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RETURN TO:

Woodland Services Inc



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Kathy Hill, Skagit County Auditor  
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DOCUMENT TITLE(S) (or transactions contained herein):

Agreement

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

|| ADDITIONAL REFERENCE NUMBERS ON PAGE \_\_\_\_ OF DOCUMENT.

GRANTOR(S) (Last name, first name and initials):

1. Crown Pacific Ltd partnership
- 2.
- 3.
- 4.

|| ADDITIONAL NAMES ON PAGE \_\_\_\_ OF DOCUMENT.

GRANTEE(S) (Last name, first name and initials):

1. Woodland Services Inc
- 2.
- 3.
- 4.

|| ADDITIONAL NAMES ON PAGE \_\_\_\_ OF DOCUMENT.

LEGAL DESCRIPTION (Abbreviated: i.e., lot, block, plat or quarter, quarter, section, township and range):

ptns Sec 9, 10, 13, 14, 15 + 23 Twp 34 N Rng 9 E Wm

|| ADDITIONAL LEGAL(S) ON PAGE \_\_\_\_ OF DOCUMENT.

ASSESSOR'S PARCEL/TAX I.D. NUMBER:

P 30878

|| TAX PARCEL NUMBER(S) FOR ADDITIONAL LEGAL(S) ON PAGE \_\_\_\_ OF DOCUMENT.

## THINNING STUMPAGE AGREEMENT II

**Contract #: 99118**

### **Silviculture Thin**

This Agreement made and entered into this 22nd day of June 1999, by and between **CROWN PACIFIC**, a Delaware Limited Partnership, with offices in Hamilton, Washington, whose mailing address is PO Box 28, Hamilton, WA 98255, hereinafter referred to as Seller, and **Woodland Services Inc.**, a Washington business, and its successors and assigns whose mailing address is PO Box 866, Everett, WA 98206, hereinafter referred to as Purchaser,

(1) **DESCRIPTION**

Seller agrees to sell and Purchaser agrees to purchase, on the terms and conditions and for the consideration hereinafter specified, all timber except leave trees as defined in Exhibit 10 of this contract, portions of Section(s) 1, 2, 11, and 12 Township 37 North, Range 04 East, W.M. Whatcom County, and portions of Section(s) 1 and 12 Township 34 North, Range 08 East and portions of Section(s) 9, 10, 13, 14, 15, and 23 Township 34 North, Range 09 East, W.M. Skagit County Washington as shown on attached detailed harvest boundary map Exhibit 1 and as designated on the sale area.

(2) **EXPIRATION DATE**

The rights granted under this Agreement shall become effective on the date this Agreement is signed and shall terminate on the date of final removal of designated timber as conveyed in this Agreement or on June 22, 2001 whichever occurs first. On such termination date, all rights and interests of the Purchaser and the title to all timber then standing, lying, or growing shall, if not already titled to Seller, revert to Seller.

(3) **PAYMENT AND SECURITY**

Purchaser shall pay Seller the following prices for merchantable timber cut and measured on a per ton weight basis for weighed loads, and on a per thousand basis for scaled loads: Standard of merchantable timber is defined in Exhibit 10.

**Sawlog / Utility**

Douglas Fir	\$100.00	Per Mbf
Hemlock & White Fir	\$ 30.00	Per Mbf
Red Cedar	\$300.00	Per Mbf
Hardwoods	\$ 10.00	Per Mbf

**Chip and Saw/ Utility**

Douglas Fir	\$ 8.00	Per Ton
Hemlock & Wt Fir	\$ 1.00	Per Ton
Red Cedar	\$ 8.00	Per Ton
Hardwoods	\$ 1.00	Per Ton

(4) **GENERAL TERMS OF SALE**

- a) The Beginning Estimated Timber Value for the timber transferred from the Seller to the Purchaser as of the effective date of this Agreement shall be \$ 530,000.00; subject to any adjustment for actual volume removed by Purchaser, pursuant to the terms set forth hereafter and those contained in paragraph 3. The Beginning Estimated Timber Value is to be paid at 25% down (\$132,500.00), upon the execution of this Agreement. When the value of wood products removed equals the 25% down payment, (calculated as volume removed times rates in paragraph 3), the balance of the Actual Timber Value is due as volume is removed and will be paid in accordance with the terms and rates in paragraph 3. Should value of timber removed from described harvest areas not equal advanced stumpage payment, an adjustment of *additional harvest areas* will be provided by Seller to Purchaser until amount of advance stumpage payment has been satisfied. Additional harvest areas will be of a commonly accepted understanding of commercially



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thinnable stands. On an annual basis, weather permitting, stands will be provided averaging 40% D.Fir; 50% White Woods; 10% Red Cedar. Additional harvest areas will be of similar age, size, logging difficulty, and quality to the harvest areas described in paragraph (1).

