July 11, 2008

TO: All Members of the Geoduck Industry and Prospective Bidders

Attached are copies of an Invitation to Bid and an Invitation to Test Harvest for the upcoming geoduck auction. Please pay close attention to some important changes and requirements.

1. **Twelve (12)** quotas will be auctioned on **August 14, 2008**. These quotas are located in the **South Sound** harvest region in **Thurston County** at the **Sandy Point/Big Slough** tract, the **Hood Canal** harvest region in **Kitsap County** at the **Port Gamble** tract, and in **Jefferson County** at the **Hood Head East** tract.

2. The auction date is subject to change, in order to meet legal advertising and SEPA time requirements.

3. The quota system to be used for this Harvest Agreement allows for the removal of a designated number of pounds of geoduck clams (not to exceed the Harvest Ceiling) from each harvest area. The geoducks harvested by the Purchaser will be billed at the price per pound listed below:

HARVEST AREA	QUOTA #	HARVEST CEILING	PRICE PER POUND
Sandy Point/Big Slough	1	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	2	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	3	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	4	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	5	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	6	16,600	$1.50
Port Gamble		42,420	$1.00

Sandy Point/Big Slough	7	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	8	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	9	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	10	16,600	$1.50
Port Gamble		42,420	$1.00
Sandy Point/Big Slough	11	16,600	$1.50
Hood Head East		42,420	$2.00
Sandy Point/Big Slough	12	16,600	$1.50
Hood Head East		42,420	$2.00

4. The award of a contract will be based upon the highest cash bonus bid received from a responsible bidder. A bid deposit of **$100,000.00** will be required for each of the quotas. The remainder of the bonus bid, less the deposit, is due no later than **August 27, 2008**.

5. The term of these Harvest Agreements is **September 15, 2008 to January 2, 2009**. Operations will begin on the **Sandy Point/Big Slough** tract on **September 15, 2008,** and will continue until **October 10, 2008.** Operations will begin on the **Port Gamble and Hood Head East** tracts on **October 13, 2008** and will continue until **January 2, 2009.** DNR reserves the right to change the harvest dates or duration of harvest and the right to increase or decrease the Harvest Ceiling for a Harvest Area at any time.

6. Weigh-out will be conducted on the water unless weather conditions make it impractical, in which case the weigh-out will be conducted at the designated off-load site.

7. A bond of at least **$40,500.00** shall be in force for each quota.

8. Charges for the removal of geoducks will be billed every two (2) weeks, with payment due within ten (10) business days of the date the bill is sent.

9. The hours of operation shall be from 8:00 a.m. to 4:00 p.m.

10. Harvesting is not allowed on Saturdays, Sundays, or state holidays, as defined by the Washington State Office of Financial Management.

11. Portions of the harvest area may be closed at any time to protect wildlife and other public resources.

12. The shallow water boundary at the **Port Gamble** tract is **–25 feet** (MLLW).
    Shoreward Boundary. Purchaser shall harvest no geoducks in areas shallower than the depths below mean lower low listed above for the respective Harvest Area(s). Regardless of any depth restrictions, Purchaser shall harvest no geoducks from any area that lies shoreward from a line two-hundred (200) yards seaward from and parallel to the line of ordinary high tide. **(Port Gamble)**
    Maximum Depth Boundary. Purchaser shall harvest no geoducks located deeper than seventy (70) feet below the water surface, unadjusted for tides. **(Port Gamble)**

    Please note that the shallow water boundary at the **Hood Head East** tract is **–19 feet** (MLLW).
    Please note that the shallow water boundary at the **Sandy Point/Big Slough** tract is **–18 feet** (MLLW).
    Shoreward Boundary. Purchaser shall harvest no geoducks in areas shallower than the depth below mean lower low water listed above for the respective Harvest Area(s). Regardless of any depth restrictions, vessels conducting operations must remain seaward of a line two-hundred (200) yards seaward from and parallel to the ordinary high tide. **(Sandy Point/Big Slough, Hood Head East)**
    Maximum Depth Boundary. Purchaser shall harvest no geoducks located deeper than seventy (70 feet below mean lower low water (0.0 ft). **(Sandy Point/Big Slough, Hood Head East)**

