

ELBOW LAKE TIMBER SALE

NOTICE OF SALE

Department of Natural Resources & Conservation Timber Sale

The Elbow Lake Timber Sale is located within Section 20, T15N-R14W, on the State's Clearwater Unit. Approximately 5,366 tons of sawlogs consisting primarily of ponderosa pine, and Douglas-fir sawlogs are offered for sale.

Sealed bids will be opened at the Department of Natural Resources & Conservation, 2705 Spurgin Road, Missoula, Montana on **January 9, 2012 at 2:00 p.m.** Bids may be hand delivered or mailed and will be accepted any time prior to the bid opening. **DNRC recommends that bidders contact the Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received.** Bids must be accompanied by a deposit of **\$3,226.00** representing 5% of the minimum bid of the sale in cashier's check, certified check, bank money order or bank draft to be applied to the stumpage for the successful bidder. Bid bonds will be accepted and, for the successful bidder, will be closed upon execution of the Timber Sale Contract and Timber Sale Bond.

The sale will be awarded to the highest responsible bidder. **Award of the timber sale is conditional upon approval of the timber sale by the State Board of Land Commissioners at their December 19, 2011 meeting.** If the successful bidder is unable to execute the contract within **30** calendar days from the date the sale is awarded, the bid deposit will be retained by the Department as liquidated damages. The right is reserved to reject any or all bids.

Prospective bidders can obtain the sale prospectus, sale contract and bid forms from the Department of Natural Resources & Conservation, Trust Land Management Division, in Missoula (406-542-4300), the Southwestern Land Office, in Missoula (406-542-4200), or the Clearwater Unit office in Greenough, MT. (406-244-2381).

Visit our website at <http://www.dnrc.mt.gov/trust/timber/bids.asp> for upcoming timber sales and bid results.

/s/ SARAH LYNGHOLM, Acting Chief
Forest Management Bureau
Trust Land Management Division

Publication Dates: December 14, 21, 28, 2011 January 4, 2012

TIMBER SALE PROSPECTUS
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

| | | | |
|---|--------------|--------------------------|----------------------|
| Timber Sale Name: Elbow Lake | | | |
| Timber Sale Location: 2.5 Miles north of Route 200 on Route 83, Sec. 20, T15N-R14W | | | |
| For specific sale information, contact: Dave Poukish | | | |
| Phone | 406-244-2381 | Clearwater | Unit Office |
| For copies of the Timber Sale Contract and bid forms, contact: | | | |
| Phone | 406-542-4300 | Forest Management Bureau | DNRC Missoula Office |
| Phone | 406-542-4200 | Southwest | Land Office |

General Bidding Information

1. Bids must be submitted on standard Department of Natural Resources & Conservation (Dept) bid forms.
2. Timber will be sold to the highest responsible bidder; however, the Dept reserves the right to reject any or all bids. **Award of the timber sale is conditional upon approval of the timber sale by the State Board of Land Commissioners at their December 19, 2011 meeting.**
3. The Dept recommends that bidders contact the Forest Management Bureau, Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received.
4. A **Bid Guarantee** must accompany all bids and must be in the form of cash, cashiers check, certified check, money order, bank draft, surety bond or irrevocable letter of credit.
5. The Purchaser must submit a **Performance Bond** to the Dept within a maximum of **30** days of notification of sale award. The bond amount will be, at a minimum, **15%** of the total bid value of the sale. The performance bond may be in the form of cash, irrevocable letter of credit, surety bond or certificate of deposit. The performance bond must be maintained separately from other payments for the duration of the sale contract. See the Timber Sale Contract for additional information.
6. The Purchaser must submit an **Advance Stumpage Payment** prior to cutting any timber. The amount of the advance stumpage payment will be based on the expected harvest rate and the bid value of the stumpage. The advance stumpage payment may be in the form of cash, irrevocable letter of credit, payment bond or certificate of deposit.
7. At rates specified in the Contract, the Purchaser will pay **Forest Improvement Fees** on all sawlog volume. All applicable **Road Use and/or Maintenance fees** will also be paid by the Purchaser in addition to stumpage payments.
8. This sale is being sold based on the gross weight of all species. Minimum price and bid price are on a per ton basis. Unless specified, the price applies to all species, green and dead. Price may vary by product. Billing will be based on gross weight. A weight ticket from a certified scale is required for each load hauled, regardless of product type.
9. The Dept has estimated the net scale merchantable sawlog volume to be available for purchase under this contract. Other products may be part of this sale. All delivered wood will be weighed and billed at per ton bid rates. The Dept recognizes that a percentage of delivered wood may not meet the log manufacturing and recovery standards of the timber sale contract. The actual percentage will vary based on the log manufacturing and recovery specifications of the purchaser and tree conditions in the sale area. The actual delivered weight may vary, resulting in an overrun or under-run of the estimated tonnage. The Dept strongly recommends that bidders evaluate these effects before bidding.
10. The Dept does not conduct detailed road appraisals. All appraised costs are gross estimates or averages, provided only to show the relative amount of work required, and not the true market value. The Dept strongly recommends that bidders make their own estimates based on contract requirements. Cost estimates provided are not guaranteed.
11. Bidders are encouraged to examine the complete Timber Sale Package and Sale Area prior to bidding. Additional information is available at the phone numbers shown above.
12. Estimates for sale volume, species percents, defect, product class, etc. provided in this prospectus and volume estimates listed in the sale contract are not guaranteed.
13. This prospectus is provided for information purposes only. If the prospectus is in error or contradicts the Timber Sale Contract, the contract governs.