- b) Prior to cutting any of the forest products described in Paragraph (1), Crown may require Purchaser to post a \$ 50,000.00 Irrevocable Performance Payment Bond. The amount of the Performance Payment Bond shall at all times be no less than the value of products which have been severed from the stump but which have not been paid for. The amount shall be determined by Seller from volume estimates provided by Purchaser multiplied by prices in Paragraph (3). Seller reserves the right to call for additional payment securities if Seller's appraisal of the value of products cut but not paid for exceeds the value secured. The amount of said payment security may be reviewed periodically. Said Performance Payment Bond must be approved as to form and content by Seller prior to the cutting of any forest products covered by the payment security. The Performance Payment Bond shall incorporate the terms of this Agreement by reference. Seller reserves the right to retain any payment security for a period of up to 100 days after the last applicable payment has been made by Purchaser.
- c) Upon commencement of harvesting, Seller will invoice Purchaser for merchantable volume delivered on a weekly basis, per paragraph (3), based on individual load tickets summarized in a Weight or Scale Summary Certificate. Quantities of forest products sold under this contract shall be weighed or scaled at a State approved weighing/scaling location.
- d) Purchaser agrees to mail two copies of all weight tickets directly to Seller on a calendar week basis. Weight Certificates shall be summarized every two weeks. Scaled Mbf Certificates shall be summarized each week. The original shall be mailed to Crown Pacific, P. O. Box 28, Hamilton, WA 98255, Attn.: Log Accounting.
- e) Purchaser agrees to legibly mark all merchantable forest products on one end with the registered branding hammer, provided by Seller, before forest products leave the Sale area or if logs are decked overnight. Failure to properly brand each load leaving the sale area is a violation of this Agreement. Purchaser will be charged \$100 for each branding hammer not returned to Seller when operations under this Agreement have been completed.
- f) Each load have a Load Ticket prominently attached to a lower left rear log before truck leaves loading zone. Seller will provide serially numbered Load Tickets for Purchaser's use. Failure to have a valid Load Ticket on each load leaving the sale area is a violation of this Agreement.
- g) A daily load report must be filled out before truck leaves loading zone. Daily load report must be turn<sup>ed</sup> into Hamilton office before 8:00 am next business day.

(5) **FINAL DETERMINATION**

- a) When Purchaser's operations under this Agreement have been completed or at the expiration of this Agreement, whichever occurs first, a Final Determination (final reconciliation of accounts) shall be made. For the purpose of this Final Determination, Weight Tickets/Scale Bills shall be used to determine the amount of designated merchantable timber removed by the Purchaser. In addition, Seller may scale or estimate any merchantable portions of the designated timber, which Purchaser cut but failed to have removed or failed to have weighed/scaled. The value of such merchantable portions shall be computed at two (2) times the appropriate rates shown in Paragraph 3. Such computed amounts shall be included in the Final Determination to be paid for by the Purchaser. Final settlement shall be made within fifteen (15) days after such Final Determination by Purchaser paying Seller the amount by which the total amounts payable to Seller exceed the amount previously paid.



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- b) Concurrent with the Final Determination, Seller may present documentation and cost estimates of any loss, damage, or expense incurred by Seller due to Purchaser's actions, omissions, negligence, or noncompliance with the terms of this Agreement or with the terms of any law, rule, or regulation. All such sums which Seller determines Purchaser should pay shall be deducted from the performance deposit, and the balance of the deposit shall be returned to Purchaser within 15 days after the Final Determination. If the total of such sums exceeds the performance deposit, Purchaser shall remit such expenses to Seller immediately. The failure by Seller to present such documentation and cost estimates or to deduct any amount from the performance deposit is not a waiver of Seller's right to enforce any provision of this Agreement.

