

SECTION ONE  
INTRODUCTION AND PURPOSE OF THE PLAN

DFMP

DETAILED FOREST MANAGEMENT PLAN

TEXT REPORT



BLUE RIDGE LUMBER INC.  
A SUBSIDIARY OF WEST FRASER MILLS LTD.

# 1 Introduction and Purpose of the Plan

## 1.1 Introduction

The Province of Alberta and Blue Ridge Lumber Inc. signed the 20 year renewable Forest Management Agreement (FMA) 7500020 with a commencement date of September 1, 1995 (Appendix 2). The FMA contains provisions for a further 20 year “evergreen” renewal period effective September 1, 2005. The FMA gives BRL “the rights to establish, grow, and harvest timber on the FMA area on a perpetual sustained yield basis.”

The Company established and operates a major lumber production facility and medium density fireboard (MDF) processing facility in the vicinity of Whitecourt. The Minister “recognizes the Company’s need for a FMA to warrant these facilities and desires to provide for a perpetual sustained yield of timber in order to provide adequate fiber for such facilities.” The Minister desires to provide for sustainable development of all resources and to provide for the fullest possible economic utilization of timber from the FMA area and stable employment in local communities by maximizing the value of the timber resource base while maintaining a forest environment of high quality.”

Blue Ridge Lumber’s goal is to maximize the sustainable conifer annual allowable cut within the FMA while sustaining social, ecological, and economic needs of the surrounding communities.

As part of the FMA, BRL is required to prepare a Detailed Forest Management Plan (DFMP). The development of this plan has occurred using a planning team approach. Sustainable Resource Development, the embedded Quota Holder and embedded Deciduous Timber Allocation Holders have been active participants in the development and review of this DFMP.

BRL has involved the public in the development of this DFMP through annual Woodlands Open House meetings and previous years’ presentations, discussions and regular monthly meetings made to the Whitecourt Regional Forest Advisory Committee and the Swan Hills Forestry Communication Group.

This DFMP has been developed in accordance with the Interim Forest Management Planning Manual – Guidelines to Plan development April 1998. Blue Ridge Lumber has incorporated many of the elements and requirements from the Alberta Forest Management Planning Standard Version 3, June 2005.

## 1.2 Ecosystem Management and Adaptive Management Philosophy

The scope of forest management has recently been changing from traditional sustained yield of timber to complex sustainable yield of multiple resource values. Increasing environmental concerns, ecosystem values, maintenance of biodiversity, social needs, and new knowledge about forestry are accelerating this process. This shift is expected to place greater emphasis on the forest landscape and ecosystem integrity, and managing to conserve biodiversity.

Blue Ridge Lumber recognizes these changes and the Company is committed to working toward ecosystem management. Ecosystem management is a philosophy, which seeks to integrate the ecological, economic, social and cultural factors of the forest resources in order to maintain and enhance the quality of the environment to meet the needs of current and future generations. Ecosystem management is based on managing our own activities in the forest to ensure that they do not interfere with the ecosystem's ability to manage itself. Ecosystem management is also the cornerstone of the *Alberta Forest Legacy Document*.

Blue Ridge Lumber intends to implement ecosystem management using an *adaptive management approach*. Adaptive management makes provision for changes to forest management plans based on a continuous improvement loop which focuses on monitoring and constant feedback to refine management approaches and to develop new ones. Adaptive management is flexible, so that as we conduct research and learn more about ecosystems, we can change our management approaches. Through a process of scientific evaluation, monitoring, assessment and feedback, we learn more about the forest ecosystems and are able to modify our management approach based on this “new knowledge.”

“An accepted practical definition of natural range of variability (NRV) does not exist, and this plan does not attempt to define the NRV for the FMA area. This is a wide spread shortcoming in forest management. However it is an issue that BRL will continue to address. BRL will include an analysis of the NRV and establish targets for future forest conditions in the next DFMP developed for the FMA area in September 1, 2015.” (June 1, 2004 DFMP Approval Decision 5).

Acquiring new knowledge and continuous improvement has been the philosophy of Blue Ridge Lumber since the Company commenced operations in 1976. The Company has made continuous improvements in site preparation equipment and techniques, seedling and planting quality, road building and erosion control, harvesting techniques, loading, hauling, safety, small wood utilization, understorey protection, spacing and cleaning, vegetation management and numerous other examples.

Forest management planning is a dynamic process, which changes as new knowledge is obtained through research. It captures forest management principles from national and provincial policy and legislation changes, and it is adaptive in response to performance monitoring, measuring and

reporting mechanisms, which provide corrective feedback leading to improved plan performance.

Blue Ridge Lumber intends to take a “go-slow” practical and a cooperative approach to ecosystem management by obtaining information from diverse partners and sharing this information with the Regional Forest Advisory Committee, public involvement and other Government and industrial representatives located within the region. The Blue Ridge Lumber goal will be to find the “best common ground” in the quest for meeting the ecological, economic and social needs of the region. The Company realizes that it may not be possible to achieve full consensus by all stakeholders on all issues, and that a “balance” will be required.

