

Holson Forest Products Ltd.

# Notice of Undertaking

50,000 ton per annum Pellet Mill

Submitted by: Holson Forest Products Ltd.  
3/18/2010

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## NAME OF UNDERTAKING: 50,000 ton per annum Pellet Mill

### PROPONENT:

(i) **Name of Corporate Body:** Holson Forest Products Ltd.

(ii) **Address:** 11 Major's Street  
P.O. Box 299  
Roddickton NL A0K 4P0

(iii) **Chief Executive Officer:**

- a. Name: Ted Lewis
- b. Official Title: Owner/President
- c. Address: Same as above
- d. Telephone No: 709-457-2888

(iv) **Principal Contact Person for purposes of environmental assessment:**

- a. Name: Todd May
- b. Official Title: General Manager – Pellet Division
- c. Address: Same as above
- d. Telephone No: 709-457-2888

### THE UNDERTAKING

(i) **Nature of the Undertaking:** The 50,000 ton per annum pellet mill will produce soft wood pellets from fir and spruce wood residue harvested and derived from the forest and sawmills on the tip of the Northern Peninsula. Wood Pellets are used to generate energy for heat or electricity, the product is deemed to be carbon neutral. The product from the mill will displace 50,840 tonnes of green house emissions annually.

(ii) **Purpose/Rationale /Need for the Undertaking:** Forest resources on the Northern Peninsula have been directly linked to the pulp and paper industry since the very beginning of the industry in the early 1900's. Lumber production has been the direct spin off as a result. Depending on paper and lumber market conditions, the industry has seen many ups and downs over the past 100 years. In 2008 though, the resource on the Northern Peninsula became useless when Kruger decided to cease pulp wood and fibre purchases from Peninsula Harvesters. This created an overwhelming economic impact on the industry and the region as a whole resulting in 250 displaced workers across a region of 4,000 people.

Holson Forest Products put together a plan to utilize the pulp fibre for soft wood pellets, which resulted in a \$10 Million investment from the Provincial Government. \$4 Million was targeted towards the development of a wood yard and the early purchase of pulp sized wood for use in the pellet mill. This measure was taken to ensure the harvesting capacity did not collapse during the development of the pellet mill.

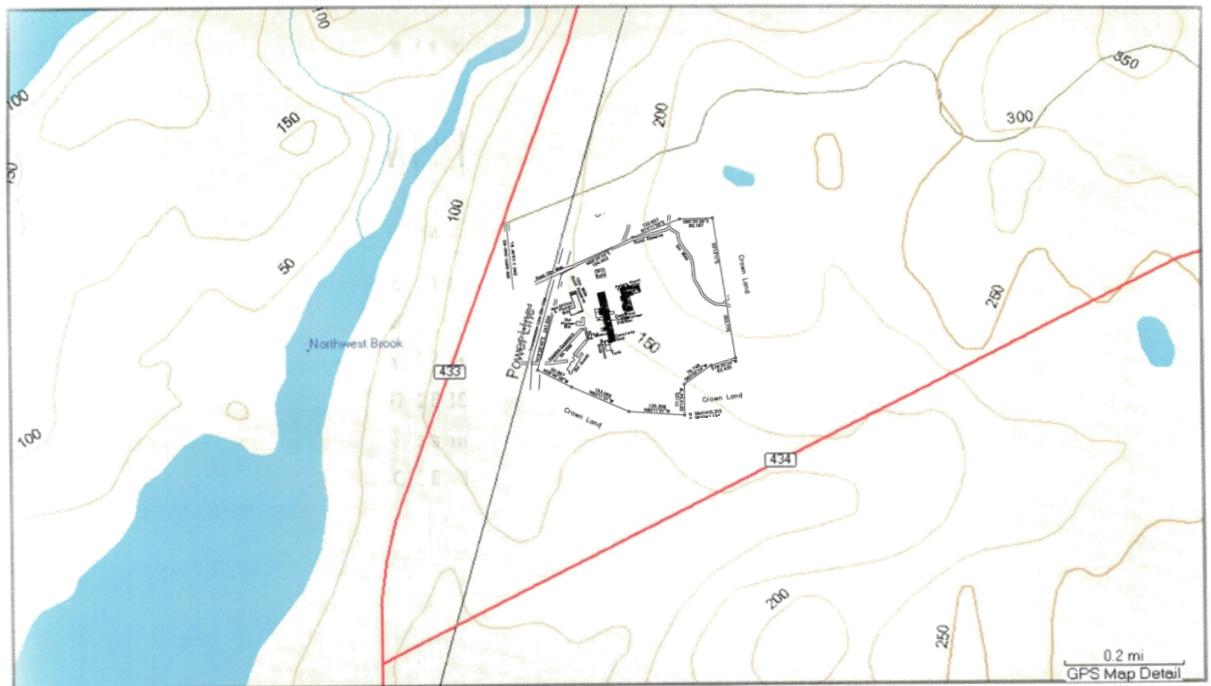
The consultant developed business plan identified the nature and scope of the equipment that was to be used in the pellet mill but did not provide firm details on pricing or particulate matter emissions from such equipment.