(6) **SELLER'S REPRESENTATIONS**

- a) Prior to execution of this Agreement, Purchaser has cruised the timber and inspected the land which is the subject of this Agreement. Seller makes no warranties or representations or covenants as to the condition of any roads or the quantity or value of any timber sold. Seller disclaims all warranties implied by law, including any warranty of MERCHANTABILITY or FITNESS FOR INTENDED PURPOSE OR USE.
- b) Seller agrees to allow Purchaser to use roads which Seller owns or controls and which are necessary for removal of the designated timber. Seller also agrees to allow Purchaser to use applicable, existing road use agreements with third parties under the same terms and conditions available to Seller. Applicable road use charges (if any) are shown on the Road Plan, Exhibit 2 (attached).
- c) Seller agrees to allow purchaser the right to perform any road reconstruction or new road construction to access harvest areas set forth in this agreement. Seller agrees to pay for all road costs associated with aforementioned construction. Purchaser must receive consent from Seller prior to starting road work. Seller agrees to pay all incurred invoices and approve or disapprove proposed road construction plans in a timely manner.
- d) Seller agrees to locate boundary lines against foreign ownership where such lines are in common with the timber sale boundary.
- e) Seller will be responsible for slash disposal and reforestation required under the Forest Practices Act.
- f) Seller may, during periods of fire danger, require the Purchaser to suspend his operations until, in the sole opinion of Seller, the danger is abated.
- g) Crown disclaims any responsibility for, or liability relating to, regulatory actions by any government agency, including actions pursuant to the Forest Practices Act that may affect the operability of the timber sale.
- h) No advice by Crown regarding the method or manner of performing shall constitute a representation or warranty that the result of such method or manner will conform to the contract, relieve Purchaser of any risk or obligation under the contract, or create any liability to Crown because of such advice.
- i) Seller agrees to allow Purchaser the right to perform sale layout for securing Forest Practice Permits for harvest areas set forth in this agreement. Seller agrees to pay for all of Purchaser's costs associated with securing Forest Practice Permits. Seller agrees to pay all incurred invoices and approve or disapprove proposed harvest plans in a timely manner.

(7) **TITLE AND DAMAGES**

- a) Title to all designated timber covered by this Agreement shall pass to purchaser on the date of this agreement. Seller retains risk of loss or damage to timber before it has been cut unless the loss or damage is caused in whole or in part by Purchaser's negligence. Seller shall have no liability to Purchaser for lost products so chargeable to Seller. Purchaser shall be liable to Seller for any and all loss or damage to timber suffered by



Seller as a result of acts or omissions of Purchaser or Purchaser's contractors, agents or employees. It is understood and agreed that Seller shall be entitled to deduct any and all such losses or damages caused by Purchaser from the performance deposit.

- b) Purchaser shall cut only timber which has been designated for cutting as described in this Agreement. Should Purchaser cut or damage any timber owned by Seller that is not so designated, or exceed the damage limits set forth in Exhibit 4 Leave Tree Damage Clauses, Purchaser shall be liable for and pay to Seller all damages, both direct and consequential, caused by such cutting or damage. The value of the timber wrongfully cut or damaged shall be computed on the basis of two (2) times the payment rates set forth in paragraph 3 of this Agreement. Theft of forest products by Purchaser or Purchaser's contractors, agents or employees shall be grounds for cancellation of this Agreement and triple payment rates charged on documented or estimated volumes stolen.

(8) **PURCHASER'S REPRESENTATIONS**

- a) Purchaser agrees, with respect to the cutting and removing of said designated timber, to observe and comply strictly with the following: a) All construction, reconstruction and betterment of roads (if any) covered under this agreement shall be performed to Seller's specifications and will be in accordance with a Road Plan attached as Exhibit 2 and made a part of this Agreement by this reference.
- b) In addition, Purchaser shall maintain roads used to harvest the Sale Area in a condition equal to or better than that in which those roads were found prior to commencement of logging operations. Additional maintenance requirements as described in Exhibit 2 shall be performed by Purchaser. Prior to completion of logging operations, all roads on the Sale Area shall be bladed and crowned, have ditch lines pulled and culverts cleaned. Roads shall be water-barred as directed by Seller. All such maintenance work must be acceptable to Seller prior to release of the performance deposit. Any road repair or maintenance required by this paragraph and not done by Purchaser when this Agreement expires shall, at Seller's sole discretion, be done or estimated by Seller, and the actual amount expended, or estimated sum to be expended, shall be deducted from Purchaser's performance deposit as described in paragraph (5b).
- c) Purchaser shall immediately satisfy any lien or encumbrance which is filed or threatened to be filed against any property of Seller, and Purchaser shall save Seller harmless from all resulting loss and expense, including attorneys' fees.
- d) Purchaser acknowledges that it is responsible for risk of loss by theft, fire or otherwise to any of its equipment or the equipment of its contractors or employees. Purchaser hereby specifically releases Seller from liability for any loss or damage, and agrees to save Seller harmless from any claim for loss or damage to any such equipment.
- e) Purchaser shall comply with all Federal, State and local laws, ordinances and regulations, including the Washington State Forest Practices Act, in logging, road maintenance and protection of water, soil and adjacent land and tree growth. Purchaser may be required to co-sign the Forest Practices Application.
- f) Purchaser shall comply with all laws of the State of Washington with respect to fires, and protect Seller from and indemnify Seller against any and all expenses of protecting Seller's lands or timber against fire, and the suppression of any fire or fires caused in and upon said lands by Purchaser, his contractors, agents or employees. In addition, Purchaser agrees to provide, and maintain on the area covered by this Agreement, fire equipment in good working order as specified in the attached Exhibit 6, unless Seller agrees in writing to accept alternative arrangements.
- g) All necessary care shall be taken by the Purchaser to prevent fuel, oil, grease, toxic or other harmful materials from entering the waters of any reservoir, lake, stream course or pond as a result of any operation of Purchaser. Refuse resulting from Purchaser's





