

STATE OF MONTANA - TIMBER PERMIT CONTRACT FOR STUMPAGE SOLD BY THE TON

Version – April 2019

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION 321 Main St. Miles City, Mt 59301	NAME, ADDRESS AND PHONE NUMBER OF PURCHASER: _____ _____	
	Tax I.D. Number _____	
LAND OFFICE Eastern Land Office	PERMIT NAME Knowlton Timber Permit	PERMIT NUMBER T17120
UNIT OFFICE	AWARD DATE _____	TERMINATION DATE December 30, 2026

THIS CONTRACT IS MADE AND ENTERED INTO by and between the State of Montana, acting through its Department of Natural Resources & Conservation, Trust Land Management Division (hereinafter called the State) and _____ (_____, a sole proprietorship; or _____, a partnership; or _____, Inc. a corporation) (hereinafter called Purchaser) having an office and principal place of business at the address shown above. Purchaser's bid on the timber described in this contract has been accepted by the State after having been estimated, appraised and awarded as required by law. Therefore, in consideration of the mutual promises contained in this agreement, the State agrees to sell and the Purchaser agrees to purchase the designated timber located on the areas described in this Contract at the specified rates of payment and in strict conformity with the requirements, standards, specifications and conditions set forth in this Contract.

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-ATTACHMENTS-			
The following attachments are hereby made a part of this contract:			
ATTACHMENT A: Timber permit Maps			1 Page
ATTACHMENT B: Road Construction, Improvement and Maintenance Specifications			N/A
ATTACHMENT C: Forest Fire Regulations			2 Pages
ATTACHMENT D: Working in Bear Habitat			1 Page

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TABLE 1 - LEGAL DESCRIPTION OF THE GROSS PERMIT AREA			
The timber designated for sale under this Contract is within the following permit area			
Subdivisions All	Section 36	TwN 7N	Rge 52E
Total approximate acres in gross permit area: 640			
Number of harvest units (Including Right-of-Way): 6			
Total acres in harvest units (Including Right-of-Way): 244			

TABLE 1 (continued) - ESTIMATED PERMIT VOLUME	
The state does not guarantee the product weight, by species or in total, to equal the estimated weight in quantity or product designation.	
Product	Estimated Quantity (tons)
Sawlogs	2,520
Other Material (specify)	
Total Estimated Volume	2,520

TABLE 1 (continued) - PAYMENT RATES			
Payment	Amount		Requirements
Performance Bond Amount:	5% of bid value or \$1,000 (whichever is greater)		See Section II.A.1-3.
	Product	Amount	
Stumpage Rate per ton:	Sawlogs Other Material	Bid Rate _____	See Section II.B.1-3.
Forest Improvement (FI) Fee Per ton:	Sawlogs	\$.13	See Section II.B.5

TABLE 1 – (continued) - ROAD USE AND MAINTENANCE PAYMENTS		
Road Name or Number	Rate	Requirements
N/A	N/A	N/A

I. GENERAL TERMS

A. DEFINITION OF CONTRACT LANGUAGE: The following definitions apply to terms used in this Contract:

1. Administrator –The Unit or Area manager signatory to this permit, or his designee.
2. Board – The Montana Board of Land Commissioners.
3. Department – The Department of Natural Resources and Conservation.
4. Draw – A swale or drainageway that may not have perceptible or definite beds or banks.
5. Environmental Law – Includes, but is not limited to, the following laws and any regulations promulgated under these laws: the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) (42 U.S.C. § 9601 *et seq.*), as amended; the Resource Conservation and Recovery Act (“RCRA”) (42 U.S.C. §§ 6901 – 6987), as amended; the Clean Air Act (42 U.S.C. § 7401, *et seq.*), as amended; the Safe Drinking Water Act (42 U.S.C. § 300f *et seq.*), as amended; the Clean Water Act (33 U.S.C. § 1401 *et seq.*), as amended; the Clean Air Act of Montana (Mont. Code Ann. § 75-2-101 *et seq.*), as amended; the Montana Water Quality Act (Mont. Code Ann. § 75-5-101 *et seq.*), as amended; the Montana Solid Waste Management Act (Mont. Code Ann. § 75-10-201 *et seq.*), as amended; the Montana Hazardous Waste Act (Mont. Code Ann. § 75-10-401 *et seq.*), as amended; the Montana Comprehensive Environmental Cleanup and Responsibility Act (Mont. Code Ann. § 75-10-701 *et seq.*) as amended; and the Montana Underground Storage Tank Act (Mont. Code Ann. § 75-11-501 *et seq.*) as amended.
6. Forest Officer – The State field representative assigned the job of contract administration for this timber permit Contract. Except as otherwise expressly stated in the Contract, the Forest Officer is not authorized to modify the Contract on behalf of the State.
7. Hazardous or deleterious substance – Means a substance that, because of its quantity, concentration, or physical, chemical, or infectious characteristics, may pose an imminent and substantial threat to public health, safety, or welfare or the environment, and is:
 - a. A substance that is defined as a hazardous substance by section 101(14) of CERCLA, 42 U.S.C. § 9601(14), as amended.
 - b. A substance identified by the administrator of the United States Environmental Protection Agency as a hazardous substance pursuant to section 102 of CERCLA, 42 U.S.C. § 9602, as amended.
 - c. A substance that is defined as a hazardous waste pursuant to section 1004(5) of RCRA, 42 U.S.C. § 6903(5), as amended, including a substance listed or identified in 40 CFR 261.
 - d. Any petroleum product.
8. Operating period – The annual time period during which field activities (logging, hauling, construction, etc.) may be conducted.
9. Paid or payment – Except as otherwise expressly stated in the Contract, full remuneration by either cash, money order or certified check.
10. Purchaser – The signatory party to this Contract other than the Administrator. Purchaser is also defined to include employees and agents of the Purchaser authorized to conduct activities as required for execution of the timber permit Contract. As an independent contractor, neither the Purchaser, its employees or agents are considered employees of the State of Montana pursuant to work performed under this Contract.

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11. Sawlog – A green or dead log as further defined under Section VII.C.
12. State – The State of Montana and its agents and employees.
13. Stream – A stream is a natural watercourse of perceptible extent that has a sandy or rocky bottom or definite banks and confines and conducts continuously or intermittently flowing water.
14. Stumpage – The rate paid in dollars per ton as specified in Table 1 for Sawlogs and/or Other Material.
15. Supervisor – A person designated by the Purchaser in charge of operations on site at the permit area at all times when construction or harvesting operations are in progress. The Supervisor has authorization to receive notices from the Forest Officer and take appropriate action with regard to breach and/or violations of the terms of the contract.

B. REMOVAL OF TIMBER AND TITLE TRANSFER:

1. Provided the Purchaser has paid for timber as required in Section II.B.1, ADVANCE STUMPAGE PAYMENT, the Purchaser has the right to cut and remove timber from the permit area provided all Contract requirements related to the commencement of operations have been met.
2. Title to all timber included in this contract shall be retained by the State until:
 - a. The timber has been paid for.
 - b. The timber has been measured, as described in Section III.A. MEASUREMENT AND LOG ACCOUNTABILITY.
 - c. The timber has been properly marked and ticketed as described in Section III.C & E. MEASUREMENT AND LOG ACCOUNTABILITY, and removed from the gross permit area,
3. Title to timber remaining on the gross permit area at termination of the contract shall remain with the State of Montana.
4. As documented in this contract, or otherwise agreed to, all roads and other improvements become the property of the State as they are constructed.

C. TERM OF CONTRACT: This Contract is effective upon approval and execution by the Administrator and shall terminate on the Termination Date shown on page 1 unless terminated sooner for successful completion or for gross or persistent breach and/or failure to promptly and properly remedy contract violations of the Contract terms pursuant to Section IV. B, TERMINATION.

D. PRE-OPERATIONS MEETING: No activity may occur on the permit area until a pre-operations meeting is conducted between the Purchaser and the State. The Purchaser shall notify the Forest Officer at least seven (7) days prior to the start of operations to schedule the pre-operations meeting. The Forest Officer will specify to the Purchaser what information the Purchaser must provide to the State at the pre-operations meeting.

