

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY

TIMBER SALE CONTRACT

The State of Alaska, represented by the Director of Forestry, 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 Title 11, Alaska Administrative Code, Chapter 71, Articles 1-5 inclusive, entitled "Timber and Material Sales," hereinafter called the STATE or Forester-in-Charge, 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.

Section 1: Description

(a) The sale boundary of 158.4 acres, more or less is located within the sale area of Section 6, Township 13 South, Range 16 East, Fairbanks Meridian, Alaska and the boundary is shown on the attached Sale Area Map, which is made a part hereof, and as designated on the ground by the State.

(b) The estimated volume of timber and the rate of payment is:

SPECIES AND PRODUCT	ESTIMATED VOLUME	UNIT PRICE	TOTAL PRICE
SPRUCE SAWLOGS	1,619 MBF	\$38.70/MBF	\$62,655.30

Section 2: Method of Payment

No timber shall be cut or removed until payment has been made in accordance with the following:

(a) An initial bid deposit of ten percent (10%) of the total bid price shall be made at the time of the sale auction. This bid deposit may be applied against the timber sale bond. The PURCHASER shall pay the full bond amount within 30 days of the auction to execute the contract.

(b) The PURCHASER shall pay the full price for the sale contract before any timber is cut and/or removed from the sale area. All payments made are non-refundable regardless of the actual volume of timber cut or removed from the sale area. The total stumpage amount shall be paid regardless of the amount harvested.

(c) Upon request by the PURCHASER this sale may be divided into ten (10) equal payment units, rounded to the nearest whole MBF. The PURCHASER must finish his current payment unit to the satisfaction of the Forester-in-Charge before entering into the other payment unit.

Section 3: Timber Included

(a) This contract includes all timber within the sale boundaries and on the designated access route to the sale which equals or exceeds the following minimum specifications and is designated for cutting on the ground and on the Sale Area Map. All spruce less than 9" DBH and all deciduous trees are leave trees. Only spruce sawlogs 9.0 inch DBH or larger are designated as harvest trees.

. Fuelwood is considered to be any tree that is 6" at DBH or larger. Fuelwood is not part of the contract.

. Spruce sawlogs include all white spruce trees that are 9" and greater at DBH. Any spruce piece that is equal to or greater than 20' long, 6" in diameter at the small end, and is at least 1/2 sound is considered a merchantable sawlog product.

The exterior boundaries of the sale are flagged with pink flagging and marked with blue tags.

(b) This contract also includes all merchantable timber as defined, in Section 3(a) on State land, either inside or outside the sale boundary, which must be cut or removed in clearing for roads, camps, landings, or other improvements constructed by the PURCHASER in connection with the sale. Any timber cut outside the sale boundary must be designated and approved in writing by the Forester-in-Charge prior to logging.

(c) The State does not warrant the estimated volume, quality, or value of the timber in this contract.

Section 4: Scaling

(a) No scaling is required except for timber volume covered under Section 3b.

(b) Scaling provisions: For scaling, U.S. Forest Service Region 10 scaling rules, with appropriate supplements shall apply. Volume determination shall be by the Scribner decimal "C" Log Rule for sawlogs and the Huber Cubic Rule for fuelwood.

Section 5: Liability

(a) The PURCHASER shall be liable for damages to all property and materials resulting from his operations. The amount of liability shall not be limited to the performance bond. The State may assess damages against the PURCHASER which may exceed the bond amount. After damages are assessed against the bond, the PURCHASER shall bring the bond total up to the original bond amount before the PURCHASER can commence operations.

(b) The PURCHASER shall pay the State the stipulated damages of \$10.00/piece for merchantable products as defined under (section 3(a)) product specifications, that are felled or knocked over but not skidded to a landing. The PURCHASER shall pay the State the stipulated damages of \$500.00/landing for every landing where slash has not been piled in accordance with section 7(i). PURCHASER shall pay the State the stipulated damages of \$10.00/stump for all stumps not meeting the specifications as listed under Section 7(g). Any additional non-compliance of contract specifications including sanitation (under section 7(f)) may result in additional damages being assessed by the State. Assessed damages are not limited by bond amount.

