

# **Detailed Forest Management Plan Approval Decision**



**Tolko Industries Ltd. (High Prairie OSB Division)  
High Prairie, Alberta**

**Forest Management Agreement  
#9700033**



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High Prairie, Alberta**

**Forest Management Agreement  
#9700033**

**Date: May 30, 2005  
Effective: May 1, 2004**

Approved by: *Original Signed by,*  
**D. (Doug) A. Sklar, RPF  
Executive Director  
Forest Management Branch  
Public Lands and Forests Division**

## **Executive Summary**

*The approval of forest management plans is the mandate of the Executive Director of the Forest Management Branch (FMB), Public Lands and Forests Division (PLFD) of the Department of Sustainable Resource Development (department). This Approval Decision documents the rationale, and conditions of approval for the Tolko Industries Ltd., High Prairie OSB Division (Tolko) Detailed Forest Management Plan (DFMP) dated January 31, 2005. This approval provides direction for the successful and efficient implementation of the DFMP.*

*Tolko regulated forestry professionals have validated (signed and sealed) the DFMP. It has also been reviewed by government professional staff (see Table 1). Professional validation indicates the DFMP is accurate as well as practical and feasible and has been prepared with due diligence. I commend Tolko and those people who have contributed to the DFMP for their efforts to address the complex issues of forest management.*

*The conditions in this Approval Decision are consistent with the terms of the Forest Management Agreement and failure by Tolko to fulfill the direction provided in this Approval Decision shall place the Company in default of its Forest Management Agreement.*

### **Approval Condition 7.1 – Structure Retention Monitoring**

- i. By September 1, 2005, Tolko shall design a cost effective and practical field assessment program for structure retention monitoring and reporting acceptable to the Senior Manager, Forest Planning Section. Merchantable volume shall be chargeable as AAC production and shall be reconciled every 5 years at the end of each cut control period. Failure to meet this deadline or to annually report these statistics shall result in a reduction of the FMA AAC by 3% effective May 1, 2005.*
- ii. The program shall assess annually the merchantable and non-merchantable structure retained and shall report the results in the 5-year Stewardship Report.*

### **Approval Condition 8.1 – Growth and Yield Program**

- i. By September 1, 2005, Tolko shall submit an updated Growth and Yield Program, acceptable to the Senior Manager, Resource Analysis Section that supports the approved DFMP.*

### **Approval Condition 9.1 – Coniferous Understorey and Multi-Tiered Stand Management**

- i. All future understorey inventories shall meet Alberta's inventory interpretation standards for coniferous species under a deciduous canopy.*

### **Approval Condition 10.1 – Aboriginal Consultation**

- i. The Company shall keep complete and accurate written records of its consultations with First Nations; i.e., comments received, and how concerns identified have been addressed and incorporated into forest management planning. This information shall be reported in Tolko's Stewardship Report and shall also be incorporated into the next DFMP.*

- ii. *When Alberta's policy for First Nations consultation is complete, the Company shall work with the department in identifying necessary action plans, and if required, sections within the DFMP that shall be amended.*

#### ***Approval Condition 11.1 – Spatial Harvest Sequence***

- i. *Tolko and the embedded operators must follow the mapped 10-year harvest sequence as revised and presented in the updated January 31, 2005 DFMP.*
- ii. *To address operational planning concerns, all timber disposition holders are authorized to modify the spatial harvest sequence (SHS) by deleting no more than 20% of the total sequenced area in each compartment, within each decade, while harvesting no more than 100% of the total area within the SHS by compartment, by decade.*
- iii. *Preference should be given to selecting stands from the second 10 years of the SHS (years 11 to 20) when replacing deleted stands (from (ii) above). Where this is not feasible, replacements may be made from any other stand identified in the approved net landbase of the DFMP with the following exceptions:*
  - a. *Late seral stage stands may be selected provided that the late seral stage targets are still met; and*
  - b. *Stands within the Whitemud Operating Area “Hourglass” in townships Twps 74 & 75 , Rges 24 & 25, W5M may not be selected as replacements.*
- iv. *Where timber operators exceed the variance described in (ii), the Forest Area Manager, may require the completion of a compartment assessment and the Senior Manager, Forest Planning Section may recommend the adjustment of the approved AAC to reflect the impact of the variances.*
- v. *The department requires the variance from the SHS to be reported annually, and the 5-year Stewardship Report to analyze the variance from the SHS.*
- vi. *The department will generally not request a modification of the approved harvest sequence for the first 10 years of the planning period unless required by a change in legislation or a policy approved by the Minister.*

