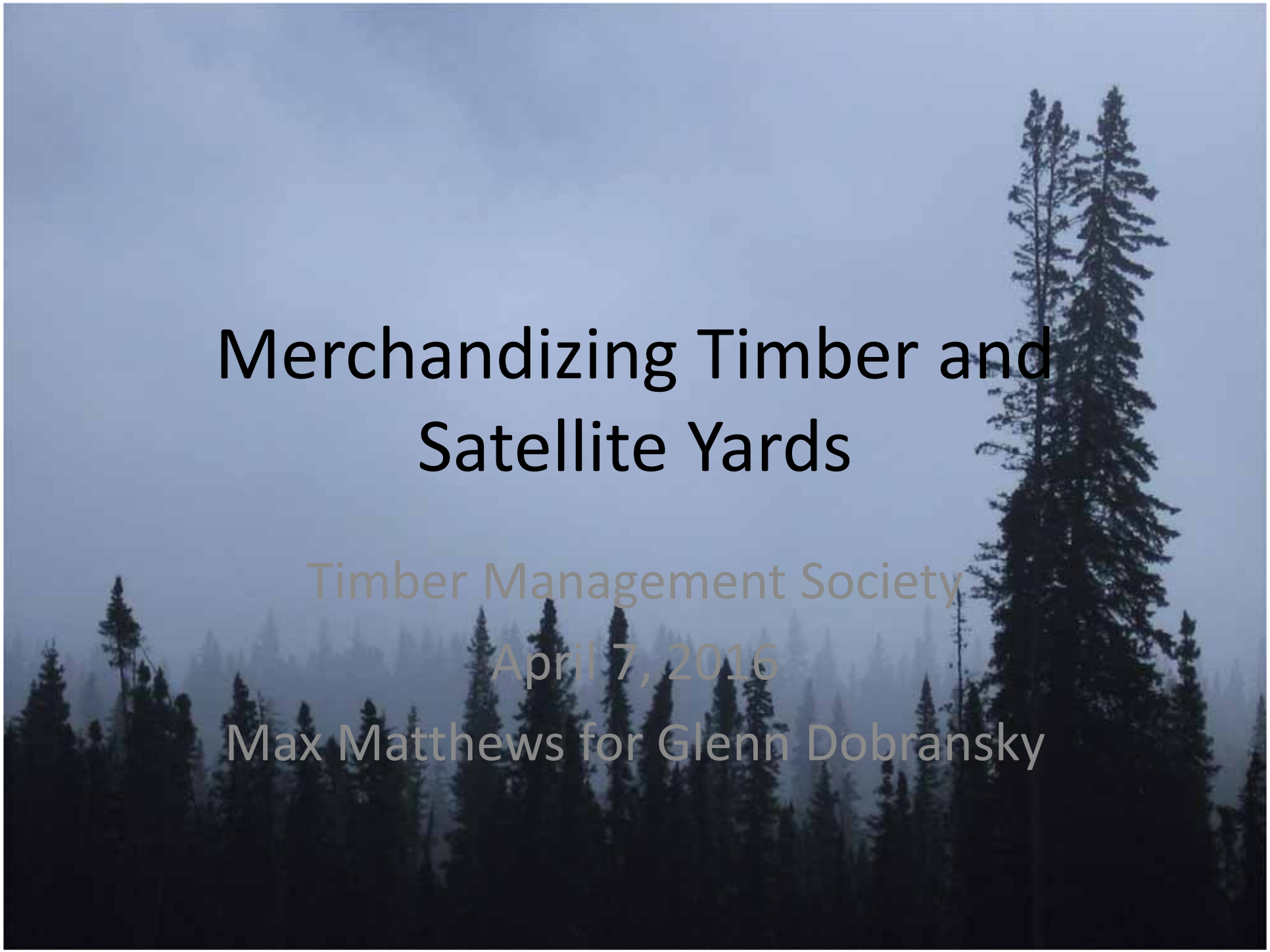


Merchandizing Timber and Satellite Yards

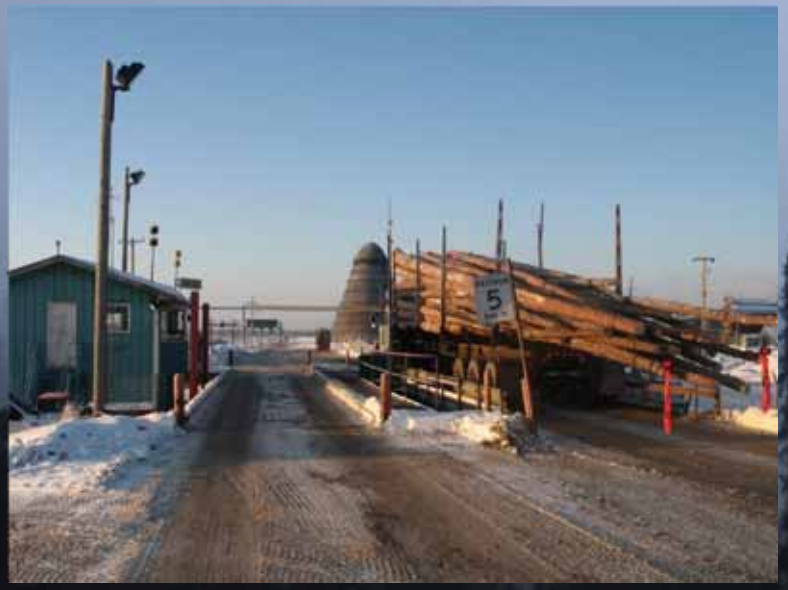
Timber Management Society

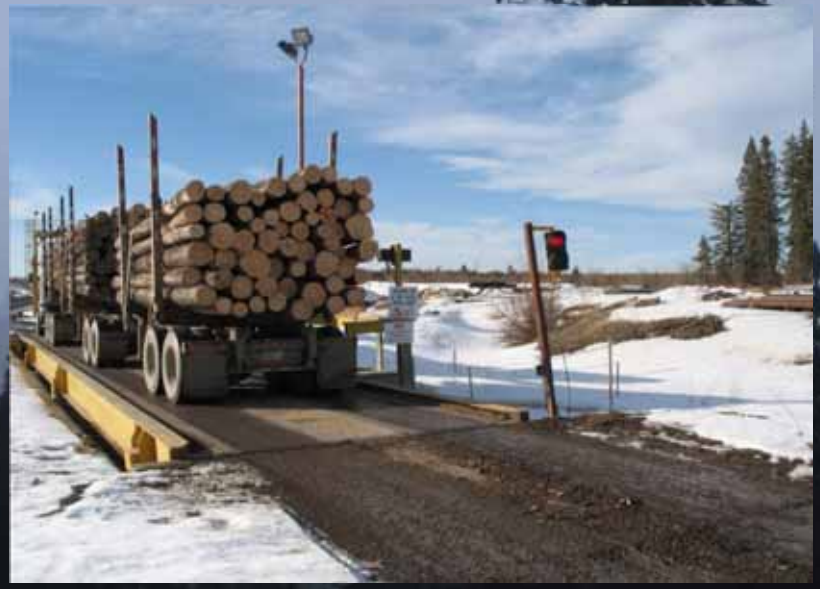
April 7, 2016

Max Matthews for Glenn Dobransky

Processing Trend

- There has been a swing from the tree length processing method to the Cut to length processing over the past 5-10 yrs.



