



**TIMBER NOTICE OF SALE**

**SALE NAME:** MILL FIR SORTS

**AGREEMENT NO:** 30-93074 - 30-93086

**AUCTION:** March 31, 2016 starting at 10:00 a.m.

**COUNTY:** Wahkiakum

Pacific Cascade Region Office, Castle Rock, WA

**SALE LOCATION:** Sale located approximately 13 miles, by road, west of Longview, Washington

**PRODUCTS SOLD**

**AND SALE AREA:**

All delivered timber described below, except leave trees banded with a single ring of blue paint, areas bounded out by yellow Leave Tree Area tags, and all down timber existing 5 years prior to the day of sale bounded by: white "Timber Sale Boundary" tags, pink flagging and the E-1000 road in Unit 1; white "Timber Sale Boundary" tags and pink flagging and the E-1220 road in Unit 2. All delivered timber described below orange "Right-of-Way Boundary" tags in Unit 3 meeting the specifications described below; on parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., containing 142 acres, more or less.

**MINIMUM BID AND ESTIMATED LOG VOLUMES:**

Agreement #	Sort #	Species and Sort Specifications	Average Log Length	Estimated Volume		Tons Per MBF	Minimum Bid Delivered Prices		Total Appraised Value	Bid Deposit
				Mbf	Tons		\$/mbf	\$/Ton		
30-093075	1	DF 6"-11" dib	28'	624	4056	6.5	\$500.00		\$312,000.00	\$31,200.00
30-093076	2	DF 12"-19" dib	28'	954	4961	5.2	\$525.00		\$500,850.00	\$50,085.00
30-093077	3	DF 20"+ dib	28'	987	4639	4.7	\$475.00		\$468,825.00	\$46,882.50
30-093079	5	DF HQB 12"+ dib	28'	246	1230	5	\$550.00		\$135,300.00	\$13,530.00
30-093080	6	RA 5"+ dib	24'	168	1176	7	\$500.00		\$84,000.00	\$8,400.00
30-093081	7	RC 5"+ dib	24'	174	1183	6.8	\$1,100.00		\$191,400.00	\$19,140.00
30-093082	8	WW 6"-11" dib	28'	222	1598	7.2	\$400.00		\$88,800.00	\$8,880.00
30-093083	9	WW 12"-19" dib	28'	557	3453	6.2	\$425.00		\$236,725.00	\$23,672.50
30-093084	10	WW 20"+ dib	28'	451	2480	5.5	\$390.00		\$175,890.00	\$17,589.00
30-093085	11	DF Pulp 2"+ dib	N/A	185	2405	13		\$28.00	\$67,340.00	\$6,734.00
30-093086	12	WW Pulp 2"+ dib	N/A	77	1001	13		\$28.00	\$28,028.00	\$2,802.80
30-093087	13	RA Pulp 2"+ dib	N/A	13	169	13		\$28.00	\$4,732.00	\$473.20

**Totals:** **4658 28351 \$2,293,890.00**

**CERTIFICATION:** This sale is certified under the Sustainable Forestry Initiative® program Standard (cert no: BV-SFIS-US09000572)

**BID METHOD:** Sealed Bids

**UNIT OF MEASURE:** MBF Scale/Tonnage Scale

**EXPIRATION DATE:** October 31, 2016

**ALLOCATION:** Export Restricted

## TIMBER NOTICE OF SALE

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### **PAYMENT**

**SECURITY:** To be determined by the State as described in Clause P-045.2 of the Purchaser's Contract.

### **BIDDING**

#### **PROCEDURES:**

A separate sealed bid and envelope must be submitted for each log sort. Prospective Purchasers may bid on any or all log sorts. On the day of sale the Purchaser must bring their bid deposit up to 10% of their total bid price. Complete bidding procedures and auction information may be obtained from the Pacific Cascade Region Office in Castle Rock WA. Phone number (360)577-2025.

### **TIMBER EXCISE**

#### **TAX:**

Purchaser must pay the forest excise taxes associated with the log sorts delivered to them. The tax rate for this sale is 4.2 %. Taxable Stumpage = Total Delivered Value – (Harvest Cost + Estimated Haul Cost + ARRF). For more information contact the Department of Revenue, Forest Tax Section at 1-800-548-8829.

Use the following rates for estimating taxable stumpage:

Harvest Cost = \$0.00 per MBF for sorts 1, 2, 3, 5, 6, 7, 8, 9 and 10 and \$10.00 per Ton for sorts 11, 12 and 13.

Hauling Services Payment Rate per Ton  
= (Base Rate + Mileage Rate) x (Contractor's hauling bid factor)

Base Rate = \$2.35 per ton

Mileage Rate = ((\$0.16 x C miles) + (\$0.11 x A miles)) x Fuel Index Factor

ARRF = \$0.00 per MBF for sorts 11, 12 and 13 and \$26.75 per MBF for sorts 1, 2, 3, 5, 6, 7, 8, 9 and 10.

Note: To calculate AARF rates per ton use the tons\mbf conversion factor in the table above.

### **CONFIRMATION:**

Each sort is subject to confirmation following auction. Sorts will not be confirmed until at least 10 days after auction. Final contract award is contingent upon the State's haul cost analysis. Actual haul route may vary and is subject to change at the State's discretion.

### **SPECIAL REMARKS:**

The successful Purchaser(s) will be required to purchase logs from the sale area upon delivery to their location specified in the bid submitted. Logs will be delivered to the Purchaser's delivery location by the State's contract harvester. Purchaser is responsible for weighing and scaling costs. All tonnage loads will be weighed and all mbf loads will be scaled at State approved locations. The State reserves the right to determine where logs are authorized to be scaled and weighed.

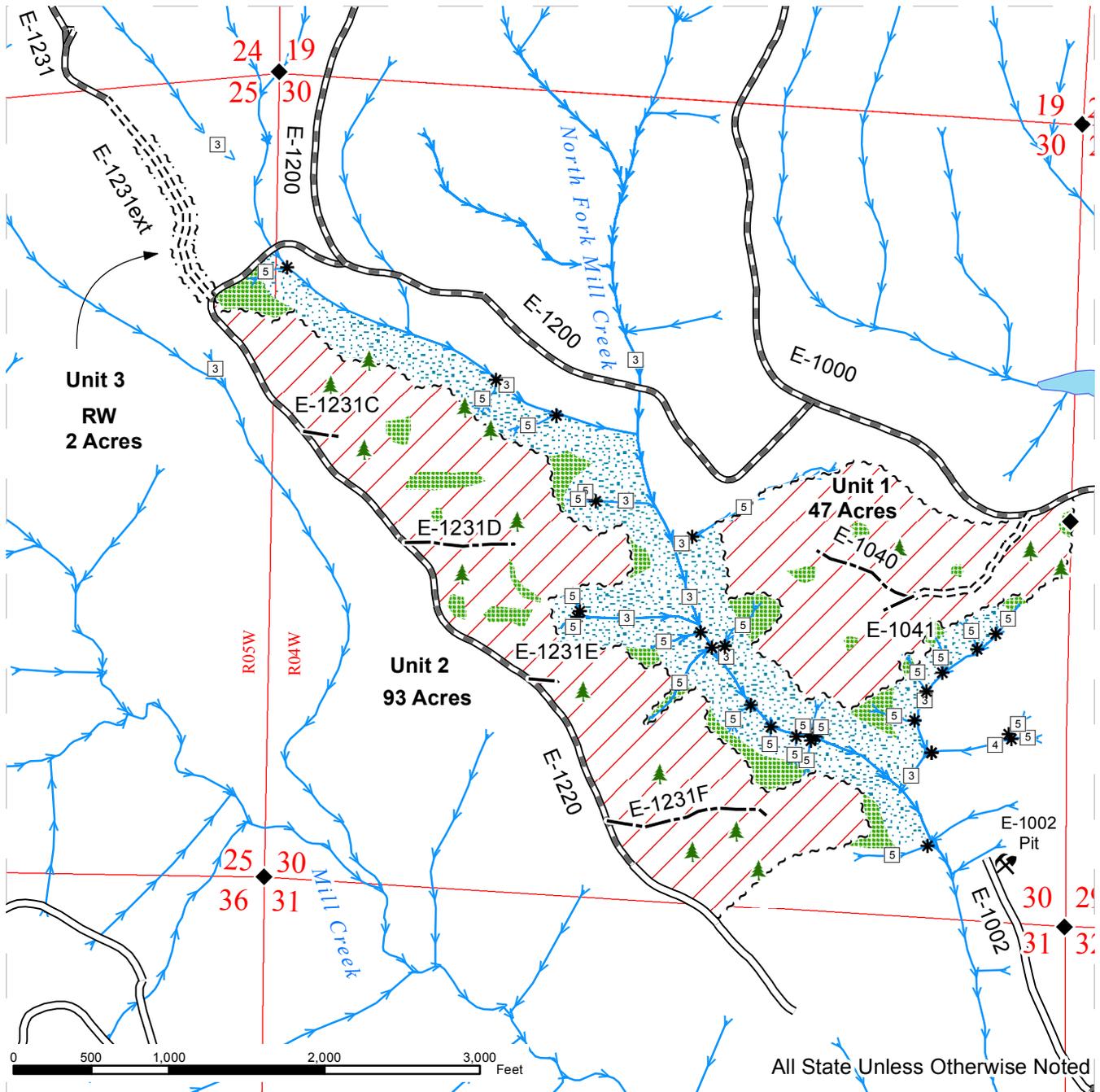
For more information regarding this log sort sale visit our web site:

<http://www.dnr.wa.gov/programs-and-services/product-sales-and-leasing/timber-sales/timber-auction-packets>. If you have questions call David Sund at the Pacific Cascade Region Office at (360)880-5802 or Steve Teitzel at the Product Sales and Leasing Division Office in Olympia at (360)902-1741.

# TIMBER SALE MAP

**SALE NAME:** MILL FIR SORTS  
**AGREEMENT#:** 30-093074  
**TOWNSHIP(S):** T09R05W, T09R04W  
**TRUST(S):** State Forest Transfer (1), Common School and Indemnity (3)

**REGION:** Pacific Cascade Region  
**COUNTY(S):** WAHKIAKUM  
**ELEVATION RGE:** 533-869



Variable Retention Harvest	Sale Boundary Tags	Streams
Leave Tree Area	Right of Way Tags	Stream Type
Riparian Mgt Zone	Existing Roads	Stream Type Break
	Required Construction	Monumented Corners
	Required Pre-Haul Maintenance	Existing Rock Pit
	Optional Construction	Leave Trees

# DRIVING MAP

**SALE NAME:** MILL FIR SORTS  
**AGREEMENT#:** Not Defined.  
**TOWNSHIP(S):** T09R05W, T09R04W  
**TRUST(S):** State Forest Transfer(1), Common School and Indemnity(3)

**REGION:** Pacific Cascade Region  
**COUNTY(S):** WAHAKIAKUM  
**ELEVATION RGE:** 533-869



<ul style="list-style-type: none"> <li><span style="display: inline-block; width: 15px; height: 10px; background-color: gray; margin-right: 5px;"></span> Timber Sale Unit</li> <li><span style="display: inline-block; width: 15px; height: 5px; background-color: red; margin-right: 5px;"></span> Highways</li> <li><span style="display: inline-block; width: 15px; border-bottom: 2px solid black; margin-right: 5px;"></span> Haul Route</li> <li><span style="display: inline-block; width: 15px; border-bottom: 1px solid gray; margin-right: 5px;"></span> Other Route</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; margin-right: 5px;"></span> Milepost Markers</li> <li><span style="display: inline-block; width: 5px; height: 5px; background-color: black; margin-right: 5px;"></span> Distance Indicator</li> <li><span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; border-radius: 50%; margin-right: 5px;"></span> Existing Rock Pit</li> </ul>	<p><b><u>DRIVING DIRECTIONS:</u></b></p> <p>From State Route 4 (between milepost 47 and 48) turn North onto Mill Creek Road and follow for 2.6 miles to the end of the pavement. Follow the E-1000 for an additional 2.5 miles to Unit 1. To get to Unit 2 turn left on the E-1200 follow the E-1200 for 0.7 miles turn left on the E-1220 follow for 0.2 miles to Unit 2</p> <p>E-1002 Pit: Travel North from the end of the Mill Creek County Road for 1 mile turn left onto the E-1002 and travel west for 0.5 miles.</p>
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**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093075**

**SALE NAME: MILL FIR SORT 1**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93075	1	DF 6"-11" dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93075	1	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d. Surface characteristics for a high quality (HQ) "B" log sort will have sound tight knots not to exceed 1½ inch in diameter. May include logs with not more than two larger knots up to 2½ inch in diameter. Logs will have a growth ring count of 6 or more rings per inch in the outer third top end of the log.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.

- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.
- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  - 1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  - 2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

**G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."

- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.
- d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.

- b. The Region Manager will issue a written decision on Purchaser's request within five business days.
- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

#### **G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

#### **G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

#### **G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

#### **G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

### **Section P: Payments and Securities**

#### **P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

#### **P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are

considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 7% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of

Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093076**

**SALE NAME: MILL FIR SORT 2**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93076	2	DF 12"-19" dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93076	2	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d. Surface characteristics for a high quality (HQ) "B" log sort will have sound tight knots not to exceed 1½ inch in diameter. May include logs with not more than two larger knots up to 2½ inch in diameter. Logs will have a growth ring count of 6 or more rings per inch in the outer third top end of the log.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.

- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.
- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  - 1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  - 2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

**G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."

- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.
- d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.

- b. The Region Manager will issue a written decision on Purchaser's request within five business days.
- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

#### **G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

#### **G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

#### **G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

#### **G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

### **Section P: Payments and Securities**

#### **P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

#### **P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are

considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 7% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of

Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

**P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

**Section L: Log Definitions and Accountability**

**L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

**L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

**L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

**L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093077**

**SALE NAME: MILL FIR SORT 3**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

Contract Administrator: Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

Contractor: State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

Delivery: Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

Forest Product: Any material derived from the forest for commercial use.

Harvesting: A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93077	3	DF 20"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93077	3	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093079**

**SALE NAME: MILL FIR SORT 5**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State’s purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

**G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

**G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

Agreement No.	Sort #	Description	Destination
93079	5	DF HQB 12"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

**G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

Agreement No.	Sort #	Scaling Rule
93079	5	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d. Surface characteristics for a high quality (HQ) "B" log sort will have sound tight knots not to exceed 1½ inch in diameter. May include logs with not more than two larger knots up to 2½ inch in diameter. Logs will have a growth ring count of 6 or more rings per inch in the outer third top end of the log.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.

- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.
- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  - 1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  - 2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

**G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."

- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.
- d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.

- b. The Region Manager will issue a written decision on Purchaser's request within five business days.
- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

#### **G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

#### **G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

#### **G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

#### **G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

### **Section P: Payments and Securities**

#### **P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

#### **P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are

considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of

Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093080**

**SALE NAME: MILL FIR SORT 6**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

Contract Administrator: Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

Contractor: State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

Delivery: Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

Forest Product: Any material derived from the forest for commercial use.

Harvesting: A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93080	6	RA 5"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93080	6	WS

Average Log Length	Preferred Log Lengths
24'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093081**

**SALE NAME: MILL FIR SORT 7**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93081	7	RC 5"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93081	7	WS

Average Log Length	Preferred Log Lengths
24'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

)

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093082**

**SALE NAME: MILL FIR SORT 8**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93082	8	WW 6"-11" dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93082	8	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 7% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest

1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_  
My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093083**

**SALE NAME: MILL FIR SORT 9**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93083	9	WW 12"-19" dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93083	9	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  - 1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  - 2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

#### **G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

#### **G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

#### **G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

#### **G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

### **Section P: Payments and Securities**

#### **P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

#### **P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 7% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest 1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

**P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

**Section L: Log Definitions and Accountability**

**L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

**L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

**L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

**L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

LD = Liquidated Damages

V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.

I = Initial Deposit

C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.

