



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OREGON STATE OFFICE  
MANUAL TRANSMITTAL SHEET

Release  
5-258

Date  
6/17/2016

Subject

Revised Oregon/Washington Forest Product Sale Procedure Handbook H-5470-1

1. Explanation of Materials Transmitted: The Oregon/Washington Forest Product Sale Procedure Handbook Series has not had a comprehensive update since 1988.

Attached is a revised Handbook Section H-5470-1.

2. Reports Required: None
3. Materials Superseded: Previous editions of the H-5470-1, All pages.
4. Filing Instructions: File as directed below.

Delete all pages of Oregon/Washington Timber Sale Procedure Handbook Series H-5470-1 and replace with this new Handbook.

Remove

Insert

All pages

All new pages

Total: 80 sheets

Signed by

Authenticated by

Rhondalyn Darnell  
Records Section

Table of Contents

Table of Contents ..... v

I. Introduction..... 1

II. Contract Modification..... 1

    A. Criteria for Contract Modifications ..... 1

    B. Formation of a Contract Modification..... 2

    C. Purchaser Refusal of Contract Modification ..... 2

    D. Physical Change in Conditions Associated with Road Construction..... 3

        1. Evaluation of Damage..... 3

            a. Purchaser Repair ..... 3

            b. Government Repair ..... 4

    E. Design Change in Road Construction under the Contract..... 4

        1. When to Process a Design Change Modification..... 4

        2. Design Change Adjustments for Surfacing ..... 4

    F. Adding or Deleting Contractual Requirements ..... 5

        1. Alternate Access..... 5

        2. Fee and Total Purchase Price Adjustment..... 5

        3. Change..... 5

            a. Fee and Total Purchase Price Adjustment ..... 6

            b. Split Haul ..... 7

        4. Change in Harvest Unit Design or Required Logging Techniques..... 7

            a. Initiated by the Contracting Officer ..... 7

            b. Initiated by Purchaser for Purchaser Convenience ..... 7

        5. Road Maintenance beyond Purchaser Responsibility ..... 7

        6. Treatment of Cutting Area ..... 8

        7. Deletion of Volume and Cutting Area ..... 9

        8. Section 7 – Passage of Title and Risk of Loss ..... 9

    G. Contract Modification Cost Adjustment Determination ..... 9

        1. Cost Determination ..... 9

        2. Road Maintenance and Rockwear Fees ..... 10

        3. Road Use Fees ..... 10

        4. Deletion of Forest Products..... 10

    H. National Environmental Policy Act Considerations..... 10

    I. Execution and Distribution of Bilateral Contract Modifications ..... 11

    J. TSIS Reporting Requirements..... 11

III. Sales of Additional Timber..... 11

    A. General ..... 11

    B. Procedures ..... 11

        1. General ..... 12

            a. Marking..... 12

            b. Measurement ..... 12

            c. Appraisal ..... 12

            d. Prohibitions on Negotiated Sale..... 12

- e. Prohibition on “Trading” Timber..... 13
  - 2. Sales by Contracting Officer ..... 13
    - a. Criteria..... 13
    - b. Modification Letter ..... 13
  - 3. Field Sales by Authorized Officer..... 13
    - a. Authority and Competency ..... 13
    - b. Criteria..... 14
    - c. Modification Format ..... 14
  
- IV. Extension of Time for Cutting and Removal..... 14
  - A. Extensions without Reappraisal ..... 15
    - 1. Thirty-Day Extensions ..... 15
    - 2. Extensions Due to Delays Imposed by the Government..... 15
  - B. Extension of Undamaged (Green) Timber Contracts to Allow Harvest of Damaged Timber (Salvage) ..... 15
    - 1. State Director Approval Considerations ..... 16
    - 2. Advertising, Conduct of Sale, and Award Procedures ..... 16
    - 3. Qualifying Green Timber Contract Extension Criteria ..... 17
    - 4. Use, Computation, Application of Extension Credit..... 17
    - 5. Preparation of Extension Modification ..... 18
    - 6. Extension or Refund of Anniversary Payments ..... 18
  - C. Extensions Requiring Reappraisal..... 18
  - D. Application ..... 19
  - E. Evaluation of Application..... 19
    - 1. Rejection of Request ..... 19
      - a. Procrastination..... 19
      - b. Speculation..... 19
      - c. Market Fluctuations ..... 19
    - 2. Approval of Request..... 20
      - a. Acts of God ..... 20
      - b. Labor Disputes ..... 20
  - F. Reappraisal Requirements ..... 20
    - 1. Lump Sum Measure Contracts ..... 20
    - 2. Scale for Payment Contract..... 20
  - G. Extension Agreement ..... 20
  - H. Extension of Anniversary Payments ..... 21
  - I. TSIS Reporting Requirements..... 21
  
- V. Assignment of Contract ..... 21
  - A. Pre-award Assignments ..... 21
  - B. Conditions of Assignment ..... 21
    - 1. Qualifications of New Purchasers ..... 21
    - 2. Time of Assignment ..... 21
    - 3. Contract Conditions..... 21
    - 4. Contract Time Remaining ..... 22
    - 5. Small Business Association (SBA) Set-Aside Contracts ..... 22
      - a. Eligibility ..... 22

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

- b. Self-Certification..... 22
    - c. Small Business Certification..... 22
    - d. Certificate of Competency ..... 22
  - C. Method of Assignment ..... 22
  - D. Performance Bond..... 22
    - 1. New Bond..... 22
    - 2. Continuation of Existing Bond..... 23
  - E. Approval of Assignment..... 23
  - F. TSIS Reporting Requirements..... 23
- Glossary of Terms..... 1
- Illustration 1 ..... 1
  - Essential Elements of Contract Modification 1
- Illustration 2 ..... 1
  - Example of Modification Providing for Purchaser Repair of Physical Damage 1
- Illustration 3..... 1
  - Example of Modification Providing for Government Repair of Total Physical Damage;  
Purchaser to Make Share Payment 1
- Illustration 4..... 1
  - Example of Modification Providing for Road Design Change 1
- Illustration 5 ..... 1
  - Example of Modification Providing for a Change in Haul Route but with Option Left Open  
to Use Original Route 1
- Illustration 6..... 1
  - Example of Modification Providing for a New Predetermined Haul Route 1
- Illustration 7..... 1
  - Example of Split Haul Modification 1
- Illustration 8..... 1
  - Example of Modification Providing for a Change 1
- Illustration 9..... 1
  - Example of Modification Adding Additional Road Maintenance Work to Contract 1
- Illustration 10..... 1
  - Example of Modification Adding Treatment of Cutting Area to Contract 1
- Illustration 11..... 1
  - Example Unilateral Modification for the SD-5 Special Provision 1
- Illustration 12..... 1
  - Example of Modification Letter for Additional Sale by Contracting Officer 1
- Illustration 13..... 1
  - Example of Corporate Resolution Authorizing Purchaser's Representative to Sign Field  
Modification 1
- Illustration 14..... 1
  - Example of Modification for Field Sale of Additional Timber by Authorized Officer 1
- Illustration 15..... 1
  - Extension Credit Worksheet 1
- Illustration 16..... 1
  - Example of Salvage Credit Extension Modification 1

Illustration 17 ..... 1  
    Example of Letter Rejecting Application for Extension    1  
Illustration 18 ..... 1  
    Example of Letter of Notification That Extension Will be Granted  1  
Illustration 19 ..... 1  
    Example of Extension Modification with Price Adjustment    1  
Illustration 20 ..... 1  
    Example of Extension Modification – No Price Adjustment    1  
Illustration 21 ..... 1  
    Example of Timber Sale Contract Assignment (Form 5470-3)  1  
Illustration 22 ..... 1  
    Example of Letter to Original Surety when New Surety is Used    1  
Illustration 23 ..... 1  
    Example of Commitment of Surety to be Bound by Assignment (Form 5470-4)  1  
Illustration 24 ..... 1  
    Example of Letter Transmitting Approved Assignment    1  
Appendix ..... 1  
    Form of Modification for Change in Rock Source    1

## I. INTRODUCTION.

The authority, responsibility, and policy pertaining to the sales of forest products are set forth in Bureau of Land Management (Bureau, BLM) Manual Sections 5000-1 and 5400. This handbook sets forth the basic procedural guidelines for contract modification (including sales of additional timber), extension of time for tree cutting and removal, and assignment of contract.

For the most part, this handbook refers to the timber and other forest product sale contracts (forms 5450-3/25 and 5450-4/26) and the sale of timber. In most circumstances, it will not be necessary to modify, extend, or assign contracts for other vegetative resources that have been sold. However, to the extent it may become necessary, the authorities and procedures conveyed in this handbook do extend to the other forest product sale contracts (forms 5450-1, 5450-5, and 5450-24). These forms can be found at the BLM online forms library.

## II. CONTRACT MODIFICATION – GENERAL.

A. Criteria for Contract Modifications. The Government official who has authority to sign a contract (Contracting Officer) also has authority to bilaterally modify that contract. Bilateral modifications must remain within the scope of the Contracting Officer's authority to sign the original contract and must be in accordance with applicable law, regulation, and Bureau policy. Bilateral modifications also require that the other party to the contract (the Purchaser) consents to the modification. Typically, the terms of a bilateral modification are discussed with the Purchaser before completing the modification letter. The Contracting Officer also may unilaterally modify the contract if authority to do so is explicitly provided in a provision of the contract. With a unilateral modification, the Contracting Officer is carrying out the remedy or process provided for in the contract. There is no opportunity for the Purchaser to agree or disagree with a unilateral modification, however, advance verbal communication with the Purchaser is recommended before mailing the modification letter.

The reasons for, and the rationale supporting, the need for a contract modification must be carefully documented in the contract file in a written justification approved by the Contracting Officer. The justification, as well as general provisions(s) citation, should be referenced in the opening paragraphs of the modification itself. In addition, there should be some other supporting documentation in the file (e.g., written justification, inspection reports, interview reports, National Environmental Protection Act [NEPA] compliance). Intangible values associated with the protection of resources or the prevention of environmental degradation may legitimately be included in supporting rationale as elements of compensating benefit to the Government.

Hereinafter, modifications discussed in this section are bilateral in nature; that is, agreement must be reached with the Purchaser and the documents fully executed prior to the conduct of additional work or performance change in the contract. Illustration 1 is a generalized format for a modification letter. Proposed modifications of a nature not covered under this section must be submitted to the State Director for review and approval prior to the initial transmittal to the Purchaser.

Any changes to the contract that would require additional work not directly required to facilitate the sale of timber, including any land treatment work within, adjacent to, or outside of the cutting

area of the contract that could be construed to be "augmentation of appropriations," is not permitted (refer to H-5420-1, PREPARATION FOR SALE, section II.C and appendix 2).

When timber is sold using the lump sum contract (form 5450-3/25 [see the BLM online forms library for forms noted]), there is no authority to modify the total purchase price or the Exhibit B volume because the Purchaser is dissatisfied with the amount or quality of volume that they actually harvest (unless there is a failure of title; refer to appendix 3 of H-5420-1, PREPARATION FOR SALE, specifically the discussion of sections 2 and 6 of the contract); to do so undermines the validity of the subject contract and other lump sum contracts. Additionally, there is no authority to add volume (mark additional timber) without an increase to the total purchase price. However, a modification that adds volume to the contract may result in a reduction in the total purchase price in instances where the cost of additional contract requirements (i.e., additional fuels reduction work) exceeds the value of the additional timber. Unless the contract is for a commercial thinning treatment and includes the L-24 Special Stipulation, all additional volume must be sold to the Purchaser through a modification at a price determined according to BLM-prescribed procedures (see appraisal guide). This also applies to any forest product sold using forms 5450-1, 5450-5, and 5450-24, which are also lump sum contracts. The issue should not arise on scale for payment sales made on form 5450-4/25 because the Purchaser only pays for the volume they actually remove.

When forest products are sold using scale for payment on contract forms 5450-4/26 (see the BLM online forms library), advertised volume estimates are not as accurate as in a lump sum contract. In scale for payment contracts, the Purchaser bids on the volume, value, and species specified in the Exhibit B, but pays the "Total Actual Purchase Price" specified in section 2.. Section 3(h) of the contract provides the method to determine the total actual purchase price.

Use of scale for payment, including contracts using the L-24 stipulation, does not authorize the sale of timber in addition to that specified in the Exhibit B of the contract without the execution of a written contract modification for the additional timber (see contract sections 1 and 8). Additional timber sold according to section 8 must be valued according to BLM-prescribed procedures and not sold at contract price unless authorized by inclusion of the L-24.

B. Formation of a Contract Modification. A contract modification is a material change to the terms of an existing contract. The modification process includes an offer and acceptance to form the modification to the original contract (refer to section II.G of H-5450-1, AWARD OF CONTRACT). In the process, there may be negotiation; however, there are limitations to the negotiation in instances where the contract includes language stating "as determined by the Authorized Officer" or "as determined by the Contracting Officer." Usually this is related to the determination of forest product volumes and values according to Bureau prescribed procedures. In such cases where the Government limits what is negotiable, it remains incumbent on the Authorized Officer (or Contracting Officer) to be fair and reasonable, and open to information the Purchaser might provide that would indicate a flaw in the Bureau data or computations, or the availability of more accurate information.

C. Purchaser Refusal of Contract Modification. Except as discussed in section II.D, the Purchaser may refuse to execute a legitimate and fairly prepared modification. If such a situation occurs, the contract must be administered under its original terms and conditions. If the condition

the Contracting Officer is attempting to correct with the modification is so critical that it is believed completion of the contract under the original terms is detrimental to the interest of the Government, the Government's recourse may be a unilateral cancellation of the contract (refer to H-5480-1, CONTRACT VIOLATION – SUSPENSION – CANCELLATION; SETTLEMENT OF UNCOMPLETED CONTRACT).

D. Physical Change in Conditions Associated with Road Construction. Section 19, Cost Adjustment for Physical Change (forms 5450-3/25 and 5450-4/26 [see the BLM online forms library]), sets forth certain cost-versus-contract-size relationships used to determine when the Government will share in the cost to repair or correct major physical damage due to a single "Act of God" event (flood, washout, fire, landslide, etc.). Such damage would be of concern if it occurred on a road being constructed by the Purchaser, but prior to road acceptance by the Contracting Officer. This does not apply to damage that is the fault of the Purchaser. Basically, the Purchaser's obligation is limited to: (1) \$1,000 for sales under one million board feet; (2) \$1.00 per thousand board feet for sale of one to three million board feet; or, (3) \$3,000 for sales over three million board feet.