Holson will be using Multi-cyclones to capture particulate matter, these cyclones will ensure the emissions are compliant with provincial environmental regulations.

## DESCRIPTION OF UNDERTAKING:

### (i) Geographical Location:

Holson Forest Products is located at 11 Major's Street (Route 433), Roddickton NL.



A 1 : 12 500 map (Annex 1) is attached along with a copy of site layout on a recent land survey (Annex 2).

**(ii) Physical Features:**

Holson is constructing the pellet mill in an area that has been used as an industrial area for the past 20 or more years. North Chip Ltd., had a saw mill on the site; Canada Bay Construction has used the surrounding area as a gravel pit - 250 Meters North - from Pellet Mill, an adjacent parcel of land was used as an old town dump site – 500 Meters North from the pellet mill. The Pellet Mill is approximately 700 Meters from the highway, and at an elevation of 100 feet. Newfoundland Hydro's main transmission line runs near the property lines; there is a tree line of approximately 100 meters wide between the highway and the mill site. There is a small pond approximately 300 meters north east of the pellet mill and, there are several gravel pits owned by Canada Bay Construction 1 kilometre to the east. The town of Roddickton is approximately 5 kilometres to the south – south west. North East Arm is approximately 2 Kilometres to the west.

A copy of the engineer's design of the building is attached (Annex 3).

**(iii) Construction:**

The 13,000 ft<sup>2</sup> steel building will be constructed over a 10 week period commencing March 2010. Equipment will be installed over a 16 week period commencing April 2010. There are no known sources of pollutants from the construction phase; all materials to be used are normal construction materials – i.e. cement, steel, nuts, bolts, approved insulations. None of the equipment requires any oils, or fuels to operate, other than bark.

**(iv) Operation:**

The pellet mill will operate 24 hours per day for approximately 310 days of the year. The mill will consume all of the waste fibre from the adjoining sawmill as well as consume residual materials that have been stored in the yard for the past 20 years or more. The pellet mill will create a net positive impact on the environment.

The Bark Burner and Rotary Dryer will be producing the following emissions:

Dryer Size:	1242-T
Quantity of Dryers:	1
Dryer Performance:	4-C
Dryer Performance	
Process Rate	O.D. lb/h
Raw Material Mixture Percent Softwoods	%
Product Inlet Moisture	% MCWB