A = Administrative fee = \$2,500.00

P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093084**

**SALE NAME: MILL FIR SORT 10**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93084	10	WW 20"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93084	10	WS

Average Log Length	Preferred Log Lengths
28'	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

#### **G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

#### **G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

#### **G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

#### **G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

### **Section P: Payments and Securities**

#### **P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

#### **P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/MBF

\$20/mbf for Utility logs (Adjusted Gross).

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 5% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-038.2 Average Log Length and Payment Reduction**

If the average log length for all logs delivered under this contract is less than the average log length specified in the table in clause G-024.2, The amount of allowable payment reduction shall be calculated by multiplying the payment rate in P-028.2 by the total volume delivered, and the difference between the average length of logs delivered and the average log length specified in G-024.2, times 1% as follows:

$$\text{Log Length Payment Reduction} = (B \times V \times L) \times (.01)$$

Where:

B = Bid rate from P-028.2 clause

V = total delivered log Volume

L = Length in feet below specified average (rounded to nearest

1/10th)

Third party scaling organization information is required to determine Scribner mbf and Average log length for payment reduction purposes. Average log length is determined on a piece count basis. Value of log length price reduction will be derived from the applicable sort value as described in this contract.

Scale information for determining Average log length for payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for below average log lengths shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

### **Section L: Log Definitions and Accountability**

#### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

#### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

#### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

#### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

**L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

**Section D: Damages****D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

**D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

**D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
I = Initial Deposit  
C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
A = Administrative fee = \$2,500.00  
P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

**D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

)

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093085**

**SALE NAME: MILL FIR SORT 11**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93085	11	DF Pulp 2"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93085	11	WS

Average Log Length	Preferred Log Lengths
N/A	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/Ton

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-039.2 Tonnage Sort Payment Reduction Requirements**

Purchaser must provide a plan in writing, acceptable to the State, to acquire third party Scribner mbf scaling information in order to be eligible for a payment reduction for a tonnage sort according to clauses P-036.2 or P-037.2. Logs delivered and accepted by the Purchaser prior to the State's acceptance of Purchaser's written payment reduction plan are not eligible for payment reduction.

Failure of Purchaser to provide sample scale data in a timely, accurate and legible basis will void an approved sample scale plan.

An approved payment reduction plan can be voided at the sole discretion of the State.

For the purpose of tonnage sort payment reduction requests, preferred log lengths for tonnage sawlog sorts shall include the following plus any additional lengths identified in clause G-024.2:

Species Type	Preferred Lengths
Conifer Sorts	16', 20', 24', 26', 32', 40'
Hardwood Sorts	18', 20', 26', 28', 30', 36', 38', 40'

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report

of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

## **Section L: Log Definitions and Accountability**

### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

### **L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are

currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

## **Section D: Damages**

### **D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

### **D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

### **D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to

assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
 V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
 I = Initial Deposit  
 C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
 A = Administrative fee = \$2,500.00  
 P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

### **D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093086**

**SALE NAME: MILL FIR SORT 12**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State’s purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

**G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

**G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93086	12	WW Pulp 2"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

**G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93086	12	WS

Average Log Length	Preferred Log Lengths
N/A	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/Ton

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-039.2 Tonnage Sort Payment Reduction Requirements**

Purchaser must provide a plan in writing, acceptable to the State, to acquire third party Scribner mbf scaling information in order to be eligible for a payment reduction for a tonnage sort according to clauses P-036.2 or P-037.2. Logs delivered and accepted by the Purchaser prior to the State's acceptance of Purchaser's written payment reduction plan are not eligible for payment reduction.

Failure of Purchaser to provide sample scale data in a timely, accurate and legible basis will void an approved sample scale plan.

An approved payment reduction plan can be voided at the sole discretion of the State.

For the purpose of tonnage sort payment reduction requests, preferred log lengths for tonnage sawlog sorts shall include the following plus any additional lengths identified in clause G-024.2:

Species Type	Preferred Lengths
Conifer Sorts	16', 20', 24', 26', 32', 40'
Hardwood Sorts	18', 20', 26', 28', 30', 36', 38', 40'

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report

of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

## **Section L: Log Definitions and Accountability**

### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

### **L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are

currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

## **Section D: Damages**

### **D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

#### **D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

#### **D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to

assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
 V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
 I = Initial Deposit  
 C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
 A = Administrative fee = \$2,500.00  
 P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

### **D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_  
Address: \_\_\_\_\_

Date: \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES**

**LOG SALE AND PURCHASE CONTRACT**

**AGREEMENT NO. 30-093087**

**SALE NAME: MILL FIR SORT 13**

**THE STATE OF WASHINGTON DEPARTMENT OF NATURAL  
RESOURCES, HEREINAFTER ACTING SOLELY, IN ITS PROPRIETARY  
CAPACITY, STATE, AND PURCHASER, AGREE AS FOLLOWS:**

**Section G: General Terms**

**G-001.2 Definitions**

The following definitions apply throughout this contract;

**Contract Administrator:** Region Manager's designee responsible for assuring that the contractual obligations of the Purchaser and Contractor are met.

**Contractor:** State-selected harvester responsible to perform all duties as required by the Harvesting Services Contract, including but not limited to timber harvesting, road construction, debris removal and piling, hauling and delivery of forest products for weighing and/or scaling, to the Purchasers of the timber sales Sorts.

**Delivery:** Occurs when logs or forest products meeting the sorting specifications arrive at the Purchasers destination, as described in the contract.

**Forest Product:** Any material derived from the forest for commercial use.

**Harvesting:** A general term, referring to the Contractor's various obligations under the Harvesting Services Contract.

Harvesting Services Contract: Contract between the Contractor and the State, which sets forth the procedures and obligations of the Contractor for completing the harvesting of timber, and the delivery of various log sorts to the State's purchasers, and the payment obligations of the State, The Harvesting Services Contract will include a Road Plan for any road construction or reconstruction, where applicable.

Log Sale and Purchase Contract: Purchase Agreement between the State and Purchaser(s) of particular log sorts from the timber sale.

Purchaser: The company or individual that has entered a Log Sale Contract with the State for individual log sorts from the timber sale area. The Contractor must deliver the designated log sorts to this company or individual. Contractor will likely be delivering different log sorts to different purchasers under the Harvesting Services Contract.

State: The Washington State Department of Natural Resources, landowner and seller of forest products from the timber sale area. The State is represented by the Region Manager as designated on the contract signature page. Contractual obligations to the State are enforced by the Region Manager or the designated Contract Administrator.

#### **G-010.2 Products Sold and Sale Area**

Purchaser was the successful bidder on March 31, 2016 and sale was confirmed on \_\_\_\_\_. The State, as owner, agrees to sell and deliver to the Purchaser logs meeting the log sort specifications as described in the G-022.2 clause. Logs will be delivered from the MILL FIR SORTS Timber Sale described as parts of Section 25 in Township 9 North, Range 5 West, Sections 30, and 31 all in Township 9 North, Range 4 West W.M., in Wahkiakum County.

#### **G-022.2 Sorting Specifications**

Purchaser shall accept and pay for delivery of log sorts by a state selected contractor to the designated Purchaser location that meets the following specifications:

<b>Agreement No.</b>	<b>Sort #</b>	<b>Description</b>	<b>Destination</b>
93087	13	RA Pulp 2"+ dib	

Unless otherwise specified, no blue stain is allowed in Ponderosa pine.

#### **G-024.2 Manufacturing Standards**

All forest products except poles, produced and sold under this contract will be manufactured to maximize the amount of logs meeting preferred log lengths and to achieve the average log length listed.

<b>Agreement No.</b>	<b>Sort #</b>	<b>Scaling Rule</b>
93087	13	WS

Average Log Length	Preferred Log Lengths
N/A	

"WS" indicates that west side scaling rules apply. Minimum trim is 8 inches per scaling segment for west side scaling rules. "ES" indicates that east side scaling rules apply. Minimum trim is 4 inches per scaling segment for east side scaling rules.

Poles produced under this contract will be manufactured to ANSI specifications (American National Standard Specifications and Dimensions for Wood Poles), in force at the time of signing this contract.

- a. Sweep will be limited to within the bole of the log as measured using a tape stretched between the centers of each end of the log.
- b. Logs approved by the state for peelers shall be chuckable with no more than a 2 inch diameter area of rot within a 5 inch diameter circle located at the center of either end of the log.
- c. Limbs and knots shall be cut flush, with no more than 15 percent of a log having limbs or knots over 2 inches in diameter extending more than 2 inches above the surface of the log.
- d.

#### **G-026.2 Log Delivery Destination**

Purchaser shall accept logs delivered to the destination as described in the G-022.2 clause. Purchaser may make a written request to the State for a change in log delivery destination or scaling or weighing location. If agreeable and in the best interest of the State, the State may approve the Purchaser's request. Written approval must be granted by the State prior to log delivery to a new destination or use of a new scaling or weighing facility.

Increased haul distance shall result in an increase in the P-028.2 log delivery payment rate in an amount to be calculated by the State. In no circumstance shall the payment rate for delivered logs be reduced as a result of a state approved delivery destination or scaling or weighing facility change.

Purchaser may refuse loads delivered to the wrong destination.

#### **G-027.2 Log Delivery Schedule and Conditions**

- a. Delivery hours - Purchaser agrees to accept logs from the Contractor at the Purchaser's delivery location during Purchaser's working hours or at least between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except legal holidays unless otherwise agreed upon by the State.
- b. Improperly loaded trucks - It is understood and agreed that the Purchaser incurs no obligation to accept improperly or illegally loaded trucks in its facility. Any truck so loaded may be directed to vacate the yard and shall

remain the responsibility of the harvesting contractor. The Purchaser shall notify the State within 24 hours of any load (s) rejected and specify the reasons why.

- c. Log Delivery Interruptions - Purchaser may schedule times in which delivery of logs will not be accepted. The Purchaser shall notify the Contract Administrator at least five (5) working days before the scheduled interruption or closure occurs. The duration of the log delivery interruption shall not exceed seven (7) consecutive working days or a total of ten (10) working days over the duration of the contract term. If Purchaser's scheduled delivery interruption exceeds contract requirements and causes the State harm, Purchaser will be in breach of contract and subject to liquidated damages as per the D-026.2 and D-027.2 clauses, unless Purchaser and the State have made a prior agreement in writing to mitigate potential harm to the State.
- d. Required Acceptance of Daily Load Deliveries and Notification - If the State is harmed by purchaser's refusal to accept up to 10 truck deliveries of any one sort per day, Purchaser will be in breach of contract and subject to damages as per the D-026.2 and D-027.2 clauses. A truck delivery is all the wood delivered including sorts on super trucks, mule trains and pups brought to the delivery point by a single truck. The Purchaser shall notify the Contract Administrator at least 48 hours in advance if:
  1. Purchaser intends to limit the number of truck deliveries accepted on any day to less than that listed above, or
  2. Purchaser intends to limit the number of truck deliveries accepted on any day to the number listed above.
- e. State Notification to Purchaser - The State will notify the Purchaser when it anticipates or schedules an interruption of deliveries and when it anticipates the number of truck deliveries on any day will exceed the number listed above.
- f. If payments are not received or, the State determines that the payment security has become unsatisfactory or, a demand is made against the payment security under the P-045.2 clause the State shall suspend deliveries until such time as the violation has been remedied. Any suspension of deliveries due to late payment or inadequate payment security will be considered a Log Delivery Interruption under (c) of this clause.

### **G-030.2 Contract Term and Expiration Date**

Purchaser agrees to accept and pay for forest products delivered through the period ending September 30, 2016.

**G-050.2 Contract Term Extension**

Contract extensions and any other conditions subject to the extension as agreed to by the Purchaser and State, must be formalized in writing, signed by Purchaser and State.

**G-054.2 Early Contract Termination**

The State may terminate this contract in whole or in part by giving fifteen (15) days written notice to the Purchaser when it is in the best interests of the State. If this contract is so terminated, the State shall be liable only for the return of that portion of the initial deposit that is not required for payment, and the return of unapplied payments. The State shall not be liable for damages, whether direct or consequential.

**G-056.2 Force Majeure**

No Party shall be liable for any failure to perform its obligations, other than payments due, where such failure is as a result of Acts of Nature (including fire, flood, earthquake, storm, or other natural disaster), war, act of foreign enemies, hostilities (whether war is declared or not), terrorist activities, government sanction, fire, labor dispute, strike or lockout.

Any Party asserting Force Majeure as an excuse shall have the burden of proving that reasonable steps were taken (under the circumstances) to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other Party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

In the event of Force Majeure, the State reserves the right to terminate this agreement in accordance with clause G-054.2 'Early Contract Termination'.

**G-060.2 Exclusion of Warranties**

The PARTIES AGREE that the IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE and ALL OTHER WARRANTIES EXPRESSED OR IMPLIED ARE EXCLUDED from this transaction and shall not apply to the goods to be harvested or sold. For example, THE FOLLOWING SPECIFIC MATTERS ARE NOT WARRANTED, and are EXCLUDED from this transaction:

- a. The MERCHANTABILITY of the forest products. The use of the term "merchantable" in any document is not intended to vary the foregoing.
- b. The CONDITION of the forest products. The forest products will be conveyed "AS IS."
- c. THE VOLUME, WEIGHT, QUANTITY, OR QUALITY, of the forest products to be harvested. The descriptions of the forest products to be conveyed, are estimates only, made solely for administrative and identification purposes. The timing of forest product deliveries.

d. Items contained in any other documents prepared for or by the State.

**G-065 Regulatory Disclaimer**

The State disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act, Ch. 76.09 RCW that may affect the operability of the timber sale.

**G-070.2 Limitation on Damage**

In the event of a breach of any provision of this contract by the State, the liability of the State shall be limited to return of the unused initial deposit and unapplied payments to the Purchaser. The State shall not be liable for any damages, whether direct, incidental, or consequential.

**G-112.2 Title**

The State hereby warrants that State is the owner of said logs and has the right to sell same, free of liens, encumbrances, or claims, but subject to trade restrictions promulgated in WAC 240-15-015. Purchaser assumes title and all risk and responsibility for said logs upon delivery.

**G-116.2 Sustainable Forestry Initiative® (SFI) Certification**

Forest products purchased under this contract are certified as being in conformance with the Sustainable Forestry Initiative program Standard under certificate number: BV-SFIS-US09000572.

**G-160.2 Agents**

The State's rights and duties will be exercised by the Region Manager at Castle Rock, Washington. The Region Manager will notify Purchaser in writing who is responsible for administering the contract. The Region Manager has sole authority to waive, modify, or amend the terms of this contract in the manner prescribed in clause G-180. No agent, employee, or representative of the State has any authority to bind the State to any affirmation, representation, or warranty concerning the logs conveyed beyond the terms of this contract.

The Purchaser agrees to notify the State in writing of their authorized representative at the log delivery destination who will be readily available and who shall be authorized to receive, on behalf of the Purchaser any instructions or notices given by the State in regard to performance under this contract, and any limits to this person's authority.

**G-180 Modifications**

Waivers, modifications, or amendments of the terms of this contract must be in writing signed by Purchaser and the State.

**G-190 Contract Complete**

This contract is the final expression of the Parties' agreement. There are no understandings, agreements, or representations, expressed or implied, which are not specified in this contract.

**G-200.2 Notice**

Notices required to be given under the following clauses shall be in writing and shall be delivered to the State or Purchaser's authorized agent or sent by certified mail to the Purchaser's post office address, so that their receipt may be acknowledged.

G-026.2 Log Delivery Destination

G-027.2 Log Delivery and Schedule Conditions

G-210.2 Violation of Contract

All other notices required to be given under this contract shall be in writing and delivered to their respective authorized agent or mailed to the Party's post office address. Parties agree to notify the other of any change of mailing address.