use, servicing and repair of equipment, as well as equipment used in operations shall be removed from Seller's property prior to completion of operations under this Agreement.

- h) Purchaser, its contractors, agents and employees shall observe all applicable rules, regulations, Executive Orders, ordinances and laws relation to Social Security, unemployment insurance, worker's compensation, release of hazardous materials or oil spills, equal employment opportunity and Occupational Safety and Health. Purchaser agrees that it shall indemnify and hold Seller harmless from any claims, including attorneys' fees, arising from Purchaser's failure to adhere to this section.
- i) Purchaser shall not alter reforested areas except with the prior written consent of Seller.
- j) Purchaser shall preserve and protect any identified legal land subdivision survey corners and witness objects. If such are destroyed or disturbed, Purchaser shall have them reestablished at its own expense by a licensed land surveyor.
- k) Prior to commencement of any operations, Purchaser agrees to meet with Seller's representative to complete and sign jointly a Harvest Plan and Advice of Operations to formalize operating details, logistical, and environmental requirements. This document will then be attached to and become part of this Agreement as Exhibit 4.
- l) Purchaser shall not cut logs longer than 40 feet plus trim without prior written permission from Seller.
- m) Any cutting, removal, or damage of forest products by Purchaser or Purchaser's delegate or agent, in a manner inconsistent with the terms of this contract or State law is unauthorized. Such activity may subject Purchaser to liability for triple the value of said forest products as set forth in Paragraph 3 and result in termination of this contract.
- n) Purchaser represents to Crown that (a) Purchaser's Industrial Insurance number is CP2351302, or Purchaser is an individual or partnership having no employees and not electing industrial insurance coverage, (b) Purchaser's U.S. Tax Report Number is 91-172-1815. Purchaser covenants that Crown may examine reports made by Purchaser or to the State Department of Labor and Industries covering the term of this Agreement and pertaining to industrial insurance and medical aid.

(9) **TAXES**

Purchaser shall pay the Forest Excise Tax in quarterly installments to the Department of Revenue, State of Washington. In addition, Purchaser shall provide Seller with a summary of quarterly volumes by species on which Forest Excise Tax was paid.

(10) **INDEMNIFICATION AND INSURANCE**

The Purchaser shall indemnify and hold Seller harmless from any claim, suits, losses or expenses, including attorney's fees, suffered by Seller arising out of injury to any person, including Seller's or Purchaser's employees, or damage to any property, if the injury or damage is caused in whole or in part by Purchaser or any of Purchaser's employees, contractors, or agents, while engaged in performance of this Agreement. Purchaser agrees to carry and maintain in full force and effect at all times during the period of Agreement, comprehensive liability insurance, including contractual insurance and automobile insurance, in a form satisfactory to Seller. The minimum limit for personal injury is \$1,000,000.00 per claim and \$1,000,000.00 per occurrence, and for property damage is \$500,000.00. These policies shall expressly name Crown Pacific as an additional insured. In addition, Purchaser shall maintain Worker's Compensation insurance and shall require its contractor to maintain Worker's Compensation insurance in amounts and forms required by law. Purchaser agrees to furnish copies of these insurance policies (including endorsements) to Seller on the date this Agreement is signed. Purchaser further agrees to instruct its insurance carrier(s) to notify Seller 15 days in advance of any policy cancellation or modification.

(11) **DEFAULT**

- a) Either party shall be deemed in default if it commits or suffers any of the following acts:
  - 1) fails to perform any of the terms or conditions in the time and manner specified in this



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agreement. 2) Is declared bankrupt or makes application for relief under any bankruptcy law, makes an assignment for the benefit of creditors, or commits or suffers any other similar acts.