(c) The PURCHASER shall pay the State the stipulated damages as assessed by the State for each landing or road constructed outside the sale boundary without prior written approval from the State. In addition, the PURCHASER shall repair to the satisfaction of the State all damage caused by such actions, and shall pay the State for damage to trees outside the sale boundary, including seedlings, as assessed by the State. The PURCHASER shall pay the State stipulated damages of \$100.00 for each cut boundary tree (Section 7(e). Unnecessary damage to leave trees (Section 7(n)1) as determined by the Forester-in-Charge will also be assessed as determined by the State. Assessed damages are not limited by bond amount.

(d) The PURCHASER agrees to defend, at its sole expense, and to hold the State of Alaska (including the State's representatives, agents, and employees) harmless, and to indemnify the State against all liability, losses, and damages, including awards of cost and attorneys fees, by reason of any claims for injury to or death of persons and loss or damage to property arising out of or in any manner connected with this timber sale or with any actions taken in connection with this timber sale contract or otherwise.

Section 6: Payments, Deposits and Insurance

(a) All payments and deposits shall be payable to the State of Alaska, Department of Natural Resources and shall be made through the Division of Forestry, State of Alaska.

(b) The PURCHASER, upon the execution of this contract and as a part hereof, will file with the State a timber sale performance bond which will be 10% of the final bid price rounded up to the nearest \$100.00, or \$6,300.00, whichever is greater. Sawmill sites, contract deferrals, or other special improvements shall require additional bonding if approved by the Forester-in-Charge. The bond shall be of a type and form acceptable to the State, and shall set forth a surety acceptable to the State. The bond shall be cash or certificate of deposit, with completed bond forms provided by the State.

(c) The PURCHASER shall maintain such insurance as will protect him from claims under workman's compensation acts and from any other claims for damages for personal injury or death which may arise from the operations of the PURCHASER, his agents, and his employees under this contract.

(d) The PURCHASER shall be responsible for paying prevailing wages as required by law.

Section 7: Logging Requirements

(a) LOGGING PLAN: The PURCHASER shall prepare and submit to the Forester-in-Charge a written logging plan providing for the orderly and progressive development of all operations necessary to complete this contract. The logging plan MUST BE APPROVED by the Forester-in-Charge prior to the start of operations. Operating without an approved logging plan is grounds for suspension. This plan shall be updated annually by January 10th or if there is a change in the PURCHASER'S operation.

The PURCHASER shall set forth in the logging plan the cutting areas to be logged, the approximate dates of logging and anticipated volumes of timber to be cut. The plan shall also include provisions for maintenance of improvements and measures to prevent erosion. The plan shall include maps showing the location of cutting units, main roads, spur roads, and landings that are proposed for construction. Any deviation from the approved plan shall be requested in writing by the PURCHASER. The Forester-in-Charge must approve in writing the request for deviation before any deviation may occur. Unapproved deviation from the plan may be cause for suspension or termination under Section ten (10) of this contract.

(b) NOTICE OF OPERATIONS: Before initiating operations in the contract area the PURCHASER shall notify the Forester-in-Charge three (3) days before he plans to begin operations. He shall also notify the Forester-in-Charge five (5) days before he plans to permanently or temporarily end operations or remove logging or road building equipment from the sale.

(c) LOCATING: The PURCHASER is responsible for accurately locating his operations within the sale area as authorized by this contract, and

the approved logging plan.

(d) SECURITY OF SALE AREA: The State will provide no additional timber to the PURCHASER and shall incur no liability to the PURCHASER in the event that third parties remove timber materials covered by this contract from the sale area during the life of this contract. The PURCHASER may take reasonable measures to prevent unauthorized removal of or damage to the timber covered by this contract. Such measures shall pose no threat of harm to the public. The use of wires, chains, pits, unmarked or inadequately marked barricades or gates, and the use of any other method, device, or activity which poses a threat of harm to the public is expressly prohibited.

(e) BOUNDARY LINES AND SURVEY MONUMENTS: No painted or tagged tree which marks the boundary of the sale area or cutting units may be cut unless approved in writing by the Forester-in-Charge (see Section 5(c) for damages). No blazed tree on any survey line nor any witness tree to any survey corner or monument, shall be severed or removed, nor shall any survey corner or monument be damaged or destroyed. Any violation of this clause will require the PURCHASER to bear the expense of re-establishing such lines, corners, or monuments.

