



**OCCUPANT LICENCE
TO CUT
CUT AND REMOVE
TIMBER
L50577**

Ministry of
Forests, Lands and
Natural Resource Operations

THIS LICENCE, dated **December 09, 2016**

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
as represented by the **Director of Authorization**,
MINISTRY OF FORESTS, LANDS AND
NATURAL RESOURCE OPERATIONS
SUITE 370 10003 110TH AVE
FORT ST JOHN, BRITISH COLUMBIA
V1J 6M7
Phone: #250 787-3415 Fax: #250 261-2084
Email address: authorizingagency.fortstjohn@gov.bc.ca
(the "Licensor")

AND:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
12TH FLOOR 333 DUNSMUIR STREET
VANCOUVER, BRITISH COLUMBIA
V6B 5R3
Phone: 604-623-3502
(the "Licensee")

WHEREAS:

- A. The Licensee has the right of occupation as the lawful **occupier** of certain areas of land pursuant to **authority under *Land Act* Licence of Occupation #8015784 under which occupier has occupancy.**
- B. The Licensee and Licensor are entering into this Licence under section 47.4 of the *Forest Act* to cut and remove the Crown timber from the Licence area.

“The Table of Contents and headings in this Licence are included for convenience only and do not form a part of this Licence and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Licence.”

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THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 The term of this Licence begins on December 09, 2016, and ends on the earlier of:
 - (a) the day upon which the Licensee's right of occupation expires or is surrendered, cancelled or otherwise terminated;
 - (b) December 08, 2021 or
 - (c) at the Licensee's request, the Licensor gives notice to the Licensee that all contractual and legislative obligations associated with the Licence have been completed.
- 1.02 The Licensee is authorized to cut and remove Crown timber from the area shown on the attached Exhibit "A" maps ("Licence area") that is necessary to cut in order to facilitate the operations or the use of the Crown land within the Licence area as described in the right of occupation.
- 1.03 The Licensee's rights under this Licence are of no force or effect when the right of occupation is suspended.
- 1.04 Subject to the Licence, the Licensee may enter onto areas referred in paragraph 1.01 for the purpose of exercising the rights under this Licence.
- 1.05 This Licence does not grant the Licensee the exclusive right to harvest timber from the Licence area, and the Licensor reserves the right to grant rights to other persons to harvest timber from the Licence Area.

2.00 TIMBER MARK

- 2.01 The timber mark for timber removed under this Licence is:
L 5 0
5 7 7
- 2.02 If directed to do so by the Licensor, the Licensee must erect signs at all exits from areas of land referred to in paragraph 1.02, clearly showing the timber mark referred to in paragraph 2.01.

3.00 TIMBER HARVEST LIMITATIONS

- 3.01 The Licensee must comply with the forestry legislation and the conditions and requirements set out in Schedule "A" to this Licence.
- 3.02 In addition to timber specified in the forestry legislation as reserved, the Licensee must not cut, damage, or destroy timber if specified as reserved in Schedule B.

4.00 SCALE-BASED STUMPAGE

- 0.01 For the purpose of determining the amount of stumpage payable in respect of timber removed from the harvest area, the volume or quantity of timber removed will be determined using information provided in a scale of the timber.
- 0.02 The Licensee must ensure that:
 - (a) all timber removed from the harvest area is scaled; and
 - (b) the scale of the timber is conducted properly in accordance with the requirements of the *Forest Act* and the regulations made under that Act.

5.00 TIMBER VOLUME CHARGED TO THE LICENCE

- 5.01 The timber of the following species and grades will be included in determining the volume that will be charged to the Licence:
 - (a) all species and grades except for grades 6 and Z.

