

Sale Name: BIOSPHERE MULTIPRODUCT SALE

C2.111# - ADDITIONAL SAWTIMBER IN A MULTI-PRODUCT SALE (05/2008)

Within Sale Area all additional sawtimber marked as Included Timber after award shall be designated in green tree marking paint by Forest Service and paid for at contract rates specified in A5 plus an additional lump sum amount stated in the table below. This additional timber shall be marked and the additional lump sum amount paid for in advance of felling.

See Table A

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C2.21# - UTILIZATION, REMOVAL, AND AMOUNT PAYABLE FOR NON-SAWTIMBER (05/2008)

Notwithstanding B2.2, Purchaser is required to pay for, cut, and remove the Non-Sawtimber Products of Included Timber listed in A2 and those Non-Sawtimber Products listed in the following table, unless otherwise agreed.

If Purchaser can sufficiently demonstrate that no market exists within the normal delivery distance for specific Non-Sawtimber Products, Forest Service and Purchaser may agree to alternate removal requirements of such Non-Sawtimber Products as specified in the alternate removal agreement. See Agreement Example.

The agreement for alternate removal requirements shall be executed prior to removing any timber from the Unit(s) included in the agreement. Alternate removal requirements shall apply only to whole units and not to portions of units. All material meeting alternate removal specifications shall be cut and moved to locations designated in the agreement.

Volumes of material with alternate removal requirements will be determined from the cruise report for the sale.

Purchaser will be charged for the following:

- a) Stumpage value at current contract rates of the alternatively removed product;
- b) Plus the cost of other work required by the Forest Service to dispose of alternatively removed material;
- c) Plus the difference between the appraised transportation cost of the non-sawtimber material involved and the appraised transportation cost of the alternative;
- d) Minus any work required to be completed by the Purchaser associated with alternate removal requirements.

Charges will be debited to the Purchaser's timber sale account.

Upon acceptance of the alternative removal requirements, the affected Unit(s) will be removed from the Sale Area under B6.36.

Title to material included in the alternate removal agreement shall remain with the Forest Service.

See Table A

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C2.35# - DESIGNATION OF TIMBER AND SUBDIVISION/PAYMENT UNIT BOUNDARIES (08/2007)

Trees are designated for cutting under B2.35# only if designated as shown in the Timber Designation table below. The boundaries of Subdivisions/Payment Units are designated as shown in the Boundary Designation table below. Trees used for boundary designation are not to be cut.

See Table A

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C2.351# - DESIGNATION BY SPACING (04/2004)

Within Subdivisions or cutting unit(s) all units, as shown on Sale Area Map, all less than 19-inch ponderosa pine stump diameter trees, except trees Marked with orange paint or described to be left uncut, that meet Utilization Standards and one or more of the following criteria are designated for cutting.

(a) The required spacing is a maximum average of 25 feet. The tree is within 12 feet of a live ponderosa pine tree that has a larger stump diameter than it; and the larger tree is not designated for cutting.

(b) The tree is within N/A feet of a N/A tree greater than or equal to N/A inches stump diameter; and this tree is not designated for cutting.

(c) The tree is Marked with green paint.

Distances are measured horizontal distance, outside bark stump height to outside bark stump height. Stump diameter is measured outside bark at stump height in a horizontal plane and is the average of a measurement across the short axis through the true center of the stump and a second measurement at right angles to the short axis.

All N/A shall be left as leave trees, unless Marked with N/A paint. No tree greater than or equal to N/A inches stump diameter shall be cut, unless Marked with N/A paint. Cutting unit boundaries and other trees that shall be left uncut are Marked with orange paint.

Purchaser and Forest Service shall agree to skid trail location under B6.422. Skid trails shall be no greater than 14 feet wide with a 75 foot spacing.

C2.352# - DESIGNATION BY SPECIES AND DIAMETER (04/2004)

Trees that meet Utilization Standards are designated for cutting, as shown on the Tree Designation Table and Sale Area Map, except trees Marked with orange paint or described to be left uncut.

