



MINNESOTA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY

NOTICE OF SALE OF STUMPAGE ON STATE LANDS IN THE FOLLOWING AREA:
TWO HARBORS AREA

STATUS: COMPLETED
REGULAR AUCTION - SALE #1
ORAL BID

Notice is hereby given that I offered for sale at public auction in Silver Bay, MN at 9:30 AM on Thursday, January 4, 2024, timber belonging to the State of Minnesota. All tracts were offered at the Tettegouche State Park Visitor Center in Silver Bay, MN.

All of the timber offered was SFI and FSC certified.

The following pages list the lands upon which the timber was located, the estimated quantities of timber offered, the appraised prices, and the bid prices.

Minnesota DNR is Certified to the Sustainable Forestry Initiative® and/or the Forest Stewardship Council®.
For information on our certificates go to mndnr.gov/forestry/certification/certificates.html



MINNESOTA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FORESTRY
REGULAR AUCTION
ORAL BID TIMBER SALE
TWO HARBORS AREA

9:30 AM on January 4, 2024
Tettegouche State Park Visitor Center in Silver Bay, MN

TERMS OF SALE

- This auction sale will be held according to Minnesota Statutes Sections 90.101 and 90.14. Timber shall be offered and sold by the same unit of measure as it was appraised. Sale shall be made to the responsible bidder who bids the highest price for all timber species advertised for bidding on each tract. Bidding above the appraised price shall be by increments of one (1) percent or more. The percent bid up will be added to the appraised price of each species indicated as a bid species by a plus symbol (+) on the Notice of Sale. Any or all bids may be rejected and sales canceled for good and sufficient reasons.

REGISTRATION AND ELIGIBLE BIDDERS

- Interested persons must be registered at least four (4) business days prior to the auction by submitting an *Annual Timber Sales Purchaser Registration* form. No bid will be accepted from anyone having a delinquent timber sale or trespass account or a willful timber trespass with any public agency in Minnesota, or from anyone who does not qualify as a Responsible Bidder as defined in Minnesota Statutes § 90.01 (12), or from anyone who has been debarred for cause by any public agency [M.S. § 90.041 (11)].

DOWN PAYMENT

- Purchasers of timber must pay a down payment of fifteen (15) percent of the appraised value of the timber at the time the purchaser's bid is approved. The down payment will be kept on deposit by the State and applied against any billings for timber. The purchaser may elect to have the down payment refunded if they post security for one hundred (100) percent of the bid price of the timber (see Security Required). If the purchaser does not sign the permit document within 45 days of sale, the down payment will forfeit to the State. A permit signature extension of 10 business days may be granted, provided the purchaser pays a \$200 penalty.

BID GUARANTEE

- For any bid increase in excess of \$10,000 of the appraised price, a bid guarantee equal to fifteen (15) percent of the total bid price of the timber less the down payment amount is required at the time the permit is signed. If the bid guarantee is not submitted with the signed permit, the permit cancels, and the down payment forfeits to the State. If the permit holder fails to execute an effective permit, the bid guarantee payment forfeits to the State.

PURCHASER AND LOGGER QUALIFICATIONS AND OPERATIONS REQUIREMENTS

- The purchaser or the purchaser's agents, employees, subcontractors, and assigns conducting logging operations on a timber permit must comply with the general industry safety standards for logging (e.g., LogSafe) adopted by the Commissioner of Labor and Industry and provide proof of compliance with these standards. The purchaser or the purchaser's agents, employees, subcontractors, and assigns conducting logging operations on a timber permit must comply with the State of Minnesota mandatory insurance requirements before harvest operations begin. A *Certification of Compliance with the Minnesota Workers' Compensation Law* form must be submitted each year. Before the start of harvest operations, the purchaser must certify that a designated foreperson, who will be supervising active logging operations, has a current certificate of completion from a logger education program (e.g., MLEP or FISTA) approved by the Commissioner of Natural Resources.

SECURITY REQUIRED

- The purchaser must furnish security equal to the total bid value of the permit, LESS the amount paid as a down payment and bid guarantee. Security can be furnished in the following forms: Corporate surety bond, Letter of Credit, certified check, cashier's check, personal check, money order, or by signing a Cutting Block Payment Agreement for individual cutting blocks, at least one business day prior to the start of any permit operations. If the purchaser elects to receive a refund of the down payment and bid guarantee, they must furnish security in a form described above, for one hundred (100) percent of the total bid value of the timber purchased. If the deferred cash payment for cutting blocks is selected, the down payment and bid guarantee WILL NOT be refunded. If the purchaser elects to secure a permit by prepayment of cutting block(s), they must make a written request on a form provided by the state. No harvesting is permitted until proper security has been furnished to and approved by the Commissioner of Natural Resources or his agent.

PERMIT TERMS

- A permit to harvest and remove the timber from state lands will be issued to the purchaser. NO permit shall be issued to anyone other than the purchaser in whose name the bid was made. All timber purchased on the permit must be harvested prior to the permit expiration date. All permits provide for the continuous identification of timber from the time of cutting until delivery to the consumer. Failure to continuously identify the timber as specified in the permit shall constitute trespass. Also, please note all harvest specifications on each tract being sold. Only one Regular Extension is permitted for exceptional circumstances. An annual interest rate of 5 percent may be charged on a regular extension for the period of the extension.

