

Licence No.: 2601

Licence Issued: June 5, 2003

IN ACCORDANCE WITH THE ENVIRONMENT ACT (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED PURSUANT TO SECTION 11(1) TO:

Mountain Quota Holders Association; "the Licencee"

for the Development which is the carrying out of forest management activities within the geographical boundaries of Forest Management Unit 12 (south of the 53rd parallel) and Forest Management Unit 14, as detailed in the Mountain Quota Holders Association 2003/4 – 2005/6 Annual Operating Plan, and approved by Manitoba Conservation, Forestry Branch, subject to the specifications, limits, terms and conditions of this Licence. The "**Mountain Quota Holders Association**" includes the following individuals and organizations, each with specified volume entitlements from within the Mountain Forest Section, including FMU's 12 (south of the 53rd parallel) and 14:

Adams, Dave	Rusk, Nelson
Beaudry, Marcel	Schwanke, Elsie
Burghart, Lester W.	Schwanke, Gary
Kotyk Lumber Ltd.	Spruce Products Ltd.
Louisiana Pacific Canada Ltd.	Tembec, Pine Falls
Luce, Lon	Thompson, John (Jack)
Marvin Capital Corp.	Williamson, Harley
Parker, Laurie	Wozny, Ernie
Prairie Forest Products Ltd.	

DEFINITIONS

In this Licence,

"all-weather road" means a graded and/or graveled road that may be passable by vehicles under both wet and dry weather conditions;

"Annual Operating Plan" means the Mountain Quota Holders Association 2003/4 – 2005/6 Annual Operating Plan;

"Areas of Special Interest" (ASI) means an area of land, as determined by Manitoba Conservation's Protected Areas Initiative, that has not yet been protected in any formal manner. In most cases the boundaries of ASI's are flexible, and can be changed to respond to new information;

"buffer" means a strip of land that is managed to reduce or eliminate the impacts of land use practices on sensitive areas or natural features;

"chance road" means a temporary non-graveled road with minimal grade development, that may be passable by vehicles only when dry or frozen;

"contractor" means any party, which may include other quota holders, entered into a contract with the Licencee for forest management activities;

"cutover" means an area from which timber has been harvested;

"cutting block" means a forested area with defined boundaries in which specific forest stands or parts thereof are approved for harvest;

"Director" means an employee so designated pursuant to The Environment Act;

"FMU" means Forest Management Unit;

"FMU 12 (south of the 53rd parallel) and FMU 14" means the portion of FMU 12 south of the 53rd parallel and FMU 14 within the Mountain Forest Section of Manitoba, as defined by Manitoba Conservation in the administration of the forested landbase of Manitoba;

"habitat" means the place where an organism lives and/or the conditions thereof, including soil, vegetation, water and food;

"hardwood" means trees belonging to the botanical group Angiospermae having broad leaves that shed annually;

"harvesting" means the cutting and removal of trees from a forested area;

"ice bridge" means a temporary crossing constructed from ice, snow, and/or log material that may be passable by vehicles under frozen conditions;

"I.R.M.T." means the regional Integrated Resource Management Team of Manitoba Conservation located in the Western Region and organized to review and develop permit conditions for activities which may impact timber and non-timber resources;

"leachate" means organic compounds removed from materials, such as cut logs or bark residue, by the action of percolating water;

"pre-harvest survey" means a stand level investigation of a potential harvest site, to document the stand characteristics and any non-timber values that may need to be protected, and to determine appropriate harvest and renewal treatments;

"quota holder" means a person or company that has an annual timber volume allotment which allows the harvest of timber on provincial Crown land under authority of a Timber Sale;

"reforestation" means the establishment of trees on previously forested lands by natural processes or artificial restocking (i.e. planting and/or seeding), also referred to as forest regeneration;

"regeneration survey" means a survey carried out to determine the number and species of trees that are successfully established on a site;

"rehabilitate" means physical treatment of a disturbed site to reclaim its productive potential, including but not limited to: leveling the surface, establishing appropriate slopes to prevent erosion, loosening compacted surface soils to enable vegetation to root successfully, and re-vegetation to promote the development of the former species composition;

"scarification" means a method of seed bed preparation which consists of exposing patches of mineral soil through mechanical action;

"silviculture" means the science and methods used to tend, harvest and replace forests;

"site preparation" means the physical or chemical methods used to prepare a site for planting or to promote natural reforestation;

"slash" means the residue left on the ground after harvesting, including unused logs, uprooted stumps, branches, tops, etc.;

"softwood" means cone bearing trees with needles or scale like leaves, belonging to the botanical family Gymnospermae;

"stand" means a community of trees sufficiently uniform in species, age, arrangement or condition to be distinguishable as a group from the forest or other growth on the area;

"Standard Operating Procedures" means the document which details the processes and practices to be followed by the Mountain Quota Holder Association in planning, implementing and monitoring forest management activities undertaken on FMU's 12 and 14. The SOP's also guide the implementation of forest management activities appropriate to site specific circumstances, including measures to mitigate potential impacts;

"succession" means the orderly and progressive replacement of one plant community by another until a relatively stable community, known as climax vegetation, occupies the area;

"The Act" means The Environment Act and Regulations thereunder, as amended from time to time;

"third party operator" means a person or company other than the Licencee or its contractor, who carries out forest management activities; and

"winter road" means a road which is capable of being used only in winter.

