NOTICE OF TIMBER SALE

SALE NAME/NO.: Crystal Crossover 341-02-42
AUCTION DATE/TIME: October 16, 2001, starting at 10:00 a.m.
AUCTION LOCATION: Oregon Department of Forestry Headquarters
4907 East Third Street
Tillamook, Oregon 97141
(503) 842-2545   FAX (503) 842-3143

DISTRICT/UNIT OFFICE (MAILING ADDRESS FOR BIDS):
Oregon Department of Forestry Headquarters
4907 East Third Street
Tillamook, Oregon 97141
(503) 842-2545   FAX (503) 842-3143

HARVEST TYPE: 80 acres partial cut in 40 to 60-year-old timber. 15 acres of regeneration harvest in 45-year-old timber.

SALE LOCATION: Portions of Sections 7, 8, 17, and 18, T2N, R9W, W.M., Tillamook County, Oregon.

DIRECTIONS TO TIMBER SALE AREA: Access from Tillamook via Highway 101, Miami Foley County Road, and East Foley Creek Road.

APPRAISED VOLUMES AND QUALITY:

<table>
<thead>
<tr>
<th>SPECIES</th>
<th>AVG DBH</th>
<th>TOTAL MBF</th>
<th>1P</th>
<th>2P</th>
<th>3P</th>
<th>P</th>
<th>SM</th>
<th>1S</th>
<th>2S</th>
<th>3S</th>
<th>4S</th>
<th>5S</th>
<th>6S</th>
<th>SEL</th>
<th>SC</th>
<th>UT</th>
<th>CR</th>
<th>WRM</th>
<th>PLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas-fir</td>
<td>14&quot;</td>
<td>811</td>
<td>413</td>
<td>398</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>W Hem. / fir</td>
<td>13&quot;</td>
<td>1,372</td>
<td>333</td>
<td>1,039</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale Total</td>
<td></td>
<td>2,183</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MINIMUM BID: BID SPECIES  Douglas-fir ............................................................... $282.71 per MBF

NO-BID SPECIES  Hemlock................................................................. $100.25 per MBF**

**THE PRICE PER MBF FOR HEMLOCK SHALL BE DETERMINED BY MULTIPLYING THE MINIMUM PRICE FOR HEMLOCK BY A BID-UP FACTOR. THE BID-UP FACTOR SHALL BE DETERMINED BY DIVIDING THE BID PRICE FOR DOUGLAS-FIR BY THE MINIMUM PRICE FOR DOUGLAS-FIR.

There is no project amortization. ODF will not reduce the price of a species to amortize the project work. Instead ODF will credit PURCHASER’s timber account in the amount of $143,135 after the project work is completed and accepted, as described in the section titled, “Credit for Project Work.”

The timber sale areas contain negligible volumes of other logs to be paid for at the prices in Section 44.

PERFORMANCE SECURITY: 20% of bid value (unknown) or the total value of the project work ($144,000), whichever is greater. Actual bond amount will be rounded up to an even $1,000 unit.

EXPIRATION DATE: March 31, 2005

BID DEPOSIT: $22,300

SALE TYPE: Recovery/BOF – 100%

INSURANCE: $500,000 Commercial General Liability; $500,000 Automobile Liability; $500,000 Logger’s Broad Form

HARVEST METHOD: 90% cable, 10% ground.

PROJECTS: 6.5 miles road improvement, 0.3 miles road vacating, rock pit development, rock
crushing, and 1,000 cubic yards stockpile.

Payment required for additional hazard created.

THIS STATE TIMBER SALE CONTRACT REQUIRES THAT PURCHASER COMPLY WITH ALL LAWS, INCLUDING THE ENDANGERED SPECIES ACT (ESA). THE DEPARTMENT OF FORESTRY (ODF) HAS SURVEYED PORTIONS OF THE SALE AREA SHOWN IN EXHIBIT "A" FOR NORTHERN SPOTTED OWLS AS PART OF ITS MONITORING SURVEYS OF THE TILLAMOOK BURN. RESULTS OF THE SURVEY ARE ON FILE WITH ODF, AND ARE AVAILABLE FOR INSPECTION UPON REQUEST. NORTHERN SPOTTED OWLS WERE NOT DETECTED IN SURVEY AREAS WITHIN OR ADJACENT TO THIS SALE. ODF ALSO HAS SURVEYED THE SALE AREA SHOWN IN EXHIBIT "A" FOR MARBLED MURRELETS. RESULTS OF THE SURVEY ARE ON FILE WITH ODF, AND ARE AVAILABLE FOR INSPECTION UPON REQUEST. MARBLED MURRELETS WERE NOT DETECTED IN SURVEY AREAS WITHIN OR ADJACENT TO THIS SALE. AS A RESULT OF PREVIOUS SURVEYS, ODF HAS ESTABLISHED A MANAGEMENT AREA FOR THE MARBLED MURRELET WITHIN 0.25 MILES OF THE SALE AREA DESCRIBED IN EXHIBIT "A".