#### ***Approval Condition 12.1 – Life Requisite Assessment***

- i. *By December 31, 2005, Tolko must complete the Life Requisite habitat assessment for grizzly bear acceptable to the Senior Manager, Forest Planning Section. The assessment should utilize the model developed through the Foothills Model Forest Grizzly Bear Project.*
- ii. *By December 31, 2005, Tolko must develop a plan acceptable to the Senior Manager, Forest Planning Section to ensure Life Requisite information specific to the FMA is available for the next DFMP.*

#### ***Approval Condition 13.1 – Alternative Regeneration Standards***

- i. *Tolko must develop alternative regeneration performance standards acceptable to the department prior to the completion of its next DFMP.*

### **Approval Condition 14.1 – Industrial Salvage Timber**

- i. All timber depleted (salvage timber) by non-forestry operations shall be counted and reported as production for cut control purposes.*
- ii. The volumes used shall be those stated in timber damage assessment tables.*
- iii. The volumes shall be charged to each timber disposition proportional to the allocation of the AAC by covergroup (C, D).*
- iv. By September 1, 2005, Tolko shall implement a salvage timber volume tracking and reporting system acceptable to the Senior Manager, Timber Production, Auditing and Revenue Section.*

### **Approval Condition 15.1 – Incidental Coniferous Replacement Strategy**

- i. By September 1, 2005, Tolko must determine the coniferous replacement stocking level (%) to be achieved on the deciduous landbase or alternative measure acceptable to the Senior Manager, Forest Planning Section.*

## **16.0 Timber Allocation**

*My decision to segregate the embedded quota companies by Volume Supply Area (VSA) within the S19 FMU is based on each operator's written confirmation (correspondence of May 19, 2005) of their understanding and acceptance of this strategy. This is a departure from the department's normal FMU management practice, however, I believe it is appropriate in this circumstance.*

*The companies have agreed to harvest their allocated volumes exclusively from their assigned VSA. Map 3 identifies the FMU and coniferous VSA.*

*I consider each VSA to be a sustained yield unit that will be managed independently of the other. This is required to manage the quota operators' coniferous timber supply.*

*In the event that natural disturbance, catastrophic, anthropogenic or other events change the forest conditions in either one or both VSAs, the timber supply will be recalculated and an AAC will be determined for each VSA as separate and independent sustained yield units. The department will not entertain proposals to redefine (amalgamate) the VSAs to compensate for timber supply increases or shortfalls through time. The organization of the VSAs may only be reconsidered in the context of a new FMP and with the full agreement of the department and the quota operators.*

*Quota certificates for each company are based on percentage allocations of the entire FMU. Alberta Plywood Ltd.'s original S9 quota allocated 100% of the coniferous volume from an area inside S19 and an area outside S19. This Approval Decision maintains this arrangement by isolating Alberta Plywood Ltd.'s allocation from all other coniferous timber operators in the FMU.*

*The following defines specific requirements to maintain this arrangement:*

- 1. The Alberta Plywood Ltd. AAC is sourced entirely from within VSA 1 and comprises 100% of the approved coniferous timber supply in VSA 1.*
- 2. All other coniferous timber operators AACs are sourced entirely from within VSA 2 and comprise 100% of the approved coniferous timber supply in VSA 2.*

3. *Changes to the timber supply in VSA 1 and/or VSA 2 will be treated as follows:*
  - a. *The quota operators shall have no timber rights beyond their assigned VSA.*
  - b. *In the event the AAC for the FMU must be recalculated, VSA 1 and VSA 2 will be separate sustained yield units and a new AAC will be calculated for each.*

### **17. Authorization**

*The Detailed Forest Management Plan for the Tolko FMA area submitted January 31, 2005 is approved subject to the Approval Conditions being met, and the Annual Allowable Cuts presented in this Approval Decision.*

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## 1. Introduction

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Tolko regulated forestry professionals have validated (signed and sealed) the DFMP. It has also been reviewed by government professional staff (see Table 1). Professional validation indicates the DFMP is accurate as well as practical and feasible and has been prepared with due diligence. I commend Tolko and those people who have contributed to the DFMP for their efforts to address the complex issues of forest management.