If it is determined that the Government will share repair costs, the Contracting Officer may elect to meet the Government obligation by (1) reducing the total purchase price of the contract to accomplish necessary repair through the Purchaser; (2) making direct payment to the Purchaser for repair; or (3) performing the Government's share of the necessary work via Bureau workforce or construction/service contract. The authority for such modifications is found in sections 16, 17, and 19 of the contract (forms 5450-3/25 and 5450-4/26; see the BLM online forms library). The contract compels the Purchaser to perform the work if the Contracting Officer so elects.

1. Evaluation of Damage. The Authorized Officer must investigate the incident as soon as possible to determine whether purchaser negligence or any contract violations triggered the incident and the estimated cost of restoring or repairing the damage. If Purchaser negligence or a contract violation triggered the incident, no contract adjustment will be made and the Purchaser must repair total damage at their expense.

2. Repair of Damage. The Authorized Officer should meet with the Purchaser on site to determine what needs to be done to correct the damage and who is to do the work. Normally it will be advantageous for the Purchaser to repair the total damage, particularly if the contract requires approval of road construction prior to removal of timber and they have equipment on the contract area. If the Government is not in a position to pay its share, or to perform its share of the work, the Contracting Officer may direct the Purchaser to accomplish the total job with an appropriate total purchase price adjustment. If the Purchaser refuses, the Contracting Officer must then proceed with suspension of the contract (refer to H-5480-1, CONTRACT VIOLATION – SUSPENSION – CANCELLATION; SETTLEMENT OF UNCOMPLETED CONTRACT).

a. Purchaser Repair. If the Purchaser is to perform restoration or repair of physical damage, the work required must be authorized through a contract modification that details the extent of work together with the purchase price adjustment made to cover the cost of such work (see illustration 2). If the Purchaser is willing to do the work, but objects to the dollar adjustment, and the cost estimates cannot be resolved, the Purchaser may submit written notice of intention to file a claim for damages pursuant to section 38, Disputes (forms 5450-3/25 and 5450-4/26; see the



BLM online forms library), together with the return of the executed modification. A copy of such notice must be forwarded immediately to the State Director.

b. Government Repair. If the Contracting Officer decides the Government will repair only its share, the Contracting Officer will advise the Purchaser in writing relative to what the Government will do as well as the portion the Purchaser must do to meet their share of the work. If, by agreement, the Government will assume total responsibility for the repair effort, the Purchaser must make direct payment for their share of the cost (see illustration 3).

E. Design Change in Road Construction under the Contract. Section 20, Design Change (forms 5450-3/25 and 5450-4/26; see the BLM online forms library), makes provisions for accomplishing necessary design changes in contract construction or improvement requirements for roads, road structures such as culverts or bridges, designated surfacing or rip rap sources, end haul disposal areas, etc. A design change may be requested by the Purchaser or the Contracting Officer. A design change costing \$2,000 or more is considered to be a change of substantial nature and the cost (including the first \$2,000) will be borne entirely by the Government. This section of the contract may be used to take care of gross design errors and unanticipated complications due to changed conditions. Such changes will be processed by contract modification that details the nature of the change, the revised specifications, and the increase or decrease in the total purchase price of the contract resulting from the cost adjustment associated with the change (see illustration 4). Design changes of a substantial nature will not be split into separate smaller components designed to keep each component under \$2000, nor will multiple unsubstantial design changes be consolidated to ensure they exceed \$2000.

1. When to Process a Design Change Modification. The contract defines design change of a substantial nature as one that would result in a cost adjustment of \$2,000 or more. This is intended to discourage Purchaser requests for contract adjustments for trivial or insignificant design changes. It also acknowledges an inherent variability in the accuracy of an original sale appraisal. If the Government should initiate a design change of less than \$2,000, there is nothing to preclude a corresponding adjustment in the total purchase price and, if the Purchaser concurs, such adjustment should be made along with appropriate revision of written specifications or design and an adjustment to the total purchase price in the full amount of the design change value. This includes a design change request made by the Purchaser that identifies an error made in the design by the Government, or an unforeseen environmental complication that must be avoided. The \$2,000 minimum value is not to be used to force a Purchaser to perform design change work that is valued at less than \$2,000 without contract modification or without consideration of a total purchase price adjustment.

2. Design Change Adjustments for Surfacing. It may be necessary to make a design change for surfacing requirements either as a result of a change in the source of material/gravel/rock/other or the contract specification. Standard procedure is to specify the quality and quantity of rock surfacing to construct roads in the contract. The source of the material may or may not be designated in the contract. Designating the rock source assures the Bureau of delivery of a known quality of rock and usually puts the responsibility for changes in cost with the Government. Under some circumstances when sources from private lands or commercial pits are used, the Bureau does not designate the source. Appraisals should be based on the most economical haul and unit purchase price. The source selected for appraisal should be thoroughly

investigated to ascertain that it will meet rock quantity and quality requirements. When conditions change during operation of the contract, the reason for the change and how the rock source is identified will determine the appropriate adjustments to the contract price. The appendix identifies scenarios of how the total purchase price is to be adjusted, or not, and the rationale used when there is a change in the source of rock for surfacing, and whether the source is designated or not.

F. Adding or Deleting Contractual Requirements. Frequently, changes in contracts are needed to meet the needs of the Government and Purchaser to expedite operations, to correct errors or omissions, to protect resources, or to prevent environmental degradation. Certain contract changes are permissible even though the contract wording may not specifically provide for such changes.

1. Alternate Access. Except as described in 43 CFR 5401.0-6, the Bureau must guarantee complete legal access to a contract area, and the contract should be prepared authorizing that access and designating a haul route to the closest public road leading to the nearest utilization center. The Bureau may also have complete legal access over other routes, and may identify these during presale contract preparation as alternate access routes.

a. Alternate routes may be included in the contract using appropriate special provisions (R2 and R-2c or R-2d).

b. If alternate access routes are not included in the contract, but a Purchaser may logically want to use an alternate route, a special provision (R-3c) (H-5420-1, PREPARATION FOR SALE) should be included in the contract that would require the Purchaser to enter into a contract modification if they request to use an alternative route.

c. In the event that the Bureau approves use of alternate access that includes other public agency or private roads, appropriate road use, maintenance, and rockwear fees must be paid to the parties controlling the roads.

2. Fee and Total Purchase Price Adjustment. If access other than that provided for and appraised in the original contract is authorized through modification of the contract, fees, and total purchase price adjustments may be required. For calculation of such adjustments, the maintenance and rockwear fees current at the time of the original appraisal should be used to make any adjustment in the fees payable for the hauling of forest products. The amount of fees not payable due to the deletion of a particular route provided in the contract should result in a corresponding increase to the total purchase price in the amount of the fees. The amount of fees now payable for a new route should result in a corresponding decrease to the total purchase price in the amount of the fees. These adjustments may offset each other if both situations are present. The total purchase price is not to be adjusted to reflect any increase or decrease in the haul distance.

2.a. Direction applicable to only western Oregon. Refer to H-2812-1, *O&C Logging Road Right-of-Way Handbook*, for information on computation of road use, maintenance, and rockwear fees.

3. Change in Haul Route. The Purchaser may also propose a change in haul route over routes not previously identified as alternate access routes by the Bureau, or over routes where the

Bureau does not have complete legal access. For portions of the route for which the Bureau cannot provide legal access, the Purchaser must make necessary access arrangements and must provide documentation of these arrangements.

Use of alternate access or a change in haul route will generally require a contract modification. The modification must be requested and approved in advance of hauling over the new route. Modifications should include designation of maintenance responsibility and appropriate changes in road maintenance and rockwear fees due the Bureau, and use fees due third-party road owners. Illustration 5 provides a sample modification that adds a new route and preserves access over the original route. Illustration 6 provides a sample modification that changes the access to a new route. A copy of the modification should be sent to the appropriate third-party road owners. Any changes should be included in the reconciliation letter sent to third-party road owners during preparation for contract termination.

a. Fee and Total Purchase Price Adjustment. Alternate access other than that originally appraised and provided for in the contract will require recalculation of the road maintenance and rockwear fees that may be due the Bureau and road-use fees for third-party-controlled roads, and a corresponding net increase or decrease (modification) of the total purchase price. Road maintenance and rockwear fees used in the original appraisal should be used to calculate the new values (fees current at the time of haul are used for volume sold in addition to the original contract volume). The total purchase price is not to be adjusted to reflect any difference in the transportation component of total logging costs resulting from a change in hauling distance.

The Bureau should consider several factors prior to approval of a haul route other than that designated in the contract, such as:

(1) Environmental. Existing NEPA documents should be reviewed and new access routes should be evaluated by interdisciplinary specialists as new information that could be relevant to environmental concerns. See Section H, National Environmental Policy Act Considerations, for more information.

(2) Infrastructure. Designated routes may include improvements such as surfacing that will be used in future timber sales, or upgraded culverts. Changing the haul route might forego the opportunity to make necessary improvements.

(3) Terms and conditions. Use of other public agencies or private roads requires notification and receipt of terms and conditions of use and/or a License Agreement from the road owner. Road owners must be allowed 30 days to respond to any requests for use of their roads.

(4) Road use fees. New haul routes may require “buying in” or sharing in the cost of private roads or improvements, which could result in substantial increases in Bureau deficit shares. If the Bureau has just established shares over the designated haul route for the harvested timber, additional shares may be difficult to justify. The process to calculate deficit shares is often time consuming. The Purchaser’s request to use other routes may not allow adequate time to complete the process.

b. Split Haul. Occasionally, a Purchaser may wish to use the authorized contract access route for one log sort such as sawlogs or a particular species, but wants to use another route for other log sorts such as another species, or peelers, poles, piling, etc. (see illustration 7). The Purchaser must advise the Bureau of such intentions in advance so that the necessary modifications may be completed. If the Bureau can provide access or partial access to the additional route, an appropriate split haul paragraph may be added to the contract covering use of any additional Bureau roads together with special provisions covering use of additional private or other public agency roads. It may be necessary to include a provision in the modification to require the Purchaser to report the volumes and quantities hauled over each route. A method, such as scale reports, should be included in the modification that will allow a final reconciliation of maintenance fees payable.

4. Change in Harvest Unit Design or Required Logging Techniques.

a. Initiated by the Contracting Officer. If, after the contract is executed, further evaluation of the contract area by either the Government or the Purchaser indicates critical changes are needed to protect the interests of the Government and are preferable to a unilateral cancellation of the contract, such changes may be made if the Purchaser agrees. Examples include items overlooked in the harvest unit design or preparation of the contract; the inclusion of stream buffers to protect a fishery resource; the need to change yarding systems to protect fragile soils; the need to require directional felling to protect streams or buffers; the need to provide for full log suspension over streams to prevent degradation of water quality or damage to downstream structures; or the need to require yarding of unmerchantable material to ensure successful rehabilitation of the harvest unit.

The contract modification procedure can be used to make these changes. Included in this procedure are details of the nature of the change; the revised contract exhibits; and the revision, addition, or deletion of special provisions. An appropriate total purchase price adjustment will be made if the modification results in additional expense to the Purchaser, or if there are changes in material sold.

b. Initiated by Purchaser for Purchaser Convenience. A Purchaser may request a change in logging technique, generally to one of a lesser cost to them (see illustration 8). This type of modification may be executed at the discretion of the Contracting Officer, who must consider whether or not the proposed change will still meet the objectives of the NEPA analysis requirements and contract special provisions. A contract modification that increases the total purchase price will not be made for the lesser cost proposal when the objectives can still be met.

If an acceptable change in equipment and/or methodology eliminates the need for construction of roads required under the contract, the Government may still require said construction if, for example, the road was intended to be part of the permanent transportation system. If the Contracting Officer elects to not build the road, a design change modification under section 20 of the contract may be warranted.

5. Road Maintenance beyond Purchaser Responsibility. Section 16, Construction, Use and Maintenance of Roads and Facilities (forms 5450-3/25 and 5450-4/26 [see the BLM online forms library]), establishes Purchaser responsibility for maintaining or repairing roads used under

the terms of the contract. This section of the contract stipulates that the standards for required Purchaser maintenance must be listed under section 42, Special Provisions. The Purchaser's time span of responsibility for maintenance is constricted to the time from commencement of operations until completion of all operations, except slash disposal. The Purchaser is responsible for maintenance and repair of damages resulting from slash disposal activity and for maintenance and repair during shut-down periods between operating periods. The Purchaser is not responsible for repair of wear or damage when caused by third-party users or when required maintenance exceeds the standards established in contract section 42.

The Purchaser is not responsible for maintenance work on roads serving the tract prior to start-up of operations or for maintenance that exceeds their level of responsibility as stipulated in the contract. Such maintenance work is the Government's responsibility. The Contracting Officer must determine the best alternative for performing the necessary work with the least impact on the Purchaser's operation. Alternatives include the use of Bureau maintenance forces or other personnel or the use of construction/service contracts; or the Purchaser can perform the necessary maintenance. If a decision is reached that the Purchaser should do the work and is agreeable to it, a contract modification may be processed adding the additional work to the contract. The modification must adequately detail the maintenance work to be done together with the dollar adjustment in the total purchase price required to offset the cost of the additional work (see illustration 9).

6. Treatment of Cutting Area. Occasionally, after a cutting area or portion of a cutting area is harvested, conditions turn out different than anticipated, such as a higher than expected slash load, and corrective action is required. Usually, the most economical, practical, and expedient way to conduct additional unplanned corrective work is to ask the Purchaser to complete it while their equipment is still on the contract area. Types of work that relate specifically to environmental protection measures and productivity (such as scarification, manipulation of slash, etc.) may be added to the contract.

If the Purchaser is agreeable to performing the additional needed work, a contract modification may be processed to add the work to the contract. The modification must detail the specifications of the added work, as well as provide for an adjustment in the total purchase price to offset the cost to the Purchaser, or if the total purchase price is paid, a refund for the cost on completion and approval of the work (see illustration 10).

