

Volume 2, Issue 6 - The LP Oriented Strand Board Mill

Introduction

We would take this opportunity to concentrate on the "other" half of the LP Swan Valley story, the manufacturing of Oriented Strand Board or OSB at our Swan Valley mill, located just east of Minitonas, Manitoba. The Forest Resource Division (FRD) is responsible for supplying wood fibre to the mill where it is manufactured into OSB. The flow diagram (see process diagram on page 2) takes us through the various stages of the manufacturing process.

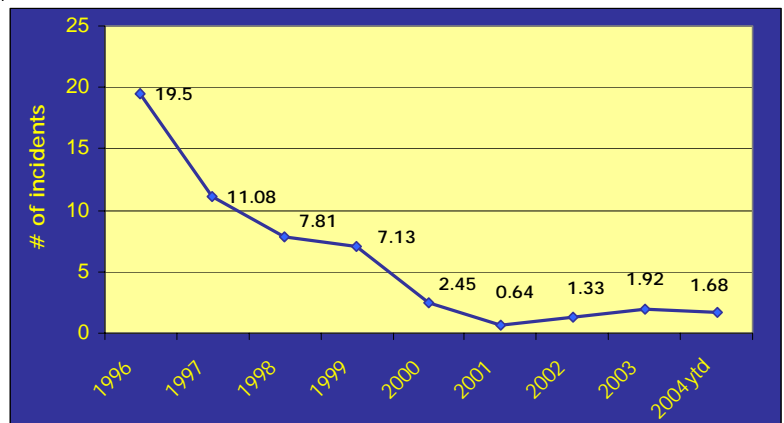
LP's first board was made in January of 1996. Since that time the Swan Valley OSB operation has developed into a world class operation in terms of Safety, Environmental Stewardship, Sustainability, Quality, and Operations Management.

The mill employs 141 salaried and hourly personnel. It produces 500 million square feet of OSB annually. To give some perspective, the mill produces enough board to build 82,822 average size homes each year! From the harvesting of trees through to conversion into OSB, LP applies state-of-the-art techniques to ensure the safety and health of our employees and the protection of air, water, and forest resources.