Product Outlet Moisture	% MCWB	10.0
Dryer Inlet Gas Temperature	°F	912
Dryer Outlet Gas Temperature	°F	230
Dryer Outlet Gas Humidity (at dryer drum outlet)	lb/lb	.3766
Dryer Outlet Gas Flow (at dryer drum outlet)	ACFM	53,000
Dryer Recycle Gas Flow (to dryer inlet)	ACFM	21,926
<b>DRYER EXPECTED EMISSIONS ESTIMATES (TOTAL, ALL DRYER SYSTEMS)</b>		
Dryer Exhaust Gas Flow (to atmosphere or to scrubber)	ACFM	31,244
Particulate Matter (PM)		
Dryer UHE Primary Collector	tonne/y	44.4
Volatile Organic Compounds (VOC's)		
Dryer UHE Primary Collector	tonne/y	290.8
Carbon Monoxide (CO)		
Dryer UHE Primary Collector	tonne/y	19.5
Nitrogen Oxides (NO <sub>x</sub> )		
Dryer UHE Primary Collector	tonne/y	-
Formaldehyde (HCOH)		
Dryer UHE Primary Collector	tonne/y	4.9
Opacity	%	20.0

Multi-cyclones will be used to capture the Particulate Matter which will be used in the production of pellets past the dryer/burner outlet

There are no solid or liquid effluents created from or during the pellet making process.

**(v) Occupations:**

There are 250 employees that are directly impacted by this operation. Without the development of the pellet mill these individuals will be out of work and indeed the entire forest industry on the Northern Peninsula will have to shut down. Further the pellet mill is projected to create an additional 22 direct full time permanent jobs. The employees would best fit 9434 Other Wood Processing Machine Operators; however the positions will require to be around limited moving parts – all equipment must be shut down prior to maintenance and are fully enclosed when operating, operators will spend much of their time monitoring computer screens and adjusting the process from behind a control desk.

The construction of the building will be done through a contractor; the work within the operation when it becomes operational will be completed by Holson Staff. Employees will be selected through an open application and screening process. Staff will be hired based solely on education, skill and experience. The positions at the pellet mill do not require any special physical characteristic that could be associated with a man or a woman, essentially either could easily carry out the tasks, and either will be selected based on education, skill and experience. Holson's staff is presently comprised of

approximately 5% women; this is representative of number of women that apply for jobs at Holson.

**(vi) Project Related Documents:**

## **APPROVAL OF THE UNDERTAKING:**

A permit is required for a building permit, from Government Services, Town has approved construction. This is in process. Holson is working with Crown lands to access some additional adjacent land. An adjacent parcel of land is being used as a wood inventory yard which Atlantic Canada Opportunities Agency is funding; as such the agency had an environmental assessment completed on that portion of land within the Holson boundary.

## **SCHEDULE:**

The earliest date to begin construction is March 22, 2010, the absolute latest possible date will be April 1, 2010. Holson has to be producing pellets not later than early October to meet the fall/winter pellet market. If the mill is not operational by then it will unduly jeopardize the sustainability of the pellet mill and the saw mill.

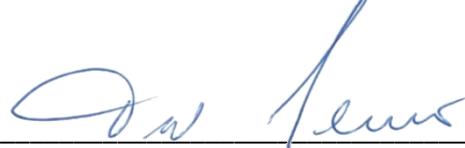
## **FUNDING:**

Funding has been secured from two provincial sources. The Department of Natural Resources has approved a \$7,000,000 loan through the Forest Industry Development Fund and a non-repayable contribution of \$2,000,000 from the Forest Industry Development Program. A further \$1,000,000 is providing to the project from the Department of Environments Green Fund. In addition, the Atlantic Canada Opportunities Agency is providing \$1,108,000 from the Community Adjustment Fund through the Northern Peninsula Foresters Association for the development and operation of the Regional Wood Yard.

Total capital costs for the project is \$8,000,000.

