250) 567 – 6312 |
| BC Timber Sales – P.G |  DEC. 02, 2009 | N / A | 2000 S. Ospika Blvd. Prince George, B.C V2N 4W5 Phone: (250) 614 – 7488 |
| Canfor |  Dec 9, 2009 | A18157 (RFL) A18165 (RFL) A18167 (RFL) A40873 (RFL) A33801 (NRFL) (Exp. 2010-12-31) A27823 (NRFL) (Exp.2010-12-31) | P.O Box 9000 5162 Northwood Pulpmill Rd Prince George, B.C V2L 4W2 Phone: (250) 962 – 3310 |
| Carrier Lumber Ltd. |  | A18158 (RFL) A70174 (NRFL) (Exp. 2010-05-29) | Corporate Headquarters 4722 Continental way Prince George, B.C V2N 5S5 Phone: (250) 563 – 9271 |

Major Tenure Holder

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|--|--|---|---|
| L&M Lumber Ltd. |  | A17842 (RFL) A55578 (NRFL) (Exp.2018-06-30) | 220 E. Stewart Street Vanderhoof, B.C VOJ 3A0 Phone: (250) 567 – 2111 |
| Lakeland Mills Ltd. Winton Global Lumber Ltd. |   | A18163 (RFL) A18171 (RFL) A61216 (NRFL) (Exp.2014-12-31) A57545 (NRFL) (Exp.2012-06-30) | P.O Box 1358 1385 River Road Prince George, B.C V2L 4V4 Phone: (250) 564 - 6810 |
| West Fraser (Fraser Lake Sawmills) |  | A18162 (RFL) A72920 (NRFL) (Exp.2010-03-31) A75068 (NRFL) (Exp.2010-09-14) | 6626 Highway 16 E. Fraser Lake, B.C VOJ 1S0 Phone: (250) 699 – 6235 |
| Conifex Inc. |  | A77955 (RFL) | 300 Takla Road Ft. St. James, B.C VOJ 1P0 Phone: (250) 996 - 5428 |
| RPP Holdings Inc. |  | A76218 (NRFL) (Exp.2015-10-31) A76219 (NRFL) (Exp.2015-10-31) A76400 (NRFL) (Exp.2015-10-31) | 351 Hodgson Road Williams Lake, B.C V2G 3P7 Phone: 250) 392 – 4777 Contact: Brian Hansen Phone: (250) 392 – 4777 Contact: Phil Therio |

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|-----------------------------------|--|--|---|
| Saik'uz First nation |  | A72189 (NRFL) (Exp. 2010-04-30) | SBS Forestry Inc. 1541 Ogilvie St. South Prince George, B.C. V2N 1W7 Phone: (250) 561 – 1140 Contact: Hans Rasmussen |
| Minor Tenure Holder | | | |
| T'ugus Timber Ltd | Contact: Jim Burbee  | A71016 (NRFL) (Exp.2011-06-30) | Venture Forest Consulting 3003 Riverview Road Prince George, B.C V2K 4Y5 Phone: (250) 564 – 1518 Contact: Jim Burbee |
| P.G Hardwoods Ltd. (Ainsworth) | Contact: Jim Burbee  | A71015 (NRFL) (Exp.2014-06-30) | Venture Forest Consulting 3003 Riverview Road Prince George, B.C V2K 4Y5 Phone: (250) 564 – 1518 Contact: Jim Burbee |
| Canyon Tree Farms Inc. |  | A78073 (NRFL) (Exp.2011-02-28) | P.O Box 2148 Ft. St. James, B.C VOJ 1PO Phone: (250) 996 – 7015 Contact: Harry Hooke |
| Brave Holdings Ltd. |  | A78072 (NRFL) (Exp.2010-12-31) A75670 (NRFL) (Exp.2011-03-31) | P.O Box 2069 Vanderhoof, B.C VOJ 3AO Phone: (250) 567 – 2874 Contact: Dave Philpot Phone: (250) 487 – 1461 Contact: Bruce Harris, RPF |

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|---|---|--|--|
| <p>K& D Logging Ltd. (KDL Group)</p> |  | <p>A59071 (NRFL) (Exp.2019-04-29)</p> | <p>290 2nd Avenue Ft. St. James, B.C VOJ 1PO Phone: (250) 996 – 8032 Contact: Ross Hamilton</p> |
| <p>Northern Interior Forest Products Ltd.</p> |  | <p>A84161 (NRFL) (Exp.2013-05-31) A77813 (NRFL) (Exp.2013-05-31)</p> | <p>290 2nd Avenue Ft. St. James, B.C VOJ 1PO Phone: (250) 996 – 8032 Contact: Ross Hamilton</p> |
| <p>Dunkley Lumber Ltd.</p> |  | <p>A57544 (NRFL) (Exp.2012-05-31) A18169 (RFL) – Stuart Lake Lumber tenure</p> | <p>17000 Dunkley Road RR 1, Hixon, B.C VOK 1S1 Phone: (250) 998 – 4205 Contact: Doug Purdue</p> |