See Tree Designation Table.

Additional trees to be cut, if any, are Marked with green paint.

All N/A shall be left as leave trees, unless Marked with N/A paint. Leave live ponderosa pine trees of the designated cut species, 6 inches stump diameter or greater, to avoid leave tree spacing greater than 30 feet. Cutting unit boundaries and other trees that shall be left uncut are Marked with orange paint.

Distances are measured horizontal distance, outside bark stump height to outside bark stump height. Stump diameter is measured outside bark at stump height in a horizontal and is the average of a measurement across the short axis through the true center of the stump and a second measurement at right angles to the short axis.

Purchaser and Forest Service shall agree to skid trail location under B6.422. Skid trails shall be no greater than 14 feet wide with a 75 foot spacing.

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C4.211 - DOWNPAYMENT (06/2007)

The downpayment amount shown in A18 may not be applied toward any other payment required under the provisions of this contract, except damages determined pursuant to B9.4, transferred to other timber sales, or refunded until (a) stumpage value representing 25 percent of the total bid value of the timber sale has been charged and paid for, or (b) the estimated value of the unscaled timber is equal to or less than the amount of the downpayment, or (c) if 36 CFR 223.49(e) is applicable, the estimated value of the unscaled timber is equal to or less than the amount of the downpayment.

If Forest Service makes a determination that this contract should not have been included under increased downpayment requirements (36 CFR 223.49(e)), the downpayment shall be revised and applied in accordance with 36 CFR 223.49(f).

C4.212 - TEMPORARY REDUCTION OF DOWNPAYMENT (08/2009)

Notwithstanding B4.211 or C4.211, upon the Purchaser's written request Forest Service may temporarily reduce the downpayment when Purchaser's scheduled operations are delayed or interrupted for 30 or more consecutive days, or the contract term is extended for 30 or more consecutive days for any of the following reasons:

- (1) Forest Service requests or orders Purchaser to delay or interrupt operations for reasons other than breach;
- (2) Purchaser interrupts or delays scheduled operations to work on a sale designated by the Forest Service as in urgent need of harvesting; or
- (3) An adjustment of the contract term authorized upon a determination of substantial overriding public interest, including a market-related contract term addition, or an urgent removal contract term extension under 36 CFR 223.53.

When Purchaser is not cutting or removing timber under contract during a qualifying period of delay, interruption, or extension listed above the downpayment may be reduced to \$1000 or 2 percent of the downpayment amount stated in the contract, whichever is greater. The Purchaser must restore the downpayment to the full amount stated in the contract within 15 days from receipt of the bill for collection and written notice from the Contracting Officer that the basis for temporarily reducing the downpayment no longer exists. Purchaser shall not cut or remove timber on a contract where the downpayment has been temporarily reduced until the downpayment amount stated in the contract is fully restored.

C5.221# - MATERIAL SOURCES (04/2004)

Sources of local materials are designated on Drawings and Sale Area Map. Forest Service assumes responsibility for the quality and quantity of material in designated sources. Purchaser shall determine the equipment and work required to produce the specified product, including the selection of acceptable material that is reasonably available in the source that meets specifications. The designation of source includes the rights of Purchaser to use certain area(s) for plant site, stockpiles, and haul roads.

Should the designated source, due to causes beyond the control of Purchaser, contain insufficient acceptable material, Forest Service will provide another source with adjustment in accordance with B5.253.

When Purchaser elects not to use designated sources, Purchaser shall furnish the specified product with no adjustment in unit rates. Quality testing shall be the responsibility of Purchaser. Test results shall be furnished to Forest Service.

When Purchaser elects not to use designated sources and the Schedule of Items lists pit development separately, cost allowance will be reduced under B5.253 when Forest Service determines the work will not be required.

When materials are subject to a weight measurement, the specific gravity or weight/volume relationship used as a basis for determination of estimated quantities shall be:

Source I N/A, Source II N/A, and Source III N/A.

