

ALASKA DEPARTMENT OF NATURAL RESOURCES

DIVISION OF FORESTRY AND FIRE PROTECTION
SOUTHERN SOUTHEAST AREA

THOMAS BAY GNA TIMBER SALE
TIMBER SALE CONTRACT

SSE-1400FS-K

TABLE OF CONTENTS

1.	<u>DEFINITIONS</u>	1
2.	<u>SALE OF MERCHANTABLE TIMBER</u>	3
3.	<u>RESERVATIONS</u>	3
4.	<u>RIGHTS OF ENTRY AND USE</u>	3
5.	<u>TERM OF CONTRACT</u>	3
6.	<u>PAYMENTS</u>	4
A.	<u>TOTAL STUMPAGE PAYMENT</u>	4
B.	<u>STUMPAGE PAYMENTS</u>	4
C.	<u>REDETERMINATION OF PAYMENT</u>	4
D.	<u>REDETERMINATION METHOD</u>	4
E.	<u>INITIAL BID DEPOSIT</u>	5
F.	<u>ADVANCED STUMPAGE DEPOSIT</u>	5
7.	<u>PASSAGE OF TITLE</u>	5
8.	<u>COMPLIANCE WITH LAWS AND OTHER REQUIREMENTS</u>	5
A.	<u>COMPLIANCE WITH LAWS</u>	5
B.	<u>RESPONSIBILITY FOR ACQUISITION OF PERMITS, AUTHORIZATIONS AND APPROVALS</u>	5
C.	<u>NOTIFICATION OF VIOLATION</u>	5
9.	<u>SCALING AND LOG ACCOUNTABILITY</u>	6
A.	<u>SCALING</u>	6
B.	<u>CHECK SCALE</u>	6
C.	<u>BRANDING AND PAINTING LOGS</u>	6
D.	<u>TRUCK TRIP TICKETS</u>	6
10.	<u>TIMBER OPERATIONS</u>	7
A.	<u>OPERATING PLAN REQUIREMENTS</u>	7
B.	<u>TIMBER UTILIZATION STANDARDS</u>	7
C.	<u>SLASH DISPOSAL</u>	7
D.	<u>REFORESTATION</u>	7
E.	<u>ROADS</u>	7
F.	<u>MAINTENANCE</u>	8
G.	<u>FIRE</u>	8
H.	<u>TIMBER TRESPASS</u>	8
I.	<u>STATE INSPECTIONS</u>	8
J.	<u>EMERGENCY REPAIRS BY THE STATE</u>	9
K.	<u>FACILITIES CONSTRUCTION</u>	9
L.	<u>USE OF TIMBER SALE AREA</u>	9
M.	<u>FISH SPAWNING WATERS</u>	9
N.	<u>ARCHEOLOGICAL SITES</u>	10
O.	<u>MONUMENTS AND MARKERS</u>	10
11.	<u>RISK MANAGEMENT</u>	10
A.	<u>INDEMNIFICATION</u>	10
B.	<u>INSURANCE REQUIREMENTS</u>	10
C.	<u>RISK OF LOSS</u>	11
D.	<u>PERFORMANCE BOND</u>	11
12.	<u>ENVIRONMENTAL COMPLIANCE, PROTECTION AND SAFETY</u>	11
A.	<u>HAZARDOUS MATERIALS</u>	11

B.	<u>FUEL STORAGE, FUELING, MAINTENANCE AND SPILL PREVENTION.</u>	11
C.	<u>SANITATION.</u>	12
D.	<u>IMMEDIATE CLEANUP OF ENVIRONMENTAL CONTAMINATION.</u>	12
13.	<u>DEFAULT BY PURCHASER.</u>	12
A.	<u>EVENTS OF DEFAULT BY PURCHASER.</u>	12
B.	<u>NOTICE OF DEFAULT/CURE/TERMINATION.</u>	12
C.	<u>REMEDIES.</u>	13
14.	<u>INTERIM AND FINAL ACCOUNTING</u>	13
15.	<u>RIGHTS AND OBLIGATIONS UPON EXPIRATION OR TERMINATION OF CONTRACT</u>	13
16.	<u>NOTICES AND PARTIES' REPRESENTATIVES</u>	13
17.	<u>ASSIGNMENT OF CONTRACT</u>	15
18.	<u>LIENS</u>	15
19.	<u>REPRESENTATIONS AND WARRANTIES</u>	15
A.	<u>STATE.</u>	15
B.	<u>PURCHASER.</u>	15
20.	<u>VALID EXISTING RIGHTS</u>	16
21.	<u>PRODUCTION REQUIREMENTS</u>	16
A.	A. LOGGING PRODUCTION.	16
22.	<u>GENERAL PROVISIONS</u>	16
23.	<u>SIGNATURES</u>	17
EXHIBIT A	TIMBER SALE AREA MAP	188
EXHIBIT B	LEGAL DESCRIPTION	19
EXHIBIT C	LOGGING REQUIREMENTS	20
EXHIBIT D	OPERATING PLAN REQUIREMENTS	23
EXHIBIT E1	ROAD CONSTRUCTION AND MANAGEMENT REQUIREMENTS	24
EXHIBIT E2	USFS ROAD USE PERMIT	26
EXHIBIT F	PROPOSED LAYOUT MAPS	27
EXHIBIT G	INSURANCE POLICIES	28
EXHIBIT H	APPROVED OPERATING PLAN	29
EXHIBIT I	SOIL RESTORATION PLAN	30
EXHIBIT J	USFS EA-FONSI and UNIT NUMBERS CROSSWALK TABLE	31
EXHIBIT K	PROTECTION MEASURES FOR MARINE MAMMALS DURING LOG TRANSPORT	33

**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY AND FIRE PROTECTION
SOUTHEAST AREA, KETCHIKAN OFFICE
2417 TONGASS AVENUE, SUITE 213
KETCHIKAN, AK 99901**

THOMAS BAY GNA TIMBER SALE

TIMBER SALE CONTRACT

SSE-1400FS-K

The State of Alaska, represented by the Director, Division of Forestry & Fire Protection, Alaska Department of Natural Resources or his authorized representative under authority of Alaska Statutes, Title 38, Public Lands, Chapter 05, Alaska Land Act, Article 4, entitled "Disposal of Timber and Materials and under the authority of the Agricultural Act of 2014, Pub. L. 113-79, section 8206, 16 USC 2113A, (Good Neighbor Authority) and specified under the provisions of GNA SPA "Thomas Bay Harvest and Restoration", Agreement # 25-GN-11100500-056 (Stand-Alone SPA not tiered to a GNA Master Agreement). (The ALN for the agreement is 10.691) The Department of Natural Resources, Division of Forestry and Fire Protection, hereinafter called the STATE, does hereby agree to sell, and _____ hereinafter called the PURCHASER, does hereby agree to purchase timber as designated herein, subject to the following terms and conditions. This Contract is effective as of the date of the Commissioner's signature.

In consideration of the mutual covenants and agreements herein contained and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the STATE and PURCHASER hereby agree as follows:

1. DEFINITIONS

Definitions shall include all terms defined by 11 AAC 71.910 Definitions and the following. If there is a conflict of definition, the regulations shall govern.

A. "Construction Materials" includes rock, sand, gravel and other construction materials located in the Timber Sale Area.

B. "Environmental Assessment" (EA) includes the signed "Finding of no Significant Impact" (FONSI) means the harvest plan to be implemented on federal land.

C "Environmental Contamination" means pollution resulting from the "release" [as that term is defined in AS 46.03.826(9)] of a "Hazardous Material."

D "Federal Land" means land owned by the federal government, and interests and resources in the land, including improvements to the land.

E "Hazardous Material" means hazardous substances or materials as defined in Alaska Statutes 46.03.826 and 46.08.900, in 42 U.S.C. § 9601-9657 (CERCLA), in 42 U.S.C. § 9601 (RCRA) and in 40 C.F.R. U.S.C. § 302, as such statutes and regulations may be amended from time to time, and any hazardous and toxic substance, material or waste which is or becomes regulated by any governmental authority. Without limiting the foregoing, "Hazardous Material" includes hydrocarbon fuels such as diesel oil and gasoline, and lubricating oil.

F "Laws" mean all applicable federal, state or local statutes, regulations, rules, ordinances

or permits, orders, directives, and amendments thereto, in effect during the Term of this Contract and as they legally change over time.

G. “MBF” means one thousand board feet, Scribner (long log) log scale rule.

G. “Merchantable Sawlog,” is a No. 3 or better sawlog according to the Official Rules of the Log Scaling & Grading Bureaus developed and authored by The Northwest Log Rules Advisory Group with minimum merchantable sawlog length for the purpose of this contract is 24 feet long plus trim for logs less than 12” top end diameter.

H. “Merchantable Timber” is all timber, harvested or unharvested, which contains at least one Merchantable Sawlog, all Utility Logs, or other sawlogs harvested or unharvested located within the Timber Sale Unit(s) designated by the State within the Timber Sale Area as depicted in Exhibit A that will be harvested in accordance with the approved Operating Plan. This excludes all timber in designated retention areas. Old growth is defined as being any log or tree that is 100 years old or older by ring count. Young growth is defined as being any log or tree that is 99 years old or younger by ring count.

I. “Operating Plan” means the document developed by the PURCHASER and approved by the STATE in order to communicate the PURCHASER’S planned schedule for road construction and harvesting operations, referenced in Section 10 (Timber Operations) herein.

J. “PURCHASER” means the purchaser of timber, purchaser’s agent, employees, representatives, contractors, subcontractors or other individuals or entities operating on behalf of PURCHASER.

K. “Road Standards” means road and bridge construction, maintenance, and closeout standards required herein and by Law.

L. “Roads and Related Transportation Facilities” include all roads, bridges, landings, culverts, and any other transportation facility PURCHASER is authorized to use or to construct pursuant to this Timber Sale Contract.

M. “Slash” means all non-merchantable woody debris resulting from PURCHASER’s Timber Operations or from construction of roads and related transportation facilities or other improvements.

N. “Timber” means all trees, living or dead, standing or down, located within the Timber Sale Area.

O. “Timber Harvest Settings” means the sub-units of Merchantable Timber located within the Timber Sale Units, as designated by PURCHASER in the approved Operating Plan (Exhibit C). A typical setting represents the area in which all merchantable timber can be logged to one landing or road by a single harvest system.

P. “Scaling Bureau” means a certified Log Scaling and Grading contractor acting as a third-party scaling organization for the purpose of scaling and grading logs according to the Official Log Grading and Scaling Rules developed and authored by the Northwest Log Rules Advisory Group.

Q. “Timber Harvest Unit(s)” means the unit(s) of Merchantable Timber located within the Timber Sale Area, as designated by the State in Exhibits A and B.

R. “Timber Sale Area” means the real property upon which it is reasonably necessary for

PURCHASER to conduct Timber Operations under this Contract as depicted on Exhibit A and described in Exhibit B. In the event of any conflict between Exhibit A and B, Exhibit B will control.

S. "STATE Land" means land owned by the State of Alaska, and interests and resources in the land, including improvements to the land.

T. "Utility Logs" are logs that do not meet the minimum requirements of a Merchantable Sawlog but are suitable for the production of firm useable pulp chips to an amount of not less than 50% of the gross scale with a minimum gross diameter of 6 inches on the small end, minimum gross length of 12 feet, plus trim.

2. SALE OF MERCHANTABLE TIMBER

STATE sells to PURCHASER, and PURCHASER purchases from STATE, all of the Timber, whether standing or down, within the Timber Sale Area as depicted on Exhibit A and described in Exhibit B, at the price and upon the terms set forth herein, whether harvested or not, subject to the provisions under Section 11C (Risk of Loss).

3. RESERVATIONS

The STATE reserves the right to permit other compatible uses of the lands in the contract area which do not unduly impair the PURCHASER'S operations under this contract, as determined by the STATE. The PURCHASER will avoid using the access roads when doing so could damage the roads. Use of access roads may be suspended during breakup or other wet weather conditions at the discretion of the State. The STATE hereby reserves the right to use any road constructed by the PURCHASER under this contract for any and all purposes in connection with the protection and administration of State and Federal lands. Roads constructed and/or used by the PURCHASER under this contract may be used by third parties in connection with the utilization of STATE or other resources adjacent to the road; provided, that on spur roads, such use shall not materially interfere with the operations of the PURCHASER.

4. RIGHTS OF ENTRY AND USE

During the Term of this Contract and to the extent it is legally authorized to do so, the STATE hereby grants to PURCHASER the non-exclusive right to enter upon and use the Timber Sale Area and associated access routes across STATE and Federal lands solely in accordance with the terms of the approved Operating Plan and other applicable provisions of this Contract.

The granted rights include the right to construct Roads and Related Transportation Facilities to and within the Timber Sale Area and to use Construction Materials within the Timber Sale Area. Road construction will be as flagged and depicted on Exhibits A and F, unless otherwise specifically approved in writing by the STATE. Said rights will be exercised as reasonably necessary and at PURCHASER's cost in strict accordance with the approved Operating Plan, applicable provisions of Law, and other applicable provisions of this Contract. Construction Material rights granted hereunder shall not be used to provide benefits to parties other than PURCHASER. The PURCHASER will compensate the STATE for any value lost through unauthorized use of Construction Material.

PURCHASER shall fell, yard, remove, scale, and pay the applicable stumpage fee for all Merchantable Timber harvested in association with the rights of entry and use granted herein.

5. TERM OF CONTRACT

The Term of this Contract shall commence upon the Effective Date and terminate on August 31, 2031 or the date that all obligations under this Contract have been completed, whichever is earlier.

