

March 9, 2006

Ref: 06292 - 010

Mr. Murray Summers
Blue Ridge Lumber (1981) Ltd.
P.O. Box 1079
Whitecourt, Alberta
T7S 1P9

Dear Mr. Summers:

The following summarizes the status of the Approval Condition requirements of Blue Ridge Lumber's Detailed Forest Management Plan (DFMP) approval of October 25, 2004, based upon the resubmission dated September 1, 2005 and received in December of 2005.

Approval Condition 1 – Coniferous Understorey Management

Conifer understorey protection requirements were developed and incorporated into the Blue Ridge Lumber Operating Ground Rules. Mr. Doug Sklar, Executive Director, Forest Management Branch approved the Ground Rules on August 9, 2005.

Approval Condition 2 – Secondary Volume Monitoring and Replacement

This condition has been met and was approved by Mr. Robert Stokes, Senior Manager, Forest Planning Section through the letter dated August 3, 2005.

Approval Condition 3 – Structure Retention

This condition has been met and was approved by Mr. Robert Stokes, Senior Manager, Forest Planning Section through the letter dated August 3, 2005.

Approval Condition 4 – Silviculture Treatments

SRD agreement in principle was given on this item in December 2004. The Silviculture Table that is included in this DFMP is approved as part of the submission.

Approval Condition 5 – Trends in Future Forest Projections

This condition requires an analysis of the Natural Range of Variability and targets for future forest conditions for inclusion in the 2015 DFMP. Work is ongoing.

Approval Condition 6 – Aboriginal Consultation

This condition requires documentation of consultation efforts and a commitment to implement SRD Aboriginal Consultation policy direction. The Aboriginal Consultation Policy is currently being developed by SRD. The requirement is ongoing.

Approval Condition 7 – Spatial Harvest Sequence

There were two parts to this requirement. One requirement requires adherence to the approved harvest sequence within authorized variance and a reporting and analysis of variance. This requirement is ongoing.

The other requirement was for a revised harvest sequence that is feasible to implement. This requirement has been met. The DFMP contains two ten year Spatial Harvest Sequences (SHS), covering 2001-2010, and 2011-2020. While the 2001-2010 SHS clearly defines which stands will be harvested for the remaining period, the 2011-2020 SHS is less definitive. It is not clear which of the stands identified will be harvested between 2011 and 2015, the period prior to the next DFMP submission.

At this time, the department will accept the SHS presented with the stipulation that the 2010 Stewardship Report containing the SHS variance analysis, also be accompanied by a further refinement of 2011-2020 SHS to identify the stands to be harvested between 2011-2015. This refinement will be done in full consultation with the embedded operators.

Approval Condition 8 – VOITs, Monitoring and Stewardship Reporting

This condition required the development of Values, Objectives, Indicators and Targets (VOITs) along with a monitoring and reporting framework. This has been satisfactorily addressed by *Section 12: Developing Values, Objectives, Indicators, and Targets (VOITs)*. The VOITs included are approved as part of this submission.

SRD will expect the submission of the Stewardship Report by September 1, 2010.

Approval Condition 9 – Road Corridor Development Plan

This condition required a corridor level plan for accessing compartments in the Forest Management Agreement area. This requirement was met and approved by Mr. George Robertson, Area Manager, Woodlands Area through the letter dated January 17, 2006.

Approval Condition 10 – Industrial Salvage Timber

This condition has been met and was approved by Mr. Doug Sklar, Executive Director, Forest Management Branch through the letter dated January 17, 2006.

Approval Condition 11 – Detailed Forest Management Plans

This required a revised DFMP submission within timelines established by the department, and further required a new DFMP by September 1, 2015. The submission has been received and is acceptable. The requirement for the DFMP by 2015 is ongoing.

Approval Condition 12 – Technical Issues

The technical issues provided in table format to the company following the review of the 2004 DFMP submission have been addressed through this DFMP resubmission and comments within the table presented in Appendix 1 of this resubmitted DFMP.

The approved Annual Allowable Cuts (AAC) are those presented as Tables 1,2,3 and 4, attached to this letter. The AACs are those reproduced from page 2 of the Blue Ridge Lumber DFMP Text report. There is a slight difference between the coniferous and deciduous flows when comparing the 2004 and 2005 preferred forest management scenarios as presented in page 187, Figure 4.19, of the DFMP Timber Supply Analysis. The difference is less than 2.3% on the 20-year averages, therefore, the approved 2004 AAC need not be adjusted.

