



UNITED STATES  
DEPARTMENT OF THE INTERIOR BUREAU OF LAND  
MANAGEMENT

**TRANSMITTAL SHEET**

Release

Date

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Subject:

FOIA  
Designation  
Letter:

1. Updates, supersedes, or rescinds:
  
  
  
  
  
  
  
  
  
  
2. Explanation of Materials Transmitted:
  
  
  
  
  
  
  
  
  
  
3. Reports Required:
  
  
  
  
  
  
  
  
  
  
4. Delegations of Authority Updated:
  
  
  
  
  
  
  
  
  
  
5. Filing Instructions: File as directed below.

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## **I. INTRODUCTION**

The authority, responsibility, and policy pertaining to the sales of forest products are set forth in Bureau of Land Management Manual Sections 5000-1 and 5400. This handbook sets forth policy and detailed procedures for the termination of forest product sale contracts, with an emphasis on timber and other forest product sale contracts executed on Form 5450-3, Contract for the Sale of Timber and Other Wood Products – Lump Sum, and Form 5450-4, Contract for the Sale of Timber and Other Wood Products – Scale. For these and all forms noted in this chapter, refer to the BLM online forms library.

## II. GENERAL GUIDELINES

If all contractual provisions have been satisfactorily completed, it is BLM policy to expeditiously terminate a contract. Delay in terminating a contract can cost the purchaser money in additional bonding payments and may delay the BLM in implementing subsequent site management.

A. When to Terminate. A contract should be terminated:

1. After the time for cutting and removal has expired and the purchaser has satisfactorily completed all contract requirements, including the return of all required contract forms. Refer to example checklist in [Illustration 1](#).

2. Prior to the expiration of time for cutting and removal when the purchaser has completed all contract requirements and has submitted a relinquishment of rights under the contract with Form 5480-3, Timber Sale Contract Relinquishment.

B. When Not to Terminate. A contract should not be terminated when:

1. Uncompleted items remain on the contract; this includes required forms.
2. Timber or fire trespass related to the contract remains unresolved.
3. Private parties, e.g., third-party road owners, have an unresolved damage claim against the purchaser or the purchaser's contractors that is related to the contract.
4. The purchaser owes money to the BLM on the contract.
5. The purchaser is in default.
6. The contract has not expired, and the purchaser has completed all contract requirements but has not provided a relinquishment of rights.

C. Reduction to Performance Bond. Section 39(c) of contract Forms 5450-3 and 5450-4 allows the contracting officer discretion to reduce the performance bond as contract requirements are satisfactorily completed, including the provision of all required paperwork and documentation (refer to section III).

### III. TERMINATION ACTIONS AND REQUIREMENTS

Section 31, Reports and Records, of contract Forms 5450-3 and 5450-4 requires the purchaser to furnish the following records and reports upon request of the authorized officer: (1) volume or quantity of forest products cut and/or removed from the contract area; (2) road costs including road use fees paid in connection with removal of forest products from the contract area; and (3) prices received (Dollars/MBF) for forest products sold. Prices received are not normally requested for a routine termination and the data would be proprietary. Such data may have relevance for resolving contract claims or settlement of uncompleted contracts.

A. Log Export and Substitution Requirements. Sales using contract Forms 5450-3 and 5450-4 include a provision to address log export, substitution restrictions, and required reporting or form execution. The provision applies to the purchaser, any affiliates, or to third parties that purchased the timber. This contract provision provides that:

1. In the event the purchaser elects to sell to another party any or all of the timber purchased under the contract in the form of unprocessed timber, the purchaser will require each party buying, exchanging, or receiving such timber to execute a Form 5450-17, Export Determination (refer to H-5450-1, Award of Contract). Submission of any completed 5450-17 forms is required for termination if the Form 5460-15, Log Scale and Disposition of Timber Removed Report, submitted by the purchaser, identifies that the purchaser sold or transferred unprocessed timber purchased under the contract to a third-party.

