

SUBCONTRACT FOR GENERAL SERVICES

SUBCONTRACT FOR GENERAL SERVICES

Contract # [REDACTED]

THIS AGREEMENT made as of the 13th day of November, 2009

BETWEEN:

B.A. BLACKWELL AND ASSOCIATES LTD., a company
having an office at 3087 Hoskins Road, Vancouver, British
Columbia, V7J3B5
("Blackwell")

AND



BACKGROUND

- A. Blackwell has entered into a contract with the Province of British Columbia, Ministry of Forests and Range, in respect of the Forest For Tomorrow Recipient Agreements for the Williams Lake, Quesnel and 100 Mile House Timber Supply Areas.
- B. Activities in respect to the management of the aforementioned agreement and Projects are to be undertaken in accordance with, and paid for from funds provided by the Forest For Tomorrow program pursuant to, the Recipient Agreement.
- C. Blackwell wishes to retain the Contractor, as a subcontractor to carry out some of these activities, herein defined as Work.
- D. The Contractor wishes to perform the Work.

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AGREEMENTS

In consideration of the covenants, terms and conditions contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

PART 1 – INTERPRETATION

1.1 **Agreement:** Subject to paragraph 1.8, this Agreement:

- (a) is the entire agreement between the Parties as to the matters herein and all previous promises, representations or agreements between the Parties, whether oral or written, are deemed to have been replaced by this Agreement; and
- (b) is comprised of the following components, all of which have been reviewed and agreed to by the Parties:
 - (i) these General Terms and Conditions;
 - (ii) Schedule A – Work, Rates and Particulars;
 - (iii) Schedule B – Standards and Specifications;
 - (iv) Schedule C – Personnel; and
 - (v) Schedule D– Digital Data Use;
 - (vi) Schedule H – Mechanical Site Preparation Specifications
 - (vii) Schedule I - Signage

1.2 **Definitions:** A term used in this Agreement and defined in the *Forest Act* or *Forest and Range Practices Act* or the Recipient Agreement will have the meaning given to it in those instruments, as amended from time to time, unless that term is otherwise defined in this Agreement. In this Agreement, the following words and phrases will have the following meanings:

- (a) **“Administrator”** means the Province of British Columbia, Ministry of Forests and Range;
- (b) **“Administrator Material”** means material or information of the Administrator and includes, without limitation, all findings, data, information, specifications, reports, proposals, analyses, documents, drawings or working papers (whether in hard copy or electronic form), software and other material or other intellectual property whether complete or not, used, created, produced, received or acquired by the Administrator or delivered by the Administrator to Blackwell under the

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Recipient Agreement and made available by Blackwell to the Contractor under this Agreement;

- (c) **“Agreement”** means this Agreement and all Schedules to this Agreement as amended from time to time in accordance with this Agreement;
- (d) **“Authorization Document”** means the permit, licence or other approval between Blackwell and the applicable government agent or ministry required under legislation which, when executed and transmitted to Blackwell, gives Blackwell the legal authority and approval to carry out the Work;
- (e) **“Code”** or **“Forest Practices Code”** or **“FRPA”** means the *Forest and Range Practices Act* and related regulations and standards, including those provisions of the *Forest Practices Code of British Columbia Act* and its related regulations, standards and guide books applicable thereunder;
- (f) **“Completion Date”** means the date by which the Work is to be completed, as described in Schedule A;
- (g) **“Data Exchange Agreement”** means the data agreement between Blackwell and Her Majesty the Queen in Right of the Province of British Columbia, dated for reference April 1, 2007;
- (h) **“Deposit”** means the security deposit described in paragraph 4.7;
- (i) **“Event of Force Majeure”** means a circumstance in which a Party is delayed or hindered in or prevented from the performance of any act, covenant or obligation required to be performed under this Agreement by such Party by reason of earthquake, fire, flood, tempest or other acts of God, strikes, lockouts, unavailability of materials, failure of power, prohibitive governmental laws or regulations, riots, insurrections, terrorism, war, the act or failure to act of the other Party, adverse weather conditions preventing performance, war or other reason beyond such Party’s control;
- (j) **“Forest For Tomorrow” or “FFT”** means that portion of the Province of British Columbia’s or the Government of Canada’s Forest For Tomorrow Account that is the land base investment program established to deliver high priority and cost-effective forest productivity and sustainability investments, including fostering sustainable forest management and improvement of the public forest asset base, and the funds appropriated by the Province and allocated to Blackwell under the Recipient Agreement for investments under the program;
- (k) **“Forest Service”** means the British Columbia Forest Service of the Ministry;
- (l) **“Holdback”** means monies withheld by Blackwell from the Contractor pursuant to paragraph 4.6;

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- (m) **“Lands”** means the lands described in Schedule A upon which the Work is to be performed;
- (n) **“Ministry”** means the Ministry of Forests and Range of the Province of British Columbia;
- (o) **“Party” or “Parties”** means any of Blackwell and the Contractor and their respective successors and permitted assigns;
- (p) **“Operational Plans”** means the operational plans, if any, created or applicable under FRPA, including under Part 11 thereof;
- (q) **“Project”** means a Project as defined in and approved under the Recipient Agreement of which the Work is a part;
- (r) **“Rates”** means the Rates specified in Schedule A payable by Blackwell, using FFT funds, to the Contractor for Work performed under and in accordance with this Agreement;
- (s) **“Recipient”** means Blackwell as Recipient under the Recipient Agreement;
- (t) **“Recipient Agreement”** means the funding agreements between Blackwell as Recipient and the Administrator dated for reference April 1, 2007, as may be amended or renewed;
- (u) **“Rules and Policies”** means the rules and policies posted on the Administrator’s or the Ministry’s website at the time of approval of a Project;
- (v) **“Standards and Specifications”** means the standards and specifications as posted on the Ministry’s website at the time of approval of a Project, or as approved in writing by a Government official before a Project is begun, and attached as Schedule B to this Agreement;
- (w) **“Tenure”** means an agreement under the *Forest Act* held or managed by Blackwell;
- (x) **“Term”** means the duration of this Agreement as described in paragraph 2.1;
- (y) **“Treatment Area”** with respect to all required activities under the Recipient Agreement including but not limited to; for silviculture activities, this means the area requiring surveying, studies, assessments, reports, survey traversing, cone collection, burning, planting, manual brushing and weeding, danger tree assessment, danger tree removal, manual or mechanical site preparation, timber processing, skidding/ forwarding, chemical treatment, and fertilization. With respect to forest planning for unit/ block and road layout, is defined as the area within the Timber Supply Area but excluding private property, protected areas, parks, designated recreation sites, riparian reserve zones, wildlife retention areas,

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old growth management areas, designated no- harvest wildlife habitat areas, designated archaeological sites, and designated heritage trails;

(z) **“Work”** means the Work to be performed by the Contractor as described in Schedule A.

1.3 **Headings:** The headings in this Agreement are for convenience of reference only and are not to affect the construction and interpretation of this Agreement.

1.4 **Governing Law:** This Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.5 **Included Words:** Wherever the singular or masculine is used in this Agreement, the same is deemed to include the plural or the feminine or the body corporate where the context or the Parties so require.

1.6 **Severance:** If any provision in this Agreement is invalid or unenforceable, the remainder of this Agreement is not affected thereby and each covenant, obligation and provision of this Agreement is separately valid and enforceable to the fullest extent permitted by law.

1.7 **Execution:** This Agreement may be executed in counterparts, each of which together forms one document. This Agreement is properly executed and delivered if executed by the Parties in counterparts and executed copies exchanged by the Parties by facsimile.

1.8 **Permitted Amendments:** Blackwell may, from time to time, by written notice to the Contractor and subject to this Agreement, make reasonable changes to Schedules to accommodate changing practices or unforeseen circumstances. Any other changes to the Agreement must be in writing and must be agreed to by both Parties.

1.9 **Statutes:** Any reference to a statute in this Agreement will be deemed to include

- (a) that statute as amended, restated or replaced from time to time,
- (b) regulations promulgated thereunder, and
- (c) any successor legislation to the same general intent and effect.

PART 2 – DURATION

2.1 **Term:** Subject to Part 16 and paragraph 18.3, the Term of this Agreement commences on [REDACTED] and continues until the date that is the earlier of: (i) the date that all Work is completed; and (ii) March 15, 2010. The term may be extended upon agreement of the Parties in writing.

PART 3 – WORK AND MATTERS AFFECTING THE WORK

3.1 **Work:** The Contractor will, in accordance with this Agreement, perform the Work.

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3.2 **Blackwell:** The Contractor acknowledges and agrees that Blackwell may give the Contractor any directions, orders, notices, consents or authorizations pursuant to this Agreement.

3.3 **Labour and Materials:** Except as otherwise provided in this Agreement, the Contractor will, at its own expense, provide and maintain all labour, equipment, fuel, materials, supplies, transportation, accommodation and premises necessary to perform the Work.

3.4 **Maps and Data:** The Contractor acknowledges that all documents, maps and photographs, digital data and software created during the performance of the Work or supplied to the Contractor by Blackwell, other than Administrator Material, will at all times remain the property of Blackwell, and the Contractor will return all copies of documents, maps, photographs, digital data and software to Blackwell upon the expiration or termination of this Agreement or upon notice from Blackwell. Without limiting the generality of the foregoing, Schedule D applies to any digital data that may be provided to the Contractor.

3.5 **Confidentiality:** The Contractor will exercise reasonable care to prevent disclosure of Blackwell's proprietary information to any third party, and will not use for its own benefit or that of others, such information whether developed in the course of performing the Work or derived from Blackwell, except as may be authorized in writing by Blackwell, unless to the extent that such information becomes publicly known through no fault of the Contractor. This obligation will not apply to such information as the Contractor can show was known to the Contractor in written or graphic form prior to the date of this Agreement and was not subject to any previous agreement with respect to non-disclosure.