Additional Sale Information:

1. **OPEN ROADS:** Roads used for this timber sale are also used to access approximately 30 cabin sites. The Purchaser will be required to contact the Forest Officer prior to initiating operations (advance warning for cabin site owners) and conduct work in a manner that will maintain reasonable access to the cabin sites. In addition, the Purchaser will be required to post warning signs during active sale operations. Landings, log deck location and size must be approved by the Forest Officer prior to use.
2. **SCARIFICATION AND GRID ROLLING:** Scarification and grid rolling the road prisms is required on existing roads identified as "Road Upgrades" in Attachment A-1. Scarification and Grid rolling is required on the total length of each road.
3. **OPERATING SEASONS:** Harvest operations are limited to the winter season (December 1 – March 1) to minimize conflicts with cabin site lessees. Road construction activities are limited to dry, non-frozen conditions. All road work is to be completed by October 20, 2012.
4. **TREE MARKING:** Sawlog sized trees are "leave tree" marked in yellow paint. Trees, both live and dead, marked to leave or otherwise described to leave are reserved from cutting.
5. **REMOVAL OF DEAD TREES NEAR TO ROADS:** The Purchaser will be required to cut and remove all dead "sawlog" and "other material" within 100 feet (both sides) of access roads within the cutting unit, unless marked to leave.
6. **HIGH RISK SLASH REDUCTION REQUIREMENTS:** On those portions of the cutting unit boundary within 1,000' of a residential structure used for human habitation, the Purchaser shall be required to remove all slash within 100' of the boundary. Work must be done within 60 day of slash creation or by May 1st for winter logging.
7. **BLUE STAIN SAWLOG VOLUME:** Blue stained sawlogs will be a separate bid item. These trees were hit by bark beetles during the summer of 2011. Forest Improvement fees of \$5.32 per ton will be assessed on all sawlog volume (both green and blue).

Timber Sale Information Sheet
Montana Department of Natural Resources and Conservation