B. Purchaser Responsibilities. The purchaser is required to submit the following reports prior to termination.

1. Form 5460-15, Log Scale and Disposition of Timber Removed Report. Contracts executed on Forms 5450-3 and 5450-4, require the purchaser to report the volume and disposition of timber removed from the sale on Form 5460-15, Log Scale and Disposition of Timber Removed Report. Although the scale reports received during the operations of a scale for payment contract provide actual volume data, Form 5460-15 is still required because it can validate the scale reports or identify any differences that need to be investigated. The original copy of the report or the reason for its omission is included in the contract file. Receipt of this report is required for contract termination for both lump sum and scale for payment contracts unless the purchaser provides a satisfactory reason, in writing, as to why the report cannot be made. If the purchaser provides a reason in writing that is satisfactory to the contracting officer for why Form 5460-15 cannot be provided, contract termination may proceed.

2. Form 5450-17, Export Determination. The purchaser is required to have each party buying, exchanging, or receiving any unprocessed timber sold under this contract to complete a copy of the 5450-17 and file it with the contracting officer. Collect those forms prior to termination and compare with the completed 5460-15. If questions arise related to potential inconsistencies or unaccounted for unprocessed timber, consult the state office forestry lead. If a potential export violation has occurred, do not terminate the contract and refer to H-5480-1 for violation procedures.

3. Form 5480-3, Timber Sale Contract Relinquishment. When a contract is terminated prior to the expiration date for cutting and removal, in most circumstances the purchaser must relinquish all rights, title, and interest under the contract. Under some limited circumstances, the BLM may request a relinquishment of rights for a portion of a contract area, such as a completed harvest tract. For example, a relinquishment of rights would be needed when the tract area contains logging debris piles or decked logs that the purchaser does not intend to remove, and the BLM wants to implement slash disposal operations or allow public firewood sales. The relinquishment (Form 5480-3, Timber Sale Contract Relinquishment) must be signed by the purchaser or their legal representative.

C. BLM Responsibilities. The contracting officer is responsible for the following actions.

1. Final Inspection and Receipt of Required forms and payments. The authorized officer will:

a. Conduct a final comprehensive inspection of the contract area to verify contract compliance; review all payment documents in the contract file. When the use of third-party roads is authorized under the contract, it is necessary that a report of road use fees paid by the purchaser to a third-party be made to the BLM by the Permittee on a format prepared by the field office. When such documentation is required, a contract should not be terminated until the report is submitted. File the original copy of the report in the contract file as well as the appropriate right-of-way agreement file.

b. Ensure the receipt of required forms from the purchaser (refer to section III.B). Form 5480-5, Contract Termination Inspection Report, will be prepared and made a part of the official file. Checklists can be developed for forms specific to particular district or field offices (refer to [Illustration 1](#) for an example of such a checklist).

c. Ensure the purchaser has fulfilled all terms of the contract associated with the use of private roads, either through easements or right-of-way agreements.

2. Final Volume and Value Reconciliation of Scale Sales. Final reconciliation of original sale volume with actual scaled volume is required for scale for payment sales made on Form 5450-4. When the final reconciliation is completed, it will be necessary to determine the final invoice or refund amount for the actual volume removed and scaled as calculated per Sections 3 (g), 3 (h) and 11 of the contract (refer to H-5460-1, Contract Administration).

3. Refunds and Return of Negotiable Securities.

a. Excess Payments. A contract overpayment may result from a purchaser overpayment or it may occur when credits are awarded that result in overpayment of miscellaneous items such as:

- Split-haul maintenance fee reconciliation when fees for more than one haul route are made part of the contract;
- Timber theft, windstorm losses, or other natural catastrophes that damage timber before title has passed to the purchaser per section 7 of Forms 5450-3 and 5450-4;

- Road maintenance beyond the normal scope of the contract per section 16 of Forms 5450-3 and 5450-4;
- Change in road design per section 20 of Forms 5450-3 and 5450-4; or,
- Delay due to optional administrative check scaling, provided that the contract contains a special provision that provides an allowance to the purchaser for delays due to administrative check scaling.

Manual Section 1374 (Fiscal Accounting: Refunds, Transfers, and Returns) contains policy for the refund of overpayments. Work with a CBS user to process refunds.

b. Cash Bonds.