6.00 WASTE ASSESMENT

- 6.01 The quantity and quality of merchantable Crown timber that could have been removed under this Licence but at the Licensee's discretion was not removed, will be determined in accordance with the provisions of Provincial Logging Residue and Waste Measurements Procedures Manual, as amended or replaced from time to time ("current waste assessment manual").
- 6.02 The Regional Executive Director or District Manager, in a notice given to the Licensee, may require the Licensee to pay in respect of the volume of timber determined under paragraph 6.01, a monetary assessment for all waste.
- 6.03 The amount of money that the Licensee must pay under a waste assessment will be determined in accordance with the provisions of the current waste assessment manual.
- 6.04 For the purpose of conducting the assessment of the volume of timber that was not harvested as described in paragraph 6.01:
 - (a) the Licensee must conduct an assessment in accordance with the current waste assessment manual after the Licensee has declared that primary logging has been completed for each cut block; or
 - (b) the Regional Executive Director or District Manager may conduct an assessment in accordance with the current waste assessment manual after the expiry of the term of the Licence.

7.00 COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE

- 7.03 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction:
- (a) determines that activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right and/or title, or treaty right;
 - (b) grants an injunction further to a determination referred to in subparagraph 7.01 (a); or
 - (c) grants an injunction pending a determination of whether activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right and/or title, or treaty right;

the Regional Executive Director or District Manager in a notice given to the Licensee, may vary or suspend, this Licence in whole or in part, so as to be consistent with the court determination.

- 7.02 Subject to this Licence and the forestry legislation, if:

- (a) under paragraph 7.01, the Regional Executive Director or District Manager has varied the Licence issued to the Licensee;
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
- (c) it is practical to do so;

the Regional Executive Director or District Manager, at the request of the Licensee, will vary the Licence to reflect as closely as possible, for the remainder of its term, the terms and conditions of the Licence prior to the variation under paragraph 7.01.

- 7.03 Subject to this Licence and the forestry legislation, if:

- (a) under paragraph 7.01, the Regional Executive Director or District Manager has suspended the Licence;
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
- (c) it is practical to do so;

the Regional Executive Director or District Manager, at the request of the Licensee, will reinstate the Licence for the remainder of its term.

8.00 FINANCIAL

- 8.01 In addition to any money payable in respect of this Licence under the forestry legislation, the Licensee must pay to the Government, immediately upon receipt of a notice, statement or invoice issued on behalf of the Government:

- (a) stumpage under part 7 of the *Forest Act* at rates determined, re-determined and varied under section 105 of that Act in respect of timber removed under this Licence;
- (b) any payment required as a result of a waste assessment under part 6.00 of this Licence.

9.00 LIABILITY AND INDEMNITY

- 9.01 Subject to paragraph 9.02, the Licensee will indemnify the Government against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Government as a result, directly or indirectly, of any act or omission of:
- (a) the Licensee;
 - (b) an employee or agent of the Licensee;
 - (c) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to the Licensee's operations, under or associated with this Licence; or
 - (d) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation under or associated with this Licence.
- 9.02 For greater certainty, the Licensee has no obligation to indemnify the Government under paragraph 9.01 in respect of any act or omission of:
- (a) an employee, agent or contractor of the Government, in the course of carrying out his or her duties as employee, agent or contractor of the Government; or
 - (b) a person, other than the Licensee, to whom the Government has granted the right to use or occupy Crown land, in the course of exercising those rights.
- 9.03 Any payments required under parts 6.00 or 8.00, and payments required further to the indemnity referred to in paragraph 9.01 are in addition to and not in substitution for any other remedies available to the Government in respect of a default of the Licensee.
- 9.04 The Government is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.

10.00 TERMINATION

- 10.01 If this Licence expires or is cancelled or is otherwise terminated:

- (a) title to all improvements, including roads and bridges, fixed on Crown land in the Licence area; and
- (b) all timber, including logs and special forest products, located on the Licence area, will vest in the Crown, without right of compensation to the Licensee.

10.02 If the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensee is deemed to have failed to perform an obligation under this Licence.

11.00 WAIVER

11.01 No waiver by the Crown of any default or non-compliance by the Licensee in the strict and literal performance of or compliance with any provision of the Licence will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of the Licence or to be a waiver of, or in any manner release the Licensee from compliance with any provision, condition or requirement in the future, nor will any delay or omission by the Crown in the exercising of any right hereunder in any manner with respect to non-compliance impair the exercise of any such rights in the future.

