

NOTICE OF SALE

Department of Natural Resources & Conservation Timber Sale

The Three Creeks #2 Timber Sale is located within Sections 1, 2, 3, 4, 9, 10, 14, 15, & 16, T24N-R17W, on the State's Swan River State Forest. Approximately 36,071 tons of sawlogs, consisting primarily of Douglas-fir, western larch, white fir and cedar is offered for sale.

Sealed bids will be opened at the Department of Natural Resources & Conservation, 2705 Spurgin Road, Missoula, Montana on **April 11, 2008 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 **\$33,823.00**, 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. If the successful bidder is unable to execute the contract within 45 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 Northwestern Land Office in Kalispell (406-751-2240), or the Swan River State Forest Office in Swan Lake, MT (406-754-2301).

Visit our website at <http://www.dnrc.mt.gov> Online Services for upcoming sales and bid results

/s/ David A. Groeschl, Chief
Forest Management Bureau
Trust Land Mgmt Division

Publication Dates: March 13, 20, 27, April 3, 2008

TIMBER SALE PROSPECTUS
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Timber Sale Name: Three Creeks 2			
Timber Sale Location: Sections 1, 2, 3, 4, 9, 10, 14, 15, & 16, T24N-R17W			
For specific sale information, contact: Karen Jorgenson			
Phone	406-754-2301	Swan Unit Office	
For copies of the Timber Sale Contract and bid forms, contact:			
Phone	406-542-4300	Forest Management Bureau	DNRC Missoula Office
Phone	406-751-2240	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.
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 45 days of notification of sale award. The bond amount will be, at a minimum, 20% 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.
14. Other Products – The State is willing to consider the sale of Other Products as a part of this sale. The successful bidder should contact the Forest Officer for this sale or the Forest Management Bureau at (406-542-4209). Other products are defined as pulp, post & pole material, or other non-sawlog products.
15. Biomass – The State is willing to consider the sale of biomass material as a part of this sale. The successful bidder should contact the Forest Officer for this sale or the Forest Management Bureau at (406-542-4209). Biomass is defined as material that is generated by grinding logging slash

TABLE 1: Summary of Sale Specifications

Sale Data			
649	Net Sale Area (acres)	2.9	Miles of new road construction
March 31, 2010	Contract ending date	10.4	Miles of road renovation
28%	Cable logging required (% of volume)	1.2	Miles of road obliteration
35%	Helicopter logging (optional)	16.9	Miles of road maintenance blading
Operating Season: Variable by unit, see Contract			
Charges and Appraised Costs			
\$33,823.00	Bid Guarantee (total \$)		
20% of bid value	Performance Bond		
\$ N/A	Collected Road Maintenance And Road Use Charges (\$ per ton)		
\$ 4.81	Collected Forest Improvement Fee (\$ per ton)		
\$ 28,916.92	Quarterly Installment of Forest Improvement Payments (\$ per payment, first 5 payments)		
\$ 378,076.76	Road Development Costs - Appraised Purchaser-Do (total \$)		
\$ 0.30	Road Maintenance Costs - Appraised Purchaser-Do (\$ per ton)		
\$ 0.66	Slash Disposal Costs - Appraised Purchaser-Do (\$ per ton)		
\$ 0.00	Timber Stand Improvement Costs - Appraised Purchaser-Do (\$ per ton)		