(1) Where a monetary deposit or certified check has been submitted by the purchaser to satisfy the performance bond requirements, a refund should be processed in accordance with the instructions in Manual Section 1374. (When received, the proceeds from a certified check should be placed in a suspense account.)

(2) Where an irrevocable letter of credit (ILC) has been submitted by the purchaser to satisfy the performance or payment bond requirements, such ILC will be returned via certified mail to the issuing financial institution with a copy of the letter sent to the purchaser.

c. Return of Negotiable Securities. Where negotiable securities of the United States have been submitted by the purchaser to satisfy performance bond requirements, the contracting officer should request the Division of Business Services, National Operations Center to return such securities to the depositor. A request and explanation memorandum should be sent to the Division of Business Services.

4. Lump Sum Sale Timber Cruising Accuracy Monitoring. Using data provided by the purchaser on Form 5460-15, Log Scale and Disposition of Timber Removed Report, a comparison can be made between the actual scale of volume removed and the original cruise estimate on Exhibit B plus or minus any contract modifications. The comparison is recommended as a form of quality control on the accuracy of the cruise.

5. Final Actions.

a. Form 5480-4, Certificate Terminating Contract Rights. When all phases of the contract termination process have been completed, Form 5480-4, Certificate Terminating Contract Rights, is prepared. The certificate is put in the contract file and copies are sent to the purchaser and, if applicable, the performance surety (refer to [Illustration 2](#) for a sample letter). Additional copies may be sent to other parties of interest (e.g., road owners, fire protection agency).

b. Corporate Surety Payment Bonds. The purchaser may elect to provide a blanket payment bond or a payment bond for a single contract. When a contract covered by a blanket payment bond (refer to H-5460-1, Sale Administration) is paid in full, the date of deletion is entered in the “Letter Deleting Contract” column on the reverse side of the blanket

payment bond. Send a letter (refer to [Illustration 2](#)) along with an attached copy of the updated bond to inform the corporate surety for a blanket payment bond that the sale has been deleted from the bond. If it is a payment bond for a single contract, inform the surety that the bond may be cancelled and that the original copy of the bond will be retained by the Government.

c. **Contract File Disposition.** The field file of the contract administrator is consolidated into the official district file and duplicate material is discarded. The file for the terminated contract is an official BLM record. Refer to Manual Section 1220 for direction on handling and disposition of official records.

d. **Reporting Requirements.** The contract termination date is entered into the Timber Sale Information System (TSIS) no later than five business days following its execution. TSIS will not permit input of a termination date if there is an unpaid balance. An unpaid balance must be rectified with the input of an administrative modification in TSIS. A hardcopy of the modification, which explains the situation that led to the administrative modification, is placed into the contract file. A contract should not be terminated with an uncut or unyarded volume remaining in TSIS, even if that is the case. An administrative modification should be processed to adjust the uncut or unyarded volume to zero. A hardcopy of the modification, which explains the situation that led to the administrative modification, is placed into the contract file



## **GLOSSARY OF TERMS**

Affiliate. A business entity including but not limited to an individual, partnership, corporation, or association, which controls or is controlled by a purchaser, or, along with a purchaser, is controlled by a third business entity

Authorized Officer. Any employee of the Bureau of Land Management to whom has been delegated the authority to take action in connection with a timber sale contract, BLM's delegation manual, or BLM regulations.

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

Contract termination. Actions necessary to end entitlement of both parties to the contract to any further rights or benefits conveyed by a forest product sale or other vegetative resources contract after all the terms and conditions of the contract have been fulfilled.

Default. A condition where a purchaser fails to correct a contract violation after a remedy has been prescribed by the contracting officer.

Legal Representative. Individual delegated authority to sign contracts for the purchaser.