The authorized slash disposal special provisions found in appendix 6 of H-5420-1, PREPARATION FOR SALE, include the SD-5 special provision. This special provision for site preparation/logging residue reduction establishes a "menu" of available treatments (in a timber sale contract) for selection by the Authorized Officer based on a post-harvest determination of need. The provision includes per acre costs for all potential treatments. If the ultimately-required treatments differ from those appraised, and result in higher or lower overall cost, there will be a commensurate adjustment in the total purchase price. The required treatments and adjusted total purchase price would usually be specified in a unilateral modification.

SD-5 will be invoked with a unilateral modification designating the required treatments, number of acres, cost per acre, total cost, and revised total purchase price (see illustration 11). If the final unit of a contract is not yet harvested, and/or if it is not possible to estimate the acres of each

treatment before the treatment has been accomplished, a two-phased approach will be necessary. For example, in phase 1, require the desired treatment and specify initial-estimate acres in a letter; and in phase 2, adjust the total purchase price and designate the final-estimate acres in a unilateral modification after the required work has been performed (assuming a price adjustment is needed).

If harvest is proceeding on the final harvest unit, an attempt should be made to conduct site surveys and make a final determination of needed treatments and acres prior to issuance of the final billing in order for it to reflect the value adjustment. If this is not possible and/or the contract is paid in full, the first alternative to consider is the modification of another contract held by the Purchaser, even if in another district. Note that such a modification would be bilateral (i.e., the purchaser must agree). The Purchaser should be contacted in advance for verbal agreement. This should be documented in the contract modification and the associated modification for value adjustment attached. Issuance of a refund to adjust value should only occur if a modification is not possible.

7. Deletion of Volume and Cutting Area. It may be necessary to delete cutting area from the contract, potentially entire harvest units, in order to rectify unforeseen environmental conflicts such as the presence of a wildlife species that has been listed under the Endangered Species Act. There may or may not be a special provision in the contract authorizing the Contracting Officer to unilaterally modify the contract in the event the Purchaser will not cooperate. In either case, it is still incumbent on the Government to treat the Purchaser fairly. The deletion of cutting area with significantly higher volumes per acre, more valuable species, or lower logging costs will necessitate adjustment of the per unit value of the remaining timber (refer to section II.G.3). Fixed costs will need to be re-amortized over a smaller volume.

In the absence of unilateral modification authority in the special provisions, bilateral modification of the contract is required to remedy unforeseen conflicts. Unless a bilateral modification is agreed upon, the Purchaser is entitled either to the benefits of their contract or, in the event of breach by the Government, suitable compensatory damages.

8. Section 7 – Passage of Title and Risk of Loss. In making adjustment under section 7 of the contract (form 5450-3/25 and 5450-4/26 [see the BLM online forms library]), the Bureau has historically considered other value adjustments needed to reflect increased costs of logging, road construction, fire protection etc., where such increased costs are properly attributable to the loss of timber. Any offsetting decreased costs are also determined and a net cost adjustment is included in the adjustment of total purchase price for loss of timber (refer also to section II.F.5). The Exhibit B per unit price presumes all acres of a cutting area are equal in terms of volume per acre, species mix, and costs.

#### G. Contract Modification Cost Adjustment Determination.

1. Cost Determination. When it is necessary to adjust the total purchase price of a contract to accommodate processed modifications, the District should use the current Bureau appraisal cost schedules and prescribed appraisal procedures. Local cost data may also be used if it is more applicable to a particular situation and its use is not prohibited by the contract. Similarly, cost estimates submitted by the Purchaser may be used if found to be a realistic representation of current costs.

2. Road Maintenance and Rockwear Fees. When it is necessary to adjust dollar amounts established by special provision in the contract with regard to collection of road maintenance and rockwear fees, use the current fee schedule set forth in Instruction Memoranda and the following instructions (see also O&C Logging Road Right of Way handbook H-2812-1).

a. For sales of additional timber (timber sold in addition to the timber specified in Exhibit B of the contract), use the fee schedule in effect at the time of the modification, except in the case of section b, below. For modifications pertaining to timber sold under the original contract (timber specified in the Exhibit B of the contract), use the fee schedule in place at the time the original contract was appraised.

b. For modifications of haul route and/or split haul, use the same fee schedule as used in the original sale appraisal, except use the current rate if use involves a road surface not provided for in the original contract and appraisal.

c. In the event the Purchaser requests permission to place surfacing aggregate directly on the road in lieu of paying the rockwear fee stipulated in the contract, modify the contract to obtain full value for the rockwear fee allowance made in the original contract appraisal on the basis of the total number of cubic yards of surfacing aggregate depleted. Aggregate so furnished by the Purchaser will be approved by the Authorized Officer, and will be placed, processed, and compacted on the road as directed by the Authorized Officer. Placement of "in lieu" aggregate in a stockpile will be permitted subject to written approval by the Authorized Officer. In this case, it will be necessary to convert the cost differential into a like cubic yard value. In some instances, it is the Authorized Officer who will request that the Purchaser place in lieu aggregate in a stockpile rather than on the road. The above cost adjustment action will still apply in this case.

3. Road Use Fees. Road use fees are fees, expressed in dollars per thousand board feet (MBF or equivalent), charged for the amortization of a road replacement cost or road improvement cost. A road use fee is charged when a road or road improvement is used until the using party's percentage share is paid off.

4. Deletion of Forest Products. When it is necessary to delete timber from the contract because of unforeseen conflicts with other resources (such as ESA listed species occupancy), compute the current fair market value of the deleted timber (may be more or less than the values established in the Exhibit B of the contract) together with any reasonable differences in logging, road maintenance, rockwear, road use or other costs associated with deletion of the volume. Compute a net cost that reflects both increased and decreased cost differences.

H. National Environmental Policy Act Considerations. All modifications to forest product sale contracts must be in compliance with existing NEPA analysis (i.e., environmental assessment) for the forest management action and supporting the decision and Finding of No Significant Impact. Potential modifications should be reviewed by interdisciplinary specialists to assess if the new information results in a change to the proposed action or its effects as follows.

1. Interdisciplinary specialists should assess if it is a substantial change in the proposed action that is relevant to environmental concerns or if there are significant new circumstances or information relevant to environmental concerns and bearing on the proposed

action or its impacts (Will the proposed action be substantially different than the original proposal? Does the new information tell you something substantially different about effects of the action or raise the possibility of significant effects?)

2. If so, complete a new NEPA analysis or revise the existing Environmental Assessment.

3. Additionally, the decision maker must decide if the decision needs to be modified based on the new information and impact conclusions (refer to the Bureau Manual Section H-1790-1, National Environmental Policy Act).

I. Execution and Distribution of Bilateral Contract Modifications. Bilateral Modifications have the same signature requirements as the original contract. The Purchaser's representative must have delegated authority for the type of modification and/or quantity/value of timber sold under the modification as noted in the operator rating file. For a corporation, this requires a signature of an authorized signing officer and attestation by the secretary or assistant secretary of the corporation. Two unsigned original copies of a modification are required and are sent to the Purchaser for execution. A representative of the Purchaser approved to sign modifications signs both originals and returns them to the BLM. Upon verification that the signer is approved to sign modifications, the Contracting Officer signs them, thus fully executing and approving the modifications. Upon approval by the Contracting Officer, one fully executed original copy of the modification is placed in the official district contract file and the other is sent to the Purchaser; photocopies are provided to the surety (if applicable), and placed in the district field file. Field sales of additional timber are executed by the Authorized Officer and Authorized Purchasers Representative in accordance with section III.B.3.

J. TSIS Reporting Requirements. Modifications are entered into the Timber Sale Information System (TSIS) no later than five working days following the date of contract modification approval.

### III. SALES OF ADDITIONAL TIMBER.

A. General. Sales of additional timber may be made by modification of a Lump Sum or Scale Sale contract, when the requirements of 43 CFR 5402.0-6 and section 8, Sales of Additional Timber, on forms 5450-3/25 and 5450-4/26 (see the BLM online forms library), are met. The additional timber may be, (1) reserved trees needed for the normal conduct of logging; (2) trees that may have been unavoidably damaged during logging operations (for example, guyline and tail trees); or (3) trees that may have been newly damaged by wind, insects, or disease. This additional timber should be promptly salvaged in conjunction with the ongoing operation. No additional sale will be made that would eliminate a timber trespass liability of the Purchaser.

B. Procedures. Procedures for marking and sale of additional timber by contract modification may vary depending on the quantity and value of the timber involved, the existence of delegated authority for field representatives to take action, and the status of payments made on the contract. All additional sales will be supported by a written justification for the sale unless otherwise documented in the modification letter. Except as provided in section III.B.1.c, no



reserved timber may be cut and/or removed until authorized by a fully executed contract modification.

1. General.

a. Marking. All additional timber must be marked in a manner that is distinctly different, both before and after cutting, from the marking of timber originally sold. It is suggested that the prescribed secondary color be used for the sale of additional timber (refer to H-5420-1, PREPARATION FOR SALE, section III.I).

1.a(b) *Direction applicable to only western Oregon. Refer to section III.I of H-5420-1, PREPARATION FOR SALE, which requires the use of standardized paint colors in the marking of additional timber.*

b. Measurement. Use Bureau-prescribed procedures for timber measurement (refer to H-5420-1, PREPARATION FOR SALE, section IV).

c. Appraisal. Use Bureau-prescribed procedures for timber appraisal (refer to H-5420-1, PREPARATION FOR SALE, section V, and OR/WA BLM Forest Products Appraisal Guide) except that timber may be sold in a contract modification at the original bid price if:

(1) It is explicitly provided for by use of special provision L-24 in section 42 of the contract (i.e., cable yarding corridors in a thinning sale).

(2) The additional timber reasonably conforms to the characteristics of the original volume sold in terms of size, log grade, and species as specified in L-24.

(3) The L-24 special provisions inclusion in the contract is clearly identified in the sale notice and the prospectus, along with an estimate of the potential amount of additional volume associated with the special provision. This estimation enables the bidder to incorporate consideration of the additional timber into their bid, meeting fair market value requirements for timber sold

(4) This estimate of volume should be included in the appraisal for the amortization of fixed costs.

Such a special provision may also authorize cutting of additional timber, once marked by the Authorized Officer, prior to the execution of a contract modification in which case the modifications must be completed at least once per month, preferably more frequently, to ensure timely payment of installments or billing, and adjustments of values in TSIS.

d. Prohibitions on Negotiated Sale. The negotiated sale of timber in excess of 249 MBF is prohibited by the Mineral Material Disposal Act and, as specified in 43 CFR 5402.0-6, unless such sale is authorized by the contract (i.e., increasing the size of or adding additional treatment units to the contract area). However, the exception found at 43 CFR 5402.0-6(c)(2) (i.e., sales “for which it is impracticable to obtain competition” often may legitimately apply). It is not permissible to split volume exceeding 249 MBF into multiple modifications in order to circumvent the negotiated volume limit.

e. Prohibition on “Trading” Timber. It is not permitted to “trade” one timber volume that is to be deleted from the contract for another timber volume that is to be added to the contract in the same modification. An independent determination of the current fair market value of volume to be deleted and volume to be added must be made and so stated in the modification letter, which modifies Exhibit B.

One exception to the prohibition on trading timber is a special provision (L-24) that allows a volume of timber to be deleted at contract price that reasonably conforms to the characteristics of the original volume of timber sold (in terms of size, log grade, and species). For example, an examination of trees marked for cutting that lay in close proximity to a felled cable corridor may reveal the need to reserve these trees to achieve a desired stand density. This could supplement the special provision discussed in section III.B.1.c, above. In this case, since volume to be added and deleted are at contract price as specified in the special provision, volume is thereby “traded” in effect if addition and deletion happen to occur in the same modification.

2. Sales by Contracting Officer. Methods used by the Contracting Officer for accomplishing the sale of additional timber through modifications not completed in the field, including sales authorized by special stipulation L-24:

a. Criteria. The Contracting Officer determines that the proposed additional timber sale meets criteria of sections III.A and III.B.1.a. The sale request may be initiated by the Purchaser.

b. Modification Letter. The modification letter (illustration 12):

(1) Will describe conditions giving rise to the additional sale situation and the field action taken.

(2) Will state Bureau agreement that additional timber should be removed.

(3) Will state estimated volume and value of the additional timber, and method of payment. Contract Section 8, Sales of Additional Timber, contract 5450-3 states that that “if all contract payments required by Sec. 3(b) or 3(f) have been made, payment for such timber shall be made in advance as a condition of granting permission.” The language in 5450-3/25 and 5450-4/26 are comparable.

(4) List the modifications needed for all pertinent contract sections or exhibits, including those modifications that will result in changes in road use or maintenance fees required for removal of additional timber.

(5) Request the Purchaser's written agreement to the sale of additional timber and the contract modification unless the sale is authorized by special contract stipulation L-24.

3. Field Sales by Authorized Officer.

a. Authority and Competency. When so designated in writing by the Contracting Officer, as provided in BLM Manual Section 1203, Delegation of Authority, an Authorized

Officer may be delegated authority to make additional sales to existing contracts (field modifications) provided this authority is limited to not more than 50 MBF for each additional sale. It is not permissible to split volume exceeding 50 MBF into multiple modifications in order to circumvent the delegated volume limit. The Authorized Officer must be trained and equipped to competently cruise and appraise additional timber in the field. The Authorized Officer must demonstrate their competency in cruising timber by passing check cruises, as specified in H-5310-1, Timber Cruising Handbook, chapter 5, section I.C.

Written authorization from the Purchaser must be included in the Operator Rating File for the Purchaser's authorized representative to sign a contract modification for the field sale of additional timber (see illustration 13).

b. Criteria. There should be no field sales if all required contract payments have been made (see section III.A). In such cases, additional timber must be paid for in advance as a condition of granting permission to cut and remove the timber.

c. Modification Format. An example of a field modification is shown in illustration 14. Signature by the Purchaser's representative completes the additional sale. The Purchaser is thereby granted written permission to immediately cut and remove the additional timber. Two copies of the field modification must be executed. The original letter is filed in the official Bureau contract file and the copy is given to the Purchaser's representative. Photocopies are sent to the surety (if applicable) and placed in the district field file.