**G-210.2 Violation of Contract**

- a. If Purchaser violates any provision of this contract, the Contract Administrator, by written notice, may suspend delivery of further loads of forest products. If the violation is capable of being remedied, the Purchaser has five (5) days after receipt of suspension notice to remedy the violation. If the violation cannot be remedied (such as violation of WAC 240-15-015) or Purchaser fails to remedy the violation within five (5) days after receipt of a suspension notice, the State may terminate the rights of the Purchaser under this contract and collect damages as described in the damages clause in this contract.
- b. The State has the right to remedy the breach in the absence of any indicated attempt by the Purchaser or if Purchaser is unable, as determined by the State, to remedy the breach. Any expense incurred by the State shall be charged to Purchaser and shall be paid within thirty (30) days of receipt of billing.
- c. If Purchaser's violation is a result of a failure to make payment to the State when due, in addition to (a.) above, interest shall accrue on the unpaid balance at 12 percent per annum, beginning the date payment was due. The State may secure payments from the security provided.

**G-240.2 Dispute Resolution**

The following procedures apply in the event of a dispute regarding interpretation or administration of this contract and the parties agree that these procedures must be followed before a lawsuit can be initiated.

- a. In the event of a dispute, Purchaser must make a written request to the Region Manager for resolution prior to seeking other relief.
- b. The Region Manager will issue a written decision on Purchaser's request within five business days.

- c. Within five business days of receipt of the Region Manager's decision, the Purchaser may make a written request for resolution to the Deputy Supervisor - Uplands of the Department of Natural Resources.
- d. Unless otherwise agreed, the Deputy Supervisor - Uplands will hold a conference within 15 calendar days of the receipt of Purchaser's request for review of the Region Manager's written decision. Purchaser and the Region Manager will have an opportunity to present their positions. The Deputy Supervisor - Uplands will issue a decision within a reasonable time of being presented with both Parties' positions.

**G-252.2 Forest Excise Tax**

Purchaser shall be responsible for payment of all forest excise taxes pursuant to chapter 84.33 RCW.

**G-253.2 Harvesting Cost Information**

The State agrees to supply all harvesting cost information to the Purchaser for their consideration in payment of forest excise taxes.

**G-260 Venue**

This contract shall be governed by the laws of the State of Washington. In the event of a lawsuit involving this contract, venue shall be proper only in Thurston County Superior Court.

**G-330.2 Contract Review**

Purchaser may arrange with the Contract Administrator to review the provisions of this contract prior to the delivery of forest products.

**Section P: Payments and Securities****P-010 Initial Deposit**

Purchaser paid DATA MISSING initial deposit, which will be maintained pursuant to RCW 79.15.100(3). If the operating authority on this contract expires without Purchaser's payment of the full amount specified in the 'Payment for Forest Products' clause, the initial deposit will be immediately forfeited to the State, and will be offset against Purchaser's remaining balance due. Any excess initial deposit funds not needed to ensure full payment of the contract price, or not needed to complete any remaining obligations of the Purchaser existing after contract expiration, will be refunded to the Purchaser.

**P-028.2 Payment for Forest Products Delivered**

Purchaser agrees to pay the State for delivered forest products at the following rate:

\$0.00/Ton

Purchaser agrees to increase the above delivered payment rate as approved by the State in the event the location of delivery is changed per the G-026.2 clause.

**P-036.2 Missorts and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet the sorting specifications in G-022.2 where species are incorrect, are scaled over 1” outside the listed diameter specifications, or ponderosa pine with blue stain are considered mis-sorts.

However, when mis-sorted Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-sort threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-sort payment reduction is subject to State approval and shall be determined by the State’s delivered product analysis. Forest Products determined by the State eligible for mis-sort price reduction are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-sorted will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times R$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-sorted volume exceeding threshold excluding utility

R = Reduction factor

0.3 for mis-sort except for blue stain

0.4 for mis-sort related to blue stain

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-sort payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser’s exclusive remedy for mis-sorts shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code

**P-037.2 Mismatch and Payment Reduction for Delivered Forest Products**

Forest Products delivered that do not meet preferred log length specifications or multiples or combinations of preferred lengths and Forest Products delivered not meeting minimum log quality specifications as described in the G-024.2 clause are considered mis-manufactured. Purchaser receiving mis-manufactured Forest Products is required to pay the State at the bid price under this contract.

However, when mis-manufactured Forest Products amount to more than 3% of the total delivered sort volume, Purchaser may request approval for payment reduction for delivered volume exceeding the mis-manufacture threshold.

Requests for payment reduction must be submitted to the State in writing prior to contract expiration. Eligibility for mis-manufacture payment reduction is subject to State approval and shall be determined by the State's delivered product analysis. Forest Products determined by the State eligible for mis-manufacture price reductions are not eligible for any other price adjustments.

Payment reduction for Forest Products deemed mis-manufactured will be calculated as follows:

$$\text{Payment Reduction} = (B \times M) \times (0.2)$$

Where:

B = Bid rate from P-028.2 clause

M = Mis-manufactured volume exceeding threshold excluding utility

Third party scaling organization information is required to determine Scribner mbf for payment reduction purposes. Value will be derived from the applicable sort value as described in this contract.

Scale information for determining mis-manufacture payment reduction eligibility must be obtained from roll-out scale. Truck-ramp and/or bundle scaling information is not acceptable for determining eligibility.

Purchaser's exclusive remedy for mis-manufacture shall be the payment reduction described in this clause, notwithstanding other provisions in the Uniform Commercial Code.

### **P-039.2 Tonnage Sort Payment Reduction Requirements**

Purchaser must provide a plan in writing, acceptable to the State, to acquire third party Scribner mbf scaling information in order to be eligible for a payment reduction for a tonnage sort according to clauses P-036.2 or P-037.2. Logs delivered and accepted by the Purchaser prior to the State's acceptance of Purchaser's written payment reduction plan are not eligible for payment reduction.

Failure of Purchaser to provide sample scale data in a timely, accurate and legible basis will void an approved sample scale plan.

An approved payment reduction plan can be voided at the sole discretion of the State.

For the purpose of tonnage sort payment reduction requests, preferred log lengths for tonnage sawlog sorts shall include the following plus any additional lengths identified in clause G-024.2:

Species Type	Preferred Lengths
Conifer Sorts	16', 20', 24', 26', 32', 40'
Hardwood Sorts	18', 20', 26', 28', 30', 36', 38', 40'

#### **P-040.2 Weighing and Scaling Costs**

Purchaser agrees to pay for all weighing costs for logs delivered regardless if logs are purchased on a weight or scale basis. In addition, Purchaser agrees to pay for all scaling costs for logs delivered on a scale basis. Purchaser also agrees to pay for all costs associated with the transmission and reporting of scale or weight data.

#### **P-045.2 Guarantee of Payment**

Prior to the delivery of forest products and at a date determined by the State, Purchaser shall guarantee payment to the State for products delivered by posting with the State an approved payment security. If the Purchaser has purchased more than one sort, the payment securities may be consolidated for all the sorts. Acceptable payment security includes cash, certificate of deposit assignment, payment bond, savings account assignment, or irrevocable bank letter of credit.

The amount of payment security shall be determined by the State. The amount of payment security shall represent at least 30 days value of forest product deliveries. Payment security for products delivered will be used to guarantee payment to the State for late or non-payments.

If at any time the State determines that the security has become unsatisfactory or a demand is made against the payment security, the Purchaser agrees to increase the amount or replace the security with one acceptable to the state within 5 business days. Failure to increase the amount or replace the security is considered a breach of contract.

#### **P-050.2 Billing and Payment Procedure for Forest Products Delivered**

The State will compute and forward to Purchaser a billing statement of charges for forest products delivered during the billing period at the delivered rate shown in P-028.2 clause. After receipt of the billing statement, Purchaser's payment must be received by the Department of Natural Resources on or before the due date shown on the billing statement. Purchaser agrees to make payment, payable to the Department of Natural Resources. Failure to pay on time for forest products delivered is considered a breach of contract.

Included with the billing statement will be a summary report for the billing period compiled by the State or their log and load reporting service.

The State will adjust final billings to account for any State approved payment reductions.

#### **P-080 Payment Account Refund**

Advance payments made under P-045 or P-045.2 remaining on account above the value for the charges shall be returned to Purchaser within 30 days following the final report

of charges. Refunds not made within the 30 day period will accrue interest at the interest rate, as established by WAC 332-100-030, computed on a daily basis until paid.

## **Section L: Log Definitions and Accountability**

### **L-010.2 Forest Products Conveyed**

Forest products conveyed are logs or parts of logs delivered meeting the sorting criteria defined by clauses G-022.2 and G-024.2 of this contract

### **L-014.2 Sorts Delivered to Incorrect Destination**

Purchaser has agreed to purchase the sort as described in the G-022.2 clause. In the event a load from a different sort is delivered to Purchaser, Purchaser may reject the load. If Purchaser receives an incorrectly delivered load, they shall notify the State within 24 hours. If the Purchaser accepts the load, provisions in the P-035.2 or P-036.2 clause may apply.

### **L-071.2 Log and Load Reporting Service**

This contract may at the States discretion, require the services of a State approved third party log and load reporting service. Purchaser shall ensure log volume measurement, weight, or scale and weight data for each load is received by the log and load reporting service within of logs being measured or weighed.

If during the term of this contract, the State discontinues use of the Log and Load Reporting Service, the State will notify the Purchaser in writing, and will approve an alternative log and load reporting process.

### **L-080 Scaling Rules**

Determination of volume and grade of any forest products shall be conducted by a state approved third party scaling organization and in accordance with the Westside log scaling and grading rules and Scribner Volume Table, revised July 1, 1972, contained in the Northwest Log Rules Eastside and Westside Log Scaling Handbook (developed and produced by the Northwest Log Rules Advisory Group) and in effect on the date of confirmation of this contract.

Special scaling specifications shall be noted on the State's Brand Designation form which is hereby incorporated to this contract by reference.

### **L-110 State Approval of Log Scaling and Weighing Locations**

Forest Product measurement and weighing facilities required by this contract must be approved by the State. Forest products sold under the contract which require log scaling shall be scaled, measured, or counted by a State approved third party log scaling organization. Forest products sold under the contract which require weighing shall be weighed at a location that meets Washington State Department of Agriculture approval.

Prior to forest products being hauled, the Contract Administrator must authorize in writing the use of State approved measurement and/or weighing facilities that are at or en-route to final destinations. Forest products from this sale shall be measured or weighed at facilities, which are currently approved for use by the State and are

currently authorized for this sale. The State reserves the right to verify load volume and weights with State employees or contractors at the State's own expense. The State reserves the right to revoke the authorization of previously approved measurement locations.

## **Section D: Damages**

### **D-010 Liquidated Damages**

The clauses in the DAMAGES section of this contract provide for payments by Purchaser to the State for certain breaches of the terms of this contract. These payments are agreed to as liquidated damages and not as penalties. They are reasonable estimates of anticipated harm to the State caused by Purchaser's breach. These liquidated damages provisions are agreed to by the State and Purchaser with the understanding of the difficulty of proving loss and the inconvenience or infeasibility of obtaining an adequate remedy. These liquidated damages provisions provide greater certainty for the Purchaser by allowing the Purchaser to better assess its responsibilities under the contract.

#### **D-026.2 Damages for Delivery Interruptions and Load Non-Acceptance**

- a. Purchaser's failure to accept delivery of forest products due to an extended delivery interruption exceeding the limits as described in the G-027.2 (c) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$1,000.00 per each day of breach, until breach is remedied.
- b. Unless Purchaser and the State have made a prior agreement in writing, Purchaser's failure to accept at least the number of delivered loads as described in the G-027.2 (d) clause, results in substantial injury to the State. The Purchaser shall pay the State liquidated damages at a rate of \$200 per each truck delivery not accepted, until breach is remedied.

#### **D-027.2 Failure to Accept Forest Products Sold**

Purchaser's failure to accept all or part of the forest products sold in this agreement prior to expiration or completion of the contract results in substantial injury to the State. Except for reasons other than 'Force Majeure' (G-056.2), either section a. or b. below will apply as determined by the State.

- a. When Purchaser's refusal to accept forest products does not prevent further harvesting operations, or forest products can be re-sold to another buyer acceptable to the State, Purchaser shall be liable for and pay State for actual damages plus costs, as determined by the State associated with the administration and re-sale of forest products not accepted by Purchaser under the terms of this contract.
- b. When Purchaser's refusal to accept forest products causes a stoppage of the State's harvesting operations and prevents the State from further harvest of the sale area, the actual damage to the State and associated costs are difficult to

assess. The remaining value of all the forest products left in the sale area once the stoppage occurs is not readily ascertainable. Purchaser's failure to perform disrupts the State's management plans. Therefore, Purchaser agrees to pay the State as liquidated damages, a sum calculated using the following formula:

$$LD = (.35V - I) + C + A - P$$

Where:

- LD = Liquidated Damages  
 V = The stumpage value remaining in the sale area at the date of work stoppage. This will be determined by multiplying the contract bid rate contained in the P-028.2 clause for all sorts originating in the sale area, by the State's estimate of the remaining volume, less the cost of harvesting and delivery associated with each sort.  
 I = Initial Deposit  
 C = Costs associated with required harvesting services and road construction services prior to work stoppage but not amortized or paid.  
 A = Administrative fee = \$2,500.00  
 P = Advance payments received exceeding the value of logs delivered under this contract.

The above formula reflects the Purchaser's forfeiture of the initial deposit in accordance with clause P-010 by deducting the initial deposit from the amount owed. In no event shall the liquidated damages be less than zero. Interest on the liquidated damage is owed from the date of the work stoppage until final payment, calculated using the following formula:

$$\text{Interest} = r \times LD \times N$$

Where:

r = daily equivalent of an annual interest at current interest rate as established by WAC 332-100-030.

N = Number of days from work stoppage to time of payment

### **D-030.2 Inadequate Log Accountability**

Failure to provide weighing and third party scaling information result in substantial injury to the State. The potential loss of accountability is not readily ascertainable. These contractual breaches result in an increase in the potential for the delivery of forest products for which the State receives inadequate payment and causes an increase in the State's administration costs associated with this contract. The actual costs of these breaches are difficult to assess.

For these reasons, Purchaser's payments for forest product delivery under this contract will be increased in the following amounts, as liquidated damages, to compensate the State for these breaches: \$250.00 each time a load weight is not provided as required by the contract, and \$250.00 each time load scale data is not determined and provided by a State approved third party scaling organization in accordance with this contract.

IN WITNESS WHEREOF, the Parties hereto have entered into this contract.

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Eric Wisch  
Pacific Cascade Region Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address:

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_

\_\_\_\_\_ to me known to be the \_\_\_\_\_ of the corporation that

executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
Notary Public in and for the State of

\_\_\_\_\_

My appointment expires \_\_\_\_\_



## WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES

### FOREST EXCISE TAX ROAD SUMMARY SHEET

**Region:** Pacific Cascade

**Timber Sale Name:** Mill Fir Sorts

**Application Number:** 30-093074

#### EXCISE TAX APPLICABLE ACTIVITIES

**Construction:** 5293 linear feet

*Road to be constructed (optional and required) but not abandoned*

**Reconstruction:** 0 linear feet

*Road to be reconstructed (optional and required) but not abandoned*

**Abandonment:** 710 linear feet

*Abandonment of existing roads not reconstructed under the contract*

**Deactivation:** 0 linear feet

*Road to be made undriveable but not officially abandoned.*

**Pre-Haul Maintenance:** 26,780 linear feet

*Existing road to receive maintenance work (specifically required by the contract) prior to haul*

#### EXCISE TAX EXEMPT ACTIVITIES

**Temporary Optional Construction:** 0 linear feet

*Optional roads to be constructed and then abandoned*

**Temporary Optional Reconstruction:** 0 linear feet

*Optional roads to be reconstructed and then abandoned*

**New Abandonment:** 0 linear feet

*Abandonment of roads constructed or reconstructed under the contract*

All parties must make their own assessment of the taxable or non-taxable status of any work performed under the timber sale contract. The Department of Revenue bears responsibility for determining forest road excise taxes. The Department of Natural Resources developed this form to help estimate the impact of forest excise taxes. However, the information provided may not precisely calculate the actual amount of taxes due. The Department of Revenue is available for consultation by calling 1.800.548.8829.