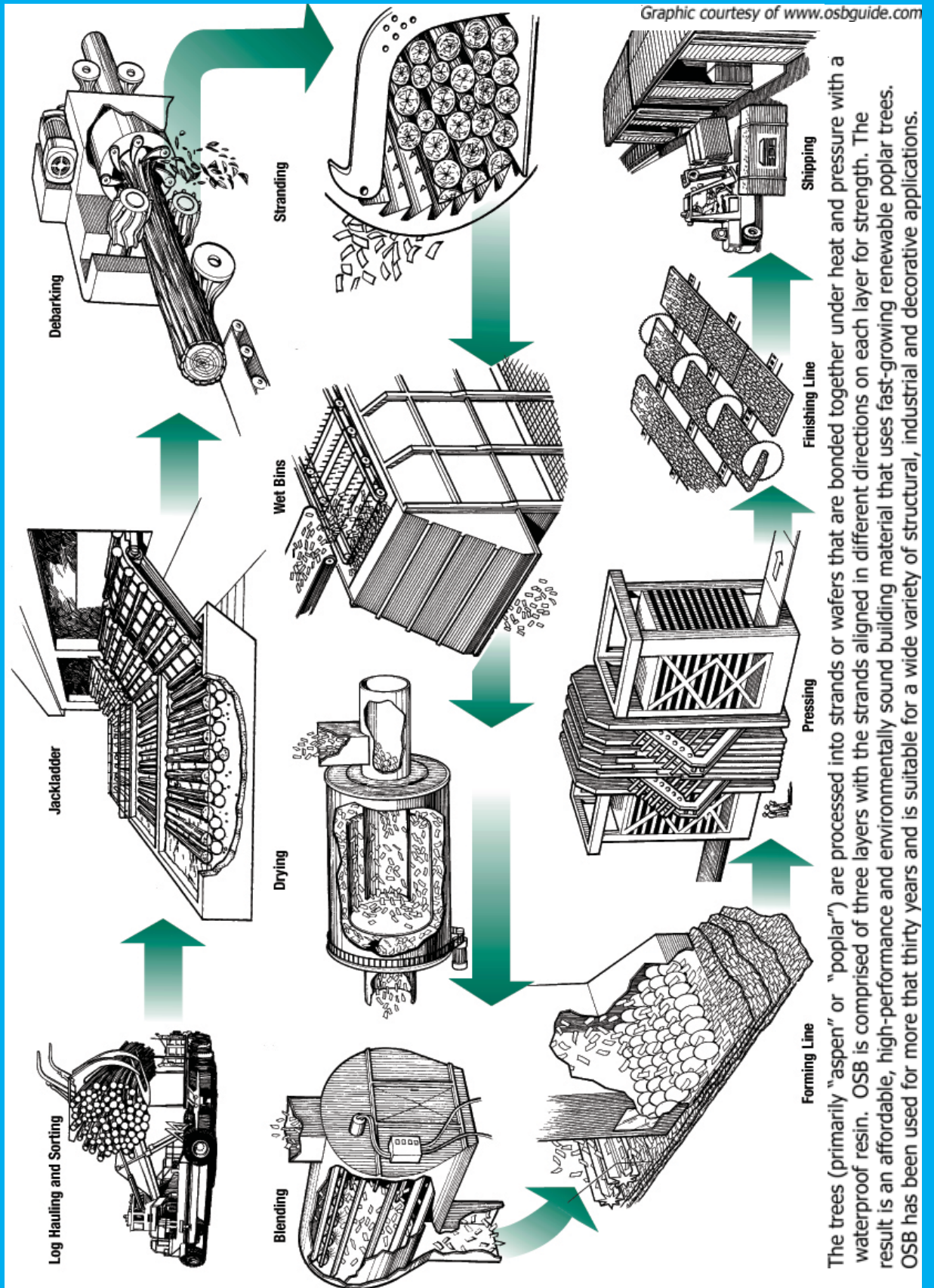
Safety

The first priority at LP Swan Valley is the safety and security of our employees. Each employee should expect to return to their families and friends at the end of each day in the same condition as when they left. Reducing injuries requires constant reinforcement of safe work practices until it becomes a routine part of daily life. Safety must never be an after-thought; rather it plays into our everyday lives and decision-making. LP and its employees have shown a remarkable improvement in reducing workplace injuries. We are now recognized as leaders in safe work practices in the industry. The following graph illustrates the improvement in our safety performance from mill startup to the present day. An excellent and astonishing nine-year record, but we cannot be satisfied until we reach zero injuries. This goal is achievable if we stay on our current path and maintain emphasis on what is really important...going home safe to our families.



Annual number of safety incidents per 200,000 person hours from 1996 to present.

OSB Manufacturing Process



Environmental Stewardship

From day 1, the plant established an environmental management system (EMS) to ensure the protection of the environment and compliance with Corporate Environmental Policy, Provincial Environmental Regulations, and the mill's Environmental Operating Licence.

Protecting the Air

The Swan Valley OSB facility operates the most advanced pollution control equipment of any OSB mill in Canada, including four wet electrostatic precipitators combined with three regenerative thermal oxidizers (RTOs). The precipitators remove the dust and other fine particulate from the emissions, and the thermal oxidizers destroy any remaining particles and volatile organics. These and other pollution control measures ensure the emissions from the plant meet standards set by the province.

Protecting the Water

There is no effluent from the Swan Valley mill. The log yard, which stores raw wood on 65 acres, is clay-lined to protect the environment from natural phenols that can be leached from the wood by rainwater and snowmelt. All log yard runoff is contained in a 5-acre holding pond. Water from the pond is then used in the manufacturing of OSB.

To further ensure that ground water supplies are not being contaminated, the plant monitors seven ground water wells used solely for sampling. The wells are monitored on a semi-annual basis.

Community Relations

LP Swan Valley values the relationship with its neighbours. As such, we are an active participant on the Community Liaison Committee, a committee established to promote effective communication between the plant, provincial agencies, and representatives from local municipalities, interest groups, and concerned citizens.