The conditions in this Approval Decision are consistent with the terms of the Forest Management Agreement and failure by Tolko to fulfill the direction provided in this Approval Decision shall place the Company in default of its Forest Management Agreement.

## 2. Government of Alberta Participants: Detailed Forest Management Plan Appraisal

The following Government of Alberta staff participated in the appraisal of the Tolko DFMP. Comments and recommendations from staff are addressed in this approval decision. I extend my thanks to staff for their personal and professional commitment to the task.

**Table 1 Government of Alberta Participants**

<b><u>Government Reviewer</u></b>	<b><u>Title</u></b>	<b><u>Registration</u></b>	<b><u>DFMP Component</u></b>
Craig Brown, RPF	Area Forester, Smoky Area	CAPF # 490	All sections
Jamie Bruha, RPF	Senior Forester, Harvest and Renewal Section	CAPF # 419	All sections
Brad Epp, RPF	Forest Management Planning Forester, Forest Planning Section	CAPF # 604	All sections
Greg Greidanus, RPF	Growth and Yield Forester, Forest Biometrics Unit	CAPF # 671	Growth & Yield
Mark Heckbert	Wildlife Biologist		Biodiversity and Habitat
Kristofer Heemeryck, RPF	Area Forester, Lesser Slave Area	CAPF # 673	All sections
Grant Klappstein, RPF	Biometrics Forester, Forest Biometrics Unit	CAPF # 768	Growth & Yield

Scott Milligan, RPF	Senior Manager, Harvest and Renewal Section	CAPF # 434	All sections
Dave Morgan, RPF	Manager, Forest Biometrics Unit	CAPF # 270	Growth & Yield
Daryl Price, RPF	Senior Manager, Resource Analysis Section	CAPF # 081	Growth & Yield, Net Landbase, Timber Supply Analysis
Henri Soulodre, RPF	Senior Forester, Lesser Slave Forest Area	CAPF # 444	All sections
John Stadt, P. Bio	Forest Ecology Specialist, Forest Planning Section	ASPB	Biodiversity and Habitat
Robert Stokes, RPF	Senior Manager, Forest Planning Section	CAPF # 500	All sections
Mark Townsend, RPF	Resource Analyst, Resource Analysis Section	CAPF # 486	Net Landbase, Timber Supply Analysis
Kari White, FIT	Area Forester, Peace Area	FIT # 1289	All sections

FIT – Forester in Training, College of Alberta Professional Foresters

CAPF – College of Alberta Professional Foresters

ASPB – Alberta Society of Professional Biologists

### **3. Forest Management Plan Area**

The area under consideration is the Forest Management Agreement (FMA) area of Tolko Industries Ltd. FMA #9700033 allocated to the Company through Order-in-Council 67/97, dated February 5, 1997. The FMA was amended in 2002 through Order-in-Council 29/2002 removing former Forest Management Unit (FMU) P3 from the FMA. The effective period of the FMA is May 13, 1997 to May 12, 2017. The FMA area is within FMU S19, created by the amalgamation of former FMUs G2, G10, S3 and S9.

The FMA is located in the central part of the province, and spans portions of three natural sub-regions including the Central Mixedwood, the Dry Mixedwood and the Peace River Parkland. The Landscape Assessment component of the DFMP describes the FMA in greater detail.

### **4. DFMP Background and Process for the Next DFMP**

Tolko's Preliminary Forest Management Plan received department approval on March 23, 1998. A DFMP was to be submitted by May 13, 2002.

In order to synchronize the development of Tolko's DFMP with the Buchanan Lumber/Tolko joint FMA # 0200039, an extension to December 31, 2003 was granted. A second submission date extension was granted to January 30, 2004 following a request by the DFMP planning team.

Department review of the January 30, 2004 DFMP identified a number of issues to be addressed prior to being considered for approval. Between July and December 2004, Tolko and department staff met regularly to resolve the outstanding issues. The result of this effort was the resubmission of Tolko's DFMP on January 31, 2005.

Tolko addressed many challenging forest management issues in their DFMP. The Company developed an innovative approach to maintain late seral stage forests on the landscape through time by utilizing ecologically based criteria to identify “high quality” late seral stage stands on their FMA. Once identified a strategy was developed to retain a portion of these stands on both the managed and the unmanaged land base throughout the planning horizon (160 years). Combined with other DFMP strategies to retain structure, incorporate wildlife habitat requisites, and assess watershed impacts, the Company illustrated its commitment to planning for non-timber and biodiversity values.