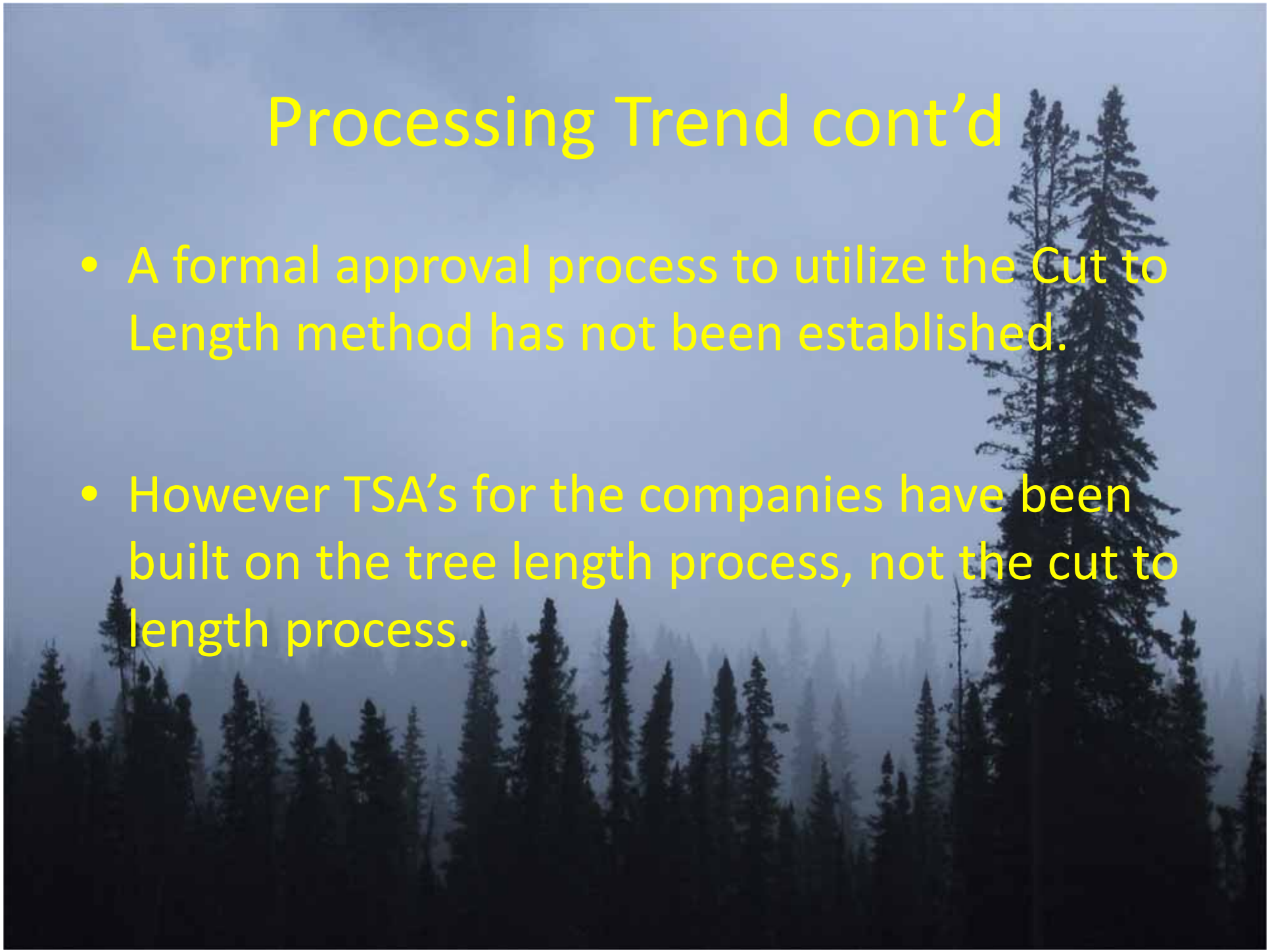


Processing Trend

- Due to the processing trend, the use of satellite yards and offsite storage sites has increased substantially.
- It has been industries decision to adopt this method for various reasons.

- Benefits to industry, uniform lengths for hauling and product log sorts in the yard. Increased efficiency in mill

- Less processing waste in the mill yard.



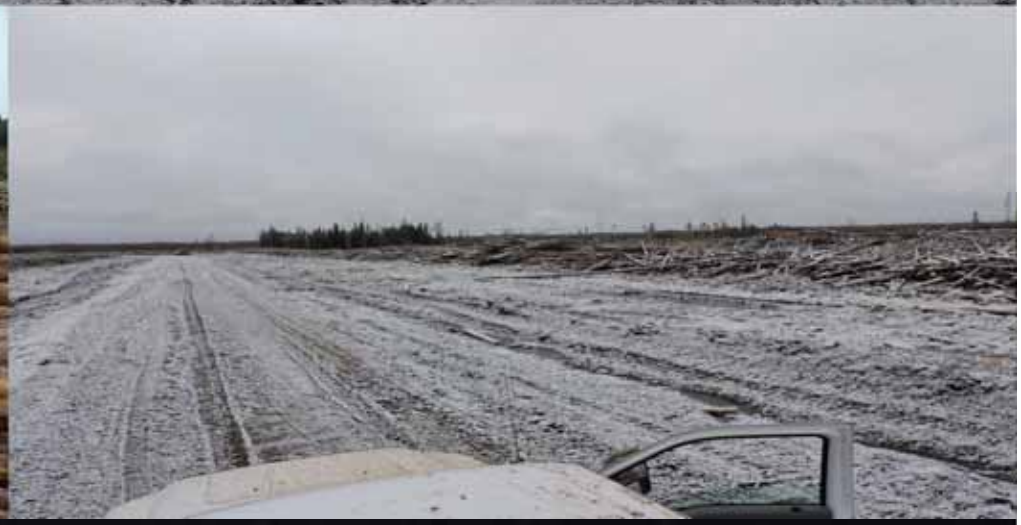
Processing Trend cont'd

- A formal approval process to utilize the Cut to Length method has not been established.
- However TSA's for the companies have been built on the tree length process, not the cut to length process.