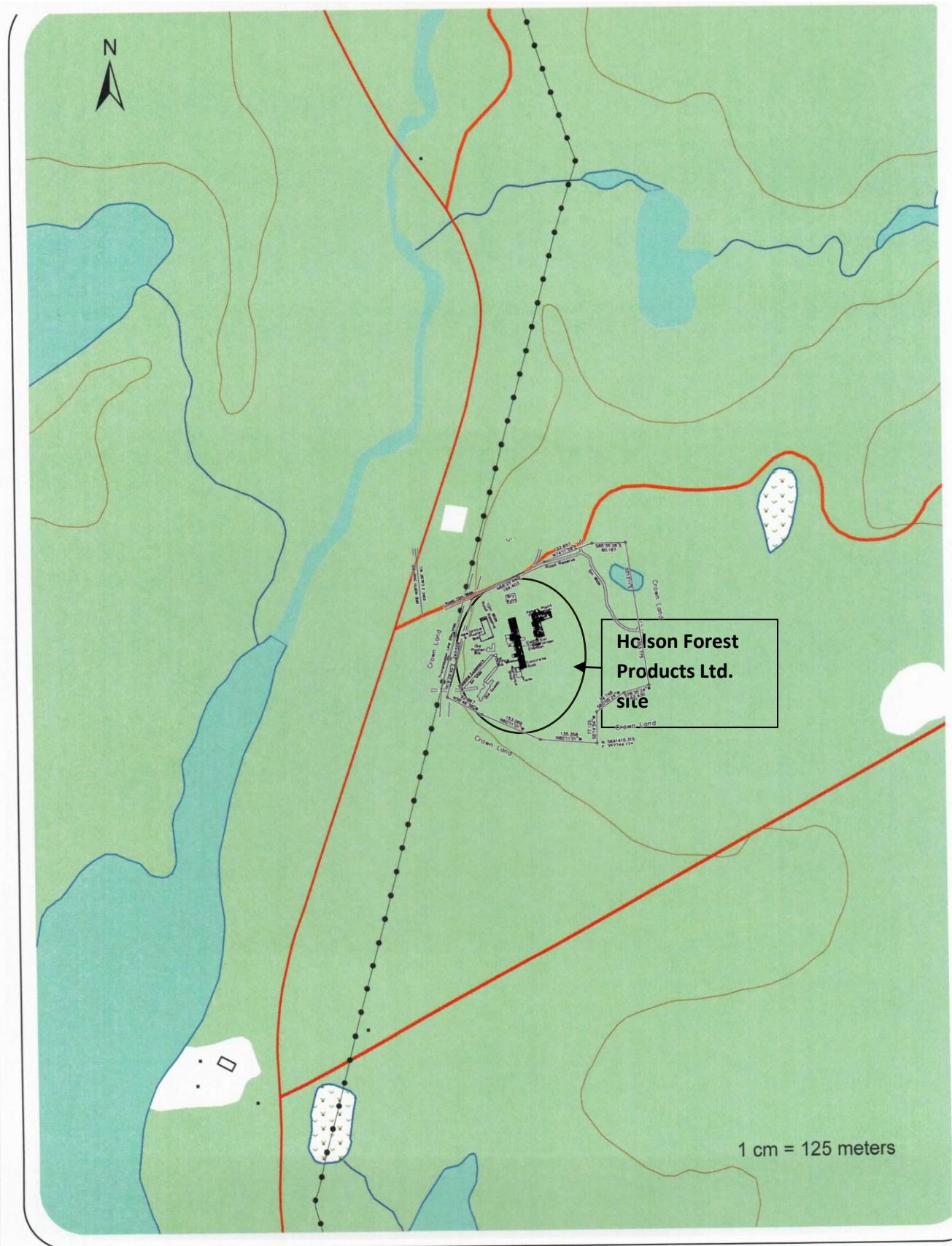
March 18, 2010

Date



Signature of Chief