ELBOW LAKE TS

| TIMBER SALE NAME | | | | | | | | | | |
|---|--|-------------------|--------------------|----|----|----|----|----|----------|-------------------|
| Timber Sale Cruise Data | | | | | | | | | | |
| SPECIES | PP (live/green) | PP (blue) | DF | LP | ES | WF | CE | WP | Dead/Dry | TOTAL or AVE |
| Minimum Bid | \$13.51/ton | \$6.75/ton | \$13.51/ton | | | | | | | |
| Pounds per cubic foot | 56 | 56 | 56 | | | | | | | |
| Estimated tons of sawlogs (5.6" top DIB) | 2,209 | | 1,979 | | | | | | | 4,188 tons |
| Estimated tons of sawlogs (7.6" top DIB) | | 1,178 | | | | | | | | 1,178 tons |
| Total Estimated Tons (5.6 and 7.6" top) | | | | | | | | | | 5,366 tons |
| Gross MBF | 487 | 254 | 463 | | | | | | | 1,204 MBF |
| % Cull and Breakage | 23 | 25.2 | 28 | | | | | | | 24.3% |
| Net MBF | 377 | 200 | 334 | | | | | | | 911 MBF |
| Average logs per MBF | 22.6 | 22.6 | 23.2 | | | | | | | 22.9 logs/M |
| Average DBH | 12.6 | 12.6 | 14.5 | | | | | | | 13.2 in. |
| Average tons per acre harvested in leave-tree marked units | | | | | | | | | | 55 tons/ac |
| Average tons per acre harvested in cut-tree-marked units | | | | | | | | | | 0 tons/ac |
| Average MBF to cut per acre on the timber sale | | | | | | | | | | 9.3 MBF/ac |
| Average cut trees per acre based on unit cruise | | | | | | | | | | 81 |
| Calculated Sampling Error: Total cruised volume will fall between | 829 and 993 Net MBF in 9 out of 10 cruises | | | | | | | | | 11.5% |
| Tons Per Thousand Board Feet | | | | | | | | | | |
| Contract Value - Estimated tons hauled per thousand Scribner board feet | 5,366 estimated tons / 911 estimated Net MBF | | | | | | | | | 5.89 tons/MBF |

| Contract Information | |
|-----------------------------|--|
| Contract ending date | 7/1/2013 |
| Contract length | 18 months |
| Operating Season: | Harvesting: December 1 - March 1 Road Construction: June 1 - September 15 (Road pioneering work may be allowed in the winter) |

Timber Sale Information Sheet
Montana Department of Natural Resources and Conservation

ELBOW LAKE TS

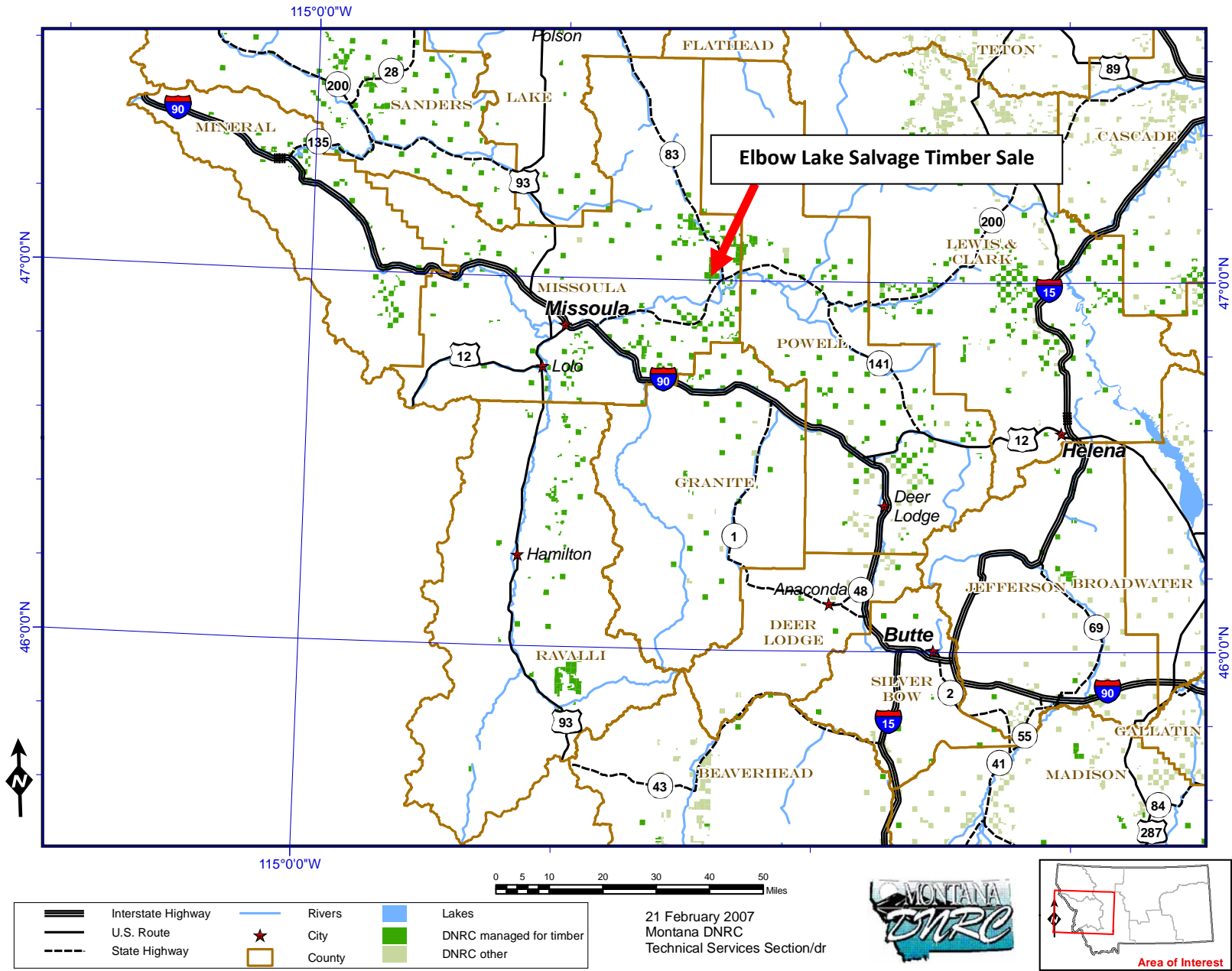
| Logging Information | |
|---|-----------|
| % of volume logged by clearcut or seed tree cut | 00% |
| % of volume logged with tractors | 100% |
| % of volume logged by ground lead (jammer) | 00% |
| % of volume logged by skyline | 00% |
| Yarding distance tractor (average) | 550 ft. |
| Yarding distance ground lead (average) | 0 ft. |
| Yarding distance skyline (average) | 0 ft. |
| Estimated haul distance (paved) Pyramid | 13 miles |
| Estimated haul distance (unpaved) | 1.0 miles |