(f) SANITATION: The sale area shall 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 shall be removed from the sale area as they are used and at a minimum, at the completion of operations on any cutting unit. See Section 5(b) for damages.

(g) STUMP HEIGHT: Any stump cut so as to exceed a height equal to the diameter of the stump outside the bark as measured on the side adjacent to the highest ground, except when necessary for safe and efficient conduct of logging, shall be paid for by the PURCHASER at the rate covered in Section 5(b) of this contract.

(h) SNAG FELLING: None required. Dead standing trees are useful to wildlife and the PURCHASER is encouraged to leave them when safety is not compromised.

(i) LANDING MANAGEMENT AND SLASH DISPOSAL: The landings shall be located and developed in a manner to mitigate environmental impacts, facilitate fuelwood utilization, burning slash and logging debris, and eventually be reforested. Landings shall be located inside harvest units and at least 150 feet from water bodies, except as approved in the Logging Plan. It is recommended that stump removal be limited to make the PURCHASERS job of sale cleanup easier. The PURCHASER shall pile all debris occurring in log deck or landing areas. The State's goal is to have the debris take up as little land as possible and therefore the unmerchantable wood, stumps and slash need to be tightly compacted and stacked high. The piles shall be a minimum of ten (10) feet in height, if a sufficient amount of debris is available, and shall not contain more than 10% dirt. Piles shall be made concurrently with the logging operations. The Forester-in-Charge may suspend other operations of the PURCHASER until unmerchantable material is piled. After landing use is completed, the Purchaser shall treat the landing area as directed by the Forester-in-Charge. This may include construction of mineral soil firebreaks and further bunching of landing debris. See Section 5(b) for damages.

(j) EROSION CONTROL: Road construction or logging operations in connection with this contract shall be conducted so as to avoid damage to streams, lakes, or other water areas and land adjacent thereto. Timber shall not be cut so that it falls into any stream or other water area. Logs shall not be skidded in or across live stream courses. Locations and/or improvements necessary for stream crossings for skid or haul roads shall be approved by the Forester-in-Charge. All skid roads and other roads to be put to bed shall be treated with such measures as necessary to prevent erosion. Any damages resulting from failure to perform these requirements shall be repaired by the PURCHASER to the satisfaction of the Forester-in-Charge.

(k) FISH SPAWNING WATERS: All operations in connection with this contract adjacent to lakes, streams, or important fish waters shall be conducted so as to avoid causing stream silting, and shall not be permitted to interfere with the passage of fish or to injure the spawning grounds in accordance with AS Title 41.14. The PURCHASER shall obtain a Fish Habitat permit from the Department of Natural Resources, Office of Habitat Management and Permitting, or its successor, **prior to developing a crossing of the Tanana River or Black Lake Marsh**. The phone number to obtain a permit is 907-459-7254.

(1) An operator may not fell a tree into or remove a tree from high value resident fish streams or anadromous fish waters (Tanana River) without the prior written approval of the Department of Natural Resources, Office of Habitat Management and Permitting, or into or from other surface waters, without giving prior notice to the Division of Forestry.

(2) An operator may not fell a tree into a riparian retention area; and shall fell a tree in a direction that minimizes damage to trees retained in a partial cut. Any debris that falls into mean high water areas shall be removed within 48 hours.

(3) Operation of equipment within fish bearing streams or lakes will require a permit from the Department of Office of Habitat Management and Permitting.

(l) YARDING: All trees that are 6.0" DBH or larger which are felled, knocked down, severely damaged, or slightly uprooted shall have that portion which is 4" diameter or larger yarded to the landing in one operation. Turn trees shall be identified and left in place where necessary along skid trails to mitigate damage to leave trees. Isolated trees shall be cable-winched, or hooked to a long choker, if necessary to protect spruce trees. Tree yarding shall be kept inside the sale unit boundaries.

(m) ARCHAEOLOGICAL SITES: If, during the course of operations, any physical remains of historic, archaeological, or paleontological nature are discovered, then work in that immediate vicinity should cease and the State Historic Preservation Officer notified. The Alaskan Historic

Preservation Act prohibits the appropriation, excavation, removal, injury, or destruction of any historic, prehistoric or archaeological resources of the State.

