

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 **January 25, 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 **\$32,880.00**, 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: December 27, 2007 January 3, 10, & 17, 2008

TIMBER SALE PROSPECTUS
MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

| | | | |
|---|--------------|--------------------------|----------------------|
| Timber Sale Name: Three Creeks #2 | | | |
| Timber Sale Location: Sections 1, <u>2</u>, 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.
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 (406-542-4276). 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 (406-542-4276). 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) | 2.84 | Miles of new road construction |
| March 31, 2010 | Contract ending date | 10.44 | Miles of road renovation |
| 28% | Cable logging required (% of volume) - See unit 3-08 requirements. | 1.24 | Miles of road obliteration |
| 35% | Helicopter logging required - See unit 3-08 requirements. | 16.89 | Miles of road maintenance blading |
| Operating Season: Variable by unit, see Contract | | | |
| Charges and Appraised Costs | | | |
| \$32,880.00 | 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) | | |

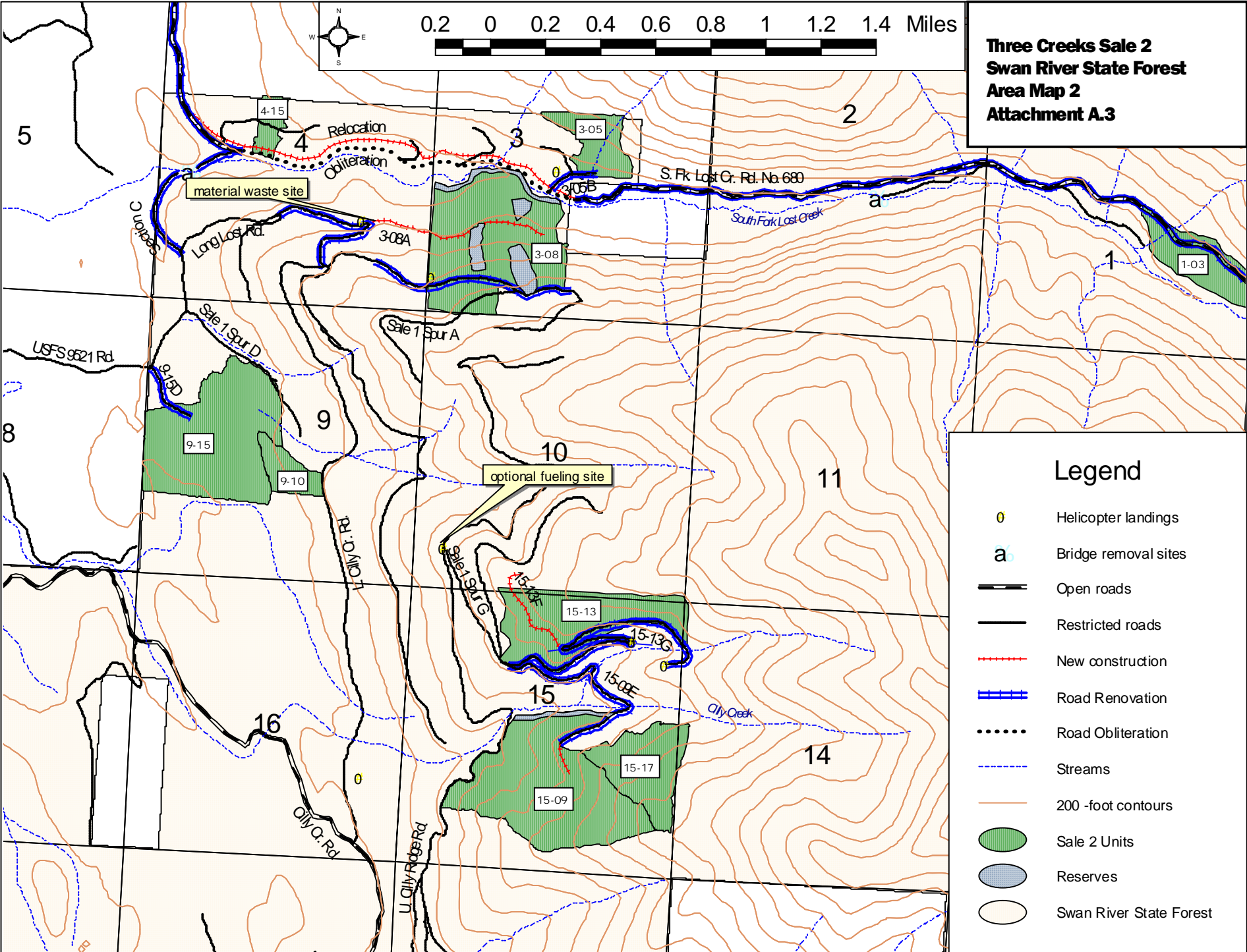
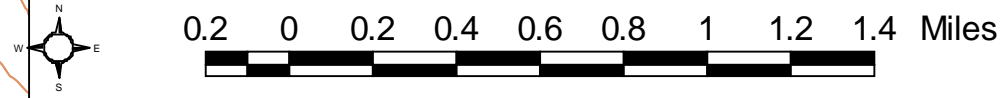
| TABLE 2: Timber Cruise Data and Minimum Bids | | | | | | | | | | |
|---|----|--------|-------|-----|-------|-------|-------|-----|--------------|--------------------|
| SPECIES | PP | DF | WL | LP | ES | GF | WRC | WP | Dead/ Dry | TOTAL or AVE |
| Minimum Acceptable Bid | | | | | | | | | | \$18.75/ton |
| 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>(25 Ground, 90 Skyline *)</i> | 7,420 | 1,337 | March 18, 2010 |
| 04-15 | 4 | 12 <i>(Ground)</i> | 638 | 108 | November 1, 2009 |
| 09-10 | 9 | 18 <i>(Skyline)</i> | 1,164 | 210 | March 18, 2010 |
| 09-15 | 9 | 123 <i>(Ground)</i> | 6,544 | 1,108 | March 18, 2010 |
| 15-09 | 15 | 142 <i>(30 Skyline, 112 Helicopter)</i> | 7,162 | 1,280 | March 18, 2010 |
| 15-13 | 15 | 83 <i>(25 Ground, 20 Skyline, 38 Helicopter)</i> | 4,383 | 748 | March 18, 2010 |
| 15-17 | 15 | 52 <i>(Helicopter)</i> | 3,244 | 605 | March 18, 2010 |
| ROW | 3,4,15 | 34 | 1,336 | 230 | November 1, 2009 |
| Total | | 649 | 36,071 | 6,361 | |