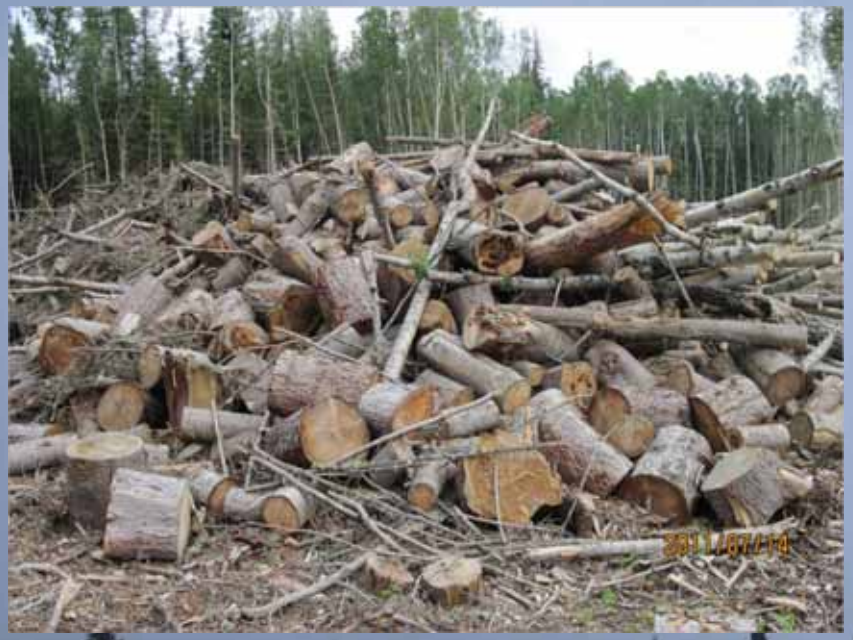
The Government Perspective

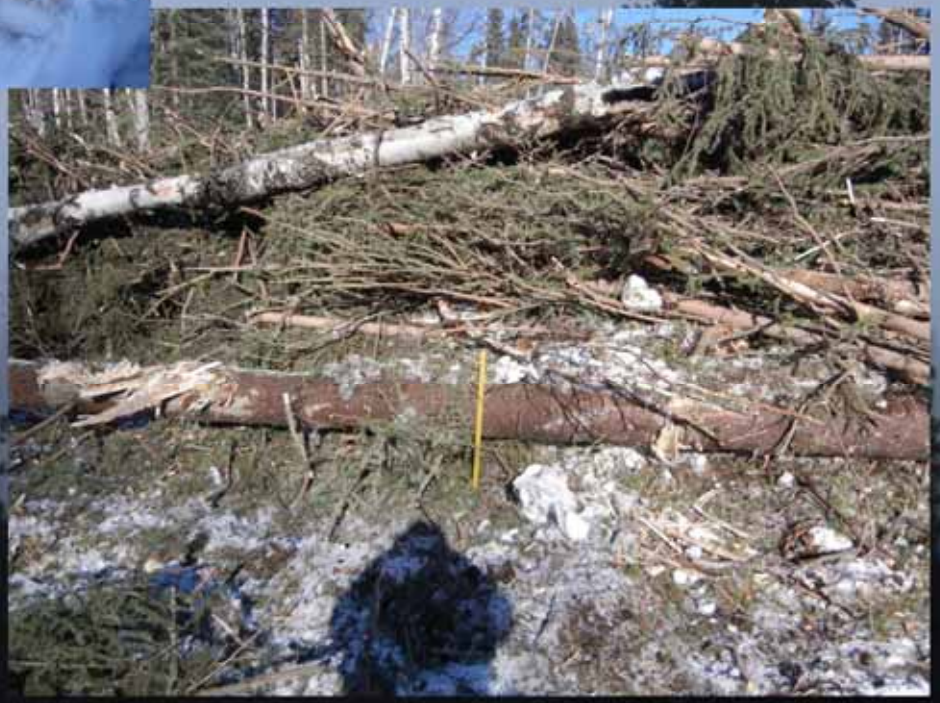
- The Government perspective,
- Cut to Length is an acceptable method. However waste created by bucking to specific lengths is unacceptable.
- Companies employ their own log quality programs that dictate the quality and product brought into the mill, leaving unfavorable pieces of logs in the block or processing yard.