3.6 **Right to Audit or Inspect:** In respect to work that is to be carried out pursuant to the Recipient Agreement, Blackwell or the Administrator may at any time audit or assess the Contractor's operations to ensure satisfactory performance with this Agreement. The Contractor will cooperate fully with any such audit or assessment, including permitting Blackwell or the Administrator, as the case may be, to examine and make copies of any documents, records, reports, accounting procedures and other information Blackwell may have to provide to the Administrator under the Recipient Agreement or otherwise relating to the Work, to interview the Contractor's employees and subcontractors and to take such steps as Blackwell or the Administrator deems necessary to carry out such audit or assessment.

3.7 **Administrator Material:** Ownership in any Administrator Material belongs exclusively to the Administrator or the Ministry and any Administrator Material held by or under the control of the Contractor, its employees, agents or subcontractors, will be delivered (including all copies and excerpts therefrom) by the Contractor to Blackwell promptly after Blackwell requests delivery in writing or this Agreement is terminated for any reason.

3.8 **Provision of Documents:** Blackwell will provide the Contractor with copies of all permits, plans and maps relevant to the Work.

PART 4 – RATES AND PAYMENT

4.1 **Rates:** Blackwell will pay the Contractor for the Work carried out in accordance with this Agreement at the Rates set forth in Schedule A.

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4.2 **Invoicing:** Within seven days following the end of each calendar month, the Contractor will submit to Blackwell an invoice, in form and content satisfactory to Blackwell for amounts owing to it in respect of Work performed during that calendar month, which invoices must be submitted marked as follows:

B.A. Blackwell and Associates Ltd.
Suite 270- 18 Gostick Place,
North Vancouver B.C, V7M 3G3
Fax No.: (604) 986- 8246

Attention: Rob Sandberg RPF
Subcontract Number: [REDACTED]

4.3 **Payment:** Except as otherwise provided in Schedule A, Blackwell will pay the Contractor in accordance with the following provisions:

- (a) payment will be contingent upon:
 - (i) satisfactory completion of the Work identified in this Agreement;
 - (ii) the Work being performed in accordance with this Agreement;
 - (iii) Blackwell being satisfied that the invoice is correct and the stated amount is payable and, if not satisfied, the Contractor having modified the invoice as necessary to satisfy Blackwell that it is correct and payable;
 - (iv) where applicable, Blackwell having received sufficient funding for the Work from the Administrator pursuant to the Recipient Agreement; and
 - (v) where applicable, the Work being recognized by the Administrator as an Approved Eligible Cost under the Recipient Agreement;
- (b) provided that the requirements of subparagraph 4.3(a) are met, payment will be made within thirty (30) working days from receipt by Blackwell of an invoice that is correct and payable;
- (c) any amounts paid to the Contractor prior to completion of all the Work shall be treated as advances and shall be based upon Blackwell's estimate of the amount of Work completed;
- (d) any inspection or progress reports provided by Blackwell to the Contractor prior to final inspection reports shall be deemed to be estimates only;
- (e) Blackwell shall not be responsible for any loss sustained by, or cost incurred by, the Contractor if the Contractor pays any of its employees, subcontractors or suppliers on the basis of any inspection or progress report of Blackwell, other than the final inspection report in respect of the Work; and

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- (f) final payment to the Contractor shall be based upon final inspection and measurement of the completed Work by Blackwell and agreed to by the Contractor and shall be net of any advances made to the Contractor in respect of the Work and net of any Holdback and shall be made upon receipt by Blackwell of funds for the Work under the Recipient Agreement.

4.4 **Deductions:** Blackwell may deduct, withhold, or set-off against any amounts due or to become due to the Contractor under this Agreement:

- (a) any amount due or accruing due to Blackwell from the Contractor;
- (b) the amount of any claim, demand or lien made, filed or threatened to be made or that might be made, filed or threatened against Blackwell or any of their property or assets or by any person by reason of the Contractor's operations under this Agreement or of any act or omission of the Contractor or any of its subcontractors and, when such a claim is made, Blackwell may pay the amount of that claim into court on behalf of the Contractor; and
- (c) any amount that Blackwell may become liable for in respect of payments, assessments or deductions required to be made by the Contractor by law, unless the Contractor provides receipted proof of payment satisfactory to Blackwell.

4.5 **Payment Into Court:** Any amount set off by Blackwell under subparagraphs 4.4(b) or (c), may be withheld until the matter at issue is resolved or the Contractor provides receipted proof of payment, as the case may be. Where feasible, Blackwell may pay the amount withheld into a court of competent jurisdiction.

4.6 **Holdback:** Blackwell may withhold up to 20%, or such other percentage as may be set forth in the Recipient Agreement as a withholding, of each payment due to the Contractor under this Agreement. Blackwell will, subject to paragraph 4.4, pay such holdback to the Contractor within ten (10) days after receipt of the Balance by the Administrator, as defined in the Recipient Agreement, for the Project in respect of which the Work was performed.

4.7 **Security Deposit:** If required by Blackwell, at its sole discretion, the Contractor will, before commencing the Work, provide Blackwell with a Deposit in the amount specified in Schedule A, which Deposit will be held in an interest-bearing account with interest accruing to the benefit of the Contractor. The Deposit, including any interest received by Blackwell, will be held as security for the performance of the Contractor's obligations under this Agreement, and may be applied by Blackwell to remedy any breach of this Agreement. Any unused portion of the Deposit will be returned to the Contractor within sixty (60) days after completion of the Work.

4.8 **Late Completion Damages:** If the Contractor fails to complete the Work on or before the Completion Date for any reason other than:

- (a) an Event of Force Majeure; or

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- (b) suspension under paragraph 14.1, where that suspension is not related to a default of the Contractor under this Agreement,

Then:

- (c) the Contractor must immediately give notice of that failure to Blackwell; and
- (d) Blackwell may assess and the Contractor will pay liquidated damages in accordance with Schedule A.

PART 5 – EMPLOYMENT, ASSESSMENTS AND TAXES

5.1 **Employees:** The Contractor will pay its employees in a regular and orderly manner and pay all required assessments and taxes, including workers’ compensation, employment standards and employment insurance coverage, as required in accordance with paragraph 9.2 below, resulting from the Contractor providing and being paid for the Work pursuant to this Agreement.

PART 6 – PERSONNEL

6.1 **Key Personnel:** For the purposes of performing the Work, the Contractor will furnish personnel who are competent and qualified for the Work to be performed by them. The Contractor will assign those personnel indicated in Schedule C as Key Personnel to perform the Work. Without restricting the foregoing, Blackwell reserves the right to approve or reject any personnel assigned by the Contractor to do the Work.

PART 7 – PROFESSIONAL RESPONSIBILITY

7.1 **Standard of Care:** The Contractor will carry out the Work in a diligent and workmanlike manner and, without limiting the generality of the foregoing, applying the standard of care, skill and diligence:

- (a) normally provided by a professional in the performance of the Work; and
- (b) satisfactory to Blackwell, acting reasonably.

7.2 **Material Selection:** The Contractor is responsible for any loss, damage or injury caused by the selection of any material, equipment or method used in the performance of the Work except to the extent that the Contractor has been directed by Blackwell to use any particular material, equipment or method that is contrary to a recommendation of the Contractor.

PART 8 – INSURANCE

8.1 **Coverage:** The Contractor will maintain, at its expense, throughout the Term on terms and with insurers satisfactory to Blackwell the following insurance that will be primary and not require the sharing of any loss by any insurer of the Administrator or Blackwell:

- (a) Comprehensive / Commercial General Liability insurance in an amount not less than \$2,000,000 inclusive per occurrence against bodily injury (including death)

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and property damage. **Blackwell is to be added as an additional insured under this policy, whether named or unnamed.** Such insurance will include, but not be limited to:

- (i) products and completed operations liability;
 - (ii) owner's and contractor's protective liability;
 - (iii) blanket written contractual liability;
 - (iv) contingent employer's liability;
 - (v) personal injury liability;
 - (vi) non-owned automobile liability;
 - (vii) cross liability;
 - (viii) employees as additional insureds;
 - (ix) broad form property damage;
 - (x) sudden and accidental pollution liability with a limit of not less than \$250,000.
 - (xi) forest fire fighting expense, with a limit of not less than \$1,000,000 (\$500,000 outside fire season [after November 1 and before March 1]).
- (b) Automobile Liability insurance in an amount not less than \$2,000,000 on all vehicles owned, operated or licensed in the name of the Contractor and used under the Agreement; and

8.2 Certificates and Policies: The Contractor will:

- (a) ensure the policies required under this Part are endorsed to require at least 30 days' prior notice from the Contractor's insurers to Blackwell and the Administrator of alteration, cancellation or expiration;
- (b) at the request of Blackwell, provide to Blackwell before commencement of the Work and at such reasonable times thereafter:
 - (i) a certified copy of each policy required under this Part; or
 - (ii) a certificate of insurance in a form satisfactory to Blackwell, evidencing the coverage required by this Part, signed by the Contractor and certified by the Contractor's insurers.

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8.3 **Waiver:** Blackwell may waive any of the insurance requirements listed in this Part that are over and above the requirements specified in this Agreement. Any waiver of insurance requirements must be in writing and must be agreed by both the Contractor and Blackwell.


8.4 **Increase in Limits or Additions to Coverage:** Blackwell may, if and to the extent experience suggests it necessary or the Agreement requires it, by notice to the Contractor, require that:

- (a) the limits of insurance specified in or under this Part be increased by a reasonable amount; or
- (b) a pollution endorsement, to a reasonable limit specified by Blackwell, be added to the insurance coverage required under this Agreement,

and the Contractor will:

- (c) obtain, at its expense, the additional limits or coverage for the remainder of the Term on terms and with insurers satisfactory to Blackwell; and
- (d) provide to Blackwell evidence of the additional limits or coverage in accordance with paragraph 8.2(b).

8.5 **Agent:** The Contractor's insurance agent(s) are:

Professional Liability	Comprehensive / CGL
N/A	

PART 9 - STATUS OF CONTRACTOR AND RELATED OBLIGATIONS

9.1 **Independent Contractor:** The Contractor and any subcontractor engaged by the Contractor pursuant to this Agreement will be deemed to be an independent contractor in all respects, and is not an employee, partner, agent, legal representative, or joint venturer with Blackwell. The Contractor will not have any authority to make representations or warranties on behalf of Blackwell, or to bind Blackwell to any agreement or understanding except as specifically authorized by Blackwell in writing.

