



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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MANUAL TRANSMITTAL SHEET

Subject

H-5460-1 - SALES ADMINISTRATION

1. Explanation of Material Transmitted: This release transmits BLM Manual H-4660-1 - Sales Administration, a new Handbook which sets forth basic procedural guidelines for the administration of forest product sale contracts.
2. Reports Required: None.
3. Material Superseded: None.
4. Filing Instructions:

REMOVE

INSERT

None

H-5460-1
(Total: 41 Sheets)

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U.S. DEPARTMENT OF THE INTERIOR
Bureau of Land Management

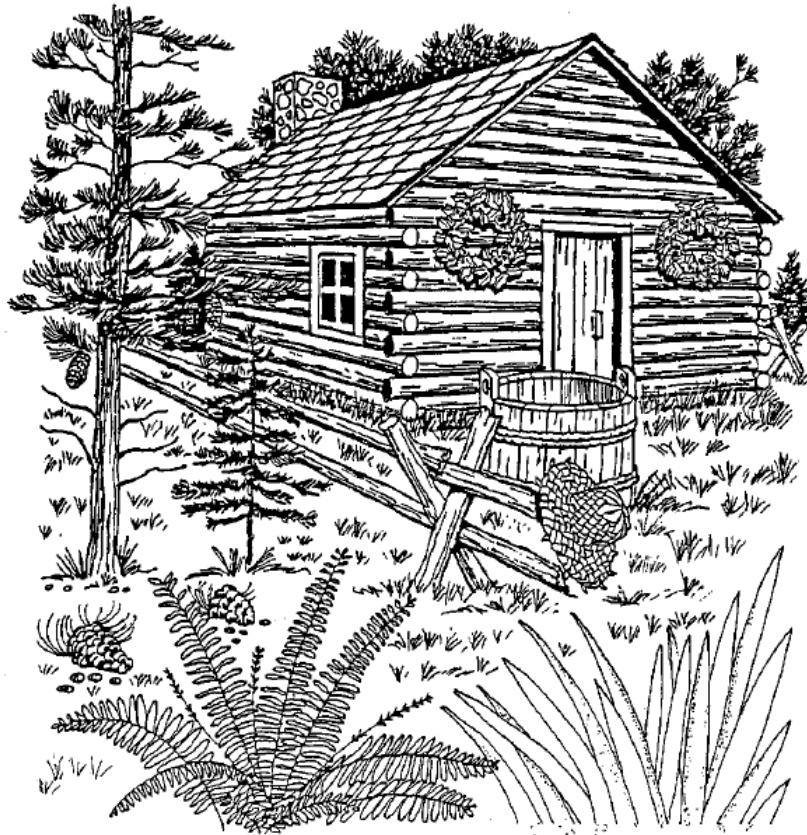


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Washington Office
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Forest Product Sale

Procedure Handbook Series

Sales Administration



H-5460-1

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- I. Contract Inspection. Contract inspection covers all phases of inspection of the contract area beginning with the initial contact with the Purchaser or his logger and ending with the last inspection prior to contract termination. Employees assigned to contract administration must have adequate training and experience in the fundamentals of contract administration and have thorough knowledge of the forest product sale contract requirements. It is also essential that contract administrators know the extent and limitation of authority delegated to them for carrying out their responsibilities.
- A. Designated Representative. The Contracting Officer may find it difficult, if not impossible, to personally carry out all of the details required for proper administration of a forest product sale contract. The Contracting Officer may designate a representative or contract administrator to oversee the contract. The designated representative of the Contracting Officer should be identified in writing to the Purchaser.
1. Authority Limitation. The exercise of the rights or duties of the Contracting Officer by the designated representative is limited to those functions delegated to him by the Contracting Officer. The signing authority of the Contracting Officer may not be delegated; the Contracting Officer must sign all major actions under the contract. Examples of major actions are contract modifications, suspension notices, demands for damages, approval of assignments, contract extensions, formal acceptance of road construction, etc.
 2. Contract Suspensions. With the possible exception of instances where State fire laws are being violated or situations causing serious environmental degradation inconsistent with the terms of the contract, only the Contracting Officer is empowered to suspend operations. Contract suspension is a very serious step which deserves full consideration by the Contracting Officer before any action is taken. Contract administrators must not use the threat of suspension to expedite Purchaser compliance with contract provisions.
- B. Frequency of Inspection. The contract administrator should discuss the contract and its provisions with the Purchaser and the Purchaser's designated representative prior to any operation of the contract. Once operations begin, the actual number and frequency of inspections in a given period of time is dependent on the rapidity of cutting and/or removal of forest products from the contract area and/or the intensity of contractual activity, i.e., road construction, stream clearance, slash disposal, etc. Generally, examinations should be made weekly or more often if necessary, during the period of actual cutting and removal of the forest products. Biweekly examination is a good rule of thumb.
- C. Contract Interpretation. The contract administration is expected to reasonably interpret the contract stipulations. The administrator must be alert to the fact that instructions given, or actions taken which deviate from the contract's requirements or require the Purchaser to do something not called for in the contract, can be cause for a claim for a contract modification or a claim for damages under the Contract Disputes Act. There are several general rules in interpreting contracts which should be observed:

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1. When there is an inconsistency between a general statement and a specific statement, the latter qualifies the meaning of the former..
 2. Where there is a conflict between specifications and the drawings, the specification govern.
 3. Where a requirement is stated in either the specifications or the drawings, but not in both, it is constructed as being in both.
 4. The Government has a right to receive exactly what the contract requires even though something slightly less may be adequate.
 5. Where the contract is written in general terms such as “to the satisfaction of the Authorized Officer” the administrator must recognize that such general statements are subject to interpretation. Substantial rather than strict compliance is all that can be expected.
- D. Inspection Report. Form 5460-4, Timber Sales Inspection Report, should be used as a guide for inspecting forest product requirements. (See Illustration 1.) This same form should be used to document findings in the sale area including a summary of any instructions given, questions asked or interpretations given to the Purchaser or the Purchaser’s representative.
- E. Instructions to Purchaser. During the course of a contract, it may be necessary to give instructions to the contractor on some item required by the contract. Routine instructions are generally handled verbally. However, when the contractor is not complying with the contract provisions and does not respond to verbal instructions, issue written instructions on Form 5460-18, Instruction to Purchaser. (See Illustration 2.) Prepare the form in duplicate; the contractor should be given the original and the copy retained for the official contract file. Use this form for minor changes necessary to meet changing conditions. Any oral instruction or contract interpretation given the Purchaser or his representative during field inspections should be confirmed in writing after instructions are given or upon return to the District Office.

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- II. Contract Payment. This section describes in detail the procedure for documenting the volume and value of forest products cut and/or removed and the steps to be taken to assure that contract payments are paid on time.
- A. Cutting and/or Logging Progress Reporting. Once the cutting or removal of forest products begins, the Contracting Officer must establish a contract inspection frequency schedule at a level to ensure that cutting and/or removal are consistent with the payments made or bond coverage provided. The contract administrator must carefully record the area cut over, and/or the area yarded to a loading point, on the field copy of the contract map. The estimated volume and the value of the forest products cut and/or removed are then computed. (See Illustration 3).
1. Cash Installment Systems. The Purchaser has the responsibility to make timely installment payments prior to the cutting or removal of forest products sold. The contract administrator should meet with the Purchaser's representative and agree to a level of installment payment submissions geared to the anticipated rate of operations that will keep payments ahead of cutting or removal.
 - a. Payment Advance of Cutting. When uncut forest products are sold and the Purchaser is not operating under a cut-but-not-remove bond or a payment bond, the installment payments are geared to the rate at which the volume and value of the forest products is to be cut. Upon field inspection, the contract administrator completes the portions of the Timber Payment Report that relates to the cutting operation only.
 - (1) If the computation of the value of the forest products cut approaches the sum of the second and subsequent installments paid, the contract administrator gives Purchaser a courtesy contract to advise him as to the status of the contract and to suggest the payment of installments on the contract.

NOTE: When a contract has reached the 60 percent completed point, one half of the first installment is also credited to the amount paid. The 60 percent completed point is defined as payment of 60 percent of the total purchase price or completion of road construction required by the contract the value of which when added to the contract payments made equals 60 percent of the total purchase price.
 - (2) If the computation of the value of the forest products cut exceeds the sum of the second and subsequent installments paid (overcut), this represents a contract violation. The contract administrator advises the BLM Purchaser to make the necessary additional installment payments within one working day to correct the overcut situation. (See Chapter II.D.) Responsible District Officials are to be advised immediately of overcut situations.