13. Test harvest or a portion of the test harvest area may be shutdown by the DNR for failure to cooperate by harvester.

The specific rights and obligations of an apparent high bidder that is confirmed as a responsible bidder/harvester are contained in the Harvest Agreement (Agreement). The information herein is a summary of information relating to this auction, and is provided as a matter of convenience. The obligations of the Department of Natural Resources, any bidders, and any person or entity that executes an Agreement, are defined by the Agreement and the statutes, regulations and laws of the State of Washington. Nothing in the Invitation to Bid, in any other written materials, or in any oral statements that might be made, shall supersede the Agreement. Sample copies of the Agreement will be available at the auction or may be requested in advance by contacting DNR's Aquatic Resources Division, PO Box 47027, Olympia, WA 98504-7027. In the case of any discrepancy, the Agreement will control, and each bidder should review its content in advance of any submission of bids.

Attachments

WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Public Lands

Caring for
your natural resources
... now and forever

July 11, 2008

TO: All Members of the Geoduck Industry and Prospective Bidders

You are invited to test harvest. The next proposed geoduck quota areas to be auctioned are located in the **Hood Canal** harvest region in **Kitsap County** at the **Port Gamble** tract, and in **Jefferson County** at the **Hood Head East** tract. In the **South Sound** harvest Region in Thurston County at the **Sandy Point/Big Slough** tract.

The Washington State Department of Natural Resources (DNR) makes no representation as to the volumes, quality, grade, or condition of any geoducks on the beds. Each bidder must make their own independent appraisal.

DNR will allow test harvesting on the **Port Gamble and Hood Head East** tracts on **August 5, 2008.** Test harvest will be held at the **Sandy Point/Big Slough** tract on **August 7, 2008.** Test Harvest is by appointment only from 9:00 a.m. to 3:00 p.m. **Your appointment must be made by 4:00 p.m., Friday, August 1, 2008. No more then ten vessels will be permitted to participate in these test harvests**. **Test Harvest is on a first come first serve basis.** For an appointment or more information, contact Mike Chevalier at the Aquatic Resources Division Geoduck Program at (360) 902-1100, or write to the Department of Natural Resources, Aquatic Resources Division, 1111 Washington St. SE, P.O. Box 47027, Olympia, WA 98504-7027.

The harvest areas are depicted on the attached vicinity maps. Survey information will be available at the time of test harvesting.

The harvest limit is a maximum of ***500*** pounds per company; per day for each the one-day test harvests. A test harvest fee of ***$5.00*** per pound shall be paid when you test harvest. Payment for the amount harvested, payable to the Department of Natural Resources, is required for all pounds harvested. Payment is to be made at the end of the harvest day. No cash will be accepted.

Should the harvester exceed the ***500***-pound limit, ***$10.00*** per pound will be charged for all geoducks over the limit. ALL GEODUCKS HARVESTED MUST BE PURCHASED BY THE HARVESTER.

AT THE TIME OF THE TEST HARVEST, HARVEST VESSELS MUST CHECK IN AND OUT WITH THE STATE VESSEL ON SITE. The DNR vessel will be monitoring Channel 8 on VHF marine radio to facilitate contact. Each test harvester will need the appropriate Washington Department of Fish and Wildlife license(s), Washington State Business license, vessel insurance, and the appropriate Department of Health Certifications. **Test harvesters will be required to provide proof of these licenses and insurance to the Department of Natural Resources before being allowed to test harvest**. Only one diver will be allowed to test harvest from any one vessel at a time.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
Doug Sutherland
Commissioner of Public Lands

INVITATION TO BID

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STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
Doug Sutherland
Commissioner of Public Lands
Olympia, Washington 98504
INVITATION TO BID

Pursuant to RCW 79.135.210, the Department of Natural Resources (DNR) hereby announces that rights to harvest geoducks from the following beds will be put up for competitive bid on the stated date.