9.2 **Employer:** The Contractor and any subcontractor engaged by the Contractor pursuant to this Agreement are employers for the purposes of the *Workers Compensation Act*, the *Employment Standards Act*, the *Income Tax Act*, the *Employment Insurance Act*, and the *Canada Pension Act* and for the purposes of any other legislation affecting employment.

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9.3 **Liens:** The Contractor will pay all of its liabilities arising from its operations that might constitute a lien upon the Lands, the timber or other assets of Blackwell immediately upon such liabilities becoming due. If a lien is made or threatened to be made against the Lands or other assets of Blackwell as a result of the activities of the Contractor or any of the Contractor's subcontractors, the Contractor will take steps and make payments, including the granting of security or payment into court, as are necessary to remove the lien or prevent the lien being made.

9.4 **Workers' Compensation:** The Contractor will:

- (a) be registered as an independent firm under the *Workers Compensation Act* and will, upon execution of this Agreement, provide Blackwell with proof of registration;
- (b) on request of Blackwell, provide a certificate from the Workers' Compensation Board confirming that the Contractor's assessments, with respect to employees have been paid and that the Contractor is in good standing;
- (c) authorize and permit Blackwell to contact the Worker's Compensation Board directly with respect to the Contractor's status under the *Worker's Compensation Act*;
- (d) immediately notify Blackwell of any serious accident or incident involving the employees or equipment of the Contractor or any of its subcontractors; and
- (e) permit Blackwell to conduct periodic inspections of the Contractor's operations to ensure compliance with the *Workers Compensation Act* (British Columbia), and agrees to stop performance of the Work when directed by Blackwell when Blackwell determines that the Contractor's operations are not conducted in a manner that will ensure compliance with the *Workers Compensation Act* (British Columbia);
- (f) provide evidence that it is certified as a SAFE Company (BC Forest Safety Council). Failure to maintain certification during the term of this Contract will result in its cancellation. Contractors that are formally recognized within the framework of another company's SAFE Company program must provide evidence of that arrangement.

9.5 **Prime Contractor:** Without limiting the Contractor's obligations to comply with the *Workers Compensation Act*:

- (a) the Contractor shall be the "prime contractor" for the purposes of Part 3 of the *Workers Compensation Act* for any "workplace" (as defined in the Act) at which the Contractor carries out the Work;
- (b) for workplaces where more than one contractor carries out work, Blackwell will designate one contractor as the prime contractor and may designate the Subcontractor for that purpose; and

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- (c) for greater certainty, but without limiting the generality of subparagraphs (a) and (b), the “workplaces” in respect of which the Contractor is the “prime contractor” are described in Schedule A.

9.6 **G.S.T.:** The Contractor will register as required under the *Excise Tax Act* for the collection and administration of the Goods and Service Tax and will advise Blackwell of its Goods and Services registration number. The Contractor will immediately advise Blackwell of any change in the Contractor’s status under the *Excise Tax Act*.

9.7 **Contractor Expenses:** The Contractor will promptly pay, and will ensure that its subcontractors promptly pay, all charges for, and assessments in respect of, labour, materials, equipment and services used or contracted for by the Contractor and its subcontractors in the performance of the Work. The Contractor will pay, as they become due, all applicable income, sales, and commodity and service taxes payable by the Contractor in respect of the performance of the Work.

PART 10 – COMPLIANCE

10.1 **General:** The Contractor will comply with and will ensure that its subcontractors, agents and employees comply with all of the following that apply to the Work and this Agreement:

- (a) federal, provincial, regional and municipal laws, by-laws, rules and regulations;
- (b) lawful directions of Blackwell consistent with this Agreement;
- (c) lawful directions, guidelines and other requirements of the Forest Service and other government agencies;
- (d) Operational Plans;
- (e) the Recipient Agreement;
- (f) Authorization Documents;
- (g) Standards and Specifications;
- (h) Rules and Policies; and
- (i) Conditions under Paragraph 1.15 of the Recipient Agreement.

10.2 **Environmental Compliance :** Without limiting the generality of paragraph 10.1, the Contractor will comply with all:

- (a) applicable environmental legislation, including the provisions of the *Fisheries Act* of Canada, the *Canadian Environmental Protection Act* of Canada, the *Environmental Management Act* of British Columbia, FRPA and the *Forest Act* of British Columbia; and

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- (b) lawful directions of governmental authorities and with Blackwell's reasonable directions for the protection of the environment.

10.3 **Trespass:** Any Work of the Contractor that extends or occurs outside the Treatment Area will be deemed to be a trespass and Blackwell may immediately terminate this Agreement for such trespass and will not pay for work that occurs outside the Treatment Area.

10.4 **Standard Operating and Other Procedures:** In addition to and without limiting paragraphs 10.1 and 10.2, the Contractor will obtain from Blackwell and comply with:

- (a) Blackwell's standard operating and other written standards and specifications; and
- (b) such additional standard operating procedures or other written standards or specifications as may be developed by Blackwell and apply to the Work,

as may be amended by Blackwell, in the case of the documents referred to in subparagraphs 10.4(a), or Blackwell, in the case of the documents referred to in subparagraph 10.4(b), from time to time on reasonable notice to the Contractor.

10.5 **Investigations and Contraventions:** The Contractor will immediately advise Blackwell of:

- (a) any investigations by, or notices, violation tickets, orders, summons or other like documents received from, any government authority with respect to the Work or presence on the Lands;
- (b) any offences or contraventions:
 - (i) the Contractor or its subcontractors or employees may have committed, including contraventions or offences under the *Forest Act*, *FRPA*, *Fisheries Act*, *Environmental Management Act*, and other laws of British Columbia or Canada while performing the Work or being on the Lands; or,
 - (ii) in the case of the Contractor, may have otherwise committed.

PART 11 - FIRE PROTECTION

11.1 **Compliance and Prevention:** The Contractor will:

- (a) comply with the *Wildfire Act* and all regulations thereunder and Blackwell's fire preparedness plan, including:
 - (i) reporting fires and undertaking fire control, as defined in the *Wildfire Regulation*;
 - (ii) extinguishing fires and carrying out remediation as required under the *Wildfire Act* and all regulations thereunder;

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- (iii) carrying out remediation required under the *Wildfire Act* and all regulations thereunder unless Blackwell elects to carry out such remediation, in which case the Contractor will reimburse Blackwell for all expenses incurred in doing so; and
- (iv) taking all precautions required under the *Wildfire Act* and all regulations thereunder and by Blackwell or the Forest Service to prevent fires;
- (b) not start or permit any open fires on the Lands except as permitted under the *Wildfire Act* and all regulations thereunder and will take every reasonable precaution to prevent the escape of any fire;
- (c) obtain and record daily weather readings if:
 - (i) required by Blackwell; or
 - (ii) required by the *Wildfire Act* or any regulation thereunder;
- (d) conduct any fire hazard assessment required by the *Wildfire Act* or any regulation thereunder;
- (e) abate any fire hazard as required by the *Wildfire Act* or any regulation thereunder, including disposal of slash or debris accumulated from the Work in accordance with instructions of the Forest Service and Blackwell; and
- (f) not undertake any remediation, fire hazard abatement or slash or debris disposal specified in this paragraph without first notifying and obtaining the approval of Blackwell.

11.2 **Fighting Fires:** The Contractor will utilize all of its labour and suitable equipment employed by it on the Lands to fight all fires:

- (a) caused by the Contractor or its employees, agents or persons who are its subcontractors for performing the Work anywhere on the Lands;
- (b) within the Lands, or any other lands on which Blackwell holds an interest near the Lands, regardless of cause; and
- (c) anywhere, when reasonably requested by Blackwell to do so.

11.3 **Liability for Costs:** Where:

- (a) a fire is caused by the Contractor, or its employees, agents or persons who are its subcontractors for performing the Work;
- (b) the Contractor, or its employees, agents or persons who are its subcontractors for performing the Work permits the escape of a fire whether or not it is caused by the Contractor; or

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- (c) the cause of a fire is unknown and it started within 1 kilometre of where the Contractor or its employees, agents or persons who are its subcontractors for performing the Work has worked in the 24 hours prior to the start of the fire;

the Contractor will be responsible for its own costs in fighting the fire.

In all other cases where the fire is under the direction and control of Blackwell, Blackwell will pay the Contractor for its services in fighting the fire in accordance with the rates paid by the Forest Service under the *Wildfire Act* and all regulations or applicable agreements thereunder for equipment rental and wages, except to the extent that the Contractor has been reimbursed for those services by the Forest Service or by a third party.

Where a fire is under the control of the Forest Service, Blackwell is not under any obligation to pay the Consultant for equipment or labour.

11.4 Indemnity for Blackwell Costs: Without limiting the generality of Part 12, if the Contractor, or any of its employees, agents or persons who are its subcontractors for performing the Work, negligently or wilfully:

- (a) causes a fire; or
- (b) permits the escape of a fire, whether or not caused by the Contractor;

the Contractor will indemnify Blackwell for any loss, cost or liability incurred by Blackwell in respect of the fire.

11.5 Contractor Employees: Any employee or subcontractor of the Contractor engaged in fighting a fire will, at all times, remain an employee or subcontractor of the Contractor and will not become an employee or contractor of Blackwell.

PART 12 – RISK, RELEASE AND INDEMNITY

12.1 Representations: The Contractor acknowledges that Blackwell has not made any representations to the Contractor as to the Work, the difficulty of any operations the Contractor may undertake on behalf of Blackwell, or the condition of the timber, Lands, roads, bridges or railway crossings on which and over which the Contractor may operate, all of which matters have been investigated by the Contractor prior to executing this Agreement. Execution of this Agreement by the Contractor is an absolute release by the Contractor of Blackwell from any claim that the Contractor may have in respect of those matters, except to the extent Blackwell has made a representation in writing.