The ecosystem management approach which is currently favored by Blue Ridge Lumber as an initial option is a “*coarse filter approach*”, by maintaining “*the natural disturbance regimes*” of the area. The composition of plant and animal communities change as forest stands develop through time after a disturbance such as fire, wind, insects and disease or harvesting. Plant and animal communities find their habitat needs during different stages of forest development or seral stages. Blue Ridge Lumber therefore intends to maintain the diversity of seral stages and disturbance regimes found within the FMA area.

The Blue Ridge Lumber FMA area has a long history of intensive oil and gas development, harvesting, and road development with numerous overlapping dispositions and other industrial users on the land base. The land base is continually eroding due to these increasing land withdrawals, environmental restrictions, overstocking and vegetation competition. The high productivity sites close to the manufacturing facilities suggest that a large portion of the FMA area is well suited to enhanced forest management to make up for losses due to a shrinking land base. Blue Ridge Lumber has led the Province in reforestation success, and the Company believes that improved reforestation is the key to sustainable forest management.

These considerations have been taken into account in the forest management planning process and the development of this Detailed Forest Management Plan.

### 1.3 Company Philosophy and Goals

Over the past 20 years the Company has developed a “unique culture.” The Company management philosophy of West Fraser Timber Ltd. and Blue Ridge Lumber is in concert with the sustainable forest management concept of social, economic and environmental values.

As part of the commitment to sustainable forest management West Fraser is achieving and maintaining certification programs such as the Alberta Forest Products Association ForestCare program, ISO 14001 Environmental Management System and the Sustainable Forestry Initiative (SFI) certification program of the American Forest and Paper Association.

A commitment to responsible stewardship of the environment and excellence in environmental performance is essential to West Fraser's business. Each year West Fraser works toward improving its environmental performance.

Please refer to Appendix 3 for the Company philosophy related to:

- West Fraser Timber Ltd. Goals.
- Blue Ridge Lumber Inc. Statement of Purpose and Beliefs.
- Blue Ridge Lumber Woodlands Mission Statement.
- West Fraser Environmental Policy
- Blue Ridge Lumber Environmental Commitment
- West Fraser Safety and Health Policy
- Blue Ridge Lumber Inc./ Ranger Board Occupational Health and Safety Principles

## 1.4 The Forest Management Agreement

The Minister of Sustainable Resource Development allocates the timber resources through long term forest management agreements, coniferous timber quotas, deciduous timber allocations and timber permits.

The Blue Ridge Lumber Inc. Forest Management Agreement (FMA 7500020) commenced on September 1, 1975 and expired on August 31, 1995. This 20-year renewable FMA was renewed for a further term of 20 years under Order in Council 505/95 effective September 1, 1995 and contains provisions for a further 20 year “evergreen” renewal period effective September 1, 2005.

Two amendments to the FMA were signed early in 1999. The first amendment, Order in Council 26/99 effective March 1, 1999 provides for:

- The payment of pulpwood crown dues at a Regulated Rate in place of the previous FMA rate. Crown dues on conifer pulpwood are now paid on the same basis as conifer saw logs. Crown dues for deciduous pulpwood are paid at a rate indexed to the price of hardwood kraft pulp.
- The Company to maintain a program to enhance the management activities and level of understanding of the forest resources and forest products within the FMA area with a minimum annual funding of \$.25/m<sup>3</sup> of timber cut by or for the Company from the FMA area. Blue Ridge Lumber is required to submit an annual report to the Minister of activities carried out by the Company under this program.

The second amendment, Order in Council 100/99 is effective September 1, 1995. This amendment provides for the addition of the W2 Management Unit to the Whitecourt FMA. The newly expanded Forest Management Unit (currently designated as W14) is the combination of the old W2, W3 and W4 FMU’s. The newly designated Volume Supply Area 1 is the old W2 FMU and the newly designated Volume Supply Area 2 is the old W3 and W4 FMU’s.

A condition of this amendment is a letter of agreement dated July 17, 1997 between Blue Ridge Lumber, Mostowich Lumber and Environmental Protection. Under this letter of agreement, Blue Ridge Lumber agreed to relinquish 9,247 m<sup>3</sup> of annual allowable cut from CTQW010004 and 9,247 m<sup>3</sup> of annual allowable cut from CTQW020018 effective May 1, 1996 to Mostowich Lumber. Mostowich Lumber’s W2 volume is fixed at 65,922 m<sup>3</sup>/year (15/11 utilization) effective May 1, 1996 until Blue Ridge Lumber determines a new annual allowable cut for the new enlarged FMA area at which time the fixed volume will be used to calculate a new Quota % of AAC. The new Mostowich Quota % will then be used to calculate the Mostowich Quota volume entitlement upon the submission of the next DFMP.

The Company recognizes the rights of other Coniferous Timber Quota Holders (CTQ), Deciduous Timber Allocation Holders (DTA), and Miscellaneous Timber Use areas (MTU) (Paragraph 8 (2, 3 and 4)).

Other important amendments to the FMA under Order in Council 100/99 include:

- This agreement will be renewed every 10 years, commencing September 1, 2005. (Paragraph 2 (2) and (3))
- A revised Detailed Forest Management Plan is due September 1, 2005. (Paragraph 10 (5)).

The FMA is currently being renewed for a further 20 year “evergreen” period effective September 1, 2005.

Please refer to the following maps:

Map 1 shows the Province and the general geographic location of the Blue Ridge Lumber Inc. FMA Area.