12.00 NOTICE

12.01 A notice given under this Licence must be in writing.

12.02 A notice given under this Licence may be:

- (a) delivered by hand;
- (b) sent by mail;
- (c) sent by facsimile transmission; or
- (d) electronic mail ("commonly referred as Email");

to the address, facsimile or email number, as applicable, specified on the first page of this Licence, or to such other address, email address or facsimile number as is specified in a notice given in accordance with this part.

12.03 If a notice is given under this Licence, it is deemed to have been given:

- (a) if it is given in accordance with subparagraph 12.02 (a) on the date it is delivered by hand;
- (b) if it is given in accordance with subparagraph 12.02 (b), subject to paragraph 12.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada; and
- (c) if it is given in accordance with subparagraph 12.02 (c), subject to paragraph 12.05, on the date it is sent by email;

- (d) if it is given in accordance with subparagraph 12.02 (d), subject to paragraph 12.05, on the date it is sent by facsimile or email transmission.
- 12.04 If, between the time a notice is mailed in accordance with subparagraph 12.02 (b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 12.05 If a notice is sent by email or facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.
- 12.06 Either party may, from time to time, advise the other party by notice in writing, of any change of address, email address or facsimile number of the party giving such notice and, from and after the giving of such notice, the address, email address or facsimile number specified will, for purposes of this Licence, be considered to be the address, email address or facsimile number of the party giving such notice.

13.00 MISCELLANEOUS

- 13.01 This Licence will enure to the benefit of and be binding on the parties and their respective heirs, executors, successors and permitted assigns.
- 13.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the Licensee's obligations under this Licence.
- 13.03 Any non-statutory power conferred or duty imposed on the Regional Executive Director or District Manager under this Licence may be exercised or fulfilled by any person authorized to do so by the Regional Executive Director or District Manager.
- 13.04 Any Schedules, Exhibit "A" map or attachments referenced in, or attached to this Licence are an integral part of this agreement as if set out in the body of this agreement, and the Licensee will comply with all the terms in the Schedules.
- 13.05 If there is a conflict between the *Workers Compensation Act* or a regulation under that Act, and a provision of this Licence, the *Workers Compensation Act*, or the regulations made under that Act, prevails, and the Licensee must immediately notify the District Manager of the conflict and follow any direction given by the District Manager with respect to the conflict, provided such direction is consistent with the *Workers Compensation Act* and the regulations under that Act.
- 13.06 Nothing in this Licence authorizes the Licensee to in any way restrict the Government's right of access to the Licence areas or a road permit or the right of any other authorized entrant, user or occupier of these areas.

- 13.07 This Licence is the entire agreement between the parties as to the matters set out in this Licence, and all previous promises, representations or agreements between the parties, whether oral or written, are deemed to have been replaced by this Licence.
- 13.08 Unless otherwise defined in this Licence, if a word or phrase used in this Licence is defined in the legislation described in paragraph 14.02, the definition in the legislation applies to this Licence, and where the word or phrase in the legislation is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.
- 13.09 If any provision in this Licence is found to be invalid or unenforceable by a court of law, the remainder of this Licence is separately valid and enforceable to the fullest extent permitted by law.
- 13.10 The Licensee acknowledges that any information released to the Licensee by the Regional Executive Director, District Manager or the Government about the nature of the Licence area or the quality or quantity of timber, is not to be relied upon. Execution of this Licence by the Licensee is an absolute release by the Licensee of the Regional Executive Director or District Manager and the Crown from any claim that the Licensee may have in respect of the nature of the Licence area or the quality or quantity of timber.
- 13.11 The licensee, excluding those holding the licence in their individual capacity or as a First Nation recorded in Aboriginal Affairs and Northern Development Canada Registration System, must be registered to do business under the *Business Corporations Act*, and the licensee maintain such registration in good standing throughout the term of the licence.
- 13.12 This document contains the entire agreement and no additional terms are to be implied.