Purchaser may, when agreed in writing, use on the project such suitable stone, gravel, and sand, or other material found in the excavation, and will earn a cost allowance for the excavation of such materials at the corresponding contract unit price and for the pay items for which the excavated material is used. Purchaser shall replace, without additional cost allowance, sufficient suitable materials to complete the portion of the work that was originally contemplated to be constructed with such material. Purchaser shall not excavate or remove any material, except that which is within the excavation limits, without written authorization from Forest Service.

When material is appraised from non-National Forest designated sources, owner charges for the material in terms of unit cost for royalties, purchase of raw materials, or finished products shall be as follows until N/A:

See Material Source Table.

Should quantity vary from that estimated, payment to owners shall be for units actually obtained. Purchaser shall make arrangements with owner(s) for measurement and payment for royalties, purchase of raw materials, or finished products, as shown above.

Materials produced or processed from National Forest lands in excess of the quantities required for performance of this contract are the property of Forest Service, unless prior written agreement has been obtained to use excess material on other National Forest sales. Forest Service is not obligated to reimburse Purchaser for the cost of their production.

Materials shall be stored to assure the preservation of their quality and fitness for the work. Stored materials shall be located to facilitate their prompt inspection. Sites on Forest Service administered land, approved by Forest Service, may be used for storage purposes and for the placing of Purchaser's plant equipment. All storage sites provided by Forest Service shall be restored at Purchaser's expense. Purchaser

shall be responsible for making arrangements for storage on other than Forest Service administered lands.

When the construction of the portion of the project for which Temporary Roads used for hauling materials is completed, all such Temporary Roads shall be restored as nearly as practicable to their original ground profile, unless otherwise agreed in writing.

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C5.31# - ROAD MAINTENANCE REQUIREMENTS (07/2001)

Purchaser shall maintain roads in accordance with the following Contract Road Maintenance Requirements Summary:

See Contract Road Maintenance Requirements Summary Table.

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C5.35# - ROAD AND WATER SUPPLY USE (05/2008)

National Forest water supply locations, access, method of filling trucks, period of water availability and procedures designed to maintain water quality at each location shall be agreed in advance of use. Such use shall at no time reduce water supplies to the level that further use may be detrimental to aquatic resources or other established use. Waterholes and other improvements relating to said water supplies shall be put into condition, prior to expected seasonal periods of precipitation or runoff, to avoid resource damage.

Damage to resources at such locations caused by Purchaser's Operations, other than fire suppression activities, shall be repaired by Purchaser in a timely and agreed manner to the extent practicable to restore and prevent further resource damage.

Unless otherwise agreed, Purchaser's use of roads and other water supply requirements shall conform to the following table.

See Table A

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C6.24# - SITE SPECIFIC PROTECTION MEASURES (04/2004)

Special protection measures needed to protect known areas identified on Sale Area Map or on the ground include:

Cultural Resource Protection Measures: No operations within or tree removal from areas designated with orange- and white-striped flagging. Road 44N97 crosses this area. Road may be used after completion of cinder placement as required by C5.208#. Refer to Sale Area Map for cinder source and cinder placement..

Wildlife and Botanical Protection Measures: No operations within or tree removal from areas designated with solid white and red polka-dotted flagging. These areas are also designated with three diagonal white-painted lines facing into the unit, two directional lines facing previous and next boundary trees, and two butt marks.

Cave Resource Protection Measures: If found during implementation, a 50-foot no-disturbance buffer around the entrance is required.

C6.331 - LOG TRUCKING (08/2006)

To promote safe operations on National Forest roads and on Specified Roads, loads shall be safely secured before trucks move from the landing or loading location.

C6.37 - SUBSTITUTE METHODS (08/2006)

Notwithstanding other provisions herein, for minor changes such as changes in logging systems for areas smaller than 5 acres, Purchaser and Forest Service may agree in writing that use of substitute methods or equipment will achieve Forest Service objectives under this contract and may be used in lieu of those specified for Purchaser's Operations.