TABLE 2: Timber Cruise Data and Minimum Bids

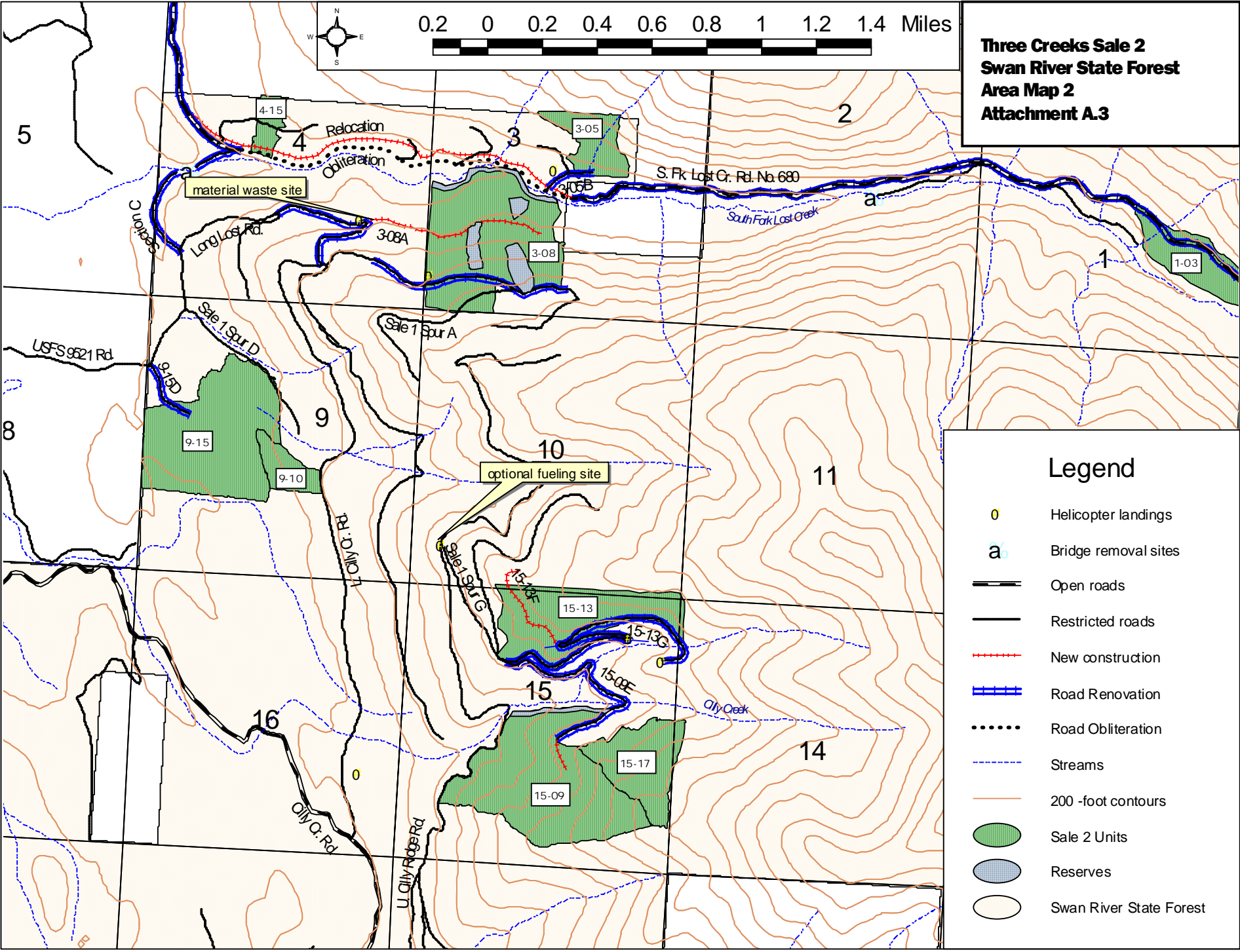
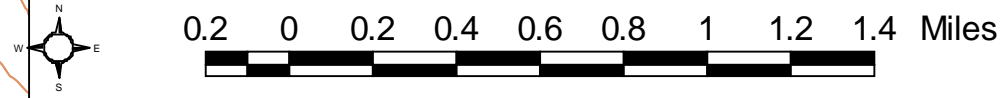
SPECIES	PP	DF	WL	LP	ES	GF	WRC	WP	Dead/ Dry	TOTAL or AVE
Minimum Acceptable Bid										\$18.75/ton
Pounds per cubic foot	62	62	58	56	57	58	44	60	40	
Contract Tons	27	11,211	8,083	132	2,576	5,568	4,382	610	3,482	36,071
Gross MBF (Scribner 6" top DIB)	3	2,619	2,165	18	532	2,447	1,477	138	1,353	10,752
%Cull and Breakage	15	35	25	25	20	60	45	23	38	41
Net MBF	3	1,703	1,624	13	426	805	813	106	868	6,361
Average logs per MBF	79	23	8	168	15	68	34	8	39	24
Average DBH	9	13	19	8	14	11	12	16	14	14
Average tons per acre harvested										54
Average MBF cut per acre on the timber sale										9.8
Range of cut trees per acre based on unit cruise										
Calculated Sampling Error (net MBF): 6.7 %										
The total cruised volume will fall between 5,932 and 6,787 thousand net board feet in 9 out of 10 cruises										
Tons Per Thousand Board Feet:										
<u>Timber character estimate-estimated tons Scribner per thousand board feet (5.6" top):</u>										
5.50 tons per MBF = 35,064 estimated tons to a 5.6" top ÷ 6,361 net MBF Scribner (5.6" top DIB).										
<u>Contract value-estimated tons hauled per thousand Scribner board feet (4.6" top ground and cable units, 5.6" top helicopter units):</u>										
5.67 tons per MBF = 36,071 estimated tons to a 4.6" or 5.6" top ÷ 6,361 net MBF Scribner (5.6" top DIB). This value is the timber sale contract conversion factor and will be used for calculating FI fees and for reporting DNRC harvest totals.										

