



Conservation

Environmental Stewardship Division
Environmental Assessment and Licensing Branch
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November 30, 2007

Files 173.30 & 1819.00

Ms. Cheryl Daher
Environmental Coordinator
Tembec - Pine Falls Operations
Mill Road and Hwy 11, P.O. Box 10
Pine Falls, MB R0E 1M0

Dear Ms. Daher:

Further to your letter of January 31, 2007 advising the company name change of Tembec Industries Inc. to Tembec Enterprises Inc. enclosed are the following revised Environment Act Licences re-issued in the name of Tembec Enterprises Inc.:

- **Licence No. 764VOO RR** for the operation of a newsprint manufacturing process with resultant emissions to the air, located at 25-18-9 EPM in Pine Falls;
- **Licence No. 1876 S2 E RR** for the continued operation of the existing pulp and paper mill complex; the de-inking plant; and the wastewater treatment facility, all located in Pine Falls.

Please note that Licence No. 764VOO RR has been revised to reflect reduced air emission limits as described in your Air Emissions Management Plan submitted on March 31, 2006

In addition to the enclosed revised Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with.

For further information on the administration and application of the revised Licences, please feel free to contact the Eastern Regional Operations Office at (204) 345-1433

Yours truly,

Tracey Braun, M.Sc.
Director
Environment Act

Enc.

cc: John Irwin, Regional Director, Eastern Region, Conservation

NOTE: Confirmation of Receipt of these Licences No. 764VOO RR & 1876 S2 ERR (by the Licencee only) are required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy back to the Department by December 7, 2007.

On behalf of Tembec Enterprises Inc.

Date

****A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

Manitoba
spirited energy

LICENCE

Licence No. / Licence n° 1876 S2 E RR

Issue Date / Date de délivrance January 21, 1997

Revised/Révisé December 21, 2001
November 30, 2007

In accordance with The Environment Act (C.C.S.M. c. E125) /
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À :

TEMBEC ENTERPRISES INC.; "the Licencee"

as a Stage 2 Licence

for the continuing operation of the Development, being: the existing pulp and paper mill complex; the construction and operation of a de-inking plant; and the operation of the newly constructed wastewater treatment facility; all located in the Town of Pine Falls, in accordance with: the Proposals filed by the Licencee on February 7, 1992; the Environmental Impact Assessment dated May 1, 1995; and the addendum response report dated October 18, 1995; subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence:

"**approved**" means approved in writing;

"**as constructed drawings**" means engineering drawings complete with all dimensions which indicate all features of the facility as it has actually been built;

"**BOD**" means biochemical oxygen demand as defined in the Pulp and Paper Effluent Regulations;

"**daily**" means any 24-hour period;

"**dangerous goods**" means dangerous goods as defined in The Dangerous Goods Handling and Transportation Act (C.C.S.M. c. D12);

"**Director**" means an employee of the department appointed as such by the Minister;

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"**E. coli**" means *Escherichia coli*, a species of enteropathogenic microorganism occurring in the feces of warm-blooded animals;

"**effluent**" means wastewater released from the Development into the environment;

"**environmental accident**" means an environmental accident as defined in The Dangerous Goods Handling and Transportation Act (C.C.S.M. c. D12);

"**final discharge point**" means the location of the effluent monitoring station along the discharge pipeline leading to the Winnipeg River, as depicted in Appendix 'A' attached to this Licence, unless otherwise redesignated in writing by the Director or unless any additional final discharge point(s) are designated in writing by the Director in consultation with the Licencee;

"**mill complex**" includes the mill, woodroom, de-inking plant, offices, woodyard, chemical and fuel storage areas, wastewater treatment facility and all other ancillary buildings, facilities and storage sites associated with and located on the mill site of this Development, excluding the sewage treatment lagoon and domestic use water treatment plant;

"**mill site**" means the whole operational, disturbed or impacted surface area of land located within the legal property boundaries of the land owned by the Licencee on which this Development is located, excluding any residential, commercial, institutional and recreational areas located within these legal property boundaries;

"**wastewater**" means polluted liquids designated for release from this Development into the environment;

"**Pulp and Paper Effluent Regulations**" means the Pulp and Paper Effluent Regulations (SOR/92-269), or any future amendment thereto, promulgated under the federal Fisheries Act (R.S.C., 1985, c. F-14);

"**process wastewater**" means wastewater containing pollutants associated with the production of pulp and paper;

"**sewage**" means untreated wastewater containing human waste;

"**solid waste**" means solid waste as defined in Manitoba Regulation 150/91, or any future amendment thereto, respecting waste disposal grounds;

"**toxic chemical**" means any chemical substance which exhibits a persistent toxicity to humans, wildlife and aquatic species, and includes dangerous goods;

"**undiluted**" means not having water added subsequent to treatment and prior to or at the effluent monitoring facilities at the final discharge point; and

"**wastewater treatment facility**" means the wastewater treatment facility located on the mill site for treating process wastewater.