#### IV. EXTENSION OF TIME FOR CUTTING AND REMOVAL.

Circumstances may arise that are beyond the control of, and not due to the negligence of, the Purchaser that prevent timely completion of the contractual obligations. In such circumstances, the Contracting Officer may allow additional cutting and removal time for performance of the contract in conformance with contract section 9, Extension of Time and Reappraisal. Market fluctuations, regardless of severity, are not cause for consideration of contract extensions. The authority for extensions of time for cutting and removal is contained in 43 CFR Sec. 5473 and in contract section 9.

It is extremely important that the Contracting Officer exercise vigilance in sending notification to Purchasers of an impending expiration date and in providing information as to the possibilities for extensions of time (see H-5460-1, CONTRACT ADMINISTRATION, section V). With authority for extension, it then becomes important to exercise vigilance in ensuring extension modifications are fully executed (approved by the Contracting Officer) prior to the expiration of time for cutting and removal.

Extending, or approving a modification extending, the cutting and removal rights of a contract after the cutting and removal rights have expired is not permissible and doing so places the Contracting Officer outside their regulatory authority as well as Bureau policy. Extending the time for cutting and removal after this time has expired in effect "revives" the expired contract and allows a purchaser to harvest timber to which they have lost their contractual right to harvest.

In addition, if the time for cutting and removal has expired, the Contracting Officer may not authorize the extension of a contract to achieve other objectives, such as retaining road use license agreements to provide for hauling additional forest products subsequently sold from the same contract through negotiated sale to the same or a different Purchaser.

A. Extensions without Reappraisal. A purchaser may request an extension of time without reappraisal. Under certain circumstances such an extension without reappraisal may be approved.

1. Thirty-Day Extensions. If the delay to the Purchaser's operations was due to causes beyond the Purchaser's control and without their fault or negligence, an extension of time (up to 30 days of operating time) without reappraisal may be granted. No additional extensions without reappraisal may be granted.

2. Extensions Due to Delays Imposed by the Government. If delays to a purchaser's operations were caused by the Federal or any State government, and the purchaser has performed as would the average prudent operator in a like time period, the Contracting Officer may grant an extension of time without reappraisal to provide an additional amount of operating time equal to the amount of operating time lost. To qualify for an extension without reappraisal, the Purchaser's delay must have been a result of:

- a. Additional contract requirements incorporated in contract modifications requested by the Government;
- b. Delays necessitated by the requirements for consultation with the U.S. Fish and Wildlife Service under the Endangered Species Act;
- c. Reviews for cultural resource values;
- d. Court injunctions obtained by parties outside the contract; or
- e. Closure of operations by State fire protection agencies due to fire danger.

Such extensions are a right of the Purchaser under the contract, presuming they have performed as an average prudent operator. As such, an extension should be granted (contract modified) at the point that the period of delay is over, and the amount of operating time lost is known. Do not wait until the last operating season to see if the Purchaser can complete cutting and removal without an extension. It is within the realm of "prudent" for a purchaser to defer harvest until the last operating season on a 36-month contract, presuming it is logistically possible (perhaps with multiple fallers and/or sides operating concurrently in a safe manner) to complete cutting and removal in the last operating season.

B. Extension of Undamaged (Green) Timber Contracts to Allow Harvest of Damaged Timber (Salvage). Upon written request of the Purchaser, and with approval of the State Director, the Contracting Officer may extend the cutting and removal rights under an existing contract to harvest green timber in order to allow that Purchaser to salvage Federal timber that has been damaged by fire or other natural or man-made disaster. It is in the interest of the Government to expedite salvage operations in order to reduce wood deterioration and loss of volume and value. The duration of the green timber contract extension(s) will not exceed that necessary to meet the

salvage objectives. The State Director may also waive reappraisal for such extension. Since it is in the Government’s interest to expedite the salvage, in most circumstances reappraisal would not be required for green timber contract extensions. The cutting and removal time of green timber contracts on any other Bureau district may be extended, which would necessitate collaboration between Contracting Officers. Contracts to salvage Federal timber administered by other Federal agencies may also qualify for the extension of Bureau contracts for green timber. The U.S. Forest Service has similar authority.

1. State Director Approval Considerations. Catastrophic fire or other natural or man-made disasters may necessitate prompt salvage of damaged timber. A determination to offer extensions for green timber contracts should be based on a determination that the failure to harvest the damaged timber could:

- a. Result in significant private or other public resource loss;
- b. Pose a threat to public safety; or,
- c. Create a threat of an insect or disease epidemic.

If salvage is planned that will offer extensions of time for cutting and removal for qualifying green timber contracts, pre-sale notification of existing Purchasers can occur (see instructions in section IV.B.2). Contracting Officers are responsible for making the determination of whether or not contracts for green timber, for which extensions are requested, qualify (see section 3 below).

A purchaser of salvage timber may also make a request for an extension of a qualifying green timber contract in the absence of any pre-sale notification. Contracting Officers will promptly forward their recommendation, and the Purchaser’s written request and justification, to the State Director for approval.

2. Advertising, Conduct of Sale, and Award Procedures. If the State Director approves a salvage contract for the offer of extension credits prior to the sale date, the following verbiage will be placed in the sale notice, if time permits, or read at the time the salvage tract is auctioned.

“The purchase of this salvage timber entitles the Purchaser to volume-for-volume and contract term-for-contract term extensions without reappraisal of qualifying BLM contracts for green timber held by the Purchaser.”

Add the following paragraph to the contract award letter that is sent to the high bidder for an approved salvage contract that qualifies for extension of green timber contract(s).

“This tract was sold in order to salvage damaged timber. The Bureau of Land Management has determined that the 20XX (fires) (windstorms) (insect outbreaks) or (disease outbreaks) in the [describe area] resulted in a salvage program of sufficient magnitude to warrant the extension of time for cutting and removal without reappraisal of qualifying existing green timber contracts so that harvest operations can be expedited on the salvage

timber. Contact us if you have questions on computing and applying extension credits earned with the purchase of this tract(s), or necessary qualifications for green timber contracts. Please identify in writing the contract or contracts you wish to have extended by contract name, contract number, extension priority (if more than one contract is requested) and Bureau of Land Management district where the green timber contract is located and return your extension request with your signed contract.”

3. Qualifying Green Timber Contract Extension Criteria. To qualify for extension credit, the contract for green timber:

- a. Must have been approved on or before the sale date of the salvage timber.
- b. Must not be in breach.
- c. All work items, payments, and deposits must be current.
- d. Must not be for timber that was burned on an existing contract or for such timber that was cancelled from an existing contract and subsequently resold.

In addition, written requests for extension must be submitted to the Contracting Officer and will include an explanation of why the harvest of Bureau green timber will otherwise prevent or impede the expeditious removal of the damaged Federal timber sold. The rationale may be based on documentation that the manufacturing facilities or logging equipment available to a Purchaser would be insufficient to provide for both the rapid salvage of damaged Federal timber and continued harvest of green timber already under contract with the Bureau.

The Purchaser's documentation and rationale must be sufficient to satisfy the Contracting Officer that a need for green contract extensions exists. If the Purchaser's documentation is logical, well-presented, appears reasonable, and is consistent with the Contracting Officer's general knowledge of the Purchaser's operations, the extensions will be approved subject to the conditions specified in section B.1, above. Individual contracts may be extended a maximum of two years, which can be comprised of multiple short-term extensions totaling a maximum of two years.

4. Use, Computation, Application of Extension Credit. After it has been determined that a green timber contract qualifies for extension:

- a. If the remaining volume of the purchaser's green timber contract(s) qualifying for extension is less than the volume of the salvage contract(s), each qualifying green timber contract that was requested for extension will be extended for a time period equal to the contract term of the qualifying salvage contract(s) (not to exceed 24 months).
- b. If the remaining volume of the purchaser's green timber contract(s) qualifying for extension is greater than the volume of the approved salvage contract(s), compute and apply the purchaser's extension credit as instructed in the worksheet found in illustration 15 and described in numbers 1 through 4, below.

(1) List the qualifying salvage contracts and their information in block A of illustration 15. For each salvage contract, multiply the advertised volume by the time for cutting and removal specified in section 4 of the contract. The result is the available extension credit for each salvage contract(s). Sum the individual contract available extension credit to find the total available extension credit (illustration 15, block A).

(2) List the qualifying green timber contract(s) for which extensions have been requested in block B of illustration 15 in the priority order specified by the Purchaser in their extension request. For each qualifying green timber contract, multiply the unharvested volume by the time in months that the Purchaser requests for extension on each contract. The result is the requested extension credit by contract in priority order for application of extension credit. (illustration 15, block B).

(3) In the same order that qualifying green timber contracts are listed in block B, list the qualifying green timber contracts in block C, along with their requested extension credit. In order of priority, subtract the requested extension credit for each green timber contract from the total available extension credit calculated in block A. If available extension credit is greater than the requested extension credit, all extensions may be granted. If the available extension credit is not greater than the requested extension all extensions may not be granted. Only those contracts for which the total available extension credit exceeds the extension requested will be extended (illustration 15, block C).

(4) After extension credits are applied in order of priority specified by the Purchaser, notify the Purchaser of the result in writing. Include the calculation and allocation table in the letter to the Purchaser and offer them an opportunity to revise the allocation of extension credits.

c. If a decision to salvage damaged timber is enjoined by the Court after the contract has been awarded and operations have commenced, the salvage contract must be suspended. In this case, green timber contract extensions will be allowed only for the amount of operating time that was lost prior to the injunction.

5. Preparation of Extension Modification. Prepare an extension modification for each green timber contract for which the Purchaser has requested an extension (see illustration 16). If a green timber contract selected for extension is located in another district, forward a copy of the extension request to the appropriate district office for action and coordinate with them as needed.

6. Extension or Refund of Anniversary Payments. If the Contracting Officer approves a green timber contract for extension of time, anniversary payment due dates for the qualifying green contract may be extended in accordance with section IV.H consistent with the duration of the extension of the time for cutting and removal on the green contract. If anniversary payments have been made and not credited as payment for timber cut and removed, the balance may be refunded.

C. Extensions Requiring Reappraisal. The Contracting Officer may grant an extension of time for cutting and removal for any other causes that are beyond the Purchaser's control, and not due to Purchaser fault or negligence, for a period not to exceed 12 months. Reappraisal of the

remaining volume as of the expiration date is based on current market value. Additional extensions may be granted, on the same contract, upon written request of the Purchaser, and subject to the same criteria.

D. Application. Prior to the expiration of time for cutting and removal specified in the contract, a Purchaser may apply for, and the Contracting Officer may approve, an extension of time for the cutting and removal of timber for a period not to exceed 12 months. Additional extensions may be granted, on the same contract, upon written request of the Purchaser. The Purchaser must file a written application for extension with the Contracting Officer prior to the expiration of the time for cutting and removal set out in the contract. Failure of the Purchaser to file for an extension before the expiration date may deprive the Purchaser of consideration of an otherwise valid application. The Contracting Officer's approval of the extension modification must occur prior to the expiration date.

The written request for an extension must set forth the reasons for the delay in cutting and removal of timber and specify why these reasons were beyond the control of the Purchaser. Market fluctuations are not a valid reason for granting an extension no matter how extreme the fluctuation is. Acts of God such as fire, wind and flood, which prevented the Purchaser from completing cutting and removal under the terms of the contract, will, under normal circumstances, constitute a justifiable reason for granting an extension. In a letter requesting an extension, the Purchaser should state the length of time for which an extension is being requested.

E. Evaluation of Application. It is the Purchaser's responsibility to establish that delays in completion of cutting and removal under the contract in a timely manner were beyond the Purchaser's control and not due to Purchaser's fault or negligence. The Purchaser also should document the amount of operating time that was lost due to delays caused by Government actions. It is the responsibility of the Contracting Officer to carefully weigh the reasons presented by the Purchaser and make a decision accordingly. The Contracting Officer must also determine whether the reasons, or the length of the extension requested, justify an extension without reappraisal. Extensions should only be granted for the length of time the Contracting Officer believes is needed to complete the cutting and removal. If the Contracting Officer believes more than 30 days are needed to complete cutting and removal it is not permissible to grant multiple 30-day extensions in order to extend the contract without reappraisal (see section IV.A.1).

1. Rejection of Request. If the Purchaser's reasons for asking for an extension are considered insufficient or unjustified, the application should be rejected promptly with the reasons for rejection stated in writing to the applicant (see illustration 17). Examples of invalid reasons are:

- a. Procrastination. The Purchaser made no effort to cut timber.
- b. Speculation. The Purchaser bought timber as a speculative venture and has not been able to interest anyone in purchasing the logs or accepting an assignment of the contract.
- c. Market Fluctuations. The Purchaser is awaiting more favorable market conditions before harvesting the timber.



2. Approval of Request. If the Purchaser's reasons for asking for the extension are considered sufficient and valid, the Purchaser should be notified that an extension of time will be approved. The Purchaser must also be advised whether a reappraisal of the timber remaining on the contract area is required (see illustration 18). Examples of sufficient and valid reasons are:

a. Acts of God. Unseasonable and unforeseeable weather conditions prevented or interrupted normal harvest operations. Examples of “Acts of God” include fire, wind, flood, and/or earthquakes affecting infrastructure.

b. Labor Disputes. Labor disputes beyond the control of the Purchaser prevented timely completion of cutting and removal of the timber.

F. Reappraisal Requirements. When the Contracting Officer determines that an extension of time for cutting and removal will be granted and a reappraisal is required, a reappraisal must be done on all forest products anticipated to be remaining on the contract as of the expiration date in conformance with contract section 9, Extension of Time and Reappraisal. Standing timber is appraised as is; cut timber is appraised as though it were standing. For extensions with reappraisal, the Purchaser must pay the total purchase price established by contract or previous extension or the reappraised purchase price, whichever is higher. The reappraisal must reflect the fair market value of the timber on the expiration date of the contract. The reappraisal is intended to capture any increase in the market value of logs. Contracts written on form 5450-3/25 and 5450-4/26 (see the BLM online forms library) will be reappraised using the market value approach if sufficient comparable sale data is available. Note that the price adjustment for the lump sum contracts is at the total contract value and for the scale contract is at the individual species value. In the absence of comparable sale data, an analytical appraisal is acceptable.