Map 2 shows the FMA Area as the designated W14 Forest Management Unit and the Volume Supply Areas.

Map 3 shows the Digital Elevation Model (DEM) of the FMA Area.

- Landscape Resource Information is lacking or limited. The inventory and assessment of other resource values is a shared responsibility between Government and the other resource users. Some resource information is lacking which is preventing the effective development of management plans.
- Timber Supply and Land Use Challenges - Protection against fire, insects and disease, and prompt adequate reforestation are the main components of the management plan. Overstocking of pine and heavy competition from grass, brush and aspen severely restricts the growth of conifer regeneration on some of our best growing sites. BRL is facing an increasing demand for softwood timber supply on a shrinking land base. There are land use pressures, which decrease AAC, and increase delivered wood costs. Large oil and gas reserves and recreation pressures created by close proximity to Edmonton all place demands for further land withdrawals from the FMA area.

Other Provincial unresolved issues that may effect future management planning include:

- Grizzly Bear Research and subsequent management strategy
- Fragmentation of the Landscape
- Access Management
- Quota Tenure Review
- FMA Tenure Review
- Department of Fisheries and Oceans restrictions on forest operations
- Countervail Duty and Anti-Dumping Charges
- Natural Gas and Electricity Prices
- Development of Oil and Gas Reserves
- Alberta Historical Resources Act
- Endangered Species Act
- Allocation of Timber Damage Assessment Funds
- Alberta Reforestation Information System (ARIS)
- Reforestation Science Council Report Recommendations
- Planning Manual Revision and requirement for spatial harvest sequencing
- Zonal Ground Rules
- Fire Control (Holding and Protection Charges, Tree Free Powerline Policy)
- CEAA Class Assessment for Stream Crossings
- Alberta Water Code Exemption
- Seed and Vegetative Material Policy
- Noxious Weed Policy
- Alberta Aboriginal Policy and Implementation
- Timber Dues Policy
- Enhanced Forest Management Policy
- Riparian Buffer Policy
- ALSA LOC Surveys