TABLE 3: Unit Harvest Volume and Harvest Schedule					
Unit	Section	Acres	Estimated Tons	Estimated Net MBF	Removal Date
01-03	1	40 <i>(28 Ground, 12 Skyline)</i>	2,584	465	November 30, 2009
03-05	3	30 <i>(15 Ground, 15 Helicopter)</i>	1,596	270	November 1, 2009
03-08	3	115 <i>(Skyline)</i>	7,420	1,337	March 31, 2010
04-15	4	12 <i>(Ground)</i>	638	108	November 1, 2009
09-10	9	18 <i>(Skyline)</i>	1,164	210	March 31, 2010
09-15	9	123 <i>(Ground)</i>	6,544	1,108	March 31, 2010
15-09	15	142 <i>(30 Skyline, 112 Helicopter)</i>	7,162	1,280	March 31, 2010
15-13	15	83 <i>(25 Ground, 20 Skyline, 38 Helicopter)</i>	4,383	748	March 31, 2010
15-17	15	52 <i>(Helicopter)</i>	3,244	605	March 31, 2010
ROW	3, 4, 15	34	1,336	230	November 1, 2009
Total		649	36,071	6,361	

Additional Sale Information:

- Units or portions of units requiring helicopter logging are advertised as PURCHASER'S OPTION. All designated helicopter units and partial units may be deleted from the Timber Sale Contract by the successful Purchaser. This request must be in writing prior to March 31, 2009. Helicopter units contain an estimated sawlog volume of 12,141 tons or 2,163 MBF.
- The Purchaser must complete helicopter yarding by March 31, 2009, or notify the State prior to this date of their intent to exercise the option to delete the helicopter volume from the Contract. If the Purchaser elects to harvest all helicopter volume, then the Purchaser will have until March 31, 2010 to complete all helicopter logging, and all helicopter units and portions of units will be required to be harvested. If the purchaser does not complete the helicopter units or notify the state of their intentions by March 31, 2009, the State reserves the right to sell helicopter volume to other purchasers.
- The amount of the quarterly Forest Improvement fee collected may be adjusted by the State upon written notification from the Purchaser that they exercise the option of declining to harvest the designated helicopter volume. If notification is received immediately after award of the contract, the quarterly Forest Improvement fee would be \$19,183.88.
- Upon written notification to the State that Purchaser exercises the option of declining to harvest the designated helicopter volume, the Purchaser may request a reduction in the performance bond to 20% of the bid value of the remaining volume.
- Approximately 2.9 miles of new road construction, 10.4 miles of existing road renovation or reconstruction including CMP installation, maintenance, brushing with heavy ditch pulling and surface redefining is required. An additional 16.9 miles of existing road would receive maintenance or spot improvements, and 1.2 miles of obliteration and reclamation.
- A mobile rock crusher is required for sections of South Lost Creek Road reconstruction.

