

Hare Creek 2009 Timber Sale
Cost Analysis
February 11, 2009

Assumptions: No additional road projects, does not include scaling, yield tax or any extras (harvesting only)!

	<u>Original Timber Sale</u>	<u>Timber Sale Harvesting 18" DBH +</u>
Total Volume Redwood	2,503 MBF	2,238 MBF
Falling Cost	\$43.20 / MBF	\$36.80 / MBF
Load Average	4.1 MBF	4.2 MBF
Production (Tractor)	27.68 MBF / Day	31.5 MBF / Day
Cost of Trucking	\$93.29 / MBF	\$91.07 / MBF
Cost of Logging	\$197.26 / MBF	\$176.19 / MBF
Estimated Value	\$589.45 / MBF	\$600 /MBF
Net Estimated Revenue	\$748,147	\$744,672

| Analysis:

The relative financial impact of cutting the small-diameter trees within the Hare Creek sale involves differences in logging and hauling costs, coupled with the value associated with the small trees. In the final analysis, there is very little difference in revenue potential between cutting the THP area as marked versus limiting the cutting to trees greater than 18 inches DBH. It was estimated that inclusion of the small trees would result in an approximate logging cost increase of 10%.

One question which is very difficult to answer is whether the inclusion of the small trees would have an effect upon what a purchaser would pay for the logs from the larger trees (i.e. would the inclusion of the small trees result in a lower bid for the larger logs?). It is recognized that smaller logs tend to have lesser value, but the increase in logging and hauling costs applied to the entire estimated volume do not appear to exceed the value of the small logs, resulting in little or no estimated net revenue difference.