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. Notwithstanding any of the following limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
 - (a) sample, monitor, analyze and/or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified; and/or
 - (b) determine the environmental impact associated with the release of any pollutants from the Development; and/or
 - (c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
2. The Licencee shall participate on a Citizens Advisory Committee established and chaired by the Director for the purpose of facilitating the exchange of information and advice between the committee members and the Licencee on matters limited to this Development and this Licence, and shall provide the Citizens Advisory Committee with such information, as deemed necessary by the Director, on the construction, operation, monitoring activities and such other matters authorized by this Licence.
3. The Licencee shall, unless otherwise specified in this Licence:
 - (a) carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the "Standard Methods for the Examination of Water and Wastewater" or in accordance with an equivalent analytical methodology approved by the Director; and
 - (b) ensure that all analytical determinations are undertaken by an accredited laboratory.
4. The Licencee shall report any information requested through the provisions of this Licence in a manner and form acceptable to the Director.
5. The Licencee shall not deposit bulky metallic wastes, used tires, used oil, hydraulic fluids, and any other class of recyclable waste substances as may be specified by the Director, into the environment except:
 - (a) to a facility or infrastructure which accepts such materials for recycling;

- (b) to a waste disposal ground operating under the authority of an Operating Permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereof, where these recyclable substances are kept distinctly segregated from each other and are not buried (unless otherwise specified by the Director) so as to readily facilitate their recycling; or
 - (c) by any other method approved by the Director.
6. Respecting the handling and storage of any used oil or hydraulic fluids removed from on-site machinery, the Licencee shall ensure that these substances are collected, transported and stored in secure, properly labeled, non-leaking containers until recycled, and that the storage area consists of a base and dikes lined in a fashion satisfactory to the Director so as to prevent the loss of any spilled oil or hydraulic fluids to the subsoil at that storage area.
7. The Licencee shall make an effort to initiate and maintain a recycling program for those substances identified in, or through the provisions of, Clause 5 of this Licence.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

Respecting Fish and Fish Habitat

8. The Licencee shall ensure that harvested wood is not deposited into or stored in or on the waters of Slasher Bay on the Winnipeg River.
9. The Licencee shall continually minimize any potential for the entrainment of fish into the process water intake line, and undertake and complete such repairs or modifications to the process water intake pipe facilities as may from time to time be specified by the Director in consideration of any concerns which might be received by the Director from Manitoba Fisheries Branch or Fisheries and Oceans Canada.

Respecting Process Wastewater, Leachate, Effluent and Surface Runoff

10. The Licencee shall ensure that all process wastewater associated with this Development is discharged into the Development's process wastewater collection system.
11. The Licencee shall ensure that the process wastewater collection system for this Development is constructed, maintained and operated to direct all process wastewater associated with this Development into the wastewater treatment facility.
12. The Licencee shall:
- (a) unless otherwise approved by the Director, ensure that all leachate collected at and hauled from the Licencee's off-site waste disposal ground is delivered to the mill site and deposited into the wastewater treatment facility; and
 - (b) ensure that this hauled leachate is not a mixed load mixed with sewage, septage or any other waste originating from any other off-site source.

13. The Licencee shall ensure that all treated wastewater discharged from the wastewater treatment plant is discharged undiluted to the environment through the final discharge point.
14. The Licencee shall not discharge from the final discharge point:
 - (a) BOD matter that exceeds the maximum daily or the maximum monthly allowable deposit of BOD;
 - (b) suspended solids that exceed the maximum daily or the maximum monthly allowable deposit of suspended solids; or
 - (c) effluent that is acutely lethal to fish;as defined, tested, determined and regulated through the Pulp and Paper Effluent Regulations.
15. The Licencee shall:
 - (a) ensure that no surface runoff stream from the Development causes the release of any substance of such type, concentration or quantity deemed by the Director as constituting the release of a pollutant into the environment;
 - (b) submit a mitigation action plan to the Director within one month of having received written notice from the Director that the Director has determined that a surface runoff stream is causing, has caused or would cause the release of a pollutant into the environment; and
 - (c) take such mitigative action as may be specified by the Director.