The Tolko High Prairie January 31, 2005 DFMP is a ten-year plan. An updated DFMP must be approved prior to April 30, 2015.

## 5. Public Involvement

FMA sections 10(1) and 10(2) require Tolko to conduct an acceptable public involvement process. DFMP sections 1.5 and 3.0 describe Tolko’s work in this regard. To solicit feedback and facilitate public awareness of its forest management activities, Tolko conducted open houses, met regularly with its Forest Resource Advisory Committee (FRAC) and met with stakeholders to discuss its forest management plans and operations.

Tolko is expected to continue its efforts to execute meaningful public involvement throughout the DFMP implementation. Meaningful consultation is characterized by sincere efforts to help stakeholders understand the implications of plans, sincere efforts to make the plans available at a time and in a manner sufficient for stakeholders to read and study, and sincere and accurate explanations of how the interests and concerns of stakeholders have been addressed.

## 6. Approval Scope

This Approval Decision relates to the Tolko DFMP submitted January 31, 2005. All coniferous and deciduous timber operators within the FMA area shall conduct their activities in accordance with the DFMP and the approval conditions.

Tolko shall meet the requirements (dates and content) of the Approval Conditions unless the Executive Director, Forest Management Branch, agrees to alternate requirements in writing.

In this Approval Decision **bolded text** identifies specific timelines, requirements and the department manager responsible for the review. Non-bolded text provides the rationale for the condition and specific considerations to be addressed in meeting the condition.

In the event of an inconsistency between the DFMP and existing, new or revised legislation or regulation, the legislation or regulation shall apply.

## **Approval Conditions**

### **7.0 Structure Retention in Harvested Areas**

Throughout the province, forest industries practise green tree retention within harvest areas to create residual (post harvest) stand structure. The department has approved detailed forest management plans that propose structure retention targets ranging between 1% and 15% of merchantable volume. Tolko's approach is consistent with this as they propose a minimum of 1% to be retained within compartments with an average of 3% across each operating area. Tolko proposes to employ several techniques including single-tree, small-clump and green island retention to achieve the desired result.

I believe this strategy is appropriate for this DFMP but requires a practical and cost-effective tracking, and reporting mechanism for timber harvest production reconciliation to be developed.

#### **Approval Condition 7.1 – Structure Retention Monitoring**

- i. By September 1, 2005, Tolko shall design a cost effective and practical field assessment program for structure retention monitoring and reporting acceptable to the Senior Manager, Forest Planning Section. Merchantable volume shall be chargeable as AAC production and shall be reconciled every 5 years at the end of each cut control period. Failure to meet this deadline or to annually report these statistics shall result in a reduction of the FMA AAC by 3% effective May 1, 2005.**
- iii. The program shall assess annually the merchantable and non-merchantable structure retained and shall report the results in the 5-year Stewardship Report.**

### **8.0 Growth and Yield Monitoring Program**

A credible Growth and Yield Program is imperative to collecting information for use in future timber supply analyses as well as for verifying current DFMP yield assumptions. In 2003 Tolko developed a growth and yield program as per sections 15(3) and 15(4) of the FMA agreement. The department agreed with the program in general but indicated the requirement for it to be updated (department's August 21, 2003 comments) following the DFMP approval. Therefore, the following is required:

#### **Approval Condition 8.1 – Growth and Yield Program**

- i. By September 1, 2005, Tolko shall submit an updated Growth and Yield Program, acceptable to the Senior Manager, Resource Analysis Section that supports the approved DFMP.**

### **9.0 Coniferous Understorey and Multi-Tiered Stand Management**

Tolko has indicated that within one year it will:

- “develop operational procedures for the identification and classification of understoreys and employ harvesting methods that will minimize damage to those understoreys.” and;
- “Identify existing multi-tiered stands on the Forest Management Agreement Area”

Properly managing these understorey or multi-tiered stands is important for Tolko, the embedded operators and the department. The department considers both of these conditions to be understorey stands and therefore it is critical that the Company consults with the department when developing these products.