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- b. Payment in Advance of Removal. When forest products previously cut has been sold, or the Purchaser is cutting forest product under the cut-but-not-remove bonding procedure, the installment payments are geared to the rate in which the volume and value of the timber is to be yarded to a loading point. In the sale of cut forest products, upon inspection, the contract administrator completes the portions of the Timber Payment Report that relate to yarding only. If the Purchaser is cutting under a cut-but-not-remove bond, upon inspection the contract administrator completes the portions of the Timber Payment Report that relates to both cutting and yarding.
 - (1) If the computation of the value of the forest products yarded to a loading point exceeds the sum of the second and subsequent installments paid (over-yarded), follow procedure described in Paragraph II.A1a(1).
 - (2) If the computation of the value of the forest products yarded to a loading point exceeds the sum of the second and subsequent installments paid (over-yarded), follow procedure described in Paragraph II.A1a(2).
 - (3) If the computation of the value of the forest products cut under the cut-but-not-remove bond approaches the limit of bond coverage, the contract administrator should advise the Purchaser to quit cutting; provide additional immediate bond coverage; or submit additional installment payments to cover the anticipated cutting.
 - (4) If the computation of the value of the forest products cut under the cut-but-not-remove bond exceeds the limit of bond coverage, this represents an overcut situation and cash installments are due and payable. Follow procedure described in Paragraph II.A1a(2).
- 2. Payment and Bond Systems. The Contract Officer must reach agreement with the Purchaser with respect to a contract billing date. Unless a shorter period of time is agreed to by the Purchaser and Contracting Officer, the Contracting Officer shall bill the Purchaser monthly for forest products skidded or yarded to a loading point or removed from the contract area. When billed, the Purchaser has the responsibility to make timely payment within 15 days of the billing date for the value of the forest products yarded to a loading point or removed from the contract area including amounts due for associated road maintenance fees or slash disposal fees. Upon inspection, the contract administrator completes the portions of the Timber Payment Report that relates to both cutting and yarding or removal.
 - a. Payment Procedure. Under the payment bond operation, the timeframes for billing and payment are critical as dictated by the terms of the contract. The Contracting Officer has the responsibility to establish prompt billing procedures.
 - (1) The contract administrator must submit a "billing" Timber Payment Report to the designated account clerk at least one day in advance of the agreed upon billing date.

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- (2) Account clerk must send a bill to the Purchaser for the amount due on or before billing date. Billing is accomplished on Form 1371-22, Bill for Collection. (See Illustration 4.)

b. Monitoring Obligations Under Payment Bond. A payment bond control register (see Illustration 5) is required of the District/Area office for each payment bond. It is important that Form 5450-16, District payment Bond Control Record and the TSIS Bonding report (if TSIS is used), are maintained as current as possible so that the total amount obligated under a payment bond can be quickly and readily identified.

- (1) For active operations, one Timber Payment Report per month is insufficient to maintain any degree of obligatory update; therefore, the contract administrator must complete and submit to the account clerk, periodically throughout the month, non-billing (interim) Timber Payment Reports.
- (2) The account clerk posts, from each report, the value of the forest products cut against the payment bond to the control register.
- (3) If the value of the forest products cut against the payment bond on an individual report, or the aggregate shown on the control register as reported by the account clerk, approaches the limit of bond coverage, the contract administrator advises the Purchaser to: quit cutting; provide additional payment bond coverage; or submit additional payment to cover the anticipated cutting.

NOTE: The contract administrator must be alert to when the 60 percent completion point is reached so that one half of the first installment can be credited against the amount due for timber yarded and/or removed.

- (5) If the value of the forest products cut against the payment bond on an individual report, or the aggregate shown on the control register exceeds the limit of bond coverage, this represents an overcut situation and cash installments are due and payable on the contracts involved. The Purchaser may remedy the situation by:
 - (a) Payment of sufficient regular installment payments that operations may proceed, or
 - (b) Submission of an increase to the payment bond on Form 5460-3, Increase or Decrease Rider in an amount acceptable to the Contracting Officer and with an effective date that is prior to the over cutting. (See Illustration 6.)
- (6) If the Purchaser fails to remedy the situation, proceed as described in Paragraph III.A1a(2).

B. Receipt of Payment. Use collection and documentation procedures set forth in Manual Section 1372. The copy of Form 1371-22, Bill for Collection marked "case file folder" is placed in the official contract file. The "miscellaneous copy" is routed to the contract administrator for inclusion in the field file.

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1. Receipt of Payment Under Payment Bond. As a billed payment, or other payment, is received under a payment bond operation, the account clerk should recover the last Timber Payment Report submitted for that contract and update items a. through g. under column 13 reflecting the changes resulting from the payment received. A machine copy of this amended report should be furnished to the contract administrator for use in computing the next Timber Payment Report. At this same time, the account clerk should update the obligated amount against the bond as shown on the control register for the contract involved.
 2. Receipt of Bad Check. At any time a Purchaser's check for an installment, or billed payment, fails to clear the bank for insufficient funds, the operation should be suspended immediately. The Contracting Officer should demand a certified or cashier's check covering the bad check as a condition of terminating the suspension. If the Purchaser is through cutting and removing forest products at the time a bad check bounces, and upon demand fails to submit valid payment, follow bad check procedures in Manual Section 1372 and immediately initiate breach of contract procedure. (See Handbook 5480-1, Contract Violation, Suspension, Cancellation; Settlement of Uncompleted Contract.)
 3. Refund or Transfer of Contract Payments. Unless the total payments received on a contract exceed the total purchase price, (overpayment), contract payments may not be refunded. Additionally, unless the contracting office has made an accounting error, payments deposited and recorded on one contract may not be transferred for use on other contracts.
 4. Partial Payments. Partial payments may be accepted subject to the following:
 - a. Cash Installment Systems. Payments received which are less than the installment amount specified in the contract may be accepted and applied to the contract. Such partial installment payments do not entitle the Purchaser to cut or remove timber in a value equal to the money so paid. Cutting or removing of forest products is permitted only against full installments.
 - b. Payment Bond Systems. Payment received within the 15-day payment period which is less than the billed amount may be accepted and applied against the contract. The original billing remains outstanding until the balance of the payment is made. If the remaining balance of the billed payment is not paid by the end of the 15-day period, the Purchaser is in violation of the terms of his contract. (See Chapter II.D below).
- C. Total Payment. The total contract purchase price must be paid prior to the expiration of the contract time for cutting and removal of forest products. When a contract extension is granted, the total contract purchase price becomes due prior to the expiration of the contract as extended, provided, however, that the Contracting Officer may require payment in full as a condition of granting the extension.

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1. Performance Bond Reduction. Upon payment of the total purchase price, the increased amount of the performance bond used to cover a cut-but-not-remove bond operation may be canceled and the bond reduced to the minimum required by the contract. Subject to the approval of the Contracting Officer, the Purchaser may effect such a reduction by submitting a properly executed Form 5460-3, Increase or Decrease Rider (see Illustrations 6 and 7), or furnishing a new performance bond in the correct penal amount.
2. Payment Bond Reduction. Upon payment of the total purchase price of a contract, a payment bond may subsequently be reduced or canceled.
 - a. Blanket Payment Bond – Corporate Surety. Subject to approval of the Contracting Officer, the Purchase, by written notice, may reduce his payment bond to a level sufficient to cover his remaining contracts listed under the bond. Such a reduction may be effected by submitting Form 5460-3, Increase or Decrease Rider, or furnishing a new bond on Form 5450-20, Blanket Payment Bond, for the revised amount. (See Illustration 8.) If the Purchaser has no other contracts listed under the bond, he may request that the bond be cancelled. (See Illustration 9.)
 - b. Payment Bond for Single Contract. Upon payment of the total purchase price of the contract for which the bond was filed, the Contracting Officer cancels the bond and notifies the Purchaser and surety of this action.
 - c. Payment Bond – Deposit of Negotiable Securities of the United States. A bond executed on Form 5460-3, Deposit of Negotiable Securities of the United States, Payment Bond, may not be reduced or transferred to another contract. Upon payment of the total purchase price of the contract for which the bond was filed, the Contracting Officer cancels the bond and notifies the Branch of Financial Management, Denver Service Center of this action. Upon receipt of notice of cancellation of the bond, the Branch of Financial Management requests the Federal Reserve Bank to return the securities to the Purchaser. (See Illustration 10.)
 - d. Cash Payment Bond (With Irrevocable Letter of Credit). Upon payment of the total contract purchase price of the contract for which the bond was filed, the Contracting Officer shall return the irrevocable Letter of Credit to the issuing bank. (See Illustration 11.)
- D. Delinquent Payments. If the Purchaser fails to make timely installment payment when due, or failed to make timely payment when billed under the payment bond procedures, the Purchaser is in violation or breach of the contract. The Contracting Officer must take action immediately to effect collection under the terms of the forest product sale contract. (See Handbook 5480-1.)
 1. Cash Installment Systems. If the Purchaser fails to make the delinquent payment within one working day of notification pursuant to Paragraph II.A1a(2), the Purchaser's operation shall be suspended. For any payments or other charge not paid when due, interest shall accrue on the amount due at the interest rate published quarterly by the Department of the Treasury beginning 15 calendar days after the end of the one working day allowed for payment. Contact the State Director for applicable rate.

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2. Payment Bond Systems. If the Purchaser fails to pay the billed amount within the 15-day payment period, the Purchaser's operation shall be suspended on the first working day following the end of the payment period. Interest on the unpaid amount accrues at a rate as published quarterly by the Department of the Treasury beginning 15 calendar days after the end of the Purchaser's fifteen day payment period. Contact the State Director for applicable rate.

- a. Blanket Payment Bond – Corporate Surety. A copy of the suspension notice must be sent to surety together with a demand for payment of the delinquent amount from surety.
- b. Payment Bond for Single Contract. Proceed as per Paragraph II.D2a.
- c. Payment Bond – Deposit of Negotiable Securities of the United States. The suspension notice should advise the Purchaser that if it is necessary for the Government to appropriate the securities to cover the delinquent payment, the value of the securities so appropriated must cover the current total amount obligated against the bond. This will in effect cancel the bond and other operating arrangements will need to be made.
- d. Cash Payment Bond (With Irrevocable Letter of Credit).