(Revised 4/09)

## PRE-CRUISE NARRATIVE

Sale Name: <b>Mill Fir Sorts</b>	Region: <b>Pacific Cascade</b>
Agreement #: <b>30-093074</b>	District: St. Helens
Contact Forester: Tom Chandler Phone / Location: (360) 577-2025	County(s): Choose a county, Wahkiakum
Alternate Contact: Padraic Callahan Phone / Location: (360) 577-2025	Other information:

Type of Sale: Log Sort (Contract harvest)	
Harvest System: Ground based Shovel	100
Harvest System: Not applicable	
Harvest System: <i>Select harvest system</i>	

### UNIT ACREAGES AND METHOD OF DETERMINATION:

Unit # Harvest R/W or RMZ WMZ	Legal Description (Enter only one legal for each unit) Sec/Twp/Rng	Gra nt or Trus t	Gross Proposa l Acres	Deductions from Gross Acres (No harvest acres)				Net Harve st Acres	Acreage Determinatio n  (List method and error of closure if applicable)
				RMZ/ WMZ Acres	Leave Tree Acres	Existing Road Acres	Other Acres (describ e)		
1	29,30/09N/04W	01 ,03	72	21	4			47	Combination (GPS)
2	30,31/09N/04W 25/09N/05/05W	01	143	41	9			93	Combination (GPS)
3	25,09N/04W	01	2	0	0			2	Combination (GPS)
<b>TOTAL ACRES</b>			217	62	13			142	

### HARVEST PLAN AND SPECIAL CONDITIONS:

Unit #	Harvest Prescription: (Leave, take, paint color, tags, flagging etc.)	Special Management areas:	Other conditions (# leave trees, etc.)
1	Variable retention harvest bound by white "Timber Sale Boundary" tags, reproduction and the E-1000 road.	N/A	409 leave trees (174 trees marked with blue paint)
2	Variable retention harvest bound by white "Timber Sale Boundary" tags, reproduction	N/A	826 leave trees (122 trees marked with blue

	and the E-1220 road.		paint.
3 R/W	Right-of-Way bound by orange "Right-of-Way" tags	N/A	N/A

**OTHER PRE-CRUISE INFORMATION:**

Unit #	Primary,secondary Species / Estimated Volume (MBF)	Access information (Gates, locks, etc.)	Photos, traverse maps required
1	DF (1365)/WH (900)	Access this unit by following E-1000 for 2.5 miles; unit will be on the left.	See Logging Plan Maps
2	DF (1000)/WH (800)	Access this unit by following E-1000 for 2.6 miles, turn left onto E-1200 and follow for 0.7 miles, turn left onto E-1220 and follow for 0.1 mile to the unit.	See Logging Plan Maps
3	DF (100)/WH (60)	Access this unit by following E-1000 for 2.6 miles, turn left onto the E-1200 and follow for 0.7 miles, turn left onto the E-1220 follow for 0.1 mile unit will be on the right.	See Logging Plan Maps
TOTAL MBF	4,225		

**REMARKS:**

The three units on this sale are very different timber types with Unit 1 being primarily 80+ year old DF, WH mix. Unit 2 is a mix of 30-40 year old DF and 80+ year old DF, WH mix. Unit 3 is a right-of-way unit with timber resembling Unit 1.

Prepared By: Tom Chandler Date: 4/13/2015	Title: Forester 1	CC: Padraic Callahan
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# Cruise Narrative

<b>Sale Name:</b> Mill Fir Sorts	<b>Region:</b> Pacific Cascade
<b>App. #:</b> 30-0	<b>District:</b> St. Helen's
<b>Lead Cruiser:</b> KB	<b>Completion date:</b> 8/27/15
<b>Other Cruisers:</b> BF	

**Unit acreage specifications:**

Unit #	Cruised acres	Cruised acres agree with sale acres? Yes/No	If acres do not agree explain why.
1	47	YES	
2	93	YES	
3	2	YES	
Total	137	YES	

**Unit cruise specifications:**

Unit #	Sample type (VP, FP, ITS,100%)	Expansion factor (BAF, full/half)	Sighting height (4.5 ft, 16 ft.)	Grid size (Plot spacing or % of area)	Plot ratio (Cru./Tally)	Total number of plots
1	VP	40	4.5	209' X 209'	1:1	47
2	VP	33.61	4.5	209' X 209'	1:1	93
3	VP	54.44	4.5	284' spacing	Cruise All	4

**Sale/Cruise Description:**

<b>Minor species cruise intensity:</b>	Cruised on appropriate plots.
<b>Minimum cruise spec:</b>	40% Of Form- Factor at 16 feet D.O.B or 5 inch Top, and merchantable top.
<b>Avg. ring count by sp:</b>	<b>DF =</b> 7 <b>WH =</b> 7
<b>Leave/take tree description:</b>	Leave trees are bound out by yellow tags and pink flashers as well as scattered and clumped trees marked with blue paint.
<b>Sort Description:</b>	<p><b>HA</b> – Logs meeting the following criteria: Surface characteristics for a high quality A sort will have sound tight knots not to exceed 1 ½" in diameter, numbering not more than an average of one per foot of log length. May include logs with not more than two larger knots. Knots and knot indicators ½" in diameter and smaller shall not be a determining factor. Logs will have a growth ring count of 6 or more rings per inch in the outer third top end of the log. (min dia 8".)</p> <p><b>HB</b> – Logs meeting the following criteria: Surface characteristics for a B sort will have sound tight knots not to exceed 1 ½" in diameter. May include logs with not more than two larger knots up to 2 ½" in diameter. Logs will have a growth ring count of 6 or more rings per inch in the outer third to end of the log. (min dia 8".)</p> <p><b>R</b> – Logs meeting the following criteria: Gross diameter of 12 inches or greater, excessive knots greater than 2 ½ inches with recovery less than 65% of the net scale.</p>

**Field observations:**

This sale consists of 2 units located off of Mill Creek.

Both units varied in species composition, stocking, sized class, and timber quality.

For the most part unit 1 was more consistent in in size class and stocking, but still did contain open areas, void of timber. The dominant species in this unit are DF and WH with some RC and RA scattered throughout. The DF averaged 24.3" at DBH with a bole height of 90'. The WH averaged 23.7" at DBH with 93' of bole. There was a significant amount of defect and rough logs noticed in this unit as well as some high quality "A" and "B" sort logs. Defects consist of butt swell, crooks, spike knots, forks, and some general rot.

Unit 2 stocking and size class was quite a bit different than in unit 1. There are two different age classes within this unit, an older 65-80 year old over story with a younger 30-40 year old under story. Defects in the older aged class of this unit were similar to that of unit 1. The younger aged class seemed to be less defective and had a higher quality log. The DF averaged out at 18" at DBH, with 78' of bole, while the WH was 17.1" at DBH with 72' of bole.

Unit 3 is a ROW that connects the 1220 road to the 1231.

Both units of this sale consist of very gentle slopes and should make for easy shovel logging.

There is some road work designed for this sale, mostly just spurs to access the interior of the units.

Access is good to both units off of the E-100 and E-1220 road systems off of Mill Creek. There are no gates.

**Grants:01,03**

**Prepared by: K.Bailey**

**Title: Timber Cruiser**

TC		PSPCSTGR		Species, Sort Grade - Board Foot Volumes (Project)																		
<table border="1"> <tr> <td>T09N R04W S29 Ty00U1</td> <td>47.00</td> </tr> <tr> <td>T09N R04W S29 Ty00U2</td> <td>93.00</td> </tr> <tr> <td>T09N R04W S29 Ty00U3</td> <td>2.00</td> </tr> </table>				T09N R04W S29 Ty00U1	47.00	T09N R04W S29 Ty00U2	93.00	T09N R04W S29 Ty00U3	2.00	<b>Project: MILLFIR</b> <b>Acres 142.00</b>										<b>Page 1</b> <b>Date 8/31/2015</b> <b>Time 9:19:01AM</b>		
T09N R04W S29 Ty00U1	47.00																					
T09N R04W S29 Ty00U2	93.00																					
T09N R04W S29 Ty00U3	2.00																					
Spp	S T	So rt	Gr ad	% Net BdFt	Bd. Ft. per Acre			Total Net MBF	Percent of Net Board Foot Volume								Average Log				Logs Per /Acre	
					Def%	Gross	Net		Log Scale Dia.				Log Length				Ln Ft	Dia In	Bd Ft	CF/ Lf		
									5-7	8-11	12-15	16+	12-20	21-30	31-35	36-99						
DF	CU	CU			100.0	58												2	11		0.00	15.4
DF	HA	2S				72	72	10			100							40	12	200	1.18	.4
DF	HB	2S		8	1.3	1,679	1,658	235			53	47						40	15	334	1.92	5.0
DF	HB	3S		6	.9	1,310	1,298	184		100					17	83		38	9	123	0.81	10.6
DF	D	2S		64	6.8	14,477	13,492	1,916			21	79	1	1	4	94		39	17	491	2.84	27.5
DF	D	3S		13	2.9	2,842	2,760	392	24	76			2	8	27	63		35	8	89	0.71	31.0
DF	D	4S		6	1.5	1,290	1,270	180	94	6			17	26	18	39		28	5	32	0.31	39.5
DF	D	UT		2	.3	374	373	53	50	6	4	40	54	46				17	6	34	0.43	10.9
DF	RO	3S		1	2.8	182	177	25			68	32	10	37	7	47		29	14	206	1.98	.9
<b>DF Totals</b>				64	5.3	22,284	21,101	2,996	10	17	18	55	3	5	8	84		29	10	150	1.21	141.0
RC	CU	CU			100.0	7												3	20		0.00	.8
RC	D	3S		97	3.5	1,234	1,191	169		8	19	72	2	17	5	76		32	16	371	2.96	3.2
RC	D	4S		2		31	31	4	13	87			21	20		58		23	8	47	0.73	.7
RC	D	UT		1		2	2	0		100			100					9	9	20	0.76	.1
<b>RC Totals</b>				4	3.9	1,275	1,225	174	0	11	19	70	3	17	5	76		26	15	256	2.60	4.8
RA	CU	CU																0	6		0.00	3.5
RA	D	UT		7		95	95	13	100				59	7	35			15	5	17	0.26	5.7
RA	D	2S		4	4.3	49	47	7			100				100			32	14	220	1.85	.2
RA	D	3S		16	5.2	222	211	30		100				18		82		37	11	150	1.12	1.4
RA	D	4S		22	7.4	299	277	39		100				6	11	84		37	9	94	0.79	3.0
RA	D	4S		51	1.6	661	650	92	100				6	27	5	62		31	6	39	0.36	16.8
<b>RA Totals</b>				4	3.5	1,325	1,279	182	58	38	4		8	18	11	63		25	6	42	0.47	30.6
WH	CU	CU			100.0	51												3	14		0.00	6.6
WH	HA	2S		3		285	285	40			100					100		40	13	273	1.57	1.0
WH	HB	2S		13	.9	1,264	1,253	178			47	53				100		40	15	369	1.95	3.4
WH	HB	3S		9	1.7	860	845	120		100					5	95		39	10	134	0.88	6.3
WH	D	SM		4	1.1	353	349	50				100				100		40	17	470	2.31	.7
WH	D	2S		56	6.6	5,524	5,161	733			17	83	1	2	5	92		38	18	510	2.81	10.1
WH	D	3S		6	4.4	552	527	75	24	76			5	18	14	62		34	8	85	0.74	6.2
WH	D	4S		7	1.5	651	641	91	83	17			16	36	23	26		28	6	33	0.34	19.1
WH	D	UT		1		88	88	13	7	17		76	82	7	11			21	13	191	1.90	.5
WH	RO	3S		1		39	39	5			100				46	54		31	12	164	1.70	.2
<b>WH Totals</b>				28	4.9	9,665	9,188	1,305	7	15	19	59	3	5	6	86		30	11	169	1.28	54.3
SS	D	2S		87	12.5	17	15	2			100					100		32	12	140	1.60	.1
SS	D	4S		13		2	2	0	100				100					19	6	20	0.49	.1
<b>SS Totals</b>				0	11.1	20	17	2	12		88		12		88			26	9	80	1.18	.2
<b>Totals</b>					5.1	34,569	32,811	4,659	11	17	18	55	3	6	7	84		29	10	142	1.16	230.9

TC PSTATS		<b>PROJECT STATISTICS</b>							PAGE	<b>1</b>	
		<b>PROJECT MILLFIR</b>							DATE	8/31/2015	
TWP	RGE	SC	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt		
09N	04	29	MILLFIR	00U1	142.00	144	783	S	W		
09N	04W	29	MILLFIR	00U2							
09N	04W	29	MILLFIR	00U3							
			PLOTS	TREES	TREES PER PLOT	ESTIMATED TOTAL TREES	PERCENT SAMPLE TREES				
TOTAL			144	783	5.4						
CRUISE			74	377	5.1	14,444	2.6				
DBH COUNT REFOREST COUNT			70	406	5.8						
BLANKS								100 %			
<b>STAND SUMMARY</b>											
		SAMPLE TREES	TREES /ACRE	AVG DBH	BOLE LEN	REL DEN	BASAL AREA	GROSS BF/AC	NET BF/AC	GROSS CF/AC	NET CF/AC
DOUG FIR		236	59.5	19.6	81	28.2	125.2	22,284	21,101	4,993	4,983
WHEMLOCK		96	24.0	19.4	79	11.2	49.1	9,665	9,188	2,092	2,085
WR CEDAR		16	1.6	31.9	81	1.5	8.7	1,275	1,225	319	318
R ALDER		28	16.5	11.8	58	3.7	12.6	1,325	1,279	366	366
S SPRUCE		1	.1	20.0	53	0.1	.2	20	17	7	7
<b>TOTAL</b>		<b>377</b>	<b>101.7</b>	<b>18.8</b>	<b>76</b>	<b>45.2</b>	<b>195.9</b>	<b>34,569</b>	<b>32,811</b>	<b>7,778</b>	<b>7,759</b>
CONFIDENCE LIMITS OF THE SAMPLE											
68.1 TIMES OUT OF 100 THE VOLUME WILL BE WITHIN THE SAMPLE ERROR											
CL	68.1	COEFF	SAMPLE TREES - BF				# OF TREES REQ.		INF. POP.		
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR		89.1	5.8	808	858	908					
WHEMLOCK		73.7	7.5	757	818	880					
WR CEDAR		34.7	8.9	815	895	975					
R ALDER		57.4	11.0	93	105	117					
S SPRUCE											
<b>TOTAL</b>		<b>89.4</b>	<b>4.6</b>	<b>754</b>	<b>791</b>	<b>827</b>	<b>319</b>	<b>80</b>	<b>35</b>		
CL	68.1	COEFF	SAMPLE TREES - CF				# OF TREES REQ.		INF. POP.		
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR		83.3	5.5	184	195	206					
WHEMLOCK		68.3	7.0	167	180	193					
WR CEDAR		32.2	8.3	213	232	251					
R ALDER		58.7	11.3	27	31	34					
S SPRUCE											
<b>TOTAL</b>		<b>83.3</b>	<b>4.3</b>	<b>172</b>	<b>180</b>	<b>188</b>	<b>277</b>	<b>69</b>	<b>31</b>		
CL	68.1	COEFF	TREES/ACRE				# OF PLOTS REQ.		INF. POP.		
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR		100.2	8.3	55	60	64					
WHEMLOCK		152.7	12.7	21	24	27					
WR CEDAR		346.6	28.9	1	2	2					
R ALDER		296.8	24.7	12	17	21					
S SPRUCE		1200.0	99.9	0	0	0					
<b>TOTAL</b>		<b>68.7</b>	<b>5.7</b>	<b>96</b>	<b>102</b>	<b>108</b>	<b>189</b>	<b>47</b>	<b>21</b>		
CL	68.1	COEFF	BASAL AREA/ACRE				# OF PLOTS REQ.		INF. POP.		
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR		64.4	5.4	118	125	132					
WHEMLOCK		149.3	12.4	43	49	55					
WR CEDAR		341.6	28.4	6	9	11					
R ALDER		276.3	23.0	10	13	16					
S SPRUCE		1200.0	99.9	0	0	0					
<b>TOTAL</b>		<b>45.1</b>	<b>3.8</b>	<b>188</b>	<b>196</b>	<b>203</b>	<b>81</b>	<b>20</b>	<b>9</b>		

