

Satellite Yard Plan

2006 – 2007

June 1, 2006

INTRODUCTION

As per Footner Forest Products Ltd. & Tolko Industries Ltd. (the companies) Joint Forest Management Plan Section 7 (1c) states:

“the right to enter upon the forest management area for the purposes of the construction, operation and maintenance of camps, roads, wood concentration yards and other installation necessary and incidental to the Companies respective logging and silviculture operations.”

Currently wood concentration yards or Satellite Yards are being utilized by Footner Forest Products Ltd. (FFP) as part of their operations.

The satellite yard plan also complies with directive 2006-01 Offsite Timber Storage and Decked Timber at Harvest Site January 1, 2006.

Decked timber at harvest sites will be described in the companies annual operating plan.

SATELLITE YARDS

Currently FFP has four satellite yards, they are:

- Melito Creek Satellite Yard (MCSY) E½ 10 & SW 11-109-20-5
- Negus Satellite Yard (NSY) Sec 27 110-24-5
- Melvin Satellite Yard (MSY) NE 8 & NW½ 9-116-22-5
- West Satellite Yard (WSY) NE & NW 13-110-22-5

FFP is also currently in the application process for a 5th satellite yard that would be located to the east of the mill in the Wabasca area.

2005/06 HARVEST SEASON ACTIVITIES

Table 1a, and 1b shows the estimated aspen tree-length volumes delivered to the Satellite Yards or temporary log storage sites during the 2005/2006 harvest season. While table 2a, and 2b show the sources of volumes in the satellite yards. Table 1a, and 1b also show the tentative delivery schedule of CTL aspen to FFP or chips to DMI during 2006. As per the general notification given to PLFD during the companies monthly meetings FFP will be starting operations in the Satellite Yards in the middle to late May 2006. All operations in the satellite yards will be conducted in accordance with the Forest and Prairie Protection Act and the companies annual Forest Protection Plan.

Table 1a. 2006 Estimated volumes (tonnes) and delivery schedule of cut-to-length aspen from the satellite yards to FFP

Yard	Jun	Jul	Aug	Sept	Oct	Totals
MCSY	23,500	23,500	23,500	23,500	23,500	117,500
NSY	11,000	11,000	5,000	0	0	27,000
MSY	7,500	0	0	0	0	7,500
WSY	0	0	0	0	0	0
Wabasca	0	0	0	0	0	0
Totals	42,000	34,500	28,500	23,500	23,500	152,000

Table 1b. 2006 Estimated volumes (tonnes) and delivery schedule of tree-length or full-tree aspen in the temporary storage sites (WN-5) that will be delivered to DMI

Block	Jun	Jul	Aug	Sept	Oct	Nov	Totals
1021	0	1,340	0	0	0	0	1,340
2023	0	2,946	0	0	0	0	2,946
2036	0	1,442	0	0	0	0	1,442
2037	0	6,423	0	0	0	0	6,423
2068	0	1,618	18,600	0	0	0	20,218
2069	0	2,946	0	20,000	0	0	22,946
Totals	0	16,715	18,600	20,000	0	0	55,315

Table 2a. Satellite Yard Inventory and Sources as of May 8, 2006

MELITO CREEK SATELLITE YARD	Source	Harvest Year	Deciduous (tonnes)	
WHR	Salvage	2005-06	1912	
Husky			30731	
DTLF110004			4263	
DTLF110001	DTLF110001	2004-05	4599	
CTQF110001	CTQF110001		1585	
CTQF110002	CTQF110002	2005-06	74376	
BT3 Incidental Aspen	FMA0200040		74376	
RW5 Incidental Aspen			74376	
			117466	
MELVIN SATELLITE YARD	Source	Harvest Year	Deciduous (tonnes)	
Shining Bank	Salvage		7730	
Trans Canada				
Caribou				
Paramount				
Apache				
			7730	
NEGUS SATELLITE YARD	Source	Harvest Year	Deciduous (tonnes)	
CTPF260004 (Krahn)	CTPF260004	2005-06	2563	
Crown (RRD8521044)	Salvage			21226
Ketch				
Cyries				
Husky				
Fairborne				
Delta				
Telus				
Navigo				
Apache				
Penn West				
Shiningbank				
Paramount				
Enermark				
Trans Canada				
Atlas				
CTLF1400023	CTLF1400023		3488	
			27276	
TOTAL SAT YARD VOLUME			152473	

Table 2b. Volume of aspen (kgs) left in the following blocks in Wadlin 5 from FMA0200040.

Temporary Storage Site	Source	Tree-length Volume (kgs)	Full-tree Volume (kgs)	Unknown Volume (kgs)	Harvest Year
1021	FMA0200040	1,340,810			2005-06
2023	FMA0200040	2,946,940			2005-06
2036	FMA0200040	1,090,310	352,640		2004-06
2037	FMA0200040	2,202,150	4,221,610		2004-06
2068	FMA0200040	196,440	1,422,000	18,600,000	2005-06
2069	FMA0200040			22,946,000	Unknown
Totals		7,776,650	5,996,250	41,546,000	

Note* the information in table 2 was estimated through the use of bunk scales

2006/07 HARVEST SEASON ACTIVITIES

During the 2006/2007 harvest season, volume could be hauled into each of the satellite yards at various times. FFP is targeting to have all of this season's tree-length wood hauled into the satellite yards by April 30, 2007. Due to the fact that some of the volume going into the satellite yards comes from Oil & Gas salvage this date may change due to circumstances out of the company's control. Table 3 is an estimation of the tree-length volumes that will be delivered to each satellite yard and the estimated delivery schedule of that volume to FFP after the wood has been merchandized to CTL aspen.

Table 3. 2006/07 Estimated volumes and 2007 delivery schedule of cut-to-length aspen from the satellite yards to FFP

Yard	Jun	Jul	Aug	Sept	Oct	Totals	(Estimated Loads)
MCSY	35,000	35,000	35,000	35,000	35,000	175,000	4,375
NSY	7,500	7,500	0	0	0	15,000	375
MSY	7,000	0	0	0	0	7,000	175
WSY	0	0	0	0	0	0	0
Wabasca	0	0	0	0	0	0	0
Totals	49,500	42,500	35,000	35,000	35,000	197,000	4,925

FFP anticipates 50% of the tree-length volume to be delivered to the MCSY to be from FMA0200040

FFP anticipates 25% of the tree-length volume to be delivered to the MCSY to be from Salvage

FFP anticipates 25% of the tree-length volume to be delivered to the MCSY to be from DTAF110004

FFP anticipates 100% of the tree-length volume to be delivered to the NSY to be from Salvage

FFP anticipates 100% of the tree-length volume to be delivered to the MSY to be from Salvage

FIBRE ARRANGEMENT WITHIN THE SATELLITE YARDS

In order for the companies to ensure that wood hauled from different dispositions, including salvage are isolated from each other the following procedures will be used.

When the companies have a certified weigh scale in the satellite yard it will be used to track the wood hauled using TM 9 forms and weight.

Where a certified weigh scale is not used the companies will deck wood by disposition and mark the decked wood. This will allow the companies to track the wood by disposition when it is hauled across to the mill scale.

DEBRIS DISPOSAL

The companies will pile logging debris at roadside within each of the satellite yards. The companies will target burning of debris piles after November 1. However, if debris needs to be burned before November 1 the companies will ensure that they have the appropriate approvals from Alberta before burning. All burning will be conducted in accordance with the Forest and Prairie Protection Act.