The following actions shall be taken:

- (1) Advise the Purchaser that a demand (sight draft) will be made upon the bank issuing the Irrevocable Letter of Credit (ILC) for the delinquent payment.
 - (2) Prepare a letter to the issuing bank certifying that Purchaser has failed to make payments in accordance with the terms and conditions of the contract. (See Illustration 12.)
 - (3) Deliver a sight draft to the issuing bank for payment.
 - (4) If the amount of the sight draft exhausts the amount of the ILC, the Purchaser will have to make other operating arrangements.
3. Purchaser with a History of Delinquent Payments. If a Purchaser is consistently and notoriously late in meeting his payment commitments, placing the contract administrator in a continuous policeman role that Purchaser should be given written warning that operations under the contract may be suspended for future delinquent payments without further notification, and the Contracting Officer may require full contract payment as a condition of terminating the suspension. Demand for full payment of the total or balance of the purchase price from a Purchaser with a record of delinquent contract payments should be done only after consultation with the State Director.

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E. Cancellation of Corporate Payment Bond by Principal or Surety.

Corporate payment bonds provide for cancellation by the principal or surety at any time, ninety (90) days after the Government's receipt of written notice of cancellation from the principal or surety; or by the surety following the Government's demand for payment under any payment bond of the same principal and surety, ten (10) days after the Government's receipt of written notice of cancellation from the surety. Upon receipt of a notice of cancellation, the District Manager should take the following action:

1. Notify the State Director (930).
2. Send a letter by certified mail to the Purchaser, informing Purchaser that BLM has received the cancellation notice. The letter should state the effective cancellation date and the action permitted by the Purchaser as a result of the cancellation notice. (See Illustration 13.) A copy of that letter should also be sent to the surety. Prepare a letter for each contract involved.
3. An inspection of the contract should be made so that there is a report of the volume cut and the volume removed as of the effective cancellation date.
4. In the event that felled forest products covered by the canceled bond remains and the Purchaser provides a new payment bond, the new bond must cover the felled forest products. A contract may not have dual payment bond coverage.
5. A suspension notice should be issued to the Purchaser immediately if Purchaser attempts to cut forest products after the effective date of cancellation unless a payment, acceptable under Section 3 of the contract, has been arranged.
6. A letter should be sent to the surety by certified mail acknowledging receipt of the cancellation notice, and asserting the BLM's views of the obligations surety, and the actions which may be taken in response to the cancellation notice. (See Illustration 14.)

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- III. Expiration of Time for Cutting and Removal. The BLM has a long standing practice of notifying the Purchaser of the contract expiration dates. This practice puts the Purchaser on notice that limited time remains for logging and completing other contract requirements. The objective of the courtesy notice is to remind the Purchaser of the contract expiration dates for cutting and removal of the forest products, and the date for removal of personal property from the contract area.
- A. Ninety (90) Day Notice. As a matter of courtesy, the Contracting Officer alerts the purchaser to the contract expiration dates. The courtesy notice is sent approximately ninety (90) days prior to the expiration of the Purchaser's right to cut and remove forest products. Form 5460-5, Notice of Expiration of Cutting and Removal Rights, is used for this purpose. The notice must also cite the contract period during which the purchaser may remove his personal property. Logs are not personal property within the meaning of BLM forest product sale contracts and may not be removed from the contract area after the expiration date of the Purchaser's right to cut and remove forest products. Logging equipment, portable sawmills, and sanitary facilities are examples of personal property. (See Illustration 15).
1. Expiration Date – Forest Products. Unless an extension is granted, all logs and trees sold under the terms of the forest product sale contract becomes the property of the Government on the day after the expiration of the Purchaser's right to cut and remove forest products.
 2. Expiration Date – Personal Property. Unless an extension is granted, all personal property of the Purchaser remaining on the contract area becomes the property of the Government on the day after the expiration of the Purchaser's right to remove personal property.
- A. Thirty (30) Day Notice. If it appears likely that forest products cannot be removed prior to expiration on time for cutting and removal, the Contracting Officer shall send a letter to the Purchaser 30 days prior to the expiration of the Purchaser's right to cut and remove forest products to remind the Purchaser of the remaining contract obligations. (See Illustration 16.) A copy of this letter shall also be sent to the Surety.
- B. Extension of Time. The Purchaser may apply, in writing, for an extension if it can be shown that inability to complete operations was due to causes beyond the Purchaser's control. A written request must be filed with the Contracting Officer prior to the contract expiration date. A request for an extension received after the expiration date is ineligible for consideration. See Handbook 5470-1, Contract Modification – Extension – Assignment, for detailed procedures regarding extension of time for cutting and removal.

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IV. Contract Disputes

- A. The Contract Disputes Act of 1978. This act provides a forum for a Contractor (BLM forest products sales purchaser) to obtain formal review and resolution of disputes on claims arising under a forest products sale contract with the Contracting Officer. This includes both claims by the Purchaser and by the BLM.
- B. Contractor's Submission of a Claim to the Contracting Officer. Section 37 (Disputes) of the forest products sale contract (Form 5450-3) provides that if a dispute arises relating to the contract, the Contractor may submit a claim to the Contracting Officer. A claim means:
 1. A written request submitted to the Contracting Officer.
 2. For payment of money, adjustment of contract terms or other relief.
 3. Which is in dispute or remains unresolved after a reasonable time for its review and disposition by the Government.
 4. For which a Contracting officer's decision is demanded.

The preceding establishes the existence of a claim, a description of the claim and a demand for a final decision.

- C. Time Limitation for Issuing Contracting Officer's Decision. A Contracting Officer shall issue a decision on any submitted claim of \$50,000 or less within 60 days of receipt of a written request from the Contractor. A Contracting Officer shall, within 60 days of receipt of a submitted certified claim over \$50,000 either; (1) issue a decision, or (2) notify the Contractor of the time within which a decision will be issued. To assure that the decision is defensible, send all decisions to State Office for review prior to mailing them to the Contractors.
- D. Format for Contracting Officer's Final Decision on a Claim in Dispute.
 1. Title, Date, Contractor, Contract
 - a. Title: (Findings of Fact and Decision of Contracting Officer on Claim Under the Contract Disputes Act of 1978.)
 - a. Date: (Provide the date when the claim was received).
 - b. Contractor: (Provide Contractor's name and address.)
 - c. Contract: (Provide the contract number and sale name.)

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2. Findings of Fact

- a. Provide general information about the nature of the claim including reasons for the claim.
- b. Discuss pertinent contract provisions.
- c. Describe the Contractor's performance or lack of performance.
- d. Describe the Government's performance (billing or other action).
- e. Provide information regarding the Contractor's knowledge of contract provisions.
- f. Provide information on the Government's needs for work required by contract provisions.
- g. Any other information pertinent to the claim.

3. Rationale

- a. Explain how the Contractor's or the BLM's performance or lack of performance does or does not conflict with contract provisions.
- b. Describe what contract remedies were applied by the Contracting Officer.
- c. Explain how contract provision(s) in dispute relates to BLM forest management.

4. Decision of Contracting Officer

- a. Describe the consequence of the Contractor's action.
- b. Provide Contracting Officer's conclusion.

5. Rights to Appeal

- a. Insert the following:

This is the final decision of the Contracting Officer. This decision may be appealed to the Interior Board of Contract Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203. If you decide to make such an appeal, you must mail or otherwise furnish written notice thereof to the Board of Contract Appeals within ninety days from the date you receive this decision. A copy thereof shall be furnished to the Contracting officer from whose decision the appeal is taken. The notice shall indicate that an appeal is intended, shall reference this decision, and identify the Contract number. In lieu of appealing to the Board of Contract Appeals, you may bring an action directly in the U. S. Claims Court within twelve months of the date you receive this decision.

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In appeals where the amount in dispute is \$10,000 or less, the appellant may elect to have the appeal processed under the optional Small Claims (expedited) procedure or when the dispute is \$50,000 or less the appellant may elect to have the appeal processed under an accelerated procedure as set out under 43 CFR, Part 4, Subpart C, Section 4.113. A copy of the Special Rules of practice as set out in 43 CFR, Part 4, Subpart C is enclosed.

- b. Provide the date of the decision and the Contracting Officer's signature.
- E. Contractor's Appeal of the Contracting Officer's Decision. The Regional Solicitor assigns an attorney to represent the Government's interest in the matter. Instructions for responding to receipt of notice of administrative appeal and preparing an appeal file are found in Appendix 1. A copy of all appeals should be sent to State Director (930).

H-5460-1 - SALES ADMINISTRATION

GLOSSARY OF TERMS**-A-**

Authorized Officer: An employee of the Bureau of Land Management to whom has been delegated the authority to take action in connection with a contract.

-C-

Contract Administrator: A Bureau of land Management employee designated in writing to inspect and administer forest product sale contracts.

Contract Extension: Extension of time for cutting and removal of forest product sold under the terms of a forest product sale contract.

Contract Modification: A contract modification is a change in the term s of an approved forest product sale contract.

Contract Officer: The Bureau of Land Management official who would have authority to execute a forest product contract and delegate authority to take action in connection with such contract.

Contract Suspension: A formal notification to a Purchaser which suspends all contract operations except those necessary to correct the contract violations.