- These programs have developed an increasingly large amount of processing waste in blocks or satellite yards and by our standards is deemed “excessive waste”.

Processing or merchandizing is occurring in the block or off-site storage yards.



Processing Waste



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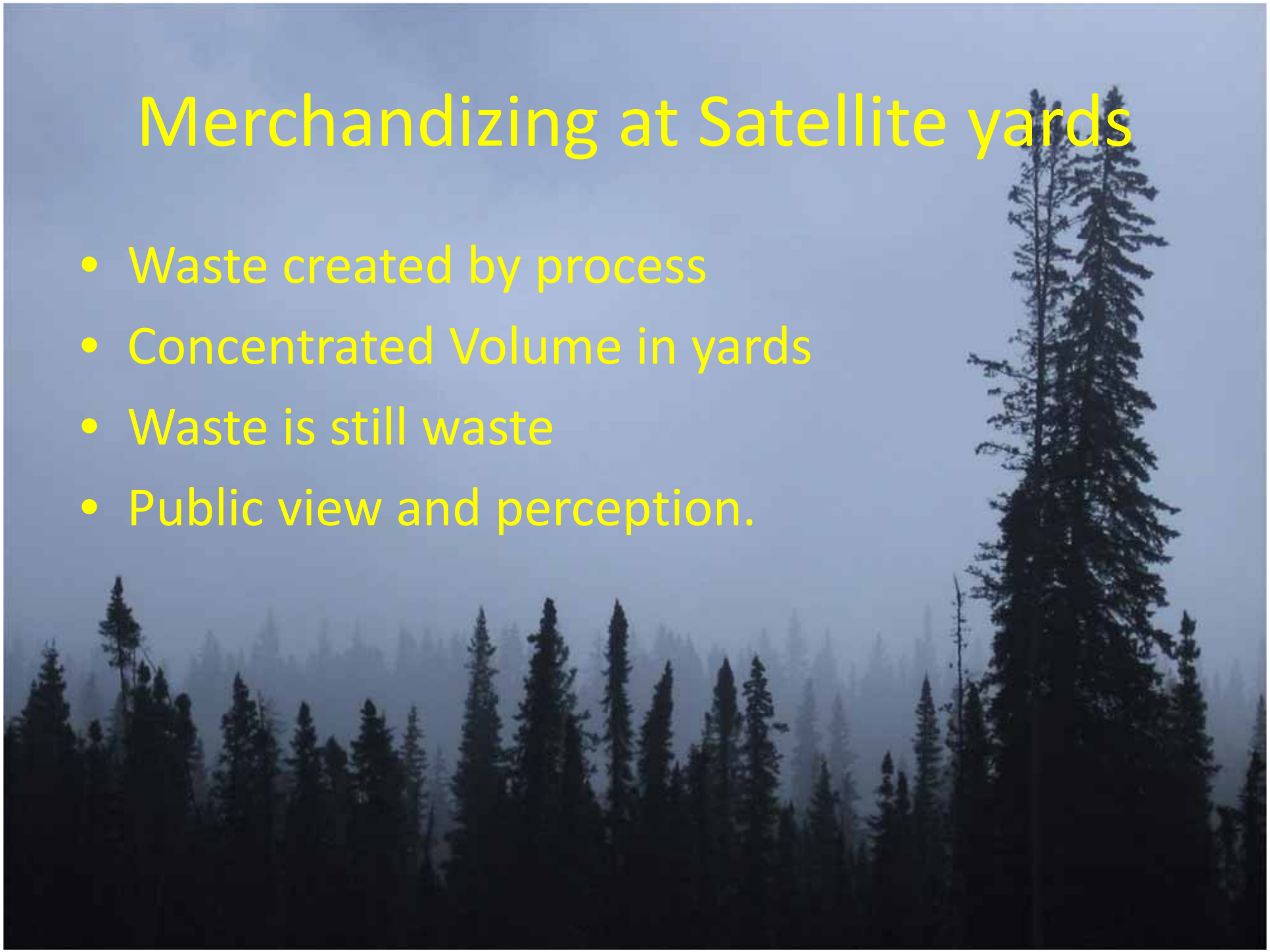
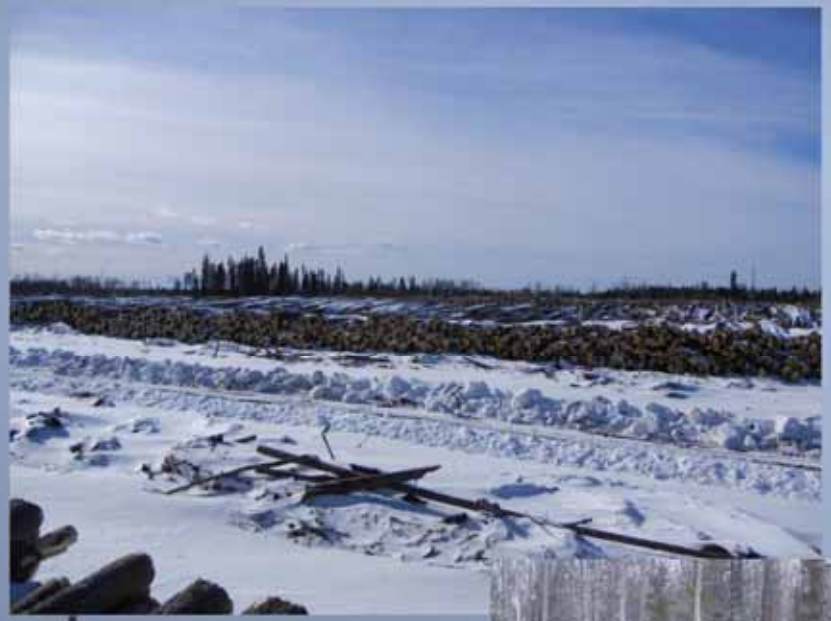
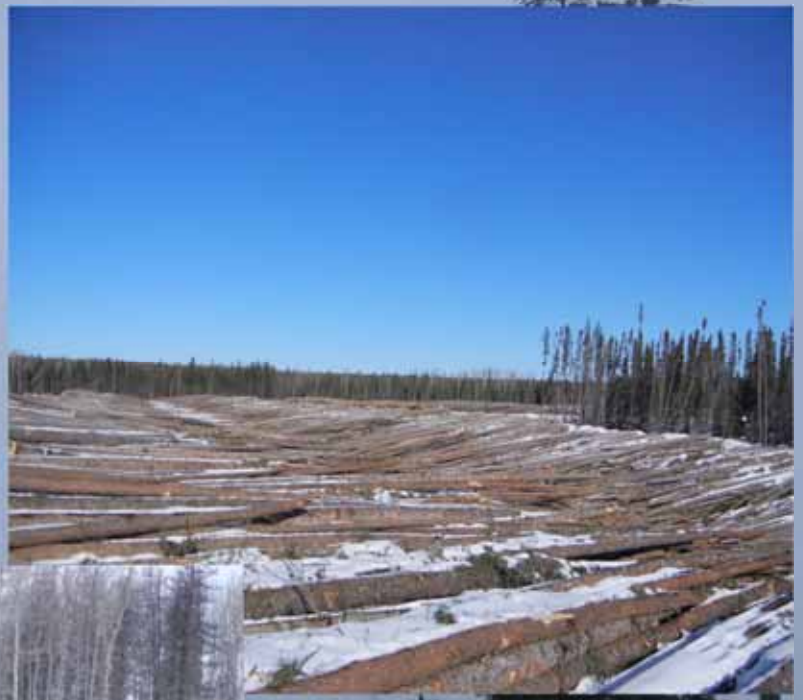
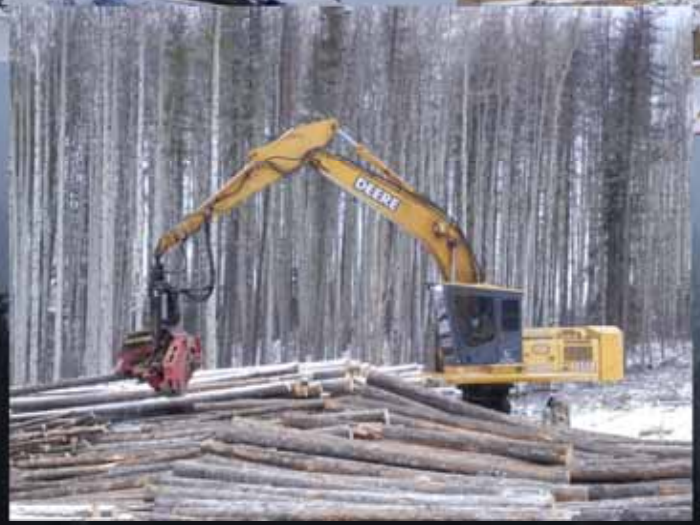
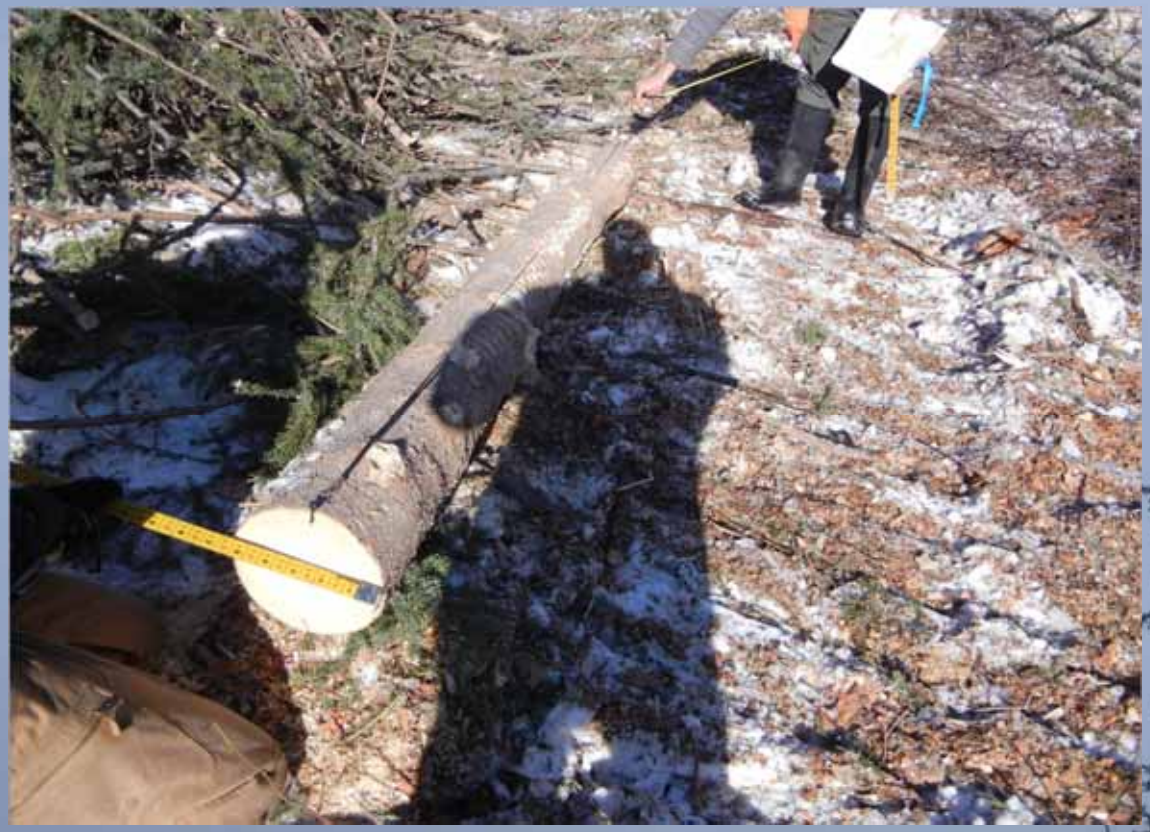