E. CONTRACT TERM EXTENSION:

1. In the event that Purchaser's operations are delayed and Purchaser is not able to complete the requirements of this Contract prior to the harvest completion date or the termination date, the State may grant an extension of the term of this Contract. An extension will be considered by the State under only the following circumstances:
 - a. The State determines an extension is in its best interests;
 - b. Purchaser applies for the extension in writing at least 7 days prior to the termination date.

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- c. The State notifies the Purchaser that an extension is required.
 - d. Purchaser has provided the State with written notice from the surety that the performance bond on this contract has been extended for a period commensurate with the requested contract extension.
 - e. Purchaser has made a good faith effort to complete the sale.
 - f. The extension request is not based on poor log and/or market conditions.
2. If the contract-term extension is granted, Purchaser shall conduct continuous operations through the operating periods and/or resume operations at the start of the next operating period until the requirements of this Contract are completed. No extension shall be granted for a period longer than one (1) month after the termination date as provided herein unless a longer extension is determined to be in the State's best interest.
 3. If the extension is requested and granted because of delays resulting from matters within Purchaser's control, the following will apply:
 - a. Purchaser shall pay an extension fee of \$ 350.00.
 4. An extension may be granted to the Purchaser without penalty if the State prohibits logging activity for more than 2 weeks during the operating period described in this Contract.
 5. All conditions of this contract shall remain in force during any period of extension, unless those conditions are amended by the terms of the extension.
 6. In the event the Contract terminates pursuant to Section I.C, TERM OF CONTRACT due to expiration of the time within which its performance shall have been completed, and the Department has not granted an extension, the Purchaser shall immediately cease all operations within the Gross Permit Area as shown in Table 1. Operations beyond the contract termination date for which the Department has not granted an extension will be treated as trespass.
- G. LIABILITY FOR LOSS:** The Purchaser is responsible for loss, degradation, or damage to timber while the timber is in his, her or its custody, including but not limited to, timber which has been felled, skidded or decked and/or timber which has been lost, damaged or stolen after removal from the permit area but before scaling or weight is recorded.
- H. SUPERVISION:** When construction or harvesting operations are in progress, the Purchaser shall have exclusive control over the way the Contract is executed if, as determined by the Department, the Purchaser has and is complying with all terms and conditions provided herein. Purchaser is required to have a supervisor(s) in charge of operations on the permit area at all times. Such supervisor(s) shall have authorization to receive notices from the Forest Officer and take appropriate action with regard to breach and/or violations of the terms and conditions of the Contract.
- I. COMPLAINTS:**
1. Complaints by the Purchaser concerning any action or decision of a Forest Officer, including suspension orders, must be made in writing to the Administrator postmarked within 30 days of the disputed action or decision. In the interim, Purchaser must comply with the directions of the Forest Officer.
 2. Upon receipt of a complaint, the Administrator, or a designated representative, shall promptly hold an informal conference with the Purchaser and the Forest Officer to review the disputed action. The Purchaser shall be given adequate notice of the conference and shall be given the opportunity to present evidence and an argument to rebut the reasons given by the Forest Officer for the disputed action. After review, the Administrator shall notify the Purchaser in writing of his

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decision. The decision of the Administrator is final on behalf of the State, except regarding termination of the contract.

J. ASSIGNMENT: This contract shall not be assigned in whole or in part unless approved in writing by the Administrator.

K. MODIFICATIONS:

1. This contract, together with the attachments listed herein, contains the entire agreement of the parties and no statements, promises or inducements made by either party, or agents of either party, that are not contained in such written Contract shall be valid or binding. This Contract, except as described in Section I.K.2 below, cannot be enlarged, modified or altered except upon written agreement signed by all parties to this contract. Only the Administrator, his successor, his designated representative, or the Board of Land Commissioners, is authorized to enter into such modification on behalf of the State.
2. To protect cultural or natural resources the State may modify provisions of the Contract without prior agreement by the Purchaser. If such modifications occur the State will provide equitable compensation to the Purchaser for those modifications.

L. EQUAL EMPLOYMENT OPPORTUNITY: Pursuant to Section 49-3-207, MCA, any hiring by the Purchaser under this agreement must be based on the basis of merit and qualifications and there must be no discrimination based on the basis of race, color, religion, religious creed, political ideas, sex, age, marital status, physical or mental disability, or handicap, national origin or ancestry by any person performing this Contract.

M. LIABILITY INSURANCE:

1. Prior to the execution of this Contract, the Purchaser or their agents shall obtain, carry and keep in good standing for the remainder of the contract period, with any extensions:
 - a. Comprehensive general liability insurance coverage to the limit of \$1,000,000.00 per occurrence and \$2,000,000.00 per aggregate. Each such policy shall include endorsements, which shall name the State as an additional insured and shall provide that the State shall be given 30 days written notice, at the address stated above, prior to cancellation or any material change in such policy.
 - b. Automobile Liability Insurance: The Purchaser shall purchase and maintain coverage with split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$1,000,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns, or subcontractors.
2. In lieu of such coverage, the Purchaser may provide proof of self-insurance in at least an amount equal to that provided above.
3. Purchaser shall provide the State with proof of insurance in the form of an ACORD Certificate of Liability Insurance. The State reserves the right to require a certified copy of any such policy or to examine the policy itself.
4. A self-insured Purchaser shall provide an equivalent certificate of insurance subject to the approval of the State.
5. It is further understood and agreed that this Contract shall terminate immediately in the event that the mandatory liability insurance coverage required under this part is for any reason not obtained or is discontinued.

N. WORKERS' COMPENSATION INSURANCE:

1. Prior to the commencement of any work under this Contract, Purchaser shall provide written verification to the Administrator that all individuals who are to be engaged in work under this Contract, including but not limited to employees, agents or independent contractors of the Purchaser or of its subcontractors, are either insured for workers' compensation coverage or are exempted from such coverage as certified independent contractors pursuant to § 39-71-401 MCA.
2. It is expressly understood and agreed that no such individual may engage in work in furtherance of this Contract at any time during its period unless either insured for workers' compensation coverage or exempted from such coverage as indicated above.
3. It is understood and agreed that this Contract shall terminate immediately if workers' compensation coverage or exemptions required under this part is discontinued for any individuals engaged in work under this Contract.

O. SAFETY: The Purchaser, employees, subcontractors and their employees shall conduct their activities in a safe and workmanlike manner, shall cooperate in making it possible for the Forest Officer to safely, efficiently, and economically perform his, her or its administrative duties, and shall comply with federal and State safety standards for logging operations as established by the United States Department of Labor, Occupational Safety and Health Administration (OSHA; 29 Code of Federal Regulations 1910 and any other such applicable regulations promulgated by OSHA) and as required by Title 50, Chapter 71 of the Montana Code Annotated, and any regulations promulgated to implement the statutes found in that Title and Chapter of the Montana Code Annotated. The Purchaser, and not the State, is responsible for instituting and maintaining all precautions, procedures and programs for the safety of all persons on the project site, and the State hereby disclaims any and all responsibility for injuries or accidents occurring at the site.

P. SAWMILLS PROHIBITED: No sawmills shall be allowed to operate on the gross permit area.

Q. LOG CHIPPERS OR GRINDERS: No log chippers or grinders shall be allowed to operate on the gross permit area unless written approval to do so is granted by the Forest Officer. In order for approval to be granted, the Purchaser shall identify a method acceptable to the State for the measurement of all wood to be ground or chipped. If the Purchaser intends to operate a log chipper outside of the gross permit area, provisions must be made for obtaining certified weights of either the material removed from the permit or of the resultant products.

R. PERMIT DELAYED OR PRECLUDED BY JUDICIAL ACTION OR GOVERNMENT REGULATORY ACTION:

1. In the event judicial action, change in applicable law, or implementation of government regulatory action renders proceeding with this contract unlawful, the State will suspend or terminate the Contract in whole or in part. Upon notice of such suspension or termination, Purchaser shall immediately cease all or any portion of such operations under the Contract as directed by the State. If a court of competent jurisdiction has entered a final judgment rendering further proceeding with this Contract unlawful, or government regulatory action takes effect, the State may terminate the Contract or, at the State's option, suspend the Contract in whole or in part, pending appeal of the court's final judgment. If the Contract is suspended, the State shall not be liable to the Purchaser for damages or losses resulting from the delay. In the event the Contract is terminated due to judicial action, a change in law, or government regulations, the State shall be liable to Purchaser only as follows:
 - a. The State shall refund any portion of advance stumpage payments or down payments not needed to compensate the State for timber removed.