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. The Licencee shall carry out all operations in the operating areas of FMU's 12 (south of the 53rd parallel) and 14 in compliance with all specifications, limits, terms and conditions contained in this Licence, unless specifically exempted.
2. The Licencee shall hold public meetings in conjunction with the preparation of each Annual Operating Plan to encourage public participation in the planning process.
3. The Licencee shall make pertinent pre-harvest survey information available to Manitoba Conservation in a timely manner, as determined by the I.R.M.T.
4. The Licencee shall fully appraise First Nation communities, other local communities, and resource users of planned harvesting activities in advance of the activities being conducted.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

Respecting Harvest Restrictions

The timber harvesting proposed in the Mountain Quota Holders Association 2003/4 – 2005/6 Annual Operating Plan is approved except for the following:

5. The Licencee shall not harvest timber within the boundaries of Options A and B of the Bell and Steeprock Areas of Special Interest (ASI's), unless otherwise approved by the I.R.M.T.
6. The Licencee shall not harvest timber within the boundaries of any other ASI unless otherwise approved by the I.R.M.T.
7. The Licencee shall not harvest timber within the boundaries of any existing or Proposed Protected Areas or existing Ecological Reserves.
8. The Licencee may harvest oak, ash, elm, maple or cedar if approved by the I.R.M.T.

Respecting Pre-Harvest Surveys and Monitoring

9. The Licencee shall:
 - a. conduct pre-harvest surveys for all proposed timber harvest blocks in accordance with the established provincial Pre-Harvest Survey Guidelines;
 - b. determine, in consideration of the parameters included in the pre-harvest surveys, and in consultation with the I.R.M.T., the level of training to be provided to pre-harvest survey staff, and ensure the required training occurs, including training in the identification of heritage resources; and
 - c. use the information collected by the pre-harvest forest surveys, to determine the harvest prescription for each harvest site.

Respecting Guidelines

10. The Licencee shall carry out harvest and associated activities in accordance with practices set out in "Forest Management Guidelines for Wildlife in Manitoba", "Manitoba Stream Crossing Guidelines for the Protection of Fish and Fish Habitat", "Timber Harvesting Practices for Forestry Operations in Manitoba" "Consolidated Buffer Management Guidelines", and any other provincial guidelines which may be adopted for forest management activities.

Respecting Operating Procedures

11. The Licencee shall, in consultation with the I.R.M.T., design and/or modify cutting block layouts and road plans in order to mitigate land use and access impacts that may be identified through government and public review of proposed activities. Resources and land uses which may be impacted, include but are not limited to:
 - a. wildlife and fish resources;
 - b. sensitive, threatened or unique wildlife or fish habitat;
 - c. vulnerable, threatened or endangered flora and fauna;
 - d. provincial parks, ecological reserves, and protected areas;
 - e. heritage resources;
 - f. traplines;
 - g. local communities;
 - h. lodge and outfitter operations;
 - i. recreational areas and aesthetic values;
 - j. future protected areas;
 - k. cultural, spiritual, or burial sites; and
 - l. First Nations Reserve lands and Treaty Land Entitlement selection areas.
12. The Licencee shall minimize soil disturbance to sensitive areas such as dry upland ridges, wet soils, and permafrost areas, and by scheduling harvesting and road construction to avoid times when the sites are sensitive to surface disturbance, and by using harvest methods which will reduce surface disturbance impacts.
13. The Licencee shall not harvest timber from areas which have a severe erosion risk as defined by the Manitoba Land Resource Unit, or in areas which may have a severe risk of erosion as determined from an analysis of the terrain and soils data collected in the course of forest management planning.
14. The Licencee shall dispose of slash and harvesting debris according to the Manitoba Conservation, Forestry Branch policy and procedures unless otherwise approved by the I.R.M.T.
15. The Licencee shall locate all log storage areas to ensure that any leachate that may be generated does not enter any watercourse or waterbody.