Merchandizing at Satellite yards
• Waste created by process
• Concentrated Volume in yards
• Waste is still waste
• Public view and perception.

Yards vs Blocks

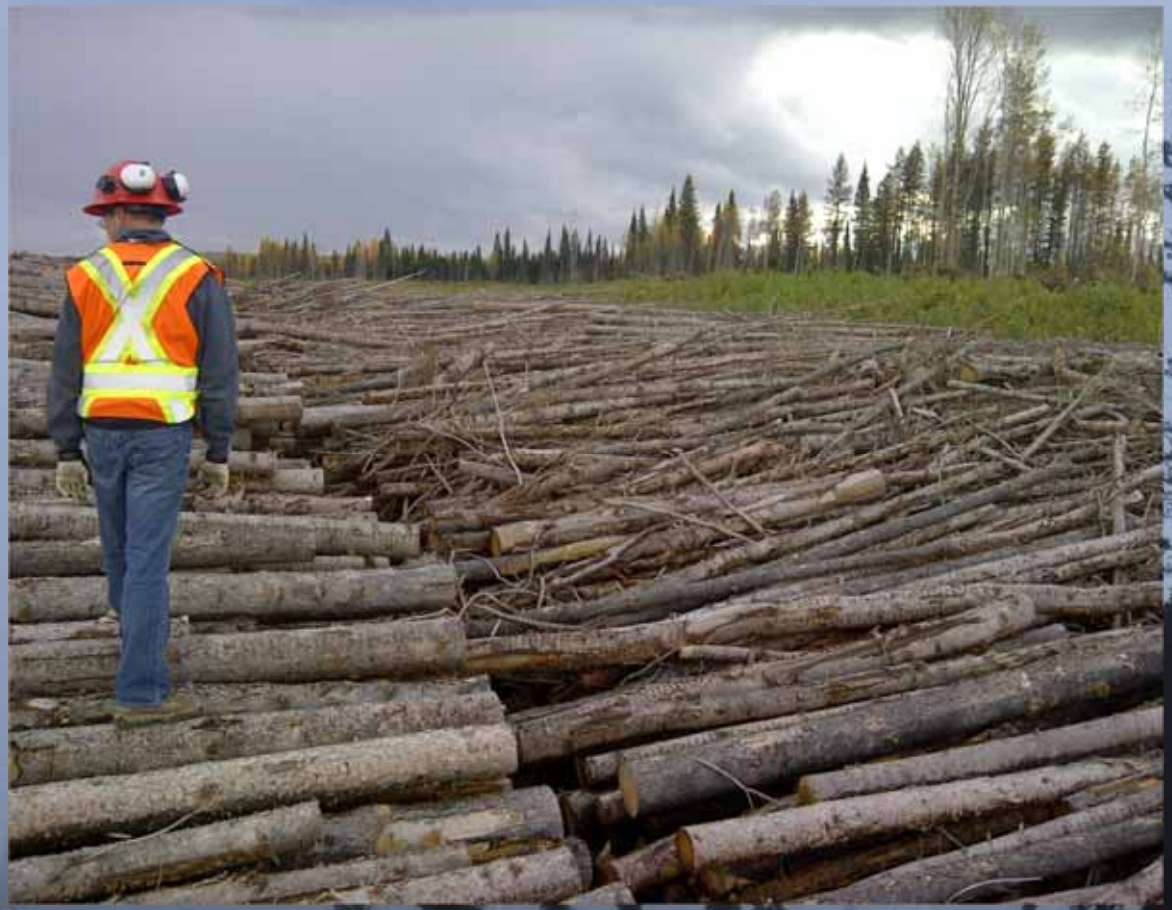




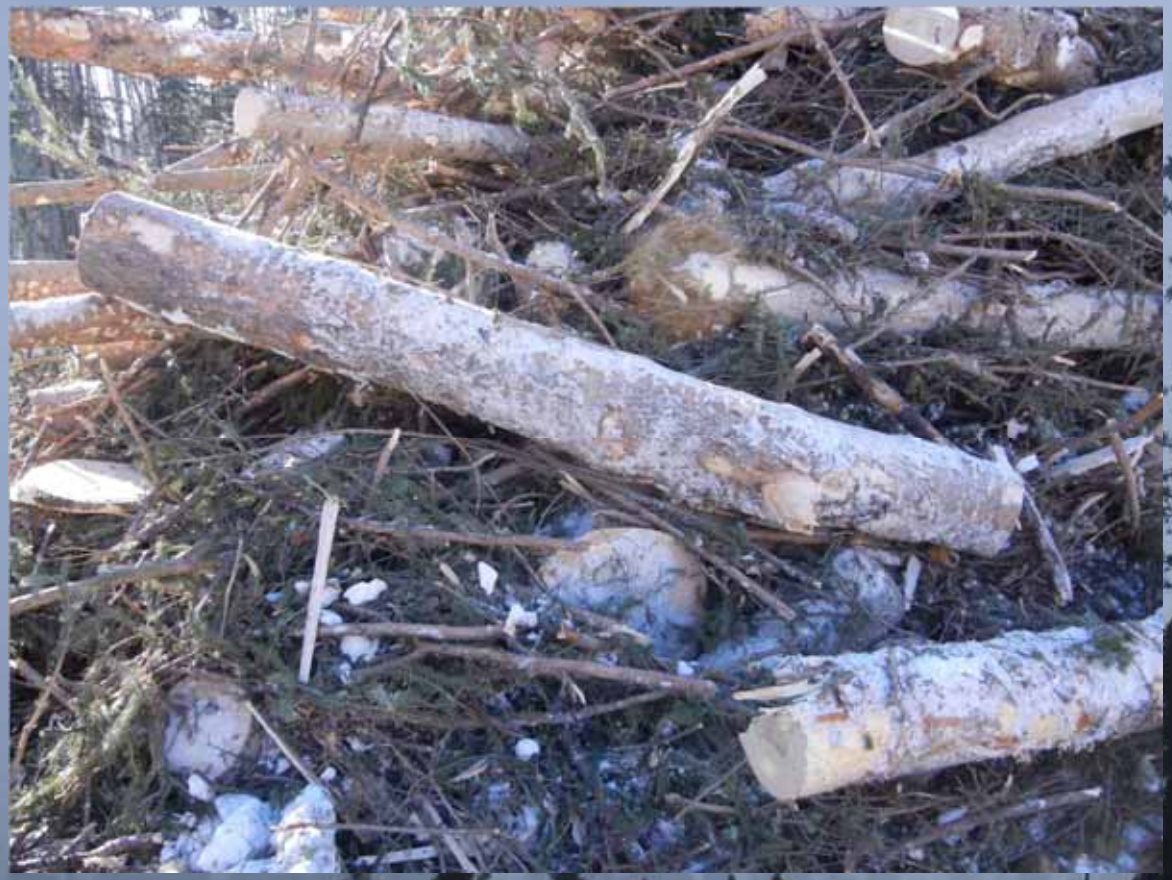




Lengths long enough to meet the minimum scaling specifications of 60cm and in a number of cases product length minimums.