1. Lump Sum Measure Contracts. The reappraised total purchase price will not be less than the total purchase price established in the original contract or previous extension. If the contract contains the L-24 stipulation, individual reappraised species unit prices will be used for applicable modification volume. Use the following formula for computing the reappraised total purchase price:

$$R = Vc + Vr$$

Where:

- R Reappraised total purchase price
- Vc Value of timber cut and removed at contract unit prices
- Vr Value of the timber remaining on the contract area at current fair market value.

2. Scale for Payment Contract. The reappraisal will determine a unit price for each species on the contract. The reappraised unit price by species will not be less than the unit prices established in the original contract or previous extension.

G. Extension Agreement. Once the reappraisal of remaining timber is completed, prepare a contract modification to establish the reappraised contract price and the extended period for cutting and removal of timber. See illustrations 19 and 20 for examples of typical contract

modifications involving extension of time. The modification must be executed by the Purchaser or an agent of the Purchaser who is authorized to sign Bureau timber sale contracts. The Contracting Officer may require advance payment of the reappraised total purchase price as a condition of granting an extension if, for example, only a small balance is owed or if the Purchaser has a history of payment violations.

H. Extension of Anniversary Payments. If the Contracting Officer suspends, interrupts, or delays operations for more than 30 days, the due dates for anniversary payments may be adjusted if requested in writing by the Purchaser (refer to H-5460-1, CONTRACT ADMINISTRATION, section III.C). The Contracting Officer must answer such requests within 15 days.

I. TSIS Reporting Requirements. Extensions will be entered into TSIS no later than five working days following the date of contract extension approval.

## V. ASSIGNMENT OF CONTRACT.

On occasion, a Purchaser (assignor) will want to transfer all right, title, and interest in and to a contract to a third party (assignee). This is accomplished through a contract assignment. The Contracting Officer may approve such an assignment when the assignee qualifies as an original Purchaser and is deemed able to satisfy all contractual requirements. Sufficient time must remain for completion of all harvest operations within the time for cutting and removal expressed in the contract. With the exception of pre-award assignments discussed in section V.A, this section presumes assignment to a third party.

A. Pre-award Assignments. In most circumstances, an unexecuted or unsigned contract may not be assigned. The one exception to this rule is when, between sale and award, a high bidder has undergone some form of business restructuring (including a new name), yet can demonstrate the new entity still represents the interests of the original and is entitled to award of the contract. State Director approval is required before executing any pre-award assignments.

B. Conditions of Assignment. Contract assignments are subject to the following conditions.

1. Qualifications of New Purchasers. An assignee must possess the same qualifications as those required of a bidder or purchaser. Before approving an assignment, the Contracting Officer must determine that the assignee is qualified to carry out the terms of the contract (refer to section II.C and section III, H-5450-1, AWARD OF CONTRACT). If the Operator Rating File contains no record of the assignee, the Contracting Officer will request documentary evidence that the assignee is legally able to enter into the contract and has the financial means to complete the terms of the contract. The Contracting Officer will also request that the assignee submit form 5450-17, Export Determination (refer to illustration 9 of H-5450-1, AWARD OF CONTRACT; see the BLM online forms library).

2. Time of Assignment. A contract may not be assigned from one party to another until it has been executed by the high bidder and approved by the Contracting Officer. Conversely stated, a high bidder may not assign their rights to the award of a contract.

3. Contract Conditions. An assigned contract will contain all the terms and conditions agreed upon by the assignor and the Government.

4. Contract Time Remaining. Normally, contracts having a short length of cutting and removal time remaining should not be assigned. For example, a Purchaser may hold a contract to within a few weeks or months of the expiration of time for cutting and removal, then attempt to assign the contract to a second purchaser. If it is apparent that the proposed assignee cannot meet the contract time requirements, the request should be denied. However, if the assignee agrees to payment in full or desires only a month or two beyond the original contract time, then the Contracting Officer should consider this request for assignment of the contract.

5. Small Business Association (SBA) Set-Aside Contracts – Policies and Procedures. To qualify for assignment of a Small Business Set-Aside Contract, the assignee must satisfactorily meet the following additional requirements.

a. Eligibility. An assignee must not have been determined by the SBA to be ineligible for preferential award of set-aside contracts.

b. Self-Certification. An assignee must submit a statement that it is a small business concern as defined by the SBA in its regulations set forth in Title 13, Code of Federal Regulations, Part 121. The certification is made on form 5430-1, Self Certification Clause (refer to illustration 5 of H-5430-1, ADVERTISEMENT; see the BLM online forms library).

c. Small Business Certification. An assignee completes SBA form 723, Small Business Certification Required on All Preferential Sales of Set-aside Timber (see H-5430-1, ADVERTISEMENT, illustration 6).

d. Certificate of Competency. An assignee secures a Certificate of Competency from the Small Business Administration in cases where it appears that an assignee lacks the financial or performance capabilities to meet the contract requirements (refer to section III.A.1.b(3) of H-5450-1, AWARD OF CONTRACT).

C. Method of Assignment. Contract assignments are executed on form 5470-3, Assignment of Contract (see illustration 21; BLM online forms library). This form provides for assignment of the contract by the original purchaser to an assignee of all said Purchaser's right, title, and interest in and to the Bureau timber sale contract. It ensures the two parties are properly identified. The signatures must be executed by authorized company officials. Acceptance of assignment is accomplished when the assignee signs the form. The assignment is then approved by the Contracting Officer. The form 5470-3 must be completed in triplicate (BLM, old Purchaser, new Purchaser) and a copy should be sent to each Surety.

D. Performance Bond. The assignee is required to furnish a performance bond in the amount set forth in the contract. The assignee may satisfy this requirement as follows.

1. New Bond. A new bond may be furnished in the amount stated in the contract. A discussion of the types of performance bonds acceptable to the Government is set forth in H-5450-1, AWARD OF CONTRACT. The acceptance of a new bond by the Contracting Officer serves to cancel the bond furnished by the original Purchaser (assignor). The original surety should be advised when a new surety is substituted (see illustration 22).

## H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

2. Continuation of Existing Bond. The existing bond may be continued as the performance bond upon execution of form 5470-4, Commitment of Surety to be Bound by Assignment (see illustration 23; BLM online forms library). The contract number, approval date, and penal sum of the bond must be checked for accuracy and the document must be properly executed by both principal and surety.

E. Approval of Assignment. Approval of the assignment is accomplished when the Contracting Officer signs form 5470-3, Assignment of Contract (see illustration [21](#), page 2; BLM online forms library). The Contracting Officer's signature signifies the approval of the new Purchaser's qualifications and ability to meet all the contract requirements. Finally, the approved assignment (form 5470-3) is conveyed by letter to the assignee (see illustration 24).

F. TSIS Reporting Requirements. Assignments will be entered into TSIS no later than five working days following the date of contract assignment approval.



## Glossary of Terms

Additional sale. A sale of additional timber to an existing contract for any of a variety of reasons. An “additional sale” is a form of “other than advertised sale”.

Authorized Officer. Any employee of the Bureau of Land Management with authority to take action in connection with a contract.

Contracting Officer. Bureau of Land Management official with authority conferred in the 1203 Manual Section (Delegation of Authority) to execute contracts and delegate authority to take action in connection with the contract.

Contract assignment. A transfer of the rights and responsibilities of a timber sale contract from one party to another party, subject to the consent of the Contracting Officer.

Contract extension. An extension of time for cutting and removal of timber sold under the terms of a timber sale contract.

Contract modification. A change in the terms of an approved forest product sale contract as documented by the parties in writing.

Log sort. Sorting of logs on a landing into separate log decks according to the species and/or wood product specifications of different utilization facilities.

Purchaser's representative. Any employee of the purchaser who has been duly authorized in writing by the purchaser to receive notices or instructions from the Contracting Officer.

Rockwear. Deterioration of rock surfacing on a road from the impact of hauling equipment, forest products, or mineral materials. A rockwear fee may be assessed, which pays for the replacement of the surfacing at a future time.

Side. A discrete logging operation using the necessary equipment and personnel to function independently of other logging operations, presumably from separate locations.

Utilization center.



**Illustration 1**

## Essential Elements of Contract Modification

**MODIFICATION NUMBER**

Each modification must be identified by a unique number, usually consecutively starting with the number “1.”

**OPENING PARAGRAPH(S)**

Describe in detail the particular situation or circumstances which necessitates the need for a contract modification. Include any pertinent facts that have a bearing on the matter and which establish justification for the modification. In the case of sales of additional timber, the justification must show that the sale meets the requirements of 43 CFR 5402.0-6 (authorized negotiated sale).

The section or sections of the contract which authorize the modification must be identified. This may also occur as part of the first sentence in the following “DESCRIBE SPECIFIC CHANGES TO THE CONTRACT.”

**DESCRIBE THE MODIFICATION, LIST THE SPECIFIC CHANGES TO CONTRACT**

This section usually begins with “[a]ccordingly, the contract is modified as follows;” or, “[a]ccordingly, pursuant to Sections 2 and 20, the contract is modified as follows.”

Describe in specific terms the exact nature of the modification. If contract language is to be amended, the section of the contract to be changed must be identified and the amended contract language expressed in the modification letter.

If the total purchase price is to be changed, the modification must express the nature of the change, i.e., increase or decrease in total purchase price, and the amended total purchase price.

If revised or new exhibits are part of the contract change, such exhibits must be identified and included as attachments to the modification letter. The exhibits should each be identified by inclusion of the modification number.

**CLOSING PARAGRAPHS**

The second to last paragraph is usually the single sentence “[i]n all other respects the timber sale contract shall remain in full force and effect;” or, “All other conditions of your original contract, as modified previously, shall remain in full force and effect.” This is a key element to include in all modifications.

The closing paragraph of the modification letter is used to instruct the Purchaser on the signing requirements to effect the modification. The closing paragraph should also put the Purchaser on notice that the modification does not become effective until approved by the Authorized Officer of the Government and the Purchaser’s copy of the modification returned to the Purchaser. There



should be a required timeframe for return of the Purchaser’s executed copy e.g., 1 – 10 days (depending on urgency to complete the modification). The final sentence usually make clear what authority the fully executed modification provides, e.g., “[y]our approved copy will be returned to you, which will be your authorization to proceed with the road repair work required under the terms of (the contract and) (this modification).”

Unilateral modifications do not include Purchaser approval signature blocks.

SIGNATURE

The modification letter is signed by the person authorized to modify the contract. Generally this is the Contracting Officer.

ACCEPTANCE AND APPROVAL BLOCKS

The acceptance block for the Purchaser should be structured for the type of business entry of the particular purchaser, i.e., individual, partnership or corporation.

If Individual or Partnership:

John Doe Lumber Company

By: \_\_\_\_\_

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

By: \_\_\_\_\_

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

By: \_\_\_\_\_

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

If Corporation:

JOHN DOE LUMBER COMPANY, INC.

Accepted: \_\_\_\_\_

(Date)

By: \_\_\_\_\_

(Title)

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

The approval block for the Government must be structured for signature by the Contracting Officer.

UNITED STATES OF AMERICA

Signed and Approved: \_\_\_\_\_

(Date)

By: \_\_\_\_\_

Contracting Officer

**Illustration 2**

## Example of Modification Providing for Purchaser Repair of Physical Damage

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

During the weekend of September 22-23, 2009, a large earth slide occurred on the area of your timber sale contract No. OR110-TS09-13. This slide destroyed a portion of the Table Rock Access Road and deposited a large quantity of material onto the spur road No. 7-4E-9 that you are constructing under the terms of the contract.

Our investigation of the incident reveals that the slide was an “Act of God” unrelated to your activity on the sale area; thus, repair of the slide damage is provided for under the provision of Sec. 19, Cost Adjust for Physical Changes, of the contract.

It is imperative that corrective measures be taken as soon as possible to prevent further damage to the roads and the environment. The repair work was discussed on site with your representatives, together with representatives of the State Forester, and it was agreed the following actions, required in attached Exhibit C-1, would be required:

(Describe repair work discussed and agreed up upon.)

You have previously indicated that your company is willing to perform the total repair effort; therefore, the cost adjustment for performing this repair work is as follows:

Total estimated cost of road repair	\$ 10,000
Purchaser share pursuant to Section 19 of the contract	\$ 3,000
Government Share	\$ 7,000

Accordingly, pursuant to Sections 2 and 19 of your timber sale contract, your contract is modified as follows:

1. The total purchase price expressed in Sec. 2 and Exhibit B of your contract will be decreased by \$7,000.00. The total purchase price for the timber sold is now \$195,000.00.
2. The repair work required is detailed on Exhibit C-1 attached hereto and made a part of the contract. All work shall be completed in accordance with the plans and specifications shown on Exhibit C-1 and Exhibit C of the contract.

All other terms and conditions of your original contract shall remain in full force and effect.

If you are in accord with the terms of this modification, please have an officer of your company

who is authorized to sign Bureau of Land Management timber sale contracts execute and return all copies to this office for approval. Your approved copy will be returned to you, which will be your authorization to proceed with the road repair work under the terms of the contract and this modification.

Sincerely,

Contracting Officer

Enclosure:

Exhibit C-1

JOHN DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

**Illustration 3**

Example of Modification Providing for Government Repair of Total Physical Damage; Purchaser to Make Share Payment

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

(Purchaser Name)

(Purchaser Address)

(Salutation):

On September 17, 2009, debris caught up in flood conditions generated by the recent storms caused the failure of a 72-inch diameter corrugated metal culvert and the washout of the culvert fill at station 68+30 on the road you have under construction under the terms of contract No. OR080-TS2-000.

Our field examination revealed that you have not begun cutting operations involved with the specific drainage; thus, the debris problem is considered a natural situation and not associated with your activity under the sale. This “Act of God” type event qualifies you for some measure of road repair relief under Sec. 19, Cost Adjustment for Physical Changes, of the contract.

It is important that this road failure be repaired at first opportunity to prevent further road damage as well as degradation of downstream conditions.