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- b. The State shall release any portion of the performance bond not needed to compensate the State for timber removed or other losses suffered by the State due to breach of contract by the Purchaser.
 - c. The State shall reimburse the Purchaser for the portion of reasonable costs of constructing or improving roads or of installing other facilities on State lands pursuant to this Contract that the Purchaser has not been able to use for removing timber. The Purchaser shall provide documentation requested by the State of the Purchaser's actual costs of constructing or improving such roads or installing other improvements.
- S. VENUE AND CHOICE OF LAW:** In the event of litigation concerning this agreement, venue shall be in the First Judicial District, Lewis and Clark County, Montana, and this agreement shall be governed by the laws of the State of Montana both as to interpretation and performance.
- T. AUTHORIZATION TO ENTER:** The Purchaser is authorized to enter the permit area only for purposes related to the performance of this Contract.
- U. USE BY OTHERS:** The State reserves the right to issue other permits on the permit area for forest products not included in this Contract or for other uses not in conflict with this Contract. The State also reserves the right to allow other persons to cross the permit area to gain access to other lands for fire suppression or for other purposes. Where the Purchaser improves or reconstructs an existing road, the use thereafter by the Purchaser shall accommodate safe use by others.
- V. OTHER OPERATIONS BY THE STATE:** The State reserves the right to at any time conduct within the gross permit area forest management operations including, but not limited to, slash piling, burning, handwork, broadcast burning, mop-up, patrolling, thinning and tree planting during the term of this Contract.
- W. INDEMNITY AND LIABILITY:**
- 1. The Purchaser agrees to indemnify the State, its officials, agents, and employees, while acting within the scope of their duties and hold the State harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense, arising in favor of the Purchaser's employees or third parties on account of bodily or personal injuries, death or damage to property arising out of services performed, goods or rights to intellectual property provided or omissions of services or in any way resulting from the acts or omission of the Purchaser and/or its agents, employees, subcontractors or its representatives while engaged in work under this Contract, all to the extent of the Purchaser's negligence.
 - 2. The Purchaser shall be responsible for, indemnify, defend and hold the State harmless from and against any loss, cost (including, without limitation, reasonable legal, accounting, consulting, engineering and similar expenses), damage, claim, fine or liability, including the necessity for tests, inspections or other work, and any damage, claim, fine or liability arising as a result of such tests, inspections or other work, the State must perform:
 - a. Based upon an actual or alleged violation by the Purchaser of, or failure by the Purchaser to comply with, any Environmental Law during the term of this Contract;
 - b. Arising from the discharge, release, threatened release, handling, storage, treatment, deposit or disposal of any Hazardous or Deleterious Substances caused or exacerbated by the activities of the Purchaser on or in the gross permit area during the term of this Contract; or
 - c. Otherwise arising out of or in connection with any environmental condition or action caused or created by the Purchaser.
- X. OTHER LAWS AND REGULATIONS:** This Contract is subject to all applicable federal, state, county, and municipal laws, ordinances, and regulations in effect at the date of this Contract or which may, from

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time to time, be adopted, and which do not impair the obligations of this Contract and which do not deprive the Purchaser of an existing property right recognized by law. A violation by the Purchaser of any federal, state, county, and/or municipal laws, ordinances and/or regulations while conducting operations under the terms of this Contract, shall, in the discretion of the State, constitute sufficient reason for the suspension or termination of this Contract. If any part of the lands or premises under this Contract are used or allowed or permitted to be used for any purpose contrary to the laws of this state or the United States, such unlawful use shall, in the discretion of the State, constitute sufficient reason for the suspension or termination of this Contract.

Y. FORCE MAJEURE: Neither party shall be responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party is using its best efforts to remedy such failure or delays. Force majeure will not relieve the Purchaser from liability for damage or otherwise excuse performance of this Contract should the Purchaser cause a fire for which they would be liable under § 50-63-103, MCA.

II. CHARGES AND PAYMENTS

A. PERFORMANCE BOND:

1. As a guarantee of the faithful performance of this Contract, Purchaser shall furnish a bond, with sufficient sureties, to the State in an amount equal to the potential loss to the State in the event of Purchaser's breach or default under the terms of this Contract as determined by the Forest Officer. The performance bond may be in cash, bond, irrevocable letter of credit, or certificate of deposit with sufficient sureties. For permits less than 30,000 board feet the bond shall be One Thousand Dollars (\$1,000.00). For permits that are 30,000 board feet or greater the bond shall not be less than five percent (5%) of the estimated value of the timber sold. The performance bond the Purchaser must submit for this contract is shown in Table 1.
2. All types of performance bonds, except cash, shall have an expiration date of no sooner than the contract expiration date plus one (1) month.
3. If the Contract is extended beyond the expiration date of the performance bond then the bond must be extended to a date specified by the State. Cash bonds will be held by the State and released as specified in Section II.A.4.
4. Upon full performance of the terms of the Contract, the State shall release the performance bond.
5. Upon substantial performance of the terms of the Contract, the Forest Officer may release a portion of the performance bond not needed to compensate the State for any remaining timber to be removed or any other losses that may be suffered by the State due to breach of Contract by the Purchaser. The bond shall not be reduced to less than five percent (5%) of the estimated value of the total Contract volume.

B. PAYMENTS: The Purchaser agrees to make payments to the State of Montana as follows:

1. **ADVANCE STUMPAGE PAYMENTS:** The Purchaser is required to pay for all timber in advance of cutting at the rates shown in Table 1.
2. **INITIAL STUMPAGE PAYMENT:** An initial cash stumpage payment will be made before the start of operations. The payment will cover 25% of the estimated total volume.

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3. **ADDITIONAL PAYMENTS:** Payment in cash for any additional estimated volume will be made before it is cut, or if the harvested volume exceeds the original estimated volume, the Purchaser will be required to make additional cash payments before cutting.
4. **PAYMENT SCHEDULE:** If different from what is stipulated in parts 1, 2, & 3 above, payment in full will be made as called for by the Administrator. Payment in full for individual invoices will be made by the Purchaser; in no event will payments be made by the Purchaser more than 14 days from the date of billing.
5. **FOREST IMPROVEMENT PAYMENTS:** The Purchaser is required to pay a fee for Forest Improvement on all sawlogs cut. The Forest Improvement fee for this permit is shown in table 1. The Purchaser agrees to make Forest Improvement payments concurrent with stumpage payments or as called for by the Administrator.
6. **EXCESS PAYMENTS:** Any excess stumpage or Forest Improvement payments will be returned to the purchaser following final accounting.

C. ROAD USE AND MAINTENANCE PAYMENTS:

1. **PAYMENTS:** The Purchaser is required to make payments for road use and maintenance at the rates listed in Table 1 or as amended by revisions to road use permits. Payments will be made concurrent with stumpage, as called for by the Administrator, or as otherwise directed in this contract.
2. If the Purchaser is required to obtain right-of-way for a haul route to the permit area, Purchaser is responsible for meeting all requirements of any agreements associated with that right-of-way. The Purchaser is responsible for all road use and maintenance fees whether paid to the State or to a third party. Proof of any such agreement must be provided to the State prior to agreeing to terms of sale.
3. **ALTERNATE HAUL ROUTES:** The Purchaser is authorized by the State to use the haul route described in this contract and attachments. If the Purchaser chooses to use an alternate haul route, that haul route must be approved by the State. Road use charges, maintenance requirements and payments may be adjusted to reflect the haul route used by the Purchaser. The Purchaser is responsible for obtaining any right-of-way required for an alternate haul route and for meeting all requirements of any agreements associated with that right-of-way. Proof of any such agreement must be provided to the State prior to use. Stumpage fees and Forest Improvement fees are not subject to a downward adjustment under this clause.

III. MEASUREMENT AND LOG ACCOUNTABILITY

A. PRODUCT MEASUREMENT:

1. The State will determine the value of products removed from the permit based on the total gross weight of material hauled. Weight tickets will be used to obtain the total value.
2. When mixed products with different payment rates per ton are hauled on one load, the entire load will be charged at the rate of the product with the highest value contained in the load.
3. Upon request by the State, the most recent load delivered to a receiving mill must be made available for inspection by the State or their representatives. The weight ticket identifying the load must remain affixed to the load.