-L-

Loading Point: Any land or other area in which logs are capable of being loaded for transportation out of the contract area; provided, however, that right-of-way timber which has been cut shall not be considered to be at a loading point until such time as logs from the right-of-way are actually transported from that portion of the right-of-way.

-S-

Sales Administration: The inspection, direction, and financial management of a forest product sale contract between the contract approval date and termination.

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Example of Timber Sale Inspection Report

Form 5460-4
(January 1970)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

TIMBER SALE INSPECTION REPORT

Purchaser John Doe Lumber Co.

Contract Number OR080-TS4-000	Report Number 2	Inspection Date 5/21/89
Timber Sale Name Lower Price Creek		Previous Inspection Date 5/17/89

Purchaser's Representative on the Area John Doe

1. Was activity noted on contract area since last report? ☒ Yes ☐ No
2. Was Timber Cutting and Yarding Inspection Report filed? ☐ Yes ☒ No

3. CONTRACT ITEMS INSPECTED THIS DATE
(Check one)

ITEM	SATIS- FACTORY	UNSATIS- FACTORY	NOT INSPECTED
a. Timber reserve and boundary lines are	X		
b. Felling requirements of marked trees and snags are	X		
c. Yarding requirements, damage to reserve trees, unnecessary trails, etc.	X		
d. Logging requirements, contract specifications are	X		
e. Contractor conformance to logging plan is	X		
f. Fire prevention and control measures are			X
g. Erosion control and watershed protection measures are	X		
h. Progression of slash disposal is			X
i. Road maintenance is	X		
j. Refuse control is	X		
k. Protection of improvements, fences, corners, BT's is	X		
l. Progression of contract	X		
m. Contractor conformance to the equal opportunities clause is	X		
n. Painting and branding of logs excepted from export is	X		

(Continued on reverse)

4. ROAD CONSTRUCTION AND IMPROVEMENT PROGRESS	
a. Road name	Lower Price Creek Mainline
b. *Station	From 0+00
	To 11+00
c. Current progress or condition	

[illegible]

No timber cutting or yarding since last report.

(Signature of Inspection Officer)

(Date)