12.2 Release: The Contractor hereby releases Blackwell, their directors, officers, servants, invitees, associates, and agents (collectively for this paragraph referred to as the “Releasee”) from any and all responsibility or liability, whether in tort, contract or otherwise, in respect of any and all claims, demands, actions, causes of action, damage, loss, costs, personal injury, death, charges and expenses suffered or incurred by the Contractor, or any person claiming through the Contractor, and arising out of the Work or the use of any of the Lands by the

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Contractor

Contractor or any other person, except to the extent that such loss is directly attributable to the negligence or wilful default of Blackwell.

12.3 **Indemnity:** Notwithstanding the provisions of insurance coverage by Blackwell, the Contractor will indemnify and save harmless Blackwell, their directors, officers, employees, servants, associates, and agents from and against any and all claims, demands, actions, causes of action, damages, losses, deficiencies, costs, expenses, law suits, administrative sanctions, remediation orders, penalties, and fines that Blackwell, their directors, officers, employees, servants, associates, or agents may sustain, incur, or be subject to, including legal costs on a solicitor and own client basis, as a result of, in respect of or arising out of

- (a) any non-performance or non-fulfilment of any covenant, term, warranty or condition on the part of the Contractor or its employees contained in this Agreement,
- (b) any negligence, breach, violation, non-performance or non-observance by the Contractor or its employees of any laws, ordinances, regulations, rules, requirements, orders, or permits, including, but not limited to the Code, the Forest Act (British Columbia), the Woodworker Lien Act (British Columbia), the Environmental Laws, occupational health and safety laws, the Licence or the Ministry's permits relating to the Work and the Treatment Area,
- (c) any negligence, breach, violation, non-performance or non-observance of the Rules by the Contractor, and
- (d) any non-performance or non-observation by the Contractor of the I.W.A. Canada Collective Agreement, or any applicable laws, ordinances, regulations, rules, requirements, orders of any governmental authority including the Workers' Compensation Board, the Canada Employment Insurance Commission, the Labour Relations Board, the Canada Customs and Revenue Agency and the Ministry of Finance for British Columbia.

12.4 **Contributory Negligence:** To the extent that a penalty, fine or other sanction or order is, in part, a result of prior actions of Blackwell or other contractors or persons, the Contractor's liability will be limited to a reasonable proportionate share of such liability, however, the Contractor acknowledges and agrees that it is liable to Blackwell for all actions of its employees (including its subcontractors and invitees).

12.5 **Survival:** The indemnity provisions set out in this Part will survive the expiry or earlier termination of this Agreement.

PART 13 - ROADS AND IMPROVEMENTS

13.1 **Use of Roads:** The Contractor may use the roads and bridges on the Lands for the purpose of doing the Work on the following conditions:

- (a) the use is non-exclusive;

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- (b) the use is at the sole risk of the Contractor;
- (c) the Contractor will comply with:
 - (i) Blackwell's directions regarding the use, including hours of use, locking of gates and closure; and
 - (ii) federal, provincial, regional and municipal laws, by-laws, rules and regulations; Operational Plans; and other permits, authorizations, directions or requirements from government governing their use;
- (d) the Contractor will keep roads and bridges (including ditches and culverts) it is using clear of debris and other obstructions resulting from the Contractor's operations;
- (e) the Contractor will place in each vehicle used by the Contractor on the Lands a radio capable of monitoring and transmitting on the frequencies as directed by Blackwell and will instruct its employees and subcontractors in the proper use of these radios; and
- (f) the Contractor acknowledges that Blackwell has not made any representations to the Contractor as to the condition of roads and bridges on the Lands or as to their suitability for the Contractor's operations.

PART 14 – SUSPENSION

14.1 **Suspension:** The Contractor will suspend performance of the Work and its operations under this Agreement related thereto, or any component thereof, when directed by Blackwell or upon receipt of direction from any government authority.

14.2 **Adjustments to Amount of Work:** Where the Contractor has been directed to suspend performance of the Work or its operations under this Agreement related thereto, or any component thereof, Blackwell is not liable to the Contractor in respect of such suspension, is not obliged to provide the Contractor with work in substitution for Work the Contractor would otherwise have performed during such suspension, and the Contractor shall otherwise have no right to compensation from Blackwell on account of Work the Contractor would have performed but for the suspension.

14.3 **Changed Condition:** "Changed Condition" means a materially changed physical condition at the Work Area which was not foreseen by the Contractor and which would not have been reasonably foreseen by a reasonable contractor who, before submitting its tender, conducted a thorough investigation of the work to be done to complete the Work, including a thorough inspection of the Work Area(s) and review of all information available from the Recipient to persons wishing to submit tenders, but does not include any weather conditions or natural events;

If a Changed Condition occurs during the course of the Work, the following applies:

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(a)The parties shall immediately advise each other of particulars of the Changed Condition and the Contractor Representative and Blackwell shall meet to attempt to deal with the condition.

(b)If the Changed Condition is so substantial that amending the Agreement to deal with the change would change the essential nature of the Work, then either party may elect not to proceed with the Work any further and the Agreement shall be brought to an end. If either party so elects, the following shall apply:

- i. The Contractor shall be entitled to receive payment for any Work which the Contractor has satisfactorily completed;
- ii. If the payment under (i) is for 90% or greater of the original total volume of Work the Contractor shall be entitled to no additional payments;
- iii. If the payment under (i) is for less than 90% of the original total volume of Work the Contractor shall be entitled to an additional payment calculated as 15% of the Shortfall that is less than 90% of the original volume of Work multiplied by the average price per unit as shown in the following equation:

$$0.15 \times (0.90 \times [\text{original volume of Work}] \text{ minus } [\text{volume of Work completed}]) \times (\text{average price per unit}).$$

If the Changed Condition can be dealt with by the substitution of an alternate Work Area or by other amendment to the Agreement and if such substitution or other amendment will not change the essential nature of the Work, then Blackwell may, in its discretion, substitute such an alternate Work Area (and make changes to this Agreement that are appropriate to deal with the substitution) or make other amendments to this Agreement. The Contractor shall be obliged to proceed on that basis. If the parties cannot agree on a price for the Work as amended in the substituted Work Area, then the price shall subsequently be determined pursuant to 14.4.

Blackwell is not obliged to make any payment under section 14.3 (b)(ii) and (iii), or to satisfy any claim by the Contractor for any losses occasioned by such a Shortfall if the Shortfall is occasioned by an Act of God, unsuitable weather, natural disaster, withdrawal of labour in disputes, or any other unforeseeable cause over which the Recipient has no direct control.

14.4 Dispute Resolution:

If a dispute occurs between the Parties concerning any matter governed by this Agreement, the disputing Party shall promptly advise the other Party and the Parties together shall use all reasonable efforts to resolve the dispute. If the Parties are unable to resolve the dispute informally within five (5) Work Days, then the Contractor shall give to Blackwell written particulars of the complaint, which particulars shall include the following:

- (a) a detailed description of the nature of the complaint;
- (b) a list of the relevant provisions of the Contract Documents; and
- (c) an evaluation by the Contractor of the matters in dispute.

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Blackwell shall, within twenty (20) Work Days of receipt by the Blackwell Representative of the written particulars, give the Contractor a decision, in writing, of one of the following:

- (d) that Blackwell accepts the position of the Contractor; or
- (e) that Blackwell rejects the position of the Contractor.

If Blackwell accepts the position of the Contractor, the Parties shall enter into an Amending Document to reflect the Agreement. If Blackwell rejects the position of the Contractor, the Parties shall proceed to mediation with a mutually agreed upon third party. If the dispute is not resolved within fifteen (15) Work Days of appointment of the mediator, then the Parties may, if they both agree, proceed to arbitration pursuant to the Commercial Arbitration Act.

If the matter in dispute is not resolved promptly pursuant to this section, Blackwell may give to the Contractor instructions that in his or her opinion are necessary to provide for the proper performance of the Work and to prevent delays. If the Contractor receives these instructions, the Contractor shall act immediately to carry out the Work pursuant to the instructions, but any Work performed by the Contractor in this respect shall be without prejudice to any claim the Contractor may have concerning the dispute.

Nothing in this Section precludes either Party from having a dispute resolved by a court of competent jurisdiction, although no steps shall be taken by either Party to initiate legal proceedings until after the process described in this section has been completed.

14.5 Acknowledgements: The Contractor acknowledges that Blackwell may sell or trade its interest in all or part of the Recipient Agreement or Tenures associated with the Work, or such Recipient Agreement and Tenures may be surrendered, suspended, cancelled or otherwise disposed of or no longer under the management or control of Blackwell, and the Contractor acknowledges that the Administrator may end its Recipient Agreement with Blackwell due to; the mutual agreement of those parties, Blackwell ceasing to be an eligible recipient under the Forests For Tomorrow Program, the Forests For Tomorrow Program being cancelled by the Province, Blackwell not receiving any allocation of Investment Funding under the Forests For Tomorrow Program in a given year, and termination of the Recipient Agreement and the Contractor agrees that if such event occurs, then:

- (a) the Work associated with the Recipient Agreement and Tenures, along with the Contractor's performance of that Work, is no longer subject to this Agreement, and that paragraphs 16.2 and 16.3 of this Agreement will apply in respect of that Work, *mutatis mutandis*;
- (b) the Contractor will, without additional compensation, assist with the transfer, winding down or other dispensation of its responsibility for the Work from Blackwell to the purchaser or other successor, if any, of Blackwell's interest in the Recipient Agreement or those Tenures;
- (c) the assistance to be provided by the Contractor under paragraph (b) shall not exceed two (2) working days;

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- (d) the Contractor acknowledges and agrees that neither Blackwell nor the purchaser or other successor, if any, will have any liability to the Contractor, will be obliged to provide the Contractor with work in substitution for the Work, or have any liability to the Contractor for any compensation on account of Work that the Contractor would otherwise have performed but for such event; and
- (e) whether the Contractor continues to provide Work in relation to uncompleted Work under the affected Tenures will become a matter for negotiation between the Contractor and any purchaser or other successor, if any, of Blackwell's interest in the Recipient Agreement or the Tenures.