Our estimate of the total cost to replace the culvert and restore the road sub grade is \$10,000.00. Pursuant to Sec. 19. Of the contract, your share of this cost is \$3,000.00.

On our joint on-site examination on September 18, 2009, we discussed the alternative methods for accomplishing the necessary repair work. At the time, Mr. Frank Jones, your designated representative, asked if BLM road maintenance forces could be used to repair the total damage as your equipment has been moved to a far distant operation and you do not plan to resume operations on this sale until next fall.

We can accommodate this request. We will restore the damaged road to a condition that existed prior to the flood damage predicated upon payment of your share of the cost to the Government.

If you are in agreement with this plan of action, please have your officer authorized to sign Bureau of Land Management timber sale contracts sign this letter in the space provided below and return the original of this letter to this office together with your payment of \$3,000.00. Upon receipt of these items, we will then schedule our maintenance crews to perform the necessary repair work.

Sincerely,

Contracting Officer

Illustration 3-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

We agree:

John Doe Lumber Company

Date: September 27, 2009

By: *John Doe*

Title: President

**Illustration 4**

## Example of Modification Providing for Road Design Change

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

On June 1, 2009, an on-site pre-work meeting was held in connection with operations under your timber sale contract No. OR090-TS06-000. This meeting was attended by your representative, Mr. Jim Roe, your road builder, Mr. Jack Jones, and Messrs. Jerry McNutt and Robert Hershey of this office. At that time, the need for certain road design changes was discussed to further improve usability of the existing road together with minimizing erosion and siltation into Fall Creek (an important anadromous stream). Your representatives participated in the solution of specific problem areas and expressed agreement with the proposed changes.

The addition and deletion of road work may be process under Sec. 20, Design Change, of the contract. Accordingly, pursuant to Sec. 2 and Sec. 20, your contract is modified as follows:

1. Exhibit C, Road Plan Map, is revised by the attached Road Plan Map, Modification No. 1, which includes the following changes for Road No. 13-9-23.1 (as specifically referenced by the item number in the attached Road Plan Map):

<u>Item Number</u>	<u>Addition or deletion of Work</u>
40	Delete installation of 18" x 28' CMP, but still install 20' half round flume (culvert has already been installed by BLM).
44	Remove existing log culvert and install 24" x 30' CMP.
46	End haul material from road widening operations to Road No. 13-9-13.2, which joins the Fall Creek Road in the NE1/4NE1/4 Sec. 13, T., 13 S., R. 9 W., Will. Mer., Oregon.
52	Delete installation of 18" x 22' CMP, but still install 20' half round flume and add 5 cu. yds. of riprap material to outlet of CMP (culvert has already been installed by BLM).
54	End haul material from road widening operations to the location identified in Item 46.
56	Remove existing log culvert and install 30" x 30' CMP.
62	Install 18" x 32' CMP.

- 2. Exhibit C., Drainage Summary, is revised by the attached Drainage Summary, Modification No. 1, which includes the culvert and flume changes identified in 1, above, and the location of the waste material disposal site.
- 3. The road design changes will result in increased cost to you of \$6,656.85; therefore, the total purchase price expressed in Sec. 2 and Exhibit B of your contract will be decreased by \$6,656.85. The total price for the timber sold is now \$971,189.52.

In all other respects, the timber sale contract shall remain in full force and effect.

If you are in agreement with the terms of this modification, please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute and return all copies of this contract modification to this office for approval. Your approved copy will be returned to you, which will be your authorization to proceed with the road improvement work, as revised, under the terms of the contract.

Sincerely,

Contracting Officer

Enclosures:

- Road Plan Map, Modification No. 1
- Drainage Summary, Modification No. 1

JOHN DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

**Illustration 5**Example of Modification Providing for a Change in Haul Route  
but with Option Left Open to Use Original Route

CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

Shortly after your purchase of the Lazy Lobster sale, contract number LLORS00000-TS07-310, we learned from your company representative, Mr. Jim Roe, that you plan on hauling the timber via the South Fork Alsea Access Road and Hull Mainline to Dawson rather than to use access as specified in the contract. There is no change to the maintenance fees payable to BLM. In order to accommodate this change, it is necessary to modify your contract as follows to provide for alternate access; the originally designated route remains available as well:

Sec. 41.u. is modified in its entirety to read as follows:

(Select and use appropriate "R" provisions tailored to this particular situation to provide access over alternate routes.)

All other terms and conditions of your original contract shall remain in full force and effect.

If you are in accord with the terms of this modification, please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute and return all copies to this office for approval. Your approved copy will be returned to you, which will be your authorization to proceed with timber hauling under the terms of the contract and this modification.

Sincerely,

Contracting Officer



Illustration 5-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

JOHN DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

**Illustration 6**

## Example of Modification Providing for a New Predetermined Haul Route

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

Please refer to your (insert sale name) timber sale contract No. (insert contract number). Your request dated (insert date), to change the haul route for timber sale unit Nos. (insert unit numbers) to the (insert road names and numbers) has been approved. Use of the bridge on the (insert road number) is authorized provided that log trucks adhere to a 10 M.P.H. speed limit when crossing. An additional \$(insert amount) in road maintenance fees shall apply to the volume hauled over the roads included in this modification. The total purchase price of the timber sale shall be reduced by an amount equal to the increased road maintenance fees.

Accordingly, your timber sale contract (insert contract number) is modified as follows:

1. The purchase price set forth in Sec. 2 shall be decreased by \$(insert amount) to a new total of \$(insert amount).
2. The Exhibit E shall be replaced by the enclosed Exhibit E, Modification No. 2, which shows the change in haul route for timber sale unit Nos. (insert unit numbers).
3. Pursuant to Sec. 41 d (3), the Exhibit E maintenance and rockwear fees for timber haul shall be modified as follows:
  - a. The total maintenance and rockwear fees shall be increased by \$(insert amount) to a new total of \$(insert amount).

In all other respects, the timber sale contract shall remain unchanged.

If you agree to the above modification of your contract, please have your officer, authorized to sign Bureau of Land Management timber sale contracts, execute, and return all copies to this office for approval. When the modification has been approved by the Authorized Officer for the Bureau, your approved copy will be returned to you.

Sincerely,

Contracting Officer

Enclosures:  
Exhibit E, Modification No. 2

Illustration 6-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

We agree: \_\_\_\_\_  
(Date)

(Purchaser Name)

UNITED STATES OF AMERICA

By: \_\_\_\_\_

Signed and Approved: \_\_\_\_\_  
(Date)

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Contracting Officer

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

**Illustration 7**  
Example of Split Haul Modification

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

By letter dated March 28, 2010, you requested use of the Racks Creek Road System together with use of additional length of the North Fork Alsea Access Road for transportation of timber associated with your timber sale contract No. OR080-TS09-006. This request may be accommodated with a modification of your contract as follows:

1. Sec. 41. p.3., the first paragraph only, is modified in its entirety to read as follows:

“The Purchaser is authorized to use the Racks Creed Road No. 13-8-2, individual segments of which are owned or controlled by the Bureau of Land Management and Willamette Industries, Inc., as shown on Exhibit D, for the removal of Government timber sold under the terms of this contract; and the Purchaser is authorized to use those roads shown as “rock haul route” on Exhibit D for hauling rock as required under the terms of the contract; provided the Purchaser shall perform road repair and maintenance work on all such roads as follows:”

2. Sec. 41.p.5. is modified in its entirety to read as follows:

“The Purchaser is authorized to use the North Fork Alsea Access Road (12-8-19), which is under the jurisdiction of the Bureau of Land Management from the junction with the Parker Creek Road (13-8-12.1) in Sec. 12, T. 13 S., R. 8 W., W. M., to the junction with the Klickitat County Road in Sec. 28, T. 12 S., R. 8 W., W. M., as shown on Exhibit D, for the removal of timber sold under the terms of this contract; provided that the Purchaser shall pay the Government a road maintenance fee at forty-six and three tenths cents (\$0.463) per thousand board feet per mile. For administrative purchases the total maintenance fee due shall be based upon the estimated volume set forth in Exhibit B and mileage of roads used as determined by the Authorized Officer. In the event logs are hauled over more than one route, the estimated volume set forth in Exhibit B shall be proportioned on the basis of actual volume removed.”

3. Sec. 41.p.6. is modified by deletion of reference to “Klickitat Road No. 13-7-10” and inserting in lieu thereof the words “Racks Creek Road No. 13-8-2.”
4. Exhibit D is revised to show the various haul routes you are authorized to use and the road maintenance responsibility for those routes. All reference in the contract to Exhibit D shall now read Revised Exhibit D, Modification No. 1.
5. To provide a basis for payment of maintenance fees to the Government, we have calculated an estimated maintenance fee of \$5,440.53 based upon the volume you indicated would be transported over the Racks Creek Road System and North Fork

Illustration 7-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

Alsea Access Road. Your maintenance installment payments of \$100.00 per each \$10,000.00 timber payment installment shall continue until the total estimated maintenance fee is paid. Since a split haul situation exists, at completion of hauling, you will be required to submit a scale reports showing the volume hauled over each route. Upon receipt of the scale report, we will adjust your estimated maintenance fee by applying the ratio of these volumes against the total contract volume using the following split haul formula:

$$\frac{\text{Scaled Vol. Hauled X Sale Volume X Maint. Fee/MBF/System}}{\text{Total Scaled Volume of Sale}}$$

When the actual maintenance formula is computed, you will be billed for any additional amount due the Government or you will receive a refund for any excess amount paid.

All other terms and conditions of your original contract shall remain in full force and effort.

If you are in accord with the terms of this modification, please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute and return all copies to this office for approval. Your approved copy will be returned to you which will be your authority to transport timber over the additional roads under the terms of the contract.

Sincerely,

Contracting Officer

Enclosure:

Revised Exhibit D, Modification No. 1

**WOOD PRODUCTS COMPANY**

**UNITED STATES OF AMERICA**

Accepted: \_\_\_\_\_  
(Date)

Signed and Approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

**Illustration 8**

## Example of Modification Providing for a Change

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

Please refer to your (insert sale name) timber sale contract No. (insert contract number). This letter is in regard to your request of February 25, 2009 to modify the logging system in Unit 2-3 from helicopter to skyline yarding. You maintain that the full suspension of logs requirement in Section 41.b.2. of the contract can be met with a skyline system and we agree. Therefore, we are willing to modify logging requirement in the contract for this unit at no change to the total purchase price.

Accordingly, your contract will be modified as follows:

1. Unit 2-3 is now included in Section 41.b.3. of the contract (forty-four (44) foot log length) and Section 41.b.4. of the contract (complete restringing for skyline corridors).
2. Unit 2-3 is now included in Section 41.b.5 of the contract, which specifies the yarding requirements and limitations for skyline units as described in the contract. This includes the requirement that for all track mounted or rubber mounted cable yarding systems that must operate on BST roads, the Purchaser shall provide for protection of the BST surfacing by placement of wood or other products under the equipment tracks and/or out-riggers.

All other terms and conditions of your original contract, or as previously modified, shall remain in full force and effect.

If you are in agreement with the terms of this modification, please have an officer of your company who is authorized to sign BLM timber sale contracts sign and return to this office. When the modification has been approved by the Contracting Officer, your approved copy will be returned to you. If you have any questions, please contact Jack Johnson at 541-600-0000.

Sincerely,

Contracting Officer

Illustration 8-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

MURPHY COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and Approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_

**Illustration 9**

## Example of Modification Adding Additional Road Maintenance Work to Contract

## CERTIFIED MAIL - RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

A recent examination of your timber sale contract OR100-TS9-001 revealed numerous slides and bank sloughs along the Fall Creek Road you are maintaining under this contract. We have determined that removal of these slides and sloughs by truck end haul is necessary to protect Fall Creek water quality and fishery values.

Since removal of this material exceeds the requirements of Section 41.s.4. of your contract, we are willing to modify your contract to cover the cost of additional work. This modification has been discussed with your designated representative, Mr. James Roe.

The areas from which material is to be end hauled have been marked on the ground with yellow flagging and discussed with Mr. Roe. This material must be loaded and transported for disposition to the recently completed truck turnaround adjacent to the Fall Creek Road in NE<sup>1</sup>/<sub>4</sub>NE<sup>1</sup>/<sub>4</sub> Section 13, T. 13 S., R. 9 W., or another site just west of the E<sup>1</sup>/<sub>4</sub> corner of Section 7, T. 13 S., R. 8 W., Will. Mer., Oregon.

The estimated cost of the work is \$1,475.00. Therefore, the total purchase price of your contract as set forth in Section 2 shall be decreased by \$1,475.00. The total purchase price for the timber is now \$988,499.22.

All other terms and conditions of your original contract as previously modified shall remain in full force and effect.

If you agree to this contract change, please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute all copies and return them to this office for approval. When the modification has been approved, your copy will be returned to you which will be your authorization to proceed with the additional maintenance work under the terms of the contract.

Sincerely yours,

Contracting Officer



Illustration 9-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

JOHN DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and Approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

**Illustration 10**

## Example of Modification Adding Treatment of Cutting Area to Contract

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

A recent examination of Units #1 and #2 of your Jane Creek timber sale contract No. OR090-TS06-000 reveals the desirability of scarifying and brush piling on portions of the two units. This matter has been discussed with Mr. James Roe, who has indicated his agreement to the additional work. Accordingly, we are modifying your contract as follows to reflect the additional work:

Accordingly, pursuant to Sec. 42, your contract is modified as follows:

1. Exhibit A is modified by the enclosed Revised Exhibit A, Modification No. 6 showing the area to be scarified and brush piled.
2. The above change in the contract will result in an additional cost to your company of \$1,600.00; therefore the total purchase price expressed in Sec. 2 of the contract is reduced by this amount and is now \$530,614.00.
3. Section 41.a.2. is modified the addition of the following:

“The Purchaser shall scarify and pile all brush and logging debris in the clear cut units as shown on Revised Exhibit A, Modification No. 6, using a tractor, having power equivalent to or greater than a D-7 caterpillar, equipped with an approved land clearing blade.

“Brush and logging debris piles shall not contain dirt and other unburnable materials which prevent proper burning. If, in the opinion of the Authorized Officer, heavy accumulations of unburnable materials will interfere with burning, the slash shall be repiled.