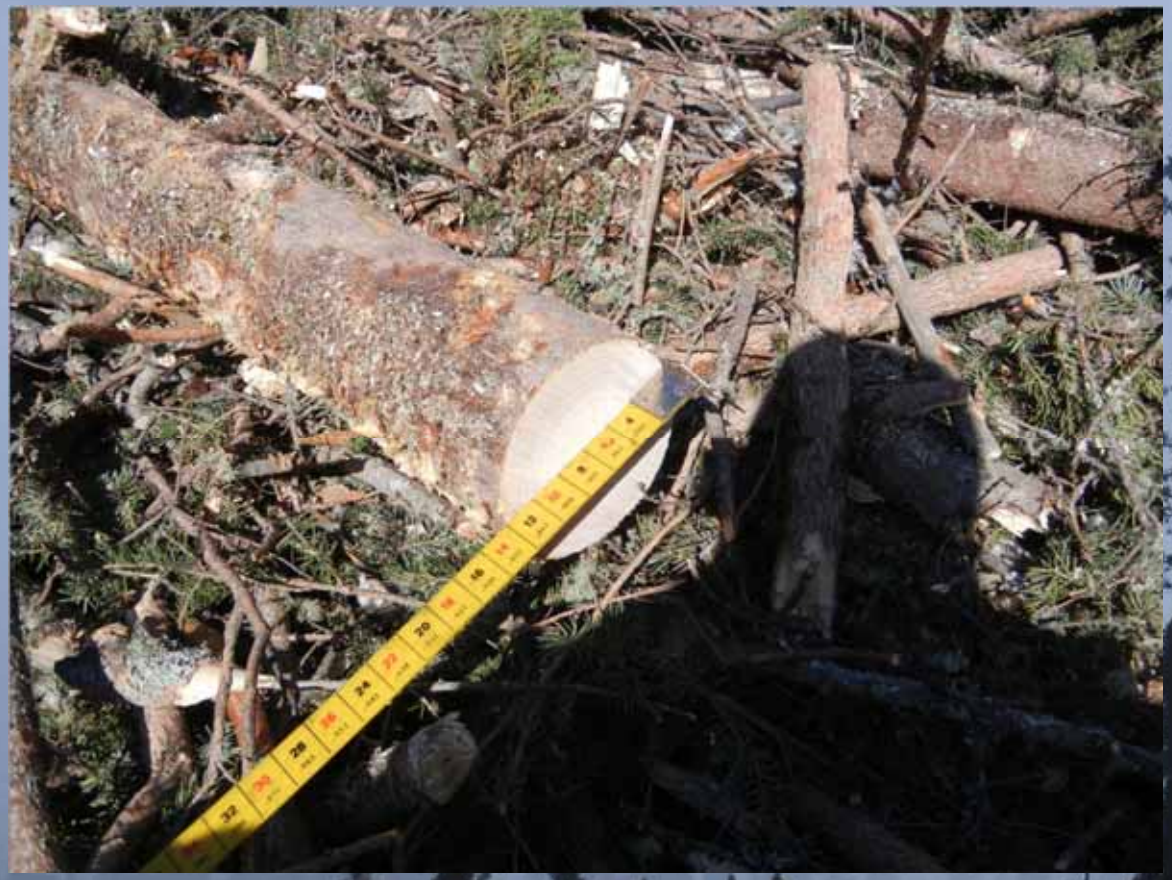


Saw log and chipping agreements

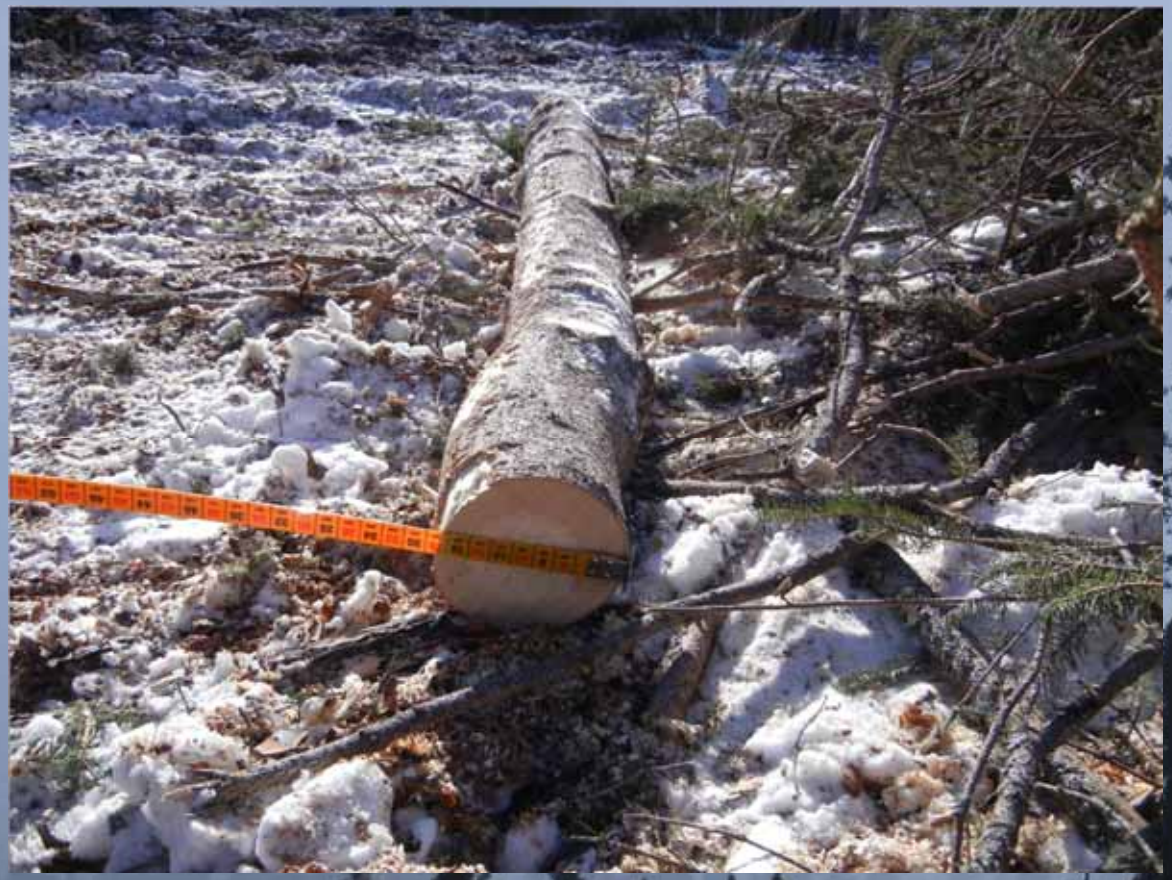


Sweep?

Defects being bucked out with solid fiber attached. A practice not defined in any legislated document, yet is common practice by operators and is a log quality specification in most cases.



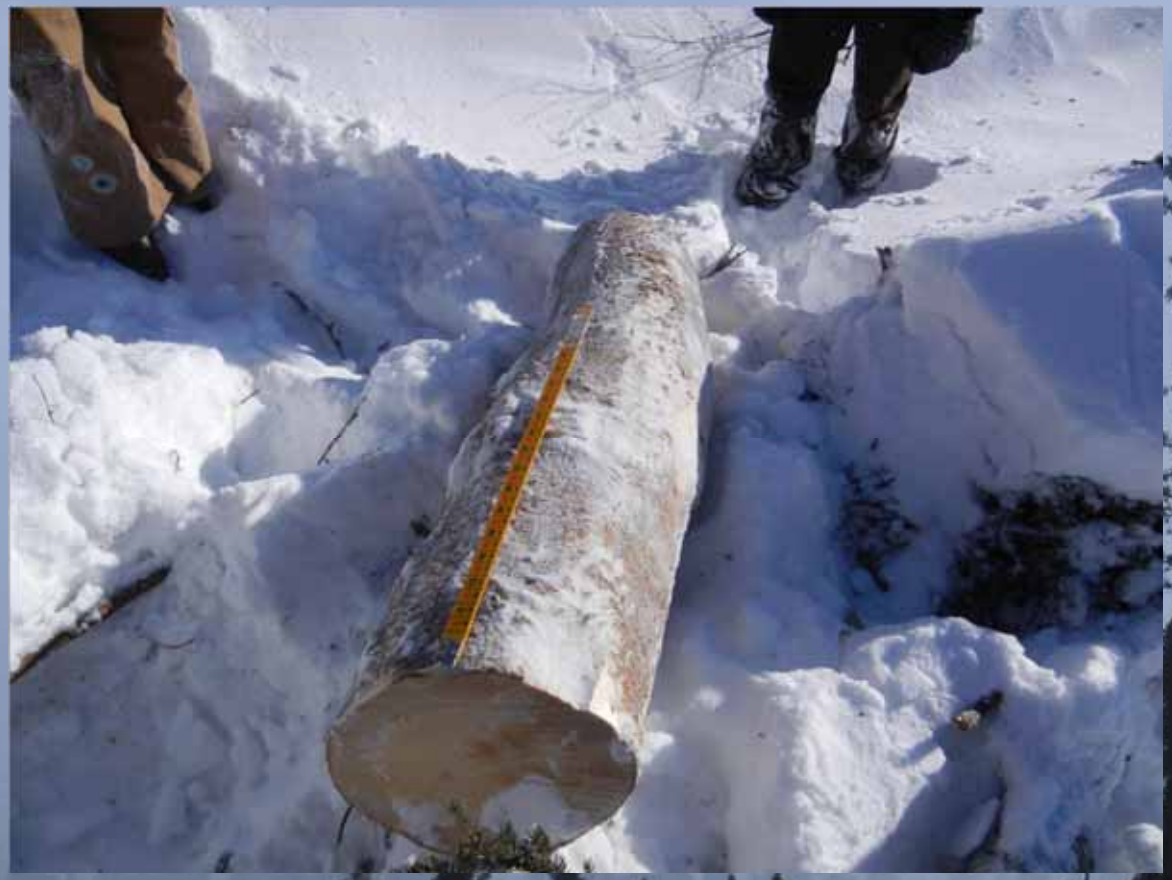
Over sized tops that equate to a marginal saw log which is volume chargeable to the cut but in most cases not accounted for as drain.



Merchantable fiber left behind in top piles.

improperly bucked to remove marginal defect. Length of log left in pile is 2.4 metres. Piles are found containing a substantial number of pieces of similar size logs equating to m3 that otherwise would not be charged to the cut.

However, not all operations are wasteful.
Acceptable Practice – Undersize Pieces Processed to Correct Top Size



