Forest Products Sale Agreement

THIS AGREEMENT is made and entered into this ____ day of ________, 20___, by and between the_______________, hereinafter called the Seller, and _________________________, hereinafter called the Buyer.

Article 1

The Buyer agrees to buy from the Seller and the Seller agrees to sell to the Buyer according to the terms and conditions stated within this agreement, all trees that have been marked or designated by the Seller or his representatives.

The area on which the timber will be felled consists of approximately __ acres, more or less, located in the _______ Survey, Abstract Number __. This sale area is located in the following described property situated in           County, Texas to wit:

Being all that parcel or tract of land described in the attached Exhibit "A".

Article 2

The Buyer agrees to pay the Seller ____________________________ dollars ($_________) as given in Exhibit "B" for the right to cut and remove the trees as specifically described in Article 3, Paragraph 1. Payment shall be made in full by check made payable to the Texas Forest Service at the time this agreement is executed.

Article 3

The Buyer further agrees to cut and remove the above-described trees in accordance with the following conditions:

1. Timber felled shall be limited to those trees that have been marked with two spots of blue paint, one spot placed four feet or higher on the trunk, and the other at the ground line. The attached map (Exhibit "C") shows the stand locations.

2. Unmarked merchantable trees, if cut or unnecessarily destroyed, shall be paid for at the rate of $60.00 per cord for pine pulpwood and $800.00 per 1000 board feet (Doyle Rule) for pine
sawtimber. Such payments shall be within 30 days after receipt of a notice in writing from the Seller concerning destruction of these trees.

3. Unmarked trees shall be protected against needless and unnecessary injury during cutting, skidding, and hauling operations. Skid trails shall be located, as far as possible, to protect residual trees from damage. Marked trees within buffer zones along major drainages, or roads, or within Red-cockaded Woodpecker (RCW) colonies (see Exhibit "C") will be skidded insofar as possible to the closest boundary. There will be no skid trails through an RCW colony. Haul roads through any other buffer zones must be approved by the Seller. RCW colony boundaries are marked with green/white metal posts. Streamside Management Zone boundaries are posted or flagged. All other buffer zones are marked with plastic flagging. All RCW trees in the sale area are marked with green bands of paint approximately four feet above ground line or white flagging with blue stripes.

4. There will be no logging in RCW colony sites from mid April to July 1st.

5. Buyer shall take all necessary precautions to prevent and suppress forest fires on the Seller's property in and adjacent to the area covered by this agreement and which is a result of Buyer's operations or the operations of its agents, servants, employees, and/or invitees. In event of any such fire, Buyer agrees to pay for damages, if any, to timber not sold through this agreement and which is on the Seller's property. The amount of such damage will be based on the product values given in Paragraph 2 of this Article 3. Provided, however, Buyer's obligation under this paragraph shall be limited to damage that occurs as a result of fire caused by operations of Buyer, its agents, contractors, or employees.

6. The Buyer assumes responsibility for and agrees to repair at its own expense, to the satisfaction of the Seller, damages to roads, gates, fences, bridges, culverts, utilities, and other improvements caused by its operations.

7. Locations of log decks (landings, log sets) and major skid trails will be determined by the Seller in consultation with the Buyer to minimize adverse impact on soil and water resources.

8. The Buyer agrees to cut, fell, and remove this timber in accordance with best management practices as specified in Texas Best Management Practices for Silviculture, including the following:

   a. Log decks should be constructed with a slight slope (2 to 5 percent) to provide for adequate drainage. Ditches should be used where necessary to direct water away from the deck. Debris on landings should not impede drainage.

   b. Skid trails shall be situated and used in a manner that minimizes disruption of natural drainage patterns. Stream crossings will be minimized and made only at points designated by the Seller. Temporary crossings utilizing culverts, logs, or portable bridges will be removed as soon as their use is completed. Stream channels will not be used as skid trails.

   c. Upon completion of use, waterbars will be installed by Buyer on skid trails at locations designated by the Seller. Buyer shall notify Seller as cutting in a unit nears completion so Seller
can designate location of waterbars before logging equipment is moved from unit or to begin construction of these waterbars. If the Buyer elects to have the Seller perform waterbar construction, a lump sum payment of _______ (1 percent of sale) shall be required in advance of cutting.

d. Streamside Management Zones (SMZ) will be clearly marked by the Seller with posts or flagging. Within the SMZ, timber marked for harvest should be logged carefully in a way not to destroy the filtering effects of the forest floor and expose mineral soil. Landings or skid trails will not be located within the SMZ without prior permission from the Seller. Logging debris that is deposited in streams will be removed as soon as practicable, but not to exceed 48 hours, and in a manner that will cause the least disturbance to the stream channel.

e. Servicing equipment on site will be done in such a way that waste oil, etc., is drained into containers and properly disposed of in accordance with proper solid waste disposal practices. Garbage and trash will be promptly removed and disposed of properly.

f. The sale area will be left in a condition satisfactory to the Seller.