BLUE RIDGE LUMBER INC.  
FOREST MANAGEMENT AGREEMENT AREA



**Legend**

∟ Roads  
Waterbody

■ BRL FMA



**BLUE RIDGE LUMBER INC.**  
A SUSTAINABLE FORESTRY COMPANY

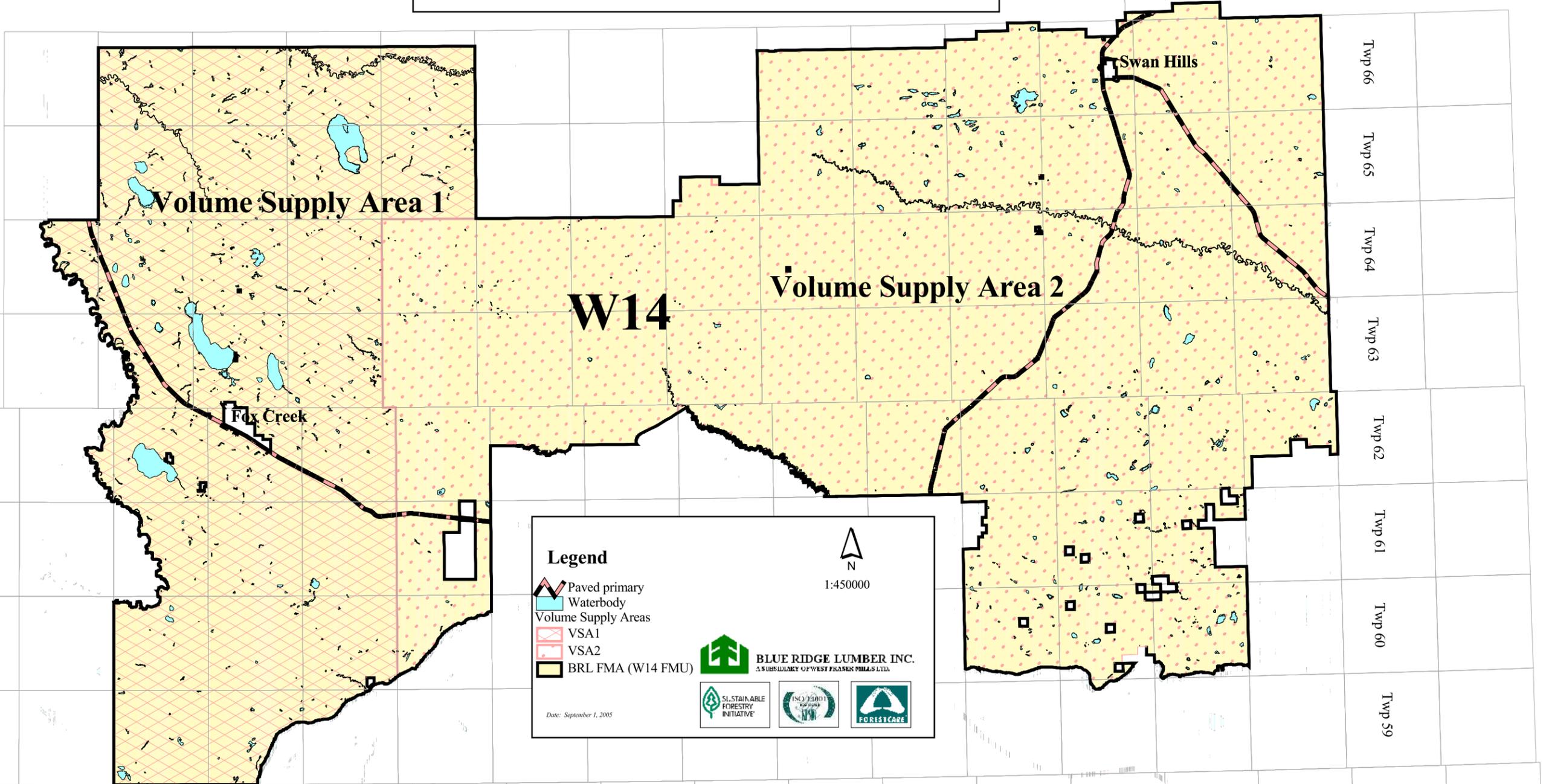


Date: September 1, 2005

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BLUE RIDGE LUMBER INC.  
FOREST MANAGEMENT AGREEMENT AREA

W14 FMU



Legend

- Paved primary
- Waterbody
- Volume Supply Areas
- VSA1
- VSA2
- BRL FMA (W14 FMU)



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Date: September 1, 2005

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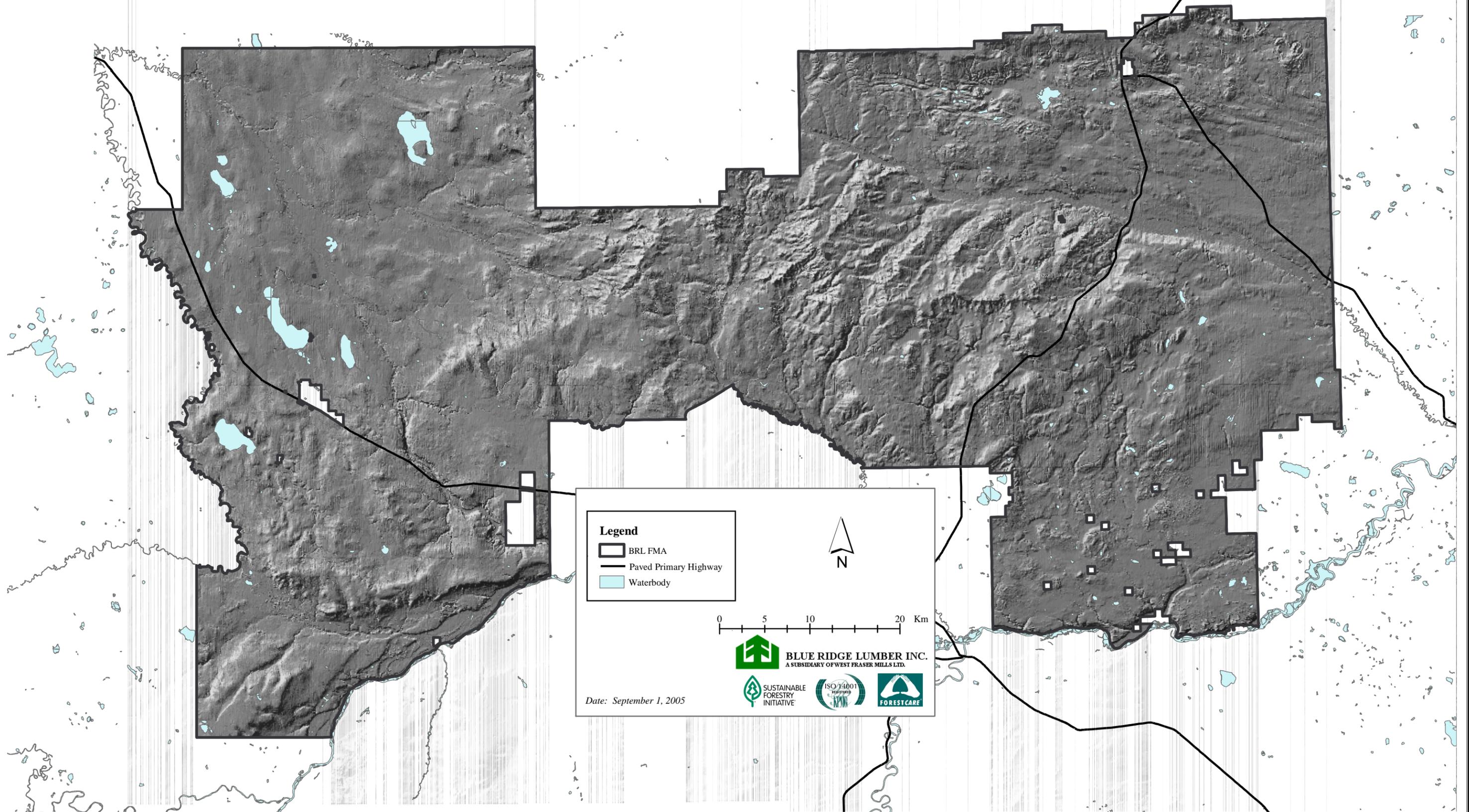
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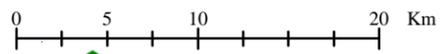
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BLUE RIDGE LUMBER INC.  
FOREST MANAGEMENT AGREEMENT AREA  
DIGITAL ELEVATION MAP (DEM)



**Legend**

-  BRL FMA
-  Paved Primary Highway
-  Waterbody



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Date: September 1, 2005

## 1.5 History of Management Plans

The FMA contains provisions for Blue Ridge Lumber Inc. to “conduct its operations in accordance with approved forest management plans” (Paragraph 10 (1)).