NAME	QUOTA NO.	AUCTION TIME	AUCTION DATE	HARVEST CEILING
Sandy Point Big Slough Port Gamble	1	10:00 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	2	10:20 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	3	10:40 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	4	11:00 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	5	11:20 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	6	11:40 AM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	7	12:00 PM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	8	12:20 PM	August 14, 2008	16,600 42,420
Sandy Point Big Slough Port Gamble	9	12:40 PM	August 14, 2008	16,600 42,420

Sandy Point Big Slough **Port Gamble**	**10**	**1:00 PM**	**August 14, 2008**	**16,600** **42,420**
Sandy Point Big Slough **Hood Head East**	**11**	**1:20 PM**	**August 14, 2008**	**16,600** **42,420**
Sandy Point Big Slough **Hood Head East**	**12**	**1:40 PM**	**August 14, 2008**	**16,600** **42,420**

The purpose of DNR's election to put these rights up for competitive bid is to serve the public's interest by obtaining the highest price from responsible bidders. DNR, therefore, solicits bid proposals from interested parties. Bidders will bid for the non-exclusive right to go onto the stated area and remove geoducks (up to the Harvest Ceiling).

The terms under which successful bidders are to operate are set out in the Harvest Agreement and the laws and regulations of the state of Washington. The DNR reserves the right to increase or decrease the Harvest Ceiling at any time during the Harvest Agreement to ensure that total pounds harvested from state-owned aquatic lands for the year meet the state's target sustained yield, and to ensure that the geoduck industry has an opportunity to harvest the state's share of the resource. Purchasers will be notified in writing of any such addition or subtraction of pounds to the Harvest Ceiling. The state reserves the right to auction additional harvest areas during this agreement period in order to utilize all of the resource available to the state. Harvest quotas not fully utilized during previous contracts that still have a substantial portion of resource remaining may be re-auctioned at any time. Additional pounds created through changes in the sustainable yield or pounds made available through tribal agreements may be auctioned later during the same harvest year. The Harvest Agreement outlines the rights and obligations of the parties regarding changes to the harvest ceiling. Tribal harvesting could occur before during or after purchasers have harvested their share of resource from the geoduck tracts.

1. HARVEST AGREEMENTS WILL BE OFFERED BY SEALED BID AUCTION

(a) Harvest Agreements will be offered by sealed bid auction. Sealed bids must be accompanied by a bid deposit in the form of a money order, certified check, or cashier's check equal to **$100,000.00** for each of the quotas.

(b) In one envelope, place the following:

(i) The bid form properly filled out and signed.

(ii) The bid deposit.

(iii) On the outside of this envelope, the words Geoduck Auction, the number of the Quota, and the name of the Bidder must appear. Mail or deliver to DNR at the address below. If the bid is mailed, please indicate on the outside of the envelope Geoduck Bid, Do Not Open.

(c) Bid forms and bonus bid deposits may be delivered to the Aquatic Resources Division, 1111 Washington St SE, PO Box 47027, Olympia, Washington 98504-7027. The day of the auction, bids must be delivered to the location of the auction and submitted by the time of the auction.

(d) Prior to the first bid opening, DNR will designate the official clock. This clock will be used as the official time for all bid openings.

2. BID OPENING

(a) Sealed bids will be opened on **August 14, 2008**, at:

10:00 AM for the first auction
10:20 AM for the second auction
10:40 AM for the third auction
11:00 AM for the fourth auction
11:20 AM for the fifth auction
11:40 AM for the sixth auction
12:00 PM for the seventh auction
12:20 PM for the eighth auction
12:40 PM for the ninth auction
1:00 PM for the tenth auction
1:20 PM for the eleventh auction
1:40 PM for the twelfth auction

The auctions will be conducted in Room 172 of the Natural Resources Building, at 1111 Washington St SE, Olympia, Washington. See attached map for directions. Staff will be available from 9:30 a.m. to 10:00 a.m. to answer questions. However, the rights and obligations of any party to a Harvest Agreement are defined solely by the terms of the written Agreement.