C6.41# - FELLING, BUCKING, AND LIMBING (08/2007)

Unless otherwise agreed in writing, Purchaser's felling, bucking, and limbing operations shall be conducted as specified in the table below.

See Table A

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C6.42# - GROUND BASED SKIDDING (08/2006)

Unless otherwise agreed in writing, the method of skidding Included Timber shall be as shown on the Sale Area Map, by areas, with symbols defined in the following table:

See Table A

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C6.6# - EROSION PREVENTION AND CONTROL (05/2008)

Erosion prevention and control work, including Streamcourse protection, required by C6.5 and B6.6 shall be completed within 15 calendar days after skidding operations related to each landing are substantially completed or after Forest Service designation on the ground of work where such designation is required hereunder. Said time limit shall be exclusive of full days lost in Purchaser's Operations due to causes beyond Purchaser's control. Such on the ground designation shall be done as promptly as feasible unless it is agreed that the location of such work can be established without marking on the ground. After September 15 and as long thereafter as operations continue the work shall be done as promptly as practicable. Damage resulting from Purchaser's Operations due to failure to perform required work shall be repaired by Purchaser.

Notwithstanding other provisions in this contract and unless otherwise agreed in writing, any hay, straw, or mulch used in this contract shall be State of California certified weed free.

Additional erosion control requirements of this contract are listed in the following table.

See Table A

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C6.7# - SLASH TREATMENT (08/2006)

Purchaser shall pile, scatter, yard, construct firelines or otherwise treat slash defined in specifications below, within designated areas. Work required of Purchaser shall be in accordance with the following slash plan and specifications, and the Sale Area Map.

All vegetative debris associated with construction of Specified Roads such as unutilized timber, brush and grubbed stumps is Construction Slash. Measures to be taken by Purchaser for treatment of Construction Slash are set forth in the attached road construction specifications and in the attached slash treatment specifications.

Vegetative debris larger than 1 inch in diameter outside bark and 3 feet long resulting from Purchaser's Operations, other than Construction Slash, is Logging Slash. Measures to be taken by Purchaser for treatment of Logging Slash are set forth below unless otherwise agreed in writing.

Forest Service and Purchaser shall jointly develop a schedule for completion of slash treatment on the various portions of Sale Area prior to Purchaser's Operations.

Removing may be substituted for treatment of any other specified method.

By agreement in writing, certain slash may be left for fuelwood. When the specified treatment is by a combination of methods, Logging Slash not treated by one of the methods shall be treated by the other(s).

See the slash treatment specification table below.

See Table A.

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C6.815 - THIRD PARTY SCALING SERVICES (04/2004)

Notwithstanding the requirement for Forest Service or parties under contract to Forest Service to provide Scaling services under B6.81, Scaling designated in A10 shall be conducted by a third party Scaling organization approved by Forest Service. Scaling shall be done in accordance with A9 and Purchaser shall bear costs for Scaling service.

In the event third party Scaling service is suspended for causes such as strikes, termination of third party's approval to Scale National Forest logs by Forest Service, or Purchaser's failure to pay third party Scaling costs, hauling operations shall be suspended until agreed alternate Scaling services are provided or service by third party is resumed.

When an approved alternate Scaling location pursuant to B6.811 does not have an approved third party scaling organization as a commonly used Scaling services provider, Forest Service or parties under contract to Forest Service shall provide Scaling services at the approved alternate location. In such an event, the cost of waived third party Scaling listed in A10 shall be charged to Timber Sale Account.

If Forest Service and Purchaser agree in writing that another party under contract to Forest Service will perform Scaling, the contract will be modified to include C6.816 and Timber Sale Account will be charged for such Scaling.

C6.849 - PRODUCT ACCOUNTABILITY (08/2006)

Unscaled products from Included Timber shall not be hauled or presented for scaling on Sundays, Holidays, or after normal scaling hours at the designated scaling location without the written approval of the Contracting Officer.