PART 15 – EVENT OF FORCE MAJEURE

15.1 **Event of Force Majeure:** If either Party fails to perform any term of this Agreement and such failure is due to an Event of Force Majeure, that failure will not be deemed to be a default under this Agreement. The Party affected by an Event of Force Majeure will immediately notify the other Party of the Event of Force Majeure and its anticipated duration and consequences and will take all reasonable steps to minimize the extent and duration of the event.

15.2 **Suspension or Curtailment:** During an Event of Force Majeure requiring suspension or curtailment of a Party's obligations under this Agreement, that Party will suspend or curtail its operations in a safe and orderly manner.

PART 16 – TERMINATION

16.1 **Termination upon Notice by Blackwell:** Blackwell may, at its sole discretion, for any reason and at any time, by five (5) business days notice to the Contractor, terminate this Agreement.

16.2 **Termination on Bankruptcy or Death:** This Agreement will terminate immediately, without liability to Blackwell and without notice to the Contractor upon the Contractor's cessation in business, election to dissolve, dissolution, insolvency, failure in business, commission of any act of bankruptcy, general assignment for the benefit of creditors; or the filing of any petition in bankruptcy or application for relief under the provisions of any bankruptcy laws, in respect of the Contractor's business.

16.3 **Effect of Termination:** If this Agreement is terminated:

- (a) all the rights of the Contractor under it will immediately cease and the Contractor may make no claim for any damages or losses of any kind or nature whatsoever that it may incur as a result of that termination except the Contractor's right to be paid for Work done up to the time of termination;
- (b) the Contractor will immediately cease performing the Work;
- (c) the Contractor will instruct all of its subcontractors to immediately cease performing the Work;

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- (d) Blackwell will be entitled to possession of any timber, and of any roads or other improvements constructed by the Contractor, on the Lands; and
- (e) the Contractor's obligations under paragraph 12.3 in respect of any activity of the Contractor prior to termination will survive termination.

16.4 **Continuing Obligations:** Despite any termination of this Agreement, the Contractor will continue to be responsible for any obligations or liabilities on its part which existed as of the date of termination.

16.5 **Equipment Removal:** Within thirty (30) days after the termination or expiration of this Agreement, the Contractor will remove all of its equipment and supplies from the Lands, making good any damage caused by such removal. Any equipment or supplies not removed by the Contractor within 30 days, may be removed or consumed by Blackwell at the Contractor's sole expense.

PART 17 – NOTICE

17.1 **Notices:** All notices under this Agreement will be in writing, and will be deemed to be given if received by hand or sent by telecopier as follows:

IF TO BLACKWELL:

B.A. Blackwell & Associates Ltd.
3087 Hoskins Road
North Vancouver, BC
V7J 3B5
Fax No.: (604) 985-8781

Attention: Bruce Blackwell RPF
Subcontract Number: [REDACTED]

IF TO THE CONTRACTOR:

[REDACTED]

Hand delivered notices will be deemed to have been received upon delivery. Telecopied notices will be deemed received upon telecopying if confirmed by telephone. If not confirmed by telephone, they will be deemed delivered 72 hours after the time of sending.

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PART 18 – ASSIGNMENT, SUBCONTRACTING AND CONTINUING EFFECT

18.1 **Assignment:** The Contractor will not assign this Agreement or any interest in it or part of or any benefit flowing from it or subcontract the Work without first obtaining Blackwell’s written consent, which consent may be withheld for any reason.

18.2 **Change in Control or Management:** For the purposes of this Agreement, an assignment includes:

- (a) a change in the senior management of the Contractor; or
- (b) a transfer of any shares of the Contractor that results in a change in control of the Contractor and, for the purposes of this paragraph, “control of the Contractor” means beneficial ownership of more than 40% of its issued shares having voting rights for the election of directors by one person or a group of persons not dealing with each other at arm’s length.

18.3 **Termination:** If the Contractor assigns this Agreement or subcontracts the Work without first obtaining the consent of Blackwell, Blackwell may, upon written notice to the Contractor, immediately terminate this Agreement.

18.4 **Subcontracting:** If Blackwell consents to a subcontractor for a portion of the Work, then:

- (a) the Contractor will bind the subcontractor to the terms of this Agreement as they are applicable to the subcontract;
- (b) the Contractor will assume full responsibility to Blackwell for the acts and omissions of the subcontractor;
- (c) the Contractor will, upon request by Blackwell, provide Blackwell with a copy of the contract between the Contractor and the subcontractor, except that the Contractor may block out or erase from such copy the price or rate being paid thereunder; and
- (d) nothing contained in this Agreement or in any subcontract will create a contractual relationship of any kind between the subcontractor and Blackwell.

18.5 **Non-Corporate Contractors:** The heirs, executors and administrators of a deceased, non-incorporated Contractor will be entitled to the benefit of this Agreement only to the extent of receiving payment of amounts accruing due up to the date of such Contractor’s death, after all applicable deductions, to which the Contractor would have been entitled under this Agreement. Upon the death of the Contractor, this Agreement will automatically lapse, the balance of the Term will be surrendered and Blackwell will be relieved of all further liability hereunder.

18.6 **Continuing Effect:** This Agreement will ensure to the benefit of and be binding upon the successors and permitted assigns of the Parties.

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PART 19 – WAIVER

19.1 **No Waiver:** No waiver by either Party of any default by the other Party in the strict and literal performance of or compliance with any provision of this Agreement will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of this Agreement or to be a waiver of, or in any manner release such other Party from compliance with any provision, condition or requirement in the future, nor shall any delay or omission by either Party to exercise any right hereunder in any manner impair the exercise of any such right thereafter.

PART 20 – FURTHER ASSURANCES

20.1 **Further Assurances:** Each Party will, upon the reasonable request of the other Party, make, do, execute, or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances for the better and more perfect and absolute performance of the terms and conditions of this Agreement.

PART 21 – TIME

21.1 **Time of Essence:** Time is of the essence in this Agreement.

IN WITNESS WHEREOF each of the Parties has executed this Agreement as of the date first above written.

B.A. Blackwell and Associates Ltd.

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

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LIST OF CONTRACT SCHEDULES

- A- WORK, RATES AND PARTICULARS
- B- STANDARDS AND SPECIFICATIONS
- C- LIST OF CONTRACTOR PERSONNEL
- D- TERMS AND CONDITIONS FOR USE OF DIGITAL DATA
- H- MECHANICAL SITE PREPARATION SPECIFICATIONS
- I- SIGNAGE

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SCHEDULE A

WORK, RATES AND PARTICULARS

Unless otherwise indicated, paragraph references in this Schedule A are to the paragraphs in the Agreement.

1. WORK

The Work includes all supplies and services necessary to ensure the following:

- Complete Forest For Tomorrow mountain pine beetle mechanical site preparation as per the FFT standards, the Invitation to Tender, Workplans and the Contract schedules.
- Blackwell reserves the right to suspend or terminate this contract if in the opinion of Blackwell, the treatments do not appear to be meeting the site preparation objectives as described in the Workplan.
- Prior to any construction of new road to access the Treatment Units, the Contractor must enter into a FLTC with the MOF.

The Contractor will complete the Work in compliance with the following standards:

- All FFT standards as made available or updated on the FFT website that may affect this Work.
- All MoFR approved variances to the FFT Standards.
- All Blackwell Standard Operating Procedures, Safety Standards, and Environmental Standards.
- All other standards as communicated by Blackwell or indicated in this Agreement.

EQUIPMENT

- The Contractor will provide timber processing equipment capable of completing the Work safely and in an environmentally sensitive manner. The equipment must be in good working condition and the operator(s) must be fully trained on this equipment. Any fluid leaks must be repaired prior to the work commencing and the machine must have a spill kit capable of containing its fluid spills and leaks. The Contractor will maintain the equipment in good repair for the duration of the Contract. If the equipment is not able to operate then the Contractor must acquire either through purchase, lease, or an approved subcontract similar equipment capable of meeting the Work requirements within the term of the Contract.

ROAD MAINTENANCE AND SNOW PLOWING

- Prior to hauling activities, The Contractor may be required to enter into Road Use Agreements (RUA) with holders of Road Permits, or Road Use Permits. All maintenance

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costs in order to meet the conditions in the RUA including minor upgrades and maintenance to access the blocks are the responsibility of the contractor. Roads must be left in a similar or better condition than when the contract started.

- Any snowplowing required to complete this project is the responsibility of the contractor.

MINIMUM PRODUCTION CLAUSE

- The Contractor must maintain, over the duration of the Term, the average minimum production of:
 - 4.0 hectares per day

An alternative minimum production clause, agreeable to both parties may be developed.

PROJECT COMPLETION

- The Contractor will complete the Work on or before March 15, 2010 (the “Completion Date”) failing which the Contractor will be liable to Blackwell for liquidated damages in the amount of \$200.00 per day for each day past the Completion Date until the Work is completed.

LANDS

- The Work will be performed on or in relation to the :

KNOWN SAFETY HAZARDS

This section is intended to convey information about hazards in and around the contract area that have been encountered by Blackwell and its contractors in similar projects. In accordance with Section 119 of the WCB Act, Blackwell is obligated to identify and make known any safety hazards the Contractor might encounter. These hazards may also require the Contractor to develop or update its written safe work practices for its workers.

The following are known hazards:

Timber falling, timber harvesting, road construction, road deactivation, non- maintained roads, unmarked roads, non- radio controlled roads, active hauling, industrial vehicular traffic, recreational traffic, danger trees along road and within work areas, falling tree tops and branches, wildlife, brush conditions that could lead to eye injury, hunters, adverse weather conditions.

The Contractor must conduct, record and maintain work place hazard assessments at all work sites and update its Safety Program and procedures accordingly as required by WCB and the BCFSC SAFE Company Program.

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2. RATES

Opening ID/ TU	Description of Work	A Net Treatment Area (ha)	B Price per Ha (excluding GST)	C Total Cost per Opening (excluding GST) C= A x B

MAXIMUM SUBCONTRACT VALUE BY PHASE

The parties agree that the total contract value, including all fees and expenses, excluding GST, will not exceed \$**xxxxxxxx**. The parties further agree that the maximum subcontract values by phase will not exceed those listed above. Costs in excess of the agreed to amount will not be paid without prior written approval of Blackwell.