- B. WEIGHT TICKETS:** The Purchaser is required to furnish weight tickets to the State as agreed to by the Forest Officer and the Purchaser.

All weight tickets shall be mailed or delivered with corresponding load tickets, as outlined below, directly to the DNRC Unit or Land Office administering this contract. This requirement may be waived or changed by the Forest Officer.

Weight tickets shall show gross, tare and net weights and the corresponding load ticket number of each product load. Weight tickets must be from State of Montana certified scales, and all weight tickets must have mechanically stamped weights for the gross and tare weights unless otherwise permitted in writing by the Forest Officer. Weight tickets will be mailed or delivered to the State on a bi-weekly basis or as otherwise agreed to by the Forest Officer. A weight ticket will be considered as missing if not furnished within 4 weeks of the load delivery date. Failure to comply with this provision may be treated by the State as a contract violation.

The Purchaser or his agents may, upon approval by the Forest Officer, supply the weight ticket information, as required above, electronically to the State. The information must be provided to the State on a bi-weekly basis prior to the tenth (10th) and twenty-fourth (24th) of each month. The paper copy of the weight tickets must also continue to be provided to the State. The requirement to supply the paper copy of the weight tickets may be waived by the Administrator.

- C. LOAD TICKETS:** The Purchaser will be issued load ticket books with consecutively numbered tickets for uniquely identifying truckloads of logs. A load ticket shall be attached to the driver's side bunk log of each product load prior to hauling, with the Scaler's copy provided to the State from the load delivery point. The Purchaser shall complete each ticket with the permit information required by the State. The Purchaser shall provide to the Forest Officer a complete list of destinations to which loads will be delivered. The State, at its discretion, may require a separate ticket book for each destination. Failure to comply with this provision is a contract violation.
- D. SORTING OF PRODUCTS:** The State may require separate ticket books for any loads sorted by the Purchaser by size or species or by specific products intended for different delivery points. Load tickets designated for a specific product must only be used for that specific product. When a load ticket is used with an incorrect product it is a contract violation
- E. LOAD MARKING:** The Purchaser is required to mark all loads of logs before removal from the loading area to assist in identification while in transit or at the point of delivery. Marking shall be accomplished by painting "ST" in blue paint and the last three digits of the truck load ticket number on log ends of at least three logs on each load, both front and back. The driver's side bunk log shall be one of the marked logs. Failure to comply with this provision is a contract violation.
- F. PROMPT DELIVERY:** The Purchaser will deliver loads from the timber sale area to a receiving log yard directly without diversion. "Over-nighting" loads during transit are expressly forbidden unless approved by Forest Officer prior to hauling. Failure to comply with this provision is a contract violation.
- G. SCALE RULE:**
 - 1. Any sawlogs scaled by the State shall be scaled using the Scribner Decimal "C" log rule. Log scaling will follow the procedures listed in the National Forest Log Scaling Handbook (FSH 2409.11) excluding Region 1 supplements.
 - 2. In cases where conversion is required, a conversion factor of 7.5 tons per thousand board feet will be used for sawlogs

IV. CONTRACT VIOLATIONS AND PENALTIES

A. SUSPENSION:

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1. **FAILURE TO PAY ADVANCE STUMPAGE:** If Purchaser fails to submit advance stumpage payments as directed by the Administrator pursuant to the terms of this Contract within 14 days of the request for such payments, all operations covered by this Contract shall immediately cease upon written or oral order from the State until all required advance stumpage payments, or guarantee of payment satisfactory to the State, have been made. The cutting and removal of timber may resume only upon receipt of written notice to the Purchaser from the State that acknowledges adequate payment or guarantee.
2. **LOSS OF BOND:** If the surety bond or other bond securing performance of this Contract is canceled or otherwise becomes ineffective, operations covered by this Contract shall immediately cease upon written or oral order from the State to the Purchaser. Cutting and removal of timber may resume only upon receipt of written notice from the State that acknowledges adequate bond.
3. **OTHER CONTRACT VIOLATIONS:**
 - a. Should the Forest Officer observe a condition that violates the terms of this Contract, the Forest Officer may verbally notify the Purchaser or its employees or subcontractors of such condition and immediately suspend all or part of the operations in the sale area to prevent harm to the interests of the State or the public. Should the Purchaser or its employees or subcontractors fail to comply with any verbal suspension order, the Administrator may terminate the Contract pursuant to Section IV. B. Termination. The Forest Officer may rescind his/her verbal suspension order upon satisfactory cure of the Purchaser's violation and operations may resume.
 - b. Suspension orders may be given in writing or verbally to the Purchaser, or to his, her or its employees or subcontractors. Once given, the Purchaser, and his, her or its employees or subcontractors shall immediately comply with such order of suspension and failure to do so shall constitute grounds for termination of this Contract. Suspension orders are reviewable under the provisions described in Section I.I. COMPLAINTS.
 - c. The Administrator may issue a written notice of suspension depending upon the severity of the violation and Purchaser's ability to cure. Such notice shall contain information regarding:
 1. The breach observed and harm anticipated;
 2. The contract provisions violated;
 3. If possible, the measures required to cure the violation and allow operations to resume; and
 4. The deadline within which the Purchaser must cure the violation.Should the Purchaser fail to cure the violation as required, or to obtain a written variance from the Administrator, the Administrator may charge the Purchaser a \$250 per day penalty for every day that the violation persists. Operations may resume only upon written notice from the Administrator. If satisfactory measures or remedies cannot be found to cure the violation, the Administrator may immediately terminate the Contract pursuant to Section IV.B. TERMINATION.

B. TERMINATION:

1. Gross or persistent contract violations and/or failure to promptly and properly remedy contract violations by the Purchaser pursuant to the terms of this Contract shall be grounds for termination of the Contract by the State.
2. If this Contract is terminated by the State, the Administrator shall immediately notify the Purchaser of the termination and the reasons for it by certified mail. Such notice shall describe in what respects the Contract has been breached, the means, if any, by which the breach can be remedied and the consequences of such termination. The Contract shall be terminated 18 days from the date the notice is mailed to the Purchaser at the address stated in this Contract.
3. Upon receipt of the notice of termination the Purchaser shall immediately cease all operations pursuant to and permitted by the contract until the termination is resolved as provided pursuant to this Section of the Contract, Section IV.B. TERMINATION.

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4. The Purchaser has 18 days after mailing of the notice of termination within which to file with the State a notice of appeal for a hearing before the Board of Land Commissioners or its appointee. If a timely notice of appeal is filed, the Contract remains in effect until the decision of the Board, but any suspension order shall remain in effect in the interim. The Board or its appointee shall conduct an informal open hearing to determine whether the Contract should be reinstated.
5. If the Contract is reinstated the Purchaser will not be penalized for any delays that resulted from the appeal.
6. If the Contract is terminated for breach and not reinstated, it is understood that the State may refuse to accept bids or proposals submitted under 77-5-212 MCA from the Purchaser on future State timber sales and permits for a minimum period of 2 years.

C. LIABILITY FOR DAMAGES:

1. The Purchaser shall be liable for any damages sustained by the State arising from Purchaser's breach of the terms of this Contract and the State may cause all or part of the performance bond to be forfeited to recover such damages.
2. In the event that a portion of the timber permit under this Contract is resold as a result of the Purchaser's forfeiture and the stumpage rate pursuant to the resold contract is lower than the stumpage rate provided herein, the difference between the original rate and the new rate shall be considered damages and the Purchaser shall be liable to the State for those damages. The State may cause all or part of the Purchaser's performance bond to be forfeited to recover such damages.

D. STATE'S OPTION TO COMPLETE CONTRACT REQUIREMENTS: If the Purchaser fails to complete the requirements described in this Contract in a timely manner or if the Contract is terminated pursuant to Section IV.B. TERMINATION, the State reserves the right to complete the work itself or through a contractor. The Purchaser will be billed for any additional costs incurred by the State due to the Purchaser's failure to perform the requirements of this Contract. These additional costs may include State employee time and expenses that were extraordinary to the normal administration of the contract, such as time and expenses incurred to hire a replacement contractor. Purchaser's failure to make payment within 14 days from the date of billing may cause all or part of the performance bond to be forfeited to recover such costs.