Notwithstanding the above, Timber Operations shall cease on or before August 31, 2031, except as provided otherwise herein.

If PURCHASER is prevented or delayed from performing any of its obligations under this Contract by reason of fire, strikes, riots and civil commotions, war and acts of public enemies, storms, floods, and other unusual climatic conditions, including droughts, and acts of God, and any other such cause which is similar in nature to the foregoing and which is beyond the control of PURCHASER ("Force Majeure") the Term shall be automatically extended for the period that such Force Majeure continues in effect plus an additional reasonable period thereafter, to be mutually agreed upon in writing by the STATE and PURCHASER, to allow for harvest and removal of the Timber within the Timber Sale Area. All other terms and conditions of this Contract will remain in effect during periods of Force Majeure. Lack of funds on the part of PURCHASER, adverse market conditions, STATE approval or assistance delays, and/or similar conditions shall not constitute Force Majeure.

In the event that PURCHASER desires to extend the term of this Contract for reasons other than Force Majeure, such extension may be granted by the STATE, at the STATE's sole discretion, in consideration for the advance payment of \$1,000.00 USD. The total extension time may not exceed one year. If the contract is extended, the State may enter into redetermination of the stumpage fees with the PURCHASER if it deems it in the State's best interest.

6. PAYMENTS

A. Total Stumpage Payment. PURCHASER shall pay stumpage fee payments to the STATE as set forth below. The stumpage fee payments are due the STATE without regard to whether the harvest and marketing of the Merchantable Sawlogs and Utility Logs was or will be profitable for PURCHASER. The PURCHASER agrees to pay the STATE periodic stumpage fee payments based on log scale calculations for Sitka Spruce Sawlog, Western Hemlock Sawlog, , and Utility (all species) and as described in Section 9 (Scaling and Log Accountability). Stumpage fees will be as follows, according to PURCHASER bid amounts for:

USFS Young Growth Species	Rate per thousand board foot (MBF)	Scale Unit
Spruce Sawlog	\$	Net Scribner
Hemlock Sawlog	\$	Net Scribner
Utility Logs	\$	Net Scribner

B. Stumpage Payments. Payments must be delivered to the State's representative as listed in Section 16 (Notices). PURCHASER will prepare and submit to the STATE by the 10th day of each month, a report which provides volume produced in the previous month, from log scale, by species. The report will show volumes produced by species and total to date of volumes and stumpage paid. Stumpage Payments must be made to the STATE by the last day of the month period basis following log scaling and as long as the contract is effective. No log volume may be removed from the sale area until payment for log volume has been made to the STATE.

C. Redetermination of Payment. The State may redetermine the stumpage payment due the STATE in the following conditions:

1. Contract extension.
2. Work was or is to be performed by the PURCHASER at the State's written request outside the scope of the original timber sale contract.

D. Redetermination Method. The State will redetermine the stumpage payment based on the existing conditions at the time that the redetermination occurs. Redetermination will not change the meaning or intent of the contract. The STATE and PURCHASER will negotiate to an agreement of

redetermined payment in good faith. In the event that PURCHASER and the STATE cannot agree on the redetermined rates, the existing contract will govern all actions.

E. Initial Bid Deposit. The initial bid deposit of 5% of the total bid value submitted as part of the bid process for the sale made payable to the STATE of Alaska in the form of cashier's check is considered applicable to the stumpage deposit.

F. Advanced Stumpage Deposit. The purchaser shall make an initial Advanced Stumpage Deposit payment totaling 25% of the estimated total stumpage to the State prior to commencing operations. The amount of the stumpage deposit will be determined by the estimated level of productivity described in the Timber Sale Plan of Operations and will equal the projected value of the timber harvest for the next two months or 25% of the timber sale value whichever is more. If the level of productivity increases over the term of the contract, a corresponding increase to the stumpage deposit amount must occur. Adequate Stumpage Deposit shall be made to the STATE prior to timber falling operations.

7. PASSAGE OF TITLE

A. Subject to Section 11 (Risk Management) herein, title to the Merchantable Timber within the Timber Sale Area shall pass from the STATE to PURCHASER upon scaling and payment for logs as documented on Certified Scaling Certificates produced by the Scaling Bureau approved by the STATE. The risk of loss or damage to the Merchantable Timber shall be allocated as provided in Section 11 herein.

8. COMPLIANCE WITH LAWS AND OTHER REQUIREMENTS

A. Compliance with Laws. PURCHASER must carry out all Operations, in compliance with the Law. Responsibility for operating in compliance with Laws and rectifying any instances of non-compliance rest solely with PURCHASER. The PURCHASER must also comply with the specific requirements of applicable laws specified in this contract that apply to this timber sale.

B. Responsibility for Acquisition of Permits, Authorizations and Approvals. PURCHASER is responsible for the acquisition of necessary permits, licenses, fees and other regulatory approvals at its cost. Purchaser shall be responsible for obtaining a USFS Road Use Permit, and any other required authorizations necessary for its use of USFS mainline roads, MAF/LTF and other USFS improvements.

C. Notification of Violation. Within twenty-four (24) hours of PURCHASER's knowledge, PURCHASER must notify the STATE and applicable regulating agencies of any regulatory or permit violations that have occurred as a result of actions by PURCHASER, or PURCHASER's agent, representatives, contractors, subcontractors, or other individuals or entities operating on behalf of PURCHASER.

D. FEDERAL PROVISIONS: RI 0-C6.9, 2400-6. C6.9 - RECORDS. (09/05)
In addition to the requirements of B6.9 - Records, upon request by the Forest Service, PURCHASER shall provide quarterly product sales information and terms of product sales applicable to appraising timber obtained from Federal sources in the Alaska Region. Product sales information shall include revenues by species-product and volumes of species-product from all sources and ownerships. Quarterly sales data is defined by the date of the forest product sales in a calendar quarter annual and quarterly sales and cost collections data must also include all sources and ownerships. In addition to the requirements of B6.9 and C6.84, PURCHASER agrees to record the cutting unit number on all load receipts and on stubs (inside ticket book). PURCHAER will store all returned load receipts for two years or until the Regional Office cost collection team has reviewed and recorded all necessary information from the load receipts.

9. SCALING AND LOG ACCOUNTABILITY

A. Scaling.

(1) Scaling Point. All logs produced from the Timber Sale Area shall, unless otherwise agreed in writing, be scaled at a site designated in the approved Operating Plans. PURCHASER shall use its best efforts to ensure that logs are scaled within thirty (30) days of harvest. If deductions are made for rot, check or other defects resulting from PURCHASER delays in scaling exceeding ninety (90) days, Stumpage Fees shall be paid to the STATE as if the rot, check or other defect was not present.

(2) Scaling Rules. Scaling will be performed using the Scribner Log Rule in accordance with the "Official Log Scaling and Grading Rules" of the Log Scaling and Grading Bureaus as developed and authored by the Northwest Log Rules Advisory Group, and by a recognized third party scaling and grading bureau, or methodology agreed to by the PURCHASER and the STATE. PURCHASER shall contract for and provide the STATE with written evidence of such scaling arrangements before any Merchantable Timber is felled within the Timber Sale Area and a copy of the scaling agreement and log accountability shall be provided to the STATE prior to commencement of Timber Operations.

(3) Cost of Scaling and Delivery of Scale Documents. PURCHASER shall pay the cost of scaling, and instruct the third-party scaler to provide copies of the daily scale tickets that identify individual loads of logs and weekly scale summary sheets to the STATE and PURCHASER within one (1) week after scaling. PURCHASER shall also instruct the third-party scaler to provide copies of scale summary sheets for every four (4) week period on a calendar month basis to the STATE and PURCHASER within ten (10) business days of the end of each calendar month. Summary scale sheets shall include gross and net volumes by species, sort and grade, subtotaled for each Timber Harvest Unit within the Timber Sale Area. Sort descriptions shall be provided to the STATE. Within thirty (30) days of completion of scaling for a calendar year, PURCHASER shall deliver to the STATE a certified annual scaling summary of the total gross and net Sawlog and Utility Log volumes by species, sort and grade.

B. Check Scale. Upon the request of the STATE or PURCHASER, a check scale may be made to determine the accuracy of the original scale. PURCHASER agrees to make logs available for check scaling at reasonable locations designated by the STATE. The STATE agrees to carry out check scaling promptly so as not to unreasonably delay log transfer, rafting, towing, and loading operations. If the difference in scale is less than five percent (5%), then the cost of rescale shall be paid by the STATE. If the check scale exceeds the original scale by five percent (5%), the original scaled volume shall be adjusted by the difference between the check scale and original scale, and the cost of the check scale shall be paid by the PURCHASER.

C. Branding and Painting Logs. Before being placed in navigable waters or removed from the Timber Sale Area, all logs shall be hammer branded on one end with a log brand registered with the State of Alaska Department of Natural Resources, Division of Forestry and Fire Protection. PURCHASER is responsible for registering such brands with the Division of Forestry and Fire Protection. PURCHASER shall also paint one end of each log with a unique color not used elsewhere in the purchaser's operations, or used by any other nearby harvest operations using the same road system, and approved by the STATE.

D. Truck Trip Tickets. Unless otherwise provided for and approved by the STATE in the Purchaser's written log accountability plan, each load of logs shall be identified by a unique three (3) part truck trip ticket, one part affixed to the load, one part to the STATE (to be attached to the scale ticket and delivered to the STATE on a weekly basis), and one remaining in the book. Unless requested by the STATE, truck trip ticket books shall be retained by PURCHASER for the Term of this Contract. Truck trip tickets shall include date, logger's name, truck driver's name, Timber Harvest Unit, brand, destination and log or piece count by species. Truck trip tickets shall be numbered sequentially and numbers shall not be duplicated. PURCHASER shall provide the STATE with the series of book and ticket numbers

assigned to this Contract, and shall account for any gaps in the series of numbers when the truck trip tickets are provided to the STATE.

10. TIMBER OPERATIONS

A. Operating Plan Requirements. Unless otherwise provided for, PURCHASER shall be responsible for performing based on existing road and unit layout and design as depicted in the Environmental Assessment and on the USFS Unit Maps. PURCHASER must do so in strict compliance with applicable Laws, the Environmental Assessment and the approved Timber Sale Operating Plan. The PURCHASER must prepare and submit to the STATE prior to the start of operations, a written Timber Sale Operating Plan meeting the requirements of Exhibit C and providing for the orderly and progressive development of all operations necessary to complete this contract. The Timber Sale Operating Plan is ineffective until it is APPROVED by the STATE, which must occur prior to the start of operations. Operating without a designated representative on site, or an approved logging plan is grounds for suspension. This plan must be updated whenever there is a significant change in the PURCHASER'S operation. Significant is defined as a change to an item required in the operating plan as portrayed by the requirements listed in Exhibit D. This plan must be updated annually and whenever there is a significant change in the PURCHASER'S operation such as but not limited to start or stop dates of activity on the sale, type of activity being conducted, and third party agreements.

B. Timber Utilization Standards. Unless otherwise mutually agreed upon by the STATE and PURCHASER, PURCHASER must conduct its Timber Operations in accordance with the following Utilization Standards:

- (1) PURCHASER must harvest Timber in such a manner as will ensure that all the Merchantable Timber designated for harvest within the Timber Sale Area is utilized;
- (2) Except as otherwise set forth below, PURCHASER must ensure that stumps left after logging are cut as low to the ground as practicable, and in any event are not higher than eighteen (18) inches above the ground on the side of the stump where the elevation of the ground is the highest unless determined as unsafe to workers or otherwise directed by the STATE. High stumps must be paid for by the PURCHASER at the rate of \$5.00 per stump, which sum shall be regarded as fixed, agreed, and liquidated damages;
- (3) PURCHASER must vary log lengths to provide for as complete a utilization of all the Merchantable Timber in the Timber Sale Area as is practicable; and
- (4) The STATE shall have the right to require PURCHASER to remove unyarded Merchantable Timber that has been left on the ground from the Timber Sale Area;
- (5) The PURCHASER shall have the option to leave utility logs decked at the landings on this sale or remove them from the sale area at the PURCHASER's discretion during the time of this Contract. Utility logs shall be piled/decked in an orderly and workman like manner within 66 feet of the landing or road surface in a fashion which maximizes the area suitable and available for the establishment and production of commercial tree species. At no time may these utility decks obstruct the USFS's future use of the land. Under no circumstances may a log deck be located so as to obstruct or hinder water quality. Title remains with the State until logs are removed from the Sale Area.

C. Slash Disposal. PURCHASER must comply with all applicable Laws relating to the disposal or accumulation of slash and with the conditions set forth in Exhibit C.

D. Reforestation. The parties anticipate that reforestation requirements will be met through natural regeneration. Except as provided in Exhibit C (Logging Requirements), the STATE and the USFS are responsible for all reforestation obligations on their lands required under applicable Laws. PURCHASER must take reasonable actions to facilitate natural regeneration, as described in the approved Operating Plan. Notwithstanding any of the above, PURCHASER is responsible for reforestation of areas where PURCHASER's Timber Operations have materially damaged or impeded an area's ability to naturally regenerate.