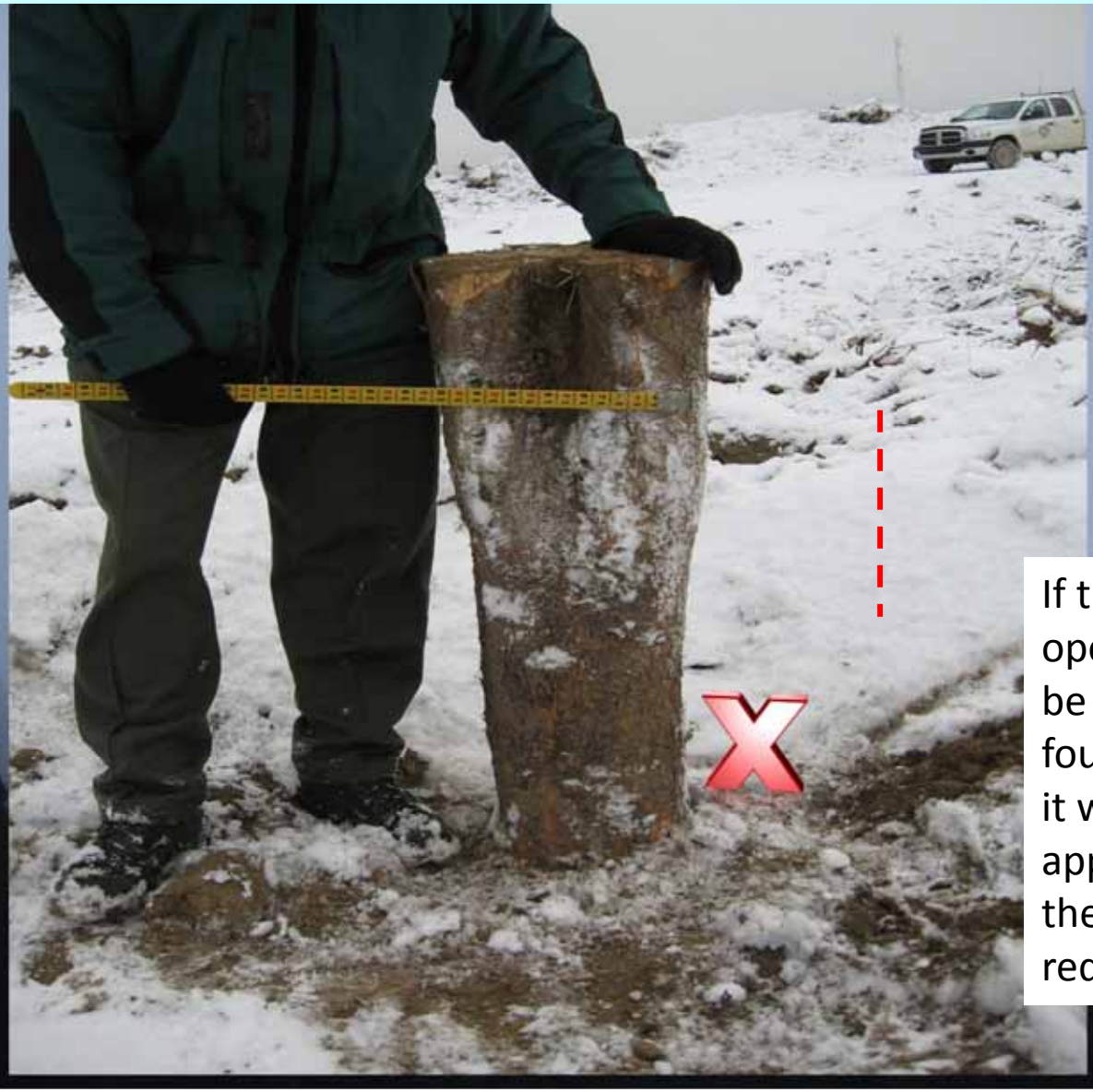
Merchantable fiber bucked out, why?

Not long enough to make a product length , has a minor visible defect.

It is stated in the Operational Ground Rules that companies cannot make an un-merchantable piece from a merchantable piece. Most of the waste found is a result of this and is where the enforcement process occurs.

Unacceptable Practice - Cat Face

Unacceptable – Bucking should have occurred directly above cat face. But because product length dictates where the cut occurs the sound fiber attached is left behind.



If this were a tree length operation the defect would be hauled into the mill, if found on a sample load then it would be scaled out and applied back to the rest of the population to realize a reduction in defect.

Excessive waste

What is “excessive waste”?

In the Timber Management Regulation section

100(1)(e) states that:

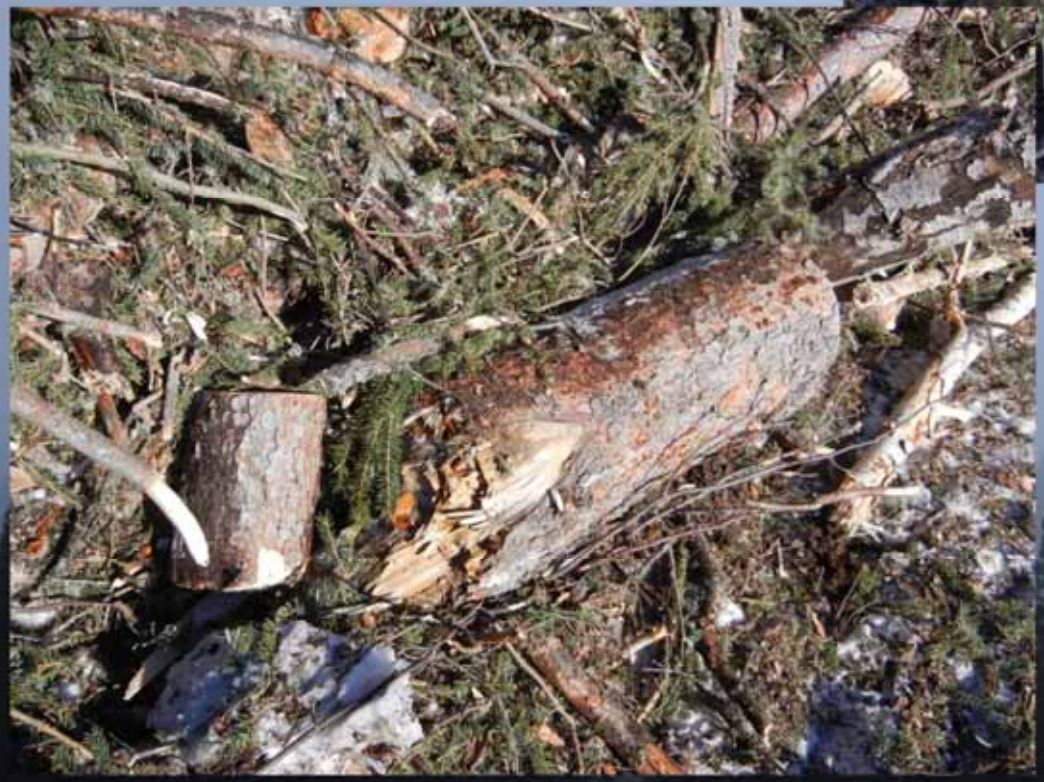
“Every person that harvests timber on public land shall avoid excessive waste when cutting timber and manufacturing timber products.”

The determination of excessive waste is subject to the area, the form of timber and the individual conducting the inspection.

What we are assessing as excessive waste is any merchantable fibre within utilization specifications that is left as post harvest residual waste.

This was wood that was determined to be waste.

I would say excessive.



Common sense dictates acceptable waste left behind for unusable pieces. Mill specs and quality bonuses should not determine what is left behind.

The most favorable pieces are selected for haul to the mill. Relatively defect free (as that is left in the piles) therefore the scaled defect percent in the province is decreasing because it is not being found in the scale loads.

Reporting

With the introduction of FOREST for reporting, companies are being requested to report volumes down to the cut-block level.

With the amount of merchandizing ocuring, can we ensure and trust the integrity of block segregation if companies are approved to use multiple offsite storage sites? Will there be enough room in the sites to do so?

Directive 2006-01

The directive 2006-01 should dictate the use of the sites,

"Off-Site Storage

Considerations for the approval of offsite storage are not limited to but may include one of the following:

- *Reduce winter haul traffic.*
- *Limited availability of log haulers.*
- *Stockpiling of secondary species for delivery to another mill.*
- *Site storage for merchandizing or stem size sort.*
- *Location to utilize rail transport.*
- *Log storage area if the production facility is full.*
- *Spring break prevents all decked timber from being hauled to the production facility."*

At what point do we draw the line on what is or what is not acceptable for offsite storage?