Respecting Sewage

16. The Licencee shall:
 - (a) discharge all sewage generated at this Development only into a sewage collection system connected to the Town of Pine Falls sewage treatment lagoon; and
 - (b) ensure that any direct or indirect cross-connection does not exist or occur between the sewage collection system and the process wastewater collection system serving the Development.

Respecting Solid Wastes

17. The Licencee shall ensure that all non-recyclable solid waste generated at this Development is disposed of only into a waste disposal ground authorized to accept the specific solid waste(s) under the authority of an Operating Permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereto, respecting waste disposal grounds.

Respecting Chemical Substances

18. The Licencee shall comply with all the applicable requirements of:

- (a) Manitoba Regulation 188/2001, or any future amendment thereto, respecting the storage and handling of gasoline and associated products; and
 - (b) The Manitoba Dangerous Goods Handling and Transportation Act (C.C.S.M. c. D12), and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development.
19. The Licencee shall ensure that any petroleum storage tanks, excluding the existing diesel storage tank associated with the lift pump, are set back at least 100 metres from any waterway or water body, unless otherwise approved by the Director.
20. The Licencee shall ensure that, excepting instances of environmental accidents reported and addressed pursuant to Manitoba Regulation 439/87, any toxic chemical used at, generated at, or spilled at, this Development is not:
- (a) discharged into the sewage collection system; or
 - (b) discharged or allowed to drain into:
 - (i) the process wastewater collection system if the substance is foreign to the requirements of the milling process, or released in quantities in excess of the amounts normally associated with the process wastewater;
 - (ii) the wastewater treatment facility where the quantity and/or the nature of the substance may adversely affect the biological treatment stage in wastewater treatment facility;
 - (iii) the Winnipeg River where the quantity and/or the nature of the substance may adversely affect the health of humans or aquatic species dependent on the downstream use of the Winnipeg River; or
 - (iv) the ground where the quantity and/or the nature of the substance may cause the pollution of subsurface migrating groundwater.
21. The Licencee shall:
- (a) ensure that any storage area on the mill site property containing an above ground tank or tanks containing liquid products classified as dangerous goods is provided with leak proof secondary containment provisions, constructed to the satisfaction of the Director, for the containment of a volume of fluid equal to at least 110% of the capacity of the largest tank stored within the storage area;
 - (b) notify the Director in writing within two months of the date of issuance of this Licence of any such storage area which does not presently conform to the secondary containment criteria of sub-Clause 20(a) of this Licence; and
 - (c) upgrade any storage area identified under sub-Clause 21(b) of this Licence, to meet the secondary containment criteria within a time frame satisfactory to the Director.

Respecting Monitoring and Reporting

22. The Licencee shall submit to the Director, within two months of the date of issuance of this Licence, as constructed drawings stamped "As Constructed" of:
- (a) the wastewater treatment facility process schematics;

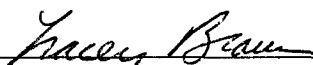
- (b) the wastewater treatment facility site layout and inter-connecting conduits with the mill, the de-inking plant and the final discharge point;
 - (c) the interceptor and pumphouse facilities;
 - (d) the effluent quality monitoring facilities; and
 - (e) the effluent volume measurement facility.
23. The Licencee shall, no later than two months after the commissioning of the de-inking plant, submit to the Director as constructed drawings stamped "As Constructed" of the de-inking plant's:
- (a) process schematics for handling solids, liquids and sludges; and
 - (b) spill protection system.
24. The Licencee shall submit to the Director, no later than January 31 of each year, the reference production rate for all finished product, as defined and determined in accordance with the Pulp and Paper Effluent Regulations or any future amendment thereto.
25. The Licencee shall:
- (a) with respect to any effluent discharged at the final discharge point of the Development:
 - (i) sample the effluent;
 - (ii) analyze the sampled effluent for BOD and suspended solids;
 - (iii) continuously monitor and record the pH and electrical conductivity of the effluent;
 - (iv) conduct acute lethality tests and *Daphnia magna* tests on the sampled effluent;
 - (v) determine the volume of effluent released each day through the final discharge point of the Development;
 - (vi) determine the daily quantities of each of the BOD and suspended solids deposited with the effluent;
 - (vii) determine the average daily quantities of each of the BOD and suspended solids deposited in each month during which effluent is discharged;
 - (viii) determine the total quantities of each of the BOD and suspended solids released in each month during which effluent is discharged; and
 - (b) determine the quantity of finished product produced during each day of operation of the mill;
- in full accordance with the manner, frequency, analytical methods, test methods and accuracy as regulated through the Pulp and Paper Effluent Regulations or any future amendment thereto.
26. The Licencee shall, during the months of June, July, August and September of each year:
- (a) once a week, sample the effluent at the final discharge point; and
 - (b) analyze each sample for the population count of *E. coli* per 100 millilitres of sample.
27. The Licencee shall, within 30 days after the end of each month during which effluent is released at the final discharge point, submit to the Director monthly reports, in writing or in an electronic format approved by the Director, on the information determined through Clauses 25 and 26 of this Licence.