E. Roads. PURCHASER must, at its cost, construct, reconstruct, and improve roads in accordance with applicable laws, the Environmental Assessment, the approved Operating Plan and the Road Construction and Maintenance Requirements in Exhibit E. It is the responsibility of the

PURCHASER to enter into agreements with adjoining land owners as to any shared use maintenance requirements, or fees, paid by PURCHASER on roads owned or maintained by other entities, including, but not limited to private, federal, state and local landowners or administrators. PURCHASER must obtain all necessary road use permits, agreements and approvals prior to commencing operations. All borrow and waste areas utilized in the construction or maintenance of the roads and facilities by the PURCHASER require the submittal of development plans and approval by the State prior to development. The location and construction of all landings must be submitted to and approved by the State prior to use and construction by the PURCHASER unless they are already identified on the approved timber sale unit maps. The PURCHASER is responsible for all repairs and mitigation deemed necessary by the State due to unauthorized roads and landings. PURCHASER must additionally pay stipulated damages of \$1,000.00 USD for each unauthorized construction development. This provision does not supersede any applicable penalties under the Alaska Forest Resources and Practices Act (AFR&PA) (AS 41.17, 11 AAC 95).

F. Maintenance. During the Term of this Contract, PURCHASER, at its cost, must maintain the Timber Sale Area, Roads and Related Transportation Facilities, and all other improvements used by PURCHASER in connection with this Contract, in a clean, sanitary and safe condition and in accordance with applicable Laws, the approved Operating Plan, and the provisions of this Contract. PURCHASER may share maintenance obligations with other Authorized Users of the Timber Sale Area, subject to the terms and conditions of joint use agreements that are approved in writing by the STATE. Cleanup measures and other maintenance must be kept reasonably current with timber harvest operations.

G. Fire. The PURCHASER must take all necessary precautions for the prevention of forest fires and shall be responsible for the suppression costs of any and all destructive or uncontrolled fires occurring within or without the contract area resulting from any and all operations involved in the removal of the timber under the provisions of this contract. AS 41.15.050 established the fire season from April 1 - September 30, inclusive, during each year. AS 41.15.080 requires every person owning or operating a sawmill or logging camp or other commercial plant or operation on forested lands to post and keep displayed at all times in a conspicuous place upon the building or ground of the milling, logging, or commercial operation a copy of AS 41.15.050-080 and AS 41.15.140.

(1) Prevention and Suppression. During the Term of this Contract, PURCHASER must make every effort to prevent and suppress fires within the Timber Sale Area. Unless otherwise required herein, or prevented by circumstances, over which PURCHASER has no control, PURCHASER must place its equipment, employees, contractors, and employees of contractors at the disposal of any authorized government employee for the purpose of fighting forest fires within or near the Timber Sale Area.

(2) Presence of Fire Equipment. PURCHASER must ensure that both the road building crew and logging crews have adequate firefighting equipment and training for use on site when operating in the Timber Sale Area, pursuant to the approved Operating Plan. In the event of "extreme fire danger," PURCHASER must maintain a fire watch at the active Timber Operation areas for a minimum of one hour after work has stopped for the day, unless the STATE suspends Timber Operations until the fire danger is reduced.

(3) Reporting. PURCHASER must report all fires to the United States Forest Service at (907) 772-3841, Petersburg Ranger District, and the Alaska Division of Forestry and Fire Protection in Ketchikan at (907) 225-3070 or at (907) 491-0375 immediately after becoming aware of a fire or imminent threat of fire.

H. Timber Trespass. Unless otherwise agreed, PURCHASER may not fell or damage any tree not within the boundary of the Timber Sale Area. PURCHASER shall be liable for all trespass damage and must properly locate its operations within the Timber Sale Area. In the event of trespass damage to State or Federal timber outside of the Timber Sale Area, the STATE will appraise the damage and assess PURCHASER the cost of such appraisal plus treble damages (triple stumpage), at the sole discretion of the STATE. This provision does not supersede any applicable penalties associated with the Alaska Forest Resources and Practices Act (AFR&PA) under AS 41.17, 11 AAC 95, nor does it supersede any remedies other landowners may have under applicable laws.

I. STATE Inspections. The STATE and its representatives, shall at all times have access to observe and inspect the Timber Operations of PURCHASER and must be furnished such information,

documentation and assistance by PURCHASER as may be reasonably requested by the STATE for the purpose of ensuring compliance with this Contract and applicable Laws. PURCHASER must complete additional work as requested by the STATE, consistent with the approved Operating Plan and requirements of this Contract.

J. Emergency Repairs by the STATE. In the event PURCHASER refuses to make a repair of an emergency nature to improvements or structures in the Timber Sale Area after requested to do so by the STATE or regulatory agency, except when these emergency repairs result from the gross negligence of STATE, the STATE shall be entitled to make the repairs and bill PURCHASER for the actual cost of making such repairs. Emergency repair of improvements or the sale area necessary to keep the PURCHASER in compliance with federal, State, and local laws and regulations is the PURCHASER'S responsibility. If the emergency repairs are not required by law or in this contract, the State will reimburse the purchaser for the cost of repairs. All emergency work covered by this contract must be authorized in writing by the STATE prior to commencing unless prevailing conditions will cause imminent and significant irreparable damage to the State's resources.

K. Facilities Construction. Any improvements or transportation facilities, including sawmills, buildings, bridges, roads, etc., constructed by the PURCHASER in connection with this sale and within the sale area or on other State land leased for the purpose, must be done in accordance with standard or special plans approved by the STATE. Bonding may be required on each improvement. The STATE neither expressly nor implicitly warrants its improvement estimates. Estimates will be made for the sole purpose of establishing the minimum bid, and are not to be used for other purposes.

L. Use of Timber Sale Area. The PURCHASER may only use the Timber Sale Area for actions related to the harvest of Merchantable Timber. The Timber Sale Area may not be used for any other commercial purpose. Existing facilities owned by the STATE in the sale area, including but not limited to roads, bridges, gates, culverts, and signs may be used by the PURCHASER in connection with this sale without further approval unless such use is limited or prevented elsewhere in this contract. Existing improvements used by the PURCHASER must be kept in good repair by the PURCHASER.

M. Fish Spawning Waters. All operations in connection with this contract adjacent to lakes, streams, or important fish waters must be conducted so as to avoid stream silting and must not interfere with the passage of fish or injure the spawning grounds, in accordance with AS 41.14.

USFS Streamcourse Protection - Streamcourses which are subject to this provision include 3 categories: 1. Class 1 streams and Class II streams which flow directly into Class I streams. 2. Class II streams which do not flow directly into Class I streams, and Class III streams having characteristics of instability and sediment production. 3. Other Streams and V notches designated for soil and water quality protection.

Streamcourses that are in the categories of a, b, and c are designated by Forest Service, shown on Sale Area Map and marked on the ground in conjunction with marking of units and related roads.

Purchaser's operations shall be conducted according to Best Management Practices as shown in Forest Service Handbook 2509.22. The following measures shall be observed to protect Streamcourses.

a. Class I streams and Class II streams that flow directly into a Class I streams are marked with blue and white striped flagging and will be protected in the following manner: Timber harvest units shall not be within a minimum buffer zone of 100 feet (30 meters) on either side of Class I streams and Class II stream which flow directly into Class I streams.

Prior to any operations within a buffer zone of 100 feet (30 meters), a Streamcourse Protection Plan will be developed for that buffer zone. This plan will specify which timber, if any, may be removed within the buffer zone and become Included Timber.

Except as provided in the Streamcourse Protection Plan developed herein there will be no yarding corridors, tailholds, temporary road crossings or logging activity within the buffer designated on either side of a Streamcourse.

b. Class II streams which do not flow directly into Class I streams, and Class III streams having characteristics of instability and sediment production are marked with orange and white striped flagging and will be protected in the following manner unless agreed otherwise in writing:

Trees shall be felled in such a manner so that the direction of fall is away from Streamcourses. These trees may be wedged, jacked, lined, or otherwise pulled when necessary to meet this requirement.

Unless the ST ATE provides a written waiver, felled trees that inadvertently enter or cross Streamcourses shall not be bucked or limbed until clear of Streamcourses unless limbing or bucking would reduce damage to the riparian vegetation or stream banks. Trees or products shall not be hauled or yarded across Streamcourses unless fully suspended. Debris in Streamcourses resulting from felling or yarding Included Timber shall be removed immediately to a stable location above high water mark. Existing natural stable debris shall be left undisturbed. The State may require individual felled, or portions of felled trees that have entered Streamcourses to be left unyarded. Trees or portions of trees to be left shall be clearly marked by the Forest Service prior to yarding.

c. Other Streams and V notches designated for soil and water quality protection are marked with green and white striped flagging and will be protected in the following manner unless agreed otherwise in writing:

In so far as practical, trees shall be felled and yarded away from Streamcourses. The trees that cannot be felled away from Streamcourses shall be felled to bridge the stream providing these trees will be yarded during the same operating season. Trees felled to bridge Streamcourses shall be bucked, limbed, and topped clear of Streamcourse and its banks. Debris consisting of large unmerchantable pieces, root wads, or large accumulations of slash resulting from falling or yarding Included Timber, which restrict natural water flow, adversely affect water quality or have potential for debris flow, shall be removed to a stable location above high water mark before the yarder leaves the unit or upon completion of seasonal logging activities in the unit, whichever comes first.

In addition, the following measures shall be observed to protect Streamcourses, unless otherwise agreed in writing:

Purchaser's operations shall be conducted to prevent debris from entering Streamcourses, except as authorized under this provision. When removing debris Purchaser shall remove such debris in an agreed manner that will cause the least disturbance to Streamcourses.

Culverts or bridges shall be required on Temporary Roads at all points where it is necessary to cross Streamcourses. Such facilities shall be of sufficient size and design and installed in a manner to provide unobstructed flow of water and to minimize damage to Streamcourses. Wheeled or track-laying equipment shall not be operated in Streamcourses unless approved by ST A TE except at crossing designated by STATE, or as essential to construction or removal of culverts and bridges.

Flow in Streamcourses may be temporarily diverted only if such diversion is necessary for Purchaser's planned construction and Forest Service gives written authorization. Such flow shall be restored to natural course as soon as practicable and in any event prior to a major storm runoff period or runoff season.

N. Archeological Sites. If, during the course of operations, any physical remains of historic, archaeological, or paleontological nature are discovered, work in that immediate vicinity must cease and the State must be notified. The Alaskan Historic Preservation Act prohibits the appropriation, excavation, removal, injury, or destruction of any historic, prehistoric or archaeological resources of the State.

O. Monuments and Markers. The PURCHASER must protect all known land survey monuments and witness trees and markers from damage or obliteration. If monuments or markers are destroyed, the PURCHASER must pay the costs of restoration. No painted, blazed or tagged tree which marks the boundary of the sale area or cutting units may be cut unless approved in writing by the State. The PURCHASER must pay the STATE stipulated damages of \$100.00 USD for each boundary tree and leave tree that is cut or damaged, as determined by the Forester-in-Charge. Assessed damages are not limited to the bond amount.

11. RISK MANAGEMENT

A. Indemnification. PURCHASER shall defend, indemnify, and hold the State and the federal government harmless from any and all claims, demands, suits, loss, liability and expense, for injury to, or death of persons and damage to, or loss of property arising out of, or connected with the exercise of the privileges granted the PURCHASER by this contract.

B. Insurance Requirements. PURCHASER, its contractors and subcontractors must purchase, at its own expense, and maintain in force at all time during the Term of this Contract the policies of insurance specified in Exhibit G from an insurer qualified to do business in Alaska. Where

specific limits are shown, it is understood that they are the minimum acceptable limits, and if the policies contain higher limits, the STATE and the additional insured hereunder shall be entitled to those higher limits. The policies must each name the STATE as an additional insured. The STATE must be provided with certificates of insurance and copies of the policies, a minimum of fifteen (15) days prior to commencing Timber Operations. The policies must provide that coverage shall not be canceled, limited, or allowed to expire until after thirty (30) days written notice has been given to the STATE. The STATE shall have the right, at its option, to pay any delinquent premium on any of the policies if necessary to prevent a cancellation, non-renewal or material alteration thereof; and PURCHASER must within five (5) business days, reimburse the STATE'S expenditure. In the event that any insurance policy is canceled or the policy is materially changed, PURCHASER must immediately notify the STATE and cease Timber Operations until certificates of insurance are delivered to and approved in writing by the STATE. The STATE reserves the right to reasonably increase the required insurance coverage limits to be in accordance with the current industry standards by giving 30 days written notice to PURCHASER.

C. Risk of Loss. The risk of loss by fire, windstorm, or other cause of any standing, decked or down Merchantable Timber within the Timber Sale Area shall be borne by the holder of title to the timber or logs. The State is not obligated to supply, nor is the PURCHASER obligated to accept and pay for, other timber in place of the destroyed or damaged timber. The loss or damage to timber removed from the sale area under the contract is borne by the PURCHASER. This section alone does not relieve either party of liability for negligence.

D. Performance Bond. At the time of executing this contract, PURCHASER shall deposit with the STATE One hundred thousand dollars (\$100,000.00 USD) in the form of a cashier's check, money order, time certificate of deposit (with automatic renewal) in the State's name in trust for the purchaser, or surety made payable to the STATE. Bonding must conform to 11 AAC 71.095. If cash is used for the Performance Bond it will be placed by the State in a separate state account and all interest on the Performance Deposit shall accrue to the benefit of STATE. If PURCHASER is in default under this Contract and has received notice of such default from the STATE, but has failed to cure such default, the STATE may apply said Performance Bond to pay for the performance of the default obligation and any of the STATE's expenses or damages incurred as a result of PURCHASER's default. PURCHASER shall remain liable for any deficiency that remains after application of the Performance Bond to any amount owed and within ten (10) days of STATE's said application, PURCHASER must deposit that sum of money necessary to maintain a Performance Bond of One hundred thousand dollars (\$100,000.00 USD).