**Illustration 1**  
Example of Termination Checklist

**TIMBER SALE TERMINATION CHECKLIST**

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

Sale Name \_\_\_\_\_

	Date Completed or N/A	Initial
Initiate Termination Letter		
Timber Sale Field File Summary		
Final Contract Inspection Report		
Certificate Terminating Contract Rights 5480-4		
Contract Termination Inspection Report 5480-5		
Timber Sale Contract Relinquishment 5480-3		
Log Scale and Disposition of Timber Removed Report 5460-15		
Cruise - Scale Comparison		
Export Determination 5450-17 for entities that are listed on the 5460-15		
Road Use Fees Paid Report		
Refunds Due: Letter of Credit, Contract Overpay, Cash Bond, Nego. Securities, etc.		
Notify District Cadastral Surveyor of Bearing Tree Treatment Performed (Route Copy of County Surveyor Letter to Cadastral)		
Notify Resource Area Engineers of Termination		

**Illustration 2**

## Example of Letter Informing Corporate Surety of Termination

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

[*Salutation*]

We have terminated the (insert sale name) timber sale contract No. (insert contract number) with the John Doe Lumber Company on (insert execution date of Form 5480-4). A copy of the termination certificate is enclosed.

(FOR BLANKET PAYMENT BOND:)

We have deleted the contract from Blanket Payment Bond No. (insert bond number) as provided by the terms of the bond. A copy of the amended bond is enclosed.

(FOR PAYMENT BOND FOR SINGLE CONTRACT OR FOR PERFORMANCE BOND:)

Bond No. (insert bond number) may therefore be cancelled. We are retaining the original copy of the bond in the contract file.

Please contact (insert contact name) at (insert contact phone number) if you have any questions.

Sincerely,

Contracting Officer

Enclosure:

Copy of Certificate Terminating Contract Rights (for either type of payment bond and performance bond)

Copy of Bond Form (for blanket payment bond only)

cc: John Doe Lumber Company

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**II. GENERAL GUIDELINES ..... 1**

    A. When to Terminate ..... 1

    B. When Not to Terminate ..... 1

    C. Reduction to Performance Bond ..... 1

**III. TERMINATION ACTIONS AND REQUIREMENTS ..... 1**

    A. Log Export and Substitution Requirements ..... 1

    B. Purchaser Responsibilities..... 1

        1. Form 5460-15, Log Scale and Disposition of Timber Removed Report ..... 1

        2. Form 5450-17, Export Determination ..... 1

        3. Form 5480-3, Timber Sale Contract Relinquishment ..... 2

    C. BLM Responsibilities..... 2

        1. Final Inspection and Receipt of Required Forms and Payments ..... 2

        2. Final Volume and Value Reconciliation of Scale Sales..... 2

        3. Refunds and Return of Negotiable Securities ..... 2

            a. Excess Payments ..... 2

            b. Cash Bonds ..... 3

            c. Return of Negotiable Securities ..... 3

        4. Lump Sum Sale Timber Cruising Accuracy Monitoring ..... 3

        5. Final Actions ..... 3

            a. Form 5480-4, Certificate Terminating Contract Rights ..... 3

            b. Corporate Surety Payment Bonds ..... 3

            c. Contract File Disposition ..... 4

            d. Reporting Requirements..... 4

**GLOSSARY OF TERMS..... G-1**

Illustration 1 ..... IL-1

    Example of Termination Checklist

Illustration 2 ..... IL-2

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2. Timber or fire trespass related to the contract remains unresolved.
3. Private parties, e.g., third-party road owners, have an unresolved damage claim against the purchaser or the purchaser's contractors that is related to the contract.
4. The purchaser owes money to the BLM on the contract.
5. The purchaser is in default.
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2. Form 5450-17, Export Determination. The purchaser is required to have each party buying, exchanging, or receiving any unprocessed timber sold under this contract to complete a copy of the 5450-17 and file it with the contracting officer. Collect those forms prior to termination and compare with the completed 5460-15. If questions arise related to potential inconsistencies or unaccounted for unprocessed timber, consult the state office forestry lead. If a potential export violation has occurred, do not terminate the contract and refer to H-5480-1 for violation procedures.