Additional Sale Information:

1. * Portions of Unit 03-08 may be cable yarded or helicopter yarded at Purchaser's option. If helicopter yarding is selected, Road 3-08A is not required to be built.
2. Approximately 2.84 miles of new road construction Approximately 10.4 miles of existing road renovation or reconstruction including CMP installation and maintenance, brushing with heavy ditch pulling and surface redefining. An additional 16.9 miles of existing road would receive maintenance or spot improvements, and 1.2 miles of obliteration and reclamation.
3. A mobile rock crusher is required for sections of South Lost Creek Road reconstruction.
4. Dead and Dying Species Breakdown:
 - a. Alpine fir – 19 MBF or 108 tons
 - b. Douglas-fir – 316 MBF or 1,271 tons
 - c. Engelmann spruce – 35 MBF or 132 tons
 - d. Grand fir – 53 MBF or 241 tons
 - e. Western red cedar – 18 MBF or 107 tons
 - f. Western larch – 158 MBF or 565 tons
 - g. Western white pine – 270 MBF or 1,059 tons

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

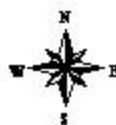
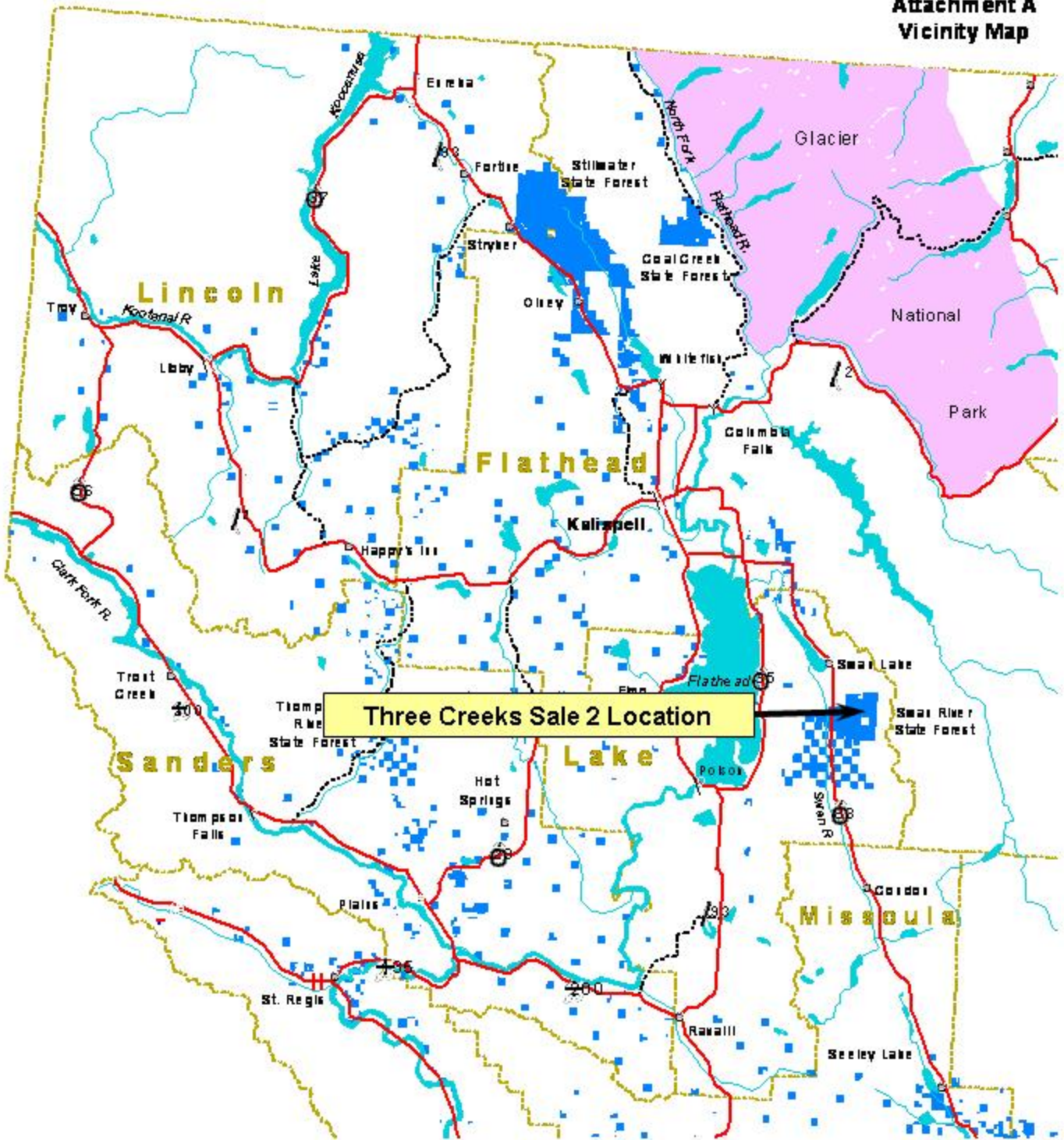