9. The Seller shall not be held responsible for losses of marked timber due to southern pine beetle. This includes those trees both under attack by the southern pine beetle as well as those falling within the buffer strip around the spot, as determined by the Seller. In such cases the marked trees may be felled by the Seller at its discretion and the Buyer will be notified when trees are scheduled to be cut and Buyer may remove these felled trees at any time prior to the expiration of the term of this agreement.

10. The Buyer agrees to conduct its logging activity over existing roads insofar as possible and to restore such roads to a condition not less than existed at the start of its operation.

11. Seller reserves the right to temporarily suspend harvesting and hauling operations during wet weather when continued operations would adversely impact site productivity and water quality.

12. Failure on the part of the Buyer to comply with any of the requirements stipulated in this agreement shall constitute a breach of this agreement and shall result in the agreement becoming subject to cancellation upon Seller giving Buyer written notice of Buyer's default under provisions of this agreement. The Seller will be permitted to stop all timber cutting until the default can be remedied. In the event Buyer shall fail to remedy such default within a reasonable period after its receipt of notice of default, the Seller shall have the right to cancel this agreement and notice of such cancellation shall result in the agreement becoming void and canceled immediately thereupon. Notice of default shall be sent to Buyer by certified mail, return receipt requested, postage prepaid, and addressed to Buyer at

____________________
____________________
____________________

Upon cancellation, all of Buyer's rights shall terminate immediately. The balance entitled the Buyer for timber not harvested shall be based on the Seller's estimate of the remaining volume of standing timber included in this sale. This volume will be used as a basis for determining the
amount of the original sale price returned to the Buyer. This amount plus the deposit will be reduced to compensate the Seller for damages.

13. Except for negligence that might be attributable to the Seller, its agents, servants, or employees, only as allowed by State law, Buyer agrees to hold Seller harmless from any injury to person or property occurring in connection with operations by Buyer, its agents, servants, or employees, under this agreement and on the premises herein described.

**Article 4**

The Seller agrees to the following:

1. To guarantee the Buyer, its successors and assigns, to forever warrant and defend the title to the forest products and privileges granted in this agreement against all lawful claims.

2. To grant, until twenty-four (24) months following the signing of this Agreement, the Buyer freedom of ingress and egress upon the sale area and adjacent property of the Seller for the purpose of cutting and removing the designated forest products, except as provided for in Article 3, Paragraph 11.

3. An equitable adjustment to the purchase price shall be made and refunded by Seller to Buyer in the event that endangered or threatened species (as defined by the Endangered Species Act and the rules and regulations promulgated pursuant thereto) are discovered upon the Land which adversely affect or prohibit the harvesting of part or all of the timber purchased herein, and to the extent such species were not disclosed by Seller to Buyer prior to execution of this Timber Deed. The portion or amount affected by the presence of the endangered or threatened species shall be determined by applying the guidelines then in effect and adopted by Buyer and as applied by Buyer to timber management and harvesting practices upon its own land and as required by federal, state, or local law or regulation. In the event Buyer and Seller cannot agree upon an equitable adjustment, such adjustment shall be determined by binding arbitration conducted according to the rules of the American Arbitration Association.
Article 5

It is mutually understood and agreed by and between the parties:

1. The Buyer will notify the Seller of intent to begin logging operations at least 2 weeks prior to moving onto the property. A pre-entry conference will be held with the designated representatives of the Buyer and Seller. The purpose of this conference is to make sure Buyer has a clear understanding of the contract requirements and obligations and to review operating procedures.

2. This agreement shall terminate twenty-four (24) months following the signing of this Agreement, unless extended in writing.

3. Any marked trees that are left uncut from the described area at the date this agreement terminates become the property of the Seller.

4. The Seller reserves the right of checking the operations at any time to determine whether the provisions of this agreement are being carried out.

5. This agreement may be assigned in whole or in part only with the written consent of the Seller.

6. Buyer's deposit of $________________ (5 percent of sale), the receipt of which is hereby acknowledged by the Seller, shall be returned to Buyer upon completion of the logging operations.

IN TESTIMONY WHEREOF, witness my hand, this the _____ day of __________, 20__.

By: ____________________________  By: ____________________________
____________________________   ____________________________
____________________________                     ____________________________

____________________________
BUYER

____________________________
SELLER