C7.2# - SPECIFIED FIRE PRECAUTIONS (10/2010)

Purchaser or a designated Purchaser's Representative shall certify compliance with specific Timber Sale Contract and California Public Resources Code (CPRC) fire precautionary measures in B7.1 Plans, C7.2 and C7.22#. Certification shall be provided prior to starting operations during Fire Precautionary Period and shall be updated as needed.

Listing of specific fire precautionary measures in the following subsections is not intended to relieve Purchaser in any way from compliance with State fire laws covering fire prevention and suppression equipment applicable to Purchaser's Operations.

Upon request of Forest Service, Purchaser shall permit and assist in periodic testing and inspection of required fire equipment.

The following definitions shall apply to C7.2# and C7.22#:

Active Landing: A location the Purchaser is skidding logs into, or performing other operations such as delimiting, log manufacturing, and chipping logs. Except for EV and E days, loading logs or stockpiled chips only on a cleared landing does not constitute an Active Landing.

All Terrain Tank Truck or Equivalent: An all terrain fire vehicle or trailer that is capable of traversing same terrain as the Hot Saw Technology or masticator and meets all Item L - Tank Truck specifications. A towed sled is not equivalent.

Approved Motorized Carriage: A cable yarding system employing a motorized carriage with two fire extinguishers, with a minimum rating of 5 BC, mounted on opposite sides of the carriage, with an emergency motor shut-off, and an approved exhaust system.

Cable Yarding Systems: A yarding system that takes logs from the stump area to a landing using an overhead system of winch-driven cables to which logs are attached with chokers or grapples.

Compressed Air Foam System (CAFS): A fire suppression system where compressed air is added to water and a foaming agent (See C7.2# Item M. for requirements).

Fire Patrolperson: A named individual that is required to patrol the operating areas of the contract area and report any fire starts (See Item E. for requirements).

Hot Saw: A harvesting system that employs a high-speed (>1100 rpm) rotating felling head (i.e., full rotation lateral tilt head).

Immediate Vicinity: Purchaser's required fire suppression equipment is capable of containing a 20 by 20-foot fire within five minutes of detection.

Mechanical Operations: The process of felling, skidding, chipping, shredding, piling, log processing and/or yarding which requires the use of motorized power which includes, chainsaws, chippers, motorized carriages, masticators, stroke delimiters, skidders etc.

Shutdown Threshold: Unless a Variance is provided, specific equipment or activities are suspended from operating past this point.

Variance: A Forest Service approved action that may provide the Purchaser with an opportunity to continue to operate when conditions reach "Shutdown Threshold" on a PAL Ev afternoon.

Specific equipment requirements and fire precautionary measures are shown in the following table and in C7.22#:

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See the following table.

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C7.22# - EMERGENCY PRECAUTIONS (10/2010)

Purchaser's Operations shall conform to the limitations or requirements in the Project Activity Level (PAL) table below. Unless otherwise agreed in writing, Project Activity Levels applicable to this project shall be for the Fire Danger Rating Area(s), or fire weather station(s) stated in the Sale Area Map legend.

The Forest Service, in its sole discretion, may change the predicted activity level if the current fire suppression situation, weather and vegetation conditions warrant an adjustment of the PAL activity level. If practicable, Forest Service will determine the following day's activity level by 6:00 PM. Purchaser shall obtain the predicted Project Activity Level from the appropriate Ranger District Office before starting work each day.

Forest Service may change the Project Activity Level Table to other values upon revision of the National Fire Danger Rating System. When sent to Purchaser, the revised Project Activity Levels will supersede the levels in the Project Activity Level Table below.