| Purchaser fees and estimated costs | |
|--|------------------|
| Forest Improvement fee perMBF | \$31.31/MBF |
| Forest Improvement fee per ton | \$5.32/ton |
| Forest Improvement fee estimated total | \$28,547.12 |
| Forest Improvement fee quarterly installment | \$4,757.85 |
| Estimated Purchaser-do FI total \$ | \$0 |
| Estimated Purchaser-do FI per ton | \$0.00/ton |
| Estimated Purchaser-do slash disposal work total | \$0.00 |
| Estimated Purchaser-do slash disposal work per ton | \$0.00/ton |
| Bid Guarantee (total \$) | \$3,225.68 |
| Performance Bond (total \$) | 15% of bid value |

| Road development and maintenance fees and estimates | |
|--|-------------|
| Estimated road development cost total | \$11,468 |
| Estimated road development cost per ton | \$2.74/ton |
| Estimated road development cost perMBF | \$12.60/MBF |
| Estimated Purchaser-do road maintenance cost total | \$1,000 |
| Estimated Purchaser-do road maintenance cost per ton | \$0.19/ton |
| Private road maintenance charges per ton | \$0.00/ton |
| USFS road maintenance charges per ton | \$0.00/ton |
| Miles of road construction | 0.3 miles |
| Miles of road reconstruction | 0.7 miles |
| Miles of road with site improvements | 0.0 miles |
| Miles of road reclamation or abandonment | 0.2 miles |
| Miles of road maintenance and blading | 1.0 miles |

| Unit harvest volume | | | | |
|----------------------------|--------|------------|---------|---------------|
| Unit # | Acres | Est Tons | Est MBF | Harvest date |
| 1 | 97 | 5,366 | 911 | March 1, 2013 |
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| | | | | |
| | 97 Ac. | 5,366 tons | 911 MBF | |

