NOTICE OF TIMBER SALE

SALE NAME/NO.: Beaver Power

AUCTION DATE/TIME: September 13, 2011, starting at 10:00 a.m.

AUCTION LOCATION: Oregon Department of Forestry
Tillamook District Headquarters
5005 Third Street
Tillamook, Oregon 97141
(503) 842-2545  FAX (503) 842-3143

DISTRICT/UNIT: Oregon Department of Forestry
OFFICE (MAILING ADDRESS FOR BIDS):
Tillamook District Headquarters
5005 Third Street
Tillamook, Oregon 97141
(503) 842-2545  FAX (503) 842-3143

HARVEST TYPE: Area 1 is 45-net-acres of partial cut. Area 2 is 39 acres of partial cut. Approximate age: 75 years.

SALE LOCATION: Portions of Sections 7 and 18, T1S, R9W, W.M., Tillamook County, Oregon.

DIRECTIONS TO TIMBER SALE AREA: From Tillamook, take Hwy. 6 east to Wilson River Loop Road, go 1.3 miles east to Sollie Smith Road, go .25 mile north to Aldercrest Road, go .95 mile west to Beaver Creek Road, go through gate, follow Beaver Creek Road approximately 1.1 miles to unnamed road, turn right and go about .5 mile to Area 1. All access restricted: Beaver Creek Road - keys are available for pickup at Tillamook ODF Office.

APPRAISED VOLUMES AND QUALITY:

<table>
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<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>
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<th>2S</th>
<th>3S</th>
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<th>10-11</th>
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MINIMUM BID: BID SPECIES

NO-BID SPECIES

Western hemlock/fir............................................. $160.91 per MBF
Sitka spruce and other conifers............................ $121.54 per MBF
Red alder and other hardwoods.............................. $301.90 per MBF
Douglas-fir...................................................... $267.33 per MBF
Western redcedar and other cedars....................... $650.00 per MBF

In order to compensate PURCHASER for Project Work, ODF will credit PURCHASER's timber account in the amount of $78,290 after the project work is completed and accepted, as described in Section 2630, "Credit for Project Work."

The timber sale areas contain negligible volumes of other logs to be paid for at the prices in Section 1740.

PERFORMANCE SECURITY: 20% of bid value (unknown) or the total value of the project work $79,000, whichever is greater. Actual bond amount will be rounded up to an even $1,000 unit.

EXPIRATION DATE: June 30, 2013

BID DEPOSIT: $10,200

BID METHOD: Sealed Bids

SALE TYPE: Recovery/BOF - 100%

INSURANCE:
$2,000,000 Commercial General Liability; $2,000,000 Automobile Liability; $2,000,000 Logger's Broad Form.

HARVEST METHOD: 87% cable yarding and 13% ground-based yarding.
PROJECTS:

Project 1 – Construct .6 mile of road, reconstruct .2 mile of road, improve 6.2 miles of road.

Project 2 – Spread rock.

Project 3 – Place Rip Rap.

Project 4 – Seeding and mulching.

FEES:

None.

ENDANGERED SPECIES ACT COMPLIANCE STATEMENT:

The Oregon Department of Forestry (ODF) is engaged in an active threatened and endangered (T&E) species survey program. Surveys, determinations, and management measures are developed and implemented in good faith compliance with federal and state Endangered Species Act (ESA) requirements. Restrictions on operations due to T&E species considerations are included in the prospectus. Purchasers are required to comply with all federal and state laws, including the Endangered Species Act. Purchaser should take steps to be certain that no ESA violations occur. Prospective purchasers of timber sales are reminded that ODF surveying efforts may take place any time during the term of a timber sale contract. As part of the survey program, ODF surveys its lands on a continuing basis for land management, species protection, research, and other reasons. During the contract term, T&E survey work and/or the discovery of a threatened or endangered species within or in the vicinity of a timber sale may affect operations contemplated under the contract. In the event a threatened or endangered species is found within or near this sale, ODF may take steps necessary to protect the interests of the State, including contract alteration, suspension, or termination.

Prospective purchasers are encouraged to contact the Tillamook ODF District at (503) 842-2545 for further information or questions relative to threatened or endangered species surveys, future planned survey information, or other threatened or endangered species information.

SPECIAL REMARKS:

NO PERSONAL OR COMPANY CHECKS ACCEPTED FOR THE BID DEPOSIT.

SEASONAL RESTRICTIONS APPLY - SEE SECTION 2455.

Sale acreage was determined using GIS.


If pulp is yarded to the landing, removal is required.

A Tailhold Permit with Hampton Resources shall be secured prior to tailholding on their property (Section 2120).

Purchaser shall provide maintenance rock for this sale. State rock will not be available.

Felling must be completed by April 1, 2013.

The information shown on the Exhibit A map(s) are approximate locations. Exact locations of features represented by map symbols shall be determined on site and shall depend upon the conditions that exist on site. Activities shall be conducted based upon features determined on site rather than features shown on maps.

See inside front cover of Timber Sale Schedule handbook for disclaimer regarding all governmental regulatory actions.

SALE NAME: Beaver Power
COUNTY: Tillamook
CONTRACT NO.: 341-12-01
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:

Bid Species:

Western hemlock/fir, sawmill grade or better, ____________________________________________

$________________________ per MBF. Minimum grades and volumes for bid species are stated in the timber sale prospectus.