H-5460-1 - SALES ADMINISTRATION

Example of Timber Cutting and Billing

Computation - Automated System

```

Timber Cutting and Billing Computations Program          WIZBANG 3.02
DATE: 11/07/86                                         Time: 6 : 55

Contract No. (FY,NO):786,3

TS - 86 - 3      Purchaser: INTERNATIONAL PAPER
                  Sale Name: COOK JOHNSON

                                  Sold:      8609.26
                                  Approved:   8610.17
                                  Expires:     8610.17
                                  Last Report: .00
                                  Term:       24 Months

CASH SALE DEPOSIT (PAID): $25,000.00

Unit # 1
*****
ACRES:      25      County: Douglas
Volume:     1397    O&C Lands
Value:      $194,099.50 Clearcut
VAL/ACRE:   $7,764.00 VOL/AC.: 56

LAST REPORT: ACRES CUT, YARDED = 0, 0
Since Last:  Acres Cut, Yarded = 712,7

*****CUTTING*****      *****YARDING & REMOVAL*****
ACRES      VOLUME      VALUE      ACRES      VOLUME      VALUE
Last       0           0      $0,000.00    0           0      $0,000.00
Since     12          672    $93,168.00    7          392    $54,348.00
Total     12          672    $93,168.00    7          392    $54,348.00
(Cumulative NEW Yarding/Removal 7 Ac. & 392 MEF)

UNIT # 2.1
*****
ACRES:      26      County: Douglas
Volume:     1744    O&C Lands
Value:      $245,526.72 Clearcut
VAL/ACRE:   $9,447.00 VOL/AC.: 67

LAST REPORT: ACRES CUT, YARDED = 0, 0
Since Last:  Acres Cut, Yarded = 70,0

UNIT # 2.2
*****
ACRES:      9      County: Douglas
Volume:     625    O&C Lands
Value:      $86,301.00 Clearcut
VAL/ACRE:   $9,589.00 VOL/AC.: 69

LAST REPORT: ACRES CUT, YARDED = 0, 0
Since Last:  Acres Cut, Yarded = 79,3

*****CUTTING*****      *****YARDING & REMOVAL*****
ACRES      VOLUME      VALUE      ACRES      VOLUME      VALUE
Last       0           0      $0,000.00    0           0      $0,000.00
Since      9          625    $86,301.28    3          207    $28,767.00
Total      9          625    $86,301.28    3          207    $28,767.00
(Cumulative NEW Yarding/Removal: 10 Ac. & 599 MEF.)

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H-5460-1 - SALES ADMINISTRATION

Example of Timber Cutting and Billing

Computation - Automated System

MOD. # 999
*****UNITS: 60
Volume: 0
Value: \$25,133.00County: Douglas
O&C Lands
Non-Timber

VALUE/UNIT: \$0,419.00

(0-Acre Transaction Output)

SPECIAL-CASE SALE MODIFICATION:
CO-1 CONTRIBUTIONS.

'Surcharge' values for this modification will be billed separately, and are not being incorporated into section 2 totals on this contract. Also, Billing Units MAY be measured in units OTHER than acres in some cases.

UNITS REPORTED PREVIOUSLY: = 0
Since Last: NEW REMOVAL = 710

	*****CUTTING*****			*****YARDING & REMOVAL*****		
	ACRES	VOLUME	VALUE	ACRES	VOLUME	VALUE
Last	0	0	\$0,000.00	0	0	\$0,000.00
Since	10	0	\$4,190.00	10	0	\$4,190.00
Total	10	0	\$4,190.00	10	0	\$4,190.00

Inputs for Payment and Billing Calculations:

Value of Payments Received Excluding Sale Deposit = ?0,0
 Value of Cut-but-Remove Bond Increase = ?0,0
 Value of Payment Bond = ?1000,000

DID YOU MAKE ANY DATA-INPUT ERRORS (YES/NO)?N

NON-TIMBER 'SURCHARGE' BILLINGS:
 (Items such as Extension "surcharges",
 CO-1 Contributions, & Similar Things).

'MOD'. No.	Value to be billed	COMMENTS:
900	\$4,190.00	CO-1 Contribution(s).
TOTAL:	\$4,190.00	

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Example of Timber Cutting and Billing

Computation - Automated System

REPORT SUMMARY:

CONTRACT NO. TS 84 - 3
PURCHASER: INTERNATIONAL PAPER
SALE NAME: COOK JOHNSON
INSPECTOR: DONALD DUCK

TOTAL ACRES: 60
TOTAL VOLUME: 3756 MBF
TOTAL PRICE: \$526,027.50
DATE: 11/07/86 TIME: 6:55

*****CUTTING TOTALS*****			**YARDING & REMOVAL TOTALS.		
ACRES	VOLUME	VALUE	ACRES	VOLUME	VALUE
SUM-LAST: 0	0	\$0,000.00	0	0	\$0,000.00
SUM-SINCE 21	1297	\$179,469.28	10	599	\$83,115.00

UNCUT: 2469 MBF. AND 39 ACRES.
UNYARDED: 3167 MBF. AND 50 ACRES.
UNPAID (Excluding Sale Deposit): \$526,027.50

VALUE OF PAYMENTS RECEIVED EXCLUDING SALE DEPOSIT	=	\$0,000.00
VALUE OF CUT-BUT-NOT-REMOVE BOND INCREASE	=	\$0,000.00
VALUE OF PAYMENT BOND	=	\$1000,000.00
VALUE CUTTING CREDIT	=	\$1000,000.00
VALUE CUT TO DATE	=	\$179,469.28
CURRENT VALUES AVAILABLE FOR CUTTING	=	\$820,530.72
VALUE CUT AGAINST PAYMENT BOND	=	\$179,469.28

VALUE OF PAYMENTS RECEIVED EXCLUDING SALE DEPOSITS	=	\$0,000.00
VALUE PAYMENT BOND	=	\$0,000.00
VALUE OF YARDING & REMOVAL CREDIT	=	\$1000,000.00
VALUE YARDED & REMOVED TO DATE	=	\$83,115.00
CURRENT AVAILABLE FOR YARDING & REMOVAL	=	\$916,885.00
VALUE YARDED & REMOVED AGAINST PAYMENT BOND	=	\$83,115.00

VALUE OF CASH DEPOSIT: \$ 105,300.00 CASH SALE DEPOSIT: .PAID (X)

** Report # 1 Inspection Date: 11-5-86. Previous Inspection: _____
** PAYMENT METHOD: (CIRCLE NO. 1, 2 OR 3 BELOW)
**
** 1. INSTALLMENT - DUE DATE: _____ AMOUNT: \$ _____
**
** 2. PAYMENT BOND - MONTHLY BILLING DATE.
**
** (a) VALUE OF YARDING/REMOVAL SINCE LAST REPORT: \$ 83,115.00
** (b) LESS SALE DEPOSIT IF FINAL BILLING: \$ _____
** (c) BILLING AMOUNT - TIMBER: \$ 83,115.00
** (d) BILLING AMOUNT - ROAD MAINT.: \$ 600.00
** (e) BILLING AMOUNT - ROCKWEAR: \$ 600.00
** (f) BILLING AMOUNT - EXT. 'SURCHARGE' "CO-1" etc: \$ 7,190.00
**
** 3. INTERIM REPORT - DO NOT BILL.
**
** INSPECTOR: Donald Duck TECH: D.B.

Rel. 5-151
6/18/92

H-5460-1 - SALES ADMINISTRATION
Example of Bill for Collection

NOTICE OF ACTIONS IN EVENT OF DELINQUENCY

If payment is not received within 30 days of the date of the enclosed bill, the following sequence of charges will be applied to your account.

1. Interest for late payment will be assessed from the date the original bill.
2. If payment is not received within 60 days of the date of the original bill, this debt may be submitted to a credit reporting agency (Credit Bureau)
3. An administrative charge (handling charge of \$5 will be added to each follow-up billing necessitated by your failure to pay on time.
4. Any fees incurred by utilizing a debt collection company will be billed you at the time the debt is referred to the debt collection company.
5. An administrative penalty of 6% per year will be assessed for failure to pay any portion of the debt that is more than 90 days past due.

~~(P.L. 97-365, 31 U.S.C. 951-953)~~

Example of District Payment Bond Control Record

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT		Principal John Doe Lumber Co.		ABC Insurance Company		INSTRUCTIONS	
DISTRICT PAYMENT BOND CONTROL RECORD		Bond amount (date) 12/1/83 Increase None 5/12/84		Penal sum of Bond \$50,000 Revised Total \$1,200,000		Enter value on District Payment Bond Form 5450-16. Total current value for all bonds to determine if ceiling is within bonding limits.	
DATE	CONTRACT NUMBER	CONTRACT NUMBER	CONTRACT NUMBER	CONTRACT NUMBER	CONTRACT NUMBER	CONTRACT NUMBER	TOTAL
1/24/84	155,746.70	283-171	284-138	284-212			175,746.70
2/9/84	567,782.76	289,862.16					804,631.22
2/14/84	576,475.33	"					894,811.99
2/21/84	98,345.25	134,046.78					1,028,858.77
3/7/84	247,305.69	403,645.32					1,009,974.01
3/31/84	"	362,772.64					660,105.33
4/1/84	88,382.25	"					451,184.99
4/5/84	177,715.66	"					540,570.30
4/29/84	0	"					362,772.64
5/7/84		122,177.64					322,177.64
5/11/84		"	72,231.70				415,111.34
5/24/84		35,176.90	"				574,708.20
5/31/84		274,983.06	"				671,121.70
6/7/84		"	29,950.90				117,890.16
6/29/84		"	137,316.78				1,052,500.64

(Continued on reverse)



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Example of Increase or Decrease Rider

<p>Form 5460-3 (January 1987)</p> <p style="text-align: center;">UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT</p> <p style="text-align: center;">INCREASE OR DECREASE RIDER</p> <p><input checked="" type="checkbox"/> Blanket Payment Bond or <input type="checkbox"/> Performance Bond</p>	<p>Timber Sale Contract / No.</p> <hr/> <p style="text-align: center;">OR080-TS3-000</p> <hr/> <p style="text-align: center;">INSTRUCTIONS</p> <p>Principal submits <i>in triplicate</i> to increase or decrease either a <i>Performance Bond</i> or <i>Blanket Payment Bond</i>. Upon acceptance by the Authorized Officer attach original to bond and retain in District file. Send copy to Surety and Principal.</p>
<p>To be attached to and form a part of Bond Number BND 000-00-00, dated May 21, 1983, issued by ABC Surety Company, as Principal, on behalf of John Doe Lumber Company, in favor of UNITED STATES OF AMERICA as Obligor, in the original penal sum of Eight Hundred Fifty Thousand and No/100 Dollars (\$850,000.00).</p>	
<p>IT IS HEREBY AGREED that, effective June 18, 1984, the penal sum of the attached bond or any modification of said penal sum is <input type="checkbox"/> increased <input checked="" type="checkbox"/> decreased from Eight Hundred Fifty Thousand and No/100 Dollars (\$850,000.00) to Five Hundred Thousand and No/100 Dollars (\$500,000.00) for losses occurring thereafter.</p>	
<p>PROVIDED, HOWEVER, that the attached bond shall be subject to all the agreements, limitations, and conditions put forth therein except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as modified by this rider shall not be cumulative.</p>	
<p>IN WITNESS WHEREOF, above parties have executed this instrument under their seals on June 15, 1984, the name and corporate seal of each corporate party being affixed and these presents duly signed by the undersigned representative pursuant to authority of its governing body.</p>	
INDIVIDUAL PRINCIPAL OR PARTNERSHIP	CORPORATE PRINCIPAL
<p>_____ (Signature)</p>	<p>John Doe Lumber Company [SEAL]</p>
<p>_____ (Signature)</p>	<p>By _____ (Authorized Signature)</p>
<p>_____ (Signature)</p>	<p>President (Title)</p>
ACCEPTED	
UNITED STATES OF AMERICA	SURETY
<p>By _____ Authorized Officer</p>	<p>ABC Surety Company [SEAL]</p>
<p>District Manager (Title)</p>	<p>By _____ (Authorized Signature)</p>
	<p>Attorney-in-Fact (Title)</p>
<p><small>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.</small></p>	
<p><small>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.</small></p>	

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Example of Letter for Performance Bond Reduction

	<p>United States Department of the Interior</p> <p>BUREAU OF LAND MANAGEMENT</p> <p>WASHINGTON, D.C. 20240</p>	 <small>IN REPLY REFER TO:</small>
<p>(District Address)</p>		
<p>(Date)</p>		
<p>CERTIFIED MAIL RETURN RECEIPT REQUESTED</p>		
<p>(Purchaser's Name) (Business Address)</p>		
<p>(Salutation)</p>		
<p>You have requested a performance bond reduction on your timber sale contract No. _____. As the total purchase price on this contract has been paid in full, your performance bond No. _____, with <u>(Name of Surety)</u> in the penal amount of \$ _____.</p>		
<p>Enclosed are three copies of Form 5460-3, Increase or Decrease Rider. upon completion of this bond rider by yourself and surety, return all three copies to this office for approval. Your approved copy will then be returned to you.</p>		
<p>Sincerely,</p>		
<p>District Manager</p>		
<p>cc: Surety</p>		

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Example of Letter for Reduction in Blanket Payment Bond



United States Department of the Interior
BUREAU OF LAND MANAGEMENT



IN REPLY REFER TO:

(District Address)

(Date)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

(Purchaser's Name)
(Business Address)

(Salutation)

By letter dated _____ you requested a reduction in
Your Blanket Payment Bond No. _____, with
(Name of Surety).

You have indicated that a bonding level of \$ _____ will
adequately cover the rate of operations planned for the remaining contracts covered
under the bond. We are in agreement with this, and you may reduce the penal amount of
the bond from \$ _____ to \$ _____.