**PROJECT STATISTICS**  
**PROJECT MILLFIR**

TWP	RGE	SC	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt
09N	04	29	MILLFIR	00U1	142.00	144	783	S	W
09N	04W	29	MILLFIR	00U2					
09N	04W	29	MILLFIR	00U3					

CL	68.1	COEFF	NET BF/ACRE			# OF PLOTS REQ.	INF. POP.
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	
		64.3	5.4	19,971	21,101	22,231	
		158.6	13.2	7,975	9,188	10,402	
		335.6	27.9	883	1,225	1,567	
		283.4	23.6	977	1,279	1,581	
		1200.0	99.9	0	17	35	
<b>TOTAL</b>		<b>51.3</b>	<b>4.3</b>	<b>31,409</b>	<b>32,811</b>	<b>34,212</b>	<b>105 26 12</b>

CL	68.1	COEFF	NET CUFT FT/ACRE			# OF PLOTS REQ.	INF. POP.
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	
		64.0	5.3	4,717	4,983	5,249	
		156.0	13.0	1,814	2,085	2,356	
		338.5	28.2	228	318	407	
		279.5	23.3	281	366	452	
		1200.0	99.9	0	7	13	
<b>TOTAL</b>		<b>48.9</b>	<b>4.1</b>	<b>7,443</b>	<b>7,759</b>	<b>8,075</b>	<b>95 24 11</b>

CL	68.1	COEFF	TONS/ACRE			# OF PLOTS REQ.	INF. POP.
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	
		64.0	5.3	135	142	150	
		155.7	13.0	58	67	76	
		337.7	28.1	5	7	10	
		279.5	23.3	8	10	12	
		1200.0	99.9	0	0	0	
<b>TOTAL</b>		<b>49.8</b>	<b>4.1</b>	<b>218</b>	<b>227</b>	<b>236</b>	<b>99 25 11</b>

CL	68.1	COEFF	V BAR/ACRE			# OF PLOTS REQ.	INF. POP.
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	
				160	169	178	
		67.8	5.6	162	187	212	
		214.3	17.8	101	141	180	
		205.6	17.1	77	101	125	
		1200.0	99.9	0	73	147	
<b>TOTAL</b>		<b>50.2</b>	<b>4.2</b>	<b>160</b>	<b>168</b>	<b>175</b>	<b>101 25 11</b>

T09N R04W S29 T00U1 T09N R04W S29 T00U1  
 Twp Rge Sec Tract Type Acres Plots Sample Trees CuFt BdFt  
 09N 04W 29 MILLFIR 00U1 47.00 47 106 S W

Spp	S T	So rt	Gr ad	% Net BdFt	Bd. Ft. per Acre			Total Net MBF	Percent Net Board Foot Volume								Average Log				Logs Per /Acre	
					Def%	Gross	Net		Log Scale Dia.				Log Length				Ln Ft	Dia In	Bd Ft	CF/ Lf		
									5-7	8-11	12-15	16+	12-20	21-30	31-35	36-99						
DF		CU	CU		100.0	16												3	15		0.00	15.2
DF		HA	2S			219	219	10			100							40	12	200	1.18	1.1
DF		HB	2S	11	2.0	2,294	2,249	106			55	45						40	15	352	2.03	6.4
DF		HB	3S	4		1,003	1,003	47		100					38	62		36	9	120	0.80	8.3
DF		DM	2S	67	6.6	15,838	14,800	696			23	77	3	3	6	89		38	17	454	2.69	32.6
DF		DM	3S	12	4.5	2,854	2,725	128	12	88					14	33	52	34	9	101	0.85	27.1
DF		DM	4S	3		681	681	32	93	7					23	36	13	27	6	32	0.39	21.4
DF		DM	UT	2		390	390	18	8	7	3	82			52	48		16	11	105	1.52	3.7
DF		RO	3S	1		83	83	4			100				27	28	45	25	13	137	1.50	.6
<b>DF</b>	<b>Totals</b>			58	5.3	23,377	22,149	1,041	4	16	22	58	4	6	10	80		30	12	190	1.52	116.3
WH		CU	CU		100.0	45												3	21		0.00	6.2
WH		HA	2S	6		860	860	40			100							40	13	273	1.57	3.2
WH		HB	2S	25	.7	3,138	3,116	146			43	57						40	15	384	1.97	8.1
WH		HB	3S	9	.8	1,080	1,072	50		100								40	10	142	0.93	7.5
WH		DM	SM	8	1.1	1,065	1,053	50				100						40	17	470	2.31	2.2
WH		DM	2S	41	6.2	5,478	5,140	242			17	83	2		7	91		38	18	495	2.71	10.4
WH		DM	3S	4	7.9	621	572	27	7	93					30	20	50	34	9	87	0.82	6.6
WH		DM	4S	5	4.2	584	559	26	65	35				30	36	34		23	6	36	0.49	15.5
WH		DM	UT	1		218	218	10		7		93			100			17	18	305	3.33	.7
WH		RO	3S	1		32	32	1			100				100			26	12	130	1.60	.2
<b>WH</b>	<b>Totals</b>			33	3.8	13,122	12,622	593	3	14	25	58	4	3	5	88		30	13	208	1.52	60.7
RC		CU	CU															2	19		0.00	2.1
RC		DM	3S	96	3.0	2,990	2,899	136			10	19	71	3	20	1	76	32	16	361	2.87	8.0
RC		DM	4S	3		87	87	4	14	86				14	22		64	26	8	51	0.73	1.7
RC		DM	UT	1		6	6	0		100				100				9	9	20	0.76	.3
<b>RC</b>	<b>Totals</b>			8	2.9	3,084	2,993	141	0	12	19	69	3	20	1	76		25	15	247	2.50	12.1
RA		CU	CU															3	14		0.00	.6
RA		DM	UT	12		19	19	1	100						100			21	7	30	0.67	.6
RA		DM	2S	88	4.3	148	142	7			100				100			32	14	220	1.85	.6
<b>RA</b>	<b>Totals</b>			0	3.8	168	161	8	12		88			12	88			19	12	83	1.31	1.9
<b>Type Totals</b>					4.6	39,750	37,925	1,782	4	15	23	58	4	6	8	82		29	12	198	1.57	191.1

T09N R04W S29 T00U2 T09N R04W S29 T00U2  
 Twp Rge Sec Tract Type Acres Plots Sample Trees CuFt BdFt  
 09N 04W 29 MILLFIR 00U2 93.00 93 254 S W

Spp	S T	So rt	Gr ad	% Net BdFt	Bd. Ft. per Acre			Total Net MBF	Percent Net Board Foot Volume								Average Log				Logs Per /Acre	
					Def%	Gross	Net		Log Scale Dia.				Log Length				Ln Ft	Dia In	Bd Ft	CF/ Lf		
									5-7	8-11	12-15	16+	12-20	21-30	31-35	36-99						
DF		CU	CU		100.0	80												1	8		0.00	15.7
DF		HB	2S	6	.7	1,270	1,260	117			49	51				100		40	14	321	1.85	3.9
DF		HB	3S	6	1.3	1,403	1,385	129		100					9	91		39	9	123	0.81	11.2
DF		DM	2S	63	6.9	13,839	12,879	1,198			20	80		0	1	2	97	39	18	515	2.93	25.0
DF		DM	3S	14	2.1	2,882	2,823	263	30	70				3	4	24	68	36	8	84	0.65	33.4
DF		DM	4S	8	1.8	1,598	1,569	146	95	5				16	24	19	41	29	5	32	0.29	48.8
DF		DM	UT	1	.4	375	373	35	73	6	4	17		54	46			17	6	25	0.30	14.8
DF		RO	3S	2	3.3	236	228	21			62	38		7	38		55	30	14	227	2.10	1.0
<b>DF</b>	<b>Totals</b>			68	5.4	21,683	20,517	1,908	13	17	16	54		3	4	7	86	29	9	133	1.08	153.9
WH		CU	CU		100.0	36												2	11		0.00	6.6
WH		HB	2S	3	2.4	246	240	22			64	36				100		40	14	307	1.87	.8
WH		HB	3S	10	2.4	739	721	67		100						8	92	39	10	129	0.85	5.6
WH		DM	2S	69	6.7	5,383	5,025	467			17	83			3	3	94	39	18	522	2.87	9.6
WH		DM	3S	7	2.5	500	487	45	33	67				8	10	12	70	35	8	84	0.69	5.8
WH		DM	4S	10	.4	687	684	64	91	9				9	35	19	37	30	5	33	0.30	21.0
WH		DM	UT			25	25	2	38	62					38	62		25	8	71	0.88	.3
WH		RO	3S	1		43	43	4			100				26		74	33	13	183	1.75	.2
<b>WH</b>	<b>Totals</b>			24	5.7	7,658	7,224	672	11	16	15	59		1	6	6	86	30	10	145	1.13	50.0
RA		CU	CU															0	6		0.00	5.0
RA		DM	UT	7		135	135	13	100					63		37		15	5	16	0.24	8.3
RA		DM	3S	17	5.2	339	321	30		100					18		82	37	11	150	1.12	2.1
RA		DM	4S	22	7.4	456	422	39		100					6	11	84	37	9	94	0.79	4.5
RA		DM	4S	54	1.6	1,009	993	92	100					6	27	5	62	31	6	39	0.36	25.7
<b>RA</b>	<b>Totals</b>			6	3.5	1,939	1,872	174	60	40				8	19	8	66	26	6	41	0.46	45.7
RC		CU	CU		100.0	10												5	26		0.00	.2
RC		DM	3S	98	5.3	374	354	33			3	20	77		1	2	20	33	17	420	3.40	.8
RC		DM	4S	2		4	4	0		100				100				11	9	25	0.74	.2
<b>RC</b>	<b>Totals</b>			1	7.7	388	358	33			4	19	76		2	2	20	26	17	305	3.14	1.2
SS		DM	2S	87	12.5	27	23	2			100						100	32	12	140	1.60	.2
SS		DM	4S	13		3	3	0	100					100				19	6	20	0.49	.2
<b>SS</b>	<b>Totals</b>			0	11.1	30	27	2	12		88			12		88		26	9	80	1.18	.3
<b>Type Totals</b>					5.4	31,698	29,998	2,790	15	18	15	52		3	5	7	85	29	9	119	1.00	251.1



TC TSTATS				STATISTICS				PAGE	1		
PROJECT				MILLFIR				DATE	8/31/2015		
TWP	RGE	SECT	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt		
09N	04W	29	MILLFIR	00U1	47.00	47	251	S	W		
				TREES	ESTIMATED	PERCENT					
				PER PLOT	TOTAL	SAMPLE					
				PLOTS	TREES	TREES	TREES				
TOTAL				47	251	5.3					
CRUISE				24	106	4.4	3,042	3.5			
DBH COUNT											
REFOREST											
COUNT				23	145	6.3					
BLANKS											
100 %											
STAND SUMMARY											
	SAMPLE	TREES	AVG	BOLE	REL	BASAL	GROSS	NET	GROSS	NET	
	TREES	/ACRE	DBH	LEN	DEN	AREA	BF/AC	BF/AC	CF/AC	CF/AC	
DOUG FIR	66	39.5	24.3	90	25.9	127.7	23,377	22,149	5,231	5,227	
WHEMLOCK	28	20.6	23.7	93	12.9	63.0	13,122	12,622	2,816	2,810	
WR CEDAR	11	4.0	31.3	81	3.8	21.3	3,084	2,993	773	773	
R ALDER	1	.6	22.0	58	0.4	1.7	168	161	47	47	
<b>TOTAL</b>	<b>106</b>	<b>64.7</b>	<b>24.6</b>	<b>90</b>	<b>43.1</b>	<b>213.6</b>	<b>39,750</b>	<b>37,925</b>	<b>8,868</b>	<b>8,858</b>	
CONFIDENCE LIMITS OF THE SAMPLE											
68.1 TIMES OUT OF 100 THE VOLUME WILL BE WITHIN THE SAMPLE ERROR											
CL: 68.1 %	COEFF	SAMPLE TREES - BF					# OF TREES REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15			
DOUG FIR	67.0	8.3	796	868	940						
WHEMLOCK	60.8	11.7	752	851	951						
WR CEDAR	40.6	12.8	754	865	977						
R ALDER											
<b>TOTAL</b>	<b>63.2</b>	<b>6.2</b>	<b>805</b>	<b>857</b>	<b>910</b>	<b>159</b>	<b>40</b>	<b>18</b>			
CL: 68.1 %	COEFF	SAMPLE TREES - CF					# OF TREES REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15			
DOUG FIR	62.5	7.7	184	199	214						
WHEMLOCK	53.9	10.4	164	183	202						
WR CEDAR	35.6	11.3	196	221	246						
R ALDER											
<b>TOTAL</b>	<b>58.0</b>	<b>5.7</b>	<b>185</b>	<b>196</b>	<b>207</b>	<b>134</b>	<b>34</b>	<b>15</b>			
CL: 68.1 %	COEFF	TREES/ACRE					# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15			
DOUG FIR	77.8	11.3	35	40	44						
WHEMLOCK	163.7	23.9	16	21	26						
WR CEDAR	218.0	31.8	3	4	5						
R ALDER	479.5	69.9	0	1	1						
<b>TOTAL</b>	<b>52.8</b>	<b>7.7</b>	<b>60</b>	<b>65</b>	<b>70</b>	<b>111</b>	<b>28</b>	<b>12</b>			
CL: 68.1 %	COEFF	BASAL AREA/ACRE					# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15			
DOUG FIR	69.3	10.1	115	128	141						
WHEMLOCK	158.2	23.1	48	63	78						
WR CEDAR	221.2	32.2	14	21	28						
R ALDER	479.5	69.9	1	2	3						
<b>TOTAL</b>	<b>49.0</b>	<b>7.1</b>	<b>198</b>	<b>214</b>	<b>229</b>	<b>96</b>	<b>24</b>	<b>11</b>			
CL: 68.1 %	COEFF	NET BF/ACRE					# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15			
DOUG FIR	69.2	10.1	19,915	22,149	24,382						
WHEMLOCK	161.1	23.5	9,658	12,622	15,586						
WR CEDAR	216.3	31.5	2,049	2,993	3,936						
R ALDER	479.5	69.9	49	161	274						
<b>TOTAL</b>	<b>52.2</b>	<b>7.6</b>	<b>35,040</b>	<b>37,925</b>	<b>40,809</b>	<b>109</b>	<b>27</b>	<b>12</b>			

TC TSTATS				STATISTICS				PAGE	2	
				PROJECT	MILLFIR			DATE	8/31/2015	
TWP	RGE	SECT	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt	
09N	04W	29	MILLFIR	00U1	47.00	47	251	S	W	
CL:	68.1 %	COEFF		NET CUFT FT/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.	S.E.%	LOW	AVG	HIGH	5	10	15	
CL:	68.1 %	COEFF		NET CUFT FT/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR		69.0	10.1	4,702	5,227	5,753				
WHEMLOCK		160.1	23.3	2,154	2,810	3,466				
WR CEDAR		219.5	32.0	526	773	1,020				
R ALDER		479.5	69.9	14	47	80				
<b>TOTAL</b>		<b>50.6</b>	<b>7.4</b>	<b>8,204</b>	<b>8,858</b>	<b>9,511</b>	<b>102</b>	<b>26</b>	<b>11</b>	
CL:	68.1 %	COEFF		TONS/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR		69.0	10.1	134	149	164				
WHEMLOCK		160.1	23.3	69	90	111				
WR CEDAR		219.5	32.0	12	18	24				
R ALDER		479.5	69.9	0	1	2				
<b>TOTAL</b>		<b>51.9</b>	<b>7.6</b>	<b>239</b>	<b>259</b>	<b>278</b>	<b>108</b>	<b>27</b>	<b>12</b>	
CL:	68.1 %	COEFF		V-BAR/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR				156	173	191				
WHEMLOCK		42.0	6.1	153	200	247				
WR CEDAR		120.4	17.6	96	141	185				
R ALDER		331.4	48.3	29	95	161				
<b>TOTAL</b>		<b>251.5</b>	<b>36.6</b>	<b>164</b>	<b>178</b>	<b>191</b>	<b>2,525</b>	<b>631</b>	<b>281</b>	