3. GENERAL INFORMATION

(a) The Harvest Agreements will be awarded on the basis of the highest bonus bid from a responsible bidder. In submitting a bonus bid, the bidder is making an offer to enter into a contract with the state for the right to harvest geoduck clams.

(b) Tie bids will be resolved by having the tie bidders resubmit additional sealed bonus bids. The tie breaking bids must be submitted at the time of the next auction and will be opened before the next auction's bids are opened.

(c) DNR reserves the right to waive nonmaterial bid irregularities. DNR's right to waive nonmaterial bid irregularities is purely discretionary, and need not be exercised in every case.

(d) All awards are subject to confirmation by the Department of Natural Resources. **THE DEPARTMENT OF NATURAL RESOURCES EXPRESSLY RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS**.

(e) All corporations and limited partnerships must be registered with the Office of the Secretary of State. Failure to comply will result in an unqualified bid.

(f) By no later than **August 27, 2008**, the apparent high bidder must provide DNR with all responsible bidder information described in Part 4(c) of this Invitation to Bid, the remaining bonus bid, acceptable security, and proof of required insurance. Failure to provide the required information within this time period will constitute a material defect in the bid under the Responsible Bidder statute, RCW 79.140.060. **A $25.00 document processing charge is also due at this time.**

(g) Within thirty (30) calendar days of the auction, DNR will determine whether to confirm the apparent high bidder as the highest responsible bidder. If DNR, in its sole discretion, determines that the bidder is responsible, and if the other statutory prerequisites to bid confirmation are met, DNR will confirm the bid. Bid confirmation is acceptance of the bidder's offer to enter into a contract.

(h) Within five (5) calendar days of the date the bids are confirmed, the apparent high bidder must provide DNR with the signed Harvest Agreements. Failure to provide the signed and notarized Harvest Agreements within that time will constitute a breach of contract and bid default. DNR may consider the default in evaluating bidder responsibility for this auction and in future auctions under RCW 79.140.060.

(i) The DNR has up to five (5) business days to process and sign Harvest Agreements from the time it receives the executed Agreement from the confirmed bidder. No harvesting can take place until the Harvest Agreement has been signed by the Department of Natural Resources' Aquatic Resources Division Manager or designee.

(j) In the event that a bidder is found not to be responsible or defaults on the bid, the DNR at its discretion may re-auction the quota, or offer the Quota to the apparent second highest bidder. The second highest bidder will be required to supply all bidder information required in Item No. 4(c), along with the required bonus bid, security and proof of insurance within ten (10) days of notification by DNR.

4. EVALUATING BIDS TO DETERMINE THE HIGHEST RESPONSIBLE BIDDER

(a) DNR will evaluate the bids to determine the highest responsible bidder. In evaluating bidder responsibility, DNR will evaluate several factors including, but not limited to:

(1) Bidder's legal competency (including licensing); and,

(2) Bidder's actual competency (including financial resources, equipment, prior performance, and proposed Plan of Operation).

(b) In the course of evaluating bidder responsibility, DNR shall be entitled to consider any matters that relate to the factors listed in RCW 79.140.060.

(c) To assist DNR in evaluating whether the apparent high bidder is the highest responsible bidder, the apparent high bidder will be required to provide the following information to DNR (bidder responsibility information), by no later than **August 27, 2008.**

(1) The bidder's articles of incorporation and by-laws; the names of officers and directors; the names of shareholders (including percentage of stock owned by each shareholder); the names of (i) any entity in which the apparent high bidder has control, the power to control, or a substantial financial interest; or (ii) any entity which has control over, the power to control, or a substantial financial interest in the apparent high bidder; and (iii) the bidder's registered agent.

(2) The bidder's most recent financial statement, current balance sheet, and banking reference.