#### **Approval Condition 9.1 – Coniferous Understorey and Multi-Tiered Stand Management**

- All future understorey inventories shall meet Alberta’s inventory interpretation standards for coniferous species under a deciduous canopy.**

#### **10.0 Aboriginal Consultation**

The Government of Alberta is currently developing policy outlining Alberta’s role in consultation with First Nations. Future government policy regarding Alberta’s role may require amendments to the strategy articulated in the DFMP. Therefore the following applies:

#### **Approval Condition 10.1 – Aboriginal Consultation**

- The Company shall keep complete and accurate written records of its consultations with First Nations; i.e., comments received, and how concerns identified have been addressed and incorporated into forest management planning. This information shall be reported in Tolko’s Stewardship Report and shall also be incorporated into the next DFMP.**
- When Alberta’s policy for First Nations consultation is complete, the Company shall work with the department in identifying necessary action plans, and if required, sections within the DFMP that shall be amended.**

#### **11.0 Spatial Harvest Sequence**

The spatial (mapped) harvest sequence (SHS) is the most important output as it implements the strategies the companies must follow to achieve the predicted future forest condition. The future forest condition, while dependent on many factors, is strongly influenced by harvest patterns, intensity and schedules. It presents spatially and temporally how the integration of environmental, economic, and social values will be achieved on the FMA. Adherence to the planned harvest sequence is imperative to achieving the predicted future forest.

#### **Approval Condition 11.1 – Spatial Harvest Sequence**

- Tolko and the embedded operators must follow the mapped 10-year harvest sequence as revised and presented in the updated January 31, 2005 DFMP.**

- ii. **To address operational planning concerns, all timber disposition holders are authorized to modify the spatial harvest sequence (SHS) by deleting no more than 20% of the total sequenced area in each compartment, within each decade, while harvesting no more than 100% of the total area within the SHS by compartment, by decade.**
- iii. **Preference should be given to selecting stands from the second 10 years of the SHS (years 11 to 20) when replacing deleted stands (from (ii) above). Where this is not feasible, replacements may be made from any other stand identified in the approved net landbase of the DFMP with the following exceptions:**
  - a. **Late seral stage stands may be selected provided that the late seral stage targets are still met; and**
  - b. **Stands within the Whitemud Operating Area “Hourglass” in townships Twps 74 & 75 , Rges 24 & 25, W5M may not be selected as replacements.**
- iv. **Where timber operators exceed the variance described in (ii), the Forest Area Manager, may require the completion of a compartment assessment and the Senior Manager, Forest Planning Section may recommend the adjustment of the approved AAC to reflect the impact of the variances.**
- v. **The department requires the variance from the SHS to be reported annually, and the 5-year Stewardship Report to analyze the variance from the SHS.**
- vi. **The department will generally not request a modification of the approved harvest sequence for the first 10 years of the planning period unless required by a change in legislation or a policy approved by the Minister.**

## **12.0 Wildlife Habitat Assessment**

Tolko’s wildlife requisite assessment process was developed for use on the Tolko-Footner FMA and adapted for this DFMP. It proved to be a useful tool for evaluating changes to habitat resulting from implementing its preferred forest management strategy.

Tolko selected six wildlife species to assess. The grizzly bear habitat assessment could not be completed for the DFMP submission. Some follow-up work is necessary to gather information and conduct assessments that will support the development of future forest management plans.

The following is required:

### **Approval Condition 12.1 – Life Requisite Assessment**

- i. **By December 31, 2005, Tolko must complete the Life Requisite habitat assessment for grizzly bear acceptable to the Senior Manager, Forest Planning Section. The assessment should utilize the model developed through the Foothills Model Forest Grizzly Bear Project.**

- ii. **By December 31, 2005, Tolko must develop a plan acceptable to the Senior Manager, Forest Planning Section to ensure Life Requisite information specific to the FMA is available for the next DFMP.**

### **13.0 Alternative Regeneration Standards**

The Regeneration Survey Manual establishes provincial reforestation performance standards (provincial survey standard) that are intended to create fully stocked natural stand yields. These standards shall be used until alternative regeneration performance standards are developed that relate to each yield projection used in a FMP.

#### **Approval Condition 13.1 – Alternative Regeneration Standards**

- i. **Tolko must develop alternative regeneration performance standards acceptable to the department prior to the completion of its next DFMP.**

### **14.0 Industrial Salvage**

Accounting for timber volume drain resulting from non-forestry industrial operations is critical to ensure the approved AACs are not exceeded.

