

California Reforestation Inc.

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Sonora, CA 95370
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March 27, 2007

Charles Varvayanis
Oddfellows Sierra Park
P.O. Box 395
Long Barn, CA 95335

Dear Charles:

Per your request, the following details the opportunities for timber harvest and other activities for the near future:

- **Timber Harvest.** No timber harvests have occurred since 2004. The Non-industrial Timber Management Plan (NTMP) that guides your forestry operations allows for between 200 and 300 MBF to be harvested each year. This means that you could harvest 400 MBF or more in 2007. The volume would come from compartments 1 and 3 if you decide to harvest. Net income to Oddfellows would range from \$30,000 to \$55,000 depending on the level of slash treatment you require. The lower end would allow for 100% slash treatment using a mastication machine while at the higher income level, the slash would be lopped and scattered so that the general level would be no higher than 12" above ground level. Both of these treatments exceed the California Department of Forestry's requirements. Harvesting would be done on a selective basis as in the past.
- **Future Market Outlook.** With only one sawmill in the area (Sierra Pacific Industries), the competition for logs and subsequent log prices will remain relatively constant with minor fluctuations due to lumber market influences over the next five or so years. The advantage that the Oddfellows have is that with the NTMP in place, you can quickly respond to the small fluctuations and increase your net income periodically.
- **Cost Share programs.** There will be State money available for this year for fuel reduction projects. This is through the California Forest Improvement Program (CFIP). The State will pay 75% of the cost for thinning, pruning, burning and

other fuel reduction activities. The landowner pays the remaining 25%. Applications will be available in May or June.

- **Recommendations.** 1) Mark and set up a timber sale for presentation at your annual meeting in May. This way we can get firm log prices from the mill, bids from local timber operators and finalize the locations and economics of the project. While it will require approximately \$2500 in forestry cost, having a solid plan to present will allow members to make an informed decision. If you decide not to harvest at this time then the marking work is complete for the next time. 2) Think about areas where some thinning and fuel reduction can be done around the subdivision perimeter to protect the homes. This type of project would be supported and approved by the State.

Let me know if you have any questions.

Sincerely,

Will Dorrell
Forester, 2311