Legend

- 0 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

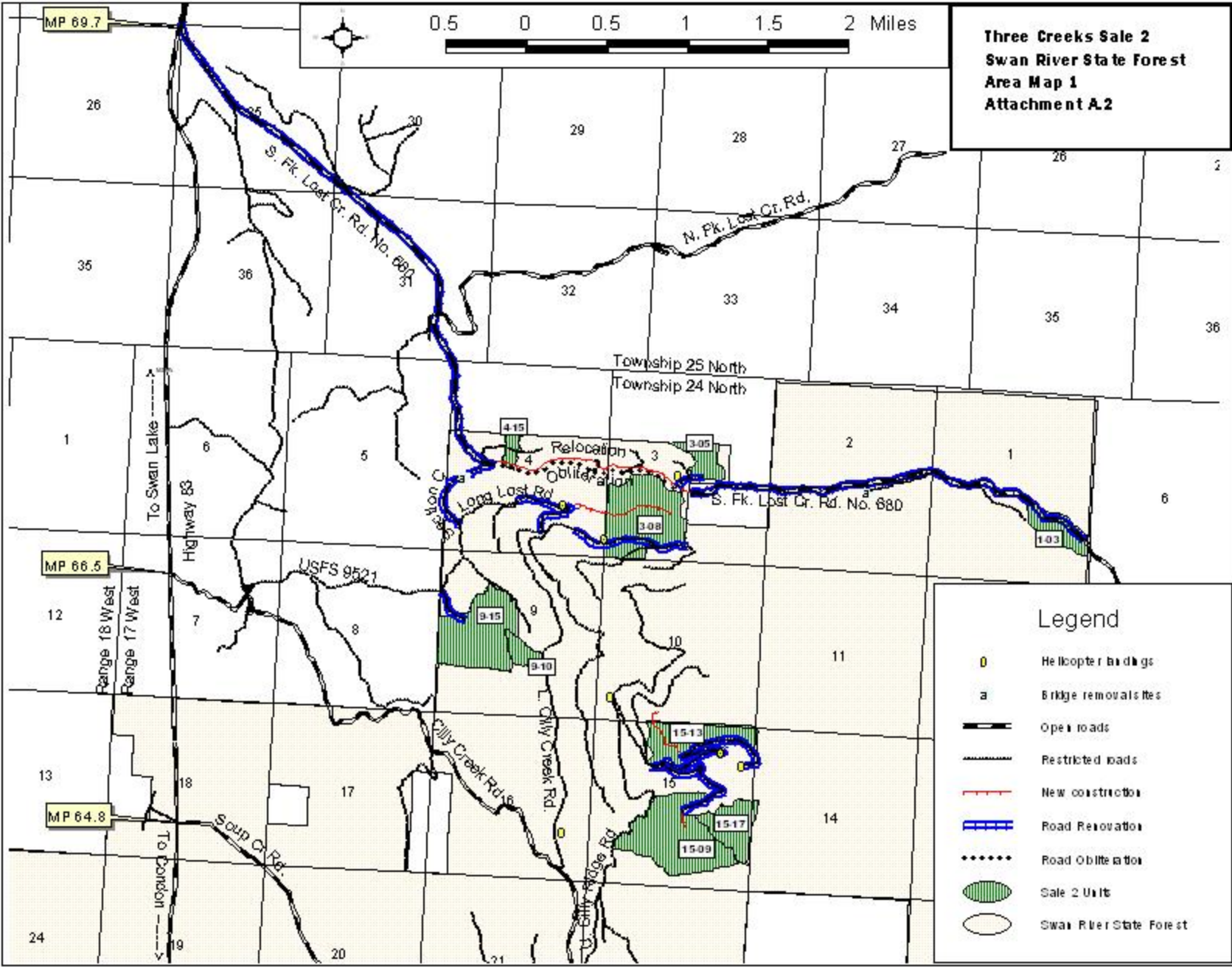
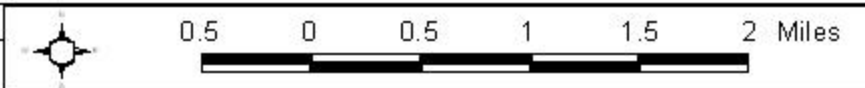
Three Creeks Sale 2

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

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