Executive Officer

## Annex 1 1:12,500 Area Map

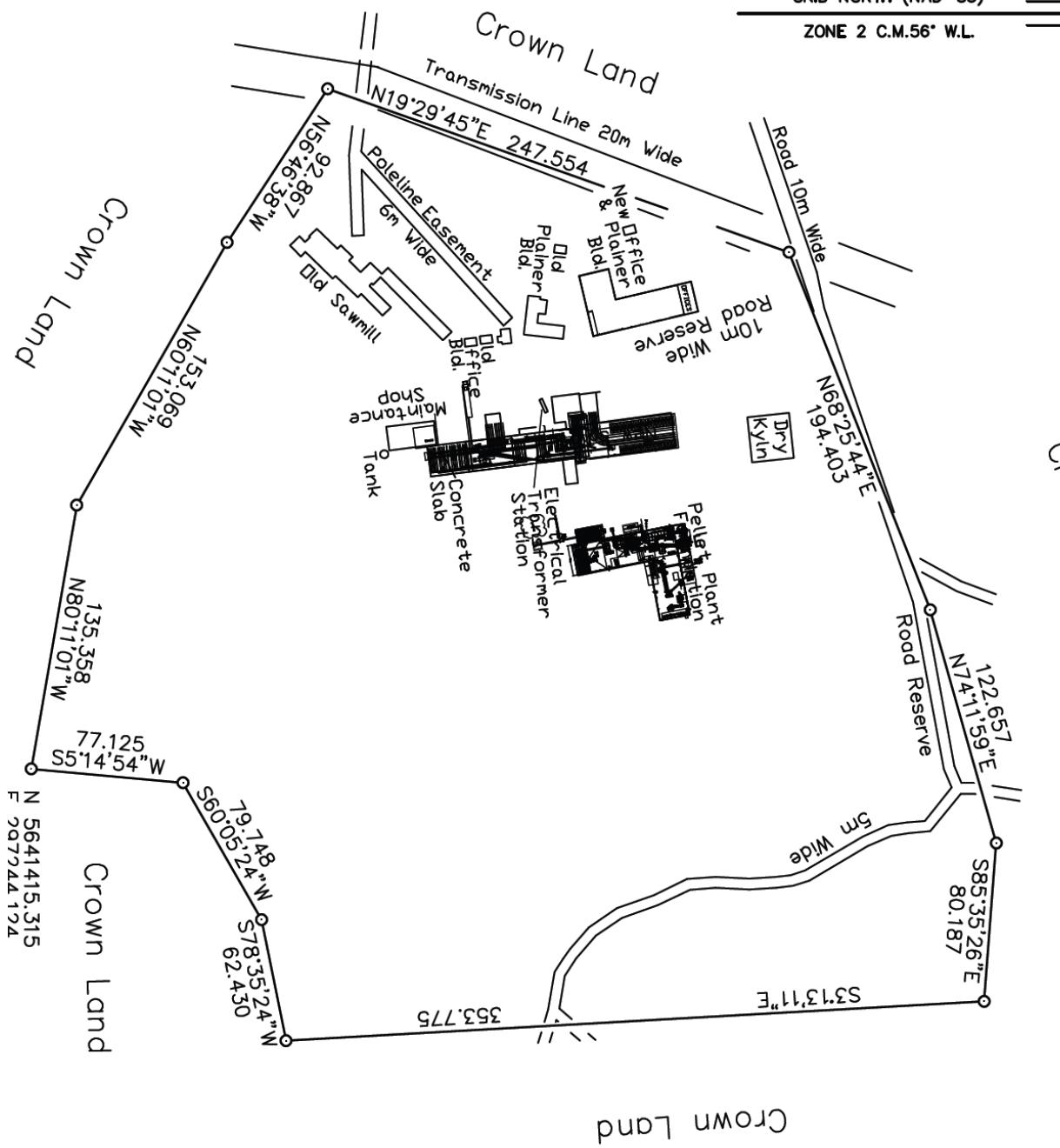