TC TSTATS				STATISTICS				PAGE	1	
				PROJECT	MILLFIR		DATE	8/31/2015		
TWP	RGE	SECT	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt	
09N	04W	29	MILLFIR	00U2	93.00	93	515	S	W	
				TREES	ESTIMATED	PERCENT				
				PER PLOT	TOTAL	SAMPLE				
				PLOTS	TREES	TREES	TREES			
TOTAL		93	515	5.5						
CRUISE		46	254	5.5	11,241		2.3			
DBH COUNT										
REFOREST										
COUNT		47	261	5.6						
BLANKS										
100 %										
<b>STAND SUMMARY</b>										
	SAMPLE	TREES	AVG	BOLE	REL	BASAL	GROSS	NET	GROSS	NET
	TREES	/ACRE	DBH	LEN	DEN	AREA	BF/AC	BF/AC	CF/AC	CF/AC
DOUG FIR	161	69.9	18.0	78	29.2	124.0	21,683	20,517	4,865	4,851
WHEMLOCK	60	25.5	17.1	72	9.9	40.8	7,658	7,224	1,670	1,664
R ALDER	27	24.9	11.7	58	5.4	18.4	1,939	1,872	535	536
WR CEDAR	5	.4	34.9	82	0.4	2.5	388	358	96	95
S SPRUCE	1	.2	20.0	53	0.1	.4	30	27	10	10
<b>TOTAL</b>	<b>254</b>	<b>120.9</b>	<b>16.8</b>	<b>73</b>	<b>45.4</b>	<b>186.1</b>	<b>31,698</b>	<b>29,998</b>	<b>7,177</b>	<b>7,156</b>
CONFIDENCE LIMITS OF THE SAMPLE										
68.1 TIMES OUT OF 100 THE VOLUME WILL BE WITHIN THE SAMPLE ERROR										
CL:	68.1 %	COEFF	SAMPLE TREES - BF				# OF TREES REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR	98.1	7.8		791	858	925				
WHEMLOCK	82.5	10.6		723	809	895				
R ALDER	54.4	10.7		89	100	110				
WR CEDAR	21.8	10.8		856	960	1,064				
S SPRUCE										
<b>TOTAL</b>	<b>102.0</b>	<b>6.4</b>		<b>715</b>	<b>764</b>	<b>813</b>	<b>415</b>	<b>104</b>	<b>46</b>	
CL:	68.1 %	COEFF	SAMPLE TREES - CF				# OF TREES REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR	91.8	7.3		181	195	209				
WHEMLOCK	77.3	10.0		161	179	197				
R ALDER	55.8	10.9		26	29	32				
WR CEDAR	25.9	12.9		223	256	290				
S SPRUCE										
<b>TOTAL</b>	<b>95.3</b>	<b>6.0</b>		<b>163</b>	<b>174</b>	<b>184</b>	<b>362</b>	<b>91</b>	<b>40</b>	
CL:	68.1 %	COEFF	TREES/ACRE				# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR	96.2	10.0		63	70	77				
WHEMLOCK	148.8	15.4		22	26	29				
R ALDER	234.8	24.3		19	25	31				
WR CEDAR	410.8	42.6		0	0	1				
S SPRUCE	964.4	99.9		0	0	0				
<b>TOTAL</b>	<b>61.8</b>	<b>6.4</b>		<b>113</b>	<b>121</b>	<b>129</b>	<b>152</b>	<b>38</b>	<b>17</b>	
CL:	68.1 %	COEFF	BASAL AREA/ACRE				# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR	60.9	6.3		116	124	132				
WHEMLOCK	131.2	13.6		35	41	46				
R ALDER	224.2	23.2		14	18	23				
WR CEDAR	403.2	41.8		1	3	4				
S SPRUCE	964.4	99.9		0	0	1				
<b>TOTAL</b>	<b>40.8</b>	<b>4.2</b>		<b>178</b>	<b>186</b>	<b>194</b>	<b>66</b>	<b>17</b>	<b>7</b>	
CL:	68.1 %	COEFF	NET BF/ACRE				# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR	60.9	6.3		19,224	20,517	21,811				
WHEMLOCK	138.4	14.3		6,188	7,224	8,260				

TC TSTATS				STATISTICS				PAGE	2	
				PROJECT	MILLFIR			DATE	8/31/2015	
TWP	RGE	SECT	TRACT	TYPE	ACRES		PLOTS	TREES	CuFt	BdFt
09N	04W	29	MILLFIR	00U2	93.00		93	515	S	W
CL:	68.1 %	COEFF		NET BF/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.	S.E.%	LOW	AVG	HIGH	5	10	15	
R ALDER		229.8	23.8	1,426	1,872	2,317				
WR CEDAR		412.0	42.7	205	358	511				
S SPRUCE		964.4	99.9	0	27	53				
<b>TOTAL</b>		<b>47.6</b>	<b>4.9</b>	<b>28,520</b>	<b>29,998</b>	<b>31,475</b>	<b>90</b>	<b>23</b>	<b>10</b>	
CL:	68.1 %	COEFF		NET CUFT FT/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR		60.4	6.3	4,548	4,851	5,155				
WHEMLOCK		136.8	14.2	1,429	1,664	1,900				
R ALDER		226.6	23.5	410	536	661				
WR CEDAR		411.1	42.6	54	95	135				
S SPRUCE		964.4	99.9	0	10	20				
<b>TOTAL</b>		<b>44.8</b>	<b>4.6</b>	<b>6,824</b>	<b>7,156</b>	<b>7,488</b>	<b>80</b>	<b>20</b>	<b>9</b>	
CL:	68.1 %	COEFF		TONS/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR		60.3	6.2	130	139	147				
WHEMLOCK		136.4	14.1	46	53	61				
R ALDER		226.6	23.5	11	15	18				
WR CEDAR		408.6	42.3	1	2	3				
S SPRUCE		964.4	99.9	0	0	1				
<b>TOTAL</b>		<b>45.6</b>	<b>4.7</b>	<b>199</b>	<b>209</b>	<b>219</b>	<b>83</b>	<b>21</b>	<b>9</b>	
CL:	68.1 %	COEFF		V-BAR/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR				155	166	176				
WHEMLOCK		80.1	8.3	152	177	202				
R ALDER		161.4	16.7	77	102	126				
WR CEDAR		362.4	37.6	81	141	202				
S SPRUCE		964.4	99.9	0	73	147				
<b>TOTAL</b>		<b>202.8</b>	<b>21.0</b>	<b>153</b>	<b>161</b>	<b>169</b>	<b>1,642</b>	<b>411</b>	<b>182</b>	

TC TSTATS				STATISTICS				PAGE	1	
				PROJECT	MILLFIR			DATE	8/31/2015	
TWP	RGE	SECT	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt	
09N	04W	29	MILLFIR	00U3	2.00	4	17	S	W	
				TREES	ESTIMATED	PERCENT				
				PER PLOT	TOTAL	SAMPLE				
					TREES	TREES				
TOTAL	4	17	4.3							
CRUISE	4	17	4.3		162		10.5			
DBH COUNT										
REFOREST										
COUNT										
BLANKS										
100 %										
<b>STAND SUMMARY</b>										
	SAMPLE	TREES	AVG	BOLE	REL	BASAL	GROSS	NET	GROSS	NET
	TREES	/ACRE	DBH	LEN	DEN	AREA	BF/AC	BF/AC	CF/AC	CF/AC
DOUG FIR	9	45.9	22.1	93	26.0	122.5	24,525	23,627	5,366	5,365
WHEMLOCK	8	35.0	23.9	89	22.3	108.9	21,783	19,822	4,703	4,600
<b>TOTAL</b>	<b>17</b>	<b>80.8</b>	<b>22.9</b>	<b>92</b>	<b>48.3</b>	<b>231.4</b>	<b>46,308</b>	<b>43,449</b>	<b>10,069</b>	<b>9,965</b>
CONFIDENCE LIMITS OF THE SAMPLE										
68.1 TIMES OUT OF 100 THE VOLUME WILL BE WITHIN THE SAMPLE ERROR										
CL: 68.1 %	COEFF	SAMPLE TREES - BF				# OF TREES REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	63.8	22.5	607	783	960					
WHEMLOCK	47.7	18.0	633	771	910					
<b>TOTAL</b>	<b>55.2</b>	<b>13.8</b>	<b>670</b>	<b>778</b>	<b>885</b>	<b>129</b>	<b>32</b>	<b>14</b>		
CL: 68.1 %	COEFF	SAMPLE TREES - CF				# OF TREES REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	60.0	21.2	137	173	210					
WHEMLOCK	44.4	16.7	145	174	203					
<b>TOTAL</b>	<b>51.6</b>	<b>12.9</b>	<b>151</b>	<b>174</b>	<b>196</b>	<b>113</b>	<b>28</b>	<b>13</b>		
CL: 68.1 %	COEFF	TREES/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	79.0	45.1	25	46	67					
WHEMLOCK	117.8	67.3	11	35	58					
<b>TOTAL</b>	<b>17.0</b>	<b>9.7</b>	<b>73</b>	<b>81</b>	<b>89</b>	<b>15</b>	<b>4</b>	<b>2</b>		
CL: 68.1 %	COEFF	BASAL AREA/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	42.6	24.3	93	123	152					
WHEMLOCK	115.5	66.0	37	109	181					
<b>TOTAL</b>	<b>35.3</b>	<b>20.2</b>	<b>185</b>	<b>231</b>	<b>278</b>	<b>65</b>	<b>16</b>	<b>7</b>		
CL: 68.1 %	COEFF	NET BF/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	29.8	17.0	19,604	23,627	27,650					
WHEMLOCK	115.5	66.0	6,737	19,822	32,907					
<b>TOTAL</b>	<b>42.3</b>	<b>24.1</b>	<b>32,958</b>	<b>43,449</b>	<b>53,940</b>	<b>93</b>	<b>23</b>	<b>10</b>		
CL: 68.1 %	COEFF	NET CUFT FT/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	35.1	20.0	4,290	5,365	6,441					
WHEMLOCK	115.5	66.0	1,564	4,600	7,635					
<b>TOTAL</b>	<b>39.1</b>	<b>22.4</b>	<b>7,736</b>	<b>9,965</b>	<b>12,194</b>	<b>80</b>	<b>20</b>	<b>9</b>		
CL: 68.1 %	COEFF	TONS/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		
DOUG FIR	35.1	20.0	122	153	184					
WHEMLOCK	115.5	66.0	51	151	250					
<b>TOTAL</b>	<b>43.7</b>	<b>25.0</b>	<b>228</b>	<b>303</b>	<b>379</b>	<b>100</b>	<b>25</b>	<b>11</b>		
CL: 68.1 %	COEFF	V-BAR/ACRE				# OF PLOTS REQ.		INF. POP.		
SD: 1.0	VAR.%	S.E.%	LOW	AVG	HIGH	5	10	15		

TC TSTATS				STATISTICS				PAGE	2	
				PROJECT	MILLFIR			DATE	8/31/2015	
TWP	RGE	SECT	TRACT	TYPE	ACRES	PLOTS	TREES	CuFt	BdFt	
09N	04W	29	MILLFIR	00U3	2.00	4	17	S	W	
CL:	68.1 %	COEFF		V-BAR/ACRE			# OF PLOTS REQ.		INF. POP.	
SD:	1.0	VAR.	S.E.%	LOW	AVG	HIGH	5	10	15	
DOUG FIR		29.8	17.0	160	193	226				
WHEMLOCK		115.5	66.0	62	182	302				
<b>TOTAL</b>		<i>42.3</i>	<i>24.1</i>	<i>142</i>	<i>188</i>	<i>233</i>	93	23	10	

**Log Stock Table - MBF**

T09N R04W S29 Ty00U1	47.00
T09N R04W S29 Ty00U2	93.00
T09N R04W S29 Ty00U3	2.00

**Project: MILLFIR**  
**Acres 49.00**

**Page 1**  
**Date 8/31/2015**  
**Time 9:19:06AM**

Spp	S T	So Gr rt de	Log Len	Gross MBF	Def %	Net MBF	% Spc	Net Volume by Scaling Diameter in Inches											
								2-3	4-5	6-7	8-9	10-11	12-13	14-15	16-19	20-23	24-29	30-39	40+
DF		HA 2S	40	10		10	.3					10							
DF		HB 2S	40	238	1.3	235	7.9					79	46	82	29				
DF		HB 3S	32	31		31	1.0				26	5							
DF		HB 3S	40	155	1.1	154	5.1				58	95							
DF		DM 2S	16	7		7	.2												7
DF		DM 2S	18	15	2.0	15	.5					1		6	8				
DF		DM 2S	20	1		1	.0						1						
DF		DM 2S	22	1	15.4	1	.0					1							
DF		DM 2S	24	10	7.1	9	.3											9	
DF		DM 2S	25	1		1	.0					1							
DF		DM 2S	26	18	10.9	16	.5											9	7
DF		DM 2S	29	1		1	.0						1						
DF		DM 2S	32	68	1.6	67	2.2						34	22	11				
DF		DM 2S	33	1	20.0	1	.0						1						
DF		DM 2S	36	5		5	.2							5					
DF		DM 2S	39	2	20.8	1	.0												
DF		DM 2S	40	1,926	7.0	1,791	59.8												
DF		DM 3S	13	0		0	.0					0							
DF		DM 3S	14	1		1	.0					1							
DF		DM 3S	15	1		1	.0					1							
DF		DM 3S	16	1		1	.0					1							
DF		DM 3S	17	3		3	.1					3							
DF		DM 3S	18	1		1	.0					1							
DF		DM 3S	20	2		2	.1					2							
DF		DM 3S	21	4	2.0	4	.1					2	3						
DF		DM 3S	22	4		4	.1					1	2						
DF		DM 3S	23	1		1	.0					1							
DF		DM 3S	24	1		1	.0					1							
DF		DM 3S	25	3	4.4	3	.1					2	1						
DF		DM 3S	26	2	7.3	2	.1					1	1						
DF		DM 3S	27	5		5	.2					1	4						
DF		DM 3S	28	3		3	.1					1	1						
DF		DM 3S	29	2		2	.1					1	1						
DF		DM 3S	30	5		5	.2					4	2						
DF		DM 3S	31	4	4.4	4	.1					4							