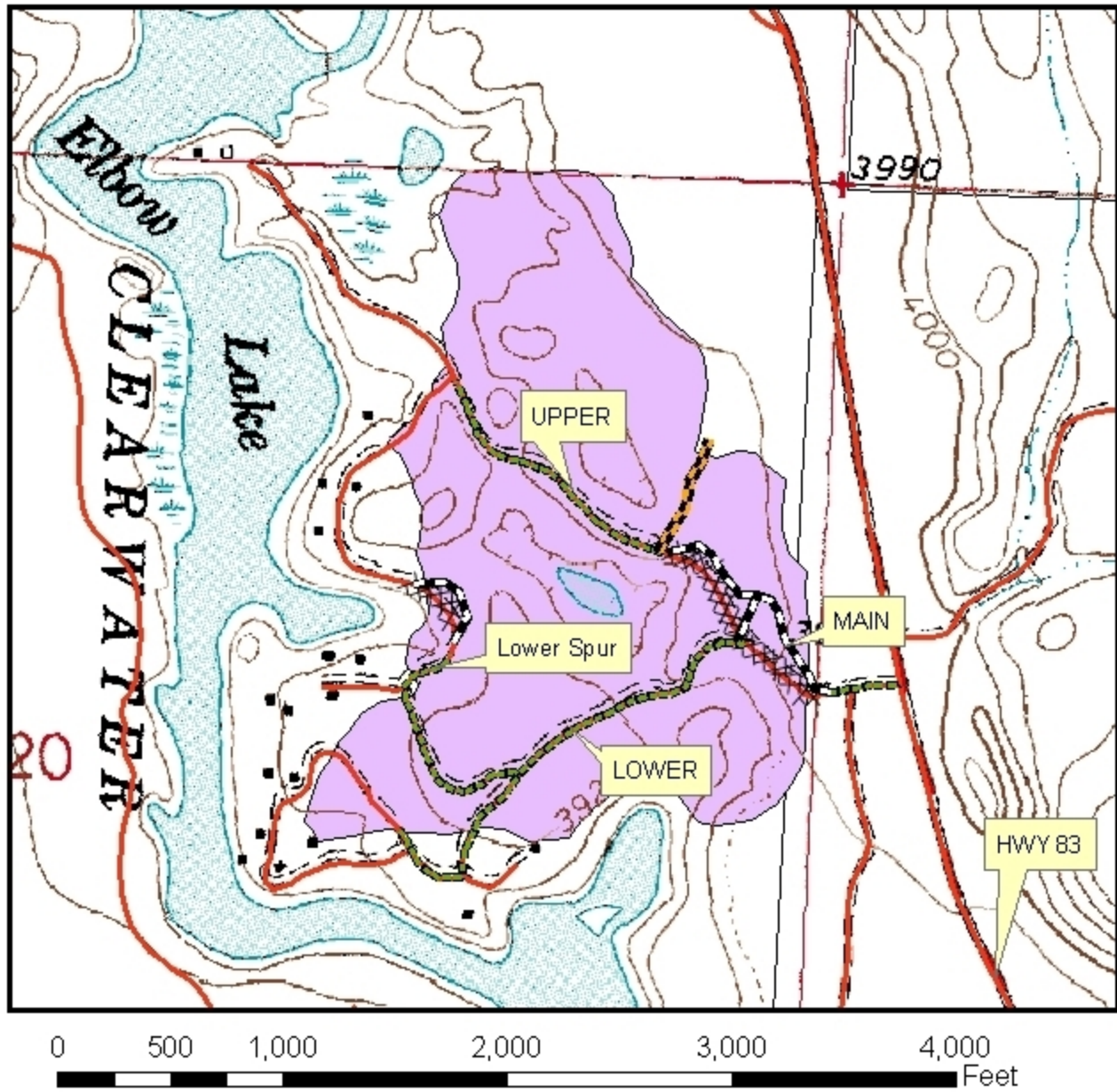
Elbow Lake Salvage Timber Sale Vicinity Map





Elbow Lake
Sec 20 T15N R14W
DNRC-CLEARWATER UNIT

Attachment A-1



Unit 1 : Leave all trees with a horizontal yellow stripe painted around the bole of the tree and/or a yellow "W" painted on the tree. Leave all boundary trees unless other wise noted by the forest officer.
SMZ: There are no trees marked to cut in the SMZ. The SMZ is identified by Orange SMZ ribbon and orange 3 dots.