(n) LEAVE AND WILDLIFE TREES: All live white spruce trees, including seedlings, saplings and pole timber less than 9.0" DBH, all deciduous trees, and any trees marked with orange "Wild Life Tree" tags or flagging shall be protected from damage during all operations. Care shall be taken to prevent damage to roots of leave trees by keeping skidders or dozers more than 8 feet away from the tree. Leave trees shall be protected from top damage by directional falling and from skidding damage such as scarring.

(o) FIRE PROTECTION:

(1) The PURCHASER shall 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 outside the contract area resulting from any and all operations involved in the removal of the timber under the provisions of this contract.

(2) AS 41.15.050 established the fire season from April 1 – August 31 inclusive of each year. AS 41.15.080 requires every person owning or operating a sawmill or logging camp or other commercial plant or operation in forested lands to post and keep displayed at all times a copy of AS 41.15.050-080 and AS 41.15.140 in a conspicuous place upon the building or ground of the milling, logging, or commercial operation.

(3) During the fire season, the PURCHASER shall provide and maintain sufficient fire-fighting tools in the sale operating area to equip each man engaged in the logging operation.

(4) The PURCHASER shall take action on any and all fires, in or near his timber sale area regardless of the origin of the fire. He shall continue suppression action until relieved by an authorized officer of the agency responsible for forest protection or by authorized State personnel.

(5) All fires shall be reported immediately to the Forester-in-Charge or to the agency responsible for protection in the area regardless of the size or apparent insignificance of the fire.

(6) The Forester-in-Charge may stop all or part of the logging operations of the PURCHASER during especially hazardous fire weather.

(7) The PURCHASER shall comply with all laws, regulations, and rules promulgated and enforced by the agency responsible for protection in the area. The agency responsible for protection in this area is The State of Alaska, Division of Forestry. All fires shall be reported to Forestry Dispatch Phone 895-4227, or to an officer of the agency, or of the State, who is in the sale area at the time the fire is discovered.

(p) SPECIAL PROVISIONS: Unit 3 has dense young white spruce and birch pole timber with scattered mature white spruce. The PURCHASER is encouraged to harvest the mature white spruce where practical without excessive damage to the pole timber. Some damage to the pole timber is anticipated and will be beneficial in thinning the stand.

Section 8: Improvements and Occupancy

(a) IMPROVEMENTS: 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 shall be 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 are used only to establish the minimum bid.

(b) USE OF EXISTING FACILITIES: 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 or as set forth below under item (8j) of this section. Existing improvements when used by the PURCHASER shall be kept in good repair.

(c) FUEL STORAGE: Fuel storage facilities shall not be placed within 100 feet of water bodies. Refueling of equipment shall not occur on the active flood plain of a river. Vehicle maintenance, campsites, and/or storage and stockpiling of material on the surface ice of lakes, ponds or rivers is prohibited.

(d) ROAD USE: The PURCHASER will avoid using the access roads when doing so could cause damage to the roads. Use of access roads may be suspended during breakup or other wet weather conditions at the discretion of the Forester-in-Charge. 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 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.

(e) ROAD MAINTENANCE: Turnouts must be graded and kept open during operations. All haul and major roads shall be kept clear of debris and other obstructions at all times. No trees are to be purposely felled onto the main haul road, unless approved by the Forester-in-Charge in writing. Any trees or other obstructions that fall on the road shall be removed, including ALL woody material, within two (2) hours unless approved in

advance by the Forester-in-Charge in writing. Failure to remove debris or obstructions may result in suspension and/or assessed damages. Should the logging and hauling operation cause any damage to the new or existing access roads, gates, signs, culverts or bridges, then the PURCHASER is responsible for repairing the facility to its original condition before damage occurred. Failure to correct damage in the time allotted by the Forester-in-Charge is grounds for suspension of contract under Section 10(b). **The PURCHASER'S bond and stumpage deposits may be retained to repair damages or erosion resulting from the PURCHASER'S operations on existing or newly constructed access roads.**

(f) **ROAD CONSTRUCTION STANDARDS:** Unless specified within this contract, the PURCHASER shall obtain written approval of the location and construction standards from the Forester-in-Charge before constructing any road that has not been marked for construction by the State. All road and landing locations that are shown on the sale area map and are marked on the ground, must be built as marked, unless changes are approved by the Forester-in-Charge.

