



Red text is instructional and must be deleted once the document is completed. Change all text to black when completed.

Document Naming convention: DA, Non-BCTS licensee acronym, licence type and #, signature date: Ex. DA_LKDC_NRFL A93497_2020_10_30

BC Timber Sales Disposition Agreement

(the “Agreement”)

Between:

Enter the full legal name of the non-BCTS licensee holder ex. XYZ Corporation, a company incorporated under the laws of British Columbia (Incorporation No. BC0000000). If a limited partnership is the licence holder, there will not be an incorporation number. Legal advice is needed on how to refer to the parties if the business arrangement involves multiple parties: ex. the general partner is holding the tenure on behalf of a Limited Partnership etc.

(“enter acronym here”)

And

Her Majesty the Queen in right of the Province of British Columbia, as represented by the Minister of Forests, Lands, Natural Resource Operations and Rural Development

(the “Minister”)

Collectively, the “Parties”)

Whereas:

- A. BC Timber Sales (“BCTS”) is a program within the Ministry of Forests, Lands, Natural Resource Operations and Rural Development having a mandate to provide cost and price data for timber harvested in British Columbia.
- B. On month, day, year, the Parties entered into Licence A00000, located in the geographical name Timber Supply Area.

- C. XYZ has agreed to enter into this BCTS disposition agreement, pursuant to section 22.2 of the *Forest Act*; to release some of the rights it holds to harvest Crown timber under Licence A00000 to the Minister for subsequent disposition to persons other than XYZ in the form of one or more BCTS licences.

Clause D, E OPTIONAL only if needed to link a Limited Partnership with the development corporation (licence holder):

- D. XYZ is the general partner of the XXX Limited Partnership (“XXXLP”), the holder of Licence A00000;
- E. XYFN is a limited partner of the XXXLP.

Therefore, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree to the following:

1 Definitions

1.1 In this Agreement:

- a. “Act” means the *Forest Act*.
- b. “BCTS Licence” means a timber sale licence issued by a timber sales manager under the Act which
 - i. grants rights to harvest Crown timber that have been released to the Minister under this Agreement, and
 - ii. is a cruise-based licence, awarded for the sum of the upset stumpage value and bonus offer payment.
- c. “Cut Control Period” means the cut control period under Part 4 Division 3.1 of the Act applicable to Licence A00000 on the effective date of this Agreement.
- d. “Disposition Agreement Cost” means the costs identified in Schedule A of this Agreement, including the cost to government related to the sales development, access, silviculture, applicable overhead, and other costs associated with the BCTS Licence.
- e. “Harvested”, in relation to a BCTS Licence, means the BCTS Licence holder has completed all cutting and removing of Crown timber under the BCTS Licence to the satisfaction of the timber sales manager.
- f. “Net Revenue”, in relation to a BCTS Licence, means the sum of the following amounts that become payable to government by the BCTS Licence holder under the BCTS Licence:

- i. the upset stumpage value and bonus offer payment, and
 - ii. any fees assessed for extending the term of the BCTS Licence,
- minus the Disposition Agreement Cost.

2 Release of harvesting rights

2.1 On the effective date of this Agreement, XYZ releases to the Minister the right to harvest ## ### cubic metres of Crown timber held under Licence A00000.

3 Payment of consideration

3.1 As consideration for the release of the right to harvest the Released Volume under section 2.1, the Minister agrees to pay XYZ: Example only, other arrangements may be considered.

for each BCTS Licence issued in relation to the Released Volume, 0. XX multiplied by the Net Revenue of the BCTS Licence, -in accordance with the following:

- a. XXX to be paid within XX days after the timber sales manager is satisfied that the BCTS Licence holder has cut and removed at least XX% of the Crown timber under the BCTS Licence, and
- b. the remaining XXX to be paid within 60 days after the BCTS Licence has been Harvested.

3.2 If a BCTS Licence is cancelled, expires, or surrendered before it is harvested (an “expired BCTS Licence”), subject to section 22.1 of the Act, any outstanding payment consideration owed XYZ, pursuant to Section 3.1, will be paid to XYZ pursuant to section 3.1 as though the BCTS Licence was harvested on the date of cancellation, expiration or surrender.

3.3 If payment has been made in relation to the Released Volume pursuant to sections 3.1 and 3.2 for a total amount that equals the consideration agreed to under section 3.1, no further payment will be made under this Agreement in relation to the Released Volume or any portion thereof that is included in a BCTS Licence issued subsequent to the expired BCTS Licence.

4 Term of the Agreement

4.1 This Agreement will take effect on the date it is signed by the Parties (the “Effective Date”).

4.2 Subject to section 4.3, the term of this Agreement is from the Effective Date until the final payment under Part 3 of this Agreement is made to XYZ.

4.3 The Parties may agree in writing to terminate this Agreement at an earlier date.

5 Term of BCTS Licence(s)

5.1 In developing a BCTS Licence(s) in relation to the Released Volume under this Agreement, the term of the BCTS licence(s) will end no later than the earlier of the following:

5.2 Unless otherwise agreed to in writing by the Parties, the end date for the Cut Control Period.

5.3 If XYZ Licence is a NRFL, the expiry of the term for XYZ Licence A00000.

6 Miscellaneous

6.1 This Agreement does not operate as a permit, licence, approval, or other statutory authority which XYZ may be required to obtain from the provincial government or any of its agencies. Nothing in this Agreement is intended to alter legislative authority or fetter the discretion of any statutory decision-maker.

6.2 As at the date this Agreement is executed and delivered by, or on behalf of, the Parties, XYZ warrants and represents that it has the power and capacity to enter into this Agreement and to observe, perform and comply with the terms of this Agreement, and all necessary corporate or other proceedings have been taken and done to authorize the execution and delivery of this Agreement by, or on behalf of, XYZ.

6.3 This Agreement is governed by and is to be interpreted and construed in accordance with, the laws of British Columbia.

6.4 XYZ may not assign any of its rights or obligations under this Agreement without the Minister’s prior written consent.

6.5 The schedules to this Agreement (including any appendices or other documents attached to, or incorporated by reference into, those schedules) are part of this Agreement.

Signed on behalf of XYZ

[NAME]

Date

XYZ Representative(s)

XYZ

Signed on behalf of Her-Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Forests, Lands, Natural Resource Operations and Rural Development or the Minister's Authorized Representative

Minister or the Minister's Authorized Representative

Printed Name (and Title if Minister's Authorized Representative)

Date

Schedule A: Disposition Agreement Cost (if known):

Item:	Cost:
Development costs	
Silviculture liability	
Access costs	
Applicable Overhead costs	
Agreement volume purchase	
Other costs	
Total Disposition Agreement Cost:	

Schedule B: Released Volume TSL (if known)

1. The Released Volume referenced in Section 2.1 of this Agreement is as follows:

TSL Number	Released Volume (m3)
A00000	## ###