#### **Approval Condition 14.1 – Industrial Salvage Timber**

- i. **All timber depleted (salvage timber) by non-forestry operations shall be counted and reported as production for cut control purposes.**
- ii. **The volumes used shall be those stated in timber damage assessment tables.**
- iii. **The volumes shall be charged to each timber disposition proportional to the allocation of the AAC by covergroup (C, D).**
- iv. **By September 1, 2005, Tolko shall implement a salvage timber volume tracking and reporting system acceptable to the Senior Manager, Timber Production, Auditing and Revenue Section.**

### **15.0 Incidental Coniferous Replacement Strategy**

Tolko has developed a strategy to ensure that incidental coniferous volume will be maintained through time on the deciduous landbase. Further detail is necessary to clarify its commitment.

#### **Approval Condition 15.1 – Incidental Coniferous Replacement Strategy**

- ii. **By September 1, 2005, Tolko must determine the coniferous replacement stocking level (%) to be achieved on the deciduous landbase or alternative measure acceptable to the Senior Manager, Forest Planning Section.**

## **16.0 Timber Allocation**

My decision to segregate the embedded quota companies by Volume Supply Area (VSA) within the S19 FMU is based on each operator's written confirmation (correspondence of May 19, 2005) of their understanding and acceptance of this strategy. This is a departure from the department's normal FMU management practice, however, I believe it is appropriate in this circumstance.

The companies have agreed to harvest their allocated volumes exclusively from their assigned VSAs. Map 3 identifies the FMU and coniferous VSAs.

I consider each VSA to be a sustained yield unit that will be managed independently of the other. This is required to manage the quota operators' coniferous timber supply.

In the event that natural disturbance, catastrophic, anthropogenic or other events change the forest conditions in either one or both VSAs, the timber supply will be recalculated and an AAC will be determined for each VSA as separate and independent sustained yield units. The department will not entertain proposals to redefine (amalgamate) the VSAs to compensate for timber supply increases or shortfalls through time. The organization of the VSAs may only be reconsidered in the context of a new FMP and with the full agreement of the department and the quota operators.

Quota certificates for each company are based on percentage allocations of the entire FMU. Alberta Plywood Ltd.'s original S9 quota allocated 100% of the coniferous volume from an area inside S19 and an area outside S19. This Approval Decision maintains this arrangement by isolating Alberta Plywood Ltd.'s allocation from all other coniferous timber operators in the FMU.

The following defines specific requirements to maintain this arrangement:

1. The Alberta Plywood Ltd. AAC is sourced entirely from within VSA 1 (Utikuma Operating Area and FMU S19 outside FMA) and comprises 100% of the approved coniferous timber supply in VSA 1.
2. All other coniferous timber operators AACs are sourced entirely from within VSA 2 (Salt, Whitemud and Birch Operating Areas) and comprise 100% of the approved coniferous timber supply in VSA 2.
3. Changes to the timber supply in VSA 1 and/or VSA 2 will be treated as follows:
  - a. The quota operators shall have no timber rights beyond their assigned VSA.
  - b. In the event the AAC for the FMU must be recalculated, VSA 1 and VSA 2 will be separate sustained yield units and a new AAC will be calculated for each.

## **17. Authorization**

The Detailed Forest Management Plan for the Tolko FMA area submitted January 31, 2005 is approved subject to the Approval Conditions being met, and the Annual Allowable Cuts presented in this Approval Decision.

## Approved Annual Allowable Cuts

Table 2 - S19/S9 Historical Allocations and Annual Allowable Cuts

Company Name	Disposition Number	FMU	Landbase Management Type	Deciduous AAC (%)	Deciduous AAC (m <sup>3</sup> /yr)	Coniferous AAC (%)	Coniferous AAC (m <sup>3</sup> /yr)	Utilization
Tolko Industries Ltd.	FMA9700033	S19	Divided	N/A	299,875	N/A	N/A	15/10
11088459 Alberta Ltd. /Tolko Industries Ltd. Joint Venture	DTAS190001	S19	Divided	N/A	50,000	N/A	N/A	15/10
Alberta Plywood Ltd.	CTOS090002 (CTOS190003 -pending)	S19/S9	Divided	N/A	N/A	S19 - 48.72% S9 - 100%	38,704	15/11
Lakeshore Timber Company Ltd.	CTOS190001	S19	Divided	N/A	N/A	12.26%	9,743	15/11
Smoky River Loggers Ltd.	CTOS190002	S19	Divided	N/A	N/A	21.00%	16,680	15/11
CTPP	CTPs	S19	Divided	N/A	N/A	18.02%	14,320	15/11
<b>Total</b>					<b>349,875</b>	<b>100%</b>	<b>79,447</b>	