(3) A description of the bidder's past experience in underwater seafood harvesting, including past experience in supervising or managing underwater commercial dive operations.

(4) The names of the bidder's purchasers and subcontractors, along with these entities' UBI numbers and account numbers. Proof of insurance coverage for all harvest vessels is required prior to any harvesting by that vessel.

(5) A copy of the apparent high bidder's Department of Health Interstate Shippers Certification card.

(6) A Proposed Plan of Operation (form provided by DNR) which shall include:

(i) The source and identity of divers, tenders, harvest vessels, and other harvest equipment. For each employee, provide a clear, readable, photo copy of his or her driver's license, and dive license.

(ii) A description of the legal relationship between the apparent high bidder, divers and vessel operators (i.e., employee/employer or subcontract). All subcontractors must be fully identified.

(iii) The working relationship between the apparent high bidder and any identified employees/subcontractors. The duties of each employee/subcontractor shall be described and incorporated into the Proposed Plan of Operations.

(iv) All information relating to harvest plans, bonding, off-load points, and vessel moorage must be identified and supplied in the Proposed Plan of Operations.

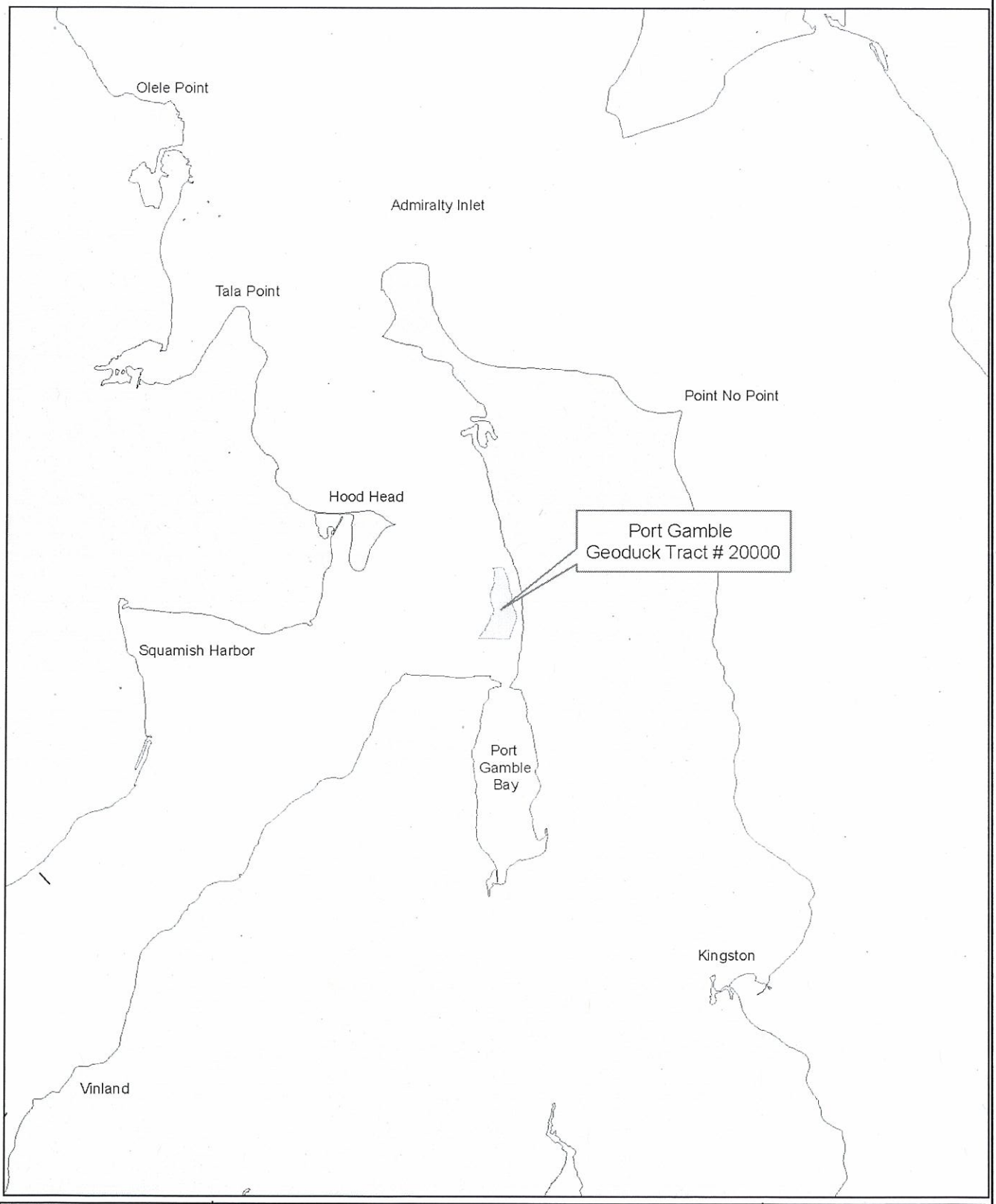
(v) A list of all steps the apparent high bidder will take to ensure compliance with this Harvest Agreement, by Purchaser, Purchaser's employees, and subcontractors.