E. WAIVER OF PENALTIES: The penalties specified in this section shall be regarded as liquidated damages and may be waived or reduced at the discretion of the Administrator in exceptional cases.

F. FOREST PRACTICES LAWS: The Purchaser shall conduct logging operations in compliance with all laws relating to forest practices in the State of Montana. The Purchaser shall be responsible for all reclamation and penalties that result from violations of applicable forest practices laws.

G. LOGGING REQUIREMENT VIOLATIONS:

1. **HIGH STUMPS:** The Purchaser may be charged \$25.00 for each tree stump cut higher than 12 inches on the side adjacent to the highest ground except in unusual cases when this height is not considered practical.
2. **LONG BUTTS:** The Purchaser may be required to pay \$25.00 per long butt for cutting long butts that contain useable material in excess of the minimum net scale in percentage of gross shown in Table 2.
3. **LARGE TOPS:** The Purchaser may be required to pay for cutting tops larger than the Top Diameter Inside Bark (DIB) shown in Table 2. This charge will be at the current contract rate for the net volume by species, or \$25.00 per large top, whichever is greater.
4. **UNDESIGNATED TREES:**

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- a. Undesignated or reserve trees that are cut or damaged as a result of Purchaser's operations shall be considered cut in trespass and the Purchaser may be charged three times the highest Contract stumpage rate (minimum \$10.00/ton) for the Contract product class(es) the tree contains.
 - b. If the Forest Officer determines that a suitable replacement for a reserve tree as described above is not available, Purchaser agrees to pay the State \$500.00 per tree, in addition to the rates charged in Section IV.G.4.a. UNDESIGNATED TREES.
5. **FAILURE TO REMOVE:** The State may charge the Purchaser for trees that are designated for cutting under the terms of this contract and/or logs that meet the Manufacturing And Recovery Standards shown in Table 2 that are not removed from the permit area or presented for measurement. This charge may be up to triple the Contract stumpage rate plus the Forest Improvement rate for the class of material contained in those trees fixed in accordance with the terms of this Contract. If the State removes such material from the permit area, the Purchaser will be required to reimburse the State for all applicable cutting, yarding, processing, loading and hauling costs.
 6. **LOSS IN WEIGHT DUE TO PURCHASER DELAY:** Up to a 15% increase in net weight of logs will be added by the State for loss in weight due to delay by the Purchaser in delivering cut logs to the manufacturing point. A delay is defined as in excess of 30 days after felling.

H. MEASUREMENT AND LOG ACCOUNTABILITY VIOLATIONS:

1. **MISSING LOAD TICKETS:** The Purchaser will be charged up to \$500.00 for each unused load ticket that the Purchaser has lost or misplaced while in his, her or its possession. An unused ticket is defined as a ticket that is not turned into the State with an associated truckload weight.
2. **FAILURE TO ATTACH OR COMPLETE LOAD TICKET:** The Purchaser may be charged \$500.00 per load for failure to attach a load ticket to each product load prior to hauling, or for failure to complete the load ticket with all required information.
3. **MISSING WEIGHT TICKETS:**
 - a. The Purchaser will be charged up to triple the Contract stumpage rate plus the Forest Improvement rate $[(\text{stumpage} + \text{FI}) \times 3 = \text{penalty}]$ for each truck weight ticket not furnished to the State.
 - b. The Forest Officer will notify the Purchaser of each missing weight ticket.
 - c. The load weight will be determined by averaging weights from other loads hauled by the Purchaser to the same mill within the same billing period, or 30 tons for single loads and 38 tons for loads with a pup trailer attached.
 - d. For Other Material, as defined by this Contract, the minimum stumpage for purposes of penalty shall be \$10.00 per ton or the Contract stumpage rate multiplied by 3, whichever is higher. The Forest Improvement fee is not included in Other Material penalties.
4. **IMPROPERLY LABELED PRODUCT:** The Purchaser may be charged \$500.00 per load for loads with an incorrect load ticket for the product (Sawlog or Other Material) in the load. In addition, the stumpage paid for an improperly ticketed load shall be at the highest Contract stumpage rate for products hauled pursuant to this Contract.
5. **IMPROPERLY MARKED LOADS:** The Purchaser may be charged \$40.00 per load for each load not marked in accordance with Section III.E. LOAD MARKING.

- I. **FAILURE TO MEET COMPLETION DATES:** The Purchaser may be charged a penalty of \$100.00 for each complete calendar day the Purchaser fails to meet the deadlines shown in Table 3 and Table B1.
- J. **LATE PAYMENTS:** The Purchaser may be charged \$100.00 per day beginning the 15th day after the billing date for failure to pay for forest products, pursuant to Section II.B PAYMENTS.

V. FIRE PROTECTION

- A. **FIRE REGULATIONS:** The Purchaser is required to conduct all operations in accordance with the Montana Forest Fire Regulations, Attachment C.
- B. **FIRE PREVENTION:** During the time that this Contract remains in force, the Purchaser shall, to the greatest extent practicable, prevent forest fires on the area described in this Contract and in its vicinity, and shall require all employees, contractors and employees of contractors to do likewise.
- C. **OPEN BURNING REQUIREMENTS:** The Purchaser is required to conduct any burning of slash or other debris in accordance with the Montana Department of Environmental Quality open burning restrictions. The Forest Officer must be notified prior to the start of any burning operations.
- D. **FIRE SUPPRESSION:** Unless prevented by circumstances over which he, she or it has no control, the Purchaser shall place qualified employees, contractors and employees of contractors and all equipment at the disposal of any authorized State, County, or Federal Forest Officer for the purpose of fighting forest fires. Payment for such services shall be made at rates to be determined by the Forest Officer, which shall be within a range of payment rates shown in the Interagency Incident Business Management Handbook, NWCG Handbook 2. Any employees or equipment furnished by the Purchaser, contractors or employees of contractors, shall be relieved from fire fighting as soon as it is practicable for the Forest Officer to obtain other adequate labor or equipment.
- E. **FIRE COSTS:** The costs borne by the State for suppressing fires that are intentionally lit by the Purchaser or that are caused by negligence or fault in the Purchaser's operations shall be paid by the Purchaser to the State. The Purchaser shall also be liable for property and resource damage resulting from these fires.
- F. **FIRE REPORTING:** Any wildfires, which the Purchaser detects or suppresses, must be reported as soon as possible to the responsible fire protection agency and the Department.
- G. **SUSPENSION OF OPERATIONS:** When fire danger reaches extreme levels that cause operations to be curtailed through Stage II, Hoot Owl requirements or other measures, the State may suspend operations until fire conditions in and/or around the sale area improve. The State will grant a contract extension to compensate for the time suspended.
- H. **CONTACT INFORMATION:** The Purchaser will provide the Forest Officer with phone numbers of the Purchaser and their employees and contractors when logging operations are in progress (including nights and weekends), in order to establish contact if a wildfire occurs within the sale area or on other lands accessed by road systems associated with the sale.