**Three Creeks Sale 2
Swan River State Forest
Area Map 2
Attachment A.3**

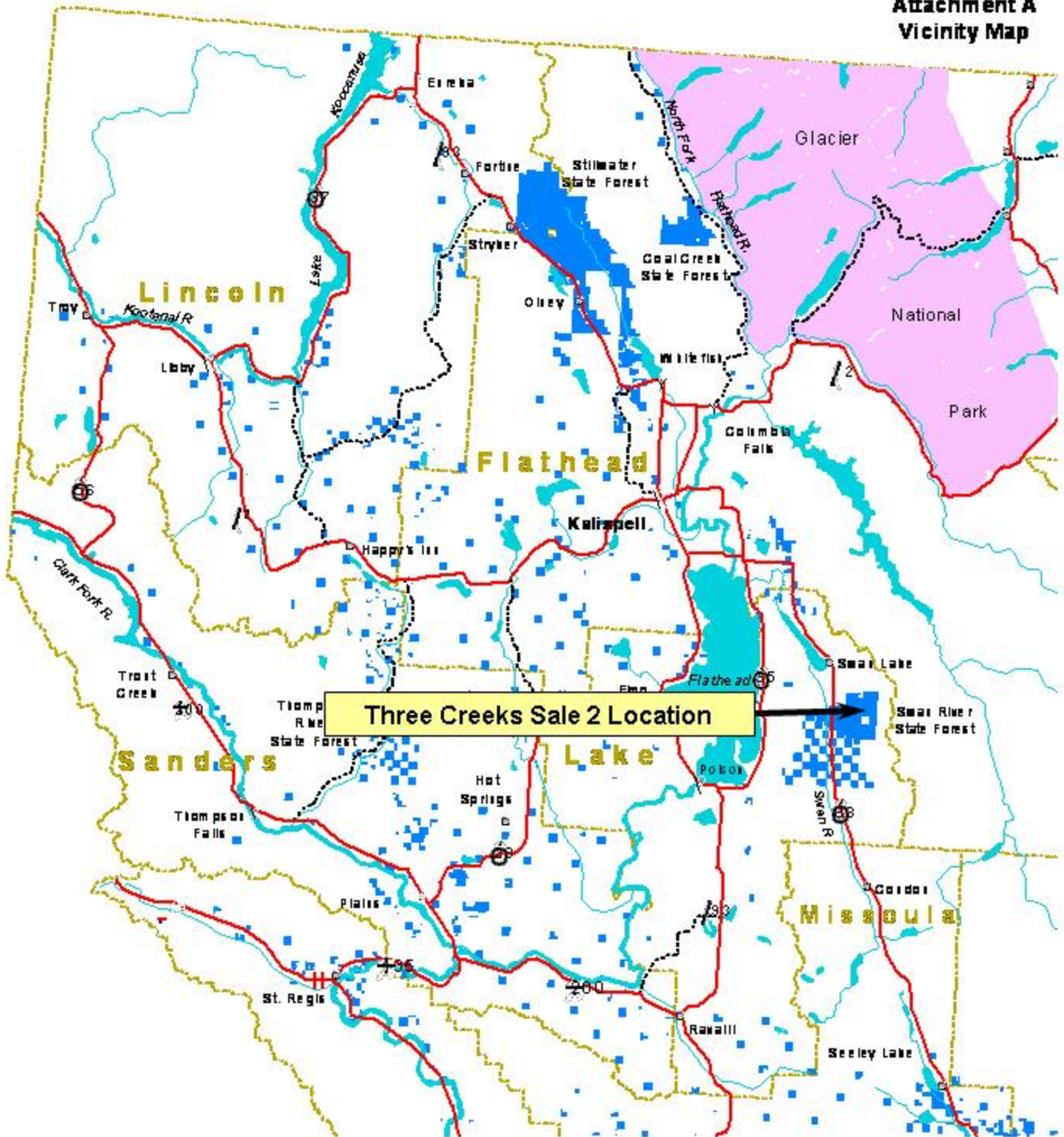


Legend

- Helicopter landings
- a** Bridge removal sites
- Open roads
- Restricted roads
- New construction
- Road Renovation
- Road Obliteration
- Streams
- 200 -foot contours
- Sale 2 Units
- Reserves
- Swan River State Forest