Enclosed are three copies of Form 5460-3, Increase or Decrease Rider.
Upon completion of this bond rider by yourself and surety, return all three copies to this
office for approval. Your approved copy will then be returned to you.

Sincerely,

District Manager

cc: Surety

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Example of Letter for Cancellation of Blanket Payment Bond



United States Department of the Interior
BUREAU OF LAND MANAGEMENT



IN REPLY REFER TO:

(District Address)

(Date)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

(Sureties Name)
(Business Address)

(Salutation)

By letter dated (date), (purchaser's name) advised they wish to cancel Blanket Payment Bond No. (bond number) dated (date of bond).

This is to advise you that all timber sale contracts listed under the bond have been paid in full. No contract have been added since the last deletion report sent to you on (date). Therefore, at present there is no obligation against the bond, and we have no objection to such a cancellation at this time without writing the full 90-day period stipulated in the bond.

Please provide this office with a copy of the appropriate cancellation notice for our file.



Sincerely,

District Manager

cc: Purchaser

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Example of Letter for Cancellation of Negotiable Securities
Type Performance Bond or Payment Bond

	<p>United States Department of the Interior BUREAU OF LAND MANAGEMENT</p>	
	<p>(District Address)</p>	<p>IN REPLY REFER TO:</p>
		<p>(Date)</p>
<p>CERTIFIED MAIL RETURN RECEIPT REQUESTED</p>		
<p>(Sureties Name) (Business Address)</p>		
<p>(Salutation)</p>		
<p>On (date) you completed full payment of the total purchase price on timber sale contract No. _____, Your negotiable security payment bond submitted for this contract is no longer needed and hereby cancelled.</p>		
<p>We have requested the return of your securities from the Federal Reserve Bank. You should receive the securities in about two weeks by registered mail.</p>		
<p>We wish to take this opportunity to thank you for the prompt manner in Which you made timely payments on this contract.</p>		
<p>Sincerely,</p>		
<p>District Manager</p>		
<p>cc: Branch of Financial Management Denver Service Center</p>		

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Model Letter for Cancellation and Return of
Irrevocable Letter of Credit

Letterhead

(District Address)

(Date)

(Name of Issuing Bank)
(Street Address)
(City, State Zip Code)

Gentlemen:

The Bureau of Land Management consents to cancellation of the following
Irrevocable letter of credit effective this date:

Number: _____

Date of Letter: _____

Credit Amount: _____

For Account of: _____

The irrevocable letter of credit is returned herewith.

Sincerely.

District Manager

H-5460-1 - SALES ADMINISTRATION

Format for Sight Draft



United States Department of the Interior
BUREAU OF LAND MANAGEMENT



IN REPLY REFER TO:

(District Address)

SIGHT DRAFT

AMOUNT; _____ DATE: _____

AT SIGHT UPON PRESENTATION, PAY TO THE ORDER OF THE UNITED
STATES DEPARTMENT OF THE INTERIOR, BUREAU OF LAND

MANAGEMENT THE SUM OF _____ (\$ _____)

DRAWN UNDER IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER

_____ OF THE _____
(NAME OF BANKING INSTITUTION) (ADDRESS)

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT



BY: _____
SIGNATURE

TITLE

DRAFT NO. _____ SALE NO. _____

H-5460-1 - SALES ADMINISTRATION

Example of Letter Cancelling Payment bond
at Request of Surety

	United States Department of the Interior BUREAU OF LAND MANAGEMENT	
<p>(District Address)</p> <p>(Date)</p>		
<p>CERTIFIED MAIL RETURN RECEIPT REQUESTED</p> <p>(Purchaser's Name) (business Address)</p> <p>Salutation)</p> <p>Please refer to your BLM timber sale contract number <u>number</u>. We have Received a notice of cancellation of your blanket payment bond number <u>number</u>, Issued by <u>(name of surety)</u>, effective on <u>(date)</u>.</p> <p style="text-align: center;">(INSERT THE FOLLOWING, IF OPERATIONS HAVE BEEN SUSPENDED)</p> <p>Your operations under the contract were suspended on <u>(date)</u>, due to <u>nature of violation</u>. The violation must be remedied before operations may resume. After <u>(bond cancellation date)</u>, you may not cut any timber under bond number <u>(number)</u>. In order to cut any timber after <u>(bond cancellation date)</u>, you must remedy the violation and either (1) furnish a new payment bond, (2) provide a cut-but-not remove bond, or (3) make installment payments.</p> <p style="text-align: center;">(INSERT THE FOLLOWING, IF OPERATIONS ARE NOT SUSPENDED)</p> <p>After <u>(bond cancellation date)</u>, you may not cut any timber under bond number <u>(number)</u>. In order to cut any timber after <u>(bond cancellation date)</u>, you must either (1) furnish a new bond, (2) provide a cut-but-not remove bond, or (3) make installment payments.</p> <p style="text-align: center;">(INSERT THE FOLLOWING IF FELLED TIMBER REMAINS ON THE CONTRACT AREA)</p> <p>Felled timber remains covered by the bond which otherwise has been cancelled. If you choose to provide a new payment bond, the new bond must cover the felled timber and it must be so noted on the payment bond.</p> <p style="text-align: right; padding-right: 100px;">Sincerely,</p> <p style="text-align: right; padding-right: 100px;">District Manager</p>		

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Example of Letter to Surety Acknowledging Request to Cancel



United States Department of the Interior BUREAU OF LAND MANAGEMENT



IN REPLY REFER TO

(District Address)

(Date)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

(Name of Surety)
(Business Address)

(Salutation)

We have received your notice of cancellation of Blanket Payment Bond for _____
(name of company) effective on _____ (date) _____. The status of
cutting under the contracts covered by this bond as of this date of cancellation will be
provided to you at that time.

We wish to take this opportunity to clarify our position regarding the rights and obligations of the purchaser, surety and government where there is cancellation of a payment bond. Under Section 2, the bond states that it covers "all timber cut prior to payment" from the effective date of the bond until cancellation. The surety's obligation to insure payment continues until the purchaser makes timely payment. Until then, the surety is obligated to make the payment to the government within 60 days after demand whenever the purchaser fails to timely pay for the covered timber. Cancellation of the bond does not void this obligation. The surety is still obligated for timber cut prior to cancellation even if it is removed after the date of cancellation, unless the Purchaser provides a new payment bond which specifically covers the cut timber. As long as the timber being removed is covered by the bond and the purchaser is not behind in payments, there is no breach and the purchaser is permitted by the contract to continue removing timber. If the purchaser fails to make a timely payment the government then has a basis under Section 10 of the contract to suspend any further operations until the breach is remedied. Cancellation of the Blanket Payment Bond will, of course, remove the authority of the contractor to cut any additional timber after the effective date of the cancellation without first providing a new payment bond or making cash payments in advance of cutting as required by Section 3(b) of the contract.

If you have any questions regarding the status of _____ (name of company)
timber sales contracts, please contact _____ name _____ at _____ telephone number _____.

Sincerely,

District Manager

H-5460-1 - SALES ADMINISTRATION

Example of Notice of Expiration of Cutting and
Removal Rights

Form 5460-5
(August 1973)
(formerly 5440-7)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Contract Number
CO-050-TS7-4

NOTICE OF EXPIRATION
OF CUTTING AND REMOVAL RIGHTS

L. Monte Montoya
P.O. Box 402
Trinidad, CO 81087

April 9, 1991
(Date)

The time for cutting and removal under the above-numbered timber sale contract covering the sale
of timber on the following-described lands will expire on (date) July 1, 1991

T. 51 N., R. 11 E., NMPM
Sec. 35: NW $\frac{1}{4}$



Any severance of standing or down timber from the stump, or removal of severed timber from the
contract area, after expiration of the time for cutting and removal will constitute a trespass.
Under terms of the contract, all equipment, improvements, or other personal property must be re-
moved before (date) October 1, 1991.

Sincerely yours,

L. Monte Montoya
Area Manager

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Example of Letter for Thirty (3) Day Notice

	United States Department of the Interior BUREAU OF LAND MANAGEMENT	
IN REPLY REFER TO:		
(District Address)		
(Send 30 days prior to expiration) (Date)		
CERTIFIED MAIL RETURN RECEIPT REQUESTED		
(Bidder's or Purchaser's Name) (Business Address)		
(Salutation)		
The time for cutting and removal of timber sold under your timber sale contract No. _____ will expire on (____date____). The time for removal of personal property from the contract will expire on (____date____). Accordingly, after (____date____) any interest you have in timber and logs left on the contract will terminate after (____date____) any interest you in equipment, improvement, or any other property left on the contract will terminate. Such timber, logs, equipment, improvements, other property will become the property of the Government.		
(USE THE FOLLOWING PARAGRAPHS IF CONTRACTUAL REQUIREMENTS REMAIN, EXCEPT WHEN ROAD MAINTENANCE AND SLASH BURNING OBLIGATIONS REMAIN.)		
You have failed to satisfactorily complete all contractual requirements. Unless (list requirements) are completed by (contract expiration date), you will have defaulted your contract. Based on Bureau of Land Management estimates, the Government will sustain \$ _____ in damage resulting from the default. Interest on the damage will begin to accrue on (____date____).		
(USE THE FOLLOWING PARAGRAPH IF CONTRACT PAYMENT REMAIN)		
The total purchase price of your contract is \$ _____, leaving an unpaid balance \$ _____. Payment of the unpaid balance is due on or before (expiration date). Interest on the unpaid balance will begin to accrue on (____date____). Failure to pay the total purchase price within the specified time will place you in default of your contract.		
There is a conditional provision for an extension of time for cutting and removal of timber in Section 9 of the contract. Written application for an extension must be filed with the Authorized Officer prior to the expiration of the time for cutting and removal expressed in Section 4 of the timber sale contract.		
Sincerely,		
District Manager		

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Sample Memorandum Transsmitting Notice of Appeal to IBCA

CERTIFIED MAIL NO. _____
RETURN RECEIPT REQUESTED

Memorandum

To: Recorder, Interior Board of Contract Appeals, Office of
Hearings and Appeals, U. S. Department of the Interior
4015 Wilson Boulevard, Arlington, Virginia 22203

From: (Name of Contracting Officer) (Name of Federal Agency)

Subject: Appeal of (appellant's name), (agency name), Contract
No. _____

Enclosed is the original and one copy of a notice of appeal file by (appellant's name) arising out of Contract No. _____, which was awarded by (agency name). This notice was received on _____, 19__ (and the date of its receipt has been endorsed upon the notice). A copy of the notice has been sent to the (appropriate Regional or Field Solicitor's Office) with a request that the Department Counsel be appointed to represent (agency name) in this appeal.

Please assign a docket number to this case and provide us with the number assigned.