- b) Except for failure to make payment, neither party may declare this agreement terminated for default of the other unless the defaulting party fails to cure such default within ten (10) days after of written notice thereof All notices given pursuant to this Agreement shall be sent postage prepaid by registered or certified mail.

(12) **ASSIGNMENT**

Buyer shall be entitled to assign its rights and obligations under this agreement only upon obtaining Seller's prior written consent. Such consent will not be unreasonably withheld.

(13) **CONTINGENCIES**

- a) Neither Purchaser nor Seller shall be liable for any delay in performance or failure to perform if such failure or delay is caused by any occurrence or contingency beyond the control of the affected party, or by good faith compliance with any applicable governmental law, ordinance, regulation or court order.
- b) If requested, Seller agrees to grant time extensions on a day-for-day replacement basis if the delivery of logs is not possible due to circumstances cited in the first part of this paragraph.

(14) **NO OTHER AGREEMENTS**

There are no other agreements between Seller and Purchaser relating to the subject matter of this Agreement.

(15) **INTERPRETATION**

This Agreement is governed by and to be interpreted under the laws of the State of Washington.

(16) **SEVERABILITY**

In the event that any statement in or section of this contract should be found to be invalid, the balance of the contract shall nonetheless remain in force.

IN WITNESS THEREOF the parties hereto have executed this Agreement the day and year first above written.

**WOODLAND SERVICES INC.**

**(PURCHASER)**

By William Mueller

Title President

**CROWN PACIFIC**

**(SELLER)**

By Russ Paul

Title Land & Timber mgr

**Attachments:**    Exhibit 1 - Map  
                          Exhibit 2 - Road Plan and Specifications  
                          Exhibit 3 - Timber Deed  
                          Exhibit 4 - Harvest Plan and Advice of Operations  
                          Exhibit 5 - Insurance  
                          Exhibit 6 - Fire Equipment  
                          Exhibit 10 - Leave Tree and Merchantable Timber Definition



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**EXHIBIT 4**  
**HARVEST PLAN AND ADVICE OF OPERATION**

**Cutting and Yarding Schedule**

Harvesting and delivery of merchantable logs shall commence no later than June 22, 1999

Cutting and yarding will not be permitted from (Not Applicable) unless authority to do so is granted in writing by the contract administrator.

**Special Yarding Requirements**

Operations shall be suspended during periods of wet weather when rutting of skid roads begins. Slash and displaced soil shall be removed from swales and natural drainage channels concurrent with yarding.

Logs must be weight scaled within 30 days of felling.

Tops and limbs outside the sale boundary as a result of Purchaser's operation shall be removed concurrently with the yarding operation unless otherwise directed by the contract administrator. Slash which accumulates on landings and along roads shall be lopped and scattered as designated by the contract administrator.

A fifty (50) to seventy (75) feet buffer must be left along all type 5 or better streams. Variations to this distance must be authorized in writing by the contract administrator.

**Certification of Fallers and Yarder Operators**

All persons engaged in the felling and yarding of timber must receive certification from the contract administrator. Certification may be revoked when Crown determines excessive damage to leave trees or skid trails is occurring.

Certification involves the operator thinning a sample area of at least one acre in which the leave trees have been properly selected and marked with paint by the operator. Under close supervision of the contract administrator the operator then moves to an unmarked area. Satisfactory thinning of the unmarked area completes the training and certifies the operator. Sale administrator will then issue a written statement signed by both operator and sale administrator. Statement of Certification copy will be kept in Seller's harvest unit file. When the operator does not follow the "Leave Tree Selection Criteria" listed in Exhibit 10, the contract administrator can void certification at any time. The operator must then become recertified before thinning is resumed.

One certification will be provided by Seller for each harvest area at no cost. Additional certification per harvest area will incur a \$200.00 charge per certification. Actively certified operators can move to other contract sales without being recertified.

**Leave Tree Damage Definition**

When leave trees have scars exposing the cambium layer that exceed the sum total of 20 square inches.

When leave tree tops are broken or the live crown ratio is reduced below 30 percent by falling

When more than 1/3 of the circumference of the root system is damaged. Damaged means either (1) The cambium layer is exposed. (2) The root is exposed from skid trail rutting. (3) The root is compacted or broken.

Excessive damage is defined as more than 5 percent of the leave trees are damaged on any one unit.

**Skid trail Damage Definition**



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A skid trail is defined as an area that is used for more than two passes by any equipment

Skid trails will not exceed 14 feet in width, including rub trees.

Skid trails shall not cover more than 37 percent of the total acreage on one unit. Minimum distance between edge of skid trails shall not be less than 24 feet.