Respecting Buffers

16. The Licencee shall:

- a. establish buffers in accordance with "Manitoba Stream Crossing Guidelines for the Protection of Fish and Fish Habitat", "Consolidated Buffer Management Guidelines", "Forest Management Guidelines for Wildlife in Manitoba" and any other buffer requirements that may be approved by the I.R.M.T.; and
- b. design and/or modify buffers, in consultation with the I.R.M.T., to ensure post-harvest runoff does not negatively affect sediment loads in local waterbodies.

17. The Licencee shall not conduct forest management activities in any established buffer, except where approved by specific work permit conditions which will maintain habitat critical to the maintenance of biodiversity and protect the function of the buffer, as determined by the I.R.M.T.

18. The Licencee shall undertake, in consultation with the I.R.M.T., the appropriate planning and operational measures to ensure forest management activities near the boundaries of Provincial Parks, Wildlife Management Areas, existing or proposed ASI's and Protected Areas, and existing Ecological Reserves, do not impact these areas.

Respecting Stream Crossings

19. The Licencee shall ensure:

- a. materials such as organic soil, silt or clay, are not used in temporary winter crossings of streams; and
- b. all materials used in the construction of ice bridges (other than ice or snow), are removed from the water courses or water bodies prior to spring break-up.

20. The Licencee shall provide to the Federal Government Departments administering the Fisheries Act or the Navigable Waters Act, detailed information with respect to the characteristics of the stream, including fish habitat information or navigability, at the proposed point of crossing, and the design of the proposed crossing structure.

Respecting Non-timber Resources

21. The Licencee shall:

- a. report, to the I.R.M.T., vulnerable, threatened or endangered species or ecosystems, as determined by Manitoba Conservation, that are identified during the course of pre-harvest surveys and pre-road construction surveys; and
- b. apply measures to protect vulnerable, threatened or endangered species or ecosystems, threatened or sensitive habitats, and protected areas, as determined by Manitoba Conservation.

22. The Licencee shall:

- a. consider the occurrence of heritage resources on areas where forest management activities will occur, and the potential for forest management activities to impact heritage resources, in consultation with the Historic Resources Branch of Manitoba Culture, Heritage and Citizenship; and
- b. apply measures to protect heritage resources, as directed by the Historic Resources Branch of Manitoba Culture, Heritage and Citizenship.

Respecting Roads, Camps, etc.

23. The Licencee shall ensure roads are constructed:

- a. to minimize impacts on surface or subsurface drainage;

- b. to minimize impacts to permafrost areas; and
 - c. only to the extent required, in consultation with the I.R.M.T.
24. The Licencee shall ensure that road construction is conducted in a manner which will prevent or minimize environmental impacts. This shall include, but is not limited to:
- a. reducing the slope on the side banks of borrow pits, ditches and road shoulders; and
 - b. minimizing gradients and/or using erosion control in roadside ditches.
25. The Licencee shall close and/or rehabilitate all chance and winter roads following the completion of harvest and silvicultural activities at each cutting block, as directed by the I.R.M.T.

Respecting Waste Disposal / Spill Response

26. The Licencee shall:
- a. site, operate and rehabilitate borrow pits, camp sites, landing sites and garage sites, as required by the Province of Manitoba;
 - b. ensure adequate containment protection is implemented for all sites when conducting vehicle or equipment maintenance activities;
 - c. adopt environmentally sensitive servicing techniques including the collection and recycling, or disposal by a means acceptable to the Director, of waste oil and anti-freeze;
 - d. report and clean up spills of fuel, oil, or antifreeze in excess of 50 litres, as directed by Manitoba Environment's Emergency Response Team;
 - e. prepare a spill response and cleanup plan for the Director's approval, within 90 days of the date of this Licence, and adhere to the policies and procedures therein; and
 - f. dispose of domestic and industrial waste as required by the Director.
27. The Licencee shall comply with Manitoba Regulation 188/2001, or any future amendment thereof, respecting "Storage and Handling of Petroleum Products and Allied Products".

LICENCE TERM

28. This Licence shall be in effect until June 1, 2006.

LICENCE REVIEW AND REVOCATION

- A. Should any changes to government policy occur, that could affect the harvesting plans of the Licencee as detailed in the "Mountain Quota Holders Association 2003/4 – 2005/6 Annual Operating Plan", a Licence review will be conducted, and revisions or amendments to the specifications, limits, terms and conditions of this Licence may be made.
- B. If in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms, or conditions of this Licence, the Director may require the Licencee to file a new proposal pursuant to Section 11 of The Environment Act.
- C. Harvest restrictions specified in this Licence may be revised on the basis of future decisions with respect to the current proposed protected areas and ecological reserves or other land use changes.
- D. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.

"original signed by"

Larry Strachan, P. Eng.

**Director
Environment Act**

Client File No.: 4613.10