“All such work, and the burning shall be performed to the satisfaction of the Authorized Officer. Rebunching of piles during burning may be required.”

In all other respects, the timber sale contract as previously modified shall remain in full force and effect.

If you are in agreement with the terms of this modification, please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute and return all

copies of this contract modification to this office for approval. Your approved copy will be returned to you, which will be your authorization to proceed with the work. The total purchase price has been paid; therefore, when the additional work is completed and approved, we will process a refund of \$1,600.00.

Sincerely,

Contracting Officer

Enclosure:

Revised Exhibit A, Modification No. 6

JOHN DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

**Illustration 11**

Example Unilateral Modification for the SD-5 Special Provision

Certified Mail Return Receipt Requested

(Purchaser Name)  
 (Purchaser Address)

(Salutation):

Please refer to your (insert sale name) timber sale contract No. (insert contract number). Contract provision 42(d)(2)(aa) describes several different types of logging residue reduction and site preparation work that may be required on approximately 100 acres of harvest area located in Cutting Units Nos. 1, 2 and 3. The following treatments have been determined by the Authorized Officer to be necessary and are hereby required:

Treatment	Cost/Acre	Acres to be Treated	Cost
Broadcast Burning	\$250.00	35 Acres	\$ 8,750.00
Hand Pile and Burn	\$400.00	50 acres	\$20,000.00
Grapple Pile and Burn	\$350.00	10 Acres	\$ 3,500.00
Total			\$32,250.00

The cost to perform the above identified work exceeds the value of the work designated in Sec. 42(d)(2)(bb) of the contract by two thousand two hundred fifty dollars (\$2,250.00). Accordingly, the Total Purchase Price set forth in Sec. 2 of the contract is reduced by \$2,250.00. The new Total Purchase Price is now \$2,378,542.00.

This contract has already been paid-in-full. On June 6, 2006, your representative, Mr. Ted Roe, agreed that a contract modification of your contract (insert other contract number for value adjustment) would be acceptable to affect the \$2,250.00 value reduction. This modification is attached.

In all other respects the timber sale contract shall remain in full force and effect.

Sincerely yours,

Contracting Officer



**Illustration 12**

Example of Modification Letter for Additional Sale by Contracting Officer

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

(Purchaser Name)  
 (Purchaser Address)  
 (Salutation):

Please refer to your (insert sale name) timber sale contract No. (insert contract number). Road construction and placement of needed cable yarding roads required that additional trees be cut. Pursuant to Section 8, we believe that the additional timber should be removed. We are willing to sell the additional timber at current market value by modification of the contract. The additional timber has been marked with blue paint above and below stump height in accordance with Section 41.b.10. The approximate location of additional timber is shown on the attached Revised Exhibit A, Modification No. 2.

Accordingly, your timber sale contract (Timber Sale Contract Number) is modified as follows:

1. The purchase price set forth in Sec. 2 shall be increased by \$3,852.70 to a new total of \$375,643.70.
2. For the purposes stated in Sec 3, the following additional timber shall be added to Exhibit B:

No. of Trees	Species	Estimated Net Volume MBF	Price per Unit (\$/MBF)	Value of Modification
503	Douglas-fir	91	\$33.40	\$3039.40
54	grand fir	17	\$29.80	\$506.60
47	western hemlock	7	\$30.10	210.70
10	Port-Orford-cedar	3	\$32.00	96.00
614		118	Total	\$3,852.70

3. The Exhibit A shall be modified by the enclosed Revised Exhibit A, Modification No. 2, which shows the approximate location of the additional timber sold.
4. Section 40, which describes the timber reserved from cutting, shall be amended to include the timber described.

5. Pursuant to Sec. 41.d.(2), the Exhibit E maintenance and rockwear fees for timber haul shall be modified as follows:

- . The maintenance and rockwear fees for timber haul shall be increased by \$(insert amount) to a new total of \$(insert amount).

In all other respects, the timber sale contract shall remain unchanged.

Payment for the modification shall be made in accordance with Sec. 3b or 3d of the contract.

The timber sale contract is hereby modified. Please have your officer, authorized to sign Bureau of Land Management timber sale contracts, execute, and return all copies to this office for approval. When the modification has been approved by the Authorized Officer for the Bureau, your approved copy will be returned to you, which will constitute your authorization to cut and remove this additional timber. If you have any questions, please contact (insert Authorized Officer's name and phone number).

Sincerely,

Contracting Officer

Enclosures:

Revised Exhibit A, Modification No. 2

We agree: \_\_\_\_\_  
(Date)

(Timber Sale Purchaser Name)

UNITED STATES OF AMERICA

By: \_\_\_\_\_

Signed and Approved: \_\_\_\_\_  
(Date)

Title: \_\_\_\_\_

By: \_\_\_\_\_  
Contracting Officer

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

**Illustration 13**

Example of Corporate Resolution Authorizing Purchaser's Representative to Sign Field  
Modification

RESOLUTION OF THE BOARD OF DIRECTORS  
of Wood Products, Inc.

I HEREBY CERTIFY THAT I am the duly elected and qualified Secretary of Wood Products., Inc., and that the following is the true and correct copy of a resolution duly adopted at a special meeting of the Board of Directors of said corporation, held at its office at 123 Hall Building, Medford, Oregon, on September 1<sup>st</sup>, 2009.

“Resolved that Harold F. Simpson is hereby authorized and empowered in the name and on behalf of Wood Products, Inc., to sign and execute any agreement and contract modification for the sale of additional timber which should be removed from the contract area in the conduct of operations by Wood Products, Inc., on Bureau of Land Management timber sale contracts. This authorization is limited to purchase of not more than 50,000 bf of timber in each additional timber sale. This resolution shall constitute a continuing authority for Harold F. Simpson to act on behalf of Wood Products, Inc., as herein above described until revoked by the Board of Directors of Wood Products, Inc., and formal written notice given of such revocation.”

September 29<sup>th</sup>, 2009

*Donald Rogers*

Donald Rogers, Secretary





**Illustration 14**

Example of Modification for Field Sale of Additional Timber by Authorized Officer

**ADDITIONAL TIMBER SALE AGREEMENT AND CONTRACT MODIFICATION**

Purchaser: \_\_\_\_\_ Contract No.: \_\_\_\_\_

Address: \_\_\_\_\_ Modification No.: \_\_\_\_\_  
\_\_\_\_\_ Date: \_\_\_\_\_

When signed by the duly designated representative of the Authorized Officer and by the Purchaser’s authorized representative, this agreement shall formally modify the above designated timber sale contract (or said contract as previously amended) and shall constitute written permission to the Purchaser to cut and remove the timber designated herein pursuant to Sec. 8 of the contract.

On the above date, the Authorized Officer and Purchaser, by their respective representatives, agreed that the following designated additional timber should be sold and removed:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Such additional timber has been cruised and appraised and the contract is hereby modified as follows:

1. Total purchase price set forth in Sec. 2 is increased by \$\_\_\_\_\_.
2. For the purposes set forth in Sections 3 and 8, the following additional timber is added to Exhibit B:

No. of Trees	Species	Estimated Volume	Price Per Unit	Amount of Est. Volume x Unit Price

3. The timber reserved from cutting described in Section 40 is amended to exclude the timber sold in this modification.

4.

5.

In all other respects, the timber sale contract shall remain unchanged.

\_\_\_\_\_  
Authorized Officer's Designated Representative

\_\_\_\_\_  
Date

I agree:

\_\_\_\_\_  
Purchaser's Authorized Representative

\_\_\_\_\_  
Date

**Illustration 15**  
Extension Credit Worksheet

Worksheet for Computing and Applying Salvage Contract Extension Credits *						
Purchaser:		Diamond "T" LBR Co.				
Salvage Contract Sale Date:		1-Jun-05				
Block A: Qualifying Salvage Contract(s) Information: Calculation of Available Extension Credit						
	1	2	3	4	5	6
	Salvage Contract Name	Contract No.	BLM District	Advertised Volume (MBF)	Contract Term (Months) (time for cutting and removal)	Extension Credit Earned (Col 4 x Col 5)
1	Rockstar Salvage	ORM07-TS14-12	Medford	9,455	18	170,190
2						-
3						-
4						-
Total Available Extension Credit						170,190
Block B: Qualifying Green Timber Contract(s): Calculation of Requested Extension						
	Green Contracts Requested for Extension	Contract Number	BLM District	Remaining Contract Volume (MBF)	Months Requested Extension (Max single contract extension of 24 months)	Requested Extension Credit (Col 4 x Col 5)
1	Mr. Bennett	OR10-TS-2010.001	Roseburg	2,320	12	27,840
2	Saddle Upto Paradise	OR10-TS-2011.001	Roseburg	4,151	10	41,510
3	Deep Six	ORR05-TS-2012.001	Roseburg	6,300	16	100,800
4						-
Total Requested Extension Credits						170,150
Block C: Application of Extension Credits and Determination of Available Extension by Contract						
	Green Contracts Requested for Extension	Extension Credits Available	Extension Credits Requested for Contract	Extension Credits Remaining	Extension Available for Contract by Months (Max. 24)	
1	Mr. Bennett	170,190	27,840	142,350	12.0	
2	Saddle Upto Paradise	142,350	41,510	100,840	10.0	
3	Deep Six	100,840	100,800	40	16.0	
4	0	40	-	40	-	

\*Yellow colored cells are for data entry.



**Illustration 16**

## Example of Salvage Credit Extension Modification

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)  
 (Purchaser Address)

(Salutation):

Please refer to your Bureau of Land Management (insert sale name) Timber Sale Contract No. (insert contract number). In accordance with the Bureau's green timber contract extension policy relating to the expeditious salvage of (specify form of damage) damaged timber, you have requested and are entitled to a (insert number of months)-month extension of time for cutting and removal of timber. We have waived the requirement in Section 9 of your contract to reappraise the timber remaining on the contract area. Therefore, the total purchase price will remain the same as listed in Section 2 of the contract.

The extension of "time for cutting and removal" under your contract may be accomplished by modifying the contract. Accordingly, the time for cutting and removal of timber set forth in Section 4 of the contract is extended (insert number of months) months. (Note: not to exceed 24 month.)

(Include only for contracts where anniversary payments are not yet due):

Section 3(b) of the contract requires 20 and 40 percent anniversary payments on the first and second anniversaries of the contract term, respectively. We are also extending the time applicable to this requirement by (insert number of months) months. (Note: same as term of extension.)

(Include only for contracts where anniversary payments have been made.):

Section 3(b) of the contract requires 20 and 40 percent anniversary payments on the first and second anniversaries of the contract term, respectively. We are also extending the time applicable to this requirement by (insert number of months) months. (Note: same as term of extension.) Your first anniversary payment of \$(insert dollar amount) has been made; therefore we will process a refund to you in the amount of \$(insert dollar amount). Your refund does not include payments made for cutting and/or removal of timber or your upfront payment of one installment payment. You shall now meet the anniversary payment requirements of your contract (insert number of months) months from the original time required.

All other terms and conditions of your contract shall remain in full force and effect.

Please have an officer authorized to sign Bureau of Land Management timber sale contracts execute all copies of this modification and return them to this office. When the modification has been approved by the Authorized Officer for the Bureau, your approved copy will be returned to you and will be your authority to delay operations on the contract.

Sincerely,

Contracting Officer

Enclosures:

Attachment 1 - Worksheet for Computing Salvage Sale Extension Credits

JOE DOE LUMBER COMPANY

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and Approved: \_\_\_\_\_  
(Date)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

**Illustration 17**

## Example of Letter Rejecting Application for Extension

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)

(Purchaser Address)

(Salutation):

Please refer to your (insert contract name) timber sale contract No. (insert contract number). On September 1, 2009, you requested a 12-month extension of time on timber contract OR090-TS06-000 covering timber located in (insert legal description). You advised that you desired the extension because market conditions are not as favorable as you anticipated they would be at the time you purchased the tract.

Your request has been considered, but the reason you have given us to substantiate your need for a longer period of time on the contract is not sufficiently valid to warrant an extension. To the contrary, Sec. 9 of the contract specifically states that “market fluctuations are not cause for consideration of contract extension.”

Consequently, unless you are able to demonstrate more conclusively that an extension is warranted due to reasons beyond your fault or control, the contract cutting and removal rights will terminate on its original expiration date. You will have one month within which to remove personal property from the contract area after that date.

Sincerely,

Contracting Officer





**Illustration 18**

Example of Letter of Notification That Extension Will be Granted

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

Jane Doe Lumber Company  
P.O. Box 000  
City, State Zip Code

Gentlemen:

On March 15, 2009, you requested a 12-month extension of time on timber sale contract LLORS-TS08-999 covering purchase of O&C timber in Sec 15, T. 3 S., R. 7 W., W.M.. You advised that the extension was necessary because high water had washed out the bridge across Four Bit Creek, making it impossible for you to reach the tract and complete operations by the contract expiration date.

Your request has been considered, and since the delay in operations was due to circumstances completely outside of your control, this office will grant the extension requested, as allowed under Section 9 of the contract. It will be necessary that a reappraisal be made of the timber remaining on the contract as of the expiration date. The reappraisal will be made using the fair market value approach.

We shall advise you of the reappraised prices. Any change in the total contract purchase price as a result of reappraisal will be incorporated into a contract modification which will be submitted to you for signature shortly before June 19, 2009, the expiration date of your contract.

Sincerely,

Contracting Officer



**Illustration 19**

## Example of Extension Modification with Price Adjustment

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

You requested a 12-month extension of time for cutting and removal of timber under the terms of Timber Sale Contract OR010-TS9-003. Your reason for requesting the extension was that your mill was destroyed by fire making it impossible to process the timber. Our reply dated April 28, 2009, advised you that the extension would be granted subject to reappraisal of the timber remaining on the contract area in accordance with Section 9 of your contract.