Table 2 (attached) identifies Cut Control Reserve Volumes. Timber volumes may be charged to the Cut Control Reserve on a five-year basis as follows:

- Structure Retention volumes (As per the hierarchy of the January 13, 2005 letter from Mr. Doug Sklar)
- Certain volumes from industrial dispositions (As per the approved Industrial Salvage Strategy, January 17, 2006)

We received on March 9, 2006, four additional hardcopy and digital copies of the revised DFMP.

Sincerely,

Original Signed

D. (Doug) A. Sklar
Executive Director
Forest Management Branch

Attachment

cc: George Robertson, Manager, Woodlands Area
Robert Stokes, Senior Manager, Forest Planning Section
Daryl Price, Senior Manager, Resource Analysis Section
Doug Schultz, Senior Manager, Timber Production, Audit & Revenue Section
Scott Milligan, Senior Manager, Harvesting & Renewal

Table 1 - Blue Ridge Lumber Forest Management Agreement Area Historical Allocations and Annual Allowable Cuts

FMU W14								
FMU AAC - Coniferous and Deciduous								
Historical Allocation								
Company Name	Disposition Number	FMU	Landbase Management Type	Deciduous AAC (%)	Deciduous AAC (m³/yr)	Coniferous AAC (%)	Coniferous AAC (m³/yr)	Utilization
Blue Ridge Lumber	FMA7500020	W14 (coniferous in VSA 1 & VSA 2, Deciduous in merchantable coniferous stands VSA 2)	AAC calculated on divided landbase for former W2 and single landbase for former W3/W4 FMUs		97,279 ¹	N/A	647,823 ¹	15/10
ANC Timber	DTAW020001	W14 (VSA 1)	AAC calculated on divided landbase	n/a	51,000			13/7
ANC Timber	DTAW020002	W14 (VSA 1)	AAC calculated on divided landbase	n/a	34,564			13/7
Millar Western Forest Products	DTAW910001	W14 (VSA 2)	Single	n/a	74,600			15/10
Millar Western Forest Products	DTAW910002	W14 (VSA 2)	Single	n/a	70,000			15/10
Millar Western Forest Products	Deciduous Timber Allocation – Conditional Reservation	W14 (VSA 1)	AAC calculated on divided landbase	n/a	15,897			15/10
Mostowich Lumber	CTQW020022	W14 (VSA 1)	AAC calculated on divided landbase			9.55%	65,922	15/11
Local Use/Community Timber Opportunity	n/a	W14 (VSA 1 & 2)	AAC calculated on divided landbase for former W2 and single landbase for former W3/W4 FMUs		489 ¹		3,255 ¹	15/10
Totals					343,829		717,000	

¹ The local use/community timber opportunity is 0.5% of Blue Ridge Lumber's share of the AAC.

Table 2 - Approved Allocations 15/10 Utilization

Company Name	Disposition Number	FMU	Stand Type/ Source	Landbase Management Type	Effective Date of AAC	Deciduous AAC (%)	Deciduous AAC (m ³ /yr)	Coniferous AAC (%)	Coniferous AAC (m ³ /yr)
Blue Ridge Lumber	FMA7500020	W14	Coniferous (C; MXD; D(C); incidental C) Deciduous (VSA 2 (MXD, D(C), C)	Single	01-May-04	n/a	117,640 ²	n/a	723,683 ²
ANC Timber	DTAW020001	W14 (VSA 1)	All Stands: Aspen volume only (VSA 1)	Single	01-May-04	n/a	48,650		
ANC Timber	DTAW020002	W14 (VSA 1)	All Stands: Aspen volume only (VSA 1)	Single	01-May-04	n/a	32,975		
Millar Western Forest Products	DTAW910001	W14 (VSA 2)	Pure Deciduous Stands (VSA 2)	Single	01-May-04	n/a	74,600		
Millar Western Forest Products	DTAW910002	W14 (VSA 2)	Pure Deciduous Stands (VSA 2)	Single	01-May-04	n/a	70,000		
Mostowich Lumber	CTQW020022	W14 (VSA 1)	C: MXD; D(C); incidental C	Single	01-May-04	n/a		8.6	68,430
Millar Western Forest Products	Deciduous Timber Allocation – Conditional Reservation (Balsam Poplar)	W14 (VSA 1)	All Stands: Balsam Poplar volume only (VSA 1)	Single	01-May-04	100% of allowable cut in VSA 1 Balsam Poplar	23,594		
Local Use/Community Timber Opportunity	n/a	W14	Coniferous (C; MXD; D(C); incidental C) Deciduous (VSA 2 (MXD, D(C), C)	Single	01-May-04		591 ²		3637 ²
Cut Control Reserve	n/a	W14	Cut Control Reserve Birch (VSA 1)	Single	01-May-04	-	5,426	-	-
Cut Control Reserve	n/a	W14	Cut Control Reserve Aspen (VSA 1)	Single	01-May-04	-	15,528	-	-
Cut Control Reserve	n/a	W14	Cut Control Reserve Pure D (VSA 2)	Single	01-May-04	-	678	-	-
Totals (Approved AACs)							389,682		795,750