**Log Stock Table - MBF**

T09N R04W S29 Ty00U1	47.00
T09N R04W S29 Ty00U2	93.00
T09N R04W S29 Ty00U3	2.00

**Project: MILLFIR**  
**Acres 49.00**

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**Date 8/31/2015**  
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Spp	S T	So rt	Gr de	Log Len	Gross MBF	Def %	Net MBF	% Spc	Net Volume by Scaling Diameter in Inches											
									2-3	4-5	6-7	8-9	10-11	12-13	14-15	16-19	20-23	24-29	30-39	40+
DF		DM	4S	40	55		55	1.8		43	12									
DF		DM	UT	10	2		2	.1		2		0								
DF		DM	UT	11	1		1	.0				0								
DF		DM	UT	12	6		6	.2		1				2				2		
DF		DM	UT	13	3		3	.1		1	1		1							
DF		DM	UT	14	4		4	.1			3	0	1							
DF		DM	UT	15	6		6	.2		2	0							4		
DF		DM	UT	16	4		4	.1									4			
DF		DM	UT	17	1		1	.0					1							
DF		DM	UT	18	2	8.6	2	.1				2								
DF		DM	UT	21	5		5	.2		5										
DF		DM	UT	24	3		3	.1		3										
DF		DM	UT	25	7		7	.2		7										
DF		DM	UT	28	9		9	.3						9						
DF		RO	3S	12	1		1	.0				1								
DF		RO	3S	18	1		1	.0						1						
DF		RO	3S	19	1		1	.0					1							
DF		RO	3S	22	1		1	.0				1								
DF		RO	3S	23	1		1	.0				1								
DF		RO	3S	26	1		1	.0					1							
DF		RO	3S	27	6		6	.2				1	2	2						
DF		RO	3S	33	2		2	.1				2								
DF		RO	3S	39	2	8.3	1	.0				1								
DF		RO	3S	40	11	5.4	10	.3					6	5						
DF		Totals			3,164	5.3	2,996	64.3		154	137	222	273	249	305	630	483	401	132	10
RC		DM	3S	15	0		0	.2				0								
RC		DM	3S	18	2		2	1.1						2						
RC		DM	3S	19	1		1	.6				1								
RC		DM	3S	20	1		1	.5			1									
RC		DM	3S	21	1		1	.5				1								
RC		DM	3S	22	1		1	.5				1								
RC		DM	3S	28	1	20.0	1	.4				1								
RC		DM	3S	30	26	2.6	26	14.7						8	9			9		
RC		DM	3S	32	7	4.6	7	3.8						2			5			
RC		DM	3S	35	2	12.5	1	.8				1								
RC		DM	3S	36	126	3.3	121	69.8				6	3	19	8	77	10			



**Log Stock Table - MBF**

T09N R04W S29 Ty00U1	47.00
T09N R04W S29 Ty00U2	93.00
T09N R04W S29 Ty00U3	2.00

**Project: MILLFIR**  
**Acres 49.00**

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Spp	S T	So Gr rt de	Log Len	Gross MBF	Def %	Net MBF	% Spc	Net Volume by Scaling Diameter in Inches											
								2-3	4-5	6-7	8-9	10-11	12-13	14-15	16-19	20-23	24-29	30-39	40+
RA		Totals		188	3.5	182	3.9		53	53	39	30	7						
WH		HA	2S 40	40		40	3.1					12	28						
WH		HB	2S 40	180		178	13.6					37	46	44	51				
WH		HB	3S 32	6		6	.4				6								
WH		HB	3S 40	116	1.8	114	8.8				31	83							
WH		DM	SM 40	50	1.1	50	3.8						50						
WH		DM	2S 16	5	13.2	5	.4								5				
WH		DM	2S 18	3		3	.2									3			
WH		DM	2S 24	19	6.6	18	1.4								9	9			
WH		DM	2S 32	37	3.4	36	2.7					9	13	7	7				
WH		DM	2S 40	721	6.7	672	51.5					40	60	204	170	189	10		
WH		DM	3S 16	1		1	.0				1								
WH		DM	3S 17	1		1	.1				1								
WH		DM	3S 18	1		1	.1				1								
WH		DM	3S 19	1	6.4	1	.1			1	1								
WH		DM	3S 20	0		0	.0				0								
WH		DM	3S 21	1		1	.1				1								
WH		DM	3S 22	1	8.7	1	.1				1								
WH		DM	3S 23	3		3	.2			1	2								
WH		DM	3S 26	2		2	.1				2								
WH		DM	3S 27	4		4	.3			3	1								
WH		DM	3S 29	3		3	.2		2		1								
WH		DM	3S 32	4		4	.3			2	2								
WH		DM	3S 33	3	8.3	3	.2				3								
WH		DM	3S 35	4	11.7	3	.2			2	2								
WH		DM	3S 38	3		3	.2		2		1								
WH		DM	3S 40	46	5.5	44	3.3		14	14	15								
WH		DM	4S 13	1		1	.1			1									
WH		DM	4S 14	0		0	.0				0								
WH		DM	4S 15	1	17.2	1	.1			1		0							
WH		DM	4S 16	2		2	.2			2									
WH		DM	4S 17	4		4	.3		1		3								
WH		DM	4S 18	2		2	.2				2								
WH		DM	4S 19	1		1	.1				1								



**Species Summary - Trees, Logs, Tons, CCF, MBF**

T09N R04W S29 Ty00U	47.0
T09N R04W S29 Ty00U	93.0
T09N R04W S29 Ty00U	2.0

**Project**    **MILLFIR**  
**Acres**        **142.00**

**Page No**        **1**  
**Date:**         **8/31/2015**  
**Time**            **9:19:04AM**

Species	Total	Total	Total	Net Cubic Ft/		CF/	Total CCF		Total MBF	
	Trees	Logs	Tons	Tree	Log	LF	Gross	Net	Gross	Net
DOUG FIR	8,451	18,078	20,208	83.73	39.14	1.23	7,091	7,076	3,164	2,996
WHEMLOCK	3,412	7,004	9,508	86.79	42.27	1.32	2,971	2,961	1,372	1,305
R ALDER	2,344	3,844	1,431	22.20	13.54	0.48	520	520	188	182
WR CEDAR	222	566	1,064	202.91	79.79	2.67	453	451	181	174
S SPRUCE	15	31	24	60.38	30.19	1.16	9	9	3	2
<b>Totals</b>	<b>14,444</b>	<b>29,522</b>	<b>32,235</b>	<b>76.28</b>	<b>37.32</b>	<b>1.19</b>	<b>11,044</b>	<b>11,018</b>	<b>4,909</b>	<b>4,659</b>

Wood Type Species	Total	Total	Total	Net Cubic Ft/		CF/	Total CCF		Total MBF	
	Trees	Logs	Tons	Tree	Log	LF	Gross	Net	Gross	Net
C	12,100	25,678	30,804	86.75	40.88	1.28	10,524	10,497	4,721	4,477
H	2,344	3,844	1,431	22.20	13.54	0.48	520	520	188	182
<b>Totals</b>	<b>14,444</b>	<b>29,522</b>	<b>32,235</b>	<b>76.28</b>	<b>37.32</b>	<b>1.19</b>	<b>11,044</b>	<b>11,018</b>	<b>4,909</b>	<b>4,659</b>



WASHINGTON STATE DEPARTMENT OF  
**Natural Resources**  
 Peter Goldmark - Commissioner of Public Lands

FPA/N No: 2931120

Effective Date: 12/16/2015

Expiration Date: 12/16/2018

Shut Down Zone: 651S

EARR Tax Credit:  Eligible [ ] Non-eligible

Reference: Mill Fir Sorts  
 30-093074

**Forest Practices Application/Notification  
 Notice of Decision**

**Decision**

- Notification Operations shall not begin before the effective date.
- Approved This Forest Practices Application is subject to the conditions listed below.
- Disapproved This Forest Practices Application is disapproved for the reasons listed below.
- Closed Applicant has withdrawn approved FPA/N

**FPA/N Classification**

**Number of Years Granted on Multi-Year Request**

Class II  Class III  Class IVG  Class IVS  3 yrs  4 yrs  5 yrs

**Conditions on Approval / Reasons for Disapproval**

Timing Limitations on Type S and F water(s): All work below the ordinary high water line shall only occur between July 16 and September 15.

Notify the Department of Natural Resources at least 48 hours before beginning work in Type S or F water(s). Call 360-577-2025 and provide the application number and legal description for your activity.

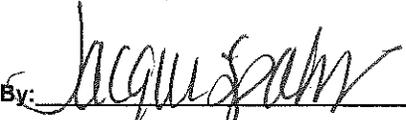
Issued By: Brian Wesemann

Region: Pacific Cascade

Title: Forest Practices Forester

Date: 12/16/2015

Copies to: [ ] Landowner, Timber Owner and Operator.

Issued in person:  Landowner  Timber Owner  Operator By: 

**Appeal Information**

You have thirty (30) days to appeal this Decision and any related State Environmental Policy Act determinations to the Pollution Control Hearings Board in writing at the following addresses:

**Physical address: 1111 Israel Rd. SW, Ste 301, Tumwater, WA 98501**

**Mailing address: P.O. BOX 40903, OLYMPIA, WA 98504-0903**

Information regarding the Pollution Control Hearings Board can be found at: <http://www.eho.wa.gov/>

At the same time you file an appeal with the Pollution Control Hearings Board, also send a copy of the appeal to the Department of Natural Resources' region office and the Office of the Attorney General at the following addresses:

Office of the Attorney General  
Natural Resources Division  
1125 Washington Street SE  
PO Box 40100  
Olympia, WA 98504-0100

And

Department Of Natural Resources  
Pacific Cascade Region  
601 Bond Road  
PO Box 280  
Castle Rock, WA 98611

**Other Applicable Laws**

Operating as described in this application/notification does not ensure compliance with the Endangered Species Act, or other federal, state, or local laws.

**Hydraulic Project Approval (HPA) (Chapter 77.55RCW and WAC 222-50-020(2))**

The Department of Fish and Wildlife (WDFW), as the jurisdictional agency issuing HPAs, has final authority for approving water crossing structures in Type S and F waters. WDFW continues to have authority on Type N waters and may exercise that authority on some Type N waters.

Notice: The HPA water crossing requirements supersede what is indicated on the FPA. Landowners are required by law to follow the provisions as directed on the HPA.

**Transfer of Forest Practices Application/Notification (WAC 222-20-010)**

Use the "Notice of Transfer of Approved Forest Practices Application/Notification" form. This form is available at region offices and on the Forest Practices website: <http://www.dnr.wa.gov/businesspermits/forestpractices>. Notify DNR of new Operators within 48 hours.

**Continuing Forest Land Obligations (RCW 76.09.060, RCW 76.09.070, RCW 76.09.390, and WAC 222-20-055)**

Obligations include reforestation, road maintenance and abandonment plans, conversions of forest land to non-forestry use and/or harvest strategies on perennial non-fish habitat (Type Np) waters in Eastern Washington.

Before the sale or transfer of land or perpetual timber rights subject to continuing forest land obligations, the seller must notify the buyer of such an obligation on a form titled "Notice of Continuing Forest Land Obligation". The seller and buyer must both sign the "Notice of Continuing Forest Land Obligation" form and send it to the DNR Region Office for retention. This form is available at DNR region offices.

If the seller fails to notify the buyer about the continuing forest land obligation, the seller must pay the buyer's costs related to continuing forest land obligations, including all legal costs and reasonable attorneys' fees incurred by the buyer in enforcing the continuing forest land obligation against the seller.

Failure by the seller to send the required notice to the DNR at the time of sale will be prima facie evidence in an action by the buyer against the seller for costs related to the continuing forest land obligation prior to sale.

**DNR affidavit of mailing:**

On this day 12/16/2018, I placed in the United States mail at Castle Rock, WA,

(date mm/dd/yyyy)

(post office location)

postage paid, a true and accurate copy of this document. Notice of Decision FPA # 2931120

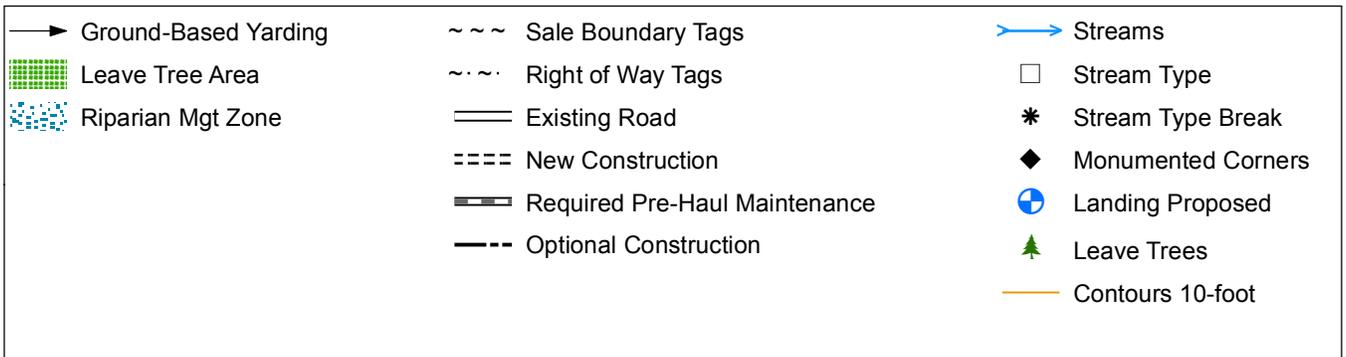
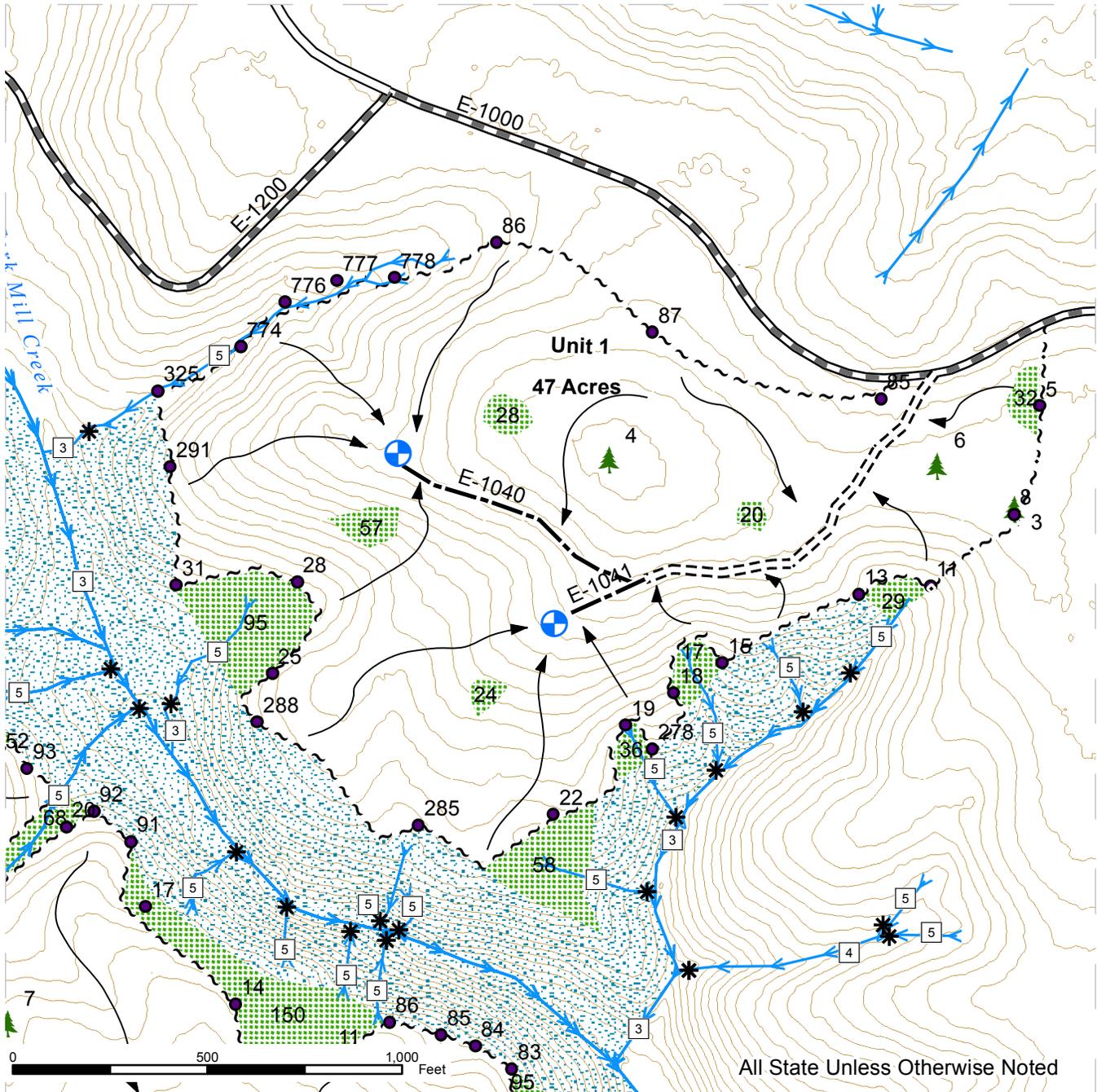
\_\_\_\_\_  
(Printed name)