(g) **SPECIAL PROVISIONS:** This contract requires the PURCHASER to complete 1.3 miles of new construction to access the sale and to make improvements to the existing roads as detailed below. An additional 1.5 miles of proposed road is marked on the ground within the timber sale to facilitate harvest but is not required by contract to be constructed. Access development within the sale area is at the PURCHASERS expense. **The PURCHASER shall provide an additional road bond to the State if harvest operations precede the completion of road construction and improvements.** The bond amount shall be based upon the appraised value of work to be completed and shall be determined by the Forester-in-Charge. The PURCHASER shall notify the Forester-in-Charge before starting equipment operations to construct or improve access.

(1) **IMPROVEMENTS TO THE EXISTING ROADS:** Below is a list of road improvements that the PURCHASER shall complete on the existing winter access.

- a) **Gravel Placement:** The PURCHASER shall deliver and spread 168 cu. yds of 3 inch minus gravel on the existing winter road in the pass between the Tanana River and Black Lake. The Forester-in-Charge will direct the placement of gravel. The State may also place road fabric before gravel is spread. The State may consider a variance to the size of the gravel upon request by the PURCHASER.

(2) **NEW ROAD CONSTRUCTION:** This contract requires the PURCHASER to complete 1.3 miles of new construction to access the sale boundary. Before constructing any mainhaul, secondary or spur road that has not been marked for construction by the State, the PURCHASER shall obtain written approval of the location and construction standards of such roads from the Forester-in-Charge. The PURCHASER shall notify the Forester-in-Charge before starting equipment operations to construct access.

The designated access road to be constructed to the sale is marked on the ground with orange flagging. The flagged route continues into the sale unit. The construction shall follow the designated route on the ground. The new road starts out from the end of the existing road accessing the Black Lake No. 1 timber sale. The standards for constructing new roads are as follows:

- (a) **RIGHT-OF-WAY:** The right-of-way is 22' either side of centerline marked with either blaze orange or orange "Truck Road" ribbon.
- (b) **CLEARING:** Prior to road construction, all merchantable material within 25' of the centerline will be felled and decked beside the road. In no case, shall trees 4 inches DBH or larger be pushed over during construction. Debris shall be side cast to the north or west side of the road to minimize drifting of snow from the prevailing winds.
- (c) **STUMP REMOVAL:** Stump removal is required under running surfaces and ditches unless eighteen (18) inches of fill will be over the top of any stump. Stump removal is not required under side-cast slopes which are not under the running surface of the road.
- (d) **TURNOUTS:** Turnouts shall be 50' long with an additional 25' of ingress and egress. Turnouts shall be 10' wide. Turnouts will be inter-visible.
- (e) **ROAD SURFACE WIDTH:** The road surface shall be constructed to a 12' width.
- (f) **CUT AND FILL SLOPES:** Cut grades and castings shall be at a maximum grade of 1.5 to 1.
- (g) **BORROW PITS:** The PURCHASER shall obtain written approval in advance for the location of borrow pits from the Forester-in-Charge. Materials removed from these borrow pits shall be used only on mainhaul, secondary haul roads, and other improvements in connection with this contract. Any stumps removed from the surface of borrow pits shall be placed back into the borrow pits. Slopes on the sides of borrow pits shall be at a maximum grade of 1.5 to 1.
- (h) **DITCHES:** Ditches are not required but may be constructed on this road.

(3) **SCARIFICATION:** The Purchaser shall complete 40 hours of scarification with a skidder as directed by the Forester-in-Charge. Other equipment may be substituted with the approval of the Forester-in-Charge. Any unused hours of scarification shall be used for road maintenance or other improvements as directed by the Forester-in-Charge.

(4) **EROSION CONTROL:** The Purchaser shall ensure erosion does not occur on the existing or newly constructed roads. The

Purchaser shall construct, purchase and implement control methods and materials to prevent erosion of the access roads. Erosion control methods and materials may include water bars, maintenance of the vegetative mat, grass seeding with native species, fertilizer, and fabric mats. Erosion control methods and materials shall meet with the approval of the State. The Purchaser shall implement erosion control measures as directed by the State during the life of this timber sale contract.