12. ENVIRONMENTAL COMPLIANCE, PROTECTION AND SAFETY

A. Hazardous Materials. PURCHASER must not cause or permit to be brought upon, stored or used in or about the Timber Sale Area, or the Roads and Related Transportation Facilities by PURCHASER, its agents, employees, contractors, or invitees, any Hazardous Materials without the prior written consent of the STATE, which will not be unreasonably withheld by the STATE so long as PURCHASER demonstrates to the STATE's satisfaction that such Hazardous Materials are reasonably necessary to PURCHASER's Timber Operations and will be used, kept, and stored in a manner that complies with all Laws regulating any such Hazardous Materials.

B. Fuel Storage, Fueling, Maintenance and Spill Prevention. The STATE hereby consents that PURCHASER may bring upon, and use necessary fuel, lubricating oil, hydraulic fluids, explosives and anti-freeze substances in the Timber Sale Area, and the Roads and Related Transportation Facilities, during the Term of this Contract only to the extent such items are transported, used, and disposed of in a manner that complies with all Laws and the terms of this Contract. PURCHASER must maintain and use mobile fuel storage, refueling and maintenance facilities (including facilities for the collection of waste oil) and must do so in accordance with all Laws. No fixed tank storage is allowed on the sale area without site specific approval of the State. The PURCHASER must have adequate absorbent and cleanup materials on site and in all vehicles and machinery used in the Timber Sale Area to contain spills related to fueling, maintenance and repair operations and damage likely to be sustained in the course of operations. *Mobile fuel storage facilities must not be parked within 100 feet of water bodies. Refueling*

of equipment must not occur on the active flood plain of a water body or within 300 feet of an anadromous fish stream. Vehicle maintenance, campsites, and/or storage and stockpiling of material on the surface ice of lakes, ponds or rivers are prohibited.

C. Sanitation. The sale area must be maintained in a clean and sanitary condition during the operations of the PURCHASER. Any foreign materials or wastes such as cans, bottles, barrels, garbage, equipment, equipment parts, or other debris resulting from this operation must be removed from the sale area as they are used and at the latest, upon completion of operations on any cutting unit.

D. Immediate Cleanup of Environmental Contamination. In the event PURCHASER becomes aware of any Environmental Contamination within the Timber Sale Area, PURCHASER must immediately notify the STATE and the Alaska Department of Environmental Conservation of any such Environmental Contamination and (unless provided for otherwise in a STATE-approved joint use Contract between PURCHASER and other Authorized Users of the Timber Sale Area) must immediately take all actions at its sole expense as are necessary to contain and cleanup Environmental Contamination in a manner consistent with the requirements of Law. Without limiting PURCHASER's containment and cleanup obligations herein, to the extent that it is economically reasonable to do so, PURCHASER must return the affected area to the condition existing prior to the introduction of any such Hazardous Materials. **Site Specific Special Protection Measures** - Special protection measures needed to protect known areas identified on Sale Area Map or on the ground include: (1) Cultural Resource Protection Measures: None known at this time. (2) Wildlife and Botanical Protection Measures: Retention of leave timber areas.

13. DEFAULT BY PURCHASER

A. Events of Default by PURCHASER. Any of the following shall be deemed an event of default by PURCHASER ("Event of Default"):

- (1) Any representation or warranty made by PURCHASER that proves to be false in any material respect;
- (2) PURCHASER's failure or refusal to perform, fulfill, or observe any provision in this Contract or Laws, or PURCHASER's breach of any covenant in this Contract; or
- (3) If PURCHASER has a receiver appointed for all or any significant part of its assets, becomes insolvent, files a petition in bankruptcy or for reorganization, liquidation, or relief under any bankruptcy, insolvency, or debtor laws, or makes an assignment for the benefit of creditors, or if a petition is filed against it in bankruptcy or under insolvency or debtor laws.

B. Notice of Default/Cure/Termination. In the event of default under Section 13.A. (Events of Default by PURCHASER) above, the STATE will serve written notice on PURCHASER that states the ground or grounds upon which default is alleged and demand a cure. In the event of a default by PURCHASER for failure to make payments of Stumpage Fees, or Performance Bond, or for failure to obtain or maintain insurance as required herein, or not have an approved operating plan on file with the STATE that reflects the actions of the Purchaser or have a designated representative on site, Timber Operations must cease immediately upon PURCHASER's knowledge of the default or upon notice from the STATE, whichever is earlier. If the default is not cured within thirty (30) business days of written notice to PURCHASER, the STATE may suspend or terminate this Contract by serving written notice on the PURCHASER stating that this Contract is suspended or terminated. If an Event of Default is of any nature other than the defaults identified in the previous sentence and if (i) the default is not cured, or (ii) reasonable steps are not taken to diligently execute a cure within thirty (30) business days of notice, or within 48 hours in the case of obligations which the STATE or an authorized regulatory agency has declared to be of an emergency nature, the STATE may suspend or terminate this Contract by serving

written notice on PURCHASER stating that the Contract is suspended or terminated. Failure of the STATE to strictly enforce at any time any of the provisions of this Contract shall not be construed to be a waiver or affect the right of the STATE to thereafter strictly enforce such provision.

C. Remedies. In addition to the above, if an Event of a Default by PURCHASER occurs under this Contract through no fault of the STATE, the STATE, at its election, shall be entitled, after written notice to PURCHASER and the cure periods set forth above have expired: (i) to suspend the operations under this Contract until the breach is cured; (ii) to terminate this Contract and recover any and all damages including incidental and consequential damages; (iii) to terminate this Contract and retain the Bid Deposit, any Stumpage Payments, the Performance Deposit and all other fees and deposits paid by PURCHASER, plus all interest accrued thereon, as liquidated damages and not as a penalty; (iv) to seek specific performance of this Contract; and (v) to pursue any and all remedies in addition to or by way of alternative to the foregoing available at law or in equity.

14. INTERIM AND FINAL ACCOUNTING

Upon the expiration of this Contract or within ten (10) business days of the completion of all remaining obligations of PURCHASER, whichever is earlier, there must be a final accounting between the parties. The following amounts must be computed by both parties: any unpaid completion costs; amounts due to STATE under Section 10.J. (Emergency Repairs) of this Contract; and any other amount due the STATE or PURCHASER pursuant to this Contract. Within thirty (30) days after all calculations have been made and approved by both parties, and final accounting inspections have been completed by STATE and applicable regulatory agencies, the party indebted to the other must pay the outstanding balance owed to the other party, at which time any remaining Performance Deposit shall be released or refunded.

Upon completion of all PURCHASER obligations under this Contract, the STATE will execute a written release, releasing PURCHASER from any further obligations under this Contract, except those that specifically survive termination of this Contract.

15. RIGHTS AND OBLIGATIONS UPON EXPIRATION OR TERMINATION OF CONTRACT

A. Rights in Timber Sale Area. Upon the termination or expiration of this Contract, any claim or right PURCHASER may have in and to the Timber Sale Area, to any Merchantable Timber or logs remaining in the Timber Sale Area or to the Roads and Related Facilities and the Timber Sale Areas shall terminate.

B. Obligation to Remove. Within thirty (30) days of completion or termination of PURCHASER's Timber Operations, whichever is earlier, PURCHASER must remove from the Timber Sale Area and the Roads and Related Transportation Facilities, all equipment, materials, chemicals, goods, supplies, machinery, cable, wastes, buildings, structures, and any other items or improvements placed thereon by PURCHASER. The Timber Sale Area and the Roads and Related Transportation Facilities must be left free of all litter, debris, and all foreign materials generated by PURCHASER's operations. PURCHASER's removal thereof must be made in a manner that does not leave the Timber Sale Area in a dangerous or unsafe condition and allows for reasonable concurrent uses during the removal period. If the above items are not so removed, they may either be removed from the Timber Sale Area at PURCHASER's expense or shall become property of the STATE if the STATE so elects.

16. NOTICES AND PARTIES' REPRESENTATIVES

All notices, requests, elections, consents or other communications that may be or are required to be given pursuant to this Contract to either of the Parties are effective only if given in writing and sent by certified mail, return receipt requested, by personal delivery to the other Party or by verbally confirmed email copy, and shall be deemed received on the earlier of actual receipt or five (5) days after being deposited in the mail, postage prepaid, addressed to the STATE or PURCHASER at the following addresses:

To the STATE:

Mike Cooney, GNA Forester
Southern Southeast Area Office
Department of Natural Resources, Division of Forestry and Fire Protection
2417 Tongass Avenue, Suite 213
Ketchikan, AK 99901

Phone No.: (907) 225-3070 or (907) 491-0375

PURCHASER:

Name:

Address:

City, State, Zip:

Phone No.:

Fax No.:

Attention:

PURCHASER Field Representative:

To: (Defined in the Operating Plan)

Either party may change its representative or its field representative and its address for the purposes of this Section 16 (Notices and Parties' Representatives) by giving notice of such change to the other party in the manner provided in this Section 16 (Notices and Parties' Representatives).

17. ASSIGNMENT OF CONTRACT

This contract may not be assigned by the PURCHASER without written consent to such assignment first having been obtained from the STATE and the necessary amendment made to the contract.

18. LIENS

PURCHASER must pay or cause to be paid promptly when due any claim, debt or charge against PURCHASER, which might become a lien against any of the STATE's assets associated with this Contract. PURCHASER must not suffer or permit any such lien or encumbrances of any kind to be filed against or upon any equipment, improvements, logs, the Timber or the property from which the same are cut, or from the proceeds thereof, regardless of whether the basis of such lien is a claim against PURCHASER or against an employee, agent, supplier, or subcontractor of PURCHASER.

PURCHASER must keep the Timber Sale Area and Timber free and clear of any and all mechanics, loggers, labor or materialmen's liens arising from the performance of labor upon or the furnishing of materials to the Timber Sale Area. PURCHASER may contest the validity of any such lien that may be filed by providing reasonable security to the STATE. PURCHASER must post notices of the STATE's non-responsibility pursuant to AS 34.35.065 and AS 34.35.150.

19. REPRESENTATIONS AND WARRANTIES

A. STATE. As additional consideration for this sale, the STATE hereby represents, warrants, and disclaims warranties, as follows, which representations, warranties and disclaimers shall survive the expiration of this Contract:

- (1) It is duly authorized to enter into this Contract;
- (2) It makes no warranties, express or implied, as to the access, availability, operability, value, total volume that may be cut in the Timber Sale Area, type, species distribution, grade, quantity, quality, merchantability or fitness for a particular use concerning the Timber and the Timber Sale Area.
- (3) Its approval of the Operating Plan is not a warranty that the plan is economic, safe, or meets the requirements of Laws;
- (4) It does not warrant the accuracy of any title, appraisals, timber cruises, investigations or other presale documents or evaluation the STATE or USFS has prepared;
- (5) It does not warrant any risk associated with previous mining activity on the land; and
- (6) It does not warrant any other item that extends beyond the written contents of this Contract.

B. PURCHASER. As additional consideration for this purchase, PURCHASER hereby represents and warrants as follows, which representations and warranties shall survive the expiration of this Contract:

- (1) It has read the above STATE warranty section with care and in its entirety and understands it completely;
- (2) It has had an unrestricted opportunity to review documents received from the STATE related to this timber sale which are not subject to the attorney-client privilege and has carefully inspected the Timber Sale Area and all Timber on the Timber Sale Area, and except for the STATE's Representations and Warranties set forth in Section 19.A. (STATE Representations and Warranties) above, PURCHASER is purchasing the Merchantable Timber and accepting the Timber Sale Area "AS IS;"
- (3) It has independently considered and made its own determination concerning the physical, legal and economic facts related to the access to and operations within the Timber Sale Area, barging and towing, log transport, log storage and transfer, raft delivery conditions, fuel transport and storage, availability of camps and sort yards, matters of title, government regulation, the construction of the required Roads and Related Transportation Facilities, the harvest of the Timber (and the ease or difficulty in harvesting it), the value, volume, grade, species distribution, type, quality and

merchantability of the Timber and the economic feasibility and operability of the Timber and PURCHASER's ability to harvest the Timber, and all other matters related to the harvest and sale of the Timber. PURCHASER assumes each, every and all risks related to the Merchantable Timber and the Timber Sale Area;

(4) It further assumes all risks related to the quantity or quality of rock, sand, gravel, stone or other construction materials in the Timber Sale Area;

(5) It is in good standing in accordance with the Laws of the State of Alaska;

(6) It is qualified to do business in the State of Alaska;

(7) It is duly authorized to enter into this Contract and all agreements and documents contemplated hereby, and to make the representations and warranties set forth herein.

When executed and delivered by PURCHASER, this Contract shall constitute a legal, valid and binding obligation of PURCHASER that the person executing this Contract for and on behalf of PURCHASER is duly authorized to do so, and that neither the execution of this Contract nor its performance by PURCHASER will conflict with or result in the breach of any other instrument, covenant or undertaking of PURCHASER;

(8) All submissions to the STATE made in relation to this Contract are true and correct;

(9) It is entering into this Contract based upon its own knowledge and information of the Timber, of the Timber Sale Area and of the timber business, and not because of any inducement or representation of the STATE, or any representative of the STATE;

(10) It is experienced in the logging industry, has independently reviewed all Laws and has a sufficient working familiarity with such Laws to enable it to obtain necessary permits and comply with same; and

(11) It has consulted with an attorney of PURCHASER's own choosing concerning the contents of this Contract.

20. VALID EXISTING RIGHTS

The rights granted to PURCHASER under this Contract are subject to all valid existing rights in existence on the Effective Date whether or not made of record, including without limitation, easements, rights-of-way, reservations or other interests in land.

21. PRODUCTION REQUIREMENTS

A. Logging Production. Commencing from the date of execution of this contract, the PURCHASER, must indicate within its Plan of Operations a logical and realistic ability to harvest and remove from the sale the entire volume within the contract period.