VI. RESOURCE PROTECTION

- A. **DAMAGE PREVENTION:** The Purchaser shall use reasonable skill and care in all operations to prevent damage to soils, trails, meadows, stream banks, stream channels, wetlands, lakeshores or other natural features of the permit area.
- B. **STREAM PROTECTION:**

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1. Construction and logging equipment will not be operated in Streamside Management Zones. An exception may be provided for through this Contract or the Forest Officer may grant written permission. Additional protection measures may be required in Section VII.G, SPECIAL OPERATING REQUIREMENTS and in Contract Attachments.
 2. The Purchaser shall notify the Forest Officer immediately if debris from logging or construction enters a stream or stream channel.
 3. The Purchaser shall remove any debris resulting from logging or construction operations, which may affect the natural flow of any streams traversing the permit area. This work will be completed in a manner that causes the least disturbance to the streams, as directed by the Forest Officer.
 4. Logs shall not be hauled, skidded or yarded across streams unless the logs are fully suspended, or otherwise yarded as specified in this Contract. The Forest Officer must approve all logging and construction plans, including changes, before implementation.
 5. All operations shall be conducted in a manner to comply with Montana Water Quality Standards, the Streamside Management Zone Law, and all applicable permits.
- C. CULTURAL RESOURCES:** If a cultural resource is discovered, the Purchaser shall immediately suspend all operations in the vicinity of the cultural resource and notify the Forest Officer. Operations may only resume if authorized by the Forest Officer. Cultural resources identified and protected elsewhere in this contract are exempted from this clause. Cultural resources, once discovered or identified, are not to be disturbed by the Purchaser, or his, her or its employees and/or sub-contractors.
- D. DISCOVERY OF THREATENED AND ENDANGERED SPECIES:**
1. If a specific habitat feature for a federally listed threatened or endangered species is encountered, the Purchaser shall suspend all operations in the vicinity of the observation or discovery and immediately notify the Forest Officer. Operations may resume only if authorized by the Forest Officer. Habitat features identified and protected elsewhere in this contract are exempted from this clause.
 2. If a federally listed threatened or endangered species is encountered, the Purchaser shall immediately notify the Forest Officer. The Purchaser may be required to suspend operations in the vicinity of the observation or discovery. If suspended, operations may resume only if authorized by the Forest Officer.
- E. SANITATION:** The Purchaser's operations, as described by this contract, shall comply with all applicable State laws, rules and regulations concerning sanitation in operations. Refuse resulting from the Purchaser's activities, including the use, servicing, repair, or abandonment of equipment, shall be removed, buried or otherwise disposed of in a manner that complies with all State laws and meets the approval of the Forest Officer. The Purchaser shall not service tractors, trucks and similar pieces of equipment on lands that directly drain into or are within 100 feet of lakes, streams or recreational facilities. No logging camp will be located on the permit area without prior approval by the Forest Officer.
- F. HAZARDOUS SUBSTANCES:** In addition to the indemnification provided in Section I.W.2. INDEMNITY AND LIABILITY, with respect to Hazardous Substances, the following duties shall apply:
1. The Purchaser shall know and comply with regulations governing the storage, handling, application, disposal, and reporting of pesticides, herbicides, containers, biological waste, petroleum products, dust abatement compounds, and other hazardous substances. The Purchaser shall obtain the approval of the Forest Officer to store, handle, apply or dispose of these substances on State land.

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2. The Purchaser shall not transport, handle, store, load, apply, or dispose of any hazardous substance in such a manner as to pollute water supplies or waterways, or cause damage or injury to people, land, desirable plants, and animals.
- G. PROTECTION OF IMPROVEMENTS:** The Purchaser shall to the greatest extent practicable protect from damage all gates, signs, telephone lines, power lines, fences, irrigation ditches, cattle guards, drainage structures, road improvements, and any other improvements or infrastructure within the gross sale area and/or along haul routes. Damages caused by the Purchaser, his, her or its employees or subcontractors, and expenses associated with the repair or replacement of damaged structures and improvements are the sole responsibility of the Purchaser.
- H. PROPERTY CORNER RESTORATION:** The Purchaser is required to replace any General Land Office township, section, quarter or meander corners, monuments or witness trees on or adjacent to the permit area which may have been moved, disturbed or lost, as a result of the Purchaser's logging or construction operations. Any necessary replacements must be carried out by a licensed surveyor at the Purchaser's expense.
- I. PASSABLE ROADS:** The Purchaser will leave all roads and trails free from obstruction by logs, brush or debris following the completion of logging operations. Temporary or permanent obstructions may be acceptable if approved by the Forest Officer.
- J. NOXIOUS WEED MANAGEMENT:** All equipment used in road construction and off-road logging activity must be pressure-washed by the Purchaser and inspected by the Forest Officer prior to entering the permit area. This cleaning will remove all dirt, plant parts, and material that may carry noxious weed seeds into the permit area. Other equipment and vehicles entering and leaving the permit area shall be cleaned prior to start up and kept reasonably clean during the course of operations. All subsequent move-ins of logging and construction equipment shall be treated the same as the initial move-in.
- K. WILDLIFE PROTECTION:**
1. The Purchaser is authorized to enter areas closed by gates, barricades or berms with motorized vehicles only for the purposes related to the performance of this contract. Motorized vehicle entry for purposes other than contract performance, such as hunting or transporting game animals will be considered trespass and prosecuted to the fullest extent of the law (Montana Code Annotated § 45-6-203).
 2. The Purchaser is prohibited from carrying firearms while conducting contract operations [ARM 36.11.432(1)(m); 36.11.433(1)(d); 36.11.443(2)].
 3. The Purchaser will store human or pet food, livestock food, garbage, and other attractants in a bear-resistant manner.
 4. The Purchaser will not bury or discard attractants in the sale area, or burn attractants (such as food leftovers) in an open campfire.
 5. The Purchaser will provide each employee with a copy of Attachment D "Working in Bear Habitat" Brochure.

VII. LOGGING

- A. TREES DESIGNATED FOR CUTTING:** All trees meeting the following requirements must be cut by the Purchaser.

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1. **TREES IN UNITS:** Trees that meet the Minimum Log Size of Trees Designated for Cutting in Table 2 are to be cut in each unit according to the Marking specifications shown in Section VII.F. UNIT DESIGNATIONS.
2. **RIGHT-OF-WAY TREES:** All trees within road right-of-way boundaries must be cut.
3. **DAMAGED TREES:** Reserved trees, which are root-cut, damaged by felling or skidding, uprooted or broken off by the Purchasers operations may be designated for cutting by the Forest Officer. The Forest Officer may mark additional reserve trees to replace those that have been cut or damaged.
4. **FIRE KILL, INSECT INFESTATIONS AND WIND THROWN:** The Purchaser may be required to cut and remove at current contract rates, fire-killed, high hazard, disease infected, insect-infested or wind thrown (defined as blown down or wind-damaged to the extent that the tree is expected to fall or is dying) trees that occur in any part of the permit area while this Contract is in effect, if the Forest Officer determines that the stumpage value per ton of the additional timber is approximately equal to the value of the timber being harvested under this Contract. In no instance shall the total amount of timber harvested under this contract exceed 500,000 board feet of timber.

B. TREES RESERVED FROM CUTTING:

1. **LEAVE TREES:** Trees, both live and dead, marked to leave or otherwise described to leave are reserved from cutting. Any trees not specifically required to be cut are reserved from cutting.
2. **BOUNDARY AND BEARING TREES:** Trees marking the boundaries of ownership, logging units, equipment restriction zones, streamside management zones, road rights-of-way, and bearing trees, are reserved from cutting unless otherwise designated by this contract or by the Forest Officer.
3. **VALID CLAIMS:** Timber to which there exists a claim under valid contracts with the State of Montana is exempted from this permit.

C. LOG MANUFACTURING AND RECOVERY STANDARDS:

1. **SAWLOG STANDARDS:** Trees cut by the Purchaser shall be manufactured to secure the maximum utilization of forest products. All logs that meet or exceed the Manufacturing And Recovery Standards in Table 2 and this section shall be skidded to landings and hauled by the Purchaser.
 - a. Logs shall be bucked to utilize the entire length of the tree to the top diameter specified under Manufacturing and Recovery Standards in Table 2.
 - b. Logs meeting utilization specifications in Table 2 shall be manufactured in such a manner as to minimize waste during bucking operations.
 - c. A tree or log larger than 5.6" top DIB is considered to be a sawlog if it contains Scribner Decimal C Net Scale \geq 33% of Gross.
2. **OTHER MATERIAL:** The Purchaser may elect to remove other material that does not meet Sawlog Manufacturing and Recovery Standards in Table 2, only if approved by the Forest Officer. Such products shall be billed at the rate for other material shown in Table 1.
 - a. All contract provisions apply to the removal of Other Material.
 - b. Other Material that has been manufactured by the Purchaser shall be decked and hauled separately from sawlogs. All decked non-sawlog material must be hauled, or disposed of by the Purchaser in accordance with instructions of the Forest Officer. All hauled loads will

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have a truck ticket assigned and will meet the specifications in Section III, MEASUREMENT AND LOG ACCOUNTABILITY.