Under the terms of the initial 1975 to 1995 FMA, a Detailed Forest Management Plan was submitted on January 8, 1990 and was technically accepted by the Alberta Forest Service on December 14, 1990. Following a public involvement process by Blue Ridge Lumber the Detailed Forest Management Plan was officially approved May 15, 1991. This plan approved a conifer annual allowable cut of 566,829 m<sup>3</sup>. There was no deciduous AAC calculated in the 1991 Detailed Forest Management Plan. A Deciduous Timber Allocation (annual volume allocation of 74,600 m<sup>3</sup>) was issued to Millar Western Forest Products Ltd. in 1992.

Under the terms of the amended September 1, 1995 FMA, a new Detailed Forest Management Plan was due September 1, 1999. A complete forest inventory to AVI 2.1 standards was completed by Blue Ridge Lumber in 1993 in preparation for this new DFMP. Blue Ridge Lumber submitted a Detailed Forest Management Plan to the Minister on August 27, 1999. However, the disastrous Virginia Hills fire of May 1998 necessitated an update to the forest inventory and a re-calculation of the annual allowable cut for the original FMA area (FMU W3 and W4).

As a result of the 1998 Virginia Hills fire, Blue Ridge Lumber took a two-step approach to the development and approval of this Detailed Forest Management Plan:

### **Step 1 - Develop the post fire timber supply analysis and annual allowable cut calculation for the original FMA area (W3 and W4 FMU's).**

A mitigation strategy was required by Alberta Sustainable Resource Development to reduce impact of the Virginia Hills fire on the AAC (28.9%) of the Whitecourt FMA area by requiring that all burned cutblocks and all fire salvage cutblocks be reforested to current reforestation standards. The forest companies in the Whitecourt FMA area have agreed to this mitigation strategy.

The same mitigation strategy was also required in the W2 FMU in order to reduce the impact of the fire from 2.59% to 1.61%. The forest companies in the W2 FMU have agreed to this mitigation strategy. A fire impact less than 2.5% will allow the current annual allowable cut in the W2 FMU to remain as is until a new forest inventory is completed and a new annual allowable cut is approved for the combined W14 FMU.

The Blue Ridge Lumber Quota Certificate W2-Q18 was cancelled when the W2 Management Unit was added to the FMA effective May 1, 1995. Blue Ridge Lumber has the authority to continue to harvest at the Quota Certificate level of 87,448 m<sup>3</sup> per year in the W2 Management Unit until a new annual allowable cut is approved for the combined W14 FMU. This DFMP was submitted to SRD on July 13, 2001 and received approval August 29, 2001 for an approved

conifer harvest level of 540,000 m<sup>3</sup>/yr at 15/10 utilization for the combined W3 and W4 FMU's. The Community Timber Program is entitled to one half of one percent or 2,700 m<sup>3</sup> per year and Blue Ridge Lumber is entitled to 537,300 m<sup>3</sup> per year. The post fire annual allowable cut was calculated effective May 1, 1998 to allow companies to salvage the burnt timber and to carry over the unused green timber to subsequent quadrants. This resulted in a carry-over of unused green timber for Blue Ridge Lumber of 731,503 m<sup>3</sup> (audited). Blue Ridge Lumber requested a 20-year carry over period (36,575 m<sup>3</sup> per year) in order to allow sufficient time to develop and implement enhanced forest management programs and other strategies to minimize the drop in annual allowable cut. In a letter dated May 17, 2004 SRD approved the 20-year carry over effective September 1, 2000.

The approved deciduous harvest level is 242,368 m<sup>3</sup> /yr at 15/10 utilization (based on the average deciduous harvest level for the first 20 years of the planning horizon.

**Step 2 - Develop a Detailed Forest Management Plan and timber supply analysis for the expanded FMA (W14 FMU).**

In July 2003 Millar Western Forest Products Ltd. was awarded a Deciduous Timber Allocation Certificate DTA W910002 for 70,000 m<sup>3</sup> of deciduous volume from “pure deciduous stands.”

Conifer understorey and merchantable suppressed conifer are often hidden by the upper overstorey canopy and impossible to interpret using AVI 2.1 that is based on overstorey crown closure and leaf-on aerial photography. This makes it very difficult for operational planners to identify valuable conifer understorey that requires protection during operations. The protection of merchantable suppressed conifer is especially important to the conifer annual allowable cut as these trees are required to fill the conifer age class gap (50 to 80 years) that were destroyed by the Virginia Hills Fire.

BRL received approval (February 3, 2004) to complete a new conifer understorey inventory of 9 townships in W3 and W4 using false color infra-red aerial photography flown in 2002. The conifer understorey inventory was used in the timber supply analysis to compare the impact on the annual allowable by excluding and including the conifer understorey inventory.