22. GENERAL PROVISIONS

A. Contractors. All Contractors and subcontractors engaged by PURCHASER to perform Timber Operations relating to this Contract, must be approved in advance by STATE; however, STATE shall not unreasonably withhold its approval. PURCHASER must require, by contract, all such contractors and subcontractors to abide by the terms and conditions of this Contract, and PURCHASER must provide them with relevant provisions of this Contract.

B. Delivery of Payments. All payments must be delivered to the STATE or to PURCHASER respectively at the addresses set forth in the Section 16 (Notices and Parties' Representatives). PURCHASER shall not be entitled to any abatement, deductions or offsets of any amount due to STATE. All past due amounts owed to the STATE shall accrue interest at the interest rate of 10.5% per annum until payment is received by the STATE.

23. SIGNATURES

SELLER:

Division of Forestry and Fire Protection
Department of Natural Resources
2417 Tongass Avenue, Suite 213
Ketchikan, AK 99901

PURCHASER:

STATE OF ALASKA

By: _____

Title: _____

PURCHASER

By: _____

Title: _____

STATE OF ALASKA

)

) ss.

THIRD JUDICIAL DISTRICT

)

The Foregoing Instrument was acknowledged before me by _____, of and on behalf of the State of Alaska, Department of Natural Resources Division of Forestry and Fire Protection on this ____ day of _____, ____.

Notary Public for the State of Alaska

My Commission expires: _____

STATE OF _____

)

) ss.

)

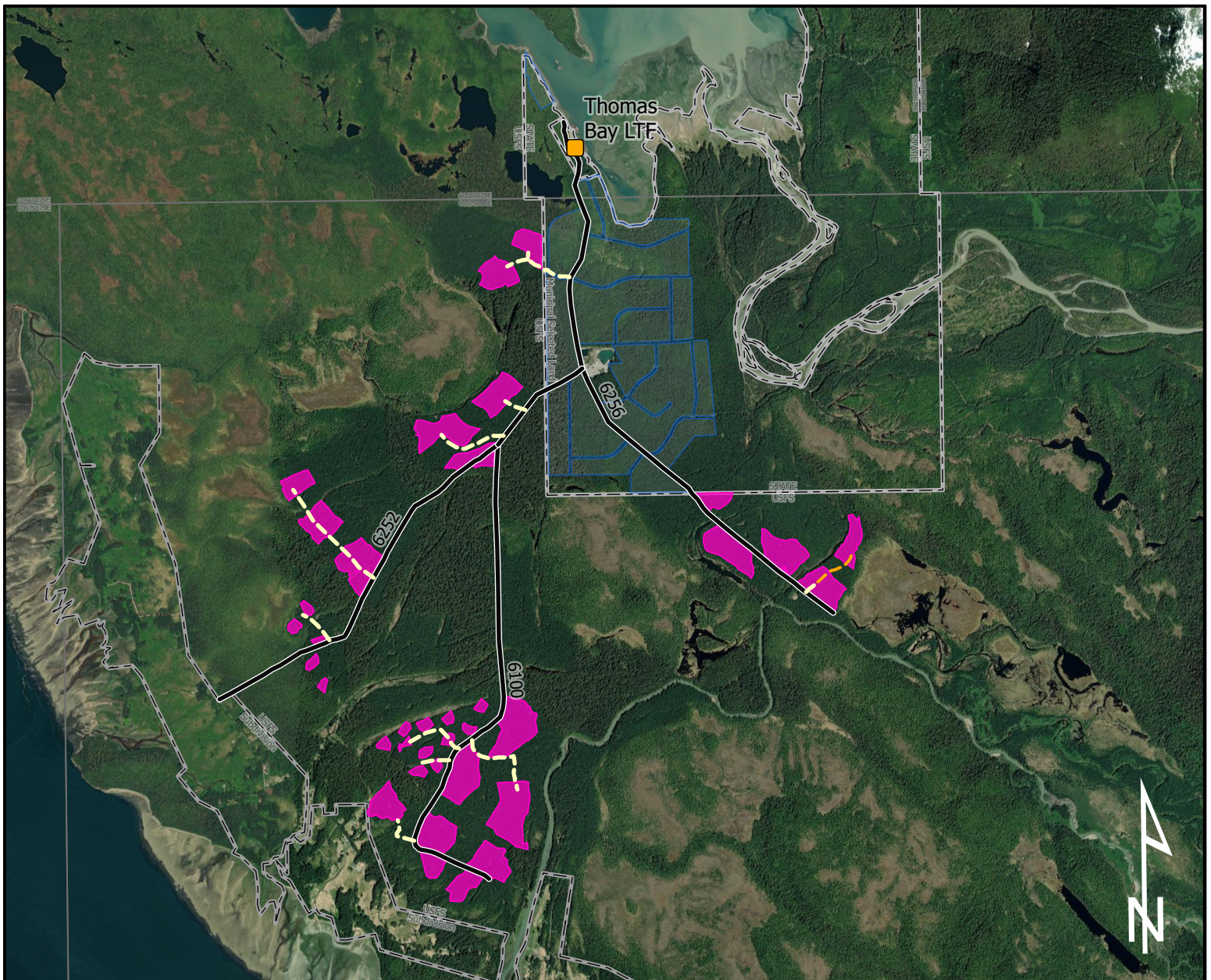
The Foregoing Instrument was acknowledged before me by _____ the _____ of _____, a _____ as _____ of and on behalf of the _____ on this ____ day of _____, ____.

Notary Public for the State of _____

My Commission expires: _____

EXHIBIT A – TIMBER SALE AREA MAP

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K



0 2,000 4,000 6,000 8,000
 Feet
 1 IN = 4,000 feet

MTR: C056S079E, C056S080E, C057S079E, C057S080E



Vicinity Map: 1 IN = 25 miles

Legend

- Harvest Units
- Property Line
- Municipal Selected Land
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Thomas Bay LTF

APPENDIX A1 SSE-1400-K THOMAS BAY GNA TIMBER SALE AREA MAP



LS 7/21/2026

EXHIBIT B – LEGAL DESCRIPTION

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

Property Description:

The project area is located on the Southeast Alaska mainland, south of Thomas Bay, approximately 11 miles northeast of Petersburg and is viewable on USGS quadrangle Petersburg D-3 (See Attachment A; Timber Sale Area and Unit maps). The project area may only be accessed via boat or aircraft to the LTF at Thomas Bay. The main access route to this sale is from a USFS Marine Access Facility/LTF in Section 35, then along the federally managed forest roads 6257, 6252, 6100 and 6256. The road corridors and project area includes State, federal and Petersburg Borough land in Sections 4, 8, 9, 10, 11, 15, 16, 17, 20, 21 of T57S, R80E, and Section 35, T56S, R79E, all within Copper River Meridian (CRM).

The Timber Sale Area includes only the area described above and as depicted in Exhibit A: Thomas Bay Harvest and Restoration - Timber Sale Area Map.

In this Timber Sale Area, the “harvest area” has been identified and depicted as 35 harvest units comprising a total of approximately 396 acres. Individual harvest units range in size from slightly more than 1 acre to 30 acres. The sale is designated for the harvest of approximately 10.77 million board feet of young growth timber, including net utility (Number 4 Sawlogs), more or less, within the “harvest area” shown on the attached Timber Sale Area Map in Exhibit A, which is made a part hereof.

The harvest of timber under this contract will occur only in the “Harvest Units” as designed and marked on the ground and contained in the Environmental Assessment/FONSI (and “Unit Cards” contained therein) completed for this sale and as depicted on the Timber Sale Area Map. The roads designated for the sale as depicted on the Timber Sale Area Map shall be constructed and applied substantially as depicted in Exhibit E herein.

Harvest Unit boundaries have been marked in the field by the USFS using pink survey ribbon. Spur road centerline locations have been marked in the field by the USFS using yellow, and blue survey ribbons tied together.

EXHIBIT C – LOGGING REQUIREMENTS

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

Harvest Prescription:

The predominant harvest method will be clear-cut.

The harvest method is based on contemporary shovel yarding methods: all harvest units are designed for ground-based yarding. Site specific characteristics such as terrain, soils, and water bodies are addressed in the USFS Environmental Assessment/FONSI and included “Unit Cards” identifying sites that will require focused care with operations to protect resources.

The PURCHASER’s operations on the TIMBER SALE must at all times comply with the Best Management Practices as outlined in the Alaska Forest Practices Act and Regulations for public lands and the USFS EA-FONSI, including Unit Cards, for the timber sale.

1. Leave Tree designations for Standing Cull and Utility.
 - A. None are required to be left by the Purchaser.
 - B. Where safe to do so, cull and obvious utility trees may be left standing at the PURCHASER’s discretion. No more than one tree per acre will be left standing. Leave trees shall not have indicators of Hemlock Dwarf Mistletoe.
 - C. Obvious cull trees will have a clear presence of obvious defect such as conks (fungus fruiting bodies indicating the presence of wood defect) along the bole of the tree.
 - D. Timber deemed a Cull are trees containing log lengths that fail to meet the minimum requirements for the lowest sawmill grade and will not meet the minimum net/gross ratio of 33 1/3% sound wood when cruising/ scale rules apply.
2. Landings must be located, constructed, and operated in a manner that
 - A. avoids surface and standing waters;
 - B. minimizes the use of marshes and non-forested muskegs;
 - C. prevents logs and vegetative debris from entering surface and standing waters; and
 - D. minimizes the sedimentation of surface and standing waters.
3. An operator must locate and construct a landing according to the following standards:
 - A. when choosing the site of a landing, an operator must consider the effects of the landing location and provide for a logging layout that will reduce the overall adverse effects on the operation;
 - B. the design of a landing must minimize the need for side casting or fill;
 - C. a landing must be no larger than necessary for safe operation of the equipment and decking of logs;
 - D. where slopes have a grade greater than 67 percent, are unstable, or are in a slide-prone area, fill material used in construction of a landing must be free from loose stumps and excessive accumulations of slash, and must be mechanically compacted in layers if necessary to prevent soil erosion and mass wasting;
 - E. a truck road, a skid trail, or a fire trail must be out sloped or cross drained uphill of the landing and the water diverted onto the forest floor away from the toe of any landing fill;
 - F. a landing must be sloped, water barred, ditched or otherwise constructed and maintained to minimize accumulation of water on the landing; and
 - G. any excavated material from the construction of a landing may not be placed where it is likely to result in degradation of surface water quality.

4. To maintain bank integrity, an operator must minimize disturbance of residual trees, brush, and similar understory vegetation adjacent to surface and standing waters. An operator must also, where feasible, avoid disturbing roots, stumps, and deadfalls embedded in the bed or bank of surface waters, and standing waters larger than one-half acre.
5. In a riparian area, an operator must, where feasible and necessary, leave high stumps to prevent felled and bucked timber from entering surface waters.
6. The division will, in its discretion, require stabilization, to the extent feasible, of disturbed banks to prevent soil erosion and degradation of water quality.
7. If a tree is felled into nonfish-bearing surface or standing waters, the operator must remove the tree and its debris at the earliest feasible time, to the extent necessary to avoid degradation of water quality.
8. An operator may not buck or limb a tree or any portion of a tree lying between the banks of surface waters, except as necessary to remove the bole, limbs, or small debris from the water as required by 11 AAC 95.290(e) or this section.
9. If feasible, an operator
 - A. may not fell trees into a riparian timber retention area; and
 - B. must fell each tree in a direction that minimizes damage to trees retained in a partial cut.
10. During yarding, an operator must keep all logs fully suspended above or yarded away from surface waters where feasible, in light of the necessary equipment being reasonably available to the operator and the importance of the surface water to fish habitat and water quality, unless full suspension or split yarding would likely cause greater degradation of surface water quality or impact to fish habitat than cross-stream yarding.
11. The following standards apply to cable yarding operations:
 - A. when feasible, an operator must use maximum available deflection;
 - B. where feasible, an operator must use uphill yarding techniques;
 - C. where downhill yarding is used, an operator must use deflection to lift the leading end of the log and minimize downhill movement of slash and soils;
 - D. when yarding parallel to surface waters, and when in or near a riparian area, an operator must make an effort to minimize soil disturbance and to prevent logs from rolling into surface waters or the riparian area; and
 - E. when yarding across marshes and non-forested muskegs, an operator must make an effort to minimize damage to vegetative cover.
12. The PURCHASER may utilize only logging systems detailed in the Operating Plan. The number of skidding routes through an area must be minimized and to the extent practical, must use skid trails created during the prior harvest entry.
13. An operator may not use a tracked skidder, a wheeled skidder, or a logging shovel during saturated soil conditions if degradation of surface and standing water quality or undue soil disturbance is likely to result.
14. An operator must minimize damage from skidding to the stems and root systems of retained timber. The PURCHASER must protect residual trees and seedlings during harvest operations. No more than 25 percent of the residual stand may be damaged. Residual trees or existing spruce regeneration that in the judgment of the STATE are unnecessarily

damaged during felling and/or skidding operations must be paid for by the PURCHASER in accordance with the following: Liquidated damages for residual trees greater than 4 ½ feet tall is set at the rate of \$50 (fifty dollars) per tree. The PURCHASER must fell, skid or slash all damaged residual stems after the main harvest operations for that unit has been completed, as directed by the STATE. Damaged stems are defined as stems with broken tops, stems that are leaning more than 30 degrees off vertical, and stems that have more than one-third of the cambial surface (circumference) exposed from skidding scars.

