

No. S085453  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C - 36

- AND -

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57

- AND -

IN THE MATTER OF

**HAYES FOREST SERVICES LIMITED  
HAYES HOLDING SERVICES LIMITED  
and HAYES HELICOPTER SERVICES LIMITED**

**PETITIONERS**

**ORDER**

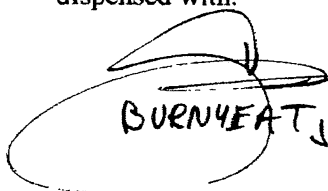
BEFORE THE HONOURABLE )  
MR. JUSTICE BURNYEAT ) WEDNESDAY, THE 26<sup>TH</sup> DAY  
OF NOVEMBER, 2008

THE APPLICATION of Hayes Forest Services Limited, Hayes Holding Services Limited and Hayes Helicopter Services Limited, the Petitioners herein, coming on for hearing before me this day by video conference at Vancouver, British Columbia; AND ON HEARING John I. McLean and Charles F. Willms, counsel for the Petitioners, and other counsel as listed on Schedule "A" hereto; AND UPON READING the material filed; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, Rules 3, 10, 12, 13(1), 13(6), 14 and 44 of the Rules of Court and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS that:

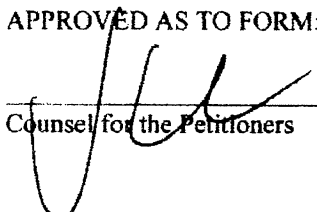
1. the reasonable fees and disbursements of Fasken Martineau DuMoulin LLP in respect of work done for the Petitioners after the commencement of these proceedings are secured by and are hereby granted the benefit of the Administrative Charge as provided for in the Initial Order made herein on July 31, 2008;
2. the amount of the Administrative Charge as provided in the Initial Order made herein on July 31, 2008 be and is hereby increased to \$350,000;
3. Hayes Forest Services Limited ("Hayes") be and is hereby authorized to enter into a settlement agreement with Western Forest Products Inc. and Weyerhaeuser Company Limited, on substantially the same terms as Exhibit "C" to the Affidavit of Donald P. Hayes #7, sworn herein;
4. any rate disputes within the meaning of the Timber Harvesting and Subcontracting Regulations under the *Forest Act* (the "Regulations") as between Teal Cedar Products Ltd. ("Teal") and Hayes in relation to the Replaceable Forest Contract between Teal and Hayes for the years 2005 to 2008 inclusive must be initiated by Teal, and those rate disputes together with any rate disputes which have already been initiated (collectively the "Rate Disputes") must be concluded no later than February 28, 2009 (the "Bar Date") and that any Rate Disputes not so initiated or concluded will be barred and Teal will not have any further claim against Hayes in respect of any Rate Disputes, provided that either Teal or Hayes are at liberty to apply for an extension of the Bar Date;
5. on or before December 5, 2008 Hayes and Teal are hereby directed to file with the Court an agreed schedule (the "Schedule") for the conduct of the arbitration of the Rate Disputes in accordance with the Regulations setting out:
  - (a) the date upon which Teal is to deliver its Statement of Claim to Hayes;
  - (b) the date upon which Hayes is to file its Statement of Defence including any counterclaims in accordance with paragraph 7 herein;

- (c) a deadline for the discovery and production of documents;
  - (d) the dates of any examinations for discovery if the Arbitrator directs or the parties agree to such examinations;
  - (e) the date for any applications before the Arbitrator;
  - (f) an estimate of the length of the arbitration;
  - (g) confirmation from the Arbitrator that an award can be issued within 15 days of the conclusion of the arbitration in accordance with the Regulations.
6. if Hayes and Teal are not able to agree on the Schedule then each is to file with the Court with its own form of Schedule by December 5, 2008 and the Court may either settle the form of the Schedule or require further submissions on the form of the Schedule;
  7. on or before 2:00 p.m. on December 1, 2008 Hayes shall advise Teal as to its position on any rates claimed by it in the Rate Disputes for the years 2005 to 2008;
  8. the application of Teal dated November 24, 2008 for security for costs in respect of existing or contemplated arbitration proceedings between Teal and Hayes is adjourned generally;
  9. approval as to form of this Order by counsel other than counsel for the Petitioners is dispensed with.

  
BURNYEAT, J.

BY THE COURT  
  
DISTRICT REGISTRAR

APPROVED AS TO FORM:

  
Counsel for the Petitioners

**Schedule "A"**

(List of Counsel)

<b>NAME OF COUNSEL</b>	<b>REPRESENTING</b>
Shelley C. Fitzpatrick and Scott R. Andersen	Teal Cedar Products Ltd.
Heather M. Ferris	The Monitor
E. Jane Milton Q.C. and Daniel Bennett	Western Forest Products Inc.