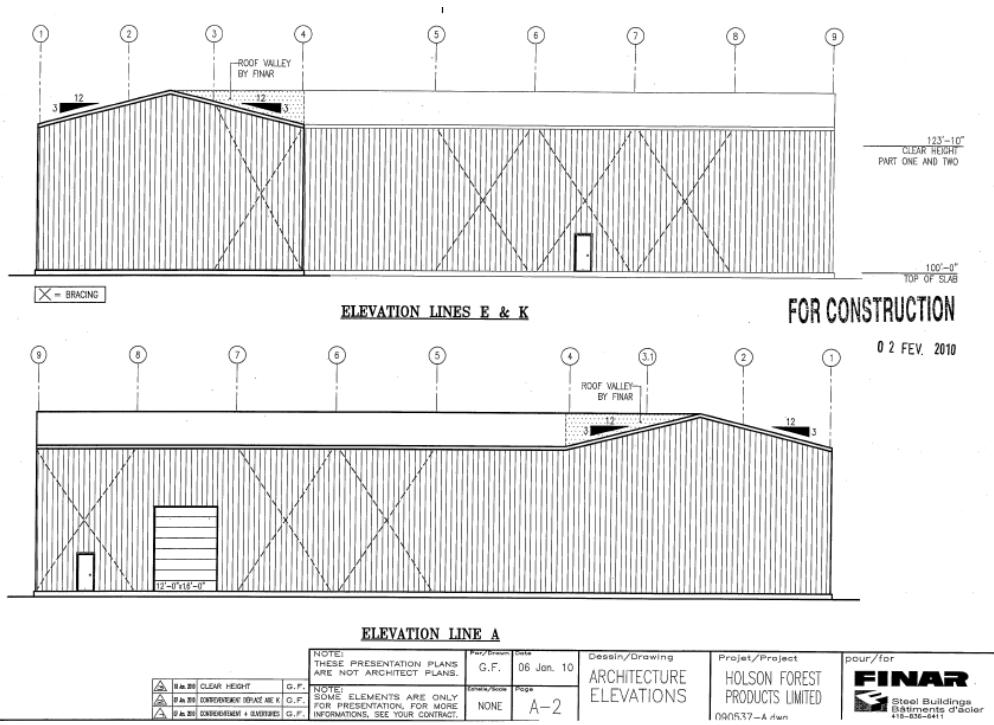
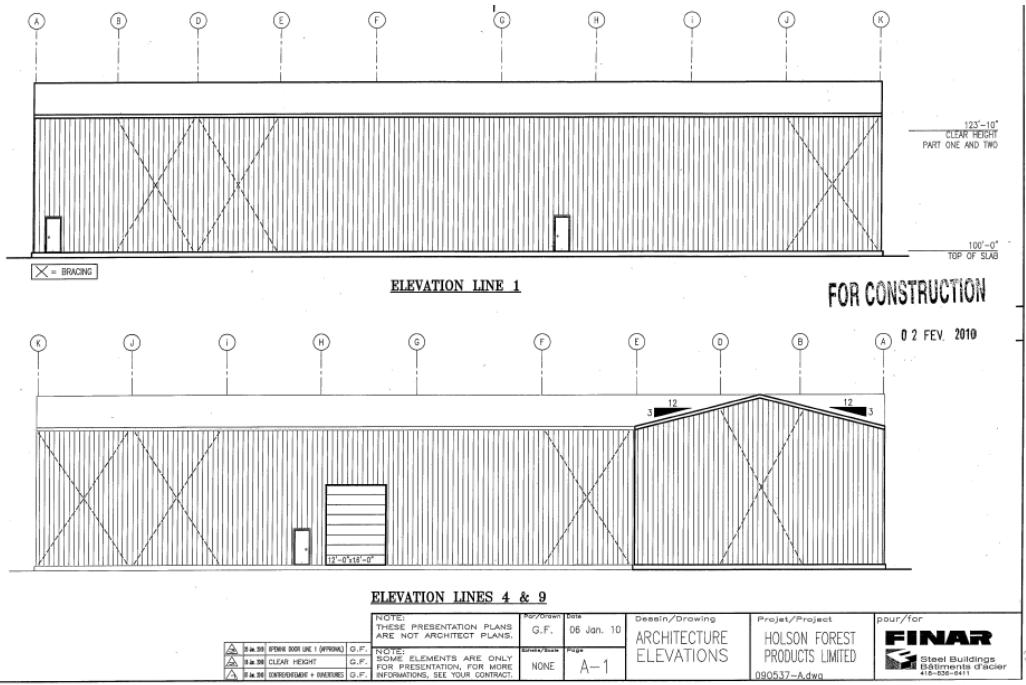