15. When using tracked and wheeled vehicles, an operator must:
 - A. use puncheon where significant ground disturbances may contribute to sedimentation of surface water, irreparable displacement or compaction of the organic soil horizon.
 - B. locate skid trails to minimize degradation of surface water quality;
 - C. use water bars or other appropriate techniques as necessary to prevent or minimize sedimentation;
 - D. keep skid trails to the minimum feasible width; and
 - E. outslope skid trails where feasible, unless an inslope is necessary to prevent logs from sliding or rolling downhill off the skid trail.
16. Upon the completion of operations at a site, a skid trail must be water-barred according to the standards set out in 11 AAC 95.315 or otherwise stabilized to prevent erosion from entering surface waters.
17. An operator may not use a tracked or wheeled skidder on a slope where this method of operations is likely to cause degradation of surface and standing water quality.
18. The limbs and tops of all trees felled, and not yarded to the landing, shall be scattered in such a manner as to lay away from residual trees and slash shall be used to support cutting, processing and yarding machinery, and to prevent undue rutting or disturbance of soils. Non-merchantable trees cut for skid roads, landings, etc., are to be treated as slash unless otherwise directed by the STATE. Slash throughout the unit and at landings and along all roads, shall be managed so that the slash height does not exceed two feet above the ground. If trees are yarded to either landings or roads with tops and limbs attached (whole tree yarding), slash must be hauled back into the unit and scattered. Slash used as puncheon in skid trails to support harvesting and yarding equipment must be “fluffed” and or scattered upon completion – there shall be no thick, dense slash or woody debris accumulations which could inhibit revegetation or natural regeneration of commercial species tree seedlings. Following yarding and tree processing operations, slash shall be evenly distributed throughout each cutting unit, including on skid trails to promote restoration of the organic soil layer.
19. Prompt attention to water quality and flow management will be exercised when surface waters are present or predicted precipitation events are likely to concentrate flows. Logs harvested as part of this contract shall not significantly obstruct surface water other than for specific short duration stream crossings unless otherwise approved by the DFFP. Logs, long butts, utility logs, debris, and slash shall be managed and removed in a timely manner in and adjacent to surface waters, on landings and along roads to avoid the degradation of water quality, or the loss soil or road integrity; accumulations of cull logs, long-butts, slash and woody debris shall not be concentrated along roads or at landings in a manner which prevents revegetation or natural regeneration of commercial species tree seedlings.

EXHIBIT D – OPERATING PLAN REQUIREMENTS

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

The Operating Plan must comply with the requirements of the Alaska Forest Resources and Practices Act (FRPA) under AS 41.17, the Alaska Land Act under AS 38.05, and 11 AAC 71.300. The Operating Plan must provide the STATE with sufficient information to allow the STATE to understand the Timber Operations, as they will occur in the field. The information required in the “Operating Plan” must provide the STATE with the following information:

1. Name, address, email, and phone number for the purchaser’s field representative.
2. Names, addresses, business licenses, proof of insurance and contact persons for all contractors. The plan must state the task and percentage of the work that each contractor will perform for the PURCHASER.
3. Locations of log scaling areas, log transfer facilities, camp facilities and/or local operations office.
4. All pertinent information required for the purchaser’s operation of the sort yard and log transfer facility(s) within the permit authorizations of the facility(s).
5. Copies of any required land or facility use agreements, driveway or access road permits, road use and maintenance agreements.
5. Fire planning, including an area-wide action plan and list of adequate equipment maintained in the Timber Sale Area to suppress fires.
6. An area-wide control plan for Pollution and Hazardous Substances.
7. A Communication Plan.
8. Method and schedule of timber harvest by settings for the operational period or calendar year, and the estimated volume by month to be harvested during the plan year. This must be identified in writing and as requested by the State on the unit maps. Start and stop dates for operations such as cutting, road building, hauling, logging, scaling and any periods without operations longer than 60 days. The PURCHASER shall use good faith in identifying and developing timely solutions mutually agreeable to the State for areas of concern identified including any potential conflicts the FRPA.
9. Details of road construction, use and maintenance, including a summary of areas of concern and actions to be taken to manage the concern (such as safety). Specific items of interest are detailed in Exhibit E.
10. Specific pit and waste area plans as they are known and prior to use shall be incorporated into the operating plan. Site specific review and approval by the STATE is required of all pit and waste areas prior to development by the PURCHASER. Bark waste generated at the LTF or other log storage area shall be hauled, disposed and spread to a depth not exceeding 1 foot in areas in need of soil restoration, as identified in Appendix I Soil Restoration Plan, and as mutually agreed following joint field review by USFS Soils Specialist, STATE and PURCHASER .
11. Closeout plans, including Roads and Related Transportation Facilities and other pertinent issues. The plan must provide for putting roads to bed and other cleanup tasks to meet the intent of the FRPA and the EA-FONSI. Close-out plans shall include restoring natural drainage flow where it was blocked during the previous harvest entry on temporary spur road 6252-400 accessing harvest units 10 and 11.
12. The log accountability plan.

EXHIBIT E1 – ROAD CONSTRUCTION and MANAGEMENT REQUIREMENTS

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

1. FOLLOW THE ADOPTED USFS EA and UNIT CARDS, AND TIMBER SALE CONTRACT, TIMBER SALE AREA AND UNIT MAPS FOR THIS SALE AREA.
2. There are approximately 2.8 miles of spur roads to be re-constructed, and approximately 0.22 miles of new spur roads to be constructed.
3. The existing Log Stringer Bridge/Log Culvert located on USFS Road 6256 south of the MAF/LTF at Thomas Bay shall be replaced with a new Log Stringer Bridge/Culvert prior to hauling logs from the timber sale area to the MAF/LTF at Thomas Bay. Replacement of the Log Stringer Bridge/Culvert must be completed within twenty-four months (2 years) following the execution date of this contract. The Purchaser will select the Old Growth Sitka Spruce trees required for replacement of the existing crossing structure from USFS NEPA-cleared areas in the vicinity of the timber sale area and subject to approval by the USFS. Alternatively, Sitka spruce construction logs necessary to replace the log stringer bridge/log culvert could be made available from STATE lands under terms of a separate STATE .115 negotiated timber sale contract. Once approved by the USFS Purchaser shall be responsible for harvesting the “construction timber” trees and hauling the necessary logs to the construction site. Removal of the existing crossing structure, and construction of the new crossing structure may require the Purchaser to obtain a Title 16 permit from the Alaska Department of Fish and Game (ADFG). The project maybe subject to USFS and ADFG “fish timing” windows.
4. DFFP STANDARD ROAD AND BRIDGE SPECIFICATIONS APPLY TO THIS CONTRACT for the road type specified on the Timber Sale Area Map and on the Unit Maps. Available for download at: <http://forestry.alaska.gov/resources>.
 - a. All rock developed or imported in the sale area requires preapproval of the State. Pit plans are required to be approved by the STATE prior to development.
 - b. At a minimum, reflective warning signage (trucks entering roadway and active logging road) shall be posted at all active access points to the sale area. Appropriate sign placement and maintenance shall be used to provide adequate warning to drivers in all conditions.
 - c. Warning signs shall be posted if falling operations are occurring adjacent to roads.
5. The FDR (USFS mainline roads) 6257, 6256, 6252 and 6100 connecting the sale units to the USFS Marine Access Facility/LTF shall be maintained in a haul condition, as necessary, prior to hauling on the road per the site-specific direction of the DFFP at the purchaser’s expense. See Exhibit E2: USFS Road Use Permit. It is the Purchaser’s responsibility to obtain a USFS Road Use Permit and any other Road Use Permits as may be required by the Petersburg Borough or other landowner.
6. The maximum commercial vehicle speed for the purpose of this contract on any USFS mainline road (FDRs 6257, 6256, 6252 and 6100) leading from harvest units to the MAF/LTF at Thomas Bay is 15 MPH.
7. The purchaser is required to consider and reasonably accommodate existing uses proximate to the residential area and to the permitted Gravel Pit Operations located along USFS mainline roads 6256 and 6257 while operating the timber sale. The following existing uses at a minimum shall be reflected in the Purchasers Operating Plan:
 - a. Timely use of the roads or the MAF/LFT for emergency services.
 - b. Commercial traffic associated with permitted gravel operations adjacent to the USFS mainline roads 6256 and 6257; traffic commonly occurs between the permitted rock pit and the MAF/LTF.
 - c. Commercial traffic associated with the USFS IRSC project at Thomas Bay.
 - d. Public vehicle use occurs on all FDRs in the Timber Sale Area.
 - e. Commercial traffic and commerce associated with mail, supplies and persons delivered by floatplane or boat to the public dock at Thomas Bay.
 - f. The limited parking available adjacent to the public boat dock and ramp at Thomas Bay.
8. A traffic safety plan shall be part of the operating plan package. The following information will

be in the traffic safety plan:

- a. The presence of other known uses, including commercial uses, in the timber sale area or haul route;
 - b. The times that third party vehicles are typically in the area.
 - c. Locations of restricted traffic maneuverability or stopping ability;
 - d. Type and location of traffic management and warning signs supplied by the purchaser. Signage on the road will warn users of commercial traffic when it is occurring;
 - e. Hauling schedule. The number of trips by the purchaser associated with timber harvest that will occur per day or week. Time(s) of day that timber hauling or construction vehicle use will occur;
 - f. Type, gross vehicle weight and overall length of vehicles that will be utilized;
 - g. Quality and safety assurance means and methods for the vehicles used.
 - h. Driver qualifications for the commercial vehicles used.
 - i. Identify the means and methods to be taken to notify the employees and the public about timber hauling operations and mitigating actions that will be taken.
9. State of Alaska Commercial driver's license (CDL) is required for drivers of vehicles weighing over 26,000 pounds. Off-highway issued CDLs are not accepted by the STATE for use in this contract.
 10. Vehicles will be inspected by the purchaser at their expense and meet federal and state commercial carrier requirements. Inspection logs will be audited as part of contract compliance administration by the STATE.
 11. Functional radio communication on the road amongst commercial trucks shall always be present and provide situational awareness of traffic on the road.

Road Number(s)	Harvest Units Accessed	Miles	Temp. or Spec. Spur	Construction Type
6256-100	1	0.271418	Temp. Spur	RE-Construction
6100-400	25	0.174052	Temp. Spur	RE-Construction
6100-200	16-21	0.326496	Temp. Spur	RE-Construction
6100-100	28	0.44044	Temp. Spur	RE-Construction
6100-300	22, 23, 24	0.135325	Temp. Spur	RE-Construction
6252-100	3	0.112862	Temp. Spur	RE-Construction
6256-200	34	0.080418	Temp. Spur	RE-Construction
6256-150	2	0.110648	Temp. Spur	RE-Construction
6256-300	35	0.220986	Temp. Spur	NEW Construction
6252-400	10, 11	0.187805	Temp. Spur	RE-Construction
6252-300	6, 7, 8	0.607331	Temp. Spur	RE-Construction
6252-200	4	0.355993	Temp. Spur	RE-Construction

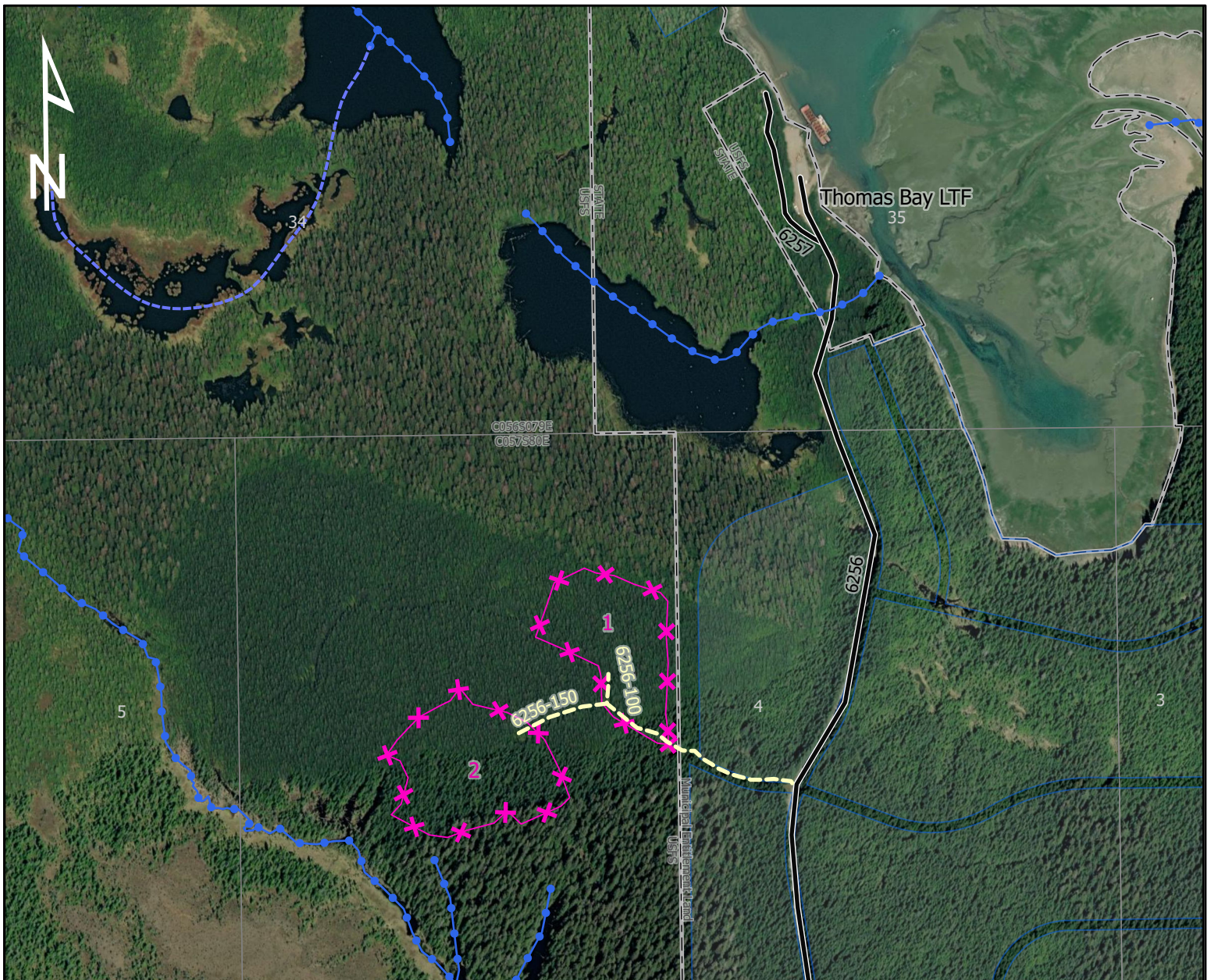
EXHIBIT E2 – USFS ROAD USE PERMIT

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

To be attached.