Skid trail network location will be pre-approved.

Excessive skid trail damage is not permitted. Skid trail damage is considered excessive when more than 10 percent of the active trail has ruts over 10 inches in depth.

Skid trails will be water barred at the time of completion of yarding, if required by the contract administrator.

Rub trees along the skid trail shall be left standing until all timber tributary to the skid trail has been removed.

Violation of any part of this clause will be cause to revoke certification of the operator.

### **Stump Height**

Trees shall be cut as close to the ground as practicable. Stump height shall not exceed 12 inches in height measured on the uphill side.

### **Harvesting Equipment**

Forest products sold under this contract shall be yarded as described below unless authority to use other equipment is granted in writing by Seller.

If timber is mechanically felled, machine shall have a reach of at least 25 feet.

Highlead logging systems shall have a clamping carriage with a minimum 50 foot lateral yarding capability. Leave trees used for cable supports shall be protected.

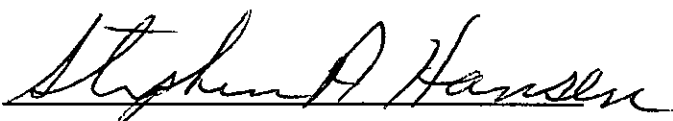
Ground base forwarding systems shall have the means of elevating the leading ends of the logs during skidding. If rutting exceeds four (4) inches, a tracked skidder with a maximum ground pressure of seven (7) pounds per square inch will be required and both ends of logs must be elevated.

Ground based equipment may be used on slopes up to 35%.

Cable or helicopter equipment may be used on any areas of this sale where ground based equipment is not permitted or Purchaser does not choose to use ground based equipment. If cable or helicopter equipment is used, Purchaser must fall, yard, and remove all designated timber to a slope distance of 1,000 feet downhill and 800 feet uphill from designated roads.

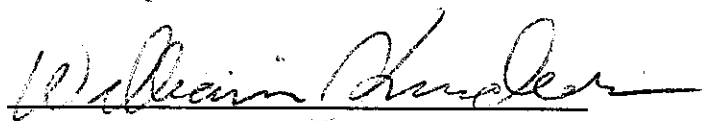
### **Completion of Settings**

Operations begun on any setting of the sale area shall be completed before any operation begins on subsequent settings unless authorized by the contract administrator.



Sale Administrator

Crown Pacific



Contractor/Representative



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**GENERAL ROAD MAINTENANCE SPECIFICATIONS**

**A) Cuts and Fills**

- 1) Maintain slope lines as constructed. Remove slides from the ditches and roadway. Remove overhanging material from cut slopes.
- 2) Material from slides or other sources requiring removal shall not be deposited in locations where it will erode into streams or water courses.
- 3) Undesirable slide materials and debris shall not be mixed into the road surface material.

**B) Surface**

- 1) The road surface in the contract area shall be kept in a drivable condition at all times during the term of this agreement. All logging debris shall be removed and any significant surface damage designated by Crown's representative repaired.

**C) Drainage**

- 1) Inspect and clean culverts regularly, with additional inspection during storms and periods of high runoff. This must be done even during periods of inactivity while this Agreement is in effect.
- 2) Headwalls, outfalls, and other drainage structures must be protected and maintained as constructed.
- 3) Keep silt-bearing surface runoff from getting into live streams.
- 4) Ditches in contract area shall be kept clear of logging debris and open from any blockages
- 5) Clear ditches and drainage channels of all logging slash and debris within 25 feet of culvert inlets and within five feet of outlets

**D) Structures**

- 1) Repair any bridges, culverts, fences, gates or other road structures damaged by operations associated with this Agreement.

**E) Termination of Use or End of Season**

- 1) Do maintenance work to minimize damage from the elements. Maintenance such as blading to insure correct runoff, ditch and culvert cleaning, and building water bars shall be specified by Crown's representative.

**F) Landings**

- 1) Pile all landing slash so piles are burnable and debris after burning will not be prone to slide.

**G) Cleanup**

- 1) Remove all lines blocks, scraps, and garbage generated from operations associated with this Agreement from Crown lands.

**H) Snow Plowing**

- 1) Snowplowing for access to the harvest unit covered by this agreement shall not be considered as maintenance and shall be paid for at mutually agreed upon rates.
- 2) Snowplowing shall be performed at the direction of Crown's representative, if snowplowing is done without authorization, its cost will be the sole responsibility of the contractor.
- 3) Snowplowing will be performed with the following specifications:
  - a) Plow no closer to the road surface than one inch in order to avoid damaging surfacing material.
  - b) Snow berms must have "holes" plowed through them in order to allow melt water to get away from the running surface of the road.