Sustainable Development

Wet Fuel Burner Project

Recent developments at the mill demonstrate LP's commitment to a long-term viable and profitable operation in the Valley plus LP's commitment to sustainable development of the forest resource.

As of March 2004 the mill operates a new wet fuel burner energy system supplying heat to four new single-pass dryers that allow expanded drying capacity while eliminating its excess bark and white wood piles. The mill now operates as a closed loop facility where all raw material coming into the yard is effectively used in the manufacturing of OSB, either as furnish for the mats or as heat energy for the drying/pressing operation. This is the essence of sustainable development. Raw material is utilized to the fullest extent and waste is minimized.

The total cost of the project was \$26,000,000 but this cost is an investment in the future and demonstrates that LP intends to operate a first-class facility in the Valley for many years. Indeed, the Swan Valley OSB mill has become LP's flag ship facility leading the way in safety, environmental stewardship, quality, and manufacturing. Not bad for only 9 years of operation!

Policy on Protection of the Environment

Louisiana-Pacific Corporation strives to:

- Meet or surpass the requirements of environmental laws and regulations and to improve the environment.
- Manage natural resources in a responsible and sustainable manner.
- Be environmentally conscious stewards of the land.
- Meet, as verified by third-party audits, the principles recommended to foster multiple-use and the sustainability of world forest resources.
- Conserve non-renewable resources through efficient use and careful planning.
- Properly manage and minimize waste through pollution prevention programs.
- Fully account for environmental considerations in corporate planning, policies and decision-making.
- Continuously improve environmental programs.


Mark A. Suwyn
Chairman & CEO



Approved by LP's Board of Directors on May 4, 2002
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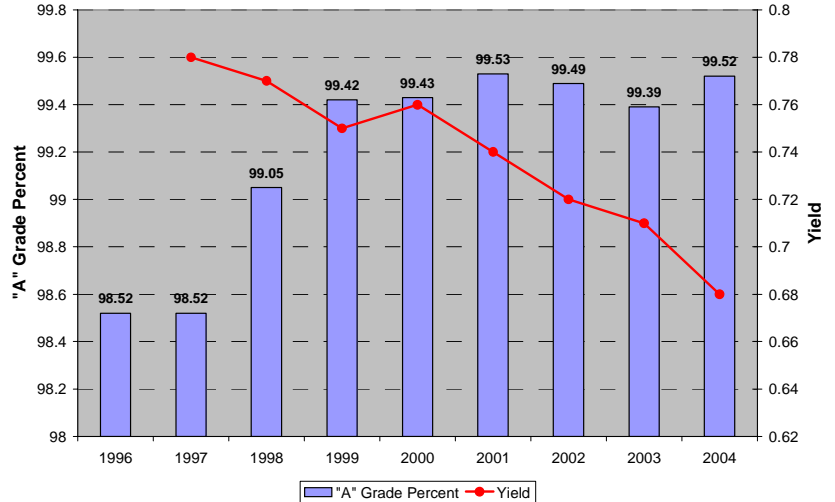


New dryers arriving on site (1) and various stages of wet fuel burner construction (2-4).

Quality and Yield Improvements

Manufacturing quality products, maximizing the use of raw materials and sustainability all go hand-in-hand. The plant has made tremendous advances in manufacturing "A" grade quality panels while utilizing more raw white wood material in our board (Yield). The graph shows the improvements from mill startup. Ensuring the quality of our products, maximizing the use of raw materials and minimizing waste makes the Swan Valley mill a sustainable operation.

LP Swan Valley Annual "A" Grade and Yield Past to Present



The Future of Swan Valley OSB

A key rationale for the wet fuel burner and single-pass dryer project was the forward thinking that our mill will grow and expand to remain competitive in the OSB industry. Planned developments include a complete re-build of the press and major improvements to the forming line to take advantage of the expansion potential provided by the increased dryer output. The Swan Valley OSB mill will continue to grow and develop in the Valley for many years to come.

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