The Detailed Forest Management Plan for the W14 Management Unit (formerly W2, W3, and W4) was submitted to the Province on June 1, 2004 and approved October 25, 2004 subject to certain approval conditions. The DFMP has an approved conifer annual allowable cut of 795,750 m<sup>3</sup> and a deciduous annual allowable cut of 389,682. BRL is entitled to a conifer annual allowable cut of 723,683 m<sup>3</sup> and a deciduous annual allowable cut of 117,640.

## 1.6 Embedded Timber Operators

Blue Ridge Lumber has integrated operations within the FMA area with other timber operators. These operators are either embedded Coniferous Timber Quota (CTQ) holders, Deciduous Timber Allocations (DTA) holders, or small local operators who have timber permit areas in the Ft. Assiniboine/Whitecourt area. The following table shows the historical allocations and annual allowable cuts prior to the approved June 1, 2004 DFMP. Please refer to the Executive Summary for the current approved allocations.

**Table 2: Blue Ridge Lumber FMA Historical Allocations and Annual Allowable Cuts**

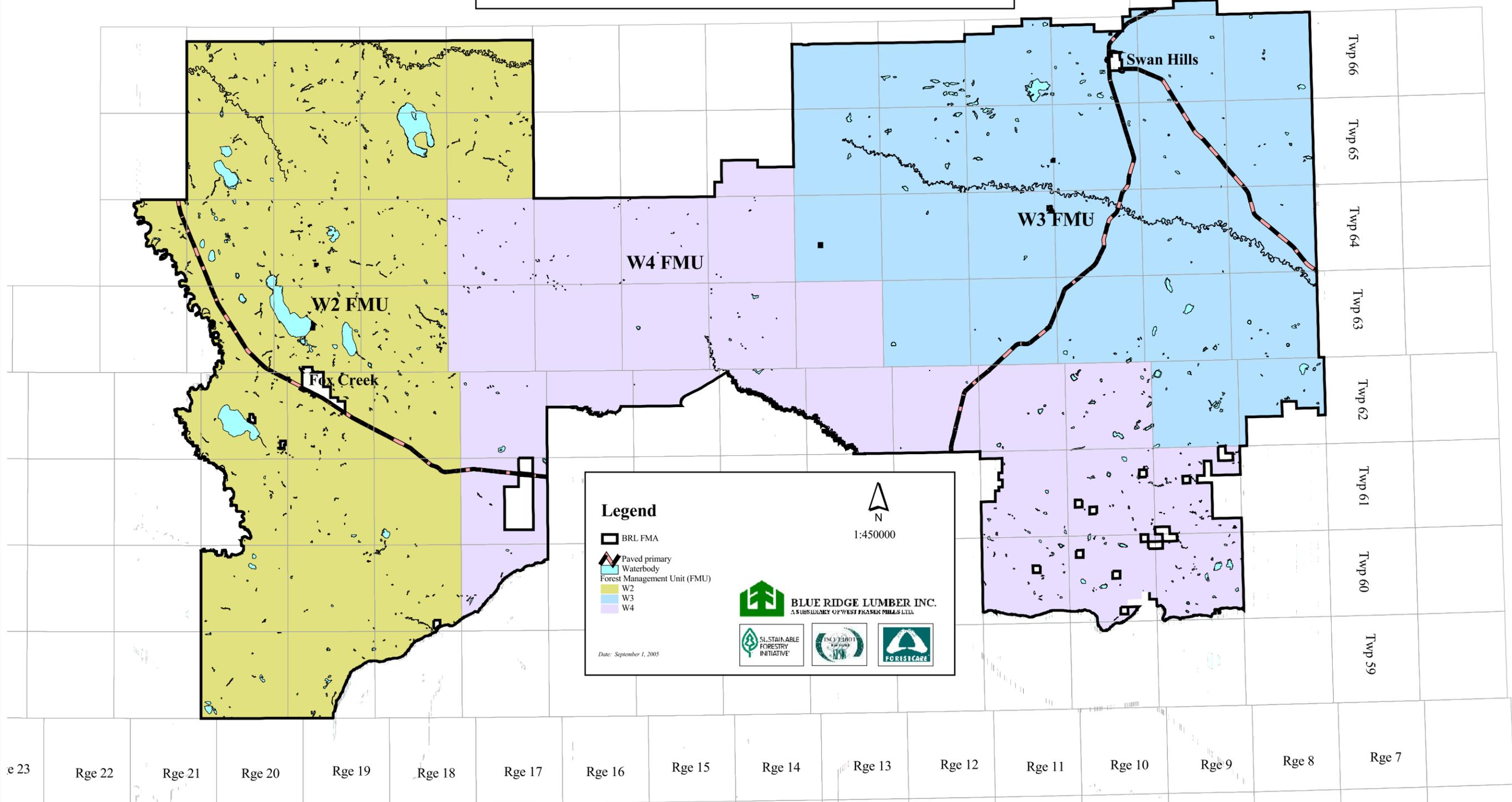
Company	Disposition Number	FMU	Landbase Management Type	Deciduous AAC (m <sup>3</sup> /year)	Conifer AAC (m <sup>3</sup> /year)	Utilization
Blue Ridge Lumber	FMA 7500020	W14 (Conifer in VSA 1 & VSA 2, Deciduous in merchantable conifer stands (VSA 2))	AAC calculated on divided landbase for former W2 and single landbase for former W3/W4 FMU's	97,279	647,823	15/10
Mostowich Lumber Ltd.	CTQ W020022	W14 VSA 1	AAC calculated on divided landbase		65,922	15/11
ANC Timber Ltd.	DTAW020001	W14 VSA 1	AAC calculated on divided landbase	51,000		13/7
ANC Timber Ltd.	DTAW020002	W14 VSA 1	AAC calculated on divided landbase	34,564		13/7
Millar Western Forest Products Ltd.	DTAW910001	W14 VSA 2	Single landbase	74,600		15/10
Millar Western Forest Products Ltd.	DTAW910002	W14 VSA 2	Single landbase	70,000		15/10
*Millar Western Forest Products Ltd.	DTA Conditional Reserve Balsam Poplar	W14 VSA 1	AAC calculated on divided landbase	15,897		15/10
**Local Use/Community Timber Program	CTP	W14 VSA1 & VSA 2	AAC calculated on divided landbase for former W2 and single landbase for former W3/W4 FMU's	489	3,255	15/10
<b>Total</b>				<b>343,829</b>	<b>717,000</b>	