- c. Butt cut logs (the first log cut above the stump) that meet LOG MANUFACTURING AND RECOVERY STANDARDS in Table 2, but do not meet TREES DESIGNATED FOR CUTTING minimum top DIB and length, may be considered as Other Material, not sawlogs.
- 3. DOWN WOODY MATERIAL: 1 to 3 tons per acre of downed woody material larger than 3 inches in diameter shall be left scattered throughout the permit units. The Forest Officer will determine the appropriate amount of material and may designate pieces to be left for this purpose that would otherwise be skidded and hauled under Sections VII.C.1 or VII.C.2, LOG MANUFACTURING AND RECOVERY STANDARDS.
- 4. NUTRIENT RETENTION: Removal from the site of fine branches and leafy material shall be minimized.
- 5. SNAGS: The purchaser will retain a minimum of 1 snags per acre and 10 recruitment trees per acre that are >21 inches dbh within each harvest unit unless superseded by Section VII.F, UNIT DESIGNATIONS. If snags and recruitment trees of this size class are not available, the next largest available size class shall be retained. If snags present human safety concerns, the purchaser may substitute snag recruits for snags upon approval of the Forest Officer. Snags cut for safety purposes shall remain in the unit.

TABLE 2.					
PRODUCT	TREES DESIGNATED FOR CUTTING		SAWLOG MANUFACTURING AND RECOVERY STANDARDS		
	The Purchaser must fell all trees marked or designated for cutting that contain a log of this minimum size.		The Purchaser must skid and haul all logs that meet this minimum specification.		
	Top DIB	Length	Top DIB	Length	Sawlogs meeting standards in Section VII.C.1.b through c
Sawlogs	5.6"	16.5'	5.6"- 8.5" 8.6"+	10.5' 8.5'	

D. TREE AND BOUNDARY MARKING:

- 1. TREES MARKED TO CUT: N/A
- 2. TREES MARKED TO LEAVE: Marked with at least two vertical yellow paint marks extending from below stump height to DBH.
- 3. HARVEST UNIT BOUNDARIES: N/A
- 4. ROAD RIGHT-OF-WAY BOUNDARIES: See attached map
- 5. PROPERTY BOUNDARIES: Marked with blue blazes.

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6. STREAMSIDE MANAGEMENT ZONES: Marked with fluorescent orange flagging stenciled with "STREAMSIDE MANAGEMENT ZONE".

7. EQUIPMENT RESTRICTION ZONES: N/A

E. **HARVEST SCHEDULE:** Trees shall be cut and removed from the permit area or portions of the permit area, such as units, by the dates shown on the HARVEST COMPLETION SCHEDULE, Table 3:

TABLE 3. HARVEST COMPLETION SCHEDULE		
Priority	Unit or Portion of Permit	Completion Date
1	Unit 1	December 15th 2026
2	Unit 2	December 15th 2026
3	Unit 3	December 15th 2026
4	Unit 4	December 15th 2026
5	Unit 5	December 15th 2026
6	Unit 6	December 15th 2026
1-6	Each unit must be completed and inspected by forest officer prior to moving into a new unharvested unit.	

F. **UNIT DESIGNATIONS:** The following requirements are to be performed by the Purchaser in the harvest units listed below and as shown on the permit map, Attachment A. Paragraph headings refer to paragraphs listed in Section VII.G, SPECIAL OPERATING REQUIREMENTS.

HARVEST UNIT NUMBER(S)	ACRES	ESTIMATED VOLUME (Tons)
1-6	244	2,520
YARDING METHOD: Ground based		
MARKING: Leave tree marked with horizontal yellow stripe at DBH and yellow spot below stump height.		
OPERATING PERIOD: Dry or Frozen Conditions		
SPECIAL OPERATING REQUIREMENTS:		
<ol style="list-style-type: none"> 1. Purchaser Leave Tree Selection 2. Whole Tree Skidding 3. Brush Disposal 4. Fence Repair and Cleaning 5. Equipment Restriction Zones 6. Equipment Exclusion Zones 7. Streamside Management Zones (SMZ) 		

G. **SPECIAL OPERATING REQUIREMENTS:** The following requirements are to be performed by the Purchaser in specific sale units as shown in Section VII.F, UNIT DESIGNATIONS.

1. In the harvest units, the purchaser will select cut and leave trees based on the following requirements: Leave dominant and co-dominant live green ponderosa pine form all size classes. Leave an average of 8-10 trees per acre, with an average spacing of 50-75 feet between leave trees. All other trees that are not selected a leave trees and meet the requirement in Table 2 Trees Designated for Cutting will be cut. This includes: burned trees with little to no green needles

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left on them, trees with cracked boles exposing the cambium tissue, and dead trees. Also cut live green trees that are not well formed or are showing signs of stress.

H. LOGGING OPERATIONS PLAN: The Forest Officer shall approve a plan for felling, yarding and landing logs (both Sawlogs and Other Material) in each harvest unit prior to the start of operations in that unit.

I. SKID TRAIL LAYOUT AND YARDING PLAN: The Purchaser must follow these requirements along with those shown under VII.G. SPECIAL OPERATING REQUIREMENTS when developing a yarding plan for each unit. The Forest Officer may approve exceptions to these requirements in writing.

1. The Purchaser shall lay out skid trails and have locations approved by the Forest Officer prior to felling trees.
2. All skid trails will be located within the harvest unit boundaries.
3. Any constructed skid trails shall be completed and approved by the Forest Officer prior to felling timber.
4. Skid trails will not be located in draws, and may only cross draws at locations flagged and approved by the Forest Officer.

J. LANDINGS AND LOG DECKS:

1. The Purchaser shall construct landings at locations approved by the Forest Officer prior to felling timber.
2. Landings shall be kept to the minimum size necessary to allow the safe handling of logs. The Forest Officer must approve landing size.
3. All deck locations shall be approved by the Forest Officer prior to clearing or use. Decks shall be located so as to minimize the number of trees cut for construction of the deck area.

K. FELLING:

1. In each harvest unit, a felling pattern shall be used which conforms to the logging operations plan and causes the least damage to reserve trees and other resources.
2. Felling shall be systematic and continuous to avoid lost logs and minimize the number of skidding trips.
3. Trees shall be directionally felled away from features requiring protection within or adjacent to harvest units. Features requiring protection include streams, meadows, wet areas, and areas specified under Section VII.F. UNIT DESIGNATIONS. Wedges, jacks, winches, or other special equipment may be required to direct trees when felling. Trees falling into protection areas shall be winch-line skidded out of protected features. All necessary mitigation for damage caused by improper and/or non-approved felling into a protected zone is the responsibility of the Purchaser. The Forest Officer must approve all mitigation work.
4. Traffic Control Required For Felling Along Roads: If felling operations occur along public roads, traffic guards with "STOP" signs shall be posted 500 feet in both directions from the units on open roads, providing a safety zone to warn oncoming traffic that logging operations are in progress. All traffic shall be stopped when tree felling is in progress. Traffic stops should not exceed 15 minutes at any one time. All saws will be shut off when traffic is moving through the safety zone. Wedges and/or jacks shall be used to ensure trees do not fall onto the roadway. In the event a

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tree falls across the roadway, all debris shall be removed immediately from the roadway and right-of-way. The Forest Officer must approve any extended road closures for logging operations.

L. YARDING AND MECHANICAL FELLING: The Purchaser must follow these requirements during logging operations, along with those shown under Section VII.G. SPECIAL OPERATING REQUIREMENTS. The Forest Officer will determine when restrictive conditions apply, and may approve exceptions to these requirements in writing.

1. Soil Compaction Restrictions: In order to prevent soil resource impacts, ground-based mechanical felling and yarding are restricted to periods when one or more of the following conditions occur:
 - a. Soil moisture content at 4-inch depth less than 20% oven-dry weight.
 - b. Minimum frost depth of 4 inches.
 - c. Minimum snow depth of 18 inches, loose, or 12 inches, packed.
2. Suspended Operations for Soil Compaction and Displacement: The Purchaser will be required to restrict or suspend logging operations when soils are subject to compaction or displacement by heavy equipment.
3. Equipment Restrictions:
 - a. Equipment shall not be operated in areas designated as EQUIPMENT RESTRICTION ZONES, WETLAND MANAGEMENT ZONES or STREAMSIDE MANAGEMENT ZONES as shown in Section VII.D.6 and 7, unless authorized by this Contract or the Forest Officer.
 - b. Equipment shall not be operated in soft soils, boggy areas or areas where skidding would cause excessive compaction and displacement.
 - c. Any trees designated for harvest within such zones shall be winchline skidded to skid trails outside the zone.
 - d. Slash will not be piled in or pushed into these zones.
 - e. The Forest Officer must approve any designated crossings of restricted areas.
4. Protection of Reserved Trees: The Purchaser shall exercise reasonable care to prevent damage to trees reserved from cutting during logging operations.