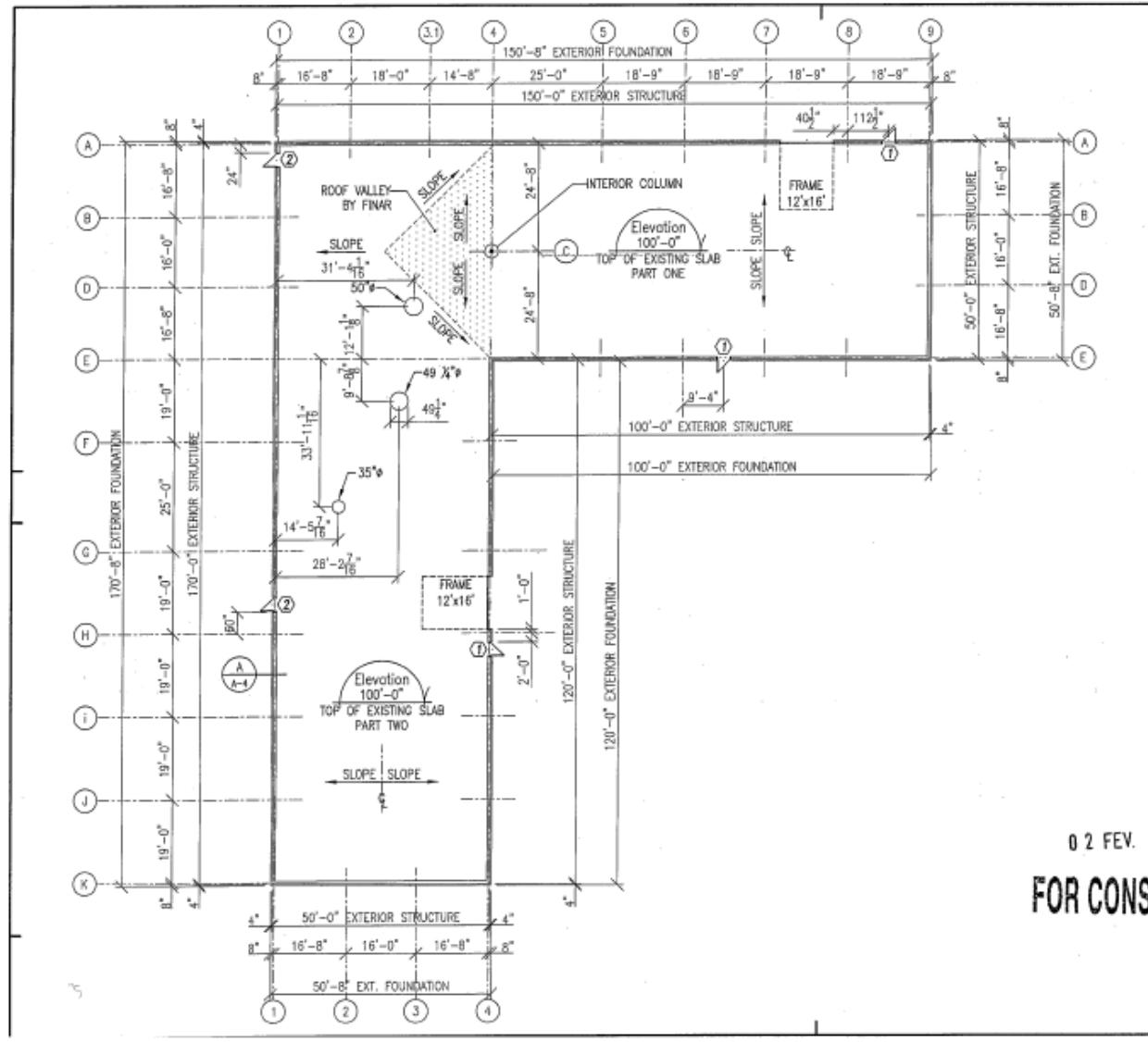
**GRID NORTH (NAD-83)**

ZONE 2 C.M.56° W.L.



## Annex 3 Building Layout





2010-11858 PM