\*Dependent on a commitment by Millar Western Forest Products Ltd. to commence the construction of a finished hardwood veneer plant no later than May 15, 2006. Prior to the construction of the veneer plant the Company has no rights to the balsam poplar.

\*\*The local use/community timber opportunity program is 0.5% of Blue Ridge Lumber's share of the AAC.

Please refer to the map on the following page showing the historic provincial FMU's.

BLUE RIDGE LUMBER INC.  
 FOREST MANAGEMENT AGREEMENT AREA  
**HISTORICAL PROVINCIAL FOREST  
 MANAGEMENT UNITS**



**Legend**

- BRL FMA
- Paved primary
- Waterbody
- Forest Management Unit (FMU)**
- W2
- W3
- W4

Date: September 1, 2005



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## 1.7 Community / Local Timber Program (CTP/LTP)

Blue Ridge Lumber has historically provided an area to the Community Timber Program near Fort Assiniboine and the Whitecourt area for the issuance of permits to local loggers.

The Community Timber Program for local use is administered by Alberta Sustainable Resource Development.

The Community Timber Program (CTP) is entitled to one half of one percent of the approved annual allowable cut of Blue Ridge Lumber. The approved conifer annual allowable cut for BRL is 723,683 m<sup>3</sup> and the approved deciduous annual allowable cut for BRL is 117,640 m<sup>3</sup>. Effective May 1, 2004 the CTP in the Whitecourt/Fort Assiniboine area is entitled to 3,637 m<sup>3</sup> per year of conifer timber and 591 m<sup>3</sup> per year of deciduous timber. All permits will be issued at a 15/10 cm utilization standard.

## 1.8 Blue Ridge Lumber Assignments

In the past 20 year period several quotas have been purchased by Blue Ridge Lumber Inc. and amalgamated into the FMA area in an effort to maintain annual allowable cut.

- The Charles H. Fluet Lumber Ltd. Quota CTQ W03003 quota was purchased by Blue Ridge Lumber Inc. in December 1992. On May 1, 1995 this quota was cancelled and included as part of the FMA area annual allowable cut.
- In 1993, the Zeidler Forest Industries quota was split into CTQ W030001 inside the FMA area and W110001 outside the FMA area. On November 3, 1999 West Fraser purchased Zeidler Forest Industries Ltd. and this precipitated several changes including a name change to Alberta Plywood Ltd. The Zeidler Forest Industries CTQ W030001 quota of 21,903 m<sup>3</sup> was assigned to West Fraser effective May 1, 1996 and the volume was included as part of the FMA area (Post Fire DFMP submitted July 13, 2001).
- The BRL S2-Q5 quota of 26,512 m<sup>3</sup> was assigned to Alberta Plywood effective June 30, 2000.
- On September 1, 1995, the W2 FMU became part of the Blue Ridge Lumber FMA area and both Mostowich Lumber Ltd. and Buchanan Lumber became embedded quota holders. In 1999 Buchanan Lumber Ltd. made an arrangement with Blue Ridge

Lumber Inc. and Slave Lake Pulp Corporation to trade their W2 Coniferous Timber Quota for a Quota in the S1 FMU.

- The Buchanan W2-Q14 quota was cancelled and the quota volume of 23,630 m<sup>3</sup> was assigned to the BRL FMA area effective May 1, 1996. The BRL W2-Q18 quota of 87,448 m<sup>3</sup> was also cancelled and assigned to the BRL FMA area effective May 1, 1996.

