

3-4-2

Air Mail

April 30, 1947.

Indian Affairs Branch, Dept. of Mines and Resources, Ottawa.

Re: Chemainus I.R. No. 13
Timber Licence No. 266

In reviewing our file in connection with the above mentioned timber licence some time ago, it was noted that the original licence was issued in November, 1941, renewable for a period of three years, the stand of merchantable timber at that time being estimated at 700,000 f.b.m., this estimate apparently being based on a report by the Provincial Forest Branch. The removal of the timber was considered to be in the nature of a salvage operation and consequently no ground rental was charged. By April, 1943, the Company had removed three million feet of timber and further renewals were made from year to year and as the operation now stands approximately sixteen million feet of timber have been removed.

The Company recently made application for permission to establish a portable sawmill on the Reserve, requesting assurance that continued renewals would be granted for a period of from five to ten years. The application was subsequently dropped, but their request for assurance regarding renewals indicates that there are considerable timber resources remaining on the Reserve. In view of this it was considered advisable to review the stumpage and royalty rates being paid on this operation with a view to bringing them more in line with prevailing rates. Following considerable negotiation, the Company have offered \$3.50 per M for fir and cedar, all grades; \$2.25 per M for hemlock and balsam, all grades; and \$2.50 per M. for alder and maple, all grades, reference Mr. Moore's letter of April 23rd and the Company's letter of April 22nd, attached. These rates are somewhat less than the values arrived at by this office following

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