14.00 INTERPRETATION AND DEFINITIONS

- 14.01 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:
- 1.00 part;
 - 1.01 paragraph;
 - (a) subparagraph;
 - (i) clause;
 - (A) subclause;
- and a reference to a subparagraph, clause or subparagraph is to be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.
- 14.02 In this Licence, unless the context otherwise requires,

“forestry legislation” means the statutes and regulations, to which the Licence is subject including: the *Forest Act*, *Forest and Range Practices Act* and the *Wildfire Act*,

“Licence area” means the area allocated for the Licensee’s operations pursuant to this Licence and which for greater detail is outlined on the map found in Exhibit “A”,

“right of occupation” means the rights described in Whereas clause A that give the Licensee the right to occupy the land described in Schedule “A”.

IN WITNESS WHEREOF the Licence has been executed by the Licensor and the Licensee.

SIGNED by the Licensor)
on behalf of Her Majesty)
the Queen in Right of the)
Province of)
British Columbia in the)
presence of:)
)
)

Signature)

Print Witness Name)

THE COMMON SEAL of)
the Licensee was affixed)
in the presence of:)
)
)
)

Signature)

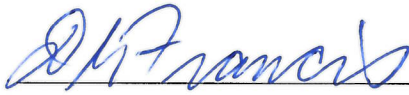
Print Name Witness)

(or)

SIGNED by the Licensee)
in the presence of:)
)
)
)

Sarah Weiss
Signature)

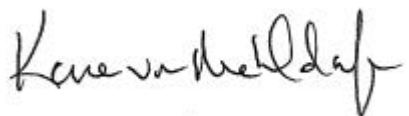
Sarah Weiss
Print Name Witness)


