

NOTICE OF SALE

Department of Natural Resources & Conservation Timber Sale

The Schoolhouse Contract Harvest Timber Sale is located within Section 32, T31N-R33W, on the State's Libby Unit. Approximately 8,191 tons of sawlogs consisting primarily of Douglas-fir, western larch, and white fir sawlogs and 1,600 tons of non-sawlogs, is offered for sale. **Bidders will bid on only the delivered logs. Bidders may submit bids for one or more of the products on the bid sheet and award will be made to the highest total value combination of sorts.**

Sealed bids will be opened at the Department of Natural Resources & Conservation, 2705 Spurgin Road, Missoula, Montana on **September 6, 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 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 Log Contract and Payment Security.

The sale will be awarded to the highest responsible bidder. If the successful bidder is unable to execute the contract within **21** 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 Northwest Land Office, in Kalispell (406-751-2257), or the Unit Office in Libby, MT (406-293-2711).

Visit our website at <http://dnrc.mt.gov/Trust/Timber/Bids.asp> for upcoming sales and bid results

/s/ Sonya Germann, Chief
Forest Management Bureau
Trust Land Mgmt Division

Publication Dates: August 8, 15, 22, 29, 2012

DELIVERED LOG PROSPECTUS
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Timber Sale Name: SCHOOLHOUSE DELIVERED LOGS			
Timber Sale Location: Section 32, T31N-R33W			
For specific sale information, contact:			
Phone	406-293-2711	Dave Marsh	Libby Unit Office
Phone	406-542-4276	Sarah Lyngholm	Forest Management Bureau
For copies of the Log Purchase Contract and bid forms, contact:			
Phone	406-542-4300	Forest Management Bureau	DNRC Missoula Office
Phone	406-751-2257	Bill Pursell	Northwestern 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. Up to five (5) physical log sorts, including non-sawlog will be evaluated in the award of delivered logs to log purchasers
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 **Payment Security** to the Dept within a maximum of 21 days of notification of sale award. The security amount will be, at a minimum, 10% of the total bid value of the sale. The payment security may be in the form of cash, irrevocable letter of credit, surety bond or certificate of deposit. See the Log Purchase Contract for additional information.
6. 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.
7. 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 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. See Log Purchase Contract for additional information.
8. Bidders are encouraged to examine the complete Delivered Log Sale and Purchase Contract prior to bidding. Additional information is available at the phone numbers shown above.
9. 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.
10. 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. This delivered log sale is offered under DNRC's Contract Harvesting Authority. DNRC will contract with firms for the harvest and transportation of these forest products to delivery point(s) specified by the Purchaser.
2. Bidders may submit bids for one or more of the Products on the Bid Sheet.
3. Bidders must include with bids: destination, current log manufacturing and log quality specifications to which logs would be manufactured for each sort under this agreement. Manufacturing specifications must include an acceptable length of 10'6" or less for purposes of utilization. Bids will be rejected without this information.
4. Log delivery will be completed prior to the contract termination date of January 30, 2013.
5. The successful bidder will be determined by highest total value. Highest total value for each Product will be determined by subtracting estimated haul cost from the delivered log bid price, multiplied by total volume of that Product.
6. The haul cost formula ($C = \$3.00/\text{ton} + 0.10 \times \text{highway miles}$) will be used to calculate the net delivered bid price, with mileage from 4 miles south of US Highway 2, to the indicated destination of each Product.
7. The designated haul route is via the Falls Creek, and South Falls Creek road system, as well as the Brown Access Road and Schoolhouse Lake Road system to Highway 56.

The following chart shows the estimated highway mileage to various mill sites:

<u>Company</u>	<u>Mill Site</u>	<u>Mileage</u>
Idaho Forest Group	Moyie Springs, ID	32
Fodge Pulp Inc.	Bonnors Ferry, ID	40
Plum Creek	Columbia Falls	123
Stoltze	Columbia Falls	122
TRL	Thompson Falls	81
Tricon	St. Regis	134

Prospective bidders may provide a destination for logs delivered to a site other than listed in the above chart. Mileage will be calculated by DNRC for those destinations.

8. The Schoolhouse Delivered Log Sale resides outside any established Environmental Protection Agency (EPA) operating units within the Libby super fund area. However, recent studies have revealed that traces of the Libby Amphibole Asbestos (LA) may exist in the soil, duff and tree bark in areas outside of the operating units. Although DNRC has done no testing and has no knowledge of any contamination in the sale area, the DNRC is disclosing that trace contamination LA has been found outside the EPA's designated operating areas.

Timber Sale Information Sheet
Montana Department of Natural Resources and Conservation

Schoolhouse Timber Sale									
Delivered Log Sale Cruise Data									
SPECIES	PP	DF/WL	ES/LP	WF	WP	CE			TOTAL or AVE
Pounds per cubic foot	62	60	56	60	60	44			58.8
Total estimated tons sawlogs (5.6" top DIB)	140	3,745	1,821	2,290	17	179			8,191 tons
Estimated tons of other material (pulp, etc)									1,600 tons
Gross MBF (Scribner 5.6" top DIB)	20	813	357	749	8	52			2,006 MBF
% Cull and Breakage	5	19.9	15.6	50.4	70	24			31.4%
Net MBF (5.6" top DIB)	19	646	302	367	3	40			1,376 MBF
Average logs per MBF	28	18	23.3	32.8	85.8	17.2			23.4 logs/M
Average DBH	12	14	11	12	11.6	16.8			12.3 in.
Conversion Factor (tons / MBF)	7.42	5.84	6.05	6.32	6.79	4.51			5.96
Average tons per acre harvested in leave-tree marked units									94 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									15.8 MBF/ac
Average cut trees per acre based on unit cruise									173
Calculated Sampling Error: Total cruised volume will fall between	1,077 and 1,674 Net MBF in 9 out of 10 cruises								21.7%
Tons Per Thousand Board Feet									
Contract Value - Estimated tons hauled per thousand Scribner board feet	8,191 estimated tons to a 5.6 inch top / 1,376 Net MBF Scribner to a 5.6 inch top DIB								5.95 tons/MBF

Contract Information		
Contract ending date	1/30/2013	
Contract length	5 Months	

Purchaser fees and estimated costs	
Forest Improvement fee perMBF	\$25.13/MBF
Forest Improvement fee per ton	\$4.22/ton
Payment Security	10% of sale value

Timber Sale Information Sheet
Montana Department of Natural Resources and Conservation

Schoolhouse: VOLUME ESTIMATES BY SORT				
Species	Top Size (DIB)	Estimated volume (tons)	minimum price	
white fir	5.6" +	2290	\$ 35.00	/ton
Douglas-fir/western larch	10" +	2996	\$ 40.00	/ton
Douglas-fir/western larch	5.6" - 10"	749	\$ 30.00	/ton
Engelmann spruce / lodgepole	10" +	1092	\$ 40.00	/ton
Engelmann spruce / lodgepole	5.6" - 10"	728	\$ 30.00	/ton
ponderosa pine	5.6" +	140	\$ 30.00	/ton
red cedar	5.6" +	179	\$ 30.00	/ton
white pine	5.6" +	17	\$ 30.00	/ton
Non-sawlog - mixed species	2.5" +	1600	\$ 28.00	/ton