SECTION 39 OF THE CONTRACT ESTABLISHES CERTAIN RESTRICTIONS AS A RESULT OF THIS SITUATION. PROSPECTIVE PURCHASERS SHOULD REFERENCE THAT SECTION FOR RESTRICTION DETAILS. ODF WILL BE CONDUCTING THREATENED OR ENDANGERED SPECIES SURVEYS IN OR AROUND THE SALE AREA DURING THE LIFE OF THIS CONTRACT. ODF DOES NOT GUARANTEE THAT ADDITIONAL THREATENED OR ENDANGERED SPECIES WILL NOT BE FOUND ELSEWHERE WITHIN OR NEAR THIS SALE. IN THE EVENT A THREATENED OR ENDANGERED SPECIES IS FOUND, ODF MAY TAKE STEPS, INCLUDING CONTRACT ALTERATION OR TERMINATION AS PROVIDED IN SECTION 32 OF THE CONTRACT, IF ODF BELIEVES THOSE STEPS ARE NECESSARY TO PROTECT THE INTERESTS OF STATE. PURCHASER SHOULD TAKE APPROPRIATE STEPS TO BE CERTAIN THAT NO ESA VIOLATIONS OCCUR.

PROSPECTIVE PURCHASERS ARE ENCOURAGED TO CONTACT THE ODF WILDLIFE INFORMATION COORDINATOR (503-945-7374) FOR FURTHER INFORMATION OR QUESTIONS RELATIVE TO THREATENED OR ENDANGERED SPECIES SURVEY OR ACTIVITY CENTER INFORMATION.

SEASONAL RESTRICTIONS APPLY - SEE SECTION 39.

Acreage was calculated from a GIS digital orthophoto. See logging plan in cruise report for acres to be harvested.

Areas I and III: Harvest Douglas-fir with severe symptoms of Swiss Needle Cast and partial cut hemlock to develop understory that can develop into a layered stand.

Area II: Harvest unstable single canopy hemlock stand and establish mixed species conifer stand.

See inside front cover of Auction Schedule booklet for disclaimer regarding all governmental regulatory actions.

SALE NAME: Crystal Crossover
COUNTY: Tillamook
CONTRACT NO.: 341-02-42
TIMBER SALE NAME: Crystal Crossover
TIMBER SALE NO.: 341-02-42
OPENING DATE: October 16, 2001

FORM OF PROPOSAL

The undersigned agrees to accept and perform all of the above terms and conditions as stated in the form of contract for the above-cited timber sale, and bids, and will pay:

ON THE BASIS OF PRICE PER THOUSAND BOARD FEET FOR:

Bid Species:

Douglas-fir, sawmill grade or better, $ per MBF.

Minimum grades and volumes for bid species are stated in the timber sale prospectus.

NO-BID SPECIES: THE CONTRACT PRICE FOR HEMLOCK SHALL BE DETERMINED BY MULTIPLYING THE MINIMUM PRICE PER MBF FOR HEMLOCK BY THE BID-UP FACTOR OF THE BID SPECIES.

Enclosed is a bid deposit as required, consisting of a in the amount of $22,300, payable to the State Forester.

The undersigned agrees to execute and deliver the contract, initial payment, required certificates of insurance, and performance bond, within thirty (30) days of the date of the written notification of high bid; and that any cash bid deposit may be applied to the first required timber sale payment.

The undersigned understands that the bid is irrevocable and further agrees that if he fails to qualify under the terms of the contract within the thirty-day period, the bid deposit shall become the property of the Oregon Department of Forestry as liquidated damages.

BIDDER
(Name of company or individual)

TAX ID NO.

ADDRESS

PHONE

BY
(Signature of Authorized Official & Title)

COMPLETE PURCHASER'S STATUS ON PAGE 2
PURCHASER'S STATUS

Check ( ) Purchaser is a corporation ( ) Incorporated in the State of

President's Name ____________________________ ________________________

Secretary's Name ____________________________

Purchaser is: ( ) a partnership ( ) an assumed (business)
( ) an individual name

List names of all persons doing business under the partnership or assumed name:

__________________________________________ ____________________________

__________________________________________ ____________________________

__________________________________________ ____________________________

If assumed name is subsidiary to a corporation, fill in data requested of corporation also and write in corporation name here:

__________________________________________
CERTIFICATION OF ELIGIBILITY
TO BID ON STATE TIMBER

hereby certifies that they:

EXPORT

(a) Will not export the unprocessed State timber as defined in OAR 629-031-0020 which is the subject of this transaction;

(b) Will not sell, transfer, exchange, or otherwise convey the unprocessed timber as defined above which is the subject of this transaction to any other person without first obtaining a certification from that person which meets the requirements of OAR 629-031-0030.