Dave Francis, Director of Authorizations

9 DEC 2016
Dated

c/s

Dated



Licensee
Karen von Muehldorfer, Regulatory Manager
on behalf of BC Hydro

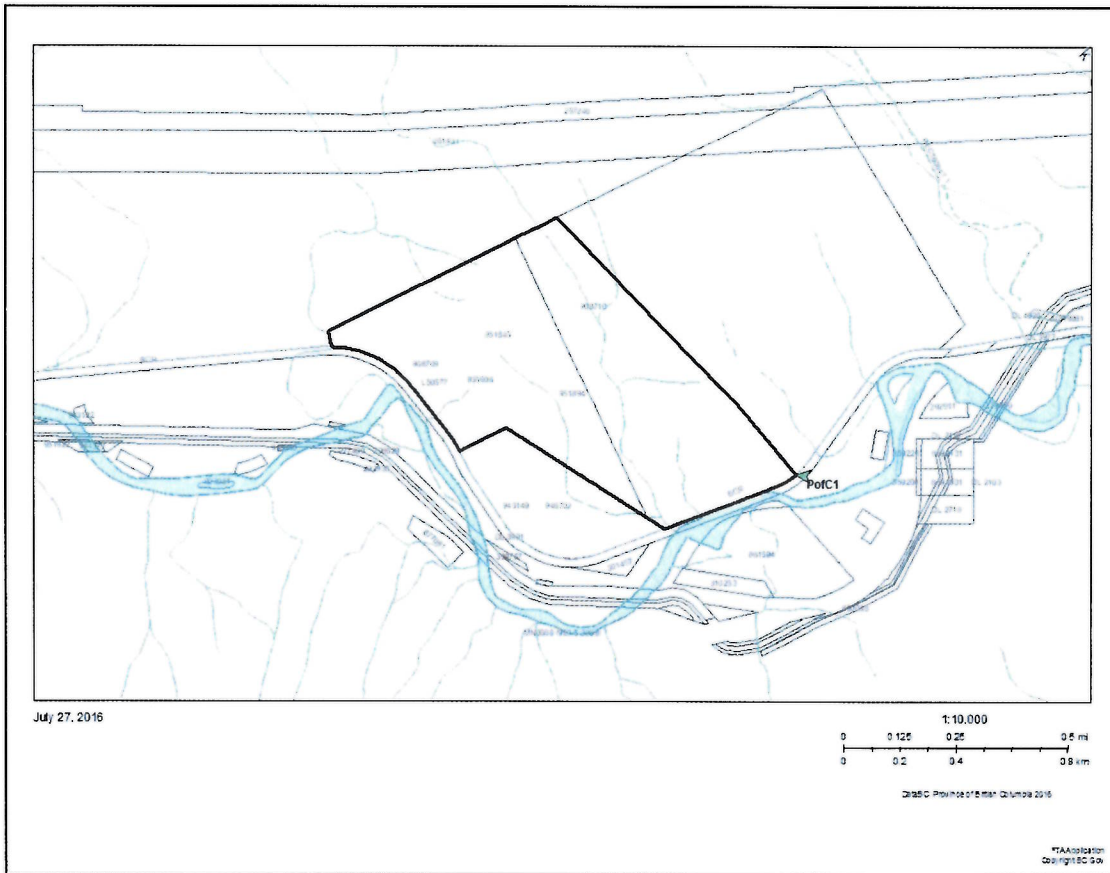
Printed Name and Title

December 9, 2016
Dated

SCHEDULE “A”
OTHER CONDITIONS AND REQUIREMENTS

- 1.01 Unless the Licensor specifies otherwise in writing, the Licensee must ensure that all reasonable steps are taken to:
 - (a) advise the Licensor in writing and in a form acceptable to the Licensor, of the date that the Licensee’s activities will commence at least five days before commencement; and
 - (b) notify the Licensor in writing in a form acceptable to the Licensor, when all obligations under this Licence are complete.
- 1.02 The Licensee is required to the extent practicable, limit their harvesting of timber to the amount only require to safely conduct operations.
- 1.03 The Licensee is required to adhere to the Management Plan titled: BC Hydro – Site C Clean Energy Project Occupant Licence to Cut #12 Management Plan and all commitments made outside of this plan.
- 1.04 Provide shape files of actual harvest area when harvesting is completed.
- 1.05 Maintenance of Environmental Assessment Certificate #E14-02 must be in good standing.

MAP OF : L50577 (shown in bold black)			
FOREST REGION : RNO FOREST DISTRICT : DPC	TSA : LAND DISTRICT : PEACE RIVER DISTRICT	PULPWOOD AGREEMENT :	MGT UNIT TYPE : TIMBER SUPPLY AREA MGT UNIT NO : 41
ESF SUBMISSION ID : 1542564 BCGS MAPSHEET NO : 93O.058	SCALE : 1:20000 at ANSI A Size Area (Ha): 86.953	UTM : 10 NAD : NAD83	DRAWN BY : FTA DATE : Jul 27, 2016



Legend	
	Tenure Application
	Tenure Road Application
	Retired Tenure Road
	P of C
	P of T
	Tenure Feature
	Range
	TFL
	Provincial Forest
	Forest Service Road
	Highway
	Municipal Road
	Non Status Road
	Recreation Trails
	Road Permit
	SUP Road
	Right of Way
	Schedule B CP Road
	Mineral Tenure Points
	Cities
	Waterbodies
	River/Stream
	Coastline / Island
(86.9533 Ha) PoFC1 UTM10 526133, 6151068	

Logging Tax Act

Logging Tax Act

The **Logging Tax Act** was enacted by Chapter 33, Statutes of 1953 (2nd Session). Effective October 1, 1953, logging tax was introduced to impose a tax on logging operations in British Columbia. The tax applies to every taxpayer who has income from logging operations in the province and is usually fully deductible as a credit against income taxes paid.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Logging Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

In this issue...

- ***Filing requirements***
- ***Calculation of tax***
- ***Deemed payment in the first two years of operation***
- ***Liability for making instalments***
- ***Penalties and interest***
- ***Reassessments and appeals***

FILING REQUIREMENTS

Each individual or corporation who engages in logging operations on private or crown land in British Columbia is responsible for filing an annual logging tax return with the Income Taxation Branch. Logging operations include the following:

- The sale of logs or standing timber;
- The sale of the right to cut standing timber;
- The sale of primary and secondary forest products produced from logs such as lumber, pulp and paper, shakes, etc;
- The export of logs.

Logging tax returns must be filed within six months after the end of the taxation year in which logging operations occurred. A copy of the taxpayer's federal income tax return and financial statements must be submitted with the logging tax return.

If logging operations cease, the taxpayer should notify the Commissioner of Income Tax in writing.

The taxpayer will no longer be required to file a logging tax return unless logging activities commence again in the future.