An appeal file and an appeal file index is being prepared and will be forwarded to you upon completion.

(name)
Contracting Officer

Enclosure

cc: w/encls:
(Appropriate Regional or Field
Solicitor's Office)

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Sample Appeal File Cover
(Caption Heading)

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF HEARINGS AND APPEALS
Before the
BOARD OF CONTRACT APPEALS

APPEAL OF:

(1) _____
_____,
Appellant,)

ICBA No. _____ (4)

v. _____)

(2) _____
_____,
Respondent,)

APPEAL FILE

Contract No. _____ (3)

(Instructions: This caption heading for the appeal should be
placed on the cover or binding of the appeal
file.)

Instructions for completing appeal caption heading

- (1) Full, complete legal name of contractor-appellant (should be same name as in the contract).
- (2) Name of Federal contracting agency-respondent.
- (3) (3) Contract Number of the contract involved in the appeal.
- (4) The docket number assigned the appeal by the Interior Board of Contract Appeals.

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Format for Appeal File Index

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF HEARINGS AND APPEALS
Before the
BOARD OF CONTRACT APPEALS

APPEAL OF:

(1) _____)
_____,)
Appellant,)

ICBA No. _____ (4)

v.)

(2) _____)
_____,)
Respondent,)

APPEAL FILE INDEX

Contract No. _____ (3)

(Note: Instructions:

Each document in the appeal file shall be separately identified and consecutively
Numbered followed by brief descriptive words identifying the particular exhibit.

Exhibit 1. January 10, 1984, Award of Contract No. _____

Exhibit 2. January 20, 1984, Notice to Proceed

Exhibit 3. February 6, 1984, Letter from Contracting Officer to
Contractor.)

(Note: Careful attention should be given to identifying the
exhibits to assure that the descriptive identification
properly characterizes the document.)

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Format of Memorandum Transmitting Appeal File to Board

CERTIFIED MAIL NO. _____
RETURN RECEIPT REQUESTED

Memorandum

To: Recorder, Interior Board of Contract Appeals, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203

From: (Name of Contracting Officer), (Name of federal agency)

Subject: IBCA No. (Docket No. _____)
Appeal of: (Name of Contractor) - Name of federal agency
Contract No. _____

Enclosed is the appeal file and the appeal file index in the above appeal. A copy has been forwarded to department counsel.

(USE THIS PARAGRAPH IF APPEAL IS SENT TO THE APPELLANT)

The undersigned, as Contracting Officer, certifies that the appellant (through his-her-its attorney of record) has been provided with a copy of the appeal file index and the appeal file.

(USE THIS PARAGRAPH IF THE REQUIREMENT TO FURNISH A COPY OF THE APPEAL FILE HAS BEEN WAIVED.)

The undersigned, as Contracting Officer, certifies that the appellant (through his-her-its attorney of record) has been provided a copy of the appeal file index and has been notified that the requirement to furnish a copy of the appeal file has been waived as to burdensome to be copied, but that (he-her-it) may examine the documents at (my office or the Office of the Interior Board of Contract Appeals or at a suitable alternative departmental office) for the purpose of satisfying (himself-herself-itself) as to its contents and furnishing any additional information (he-she-it) thinks pertinent to the appeal.

A copy of my transmittal letter to the (appellant) (appellant's attorney of record) is enclosed.

Signature
(name typed in)

Contracting Officer

Enclosures

cc: w/encl.
(Name of Attorney)
Department Counsel, appropriate
Regional or Field Solicitor's
Office

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Format of Letter Transmitting Appeal File Index
to Appellant or Appellant's Attorney

CERTIFIED MAIL NO. _____
RETURN RECEIPT REQUESTED

**Name of (Appellant) or (Appellant's Attorney of Record
City, State Zip Code

Re: IBCA No. _____ Docket No. _____
Appeal of: _____ Name of Contractor - Name of federal agency) _____
Contract No. _____

Dear _____:

In accordance with the applicable federal regulations, I have prepared and transmitted the Appeal File in this appeal to the Interior Board of Contract Appeals.

(Use this paragraph if the appeal file is sent to appellant)

I certify that the enclosed documents are true and correct copies of the Appeal File and its index, transmitted to the Interior Board of Contract Appeals.

(Use this paragraph if the requirement to furnish a copy of the appeal file has been waived.)

I certify that the enclosed document is a true and correct copy of the appeal file index. the requirement to furnish a copy of the appeal file has been waived as too burdensome to be copies. The documents which have been waived as too burdensome to be copied may be examined at (my office or the office of the Interior Board of Contract Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203, or a suitable alternative departmental office) for the purpose of satisfying the appellant as to its contents. The appellant may supplement the Appeal File by furnishing additional documents deemed pertinent to this appeal.

Sincerely yours,

(Name typed in)
Contracting Officer

Enclosures
(Appeal File)
(Appeal File Index)

cc: _____ (Name of Attorney)
Department Counsel, (appropriate Regional or
Field Solicitor's Office)

(Appellant)
(**Note: If the notice of appeal was filed by an attorney on behalf of the contractor-appellant, this letter must be addressed to such attorney at the attorney's address. A copy of the letter should be sent to the contractor-appellant.)

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Sample Letter Transmitting Document(s) to Board and
Appellant or Appellant's Attorney of Record



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
WASHINGTON, D.C. 20240



IN REPLY REFER TO:

CERTIFIED MAIL NO. _____
RETURN RECEIPT REQUESTED

(Chief Administrative Law Judge) o (Recorder)
Interior Board of Contract Appeals
Office of Hearings and Appeals
U.S. Department of the Interior
4015 Wilson Boulevard
Arlington, Virginia 22203

Re: IBCA ____: Appeal of _____
Appellant v. _____
Respondent, Contract No. _____

Gentlemen:

Enclosed is a copy of Contract No. _____; Appellant's
claim letter(s) (if non, delete); and a copy of the Contracting Officer's final decision.

By copy of the letter, (a cop) (copies) of the above document(s) (was) (were)
served on the (Appellant) (Appellant's Attorney of Record). A certificate of
such service is enclosed.

Sincerely yours,

for the Regional Solicitor

Arthur V. Biggs
Co-Department Counsel

Enclosure(s):

- 1 - (identify)
- 2 - (identify)

cc: W/encl(s):
CERTIFIED MAIL NO.
RETURN RECEIPT REQUEST
_____(name)_____, Appellant's
Attorney of Record

bcc: w/encl(s):
(Regional Head of Respondent Agency)

(Head of the Contract Branch)

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INSTRUCTIONS FOR
RESPONDING TO RECEIPT OF NOTICE OF ADMINISTRATIVE
CONTRACT APPEAL AND PREPARING APPEAL FILE.***

PART I - REGULAR APPEAL PROCEDURES

A. DOCKETING THE APPEAL

1. Notice of appeal Filed with Contracting Officer (Rule 4.103(a))

If the Contracting Officer receives a written notice, in any form, indicating that a contractor is appealing to the Interior Board of Contract Appeals, the Contracting Officer shall immediately endorse on the notice the date such notice was received. Within five days following receipt of the notice, the Contracting Officer shall:

- a. Retain a copy for the agency file.
- b. Forward the original and one copy of the notice of appeal to the Interior board of Contract Appeals by certified mail. Return Receipt Requested. (See Illustration 17).
- c. Send a copy of the notice of appeal together with a copy of the above transmittal memorandum to the appropriate Regional or Field Solicitor's Office. This will notify the Regional or Field Solicitor of the appeal so that department counsel may be appointed and enter an appearance in the appeal.

***These instructions and the references they contain are based on the ICBA's Rules of Practice Before the Interior Board of Contract Appeals as prescribed in 43 CFR 4.1000 et seq. These rules of Practice are applicable to contract appeals generally and to appeals subject to the Contract Disputes Act of 1978. (See 43 CFR 4.100(a).) If there is any conflict between these instructions and the Rules of Practice, the Rules of Practice shall control.

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2. Notice of Appeal Filed with Board (Rule 4.103(b)).

If the Board receives a notice of appeal in any form, from either the Contracting Officer or from the Appellant, it will docket the appeal and assign it a docket number. The Board will then send a copy of the notice to the Contracting Officer. Immediately following its receipt, the Contracting Officer shall send a copy of the notice to the appropriate Regional or Field Solicitor's Office, with a request that a department counsel be appointed and enter an appearance on behalf of the agency in the appeal.

After the Board has assigned a docket number to an appeal, all further correspondence and documents must refer to the docket number assigned by the Board (i.e., ICBA Docket No. _____).

B. APPOINTMENT AND APPEARANCE OF DEPARTMENT COUNSEL

Immediately upon receiving notice of an appeal, the Contracting Officer shall notify the appropriate Regional or Field Solicitor's Office of this fact and indicate the date upon which the appeal file will be submitted for its review and the date by which it must be received by the Board. (See Illustration 18.)

When the Regional or Field Solicitor's Office receives notice that an appeal has been filed, the department counsel will be appointed. Such counsel will file a written Notice of Appearance with the Board and serve a copy thereof upon the appellant or the appellant's attorney of record, if there is one, to advise that they are counsel for the respondent agency. The agency also will be provided with a copy of the Notice of Appearance.

C. APPROVAL OF PROPOSED APPEAL FILE BY DEPARTMENT COUNSEL

Immediately after receiving notice of an appeal, whether from the contractor or the Board, the Contracting Officer shall prepare the appeal file and the appeal file index. A copy of the proposed appeal file and appeal file index must be sent to the department counsel for approval within twenty (20) calendar days following the agency's receipt of the notice of appeal. After department counsel has approved the appeal file and its index, the contracting Officer will be notified and it must be transmitted to the Interior Board of Contract appeals. (See paragraph F1, page 5.)

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D. CONTRACTING OFFICER'S RESPONSIBILITIES

1. Identifying Disputed Issues.

The Interior Board of Contract Appeals will decide the disputed issues being appealed based on those facts presented to the Board which are pertinent to such issues. Since the appeal file is prepared before the appellant's complaint is filed, the Contracting Officer is the person most familiar with the problems giving rise to the appeal. Therefore, based on events occurring up to that time, the Contracting Officer must personally consider and identify all of the issues which are apt to be involved in the appeal. Generally, the Contracting Officer's final decision will have identified and commented upon those issues.

2. Presenting Documented Facts to the Board.