## 1.9 Loss of Annual Allowable Cut to BRL

Over the past several years Blue Ridge Lumber Inc. has suffered a loss in conifer annual allowable cut in excess of 127,878 m<sup>3</sup> per year in our FMA area and Coniferous Timber Quota areas. This loss has restricted our ability to maintain the long-term timber supply required by our manufacturing facilities. The major losses include:

- The 1998 Virginia Hills fire resulted in a total loss in annual allowable cut of 62,610 m<sup>3</sup>. The post Virginia Hills fire annual allowable cut in the original FMA area, W3 and W4 FMU's, was submitted July 13, 2001 and approved August 29, 2001. This timber supply document approved the post Virginia Hills fire annual allowable cut of 540,000 m<sup>3</sup> effective May 1, 1998. The previous approved 1990 DFMP calculated the annual allowable cut at 602,610 m<sup>3</sup>. This results in a total loss in annual allowable cut of 62,610 m<sup>3</sup>.
- The annual allowable cut in the W1 FMU was decreased which resulted in a reduction of the BRL W1-Q4 Coniferous Timber Quota from 185,251 m<sup>3</sup> to 106,391 m<sup>3</sup> effective May 1, 1996. This is a loss of annual allowable cut of 78,860 m<sup>3</sup> per year. This loss was mitigated to 36,578 m<sup>3</sup> with the issuance of a new Coniferous Timber Quota of 42,282 m<sup>3</sup> in the W6 FMU.
- A new Coniferous Timber Quota volume of 42,282 m<sup>3</sup> per year was promised to BRL effective May 1, 1996 by Alberta Sustainable Resource Development in the W6 management unit to make up for a portion of the shortfall in the W1 Management Unit. A new forest inventory and lower than expected yield curves resulted in a further reduction to the annual allowable cut in the W6 Management Unit from 42,282 m<sup>3</sup> to 35,186 m<sup>3</sup> effective May 1, 1999. The loss to Blue Ridge Lumber in this unit is currently 7,096 m<sup>3</sup> per year; however, Weyerhaeuser is currently developing a Detailed Forest Management Plan for the W6 Forest Management Unit that indicates a further potential loss in AAC.
- The FMA was amended to add the W2 Management Unit to the Blue Ridge Lumber FMA area. As a condition of this amendment Blue Ridge Lumber agreed to relinquish 9,247 m<sup>3</sup> of annual allowable cut from the W1-Q4 Coniferous Timber Quota and 9,247 m<sup>3</sup> from the W2-Q18 Coniferous Timber Quota to Mostowich Lumber Ltd. effective May 1, 1996. This is a loss of 18,494 m<sup>3</sup>.
- The Alexander First Nation land claim resulted in a loss of conifer annual allowable cut of approximately 3,100 m<sup>3</sup> per year and a deciduous annual allowable cut of 1,557 m<sup>3</sup>.

**Table 3: Blue Ridge Lumber Inc. Loss of Conifer AAC**

<b>Blue Ridge Lumber Inc.</b>	<b>Loss of Conifer AAC m<sup>3</sup></b>
1998 Virginia Hills Fire	62,610
W1-Q4 Timber Quota Reduction	36,578
W6 – Q18 Timber Quota Reduction	7,096
Volume to Mostowich from W1 and W2	18,494
Alexander First Nations Land Claim	*3,100
<b>Total Loss of AAC</b>	<b>127,878</b>

\*Plus a loss of 1,557 m<sup>3</sup> deciduous annual allowable cut

## 1.10 Blue Ridge Lumber Timber Supply

The BRL annual allowable cut from the FMA area is 723,683 m<sup>3</sup> of conifer timber per year and 117,640 m<sup>3</sup> of deciduous timber per year. Blue Ridge Lumber also holds Coniferous Timber Quotas in the W1 (122,344 m<sup>3</sup>) and W6 (35,186 m<sup>3</sup>) Management Units that provide an additional volume of 157,530 m<sup>3</sup> per year. The total conifer timber supply available to BRL is 881,213 m<sup>3</sup> per year. An additional volume of approximately 100,000 m<sup>3</sup> per year is purchased from industrial salvage and local residents at prevailing market prices. The total timber supply of 981,213 m<sup>3</sup> per year approximates the BRL current manufacturing requirements of 1,000,000 m<sup>3</sup> but does not allow for further growth and expansion of our existing facilities.

**Table 4: Blue Ridge Lumber Inc. Timber Supply**

	<b>Deciduous</b>	<b>Conifer</b>
FMA – W14	117,640	723,683
W1 - Q4		122,344
W6 – Q18 *		35,186
<b>Subtotal</b>		<b>881,213</b>
Industrial Salvage & Purchase Wood		100,000
<b>Total Timber Supply</b>	<b>117,640</b>	<b>981,213</b>
<b>BRL Manufacturing requirements</b>		<b>1,000,000</b>

\* Weyerhaeuser is currently developing a Detailed Forest Management Plan for the W6 Forest Management Unit that may affect the current AAC.

Please refer to the map on the following page that shows the Blue Ridge Lumber FMA area and the Coniferous Timber Quota areas.

# BLUE RIDGE LUMBER INC. FOREST MANAGEMENT AGREEMENT AREA AND TIMER QUOTA AREAS

- Legend**
-  Paved primary highway
  -  Waterbody
  -  BRL FMA
  -  FC 502 - CTLW01A006
  - Quotas**
  -  FC 510 - CTLW010042
  -  FC 520 - CTLW010044
  -  FC 530 - CTLW01A004
  -  FC 501 - CTLW01A005
  -  WL 710 - CTLW060065
  -  WL 720 - CTLW06F003



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Date: September 1, 2005