Table 3 - S19 Approved Allocations and Annual Allowable Cuts (effective May 1, 2004)

Company Name	Disposition Number	FMU	Volume Supply Area	Landbase Management Type	Deciduous AAC (%)	Deciduous AAC (m <sup>3</sup> /yr)	FMU Coniferous AAC (%)	Volume Supply Area Coniferous AAC (%)*	Coniferous AAC (m <sup>3</sup> /yr)	Utilization
Tolko Industries Ltd.	FMA9700033	S19	VSA 1 inside FMA and VSA 2	Single	N/A	409,750 (May 1, 2004 - April 30, 2024) 296,000 (May 1, 2024 forward)	N/A	N/A	N/A	15/10
1088459 Alberta Ltd./ Tolko Industries Ltd. Joint Venture	DTAS190001	S19	VSA 1	Single	N/A	50,000	N/A	N/A	N/A	15/10
Alberta Plywood Ltd.	CTQS190003	S19	VSA 1	Single	N/A	N/A	64.20%	100.00%	107,236	15/11
Lakeshore Timber Company Ltd.	CTQS190001	S19	VSA 2	Single	N/A	N/A	13.88%	38.77%	23,180	15/11
Smoky River Loggers Ltd.	CTQS190002	S19	VSA 2	Single	N/A	N/A	11.80%	32.96%	19,706	15/11
CTPP	CTPs	S19	VSA 2	Single	N/A	N/A	10.12%	28.27%	16,909	15/11
Unallocated	N/A	S19	VSA 1	Single	N/A	46,572	N/A	N/A	N/A	15/10
<b>Total</b>						506,322 (May 1, 2004 - April 30, 2024) 392,572 (May 1, 2024 forward)	<b>100%</b>	<b>N/A</b>	<b>167,031</b>	

\* The S19 FMU was amalgamated with FMU S9 on November 29, 2004, which included Volume Supply Areas 1 and 2. Map 3 identifies the S19 FMU and Volume Supply Areas (VSA).

To manage the coniferous timber supply, companies have been assigned to a specific Volume Supply Area to harvest their allocated volume. Quota certificates for each company are based on percentage allocations of the entire FMU. This Approval Decision separates Alberta Plywood Ltd.'s allocation from all other coniferous timber operators in the FMU.

The Alberta Plywood Ltd. AAC is sourced entirely from within VSA 1 and comprises 100% of the approved coniferous timber supply in VSA 1.