UNSOLD TRACTS

- On the next regular business day (8:00 AM - 4:30 PM, Monday - Friday, except holidays) after the date of the auction sale, unsold tracts may be available for over-the-counter purchase at the appraised price for a period of no more than one year. Unless canceled for reoffer at an earlier date, unsold tracts will be available until January 4, 2025, at the following Area Headquarters: Two Harbors Area.

TRACT B1 COUNTY: LAKE AREA: TWO HARBORS AREA ACRES: 220.0

Permit Number: B015870
 Expiration Date: 05/31/2027

Purchased By: Fjeran's Forest Products
Address: 1801 Hwy 3, Two Harbors, MN 55616

NENW,NESW,NWNE,NWNW,NWSW,SENE,SWNE,SWNW of Section 16 - Township 55, Range 11W.
 NESW,NWSE,SESW,SWSE of Section 16 - Township 55, Range 11W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID %: 580	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ MIXED SPRUCE	PULP & BOLTS	3,280.00	Cd	2.29	7,511.20	15.57	51,069.60
+ ASPEN SPECIES	PULPWOOD	975.00	Cd	2.83	2,759.25	19.24	18,759.00
+ TAMARACK	PULP & BOLTS	670.00	Cd	1.50	1,005.00	10.20	6,834.00
PAPER BIRCH	PULPWOOD	45.00	Cd	1.50	67.50	1.50	67.50
NORWAY PINE	PULP & BOLTS	10.00	Cd	4.05	40.50	4.05	40.50

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$11,383.45 BID TOTAL = \$ 76,770.60
 ADVANCE PAYMENT = \$1,707.52

Optional Timber (may be purchased with an Added Timber Agreement):

BALSAM FIR	PULP & BOLTS	290.00	Cd	1.50	435.00
ANY LISTED SPECIES	BIOMASS	1,960.00	Tons	0.10	196.00

Mixed Species Description:

Aspen Species Pulpwood includes: Balm of Gilead 5%; Trembling Aspen 95%.
 Mixed Spruce Pulp & Bolts includes: Black Spruce 55%; White Spruce 45%.

Mixed Product Description:

Balsam Fir Pulp & Bolts includes: Bolts 15%; Pulpwood 85%.
 Mixed Spruce Pulp & Bolts includes: Bolts 35%; Pulpwood 65%.
 Norway Pine Pulp & Bolts includes: Bolts 70%; Pulpwood 30%.
 Tamarack Pulp & Bolts includes: Bolts 40%; Pulpwood 60%.

Cutting and Felling:

- Harvest trembling aspen, Balm of Gilead, paper birch, tamarack, red pine, and spruce. Balsam fir is optional timber (Cutting Blocks 1 and 2).
- Fell all live black spruce equal to or greater than 5 feet tall (Cutting Blocks 1 and 2).

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State (Cutting Blocks 1 and 2).

Sale Conditions:

- Access is across county land (Cutting Blocks 1 and 2).
- Access crosses Public Waters. A Permit is not required if using a snow / ice bridge (Cutting Block 2).
- Provisions of access and /or water crossing permits will become part of sale terms and conditions for this sale (Cutting Blocks 1 and 2).

Marketing Conditions:

Sale is located on Wales Road, 18.5 miles North of Two Harbors. Access uses both the Wales County gravel pit and Wikholm Road as access. The state snowmobile trail also travels down both these roads. A Lake County access permit has been obtained. CB 1 Pine Creek crossing could be avoided by permittee securing private access, would still require a small tributary crossing.
 Frozen ground operations only due to access and lowland harvest area.
 White spruce and balsam fir are in a declining state due to spruce budworm (95% affected and 20-25% mortality as of 10/27/23), prices, volumes and sale expiration adjusted.

Permittee should expect at least 1.6 miles of new road construction with merchantable timber and including a stream crossing on cutting block 2.

There is a small adjacent red pine thinning available as an informal sale.

Price Adjustments:

Road Construction Costs: 0%

Haul Distance to Nearest Mill: -15%

Stand Density: 0%

Operational Constraints: -5%

Other Price Factor: -65% (Spruce budworm and reoffer)

Appraiser:

Brian Patrick Schiller

(Appraisal ID 17336-0; Cutting Block ID 20153-0, 20156-0)

TRACT B2

COUNTY: LAKE

AREA: TWO HARBORS AREA

ACRES: 188.7

Permit Number: B015871
Expiration Date: 05/31/2027

Purchased By:
Address:

UNSOLD

GL06,SESE,SESW,SWSE of Section 30; NENE,NWNE,SWNE of Section 31;
GL01,GL02,GL03,GL04,NENE,NWNE of Section 32; SESW,SWSW of Section 29 - Township 58, Range 7W.