EXHIBIT F – UNIT LAYOUT MAPS

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K



0 500 1,000 1,500 2,000
Feet
1 IN = 900 feet

Sections: 7, 8, 9, 16, 17, 18
MTR: C057S080E

APPENDIX A2-1 SSE-1400-K THOMAS BAY GNA TIMBER SALE UNITS 1-2



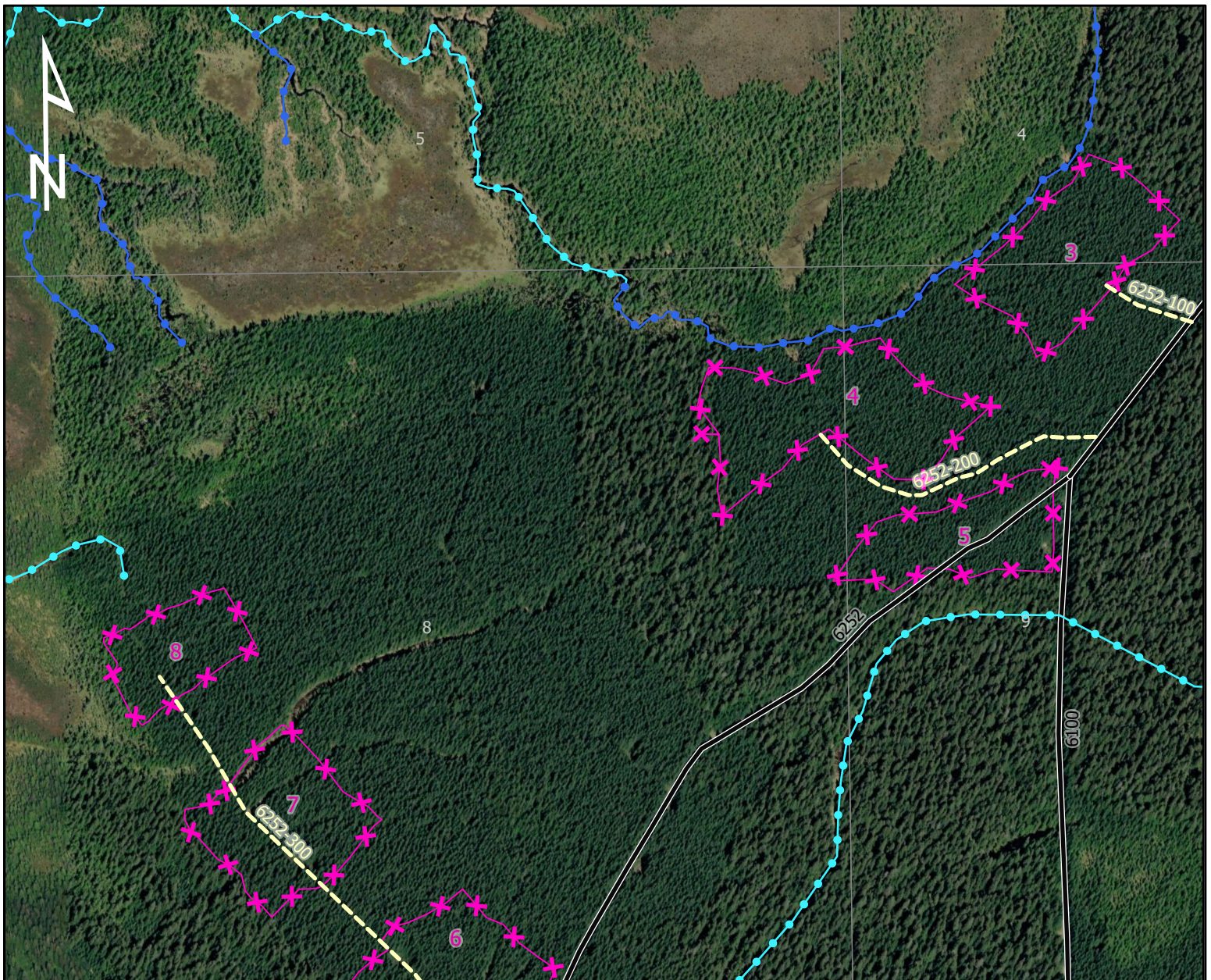
Vicinity Map: 1 IN = 8 miles

Legend

- Harvest Units
- Property Line
- Municipal Selected Land
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Non Cataloged Anadromous
- General Water Quality



LS 7/21/2026



0 500 1,000 1,500 2,000
 Feet
 1 IN = 900 feet

Sections: 4, 5, 8, 9
 MTR: C057S080E

APPENDIX A2-2 **SSE-1400-K** **THOMAS BAY GNA** **TIMBER SALE** **UNITS 3-8**

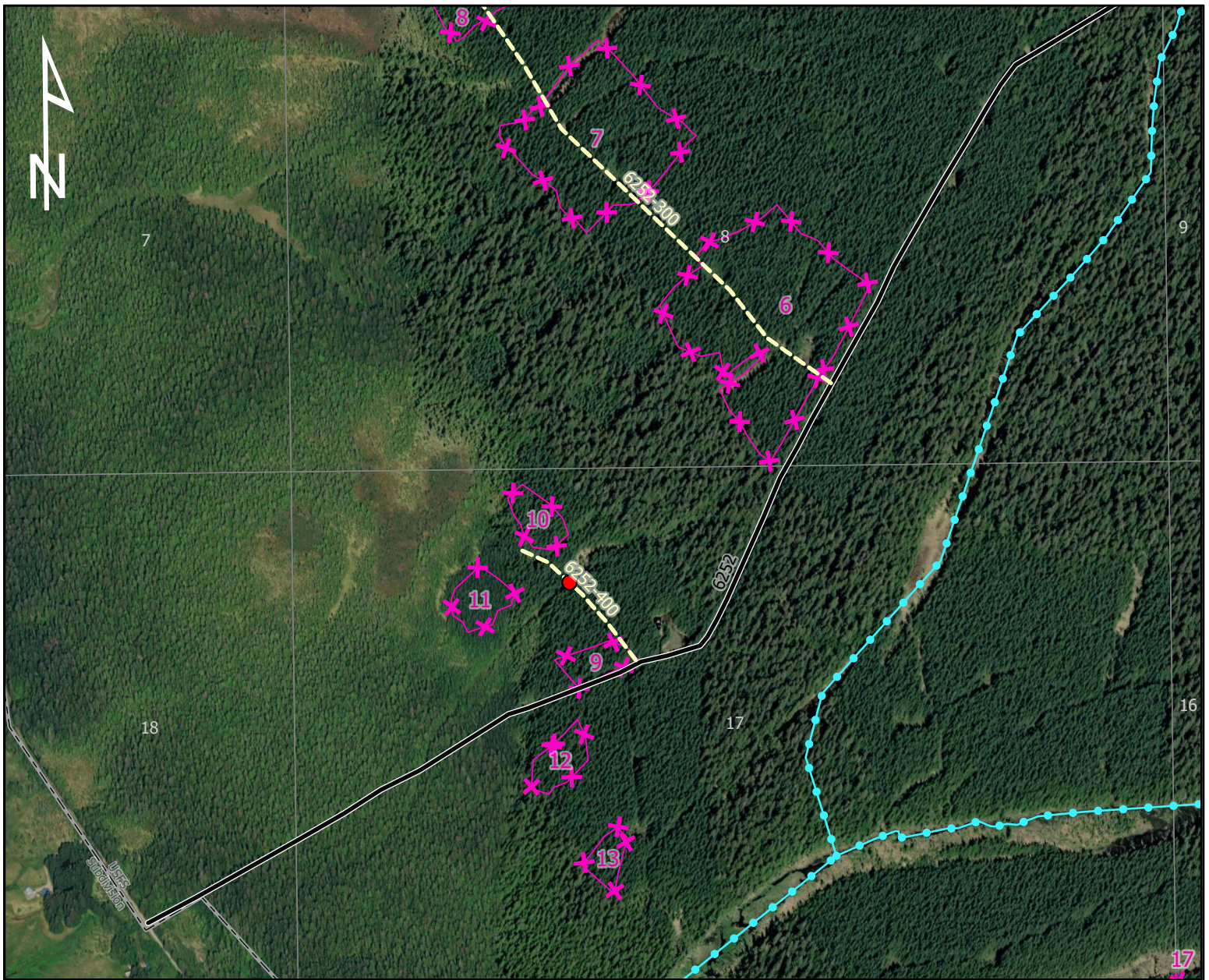


Vicinity Map: 1 IN = 8 miles

Legend

- Harvest Units
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Cataloged Anadromous
- Non Cataloged Anadromous





0 500 1,000 1,500 2,000
 Feet
 1 IN = 900 feet

Sections: 7, 8, 9, 16, 17, 18
 MTR: C057S080E

APPENDIX A2-3 SSE-1400-K THOMAS BAY GNA TIMBER SALE UNITS 6-7, 9-13



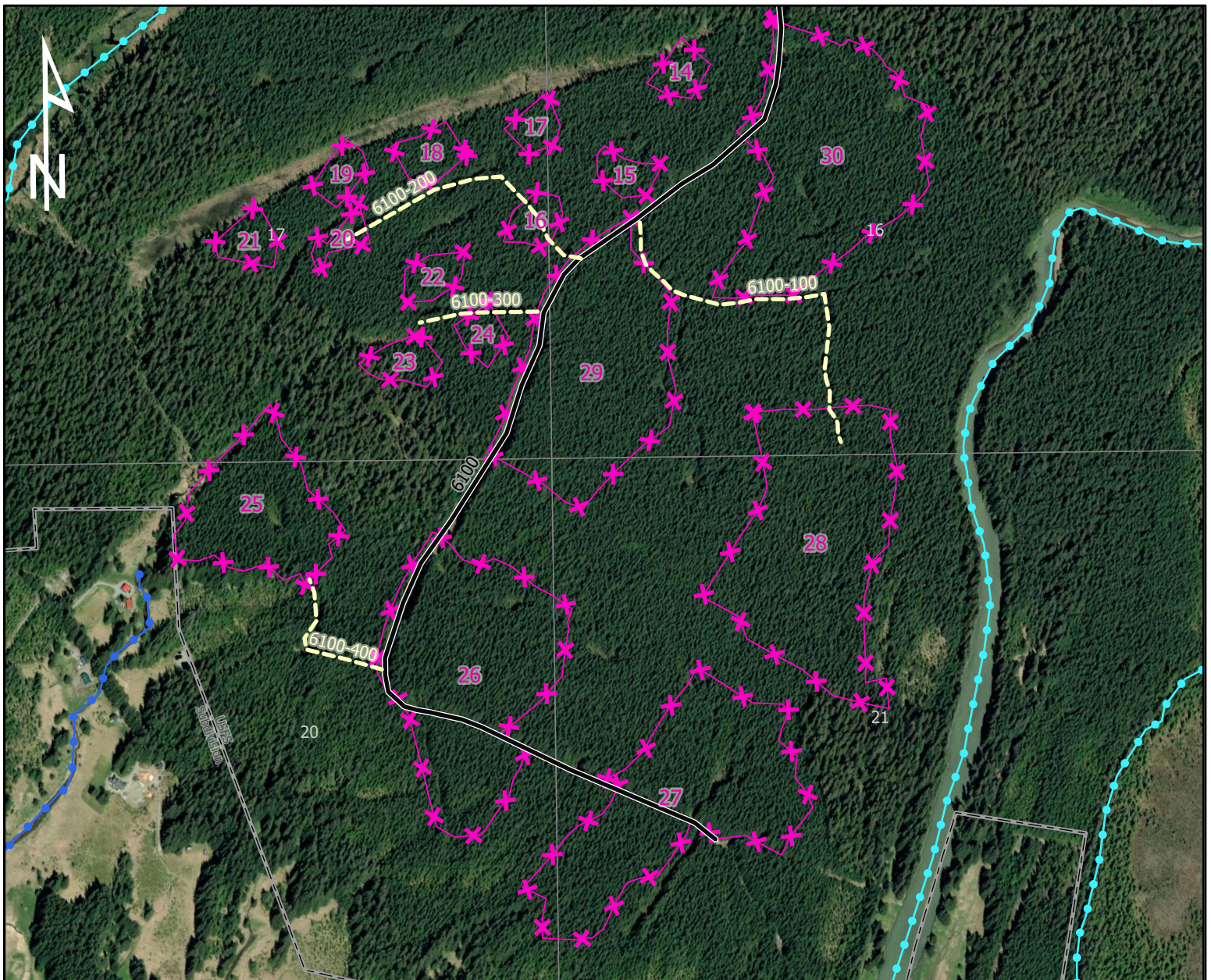
Vicinity Map: 1 IN = 8 miles

Legend

- Harvest Units
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Cataloged Anadromous
- Restore Drainage