² The local use/community timber opportunity is 0.5% of Blue Ridge Lumber's share of the AAC.

Table 3 - Utilization

Company	Disposition Number	Utilization used in FMU AAC Calculations			Operational Utilization				
		Top Diameter (cm)	Butt Diameter (cm)	Stump Height (cm)	Top Diameter (cm)	Butt Diameter (cm)	Stump Height (cm)	Deciduous AAC (m ³) based on Operational Utilization	Coniferous AAC (m ³) based on Operational Utilization
ANC Timber	DTAW020001	10	15	30	7	13	30	51,000	
ANC Timber	DTAW020002	10	15	30	7	13	30	34,564	
Mostowich Lumber	CTQW020022	10	15	30	11	15	30		65,922

Table 4 - Quadrant and Periodic Allowable Cuts

Company Name	Disposition Number	FMU	Quadrant Date	Approved Quadrant Coniferous Reconciliation Volume (m ³)	Approved Quadrant Deciduous Reconciliation Volume (m ³)	Coniferous Quadrant Allowable Cut (m ³)	Deciduous Quadrant Allowable Cut (m ³)	Comments
Blue Ridge Lumber	FMA7500020	W14	Sept. 1/00-Aug. 31/05	731,503 (36,575 over 20 years)	n/a	3,525,229	513,890	* Assuming 3.6658 years (Sept 1, 2000 to April 30, 2004) at previous AAC (647,823 m ³ coniferous, 97,279 m ³ deciduous) and 1.3370 years (May 1, 2004 to Aug 31, 2005) at new AAC (723,683 m ³ coniferous, 117,640 m ³ deciduous), plus 5 years of coniferous reconciliation volume (36,575m ³ /yr)
ANC Timber	DTAW020001	W14	May 1/04 - Apr. 30/09	n/a	Not Determined	n/a	243,250**	** Assuming a change to 15/10 utilization from 13/7 effective May 1, 2004. Subject to production audit results
ANC Timber	DTAW020002	W14	May 1/04 - Apr. 30/09	n/a	Not Determined	n/a	164,875**	** Assuming a change to 15/10 utilization from 13/7 effective May 1, 2004. Subject to production audit results
Millar Western Forest Products	DTAW910001	W14	May1/02 -Apr. 30/07	n/a	310,773**	n/a	373,000	** to be taken over a period of 5 and 40 years. Modelled to start in 2010
Millar Western Forest Products	DTAW910002	W14	May 1/03 - Apr. 30/08	n/a	Not Determined	n/a	350,000	
Mostowich Lumber	CTQW020022	W14	May 1/01 - Apr. 30/06	91,272 (34,227 taken 2001 - 2006 quadrant, 57,045 taken 2006-2011 quadrant)	n/a	368,853***	n/a	*** Assuming a change to 15/10 utilization effective May 1, 2004. 3 years at old AAC and 2 years at new AAC
Local Use	-	W14	Sept. 1/00-Aug. 31/05	n/a	n/a	16,795	2,583	* Assuming 3.6658 years (Sept 1, 2000 to April 30, 2004) at previous AAC (3255 m ³ coniferous, 489 m ³ deciduous) and 1.3370 years (May 1, 2004 to Aug 31, 2005) at new AAC (3637 m ³ coniferous, 591 m ³ deciduous)