PROJECT ACTIVITY LEVEL (PAL) - CT7.22# - EMERGENCY PRECAUTIONS**PROJECT ACTIVITY LEVEL TABLE**

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C8.212 - MARKET-RELATED CONTRACT TERM ADDITION (11/2008)

The term of this contract may be adjusted when a drastic reduction in wood product prices has occurred in accordance with 36 CFR 223.52. The Producer Price Index used to determine when a drastic reduction in price has occurred is stated in A20. Purchaser will be notified whenever the Chief determines that a drastic reduction in wood product prices has occurred. If the drastic reduction criteria specified in 36 CFR 223.52 are met for 2 consecutive calendar quarters, after contract award date, Contracting Officer will add 1 year to the contract term, upon Purchaser's written request. For each additional consecutive quarter such a drastic reduction occurs, Contracting Officer will, upon written request, add an additional 3 months to the term during Normal Operating Season, except that no single 3-month addition shall extend the term of the contract by more than one year. Contracting Officer must receive Purchaser's written request for a market-related contract term addition before the expiration of this contract.

No more than 3 years shall be added to a contract's term by market-related contract term addition unless the following conditions are met:

(i) The sale was awarded after December 31, 2006; and

(ii) A drastic reduction in wood product prices occurred in at least ten of twelve consecutive quarters during the contract term, but not including the quarter in which the contract was awarded.

For each qualifying quarter meeting the criteria in paragraphs (i) and (ii) of this provision, the Forest Service will, upon the Purchaser's written request, add an additional 3 months during the normal operating season to the contract, except no single 3-month addition shall extend the term of a contract by more than 1 year.

In no event shall a revised contract term exceed 10 years as a result of market-related contract term addition.

Additional contract time may not be granted for those portions of the contract that have a required completion date or for those portions of the contract where Contracting Officer determines that the timber is in need of urgent removal or that timber deterioration or resource damage may result from delay.

C8.66# (Option 1) - USE OF TIMBER (04/2004)

(a) This contract is subject to the Forest Resources Conservation and Shortage Relief Act of 1990, as amended (16 USC 620, et seq.).

(b) Except for None determined pursuant to public hearing to be surplus, unprocessed Included Timber shall not be exported from the United States nor used in direct or indirect substitution for unprocessed timber exported from private lands by Purchaser or any person as defined in the Act (16 USC 620e).

(c) Timber in the following form will be considered unprocessed:

(i) Trees or portions of trees or other roundwood not processed to standards and specifications suitable for end product use;

(ii) Lumber, construction timbers, or cants intended for remanufacturing not meeting standards defined in the Act (16 USC 620e); and

(iii) Aspen or other pulpwood bolts exceeding 100 inches in length.

(d) Unless otherwise agreed in writing, unprocessed Included Timber shall be delivered to a domestic processing facility and shall not be mixed with logs intended for export.

(e) Prior to award, during the life of this contract, and for a period of 3 years from Termination Date, Purchaser shall furnish to Forest Service, upon request, records showing the volume and geographic origin of unprocessed timber from private lands exported or sold for export by Purchaser or affiliates.

(f) Prior to delivering unprocessed Included Timber to another party, Purchaser shall require each buyer, exchangee, or recipient to execute an acceptable agreement that will:

(i) Identify the Federal origin of the timber;

(ii) Specify domestic processing for the timber involved;

(iii) Require the execution of such agreements between the parties to any subsequent transactions involving the timber;

(iv) Require that all hammer brands and/or yellow paint must remain on logs until they are either legally exported or domestically processed, whichever is applicable; and

(v) Otherwise comply with the requirements of the Act (16 USC 620d).

(g) No later than 10 days following the execution of any such agreement between Purchaser and another party, Purchaser shall furnish to Forest Service a copy of each such agreement. Purchaser shall retain, for 3 years from Termination Date, the records of all sales, exchanges, or dispositions of all Included Timber.

(h) Upon request, all records dealing with origin and disposition of Included Timber shall be made available to Contracting Officer.

(i) For breach of this Section, Forest Service may terminate this contract and take such other action as may be provided by statute or regulation, including the imposition of penalties. When terminated by Forest Service under this Section, Forest Service will not be liable for any Claim submitted by Purchaser relating to the termination.