\_\_\_\_\_  
(Signature)

# LOGGING PLAN MAP

**SALE NAME:** MILL FIR SORTS  
**AGREEMENT#:** Not Defined.  
**TOWNSHIP(S):** T09R05W, T09R04W  
**TRUST(S):** State Forest Transfer(1), Common School and Indemnity(3)

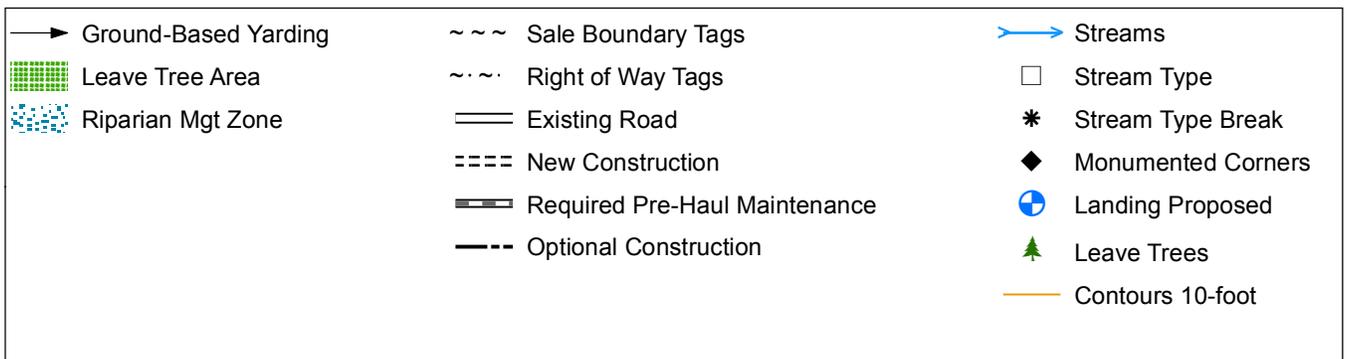
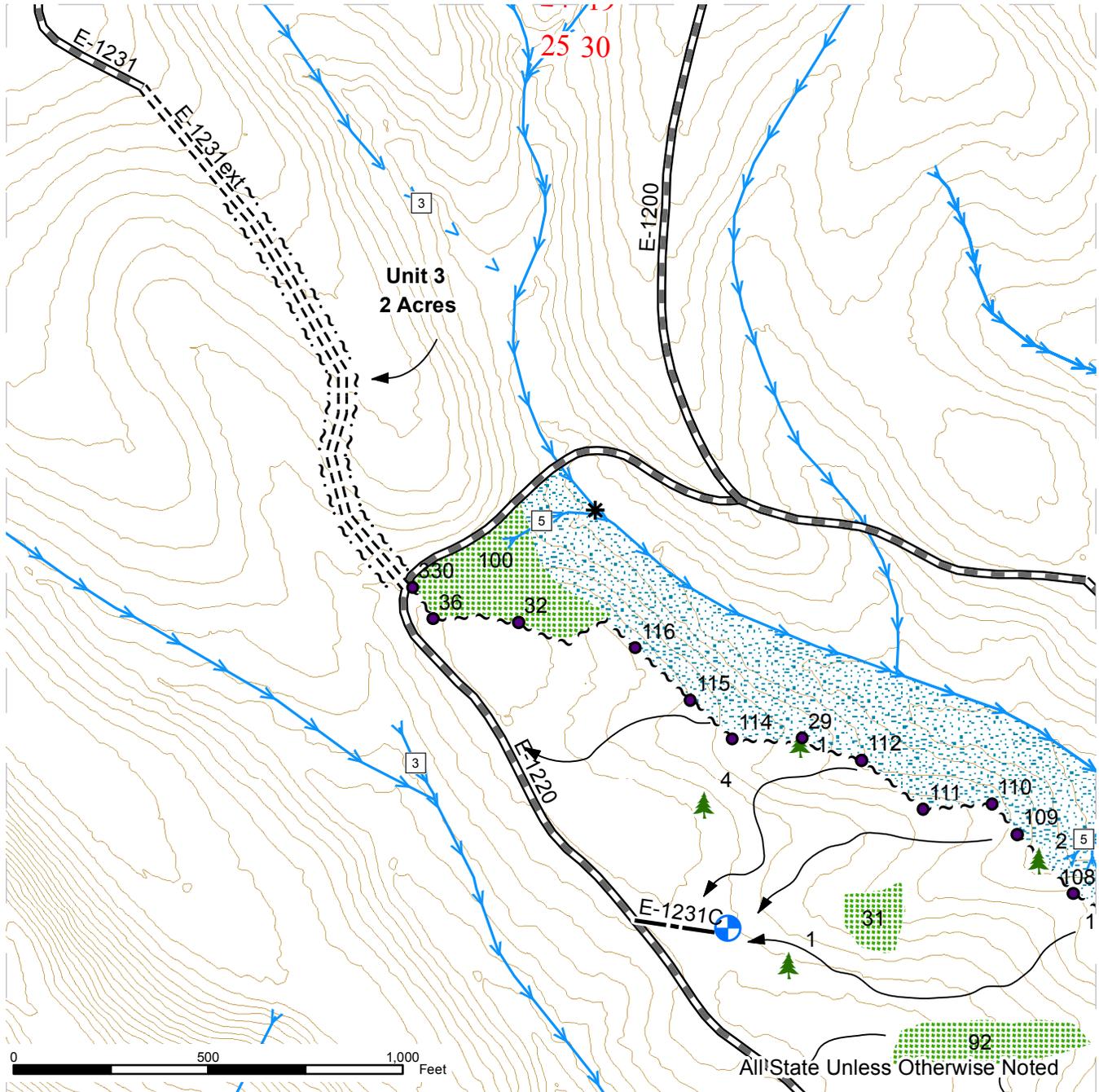
**REGION:** Pacific Cascade Region  
**COUNTY(S):** WAHKIAKUM  
**ELEVATION RGE:** 533-869



# LOGGING PLAN MAP

**SALE NAME:** MILL FIR SORTS  
**AGREEMENT#:** Not Defined.  
**TOWNSHIP(S):** T09R05W, T09R04W  
**TRUST(S):** State Forest Transfer(1), Common School and Indemnity(3)

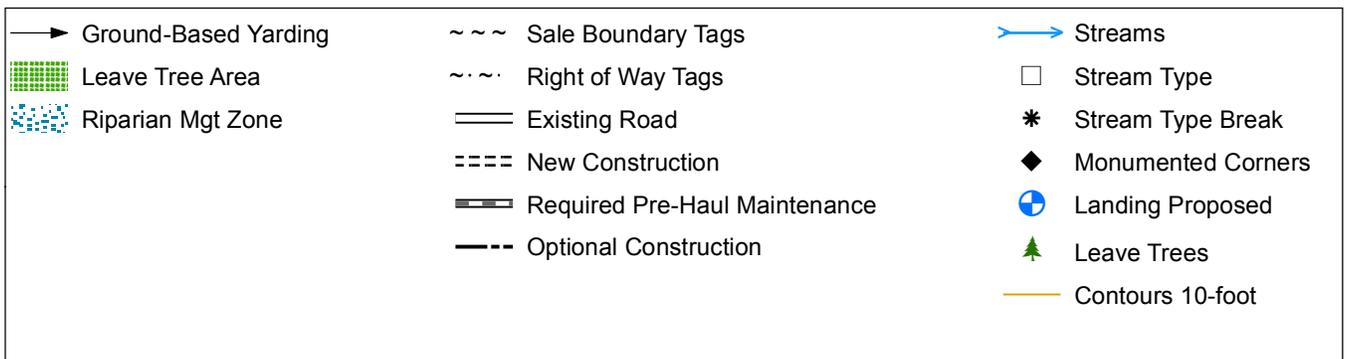
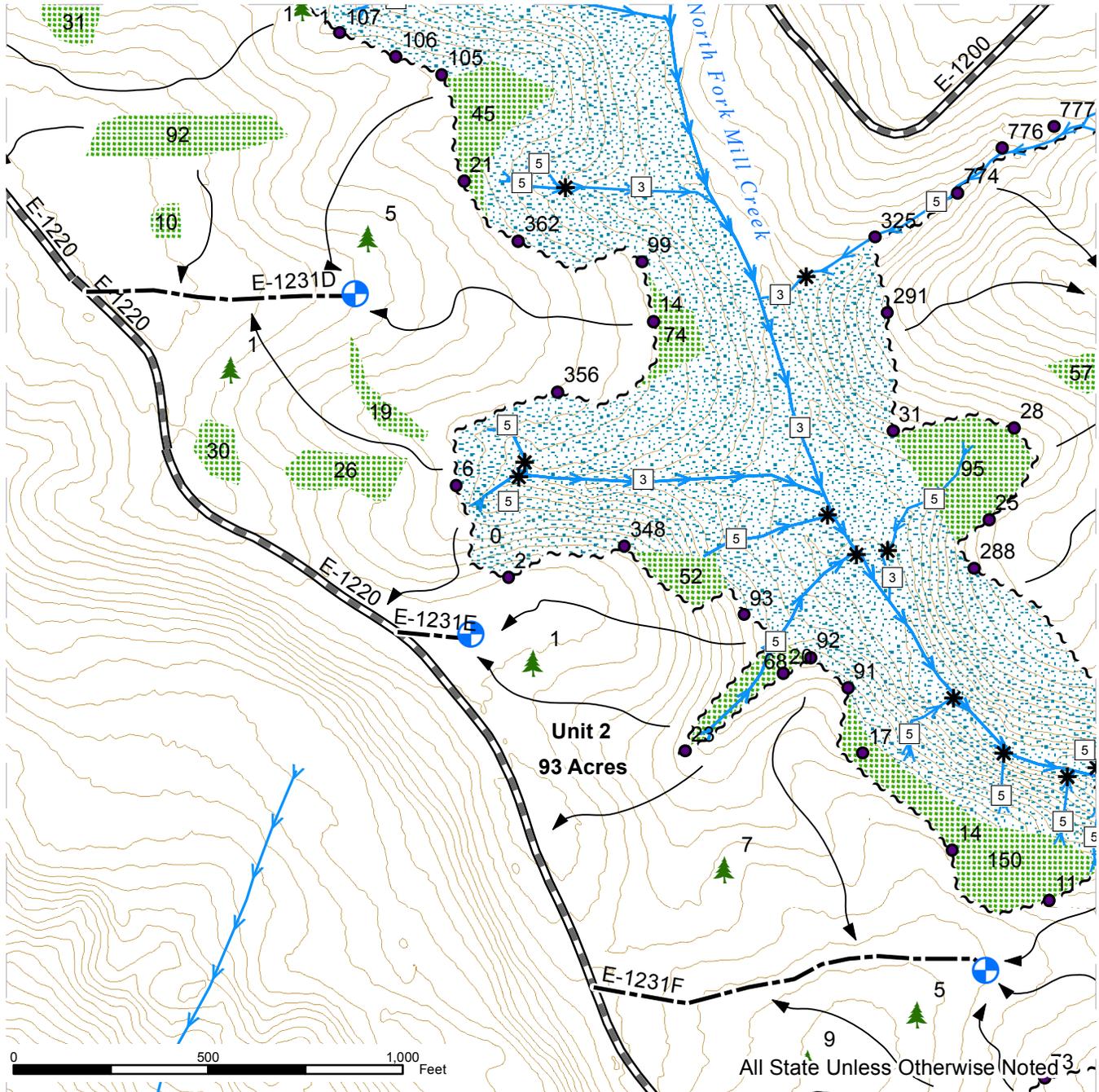
**REGION:** Pacific Cascade Region  
**COUNTY(S):** WAHKIAKUM  
**ELEVATION RGE:** 533-869



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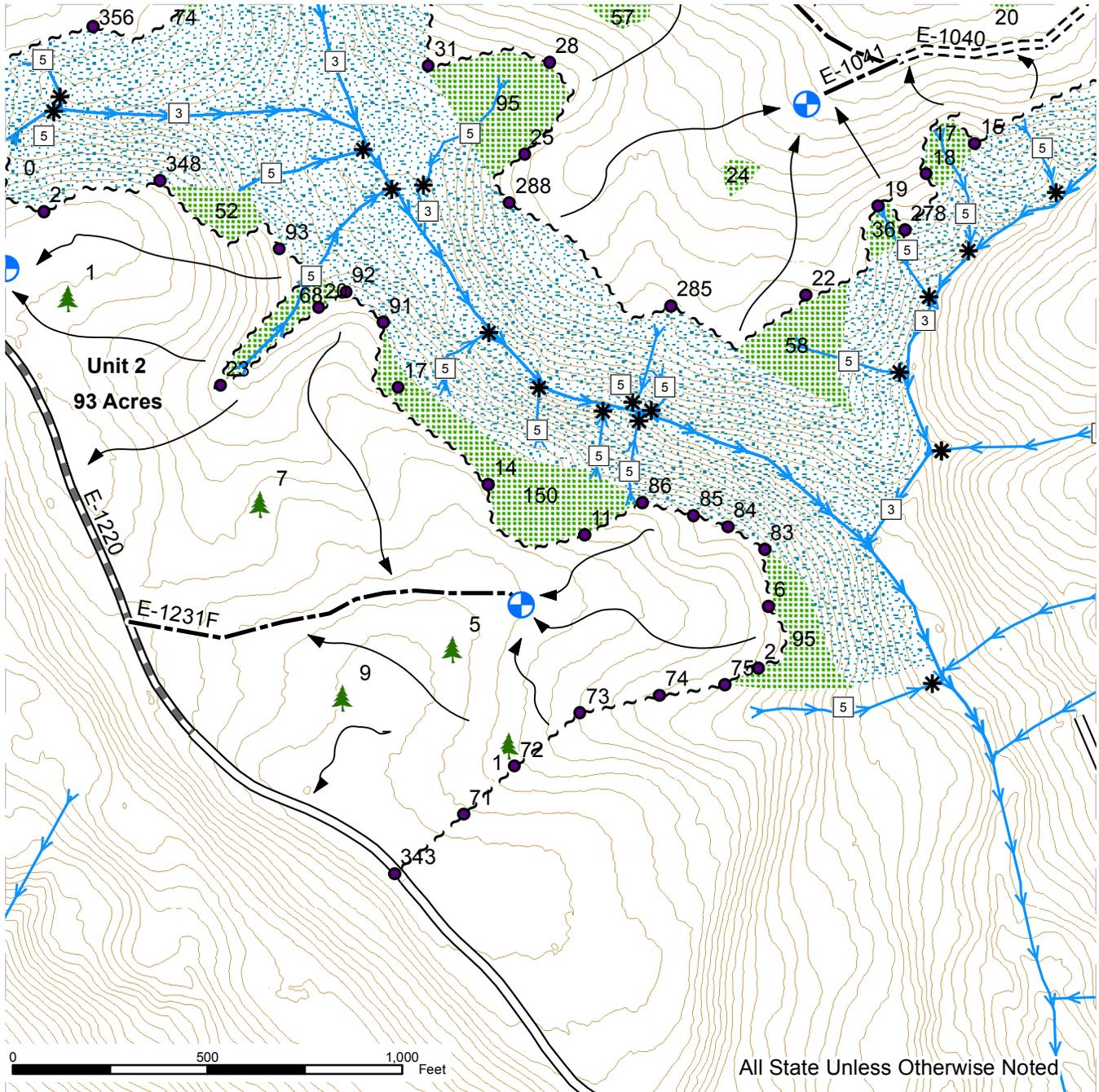
**REGION:** Pacific Cascade Region  
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Ground-Based Yarding	Sale Boundary Tags	Streams
Leave Tree Area	Right of Way Tags	Stream Type
Riparian Mgt Zone	Existing Road	Stream Type Break
	New Construction	Monumented Corners
	Required Pre-Haul Maintenance	Landing Proposed
	Optional Construction	Leave Trees
		Contours 10-foot