The Contracting Officer must determine what facts are pertinent to support the agency's contentions with regard to the issues appealed. The appeal file is the principle method of presenting to the Board all facts pertinent to the issues to be decided and which are contained in documents. An appeal will be submitted to the Board for decision based solely upon the documented facts contained in the appeal file unless either party requests a hearing. (Rule 4.109.) Where the documents in the appeal file sufficiently present all of the available facts to establish the agency's contentions regarding the issues to be decided, a hearing may not be necessary and the appeal be decided solely upon the facts presented in the appeal file.

3. Presenting Additional Facts to the Board.

All of the facts pertaining to the issues to be decided in an appeal are not evidenced necessarily by the documents comprising the appeal file. In some cases such additional facts can be documented and filed as a supplement to the appeal file. For example, an affidavit may be prepared to document additional facts. However, in other cases, the issues to be decided hinge solely upon an interpretation of event or the content of certain documents or involve other matters which can only be presented or can be presented more forcefully to the Board by being made a part of the written record (transcript) produced at a hearing in which the testimony of witnesses will be recorded.

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Since the Contracting Officer for the particular contract is more familiar than any other person with the appellant's contentions, i.e., the issues, it is the Contracting Officer who must initially determine what facts are available to refute the contentions of the appellant and to support the Contracting Officer's final decision.

4. Advising Department Counsel.

If there are pertinent facts which are not evident or are not evidenced sufficiently by any document, this should be brought immediately to the attention of department counsel. In many cases, the need to present additional facts will require department counsel to request a hearing to augment the record with the testimony of witnesses (Rule 4.109). Whether a hearing is necessary or desirable should be discussed with the department counsel at the time the appeal file is submitted for review.

E. PREPARATION OF APPEAL FILE

1. Content of the Appeal File (Rule 4.104(b) and (c)).

The appeal file must contain copies of all documents which are pertinent to the issues to be decided in the appeal. Specifically, the appeal file must include:

- a. The contract, pertinent plans, drawings, specifications, amendments and change orders.
- b. All correspondence between the appellant and the respondent.
- c. the letter(s) or other documents by which the appellant asserted the claim(s), or raised the issues in dispute, in response to which the Contracting Officer issued a final decision.
- d. The Contracting Officer's Findings of Fact and Decision upon which the particular claim(s) from which the appeal is taken.
- e. Such additional information as may be considered pertinent and material.

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The documents included in the appeal file may be originals, legible facsimiles (copies), or authenticated copies. If a single document of three or more pages, each separate page of that document shall be sequentially numbered (Rule 4, 104(c)). The appeal file need not contain a copy of the appellant's notice of appeal since it is already a part of the record before the Board. (Part I, 1(a).)

2. Appeal File Cover or Binding.

The appeal file should be contained within a cover or binding which will hold its contents in a neat, orderly manner to facilitate easy reference to the facts contained in its exhibits. The appeal file cover or binding should be captioned as illustrated in Illustration 19 attached hereto.

3. Organization of Appeal File (Rule 4.104(c)).

The documents comprising the appeal file should be arranged in chronological order, where practical, beginning with the earliest document and ending the latest document. Each of the separate documents must be identified as consecutively numbered exhibits. Each page of a multi-page document must be sequentially numbered. Each exhibit must be tabbed separately and given an exhibit number (i.e., Exhibit 4). The tabs must be securely fastened so they will not come off while the appeal file is being handled.

4. Appeal File Index (Rule 4.104(c)).

The appeal file must contain an appeal file index which identifies each document both by exhibit number and by brief descriptive words. To facilitate easy reference to its contents, the index should be the first document in the appeal file. See illustration of appeal file index attached hereto as Illustration 20.

F. TIME LIMIT FOR TRANSMITTING APPEAL FILE AND APPEAL FILE INDEX.

After obtaining the department's counsel approval of the proposed appeal file and its index, the Contracting Office must transmit it to the Interior Board of Contract Appeals by certified mail, return receipt requested, within thirty (30) days, following the agency's receipt of a notice of appeal. A duplicate copy of the appeal file with the appeal index shall be forwarded to department counsel. A duplicate copy will also be provided to the appellant or appellant's counsel, unless to do so would impose an undue burden. See 43 CFR§ 4.104(e).

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1. Transmittal Memo to ICBA (Rule 4.104(d)).

The transmittal memorandum to the Board must be written on agency letterhead, addressed to the Recorder, Interior Board of Contract Appeals, and enclose both the appeal file and the appeal index. It must state that a copy of the appeal file and its index were sent to department counsel. The memo must also state that the appeal file and its index were sent to the appellant or appellant's attorney of record. A copy of the letter to the appellant or the appellant's attorney (See below) should be enclosed.

The Board may waive requirement of furnishing the appellant a copy of documents in the appeal file which are bulky, lengthy, or out of size, if it can be shown to be an undue burden. If the Board grants request, the appellant shall be notified at the time of filing the appeal that the document is available for inspection.

The transmittal memorandum to the Board must state;

“The undersigned, as Contracting Officer, certifies that the appellant through his-her-its attorney of record, has been provided with a list of the contents of the appeal file (i.e., appeal file index) and notified that (he-she-it) may examine the appeal file and any documents waived as too burdensome to copy at the office of the Contracting Officer or the office of the Interior Board of Contract Appeals or a suitable alternative departmental office. (See illustration of transmittal memo attached as Illustration 21.)

2. Transmittal Letter to (Appellant) – (Appellant's Attorney of Record).a. Determining Proper Addressee

The Contracting Officer must determine whether the appellant is represented by an attorney of record in the appeal. If the notice of appeal was signed or transmitted by an attorney, this is evidence that the appellant is represented by an attorney whose name appears of record in the appeal proceedings. In such cases, the transmittal letter enclosing the appeal file index should be addressed to the attorney of record rather than the appellant. If the appellant is not represented by an attorney of record, the letter transmitting the appeal file index must be sent to the appellant.

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b. Contents of Transmittal Letter

The transmittal letter to the appellant or the appellant's attorney of record must enclose a copy of the appeal file index and appeal file, and must state that:

("The documents comprising the appeal file which were waived as too burdensome to copy may be examined in my office, or the Office of the Board of Contract Appeals, 4015 Wilson Boulevard, Arlington, Virginia 22203, or at a suitable alternative departmental office for the purpose of satisfying the appellant as to its contents,")

"The appellant may supplement the appeal file by furnishing additional documents as deemed pertinent to this appeal." (See illustration of transmittal letter attached as Illustration 22.)

PART II - EXPEDITED AND ACCELERATED APPEAL PROCEDURES

A. ELECTION OF EXPEDITED OR ACCELERATED PROCEDURES (Rule 4.113)

1. Appellant's Election - Based on Amount in Dispute.

- a. If the amount in dispute is \$10,000 or less, the appellant may elect to have the appeal processed under either the Expedited Procedures for Small Claims or under the Accelerated Procedures
- b. If the amount in dispute is \$50,000 or less, the appellant may elect to have the appeal processed under the Accelerated Procedures.

2. Determining the Amount in Dispute.

The determining the amount in dispute to a particular appeal, the Board may add the amount claimed by the appellant from the Government to any amount the Government claims from the appellant.

3. Election of Appeal Procedures.

The appellant must provide written notice to the Contracting Officer or the Board of its election of have the appeal processed under either the expedited or accelerated procedures.

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4. Absence of an Election.

In the event the appellant does not elect to have the appeal processed under either the expedited or accelerated procedures, the appeal will be processed under the Regular Appeal Procedures as discussed in Part I of these instructions.

B. EXPEDITED PROCEDURES FOR SMALL CLAIMS \$10,000 OR LESS (Rule 4.113(c) (2)).

1. Transmittal to the Board.

Where the appellant has elected to have the appeal processed under the Expedited (Small Claims) Procedure, the Contracting Officer must transmit the following documents to the Board.

- a. Copy of the contract;
- b. Appellant's claim letters), if any; and
- c. copy of the Contracting Officer's final decision.

Such documents must be transmitted to the Board within ten (10) days from the day the federal agency first received notice from either the appellant or the Board that the appellant has elected the Expedited (Small Claims) Procedure.

A copy of the documents transmitted to the Board also must be sent to the appellant or appellant's attorney of record. (See sample transmittal memo and letter attached as Illustration 23 for guidance.)

2. Request for Hearing.

Either party may request an oral hearing. If neither party requests a hearing, the appeal will be decided upon the record (documents) transmitted to the Board. If the Contracting Officer desires an oral hearing, the Board must be notified that a hearing is requested within fifteen (15) days after the Board has acknowledged receipt of the appellant's election of an Expedited (Small Claims) Procedure.

C. ACCELERATED PROCEDURES (FOR CLAIMS OF \$50,000 OR LESS) (Rule 4,113(d)).

1. Transmittal of Appeal File the Board and Appellant.

Where the appellant has elected to have the appeal processed under the Accelerated Procedures, the Contracting Officer shall prepare an appeal file and appeal file index and

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transmit them to the board and the appellant or appellant's attorney of record in the same manner as in the Regular Appeal Procedures (Part I of these instructions) within thirty (30) days following receipt of the notice of appeal.

2. Waiver of Pleadings, Discovery and Briefs.

Under this procedure the Board will attempt to decide the appeal within 180 days after the Board receives notice that the appellant has elected the Accelerated Procedures. To accomplish this objective the parties are "encouraged" to waive pleadings, discovery, and briefs "to the extent possible consistent with adequate presentation of their factual and legal positions."