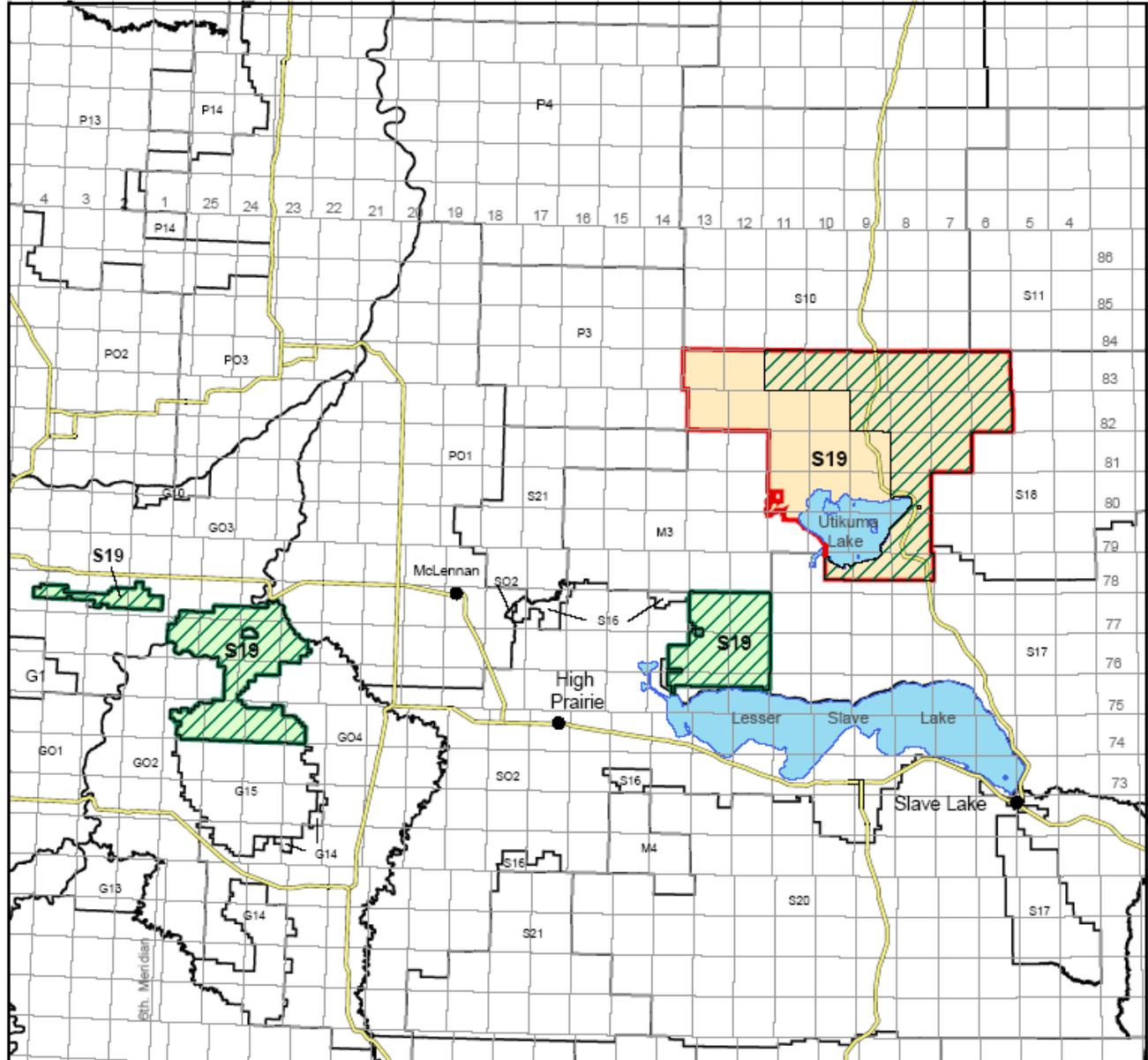
All other coniferous timber operators are sourced entirely from within VSA 2.

Changes to the timber supply in the FMU through time will be treated as follows:

1. The operators shall have no timber rights beyond their assigned VSA.
2. In the event the AAC for the FMU must be recalculated each VSA will be treated as separate sustained yield unit and a new AAC will be calculated for each.

**Table 4. Quadrant and Periodic Allowable Cuts**

Company Name	Disposition Number	FMU	Period/ Quadrant Cut Control Period	Approved Quadrant Coniferous Reconciliation Volume (m <sup>3</sup> )	Approved Quadrant Deciduous Reconciliation Volume (m <sup>3</sup> )	Coniferous Period/ Quadrant Allowable Cut (m <sup>3</sup> )	Deciduous Period/ Quadrant Allowable Cut (m <sup>3</sup> )	Comments
Tolko Industries	FMA9700033	S19	May 13, 2002 - May 12, 2007	N/A	0	N/A	1,829,000	2 years at 299,875m <sup>3</sup> + 3 year at 409,750m <sup>3</sup>
Tolko Industries Ltd. and 1108459 Alberta Ltd.	DTAS190001	S19	May 1, 2004 - April 30, 2009	N/A	0	N/A	250,000	5 years at 50,000m <sup>3</sup>
Alberta Plywood Ltd.	CTQS190003 (pending)	S19	May 1, 2004 - April 30, 2009	20,002	N/A	556,182	N/A	5 years at 107,236m <sup>3</sup> + 20,002m <sup>3</sup> AAC reconciliation
Lakeshore Timber Company Ltd.	CTQS190001	S19	May 1, 2004 - April 30, 2009	0	N/A	115,900	N/A	5 years at 23,180m <sup>3</sup>
Smoky River Loggers Ltd.	CTQS190002	S19	May 1, 2004 - April 30, 2009	0	N/A	98,530	N/A	5 years at 19,706m <sup>3</sup>
<b>Total</b>				20,002		770,612	2,079,000	



Map 3

### Volume Supply Areas

-  Volume Supply Area 1 (DFMP Operating Area Utikum and S19 outside the FMA)
-  Volume Supply Area 2 (DFMP Operating Areas Salt, Whitemud and Birch)
-  Tolko Industries Ltd. (High Prairie) FMA