(c) Are not prohibited by OAR's 629-031-0005 through 0045 from bidding for unprocessed State timber as defined above directly from the State Forester.

(d) Understand that falsely entering into this certification is a violation of the Forest Resources Conservation Amendments Act of 1993 and OAR Chapter 629, Division 31, and is subject to any and all penalties contained therein.

(e) Have not exported unprocessed timber originating from private lands in Oregon in the last 24 months.

(f) HAVE exported unprocessed timber originating from private lands in Oregon in the last 24 months, but HAVE NOT exported unprocessed hardwood timber originating from private lands in Oregon in the last 24 months and meet the requirements of OAR 629-031-0010(2).

DEFAULT, TERMINATION, AND OTHER RELATED MATTERS

(a) Are not currently in default status under any timber sale contract sold by the State Forester.

(b) Has not, within a 3-year period preceding this bid, had one or more Federal, State, or local timber sales terminated for cause or default.

(c) If (b) above is Yes, has submitted an explanation, in writing, with this bid for consideration by STATE. Any such explanation shall be submitted at the time of bid on a separate piece of paper.

Signed

Title

Dated

[NOTE: For the purpose of this form, the definition of unprocessed timber is the same as in OAR 629-031-0005.]
Memorandum

Subject: Biological Survey of Crystal Crossover
Timber Sale Number 341-02-42

To: Potential Bidders

From: Marcia Humes, Wildlife Biologist

Date: September 4, 2001

PROSPECTIVE PURCHASERS OF STATE TIMBER SALES NEED TO BE AWARE THAT THE DEPARTMENT OF FORESTRY IS ENGAGED IN AN ACTIVE THREATENED AND ENDANGERED SPECIES SURVEY PROGRAM. AS PART OF THAT PROGRAM, ODF SURVEYS ITS LANDS ON A CONTINUING BASIS FOR LAND MANAGEMENT, SPECIES PROTECTION, RESEARCH, AND OTHER REASONS. PROSPECTIVE PURCHASERS ARE REMINDED THAT ODF SURVEYING EFFORTS MAY TAKE PLACE DURING THE LIFE OF ANY TIMBER SALE CONTRACT, AND THAT THE DISCOVERY OF A THREATENED OR ENDANGERED SPECIES IN THE VICINITY OF A TIMBER SALE MAY AFFECT OPERATIONS CONTEMPLATED UNDER THE CONTRACT. THIS INCLUDES TIMBER SALES THAT HAVE BEEN DETERMINED TO BE UNSUITABLE HABITAT OR NOT DETRIMENTAL TO HABITAT. PLEASE REFER TO SECTIONS 30, 32, AND 33 OF YOUR CONTRACT PROSPECTUS, OR CONTACT OUR WILDLIFE INFORMATION COORDINATOR AT (503) 945-7374 FOR FURTHER INFORMATION.

This sale is located within the Tillamook Burn. Current ODF policy does not require surveys for northern spotted owls in the Tillamook Burn due to the marginal quality of the habitat and the extensive amount of this habitat on the landscape. However, a transect survey was conducted in and around the sale areas as part of ODF’s monitoring of potential spotted owl presence within the Tillamook Burn. Transect surveys were conducted in 2000 and 2001, using survey methods endorsed by the U. S. Fish and Wildlife Service. There was one response from a northern spotted owl within 1.5 miles of the sale during these surveys. This response was associated with a known northern spotted owl activity center greater than 1.5 miles from the sale area. There are no active, known northern spotted owl activity centers within 1.5 miles of this sale.

Portions of this sale are potentially suitable habitat for marbled murrelets. These areas were surveyed for marbled murrelets in 2000 and 2001, using a protocol developed by the Pacific Seabird Group. There were no observations of marbled murrelets during any of these surveys. Portions of this sale are located within 0.25 miles of a Marbled Murrelet Management Area (MMMA), established under the Marbled Murrelet Management Plan for State Forests.

Seasonal operating restrictions are in effect annually from April 1 through September 15 for those portions of the sale located within 0.25 mile of the MMMA, as outlined in the contract. There are no other seasonal restrictions associated with northern spotted owls or marbled murrelets for this sale.

cc: Tillamook District