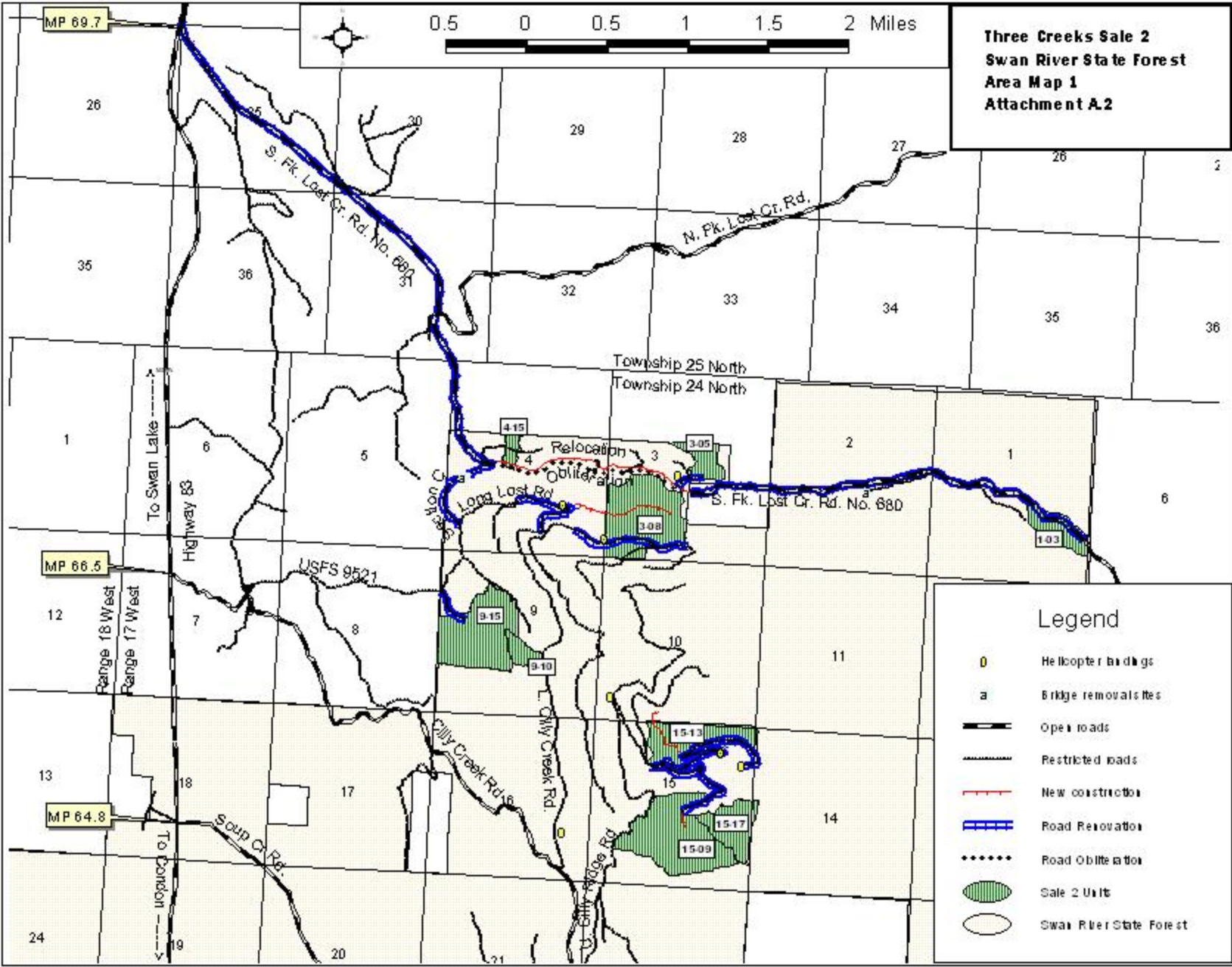
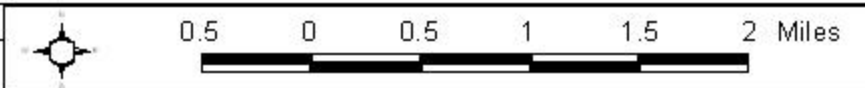
Three Creeks Sale 2

Attachment A Vicinity Map



- Highways
- Other Roads
- County line
- Lakes
- Streams
- State Land

**Three Creeks Sale 2
Swan River State Forest
Area Map 1
Attachment A.2**



Legend

- Helicopter landings
- a Bridge removal sites
- Open roads
- - - Restricted roads
- New construction
- ▨ Road Renovation
- Road Obliteration
- ▨ Sale 2 Unit
- Swan River State Forest