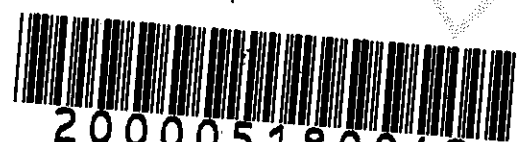


EXHIBIT 5  
INSURANCE CERTIFICATE

This is to certify that \_\_\_\_\_

(Name of Insured)

of \_\_\_\_\_, has a policy or policies of  
(Address of Insured)

insurance with the undersigned insurance company insuring against the following risks in amounts not less than shown below for each such risk within the United States and naming Crown Pacific ("Crown") as additional insureds thereunder:

- |   |   |                             |
|---|---|-----------------------------|
| ( ) 1. Automobile Bodily  | ) | \$1,000,000 each person     |
| Injury Liability  | ) | \$1,000,000 each occurrence |
| ( ) 2. Automobile Property  | ) |                             |
| Damage Liability  | ) | \$500,000 each occurrence   |
| ( ) 3. General Bodily   | ) | \$1,000,000 each person     |
| Injury Liability  | ) | \$1,000,000 each occurrence |
| ( ) 4. General Broad Form   | ) |                             |
| Property Damage   | ) | \$500,000 each occurrence   |
| ( ) 5. Contractual Indemnity Liability wherein the insured shall pay for all damage to Crown's property resulting directly or indirectly from the negligent act or omission of Insured or its agent hereunder, and shall reimburse Crown for all costs reasonably incurred for fighting fire resulting directly or indirectly from the act or omissions of Insured or its agent hereunder whether negligent or otherwise and shall indemnify and hold harmless Crown against all claims or liabilities asserted by third persons resulting directly or indirectly from the acts or omissions hereunder, negligent or otherwise. |   |                             |

This Certificate is to be delivered, and the undersigned insurance company agrees to give fifteen days advance written notice of any cancellation of or reduction of the limits of the insurance shown above, to Crown Pacific, P. O. Box 28, Hamilton, WA 98255, Attention: Documents.

Name of Insurance Carrier \_\_\_\_\_

Expiration Date of Policy (Policies) \_\_\_\_\_

Name and Address of Agent \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date Issued

\_\_\_\_\_

Authorized Signature

Name of Agreement referenced by this Exhibit: \_\_\_\_\_



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## LOGGING FIRE PROTECTION EQUIPMENT REQUIREMENTS

### Tanker Truck Requirements

- Chassis:** Must be serviceable and be rated to handily carry the required load. Truck must, upon inspection, start easily and must be equipped with sound brakes and tires. Headlights must be in working order. A spotlight is suggested but not required.
- Tank:** Must have a capacity of 1000 gallons or more and have a filler port at least six inches in diameter.
- Pump:** Must be capable of producing 250 p.s.i. of pressure and of delivering twenty gallons per minute through a 1/4 in nozzle. Pump will be equipped with an adjustable pressure relief valve and have a working pressure gauge in a visible position.
- Hose:** The truck will be equipped with at least 800 feet of 1 1/2 inch and 700 feet of 1 inch cotton or synthetic jacketed hose. Hose will be of a quality and condition to withstand 350 p.s.i. of working pressure. All hose will have 1/4 turn connectors and will be stored in a dry and weatherproof enclosure.  
The truck will carry a 1 1/2 in. diameter suction hose at least 16 feet long with a strainer attached. The couplings will be I. P. T. screw fittings.
- Nozzles:** The truck will carry at least two nozzles with 1 in. or 1 1/2 in. intakes and which are capable of both straight stream and fog and which will shut off.
- Plumbing:** A permanent suction line will run from tank to pump. This line will be equipped with a suitable valve capable of shutting off flow from the tank. Between this valve and the pump will be a "T" fitting with a shut off gate valve and a male hose nipple sized to accept the suction line.  
The discharge side of the pump will have a pressure relief valve installed. This valve will be plumbed to recirculate back to the tank. Downstream of the pressure relief valve a discharge line will run to each side of the truck. These lines will have 1 1/2 in. gate valves and quarter turn hose connectors. All valves to be in good working order and marked as to function.
- Tools:** The truck will be equipped with a dry and weatherproof firebox containing two pulaskis, three adze hoes and three shovels. Hose and fittings can be in this same box. The truck shall also carry two five gallon pump cans which are full of water and in good working order.  
Each piece of equipment operating on the job shall be equipped with an approved exhaust system, a fire extinguisher, and a shovel.