A packet containing slots for the above information will be provided to the apparent successful high bidders at the end of the auction. All required information must be submitted to DNR in this packet and will not be accepted if incomplete. If the apparent high bidder does not provide the above listed items by **August 27, 2008,** the apparent high bidder shall be deemed non-responsible. **The bid shall be rejected and bid deposit forfeited.**

DNR's determination regarding the acceptance and confirmation of bids, or of bidder responsibility, shall be a final decision by DNR and the Commissioner of Public Lands, who has delegated such authority pursuant to a formal Designation and Order of Delegation. A bidder's sole remedy shall be to pursue any timely appeals that may be provided by RCW 79.02.030 or RCW 79.105.160. In no case shall DNR, or its agents, be liable for any claim for damages arising from such determinations.

Any oral statement by any representative of the state, modifying or changing any conditions of this Invitation to Bid, is an expression of opinion only and confers no rights on to any bidder. In the event of any discrepancies between the Invitation to Bid and the Harvest Agreement, the Harvest Agreement will control. A sample Harvest Agreement will be available at the time of the auction or may be obtained in advance by contacting DNR's Aquatic Resources Division, PO Box 47027, Olympia, WA 98504-7027.

Figure 1. Vicinity Map for Port Gamble Geoduck Tract # 20000



N
W E
S

1:120,000
1 inch equals 10,000 feet

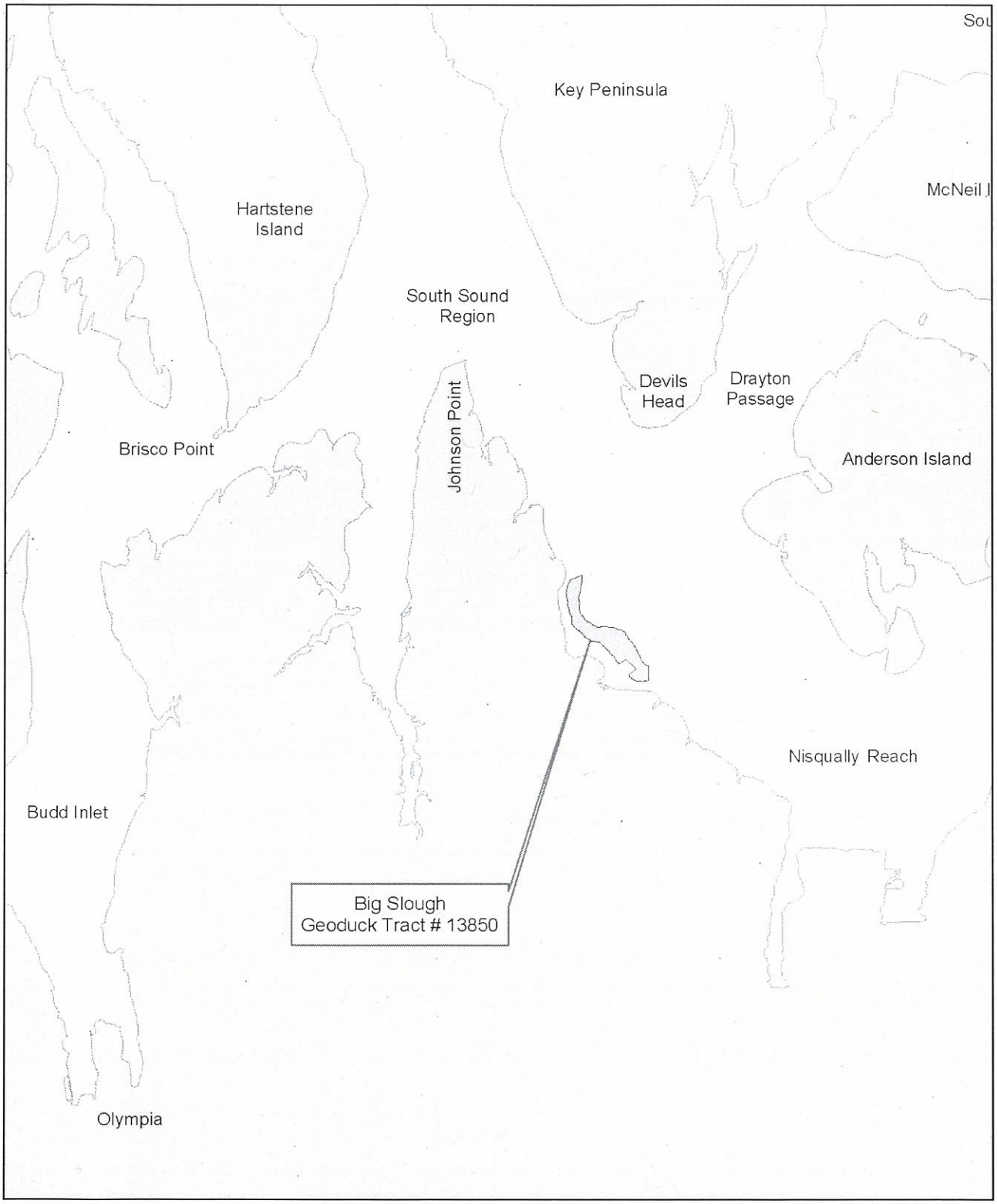
Data Sources:
Projection for data is Stateplane, Washington Zone South, units feet, Datum NAD 27. Coastline layer is from DNR, 1: 24,000 scale, created 09-20-99. Contours are from NOAA soundings.

0 5,000 10,000 20,000 30,000 Feet

Washington Department of FISH and WILDLIFE

Map Date: 06-11-07
Map Author: T. Blewett
File: EAmaps.mxd

Figure 1. Big Slough Geoduck Tract # 13850; Vicinity Map



N
W E
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1:105,000
1 inch equals 8,750 feet