No-bid species will remain as shown:

Sitka spruce and other conifers .................................................................$121.54 per MBF.
Red alder and other hardwoods ...............................................................$301.90 per MBF.
Douglas-fir.........................................................................................$267.33 per MBF.
Western redcedar and other cedars.......................................................$650.00 per MBF.

Enclosed is a bid deposit as required, consisting of a ...................................................... in the amount of $10,200, payable to the Oregon Department of Forestry.

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 notice of intent to award; 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 they fail 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. If the undersigned fails to qualify within the thirty-day period, STATE may disqualify the undersigned from submitting another bid on this timber sale.

BIDDER

(Name of Individual or Company and Authorized Official)

TAX ID NO.

ADDRESS

PHONE

BY

(Signature of Authorized Official & Title)

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

Purchaser is a corporation

Check ( )

Incorporated in
the State of

President's Name ____________________________

Secretary's Name ____________________________

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

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 directly or indirectly export the unprocessed State timber as defined in OAR 629-031-0020 which is the subject of this transaction.

(b) Shall not engage in export of unprocessed timber originating from private lands in Oregon until such time as all interests in contracts for State timber held by the above have terminated, per OAR 629-031-0010(1)(d).

(c) 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.

(d) 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.

(e) 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.

(f) Have not directly or indirectly exported unprocessed timber originating from private lands in Oregon in the last 24 months, or if bidding only on STATE hardwood timber or logs, 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.]
Biological Survey Report

Project: Beaver Power
Date: August 8, 2011
To: Eric Perkins
CC: Kate Skinner, Dan Goody, District Sale File
From: Matt Gostin

Habitat Suitability

This sale contains potentially suitable habitat for northern spotted owls and marbled murrelets.

Survey Results

This sale was surveyed for northern spotted owls in 2010 and 2011, using a protocol endorsed by the U.S. Fish and Wildlife Service\(^1\). Northern spotted owls were not observed during these surveys.

Surveys for marbled murrelets were conducted in 2006 and 2007, using a protocol developed by the Pacific Seabird Group\(^3\). Murrelets were not detected during these surveys.

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\(^2\) Oregon Department of Forestry, June 1, 2010. Policy bulletin SPB - 10-03, Northern Spotted Owl Policy Update - Northern Spotted Owl Survey Protocol.

Known T&E Resources

Project work (quarry expansion) for this sale is within 1.5 miles of a northern spotted owl activity center. A Biological Assessment of the quarry expansion on the activity center has been conducted. It concludes the Beaver Power quarry expansion, as currently proposed, poses a low risk to persistence and viability of any spotted owls that may be using the site.

There are no Marbled Murrelet Management Areas affecting this sale.

Operational Considerations

Northern spotted owl survey results are valid until March 15, 2014.

Marbled murrelet survey results are valid until April 1, 2013.

All timber should be felled by April 1, 2013.

Future Survey Plans

ODF has no plans for further survey of this sale. However, ODF has an active survey program and northern spotted owl surveys will be conducted within 3 miles of this sale during the life of the contract.
## Survey Results Summary

Table 1. Northern Spotted Owl Surveys of Beaver Power

<table>
<thead>
<tr>
<th>Survey Area</th>
<th>Visit #1 Date</th>
<th>Visit #2 Date</th>
<th>Visit #3 Date</th>
<th>Visit #4 Date</th>
<th>Visit #5 Date</th>
<th>Visit #6 Date</th>
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<tbody>
<tr>
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<td>4/9-10</td>
<td>5/6-7</td>
<td>5/29-30</td>
<td>6/22-23</td>
<td>7/14-15</td>
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<td>4/13-14</td>
<td>6/2-3</td>
<td>6/25-26</td>
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<td>4/15-16</td>
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2010

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<th>Survey Area</th>
<th>Visit #1 Date</th>
<th>Visit #2 Date</th>
<th>Visit #3 Date</th>
<th>Visit #4 Date</th>
<th>Visit #5 Date</th>
<th>Visit #6 Date</th>
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2011

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<th>Survey Area</th>
<th>Visit #1 Date</th>
<th>Visit #2 Date</th>
<th>Visit #3 Date</th>
<th>Visit #4 Date</th>
<th>Visit #5 Date</th>
<th>Visit #6 Date</th>
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<tr>
<td>Beaver Power</td>
<td>4/11</td>
<td>5/8</td>
<td>6/5-6</td>
<td>6/24-25</td>
<td>7/20-21</td>
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<td>4/11-12</td>
<td>5/8-9</td>
<td>6/5-6</td>
<td>6/28</td>
<td>7/21</td>
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</tbody>
</table>

NR - no response
j - juvenile
M0 - mouse refused
M4 - 4 mice taken
V - visual response
jj - 2 juveniles
M1 - 1 mice taken
M5 - 5 mice taken
bb - new bird banded
last visit to site
M2 - 2 mice taken
M6 - 6 mice taken
M3 - 3 mice taken

♀ ♂ ♀ ♀ - Pair (day, night, early morning)
♀ ♀ ♀ ♀ - Female (day, night, early morning)
♂ ♀ ♀ ♀ - Male (day, night, early morning)
♀ ♀ ♀ ♀ - Sex Unknow (day, night, early morning)

## Table 2. Marbled Murrelet Surveys of Beaver Power

<table>
<thead>
<tr>
<th>Survey Area</th>
<th>Site</th>
<th>Station</th>
<th>Date</th>
<th># Detections</th>
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