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EXHIBIT 10  
COMMERCIAL THINNING – LEAVE TREE DEFINITION AND DECISION  
CROWN PACIFIC (HAMILTON)

Leave Trees shall be the Best Trees of the Preferred Species, Uniformly Distributed over the harvest area. They will be selected by comparing their characteristics with other trees in the stand.

Best Tree

- ➊ Largest DBH
- ➋ Fullest and most vigorous crown.
- ➌ Free of disease and major defect.
- ➍ Best form (tallest, straightest bole, smallest limbs).

Preferred Species

Order	Species
➊	D.Fir
➋	Red Cedar
➌	Silver Fir
➍	Hemlock
➎	Alder
➏	Cottonwood
➐	Maple

Uniformly Distributed

- ➊ Distance between individual leaves trees should equal optimum size class spacing.
- ➋ All trees not considered leave trees must be severed completely from stump below lowest live limb.
- ➌ Cut trees must not be allowed to hang up in leave trees.

Optimum Size Class Spacing  
For Individual Leave Trees

Avg DBH	D Fir Tree Spacing	Hemlock Tree Spacing
6 in	10 ft	9 ft
7 in	11 ft	10 ft
8 in	12 ft	11 ft
9 in	14 ft	12 ft
10 in	15 ft	13 ft
11 in	16 ft	14 ft
12 in	17 ft	15 ft
13 in	18 ft	16 ft
14 in	19 ft	17 ft
15 in	20 ft	18 ft
16 in	21 ft	18 ft
17 in	22 ft	19 ft
18 in	23 ft	20 ft
19 in	24 ft	21 ft
20 in	25 ft	22 ft
21 in	26 ft	23 ft
22 in	26 ft	23 ft
23 in	27 ft	24 ft
24 in	28 ft	25 ft

Minimum Size Class Spacing  
For Individual Leave Trees

Avg DBH	D Fir Tree Spacing	Hemlock Tree Spacing
6 in	5 ft	4 ft
7 in	6 ft	5 ft
8 in	6 ft	5 ft
9 in	7 ft	6 ft
10 in	7 ft	6 ft
11 in	8 ft	7 ft
12 in	8 ft	7 ft
13 in	9 ft	8 ft
14 in	9 ft	8 ft
15 in	10 ft	9 ft
16 in	10 ft	9 ft
17 in	11 ft	10 ft
18 in	11 ft	10 ft
19 in	12 ft	10 ft
20 in	12 ft	11 ft
21 in	13 ft	11 ft
22 in	13 ft	12 ft
23 in	14 ft	12 ft
24 in	14 ft	12 ft

Merchantable Timber

Merchantable timber shall be defined as all logs contained in non leave trees which meet or exceed the following minimum merchantability standards:

Species	Minimum DIB (Inch)	Minimum Length
Douglas Fir	4	12 Ft+ Trim
Red Cedar	4	12 Ft+ Trim
Hemlock –	4	12 Ft+ Trim
Cottonwood	6	10 Ft+ Trim
Alder	6	10 Ft+ Trim
Maple	6	10 Ft+ Trim



EXHIBIT 3

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FORM OF BARGAIN AND SALE DEED

BARGAIN AND SALE TIMBER DEED

GRANTOR, CROWN PACIFIC LIMITED PARTNERSHIP ("Seller"), a Delaware limited partnership, of P.O. Box 28, Hamilton, WA 98255, for and in consideration of \$530,000.00 bargains, sells and conveys to WOODLAND SERVICES, INC. ("Buyer"), a Washington Corporation of P.O. Box 866, Everett, WA 98206, all commercial thinning timber located on the following described real property situated in Skagit and Whatcom Counties, state of Washington, subject without limitation to the following:

Portions of Sections 1, 2, 11, and 12 of Township 37N, Range 04E, and portions of Sections 1, and 12, Township 34N, Range 08E, and portions of Sections 9,10,13,14,15, and 23 of Township 34 North, Range 09 East, W.M. consisting only of ownership now owned by Crown Pacific.

The terms and provisions of that certain Timber Purchase and Sale Agreement between Seller and Buyer, effective the 22nd. day of June, 1999, including without limitation the reversionary rights to timber described therein. Copies of said Timber Purchase and Sale Agreement are located at the offices of Seller and Buyer, at the addresses indicated above.

DATED, the 22nd. day of June, 1999

SELLER:

CROWN PACIFIC LIMITED  
INC  
PARTNERSHIP

By Russ Paine

BUYER:

WOODLAND SERVICES,

By William Anderson

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