3. Form 5480-3, Timber Sale Contract Relinquishment. When a contract is terminated prior to the expiration date for cutting and removal, in most circumstances the purchaser must relinquish all rights, title, and interest under the contract. Under some limited circumstances, the BLM may request a relinquishment of rights for a portion of a contract area, such as a completed harvest tract. For example, a relinquishment of rights would be needed when the tract area contains logging debris piles or decked logs that the purchaser does not intend to remove, and the BLM wants to implement slash disposal operations or allow public firewood sales. The relinquishment (Form 5480-3, Timber Sale Contract Relinquishment) must be signed by the purchaser or their legal representative.

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1. Final Inspection and Receipt of Required forms and payments. The authorized officer will:

a. Conduct a final comprehensive inspection of the contract area to verify contract compliance; review all payment documents in the contract file. When the use of third-party roads is authorized under the contract, it is necessary that a report of road use fees paid by the purchaser to a third-party be made to the BLM by the Permittee on a format prepared by the field office. When such documentation is required, a contract should not be terminated until the report is submitted. File the original copy of the report in the contract file as well as the appropriate right-of-way agreement file.

b. Ensure the receipt of required forms from the purchaser (refer to section III.B). Form 5480-5, Contract Termination Inspection Report, will be prepared and made a part of the official file. Checklists can be developed for forms specific to particular district or field offices (refer to [Illustration 1](#) for an example of such a checklist).

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2. Final Volume and Value Reconciliation of Scale Sales. Final reconciliation of original sale volume with actual scaled volume is required for scale for payment sales made on Form 5450-4. When the final reconciliation is completed, it will be necessary to determine the final invoice or refund amount for the actual volume removed and scaled as calculated per Sections 3 (g), 3 (h) and 11 of the contract (refer to H-5460-1, Contract Administration).

3. Refunds and Return of Negotiable Securities.

a. Excess Payments. A contract overpayment may result from a purchaser overpayment or it may occur when credits are awarded that result in overpayment of miscellaneous items such as:

- Split-haul maintenance fee reconciliation when fees for more than one haul route are made part of the contract;
- Timber theft, windstorm losses, or other natural catastrophes that damage timber before title has passed to the purchaser per section 7 of Forms 5450-3 and 5450-4;



- Road maintenance beyond the normal scope of the contract per section 16 of Forms 5450-3 and 5450-4;
- Change in road design per section 20 of Forms 5450-3 and 5450-4; or,
- Delay due to optional administrative check scaling, provided that the contract contains a special provision that provides an allowance to the purchaser for delays due to administrative check scaling.

Manual Section 1374 (Fiscal Accounting: Refunds, Transfers, and Returns) contains policy for the refund of overpayments. Work with a CBS user to process refunds.

b. Cash Bonds.

(1) Where a monetary deposit or certified check has been submitted by the purchaser to satisfy the performance bond requirements, a refund should be processed in accordance with the instructions in Manual Section 1374. (When received, the proceeds from a certified check should be placed in a suspense account.)

(2) Where an irrevocable letter of credit (ILC) has been submitted by the purchaser to satisfy the performance or payment bond requirements, such ILC will be returned via certified mail to the issuing financial institution with a copy of the letter sent to the purchaser.

c. Return of Negotiable Securities. Where negotiable securities of the United States have been submitted by the purchaser to satisfy performance bond requirements, the contracting officer should request the Division of Business Services, National Operations Center to return such securities to the depositor. A request and explanation memorandum should be sent to the Division of Business Services.

4. Lump Sum Sale Timber Cruising Accuracy Monitoring. Using data provided by the purchaser on Form 5460-15, Log Scale and Disposition of Timber Removed Report, a comparison can be made between the actual scale of volume removed and the original cruise estimate on Exhibit B plus or minus any contract modifications. The comparison is recommended as a form of quality control on the accuracy of the cruise.