(5) **SALE CLOSURE:** The PURCHASER shall provide 5 hours operation of a D-7 dozer, or equivalent, to complete road maintenance, road closure, sale clean-up, or scarification as directed by the Forester-in-Charge. Logging equipment that is on site may be substituted for the D-7 dozer with the approval of the Forester-in-Charge.

(6) **ACCESS ACROSS BLACK LAKE MARSH:** Additional access across Black Lake Marsh could be permitted and developed to decrease the haul time at the PURCHASER'S discretion. The PURCHASER shall obtain a Fish Habitat permit from the Department of Natural Resources, Office of Habitat Management and Permitting, or its successor, **prior to developing a crossing of the marsh.** The phone number to obtain a permit is 907-459-7254. The route shall be reviewed and approved in writing by the Forester-in-Charge before development. Development of the designated route shown on the attached sale map is required regardless of the access across Black Lake Marsh.

Section 9: Inspection

(a) Authorized agents of the State shall have access at all times to the sale area and to the books and records of the PURCHASER, his contractors, and sub-contractors relating to operations under this contract.

(b) At all times when construction or logging operations are in progress, the PURCHASER shall have a representative readily available to the area of operations who shall be authorized to receive, on behalf of the PURCHASER, any notices and instructions given by authorized State personnel in regard to performance under this contract, and to take such action thereon as is required by the terms of this contract.

Section 10: Termination and Suspension

(a) The State may, in its discretion, terminate this timber sale contract at any time if the PURCHASER fails to comply with any provision of this contract, or of State law, or if the PURCHASER fails to cure the non-compliance after the State provides the PURCHASER with written notice of non-compliance.

(b) The FORESTER-IN-CHARGE may, at its discretion, require the PURCHASER to suspend contract operations at any time if the PURCHASER fails to comply with any provision of this contract, or of STATE law. A suspension under this subsection shall take effect upon the issuance by the FORESTER-IN-CHARGE of written notice to the PURCHASER that operations are suspended. If the PURCHASER fails to correct the non-compliance within the time period set forth in the suspension notice, the STATE may terminate the timber sale contract without further notice.

(c) If the STATE terminates a timber sale contract, all rights to operate under this contract cease upon termination.

Section 11: 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.

Section 12: Inclusion of Applicable Laws and Regulations

(a) The PURCHASER shall comply with all laws and regulations applicable to this contract, including the: Alaska Fire Control Act; Forest Resources and Practices Act; "Timber and Material Sales Regulations;" and the State "Fish and Game Regulations," pertaining to the protection of wildlife and wildlife habitat and STATE regulations pertaining to safety, sanitation, burning, and the use of explosives. Such laws and regulations shall have the force of any other provision of this contract and violation shall be cause for termination or suspension of this contract in addition to any penalties prescribed by law.

Section 13: Assignment

The PURCHASER shall not assign this contract without written consent to such assignment first having been obtained from the STATE and the necessary amendment made to the contract.

Section 14: Primary Manufacture

Timber cut under this contract is not subject to primary manufacture within the STATE.

Section 15: Permits

Any permits necessary to operations under this contract shall be obtained by the PURCHASER prior to commencing such operations.

Section 16: Passage of Title

All right, title, and interest in or to any timber included in this contract shall remain with the STATE until the timber has been paid for and removed from STATE land in conformity with this contract. When the sale is terminated, the PURCHASER loses all interest in any timber included in this contract that has not been removed from STATE land.

Section 17: Risk of Loss

Notwithstanding any other provision of this contract, the STATE shall not be liable to the PURCHASER for any loss of timber or for any other damages incurred by the PURCHASER due to Acts of God or to acts of third parties.

Section 18: Expiration

This contract shall expire on March 31, 2013 unless extended in accordance with AAC 71.210 of the "Timber and Material Sales Regulations." All rights to operate under this contract cease upon the expiration date (unless the contract was previously terminated pursuant to Section 10).

Section 19: Verbal agreements

This contract constitutes the agreement between parties for this timber sale. No amendment shall be effective unless written and signed by both parties.

Section 20: Effective Date

This contract is effective as of the date of execution by the STATE.

IN WITNESS WHEREOF, the parties hereto have executed this contract on the dates appearing below.

STATE OF ALASKA

PURCHASER

By

By

Title

Title

Date

Date