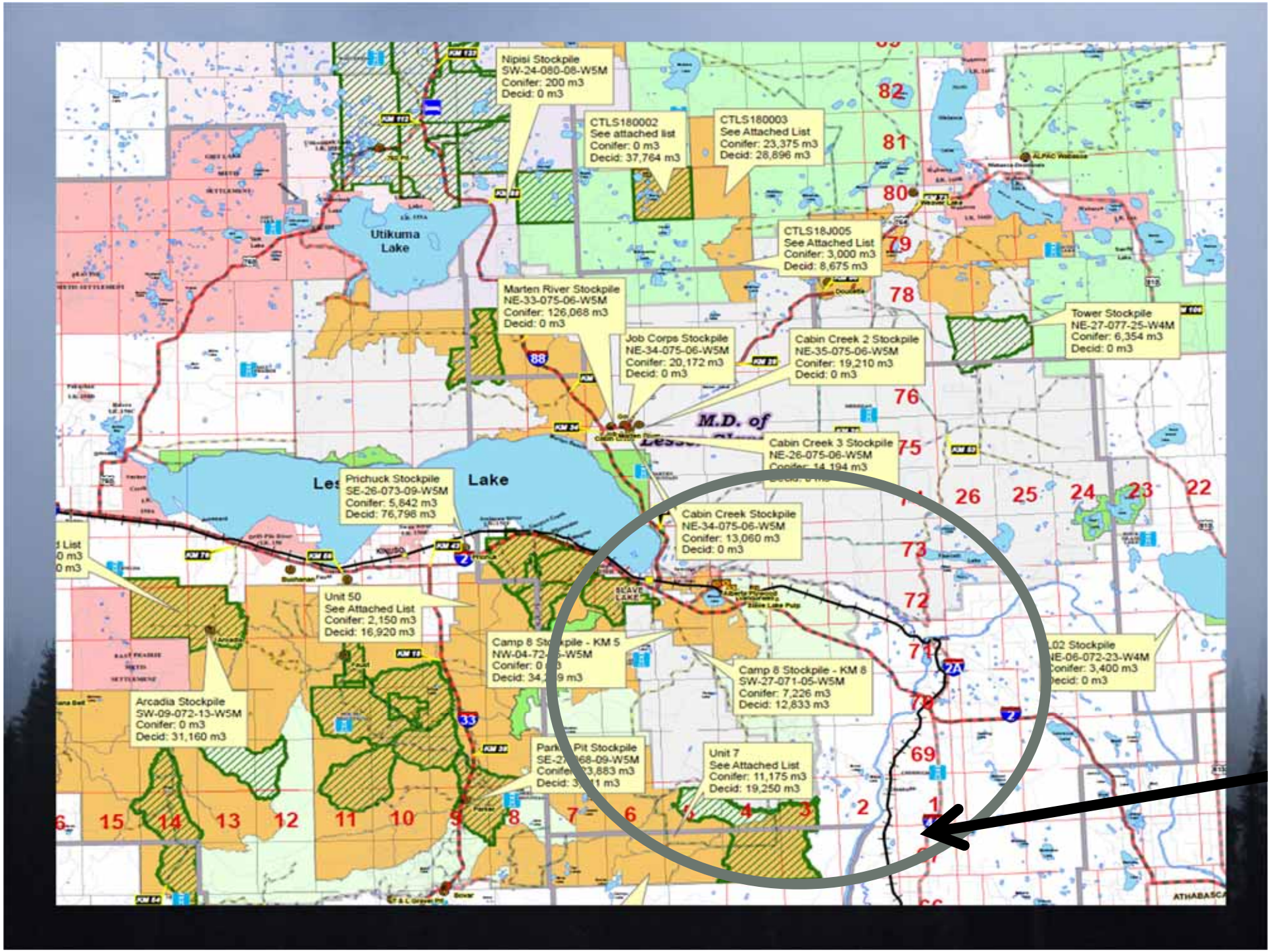
Reporting

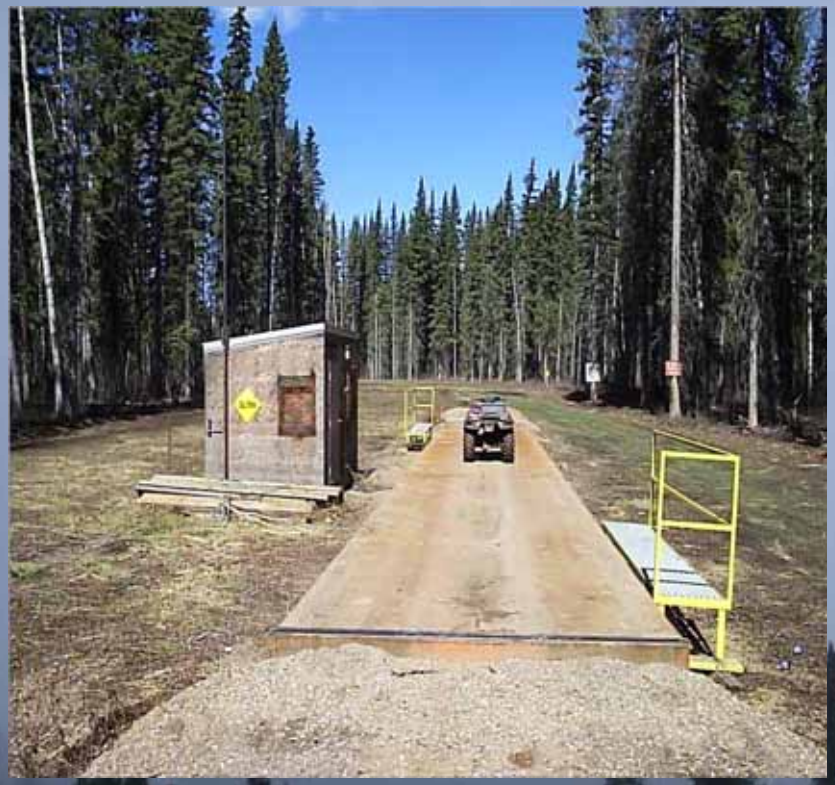
It has been suggested that companies should install weigh scales at the satellite yards to account for volumes entering those sites.

This may be good for large storage sites and is employed by some companies.

The benefit to government would be that it ensures the timber entering these sites is reported and sampled at the time it enters the yard. Merchandizing can occur and the waste remaining needs not be inspected as the government has received dues up front on the volume crossing the scales.

However, as the following slide shows this solution may not be feasible in all applications given the cost and maintenance and inspections required to maintain the scales at these sites.


Nipisi Stockpile
SW-24-080-08-W5M
Conifer: 200 m3
Decid: 0 m3
CTLS180002
See attached list
Conifer: 0 m3
Decid: 37,764 m3
CTLS180003
See Attached List
Conifer: 23,375 m3
Decid: 28,696 m3
Utikuma Lake
CTLS18J005
See Attached List
Conifer: 3,000 m3
Decid: 8,675 m3
Marten River Stockpile
NE-33-075-06-W5M
Conifer: 126,068 m3
Decid: 0 m3
Job Corps Stockpile
NE-34-075-06-W5M
Conifer: 20,172 m3
Decid: 0 m3
Cabin Creek 2 Stockpile
NE-35-075-06-W5M
Conifer: 19,210 m3
Decid: 0 m3
Tower Stockpile
NE-27-077-25-W4M
Conifer: 6,354 m3
Decid: 0 m3
M.D. of
Cabin Creek 3 Stockpile
NE-26-075-06-W5M
Prichuck Stockpile
SE-26-073-09-W5M
Conifer: 5,842 m3
Decid: 76,798 m3
Lake
Cabin Creek Stockpile
NE-34-075-06-W5M
Conifer: 13,060 m3
Decid: 0 m3
Unit 50
See Attached List
Conifer: 2,150 m3
Decid: 16,920 m3
Camp 8 Stockpile - KM 8
SW-27-071-05-W5M
Conifer: 7,226 m3
Decid: 12,833 m3
Arcadia Stockpile
SW-09-072-13-W5M
Conifer: 0 m3
Decid: 31,160 m3
Unit 7
See Attached List
Conifer: 11,175 m3
Decid: 19,250 m3
ATHABASCA



Remote Weigh Scales at Off-site storage yards.

What we are currently doing

- Field Inspections and measurement
- Trial measurement studies, stacked versus piles
- Growth and yield modelling between tree length and cut to length processes
- Standardized inspection process

Piece by piece…

Solutions?

- Higher more staff, more inspections
- Determine the difference up front and apply to the cut
- Re-write operational documents to reduce the interpretation of what companies can do operationally
- Have companies do intensive studies to reconcile waste volumes annually

On going…

- Increase Inspections
- Company trials
- Enforcement
- Multi departmental meetings to ensure utilization specs are carried through from timber supply to planning to operations and harvest accounting.
- What is next?