CALCULATION OF TAX

Logging income is calculated in accordance with Division B of the Income Tax Act (Canada) (federal Act) and is generally gross revenue from logging operations less related operating expenses. If logging income is recorded as a capital gain the logging tax applies to the taxable portion of the capital gain.

Where logs are manufactured into primary and secondary forest products, a processing allowance may be deducted. The processing allowance is calculated as eight percent of the original cost of assets used to produce primary and secondary forest products. The allowance may not exceed 65 percent nor be less than 35 percent of the net processing income (calculated as total income from all sources less income from the sale of logs or standing timber and non-logging income).

For each taxation year, a taxpayer must pay a tax equal to the lesser of:

- 10% of the taxpayer's income from logging operations in British Columbia or,
- 150% of the credit that would be allowable under section 127(1) of the federal Act, as if the tax referred to in paragraph (a) was paid.

On March 29, 2001, the Logging Tax Act was amended to clarify that for the purpose of the Logging Tax Act the allowable logging tax

deduction under section 127(1) of the federal Act means the logging tax deduction that would be allowable before any deduction is made for investment tax credits or political contribution credits under the federal Act. This change is applicable to taxation years beginning after March 31, 2001.

The amount of logging tax paid is usually fully deductible as a credit from income taxes if claimed within three years of filing the taxpayer's federal income tax return.

DEEMED PAYMENT IN THE FIRST TWO YEARS OF OPERATION

If a taxpayer has made a deduction for a taxation year under the Two Year Tax Holiday for New Small Businesses Program, Section 17 of the *Income Tax Act* (British Columbia), the taxpayer is deemed:

- to have paid the amount of tax that would have been deductible as a provincial logging tax credit as if no deduction was made under the Two Year Tax Holiday for New Small Businesses Program, and
- to have paid the amount of tax as of the logging tax return due date, six months after the taxation year-end.

LIABILITY FOR MAKING INSTALMENTS

A taxpayer under the Logging Tax Act is required to pay logging tax instalments based on the lesser of the previous year's tax or the current year's estimated tax. One-half of this instalment base is due by the end of the taxation year and one-quarter is due by the end of the third month following the year end. The remaining tax payable is due with the logging tax return six months after the taxation year-end.

For taxation years ending after December 31, 1999, instalment payments are no longer required for taxpayers whose instalment base is less than \$2,000. Taxpayers who are not required to make instalments must remit the entire balance of tax owing on or before the logging tax return due date, six months after the taxation year-end.

PENALTIES AND INTEREST

Taxpayers will be charged interest and penalties in accordance with the Logging Tax Act for failure to file and pay taxes in the prescribed time. Penalties will be waived where the taxpayer complies with *Bulletin LTA 003, Voluntary Disclosure: The Logging Tax Act*.

Interest and penalties may be waived or cancelled in whole or in part where they result from circumstances beyond a taxpayer's control. *Bulletin LTA 002, Waiver or Cancellation of Interest and Penalties*, provides guidelines and examples of circumstances where cancelling or waiving interest or penalties may be warranted.

REASSESSMENTS AND APPEALS

Appeals of logging tax assessments must be made within 90 days after the date on the Notice of Assessment by serving a Notice of Appeal to the minister. The notice must be in writing and sent to the Commissioner of Income Tax at the address below.

A taxpayer who is subject to logging tax and who has filed a waiver or Notice of Objection under the federal Act must also file a waiver of the assessment period under the Logging Tax Act.

If a taxpayer who is subject to logging tax is reassessed by Canada Revenue Agency (CRA) for a taxation year, they should file an amended logging tax return for the taxation year along with a copy of the CRA Notice of Reassessment

NEED MORE INFO?

This bulletin is intended to assist in the understanding of the requirements of the governing *Logging Tax Act* legislation and related regulations. It is not intended to replace the need to consult the legislation and regulations for their application in a particular situation. In the event of a conflict between the legislation and this bulletin, the legislation shall prevail.

For further information, contact:

Ministry of Small Business and Revenue
Income Taxation Branch
PO Box 9444 Stn Prov Govt
Victoria BC V8W 9W8

Telephone: 250 953-3082
Fax: 250 356-0434

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.