SPECIES	PRODUCT	VOLUME	UNIT	APPRAISED		BID:	
				UNIT PRICE	\$ VALUE	UNIT PRICE	\$ VALUE
+ MIXED SPRUCE	PULP & BOLTS	2,340.00	Cd	2.11	4,937.40	2.11	4,937.40
+ BALSAM FIR	PULPWOOD	1,100.00	Cd	1.50	1,650.00	1.50	1,650.00
ASPEN SPECIES	PULPWOOD	60.00	Cd	1.88	112.80	1.88	112.80

+ BID SPECIES * SOLD ON APPRAISED VOLUME

APPRAISED TOTAL = \$6,700.20
ADVANCE PAYMENT = \$1,005.03
BID TOTAL = \$ 6,700.20

Optional Timber (may be purchased with an Added Timber Agreement):

ANY LISTED SPECIES BIOMASS 1,800.00 Tons 0.07 126.00

Mixed Species Description:

Aspen Species Pulpwood includes: Balm of Gilead 5%; Trembling Aspen 95%.
Mixed Spruce Pulp & Bolts includes: Black Spruce 5%; White Spruce 95%.

Mixed Product Description:

Mixed Spruce Pulp & Bolts includes: Bolts 67%; Pulpwood 33%.

Season of Operations:

- Conduct sale operations on frozen soil conditions only, except with written permission from State.

Sale Conditions:

- Access is across county, state and private land.
- Permission to cross private land must be obtained by permittee.
- Provisions of access and /or water crossing permits will become part of sale terms and conditions for this sale.

Marketing Conditions:

This sale is located north of Doyle and Lookout Lakes. Access to the bulk of the sale area is indirect off the Sonju Lake Rd and Lookout Rd. Additional sale access is through private land to the south. A fair amount of road building is required to extend a previously existing skid trail off Lookout Rd to the east. Swamp freezing is expected between harvest areas.

Balsam Fir and White Spruce plantations are impacted by the infestation of Spruce Budworm and are therefore in salvage-clearcut status. Quality and mortality vary within each stand. There is a small amount of Aspen intermixed, average to over-mature quality.

Price Adjustments:

- Road Construction Costs: -15%
- Haul Distance to Nearest Mill: 0%
- Stand Density: -5%
- Operational Constraints: -10%
- Other Price Factor: -60% (Salvage)

Appraiser:

Glenn N. Ristow

Harvest specifications and additional information about each tract may be obtained upon request from the following
DNR Area Forestry Office:

TWO HARBORS AREA

The right is reserved to reject any and all bids.

For the Commissioner
MINNESOTA DEPARTMENT OF NATURAL RESOURCES

By: _____
Authorized Signature
Division Of Forestry
Dated: January 4, 2024

- SUMMARY SHEET -

01/04/2024 REGULAR AUCTION - SALE #1

COMPLETED - DATA AS OF 01/04/2024

TWO HARBORS AREA

SUMMARY FOR SOLD TRACTS

PRODUCT	SPECIES	TOTAL VOLUME	UNIT	SOLD AVERAGE UNIT PRICE	TOTAL SOLD \$ VALUE
PULP & BOLTS	NORWAY PINE	10.00	Cd	4.05	40.50
	BALSAM FIR <i>(optional)</i>	290.00	Cd	-	0.00
	TAMARACK	670.00	Cd	10.20	6,834.00
	MIXED SPRUCE	3,280.00	Cd	15.57	51,069.60
PULPWOOD	ASPEN SPECIES	975.00	Cd	19.24	18,759.00
	PAPER BIRCH	45.00	Cd	1.50	67.50
BIOMASS	ANY LISTED SPECIES <i>(optional)</i>	1,960.00	Tons	-	0.00

TOTAL SOLD TRACTS CONVERTED TO CORDS: 5,270.00
TOTAL APPRAISED DOLLAR VALUE OF SOLD TRACTS: \$ 11,383.45
TOTAL BID-UP DOLLAR VALUE OF SOLD TRACTS: \$ 76,770.60
TOTAL ACRES SOLD: 220.0
SOLD TRACT NUMBER: 1
TOTAL NUMBER OF TRACTS SOLD: 1

SUMMARY FOR UNSOLD TRACTS

PRODUCT	SPECIES	TOTAL VOLUME	UNIT	APPRAISED AVERAGE UNIT PRICE	APPRAISED \$ VALUE
PULP & BOLTS	MIXED SPRUCE	2,340.00	Cd	2.11	4,937.40
PULPWOOD	ASPEN SPECIES	60.00	Cd	1.88	112.80
	BALSAM FIR	1,100.00	Cd	1.50	1,650.00
BIOMASS	ANY LISTED SPECIES <i>(optional)</i>	1,800.00	Tons	0.07	126.00

TOTAL UNSOLD TRACTS CONVERTED TO CORDS: 3,500.00
TOTAL APPRAISED DOLLAR VALUE OF UNSOLD TRACTS: \$ 6,700.20
TOTAL ACRES UNSOLD: 188.7
UNSOLD TRACT NUMBER: 2
TOTAL NUMBER OF TRACTS UNSOLD: 1