1. The Work and Rate include and cover:
 - a) all personnel, and the costs thereof, required to perform the Work, including, but not limited to, those listed in Schedule C;
 - b) all expenses normally incurred in the operation of a business (including, without limitation, rent, office equipment, telephones, insurance, including coverage required under this Agreement, taxes and government assessments.); and
 - c) all other expenses incurred by the Contractor in the delivery of the Work, including, without limitation, the expenses referred to in paragraph 3.3 of this Agreement.

2. Without limiting the generality of paragraph 2(2) of this Schedule or paragraph 3.3 of this Agreement, the Contractor will not be entitled to be paid or reimbursed for any charges over and above the Rate for expenses or disbursements in respect of the work except to the extent

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that such expenses or disbursements are not covered by the Rate but are an Approved Eligible Cost under the Recipient Agreement and are approved in writing and in advance by Blackwell.

3. If a change in the standard operating procedures or other documents referred to in paragraph 10.3 of this Agreement, and it is agreed by the parties in advance for a defined area, that these changes may, result in a material increase in the costs incurred by the Contractor, the hourly rate shall be used to determine payment for the defined area.

4. CONSULTANT PARTICULARS

Contractor's GST Number: xxxxxxxxx

Contractor's W.C.B. Number: xxxxxxxxx

SAFE Company Reg Number: xxxxxxxxx

5. DEPOSIT

The Deposit required under paragraph 4.7 shall be in the amount of 10 % or \$xxxxxxx of the Contract Value.

6. PRIME CONTRACTOR

- a) The Contractor will be the prime contractor for the following workplaces:

Indicate openings or indicate not applicable

All sites occupied by the Contractor and their Subcontractors for the purposes of carrying out the Work. All Multiple Employer worksites where the Contractor and Blackwell agree in writing that the Contractor will assume the Prime Contractor designation.
--

The Contractor, when designated as the Prime Contractor must ensure that a worksite sign in a format as prescribed in Schedule "I" is posted on all access points to the worksite

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SCHEDULE B

STANDARDS AND SPECIFICATIONS

FFT standards that apply to this Agreement

- General Standard for Ministry Funded programs FS 1001- April 1, 2007
- Mechanical Site Preparation Standard- April 1, 2007 (including variances approved by the MoFR)
- FFT Access Standards, Dec. 2007 (<http://forestsfortomorrow.com>)

These standards documents are available at:

<http://forestsfortomorrow.ca/GuidelinesAndStandards/SitePreparation/SitePreparation.html>

Blackwell

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SCHEDULE C

LIST OF CONTRACTOR PERSONNEL

Position Title	Staff

*Key Personnel

Blackwell

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SCHEDULE D

TERMS AND CONDITIONS FOR USE OF DIGITAL DATA

Without limiting the generality of paragraphs 3.4 and 3.5 of this Agreement, the following terms and conditions apply to digital data supplied to the Contractor by Blackwell (“**Blackwell Digital Data**”), including all Products and Exchanged Data as those terms are defined in the Data Exchange Agreement:

- 1 Blackwell grants to the Contractor the revocable and non-exclusive right to use Blackwell Digital Data as well as the Products and Exchanged Data as defined in the Data Exchange Agreement, necessary to carry out the Work.
- 2 The Contractor will use Blackwell Digital Data as well as the Products and Exchanged Data as defined in the Data Exchange Agreement, only in connection with carrying out the Work.
- 3 The Contractor will distribute the Blackwell Digital Data and Products and Exchanged Data as defined in the Data Exchange Agreement only in connection with carrying out the Work.
- 4 Blackwell Digital Data is confidential and proprietary to Blackwell. The Contractor acknowledges that release of Blackwell Digital Data would impact the competitive and strategic advantage of Blackwell. The Contractor will not provide Blackwell Digital Data, or any product or data produced from it, to any person without the specific written permission of Blackwell.
- 5 The use of the Products and Exchanged Data as defined in the Data Exchange Agreement is governed by the terms and conditions of the Data Exchange Agreement. The Products and Exchanged Data are confidential and proprietary to Blackwell and/or the Province of British Columbia. The Contractor acknowledges that release of the Products and Exchanged Data would be contrary to the terms and conditions of the Data Exchange Agreement and would impact the competitive and strategic advantage of Blackwell. The Contractor will not provide the Products and Exchanged Data, or any product or data produced from it, to any person without the specific written permission of Blackwell and/or the Province of British Columbia.
- 6 The Contractor must not:
 - (a) enlarge Blackwell Digital Data beyond the nominal source scale, or
 - (b) use the Blackwell Digital Data for any purpose or any degree beyond its level of accuracy, as such enlargement or use may result in gross inaccuracies.
- 7 Without limiting sections 12.1 and 12.2 of this Agreement, Blackwell is not responsible for any damages resulting from omissions, deletions or errors that may be contained in the Blackwell Digital Data, as well as the Products and Exchanged Data as defined by the

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Data Exchange Agreement, and disclaims any warranty of suitability or fitness for any particular purpose.

- 8 Blackwell may, at its sole discretion, and at any time, revoke the rights provided to the Contractor under this Schedule and, without limiting the generality of the foregoing, such rights terminate on expiry or other termination of this Agreement.
- 9 At the expiry of this Agreement, the Contractor will return the Blackwell Digital Data as well as the Products and Exchanged Data to Blackwell and, as appropriate, provide to Blackwell written confirmation that its copy of the Blackwell Digital Data, Products and Exchanged Data have been destroyed.

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SCHEDULE H

MECHANICAL SITE PREPARATION SPECIFICATIONS



B.A. Blackwell
& Associates Ltd.



Forests
for
Tomorrow

MSP Standards for Quesnel, Williams Lake and 100 Mile House TSAs

These specifications apply, in addition to the General Standards for Ministry Funded Programs (FS 1001) - April 1, 2007 and Forest For Tomorrow (FFT) Ministry of Forests and Range (MoFR) Mechanical Site Preparation Standard- April 1, 2007 (including variances approved by the MoFR), to all mechanical site preparation activities funded under FFT Program.

1. Definitions and Interpretation

In this schedule:

All capitalized terms that are defined in any other portion, schedule or appendix of this agreement shall have the same meanings in this schedule unless they are otherwise defined herein or the usage or context of such terms indicates otherwise;

“Avoidable Damage” means, outside of machine travel corridors, cutting, breaking or scarring the stem, including the leader, of healthy, preferred or acceptable species, trees to be reserved for biodiversity, or any other purpose as specified in the Work Plan.

“Machine Travel Corridor” means the primary trails that are to be cleared of all trees to allow travel throughout the treatment area.

“Concealed Damage” means the deliberate removal or concealing of Crop Trees accidentally damaged during the MSP treatment.

“Crop Tree” means a healthy tree of reasonable form of a preferred or acceptable species (as defined in the Work Plan) greater than 1m tall that, outside of machine travel corridors. Damage to these trees is to be minimized.

“Mechanical Site Preparation” or “MSP” means the creation of favourable growing sites for seedlings by creating optimal soil and light conditions for good germination spots for seeds, accomplished by (the specific type(s) of MSP to be done on each site are specified in the Work Plan);

- Overstory removal by knocking down and/or mulching the specified brush and dead and diseased overstory pine trees and not leaving significant slash accumulations and/or vertically elevated fine slash and/or,

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- The creation of prepared spots for planting and seedbed (for natural regeneration) by physical alteration of slash, herbaceous vegetation duff, and soil layers by scalping, raking, trenching, plowing, mixing and/or mounding and,
- Removal of cut trees by skidding/ forwarding and piling merchantable fibre at the roadside

“Prepared Spots” means, where preparation of plantable spots is specified in the Work Plan, a spot created by the treatment which meets the requirements specified in the Work Plan.

“Plantable Spot” means, in addition to “Prepared Spots”, places where trees can be planted in suitable rooting medium using the target and minimum spacing (from each other and existing preferred and acceptable trees) specified in the Work Plan.

“Target Vegetation” refers to alder, shrubs, and trees (species and health) targeted for cutting or removal.

“Treatment Slash” refers to any pieces of trees which have been cut or damaged as part of the treatments.

“No Treatment Zones” means areas identified in the Work Plan and/ or in the field which are not to be treated so as to protect biodiversity, riparian, wildlife habitat or cultural values or sensitive soils or stocked areas.

“Soil Disturbance” means the soil disturbance caused by the treatment on an area including:

- Areas occupied by excavated or bladed trails of a temporary nature,
- Areas occupied by corduroyed trails,
- Areas of dispersed disturbance and,
- Compacted areas and,
- Gouges, ruts or scalps as further defined in an FS 759E

“Maximum limits for soil disturbance” means the limit(s) specified in the Work Plan.

“Culturally Modified Tree” refers to a tree that has been intentionally modified by aboriginal peoples as part of their traditional use of the forest (Stryd and Eldridge 1993; Stryd 1997)

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2. Preamble

If any provision or requirement in this Schedule conflicts with a provision or requirement in Schedule A or in any Work Plan from time to time, the following will apply: Work Plan

- If the conflict relates to standards or levels of performance, then the higher or more stringent of the two provisions will prevail unless the relevant provision of Schedule A or the Work Plan expressly provides otherwise; and
- For all other conflicts, the provisions of Schedule A or the Work Plan will prevail.

3. General

The purpose of this Agreement is to define the terms for MSP treatment which will remove dead, damaged or undesirable timber from the Work Area so the area can be successfully planted.

4. Payment Terms

Payment may be based on a dollar per hectare rate or on an hourly basis, as defined in Schedule A of this Agreement.

If payment is based on a per hectare basis, the actual number of hectares of completed treatment, not proposed hectares as in the Schedule A or the Work Plan, will be used as basis for payment. The actual number of hectares will be determined by Blackwell following treatment.

If payment is based on an hourly rate, the actual hours worked doing the treatment (not including repairs, maintenance and mobilization/demobilization) will be used as the basis for payment.