5. Final Actions.

a. Form 5480-4, Certificate Terminating Contract Rights. When all phases of the contract termination process have been completed, Form 5480-4, Certificate Terminating Contract Rights, is prepared. The certificate is put in the contract file and copies are sent to the purchaser and, if applicable, the performance surety (refer to [Illustration 2](#) for a sample letter). Additional copies may be sent to other parties of interest (e.g., road owners, fire protection agency).

b. Corporate Surety Payment Bonds. The purchaser may elect to provide a blanket payment bond or a payment bond for a single contract. When a contract covered by a blanket payment bond (refer to H-5460-1, Sale Administration) is paid in full, the date of deletion is entered in the “Letter Deleting Contract” column on the reverse side of the blanket

payment bond. Send a letter (refer to [Illustration 2](#)) along with an attached copy of the updated bond to inform the corporate surety for a blanket payment bond that the sale has been deleted from the bond. If it is a payment bond for a single contract, inform the surety that the bond may be cancelled and that the original copy of the bond will be retained by the Government.

c. **Contract File Disposition.** The field file of the contract administrator is consolidated into the official district file and duplicate material is discarded. The file for the terminated contract is an official BLM record. Refer to Manual Section 1220 for direction on handling and disposition of official records.

d. **Reporting Requirements.** The contract termination date is entered into the Timber Sale Information System (TSIS) no later than five business days following its execution. TSIS will not permit input of a termination date if there is an unpaid balance. An unpaid balance must be rectified with the input of an administrative modification in TSIS. A hardcopy of the modification, which explains the situation that led to the administrative modification, is placed into the contract file. A contract should not be terminated with an uncut or unyarded volume remaining in TSIS, even if that is the case. An administrative modification should be processed to adjust the uncut or unyarded volume to zero. A hardcopy of the modification, which explains the situation that led to the administrative modification, is placed into the contract file

## **GLOSSARY OF TERMS**

Affiliate. A business entity including but not limited to an individual, partnership, corporation, or association, which controls or is controlled by a purchaser, or, along with a purchaser, is controlled by a third business entity

Authorized Officer. Any employee of the Bureau of Land Management to whom has been delegated the authority to take action in connection with a timber sale contract, BLM's delegation manual, or BLM regulations.

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

Contract termination. Actions necessary to end entitlement of both parties to the contract to any further rights or benefits conveyed by a forest product sale or other vegetative resources contract after all the terms and conditions of the contract have been fulfilled.

Default. A condition where a purchaser fails to correct a contract violation after a remedy has been prescribed by the contracting officer.

Legal Representative. Individual delegated authority to sign contracts for the purchaser.

**Illustration 1**

Example of Termination Checklist

**TIMBER SALE TERMINATION CHECKLIST**

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

Sale Name \_\_\_\_\_

	Date Completed or N/A	Initial
Initiate Termination Letter		
Timber Sale Field File Summary		
Final Contract Inspection Report		
Certificate Terminating Contract Rights 5480-4		
Contract Termination Inspection Report 5480-5		
Timber Sale Contract Relinquishment 5480-3		
Log Scale and Disposition of Timber Removed Report 5460-15		
Cruise - Scale Comparison		
Export Determination 5450-17 for entities that are listed on the 5460-15		
Road Use Fees Paid Report		
Refunds Due: Letter of Credit, Contract Overpay, Cash Bond, Nego. Securities, etc.		
Notify District Cadastral Surveyor of Bearing Tree Treatment Performed (Route Copy of County Surveyor Letter to Cadastral)		
Notify Resource Area Engineers of Termination		

**Illustration 2**

## Example of Letter Informing Corporate Surety of Termination

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

[*Salutation*]

We have terminated the (insert sale name) timber sale contract No. (insert contract number) with the John Doe Lumber Company on (insert execution date of Form 5480-4). A copy of the termination certificate is enclosed.

(FOR BLANKET PAYMENT BOND:)

We have deleted the contract from Blanket Payment Bond No. (insert bond number) as provided by the terms of the bond. A copy of the amended bond is enclosed.

(FOR PAYMENT BOND FOR SINGLE CONTRACT OR FOR PERFORMANCE BOND:)

Bond No. (insert bond number) may therefore be cancelled. We are retaining the original copy of the bond in the contract file.

Please contact (insert contact name) at (insert contact phone number) if you have any questions.

Sincerely,

Contracting Officer

Enclosure:

Copy of Certificate Terminating Contract Rights (for either type of payment bond and performance bond)

Copy of Bond Form (for blanket payment bond only)

cc: John Doe Lumber Company