

Additional investments were made by replacing culverts to promote upstream fish passage to enhance spawning along Willow and Higgins Creeks, plus improvements to the 141 mile overall road system in order to reduce sediment runoff into streams.

In 2003, Ochoco Lumber conveyed a conservation easement to Deschutes Resources Conservancy as part of the Deschutes Riparian Restoration Carbon Sequestration project along 257± acres of Martin and Foley Creeks.

Total annual harvests over the last ten years have averaged 1,241± MBF and 3,700 tons of chips, which has generated only modest annual income, but has improved stocking levels in younger stands of ponderosa pine and Douglas-fir.

The growth projection by Atterbury Consultants, Inc., assuming no harvest, is estimated that in ten years the total volume will be 128.8 million board feet on Foley Butte Block, with an average board foot volume of 5,983 per acre.

A new owner will have opportunity to benefit from this projected growth in the upcoming ten to twenty-five years, plus have the option for some near-term harvest without impacting overall health and productivity of

this growing ponderosa pine tree farm.

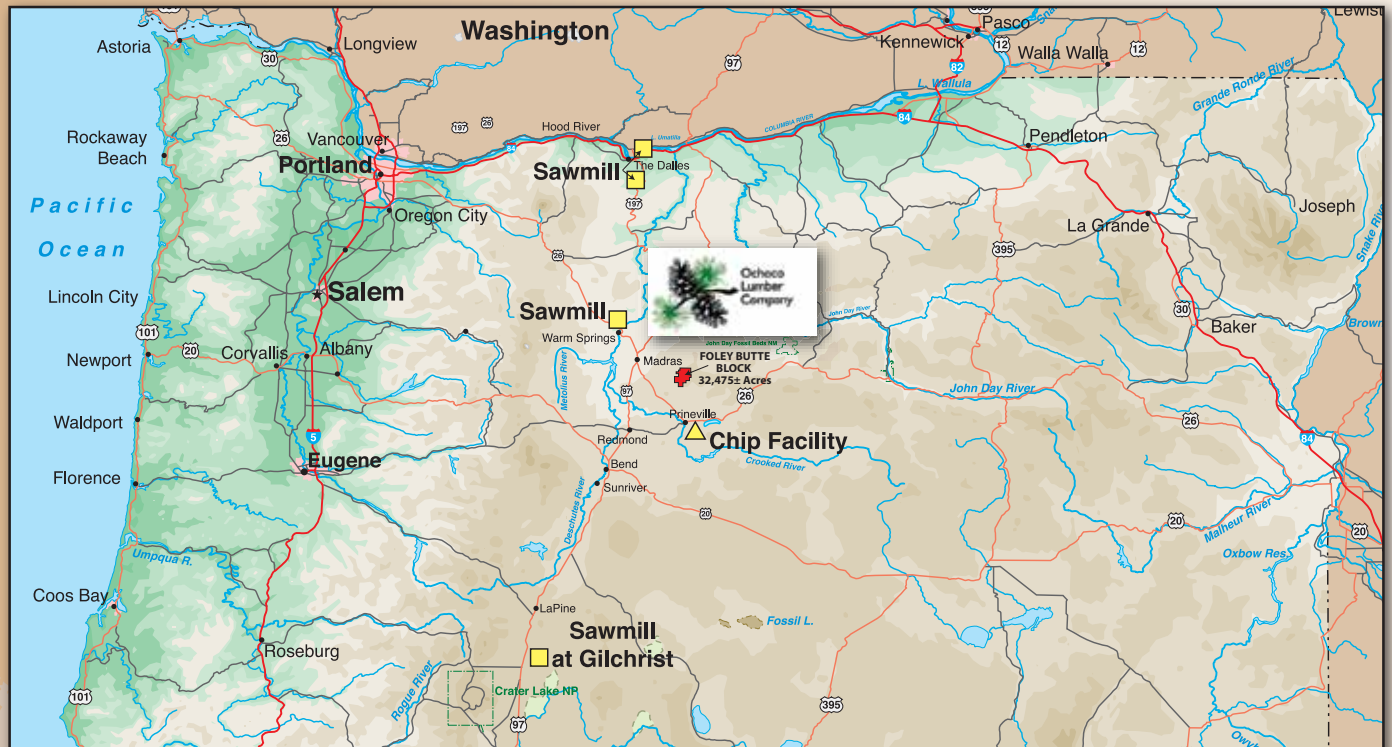
## LOG MARKETS

Ochoco Lumber Company has sold logs to a number of sawmills located in Central Oregon, Eastern Oregon, and the Columbia Gorge near Hood River that are all within easy hauling distance. Warm Springs Forest Products, in Warm Springs, Oregon, is within 45 miles, and processes Douglas-fir, white fir and ponderosa pine at its mill, owned by the Confederated Tribes of Warm Springs which has been a respected manufacturer of quality lumber products for over 40 years.

Interfor Pacific Sawmill in Gilchrist, Oregon is 90 miles south of the property, has primarily purchased ponderosa pine and white fir logs from Ochoco Lumber Company, and is part of a publically-owned Canadian company headquartered in Vancouver, B. C. that has additional mill operations in Oregon and Washington.

Additional sawmills that have purchased logs include Malheur Lumber Company in John Day, owned by Ochoco, and Mt. Hood Forest Products, owned by High Cascade.

Nearby biomass markets are located in Prineville and Warm Springs.



Annual harvest for last ten years has averaged 1,241± MBF



Warm Springs Forest Products sawmill