LS 7/21/2026



0 500 1,000 1,500 2,000
Feet
1 IN = 900 feet

Sections: 16, 17, 20, 21
MTR: C057S080E

APPENDIX A2-4 SSE-1400-K THOMAS BAY GNA TIMBER SALE UNITS 14-30



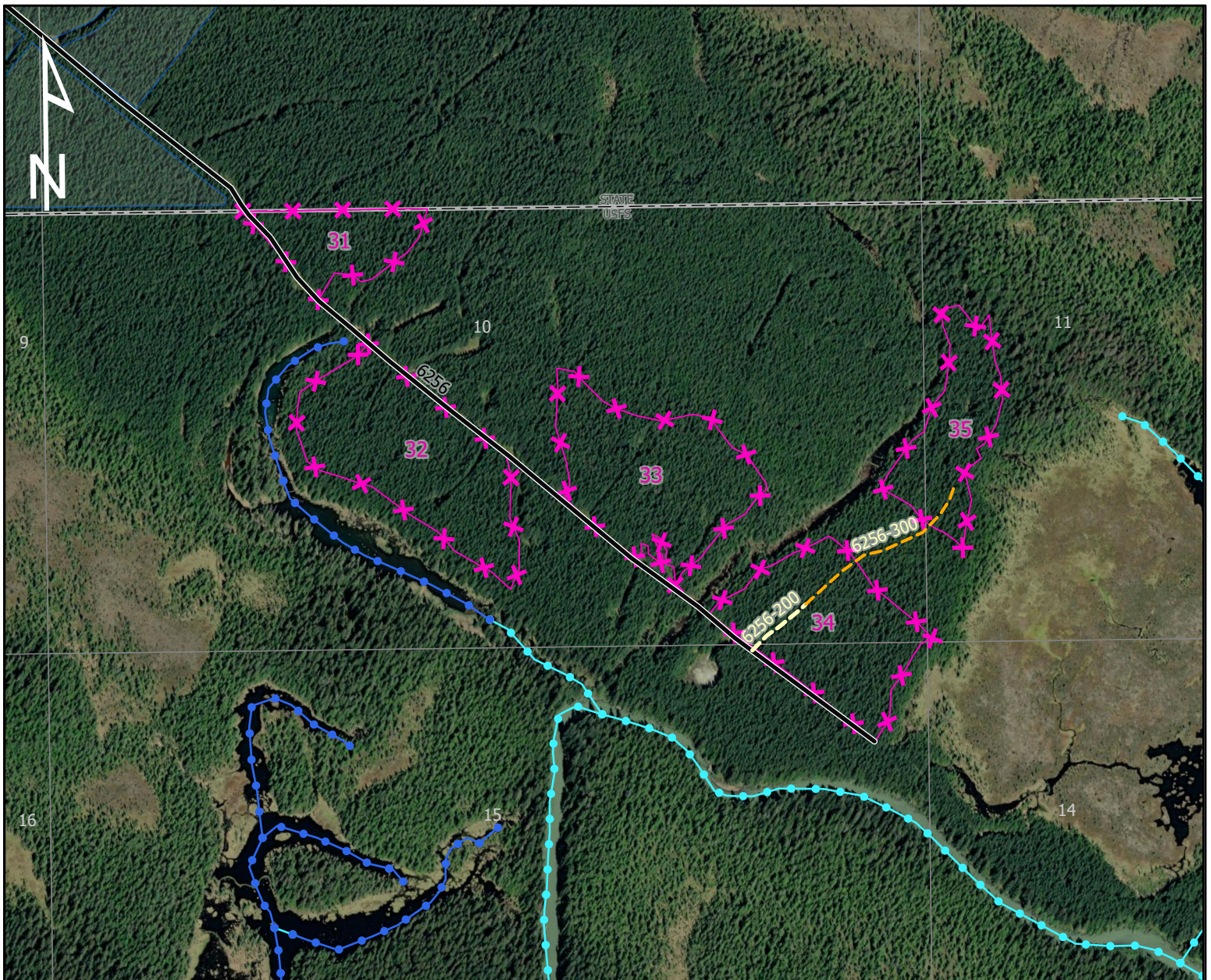
Vicinity Map: 1 IN = 8 miles

Legend

- Harvest Units
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Catologed Anadromous
- Non Catologed Anadromous



LS 7/21/2026



0 500 1,000 1,500 2,000
 Feet
 1 IN = 900 feet

Sections: 9, 10, 11, 14, 15, 16
 MTR: C057S080E

APPENDIX A2-5 SSE-1400-K THOMAS BAY GNA TIMBER SALE UNITS 31-35



Vicinity Map: 1 IN = 8 miles

Legend

- Harvest Units
- Property Line
- Municipal Selected Land
- Existing Roads
- Reconstruction Roads
- New Construction Roads
- Cataloged Anadromous
- Non Cataloged Anadromous



LS 7/21/2026

EXHIBIT G – INSURANCE POLICIES

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

All of the insurance policies required by this Contract shall be endorsed to provide that such insurance shall apply as primary insurance and that any insurance or self-insurance carried by the STATE or permitting agencies will be excess only and will not contribute to the insurance required by this Contract; shall be endorsed to name the STATE as additional insureds; and shall provide for a waiver of subrogation in favor of the STATE. All endorsements shall refer to this Contract. All insurance shall be on an occurrence and not a “claims made” basis. PURCHASER shall provide and maintain the following:

1. Workers’ compensation, industrial accident and/or USL&H insurance for all its employees engaged in work under this Contract, including subcontractors’ Workers' Compensation Insurance, Industrial Accident and/or USL&H, including Employer's Liability Insurance in accordance with the Laws of the State of Alaska. The Contractor’s policy shall have a waiver of subrogation against the state by the purchaser and all subcontractors associated with the timber sale. The policy will have Employer's Liability Protection at \$500,000 each accident/each employee and \$500,000 policy limit with “Other States” endorsement if the purchaser or subcontractor directly utilizes labor that are residents from outside of the State of Alaska. United States Longshore and Harbor Workers’ Act Endorsement, whenever the work involves activity over or about navigable water; and Maritime Employer’s Liability (Jones Act) Endorsement with a minimum limit of \$1,000,000 whenever the work involves activity from or on a vessel on navigable water.
2. Commercial general liability insurance, including contractual coverage. With coverage limits not less than one million dollars (\$1,000,000) combined single limit per occurrence and annual aggregate coverage of two million dollars (\$2,000,000) where generally applicable including premises-operations, independent contractors, product/completed operations, broad form property damage, blanket contractual, and personal injury endorsements.
3. Logger’s property damage liability, broad form with a limit per occurrence of at least one million dollars (\$1,000,000).
4. Comprehensive automobile and aircraft liability insurance. Covering all owned, hired, and non-owned vehicles and aircraft with coverage limits not less than one million dollars (\$1,000,000) combined single limit per occurrence bodily injury and property damage.
5. Umbrella policy of not less than \$2,000,000 aggregate with a drop-down provision.

EXHIBIT H – APPROVED OPERATING PLAN

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

To be submitted by PURCHASER, approved by STATE and attached hereto.

EXHIBIT I – SOIL RESTORATION PLAN

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

Please reference the Timber Sale Contract Sections and associated Exhibits describing requirements for slash management, bark waste disposal, and road closure.

Exhibit D Operating Plan Requirements

Closeout plans, including Roads and Related Transportation Facilities and other pertinent issues. The plan must provide for putting roads to bed and other cleanup tasks to meet the intent of the FRPA and the EA-FONSI. **Close-out plans shall include restoring natural drainage flow and function where it was blocked during the previous harvest entry on temporary spur road 6252-400 accessing harvest units 10 and 11.** Please refer to Unit Maps.

Specific pit and waste area plans as they are known and prior to use shall be incorporated into the operating plan. **Site specific review and approval by the STATE is required of all pit and waste areas prior to development by the PURCHASER.** Bark waste generated at the LTF or other log storage area shall be hauled, disposed and spread to a depth not exceeding 1 foot in areas in need of soil restoration, as jointly identified and agreed in the field by Purchaser, State and USFS Soil Specialists.

Exhibit C Logging Requirements

The limbs and tops of all trees felled, and not yarded to the landing, shall be scattered in such a manner as to lay away from residual trees and slash shall be used to support cutting and yarding machinery, and to prevent undue rutting or disturbance of soils. Non-merchantable trees cut for skid roads, landings, etc., are to be treated as slash unless otherwise directed by the STATE. Slash throughout the unit and at landings and along all roads, shall be managed so that the slash height does not exceed two feet above the ground. **If trees are yarded to either landings or roads with tops and limbs attached (whole tree yarding), slash must be hauled back into the unit and scattered. Slash used as puncheon in skid trails to support harvesting and yarding equipment must be “fluffed” and or scattered upon completion – there shall be no thick, dense slash or woody debris accumulations which could inhibit revegetation or natural regeneration of commercial species tree seedlings. Following yarding and tree processing operations, slash shall be evenly distributed throughout each cutting unit, including on skid trails to promote restoration of the organic soil layer.**

**EXHIBIT J USFS ENVIRONMENTAL ASSESSMENT/FONSI CONTAINING UNIT CARDS
and “CROSSWALK TABLE” SHOWING HARVEST UNIT NUMBERS (page 32)**

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

Open the following hyperlink to access the USFS Thomas Bay Young Growth Timber Sale EA-FONSI and Unit Cards: [Tongass National Forest | Project Summary \(#60639\) | Forest Service](#)

- From the USFS Thomas Bay Young Growth Timber Sale webpage, Select “Project Documents”
 - Select “Decision”
 - Select “2024_02_22_TBayYG_EA-FONSI_DNpdf”

THOMAS BAY HARVEST AND RESTORATION GNA TIMBER SALE
Harvest Unit Numbers Crosswalk Table

EA/FONSI	Cruise	USFS Pre-sale Map	Timber Sale Maps
7	71	7--1	32
	72	7--2	33
12	12	12	31
13	131	13--1	3
	132	13--2	5
	133	13--3	4
14	142	14--2	6
	143	14--3	7
	144	14--4	8
15	151	15--1	13
	152	15--2	12
	155	15--5	9
	157	15--7	10
	158	18--8	11
20	200	20--1	14
	201	20--2	15
	202	20--3	16
	203	20--4	17
	204	20--5	18
	205	20--6	22
	206	20--7	24
	207	20--8	23
	208	20--9	20
	209	20--10	19
21	210	20--11	21
	211	21--1	30
	212	21--2	29
22	213	21--3	28
	221	22--1	27
	222	22--2	26
32	223	22--3	25
	321	32--1	34
	322	32--2	35
712	711	712--1	1
	712	712--2	2

EXHIBIT K PROTECTION MEASURES FOR MARINE MAMMALS DURING LOG TRANSPORT

THOMAS BAY GNA TIMBER SALE SSE-1400FS-K

CT6.315 – Protection Measures for Marine Mammals During Log Transport. (7/24)

The following mitigation measures will be followed to avoid negative impacts to federally listed species:

- 1) Vessel operators will:
 - a. maintain a watch for marine mammals at all times while underway;
 - b. stay at least 100 yards away from listed marine mammals;
 - c. travel at less than 5 knots when within 300 yards of a whale;
 - d. avoid changes in direction and speed when within 300 yards of a whale, unless doing so is necessary for maritime safety;
 - e. not position vessel in the path of a whale, and will not cut in front of a whale in a way or at a distance that causes the whale to change direction of travel or behavior (including breathing/surfacing pattern)
 - f. check the waters immediately adjacent to the vessel to ensure that no whales will be injured when the propellers are engaged;
 - g. reduce vessel speed to 10 knots or less when weather conditions reduce visibility to 1 mile or less;
- 2) If a whale's course and speed are such that it will likely cross in front of a vessel that is underway, or approach within 100 yards of the vessel, the engine will be put in neutral, if maritime conditions safely allow, or the speed will be reduced; and the whale will be allowed to pass beyond the vessel.
- 3) Vessels will take reasonable steps to alert other vessels in the vicinity of whale(s).
- 4) Vessels will not allow lines to remain in the water unless both ends are under tension and affixed to vessels or gear. No materials capable of becoming entangled around marine mammals will be discarded into marine waters.

Western DPS Steller Sea Lions, and their Critical Habitat

- 5) Vessels will not approach within 3 nautical miles of rookery sites listed in (50 CFR §224.103(d)).
- 6) Vessels will not approach within 3,000 feet of any Steller sea lion haulout or rookery.

Unauthorized Take

- 7) If a listed marine mammal is determined by personnel to have been disturbed, harassed, harmed, injured, or killed as a direct or indirect result of barging activities, the unauthorized take will be reported to NMFS within one business day, with information submitted to AKR.section7@noaa.gov. Information will include:

- a. number of animals of each threatened and endangered species affected;
- b. the date, time, and location of each event (provide geographic coordinates);
- c. description of the event;
- d. the time the animal(s) were observed being disturbed, harassed, injured, or killed;
- e. mitigation measures implemented prior to and after the animal was taken; and
- f. if a vessel struck a marine mammal, the contact information for the individual piloting the vessel;
- g. photographs or video footage of the animal(s) (if available).

Documentation and Reporting

- 8) Document the following information during vessel operations to provide to the Forest Service for reporting to NMFS:
 - h. travel routes and dates of barging activities;
 - a. if possible record date, time, and estimated geographic coordinates of marine mammals seen within 2 km of barging activities.