Blackwell will determine the payment percentage (“quality”) upon the completion of MSP. The quality will be based on the result of a quality inspection for each unit, or part thereof, according to the inspection procedure described in Section 4 below, and as otherwise provided in this agreement. The MSP payment percentage is to be determined by Blackwell on an area or unit as described in Schedule A or the Work Plan.

The maximum payment percentage will not exceed one hundred percent (100%) of the amounts specified in Schedule A or the Work Plan for any MSP unit or parts thereof or for this agreement as a whole.

Where payment is based on an hourly rate, for the purposes of quality assessment, payment percentage will be assessed on an area basis with the conversion done using the estimated productivity (hours/hectare treated).

5. Inspection Criteria and Formula

For the purpose of any inspection of the work for which Blackwell may elect to make pursuant to this Agreement, systematically random plots or transects will be established and assessed; damage to any protected vegetation and features, site degradation, slash height, mulch depth, treatment of target vegetation, creation of prepared spots, utilization of merchantable material, stump heights and overall MSP quality.

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If the creation of prepared spots is specified in Schedule A; then for each plot Blackwell elects to fully inspect, Blackwell will record the following:

- The number of potential preparable spots;
- The number of prepared spots;
- The number of satisfactorily prepared spots;

Prepared Spots Quality Percentage

The formula which will be applied by Blackwell in respect of any amounts payable to the Contractor as a result of MSP quality inspections will be the following:

$$\text{Prepared spots PQ \%} = \text{Satisfactory prepared Spots} / \text{Potentially Preparable Spots}$$

Where:

PQ = the performance quality percentage as determined under Blackwell’s Quality Inspection System.

Minimum Acceptable Quality Percentage for the creation of prepared spots

Where Blackwell’s MSP Quality Inspection System indicated the preparable spot creation quality is less than eighty-five percent (85%), being the minimum acceptable quality standard for payment, the Contractor will not be entitled to any payment from Blackwell for the unit of parts thereof.

One hundred percent payment will be issued for quality meeting or exceeding 95%. Where the quality is assessed to be between 85% and 94.9% the applicable percent reduction will be applied to payment.

If mulching, knockdown or cutting of target vegetation is specified in Schedule A; for each plot Blackwell elects to fully inspect, Blackwell will record the following:

- The number of stems of the target vegetation cut, mulched or knocked over,
- The number of potential stems of the target vegetation supposed to be treated,
- The number of plantable spots;
- The vertical height of the slash and/or mulch,
- Stump height

Mulching, knockdown or cutting of target vegetation Quality Percentage

The formula which will be applied by Blackwell in respect of any amounts payable to the Contractor as a result of MSP quality inspections will be the following:

- Treated Stems PQ % = Satisfactory treated stems / Potentially treatable stems

Where:

PQ = the performance quality percentage as determined under Blackwell’s Quality Inspection System.

Minimum Acceptable Quality Percent for Mulching, knockdown or cutting of target vegetation

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Where Blackwell's MSP Quality Inspection System indicated the preparable spot creation quality is less than eighty-five percent (85%), being the minimum acceptable quality standard for payment, the Contractor will not be entitled to any payment from Blackwell for the Unit of parts thereof.

One hundred percent payment will be issued for quality meeting or exceeding 95%. Where the quality is between 85% and 94.9% the applicable percent reduction will be applied to payment.

Soil Disturbance Inspection and Exceeding Soil Disturbance limits

Where a visual inspection indicates Soil Disturbance on any 1/10th of a hectare or larger is or may be in excess of the limits allowed in the Workplan, Blackwell may additionally perform a soil conservation survey in accordance with the Soil Conservation Surveys Guidebook.

Where Blackwell's Soil Disturbance inspection system finds the soil disturbance to be over the soil disturbance limits allowed in the Workplan, the Contractor will be liable to a fine equivalent of \$1,000/ha or portion thereof and/or the contractor will be responsible to rehabilitate the site at their own cost.

Where the contractor deems the removal of knock-down of fibre will result in excessive site degradation, Blackwell is to be notified so that work plan may be amended to avoid excessive site degradation and amend the fibre utilization standards if applicable.

6. MSP Quality

Creation of prepared spots

Where creation of prepared spots is specified the prepared spots will meet the requirements (depth, material, spatial distribution and # per hectare) in the Work Plan.

Prior to any burning taking place, the portion of each Payment Area that is not occupied by piles, including any roadside work areas where timber was decked for removal under the Forestry Licence to Cut, must be sufficiently clear of slash, timber and woody debris to provide at least 1400 easily plantable spots per hectare.

For the purposes of measuring easily plantable spots on the portion of the Payment Area(s) that is not occupied by piles, 3.99 meter radius plots will be employed using a target of 1600 plantable spots per hectare and a minimum distance between plantable spots of 2.0 meters. Easily plantable spots must be free of slash, debris or competing woody shrubs and overtopping trees.

All piles must be burnt prior to the end of the Term of the Agreement specified in Schedule A of the Agreement. Any piles that do not burn successfully must be re-piled and re-burnt to the satisfaction of the Blackwell Representative, prior to the end of the Term of the Agreement.

Mulching, Knock-Down or Felling of Timber With Fibre Retained Onsite

Where any of these treatments are carried out by the Contractor, the result, unless otherwise specified in Schedule A or the Work Plan, will be:

- The percentage of targeted vegetation specified in the Work Plan will be cut or knocked down with trees left horizontal with an average height of less than 40cm and/or the mulched material distributed over the site with a depth of <10cm.

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Removal of merchantable trees

Where skidding, forwarding and roadside decking of merchantable trees is carried out by the Contractor the result, unless otherwise specified in Schedule A or the Work Plan will be;

for skidding and forwarding,

- the utilization of designated skidding or forwarding trails as approved by Blackwell at the start up meeting
- the avoidance of riparian areas, stream crossings and sensitive soils

for decking timber,

- the decking of material in a location designated by Blackwell
- in uniform decks to facilitate efficient loading from the road
- not within a riparian area.

Depth of mulch

If mulching is to be carried out by the Contractor, the depth of mulched material must be less than 10cm deep on average.

Stump Height/Quality

Stumps of cut trees will be either less than 20cm tall or range 1.5m to 2.0m tall.

7. Compliance with Forestry Legislation and Protection of Resource Values

Site preparation treatments under this Agreement and any harvesting of timber under the Forestry Licence to Cut entered into by the Contractor in conjunction with this Agreement must be conducted in accordance with the forestry legislation pertaining to British Columbia.

If the Contractor has entered into the Forestry Licence to Cut (FLTC) which covers the entire Work Area then the Contractor is authorized in accordance with section 4(1.1) of the Forest Planning and Practices Regulation and the requirements in the FLTC, to cut, damage or destroy Crown timber as necessary to prepare the Work Area for tree planting.

If the Contractor has not entered into a FLTC which covers the entire Work Area then before commencing Work under this Agreement, the Contractor must obtain from the District Manager, a letter of authorization under section 52(1)(b) of the Forest and Range Practices Act to cut and destroy Crown timber on the Work Area.

8. Reserved Timber and Crop Trees

Any trees that have been designated as “Reserved Timber” in the FLTC, in the Schedules of the Agreement or the Work Plan must not be cut, damaged or destroyed by the Contractor.

In addition to timber specified in the forestry legislation as reserved (i.e. riparian reserve zones), the Contractor must not cut, damage, or destroy trees specified as Reserved Timber under the FLTC or in this Schedule.

Crop trees, wild life trees and veteran trees must not be cut or damaged during the MSP treatment

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by the contractor unless unavoidable. Avoidable damage to the crop tree leaders or lateral branches or scarring or bending damage to crop trees is to be minimized. Failure to comply with these rules, as determined by Blackwell, shall result in a penalty as per Section 14. Charges.

The B.A. Blackwell Representative will refer any contraventions of the above requirements to the District Manager for resolution.

9. Piling, Burning, and Treatment Slash

Treatment Slash

Treatment slash is to be removed from within 5m of roads and removed from streams and natural drainages. In addition treatment slash is:

- not to be left against or above crop trees,
- not piled into accumulations continuously covering >10m² unless these accumulations will be burnt,
- to be kept <1m above the ground with an average slash height of <0.4m.

Excluding any Reserved Timber, and in accordance with requirements of the Forestry Legislation and this agreement, the Contractor must pile any timber on the Work Area that is not removed under a FLTC.

With the exception of any Reserved Timber, all dead, damaged and undesirable trees within the Work Area must be felled or knocked down, incorporated into piles or removed in accordance with the FLTC prior to the end of the Term specified in this Agreement.

Any timber or woody debris that is moved to roadsides or landings and not subsequently removed must be piled and burned in accordance with the specification of this Agreement.

The Contractor must construct piles that are sufficiently large and are tightly piled in a way that is conducive to clean, safe and complete burning. Piles of timber and woody debris that are to be burnt, including any landing or roadside piles must be located a minimum of 20 metres away from standing timber and not exceeding 3 metres in height.

The Contractor must minimize the amount of surface organic matter, mineral soil and stumps that are incorporated into the piles.

The burning of piles must be carried out by the Contractor in accordance with any forestry legislation requirements (the Contractor must obtain a Burning Reference # prior to ignition and comply with the Wildfire Act, Wildfire Regulation and smoke venting requirements.)

The Contractor will provide the Blackwell Representative with 24 hours notice of when the commencement of burning is anticipated and must refrain from burning if in the reasonable opinion of the B.A. Blackwell Representative conditions are not suitable for safe burning.

The contractor must take all necessary precautions required under the Wildfire Act and Wildfire Regulation to ensure that the fire remains contained within the portion of the Work Area where burning should occur.

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Fireguards

If the Work Plan specifies a location where a fireguard must be constructed under this Agreement, the Contractor must construct the fireguard at the specified location.

Fireguards must be prepared by clearing away any standing trees and all woody debris from a strip of land to the specified width, and by further clearing to mineral soil a strip to the specified width within and along the outer edge of the cleared strip.