28. The Licencee shall keep all the results of pH and electric conductivity tests recorded in any one year for a period of at least three years, and make these records available for inspection upon the verbal request of an Environment Officer.
29. The Licencee shall:
- (a) once every six months sample and fully characterize, to the satisfaction of the Director, the concentrations of pollutants in the leachate being delivered to the wastewater treatment facility from the Licencee's off-site waste disposal ground, until the Director is satisfied that the quality of the leachate has stabilized;
 - (b) determine and record the monthly volumes of leachate withdrawn from the Licencee's off-site waste disposal ground and deposited into the wastewater treatment facility; and
 - (c) submit the information determined in accordance with sub-Clauses 29(a) and 29(b) of this Licence, to the Director within 30 days after the end of each month during which the information is collected.
30. The Licencee shall:
- (a) carry out Environmental Effects Monitoring studies on the effluent releases into the Winnipeg River to such an extent, in such a manner, at such locations, for such duration and at such a frequency as regulated through the Pulp and Paper Effluent Regulations or any future amendment thereto, and as accepted by the Regional Authorization Officer of Environment Canada in consultation with Manitoba Conservation; and
 - (b) submit a copy of the interpretive report and the supporting data compiled on each Environmental Effects Monitoring study, to the Director, at the same time as it is required to be submitted to the Regional Authorization Officer of Environment Canada as per Annex 1 to the *Aquatic Environmental Effects Monitoring Requirements* EPS 1/RM/18 referenced in the Pulp and Paper Effluent Regulations.
31. The Licencee shall by March 31 of each year, submit a report to the Director on the achievements made over the preceding calendar year regarding the recycling program initiated pursuant to Clause 7 of this Licence.
32. The Licencee shall:
- (a) within four months of the date of issuance of this Licence, upgrade the existing Emergency Response Plan (ERP) to the satisfaction of the Director, by:
 - (i) adding chemical-specific response and cleanup measures regarding environmental accidents involving toxic chemicals used in the Development; and
 - (ii) adding a procedure for the immediate notification of the Sagkeeng First Nation in the event of a spill of any toxic chemical into the process wastewater, or into or towards the Winnipeg River. The notification is to include: the occurrence of the event; the type of substance spilled; the projected threat, if any, to their water supply; and the immediate action proposed to be undertaken; and that they will kept informed of the developments and outcome of the actions being undertaken;

- (b) continually maintain the ERP in an up-to-date status by:
 - (i) identifying and addressing any new or alternate toxic chemical being used at, or generated at, the Development since the ERP was last submitted to the Director;
 - (ii) reflecting name changes to new contact persons; and
 - (iii) remaining consistent with any standardized ERP format as may be adopted by Manitoba Conservation;
- (c) by January 31 of each year, commencing in 1997, submit to the Director an up-dated ERP satisfactory to the Director; and
- (d) adhere to those measures as outlined in the active ERP and as invoked by reason of an environmental accident.

REVIEW OR REVOCATION

- 33. This Environment Act Licence replaces Stage 2 Licence No. 1876 S2 E R which is hereby rescinded.
- 34. This Licence may be subject to change under Section 11(6) of The Environment Act if and when new evidence would warrant any change(s) to be made to this Licence.
- 35. This Licence may be suspended, withdrawn or cancelled in accordance with Section 19(1) of The Environment Act.
- 36. This Licence is subject to review by the Director as of the first day of July in the year 2000.



Tracey Braun, M.Sc.
Director
Environment Act

Client File: 173.3

APPENDIX A TO ENVIRONMENT ACT LICENCE NO. 1876 S2 E RR

APPENDIX 'A'

