

PATTERSON SAWMILL LTD.
60 PATTERSON ROAD
HAY RIVER, N.W.T. X0E 0R4

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December 11, 2000

R.P. Bailey, Forest Management Supervisor
Assistant Deputy Minister, Operations
Resource, Wildlife and Economic Development
Government of the Northwest Territories
#800, 5102 - 50th Avenue
Yellowknife, N.T. X1A 3S8

Re: Forest Management Application FA001828
Timber Cutting Licence Pine Point Area

Dear Sir:

We find ourselves confronted with an almost impossible dilemma if we are forced to accept the terms proposed by Chief Don Basillie.

Mr. Basillie on Thursday at a Fort Resolution town meeting, outlined a plan where by Patterson would build a road for their proposed logging operation. This road would be opened some 25 or so Km from the highway. Our timber would be at the end of the road. Their logging operation would enjoy free access and maintenance. This road has not been mapped and may have long areas of wet land. Mapping should be done without snow cover. It could require more than a month to build and freeze this road. Not a viable project for us

I have contacted Carter Industries of Hay River who make a business of opening lines and building bush roads. To open up old existing cut lines and make it passable for a truck, costs approximately \$1500.00 a Km. To Build a new line and prepare it for truck traffic costs approximately \$3000.00 per Km.

The impact of this would be.

1. Over a month of logging time lost to build road.
2. An added log haul of 100 Km per load and 1 1/2 extra hours per load would mean we would be unable to get the job done.
3. An estimated extra fuel cost per load of \$25.00 X250 loads is \$6400.00
4. : Loss of the field work, air reconnaissance, and department assistance, estimated cost to our company \$6000.00, all forfeited to the Fort Resolution project.
5. Excessive travel time for crew.

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The bottom line, extra log haul at \$70.00 per hour, 1 1/2 hours @ \$105.00 X 250 loads	\$26,250.00
To build the road 25 Km. minimum estimate	\$50,000.00
Loss of field work (layout etc.) estimate cost	\$ 6,000.00
Compensation to Fort Resolution community estimated at	<u>\$20,000.00</u>
A total package of	\$102,000.00

We cannot afford this on todays lumber market and the volume of business we do. The Pine Point area is much more favorable.

1. The Pine Point hauls is 120 Km includes 4 Km bush road, Little Buffalo is 165 Km includes 25 Km of bush road.
2. Existing road (cut line)
3. Can haul logs the same day as road building and skidding starts.
4. No entanglement with other logging operations.
5. Log haul is within acceptable limits for viability.

We propose to continue our pledge of compensation to the Community of \$2.00 per cubic meter to be paid, as per earlier presented to the community, based on support for the issuance of a licence.

We also propose up front compensation to the Trappers who may be affected by our operation, a total of \$5,000.00.

Lawrence Fabian a trapper has expressed a favorable reaction. Eddie Lafferty also favors compensation and will consult the Chief.

We also propose that if the Deninu K'ue First Nation would support a one or two year licence for our company in the Pine Point area, as a trade off, our company would be willing to amend our licence and Land Use Permit to include the amount of timber they need to facilitate this years logging season.

Yours truly,

Daniel Patterson,
President