10. Treatment Timing

The Contractor must conduct mechanical site preparation operations when soils are sufficiently dry, frozen or covered with snow pack to ensure that soil disturbance resulting from Work completed under this Agreement doesn't exceed the applicable maximum limit(s) under section 35 of the Forest Planning and Practices Regulation.

The Contractor will not treat areas that cannot support the weight of the prime mover or areas covered with water.

11. Road Buffers, Trails and Infrastructure

Where identified in the Work Plan, aside from machine travel corridors, no MSP treatment is to occur along roadsides.

Upon completion of site preparation treatments the Contractor will have deactivate any temporary skid trails constructed or used by the Contractor unless otherwise directed by the Blackwell Representative.

Any infrastructure (e.g., fences, water supply lines, etc.) damaged or removed by the Contractor during operations will be repaired at the expense of the Contractor.

On slopes greater than 20 percent (%) any trails, fireguards, or roads must be water barred every 30 metres prior to completion of site preparation operations.

12. Riparian Management Areas

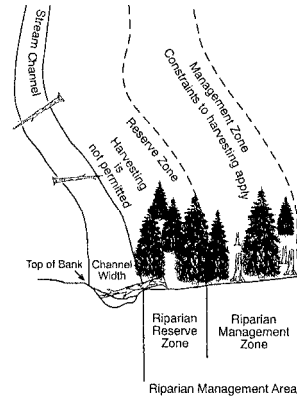
All requirements of the Forest Planning and Practices Regulation for riparian management areas (RMA) must be adhered to unless a written exemption has been provided by the District Manager.

Unless otherwise authorized in writing by the Blackwell Representative, or at an existing road, equipment must not enter a riparian reserve zone (RRZ) and trees in the RRZ, (other than danger trees), must not be cut, damaged or removed. Accordingly the following sections of this Schedule will be applicable to the following RMA's.

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RMA (as identified on the contract map)	Treatments allowed under this Schedule within the RMA	
Stream 1	RRZ	No treatment other than falling of danger trees
	RMZ	Normal piling and burning allowed, Wheels or tracks of machinery are not permitted within 5 m of the stream.
Wetland 1	RRZ	No treatment other than falling of danger trees
	RMZ	Normal piling and burning
	RRZ	
	RMZ	



The Contractor will not fuel or service equipment in Riparian Management Areas associated with streams or wetlands or within 30m of a lakeshore, except in the case of equipment breakdown. The Contractor will only cross streams at designated crossings.

13. Coarse Woody Debris

Unless exempted by the District Manager, the Contractor must retain sufficient coarse woody debris to meet the requirements of section 68 of the Forest Planning and Practices Regulation, or the Work Plan or the requirement specified in Schedule A of the FLTC that has been issued to the Contractor in conjunction with this Agreement, whichever is most stringent.

14. Cultural Heritage Resources or Archaeological Values

Any cultural heritage resources or archaeological values that are discovered by the Contractor in the Work Area and have not previously been identified will immediately be brought to the attention of the Blackwell Representative.

The Contractor will not work in the immediate vicinity of where the previously unidentified cultural heritage resource or archaeological values is discovered until written instructions are provided by the Blackwell Representative.

The Contractor will comply with any written instructions from the B.A. Blackwell Representative to protect previously unidentified cultural heritage resources or archaeological values.

The Contractor will not treat known areas containing wildlife features such as dens, nesting sites, or mineral licks.

15. Danger Trees

Danger tree assessments and danger tree falling must be completed by the Contractor to a standard that would permit its employees, subcontractors or other persons to safely occupy the

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site.

Danger Tree Assessments

Whereas the Agreement requires the Contractor to provide a Wildlife/Danger Tree Assessor who will, prior to the startup of the service as described within Schedule A, do the following minimum actions for each unit, as described in Schedule A:

- Walk each unit area and boundary.
- Identify and mark any additional no work zones and danger trees to be felled.
- Provide a written report and map showing the location of the no-work zones and danger trees to be felled.

Danger Tree Felling

Where as this Agreement requires the Contractor to provide danger tree felling prior to the start-up of the service as described within Schedule A, the Contractor will provide a Certified Faller to fell danger trees in each unit’s area and boundary. Trees greater than 15cm at 30cm stump height will be manually felled by a Certified Faller.

Danger trees considered by the faller to be unsafe to fall, are to be designated a no-work zone and are to be clearly marked in the field as per the contract danger tree marking criteria. The faller will report all such incidences to the Contractor supervisor who will report the findings to the Blackwell representative.

In the case of a feller buncher, always remove danger trees and snags concurrently with the falling of other timber. Check your falling face regularly for missed trees.

If danger trees from outside the Work Area are felled onto the Work Area and not removed under the Forestry Licence to Cut, the Contractor must incorporate these trees and associated wood debris into the piles for burning.

16. Charges

Environmental Damage

Where, in the opinion of Blackwell, the Contractor, or its employees, subcontractors or agents have, by improper storage of fuel, by improper handling of fuel, by improper deliverance of the Services, or in any other manner, caused damage to the environment or have otherwise contravened the requirements of any statute or regulation pertaining to the protection of the environment, the Contractor will be subject to:

- penalties and/or obligations as described in the Forest of Forests Range Practices Acts of British Columbia and their Regulations;
- penalties and/or obligations as described in other applicable other applicable environmental protection legislation;
- for feature for the Security Deposit in whole or in part at the discretion of Blackwell; and/or
- Cancellation of this agreement at Blackwell’s option.

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Crop Tree Damage

Where, in the opinion of Blackwell, the Contractor, or its employees, subcontractors or agents, have caused more than five percent (5%) Avoidable Damage to the Crop Trees, as determined by Blackwell, Blackwell will calculate a reduction to Payment based on the following formula:

$$\$10.00 \times \{ [(D \times H \times 200)/n] - [(5 \% (a) \times T \times H \times 200)/n] \}$$

- where: D = damaged trees tallied
- H = total hectares in payment Unit
- T = total Crop Trees tallied
- n = number of plots established in payment unit

Note: This value will be adjusted to reflect different values provided in Schedule A or the Work Plan.

In addition, if Blackwell determines that the Contractor, its employees or its agents have concealed damaged Crop Trees, then the basic payment will be reduced by an amount of up to One Thousand Dollars (\$1,000) for each occurrence.

Missed Treatable Ground

Where Blackwell identifies an area of missed treatable ground within an MSP Unit, the Contractor may be required to complete the treatment of the area, in accordance with the provisions of this agreement, prior to any payment being issued for the MSP Unit. If, in the opinion of Blackwell, reworking the area is not acceptable or possible, then the Contractor will be charged at the contract rate for any untreated area greater than one-tenth (0.1) hectares in size.

Low Daily Production Rate

The Contractor will ensure that the daily MSP production rate does not fall below the prescribed daily minimum MSP production rate as specified in Schedule A or the Work Plan. Where the Contractor fails to maintain the daily minimum MSP production rate specified, Blackwell may issue a "Notice to Comply" and may impose a charge of \$300.00 for every day the production rate is below the rate specified and/or may cancel this agreement forthwith.

Stump Heights Outside of Specified Heights

Where, in the opinion of Blackwell, the Contractor, or its employees, subcontractors or agents, have left more than five percent (5%) of the treated stump heights outside the specified range, as determined by Blackwell, Blackwell will calculate a reduction to Payment based on the following formula:

$$\$10.00 \times \{ [(D \times H \times 200)/n] - [(5\%(a) \times T \times H \times 200)/n] \}$$

- where: D = stump heights outside specified range
- H = total hectares in payment Unit
- T = total treated stumps tallied
- n = number of plots established in payment unit

Note: This value will be adjusted to reflect different values provided in Schedule A or the Work Plan.

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Slash too High

If the average slash height from the quality plots for an area greater than 2 hectares is greater than 0.4m, the contractor will be liable to a fine of \$500/ha.

17. Safety

Safe Companies Certification

The Contractor must be:

- Certified in the BC Forest Safety Council SAFE Company Program;
- Endorsed by BC Forest Safety Council as new entrants to the industry;
- Certified under another safety scheme recognized by BC Forest Safety Council or BC Timber Sales; or
- A company registered with BC Forest Safety Council SAFE companies program as a Small Employer (SEBASE) or Individual Owner Operator (IOO) with the required training completed for up to six months after initial registration;

Any persons who are approved subcontractors on the Work Area but are not employees of the Contractor must work for an employer that meets at least one of the Safe Company Certification criteria listed above.

Safe Work Practices

Before commencing treatment, as described within Schedule A, the Contractor will develop a safe work plan for each unit, as described in Schedule A. At a minimum, the plan will address the following:

- Procedures to ensure any work adjacent to standing timber are completed as quickly as possible.
- Procedures for excessive wind conditions; identification and warning system.
- Procedures for work shut down and/or crew reallocation for persons working within 1.5 tree lengths of standing timber when winds exceed 40 km/hour.
- Procedures for unsafe work area identification and the follow-up actions to be taken.
- Emergency response (procedures).

Safety Meeting

Prior to the start of the service as described within Schedule A, the Contractor will carry out a safety meeting for each unit as described in Schedule A, to familiarize the workers with all workplace hazards, the location of hazards, escape routes, safe areas and no-work zones. If deemed the Prime Contractor, the Contractor will fulfill the obligations of that role including providing a start up meeting for all other contractors that may enter the work site. Documentation of these meetings must be provided to Blackwell if require.

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SCHEDULE I

SIGNAGE

1.01 The sign in the format below must:

- i. when posted, at a minimum, include Prime Contractor, Supervisor and Contact Information for Supervisor
- ii. be 24" X 32" on 3/8" Corplast

1.02 The sign must be posted at the worksite as described in section 25.06 of the Forests for Tomorrow Recipient Agreement.

Active Worksite
BEFORE ENTERING
All persons **MUST** contact the owner or supervisor for safety briefing

OWNER (Recipient): _____
PRIME CONTRACTOR: _____
SUPERVISOR: _____
CONTACT SUPERVISOR AT: _____
ROAD/SITE RADIO FREQUENCY: _____
TIMBER MARK: _____

Prime Contractor (Recipient)
or Designated Prime Contractor

Phone #

if applicable

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