Your reappraisal of the remaining timber has been made with the following results:

Species	Estimated Volume MBF	Contract Unit Price	Reappraised Unit Price	Amount
Douglas-fir <sup>1</sup>	1,525	\$24.50		\$37,262.50
Douglas-fir <sup>2</sup>	525		\$32.50	\$17,062.50
Western Hemlock <sup>1</sup>	1,200	\$21.00		\$25,200.00
Western Hemlock <sup>2</sup>	500		\$22.00	\$11,000.00
Red Alder <sup>1</sup>	300	\$27.00		\$ 8,100.00
Red Alder <sup>2</sup>	100		\$29.00	\$ 2,900.00
			Reappraisal Total Purchase Price	\$101,525.00
			Amount Paid	<u>(\$ 75,325.00)</u>
			Amount Due	\$ 26,200.00

<sup>1</sup> Volume and value of timber cut and removed prior to expiration of cutting rights.

<sup>2</sup> Volume and value of timber remaining at expiration of cutting and removal rights.

The extension of “time for cutting and removal” under your contract may be accomplished by modifying your contract. Accordingly, Timber Sale Contract OR010-TS9-003 is modified as follows:

1. The total purchase price set forth in Sec. 2 increased to \$101,525.00.
2. The time for cutting and removal expressed in Sec. 4 is extended 12 months.

All other terms and conditions of your original contract shall remain in full force and effect.

Please have an officer of your company who is authorized to sign Bureau of Land Management timber sale contracts execute all copies of this modification and return them to this office along

with your check in the amount of \$26,200.00, made payable to the Bureau of Land Management, to cover the amount due as a result of reappraisal of timber remaining on the contract area.

(Or, if reappraisal value has risen significantly, substitute the following paragraph for the preceding paragraph to provide installment payments.)

Please have an officer of your company who is authorized to sign BLM timber sale contracts execute all copies of this modification and return them to this office. Payment for the amount due as a result of the reappraisal may be made in accordance with Section 3 of the timber sale contract.

When the modification has been approved by the Authorized Officer for the Bureau, your approved copy will be returned to you which will be your authority to continue with cutting operations under the terms of your contract.

Sincerely,

Contracting Officer

(Timber Company Name)  
Accepted: \_\_\_\_\_  
(Date)

UNITED STATES OF AMERICA  
Signed and Approved \_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

By: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_  
\_\_\_\_\_  
(Title)

**Illustration 20**

## Example of Extension Modification – No Price Adjustment

## CERTIFIED MAIL RETURN RECEIPT REQUESTED

(Purchaser Name)  
(Purchaser Address)

(Salutation):

This is regarding your North Trail timber sale contract No. OR110-TS05-02. Please refer to the letter dated March 16, 2007, which suspended timber cutting operations on the contract while the Bureau of Land Management reinitiated consultation with the U.S. Fish and Wildlife Service. The time for cutting and removal of timber continued to run, resulting in insufficient operating time in which to complete cutting and removal of timber.

Because this lost of operating time occurred during a period of time in which consultation was occurring, you are entitled to a 12-month extension of the contract based on the amount of operating time lost on the contract. Pursuant to Sections 9 and 42 of the contract, we hereby grant an extension of the time for cutting and removal of timber sold under this contract of 12 months without reappraisal. This modification will result in an expiration date of September 19, 2009.

If the reconsultation continues for a period of time, which does not allow you operating time sufficient to complete the contract by the new expiration date, we will further evaluate the time needed and again extend the expiration date appropriately.

As stated in Section 42.D.11., this will serve as a full and complete remedy for any claim that delays due to the suspension hindering the performance of the contractor resulted in damages of any kind to your company.

All other terms of your original timber sale contract, or as previously modified, shall remain in full force and effect.

If you are in agreement with the terms of this modification, please have an officer of your company who is authorized to sign BLM timber sale contracts sign and return to this office. When the modification has been approved by the Contracting Officer, your approved copy will be returned to you. If you have any questions, please contact Jack Johnson at 541-600-0000.

Sincerely,

Contracting Officer

(Timber Company Name)

UNITED STATES OF AMERICA

Accepted: \_\_\_\_\_  
(Date)

Signed and Approved \_\_\_\_\_  
(Date)

By: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

Attest: \_\_\_\_\_

\_\_\_\_\_  
(Title)

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

**Illustration 21**

**Example of Timber Sale Contract Assignment (Form 5470-3)**

(See the BLM online forms library)

Form 5470-3  
(March 1971)  
(formerly 5440-1)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**TIMBER SALE CONTRACT ASSIGNMENT**

I (We), (name of Assignor)

being the assignor(s) of (address)

individual  partnership  corporation for and in consideration of the sum of one dollar (\$1) and other valuable consideration, hereby assign, transfer and set over to (name of Assignee)

of (address)

individual  partnership  corporation all of  my  our right, title, and interest in and to that certain timber sale contract numbered \_\_\_\_\_ covering the merchantable timber on \_\_\_\_\_

entered into between the United States of America and the undersigned, together with any balance on deposit with the United States to  my  our credit under said contract including the right to cut and remove in accordance with the terms thereof, the timber described therein.

Witness  my  our hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

IF INDIVIDUAL OR PARTNERSHIP, SIGN HERE

IF CORPORATION, SIGN HERE

\_\_\_\_\_  
(Name of Firm)

\_\_\_\_\_  
(Name of Corporation)

\_\_\_\_\_  
(Name)

By \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

[Corporate Seal]

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

Attest: \_\_\_\_\_  
(Secretary)

Instruction: When signed by both parties, submit entire set to Authorized Officer for approval

CONTRACT FILE



ACCEPTANCE OF ASSIGNEE

KNOW ALL MEN BY THESE PRESENTS, That the undersigned hereby accepts the foregoing assignment, and in consideration of such assignment, promises and agrees to abide and fulfill the terms and obligations set forth in said contract, and to cut and remove the timber in accordance with the terms thereof.

IN WITNESS WHEREOF, The parties hereto have executed this assignment as of the day of approval herein below set forth.

IF INDIVIDUAL OR PARTNERSHIP, SIGN HERE:

IF CORPORATION, SIGN HERE:

\_\_\_\_\_  
(Name of Firm)

By \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Name of Corporation)

By \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

*Corporate Seal*

ATTEST: \_\_\_\_\_  
(Secretary)

THE UNITED STATES OF AMERICA

Signed and approved \_\_\_\_\_, 19\_\_\_\_

By \_\_\_\_\_  
(Authorized Officer)

\_\_\_\_\_  
(Title)

**Illustration 22**

Example of Letter to Original Surety when New Surety is Used

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

ABC Surety Company  
P.O. Box 000  
City, State, Zip Code

Gentlemen:

This is to advise that timber sale contract No. OR120-TS8-006 issued to John Doe Lumber Company, P.O. Box 000, City, State, Zip Code, under date of January 16, 2009, and for which you executed a bond in the amount of \$8,000.00 has been assigned to the Frank Jones dba Jones Logging Company as of this date.

Since a new bond, executed by another surety company, has been furnished in connection with this assignment, your bond is no longer needed. Liability under this bond is therefore terminated as of this date. The cancelled bond is being retained by the Bureau of Land Management.

Sincerely,

Contracting Officer

cc: John Doe Lumber Company



H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

**Illustration 23**

Example of Commitment of Surety to be Bound by Assignment (Form 5470-4)  
(See the BLM online forms library)

Form 5470-4  
(October 1982)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0112  
Expires: April 30, 1985

**COMMITMENT OF SURETY TO BE BOUND BY ASSIGNMENT**  
*(Timber Sale)*

Office	
Contract Number	Date Contract Approved

KNOW ALL MEN BY THESE PRESENTS, That

\_\_\_\_\_ is surety on a certain performance bond in the  
sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_)  
given to insure faithful performance of the terms of the above timber sales contract by and between the United States  
of America, and \_\_\_\_\_; and

WHEREAS, \_\_\_\_\_  
has, by an instrument in writing dated \_\_\_\_\_, 19 \_\_\_\_\_, assigned, set over and transferred to \_\_\_\_\_, hereinafter  
referred to as principal, all right, title and interest in and to the contract referred to above, and the principal has assumed  
said contract and accepted such assignment; and

WHEREAS, the undersigned surety does hereby give its commitment to be bound by the assignment of such contract;

NOW, THEREFORE, if the principal shall perform and fulfill all the undertaking, covenants, terms, conditions, and  
agreements of said contract during the original term of said contract and any extensions thereof that may be granted  
by the United States of America, with or without notice to the surety(ies), and during the life of any guaranty required  
under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions, and agree-  
ments of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modi-  
fications to the surety(ies) being hereby waived, then the above obligation shall be void and of no effect.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

PRINCIPAL

SURETY

\_\_\_\_\_  
(Name of Firm)

\_\_\_\_\_  
(Name of Surety)

\_\_\_\_\_  
(Authorized Officer)

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

[SEAL]

[SEAL]

Attest \_\_\_\_\_  
(Secretary)

Attest \_\_\_\_\_  
(Secretary)

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the  
United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that:  
Information is being collected to obtain surety information relevant to the operation of this timber sale contract.  
Information will be used to guarantee performance under the terms of this timber sale contract.  
Response to this request is mandatory (43 CFR 5450) to fulfill the requirements of a timber sale contract.

CONTRACT FILE



**Illustration 24**

## Example of Letter Transmitting Approved Assignment

## CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Frank Jones dba Jones Logging Company  
P.O. Box 000  
City, State Zip Code

Gentlemen:

The assignment of timber sale contract OR120-TS08-006 from John Doe Lumber Company (assignor) to Frank Jones dba Jones Logging Company (assignee) has been completed as attested by the execution of the following enclosed forms:

- Assignment of Timber Sale Contract
- Commitment of Surety to be Bound by Assignment (or a new surety bond covering the assignee).

Prior to beginning operations on the contract area the following requirements must be met:  
(Describe requirements in detail.)

A pre-work conference between your representative and a representative of the Bureau of Land Management must be held at the location designated by the Authorized Officer before the Logging Plan will be approved.

Before commencement of operations on the contract area, or at any time after an extended shutdown, please notify this office as to the date you plan to start or resume operations. If you intend to cease operations for any extended period, please notify this office. Pursuant to Sec. 36 of this contract, Jack Smith is designated my representative for administration of this contract.

While you are operating under this contract, please be sure to obtain from the Authorized Officer any permission or instructions required by the terms of this contract.

Please refer to Sec. 41( ) concerning log export restriction. In the event you elect to sell restricted timber to domestic buyers, the buyer must complete and submit to this office Form 5460-16, Certificate as to Nonsubstitution and the Domestic Processing of Timber.

You are reminded that prior to cutting the value of the last installment, the final payment must be paid. No cutting will be authorized until the second installment is received in this office. If you wish to avail yourself of the provision of Section 39.d. of the contract, please contact this office for approval of a performance bond increase.

Also enclosed are two copies of Form 5460-15, Log Scale and Disposition of Timber Removed Report, on which you will be required to submit the net scale of the logs removed from the contract area. When you have completed removal of logs from this contract area, please complete and

Illustration 24-2

H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

return one copy to this office. The scale submitted is for administrative purposes only, and in no event will be used as a basis for adjustment of the total amount bid. The scale will become a part of the public record. A record of all sales or transfers of logs from the sale area must be available for BLM inspection and use for a period of three years from the contract termination date.

We will be glad to confer with you regarding terms of this contract or any related problems.

Sincerely,

Contracting Officer

Enclosures

Form 5470-3, Timber Sale Contract Assignment

Form 5470-4, Commitment of Surety to be Bound by Assignment

cc:

John Doe Lumber Company

XYZ Bonding Company

## H-5470-1 – CONTRACT MODIFICATION – EXTENSION - ASSIGNMENT – (Public)

**Appendix**

## Form of Modification for Change in Rock Source

<b>A. Designated Source</b>	<b>Action</b>	<b>Rationale</b>
1. Source inadequate for either quality or quantity, results in more cost.	Contract price adjustment; reduce contract price.	Source guaranteed, purchaser haul cost has increased.
2. Rock specification changes in Government's interest; purchaser agreeable.	Contract price adjustment up or down to reflect cost change.	Source guaranteed, but changed condition a specified so difference is accountable.
3. Rock specification changes acceptable to Bureau but only in purchaser's interest.	Contract price adjustment up to reflect savings only.	Source guaranteed and meets contract standard, Bureau won't pay if there is more cost.
4. Closer acceptable alternate source found on BLM land after contract is signed resulting in less cost.	Contract price adjustment up to reflect cost change.	Source guaranteed, cost accountable item which is subject to adjustment for source location.
5. An acceptable alternate commercial source becomes available on private land which is cheaper (availability not controlled by Bureau).	No contract price adjustment.	Beyond Bureau control; purchaser benefits from savings.
6. Use of source provides for quarry site development under terms of contract. Closer acceptable alternate source is available.	Don't approve alternate source, or; contract price adjustment up to recover site development allowances.	Bureau required site development and will depend on this work for other sales. Alternative: modify from one contract to other contract; cost is accountable.
7. Purchaser locates alternative source which meets specifications, but is not as high quality as designated source. Bureau wants the higher quality rock at the designated source.	No action. Purchaser can use alternate source. No contract price adjustment.	Alternate source meets the specifications. Even though source is designated, purchaser is only required to meet the rock specifications in the contract.



<b>B. Non-Designated Source</b>	<b>Action</b>	<b>Rationale</b>
1. Appraisal source becomes unavailable requiring longer haul distances resulting from failure in quality or quantity.	No contract price adjustment.	Bureau's responsibility to investigate the availability of the source and make appraisal on existing conditions. If condition change later that is considered the cost and risk of doing business.
2. New commercial source becomes available results in a shorter haul.	No contract price adjustment.	Same as No. 1 above.
3. Bureau and purchaser agree to rock specification changes in the Government's interest.	Make contract price adjustment reflecting increase or decrease in costs.	Both parties stand to benefit with no designation of source; neither party should benefit from the change.
4. Bureau and purchaser agree to rock specification changes acceptable to government, but in purchaser's interest.	Make contract price adjustment reflecting decrease in costs, but not for an increase in cost.	Government not obligated to pay for item not needed, but should get the benefit from savings if standard is resolved resulting in less cost.
5. Acceptable source becomes available on BLM land cheaper than commercial source appraisal.	Contract price adjustment.	Use of public resource by purchaser for surfacing a Bureau timber sale road. Provided for commercial source in contract.
6. Longer haul at purchaser option.	No contract price adjustment.	A cheaper source was available; this is the Purchaser's choice.