M. CLEAN-UP AND COMPLETION: The Purchaser must follow these requirements and those shown under Section VII.G. SPECIAL OPERATING REQUIREMENTS during logging operations. The Forest Officer will determine when restrictive conditions apply, specifications and dates to meet these requirements and may approve exceptions in writing. The Forest Officer must approve all designated work prior to the removal of Purchaser's equipment.

1. Logging Debris Confined to Units: All debris from logging shall be confined within the harvest unit boundaries. Any logging debris outside a harvest unit must be returned to within the unit boundary.
2. Skidding Debris on Roads: The Purchaser shall remove logging slash remaining on any portion of a road cutbank or traveled way. Cut and fill slopes, ditches, or road surfaces damaged by skidding operations shall be restored to original conditions. Reseeding is required if vegetation is damaged by skidding.

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3. Repair of Improvements: Damage caused by the Purchaser's operations to culverts, waterlines, fences, roads, bridges, gates, cattleguards, signs, and all other improvements must be adequately repaired or replaced.
 4. Erosion Control:
 - a. The Purchaser shall construct slash and debris erosion barriers, dips, water bars or ditches in skid trails and landings as directed by the Forest Officer.
 - b. The kinds and frequency of erosion control structures shall be adjusted to soil types, topography and climatic conditions as directed by the Forest Officer.
 - c. The Purchaser is required to recontour any excavated skid trails, and provide for effective erosion control in the trail location as directed by the Forest Officer.
 - d. Erosion control work shall commence as soon as skidding is completed on each skid trail or landing, and must be kept current with unit operations.
 - e. Erosion control work shall be completed and approved by the Forest Officer in unfinished units before operations cease for inactive periods including heavy winter snowfall, spring breakup and restricted dates.
 - f. All erosion control work in each unit shall be completed prior to notification pursuant to Section VII.M.7, Acceptance of Completed Harvest Units.
 - g. The Purchaser shall maintain erosion control structures in the active permit area throughout the contract period or extensions thereof.
 5. Landing And Decking Area Cleanup: The Purchaser is required to pile logging residues on landings and log-decking areas. Proper equipment (e.g. brush blade, log loader) shall be used to ensure that no dirt is incorporated into the piles. Mechanical scarification of landing and decking areas may be required. Where logs have been decked on the downhill or fill side of a road, the Purchaser may be required to pile residue with a log loader or by hand. Residue piles shall be a minimum of 15 feet away from any live trees. Piles shall be located and constructed as directed by the Forest Officer.
 6. Systematic Harvest Unit Operations: When harvest operations are begun on a designated harvest unit, the harvest operations on that unit shall be fully completed before cutting may begin on other harvest units.
 7. Acceptance Of Completed Harvest Units: The Forest Officer shall notify the Purchaser in writing when all contract requirements for each specified harvest unit or area have been met. After notice has been received, the Purchaser is not required to do additional work on the specified area except as provided in Section VII.A.4. FIRE KILL, INSECT INFESTATION, AND WIND THROWN.
- N. HAULING RESTRICTIONS:** The Purchaser will be required to restrict or suspend hauling during periods when the compacted road surface would be damaged, as directed by the Forest Officer. Restrictions are required when hauling would cause rutting into the subgrade, or surfacing materials would be displaced, such as during heavy rainfall or spring breakup freezing and thawing cycles.
- O. LOGGING OPERATIONS SAFETY SIGNS:** Road signs warning of logging and road construction operations shall be posted 500 feet from the operations. When log hauling is in progress, warning signs shall be posted at major road junctions as directed by the Forest Officer. Warning signs must comply with specifications in the Manual on Uniform Traffic Control Devices.

VIII. ROADS

A. ROAD CONSTRUCTION:

1. Road Construction or Reconstruction items required for this permit are as follows: N/A
2. All required Road Construction or Reconstruction items will be completed by 12/15/2026

B. ROAD MAINTENANCE:

1. Road Maintenance items required for this permit are as follows: N/A
2. All required Maintenance of the roads will be completed by 12/15/2026

C. SNOWPLOWING: If hauling occurs during the winter months, the Purchaser will be required to plow snow to the following guidelines on all State and private roads.

1. Snow should be windrowed beyond the fill shoulder line.
2. To protect the road surface, a 1-inch to 4-inch cushion of snow may be left on the road.
3. At termination of use, the road will be prepared for spring runoff by opening outlets (drainage) through the plowed berms and a snow berm closure installed.
4. Tracked equipment will not be used to plow snow without prior written approval from the Forest Officer.

D. NOXIOUS WEED CONTROL: The Purchaser may be required to perform noxious weed control on any of the roads designated as part of the haul route and on landings. Noxious weed control may include grass seeding, equipment washing and herbicide spraying.

1. Grass seeding requirements are as follows: See Attachment B page 15.
2. The Purchaser will be required to pressure wash all logging and construction equipment prior to entry into the permit area. This cleaning will remove all dirt, plant parts, and material that may carry noxious weed seeds into the permit area. Only logging and construction equipment so cleaned and inspected by the Forest Officer will be allowed to operate within the permit area. All subsequent move-ins of logging and construction equipment shall be treated the same as the initial move-in. "Logging and construction equipment" does not include logging trucks and personal vehicles.
3. Any spraying required in this Permit shall be done by a commercial applicator licensed by the State of Montana or by personnel under the direct supervision of the licensed applicator. All herbicide applications shall follow EPA label requirements. Any weed control must comply with the current standards of the County Weed Board and as directed by the Forest Officer.
4. Required weed spraying is as follows: N/A

E. TEMPORARY SPUR ROAD SPECIFICATIONS: Temporary spur roads are defined as any roads constructed by the Purchaser to access a harvest unit or landing which is not an existing road or listed as a road to be constructed in paragraph VIII.A.1. All temporary roads will be constructed to the following specifications:

1. Forest Officer shall approve the location prior to any construction.
2. Clearing and excavation shall be kept to the absolute minimum for safe truck hauling and to prevent erosion and water quality impacts. Some sidehill excavation, minor through cuts, ditching and turnpiking may be required.

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3. Temporary culverts may be required at ditch crossings, wet areas or other locations as directed by the Forest Officer.
4. Temporary erosion control measures may be required on the road and/or the landing area while being used.
5. At the completion of use the road shall be shaped back to natural contours, temporary culverts removed, erosion control measures installed, the disturbed areas grass seeded and the access closed to all vehicular traffic. The Forest Officer may require scarification or ripping of compacted landings and temporary spur roads.

F. TRAFFIC CONTROL AND WARNING SIGN SPECIFICATIONS:

1. The Purchaser shall furnish, erect, and maintain all necessary barricades, suitable and sufficient lights, danger signals, signs, and other traffic control devices, and shall take all necessary precautions for the protection of the work and safety of the public. Suitable warning signs shall be provided to properly control and direct traffic as requested by the Forest Officer.
2. All road barricades, warning signs, lights, temporary signals, flagger and pilot car operations and equipment, and other protective devices, shall conform to the specifications in the Manual on Uniform Traffic Control Devices (MUTCD).

IX. EXECUTION and AWARD

All of the following items must be checked off prior to signing of the permit.

When all items have been checked off and both parties have signed the permit the Award Date will be filled in on page one of this permit.

Advance Stumpage Paid:	yes <input type="checkbox"/>	Date: _____
Performance Bond:	yes <input type="checkbox"/>	Date: _____
Liability Insurance:	yes <input type="checkbox"/>	Date: _____
Workers Comp Certification:	yes <input type="checkbox"/>	Date: _____

EXECUTION:	
Signed this ____ day of _____ 20 ____	
Purchaser:	
_____	_____
Name (print)	Signature
Department of Natural Resources and Conservation:	
_____	_____
Name (print)	Signature
_____	Unit or Area Manager
Unit Name	