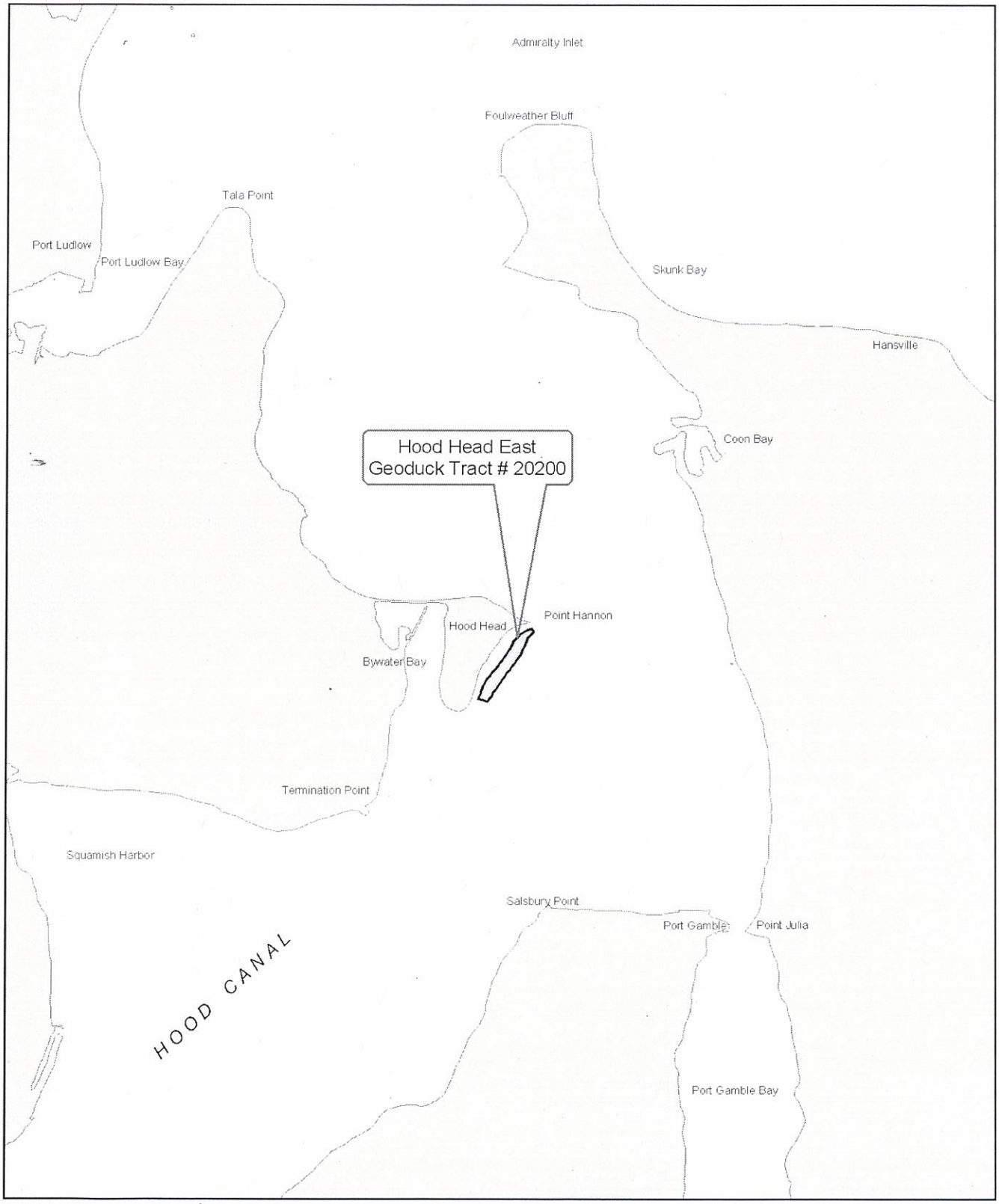
Data Sources:
Projection for data is Stateplane, Washington Zone South, units feet, Datum NAD 27. Coastline layer is from DNR, 1: 24,000 scale, created 09-20-99. Contours are from NOAA soundings.

Miles
0 1 2 4 6

Washington Department of FISH and WILDLIFE

Map Date: 08/31/07
Map Author: T. Blewett
File: BigSloughea_083007.mxd

Figure 1. Vicinity Map for Hood Head East Geoduck Tract # 20200



N
W E
S

1:63,360
1 inch equals 5,280 feet

Data Sources:
Projection for data is Stateplane, Washington Zone South, units feet, Datum NAD 27. Coastline layer is from DNR, 1: 24,000 scale, created 09-20-99. Contours are from NOAA soundings.

0 0.5 1 2 3 Miles

Washington Department of FISH and WILDLIFE

Map Date: 05-29-07
Map Author: T. Blewett
File: EAmaps_2.mxd

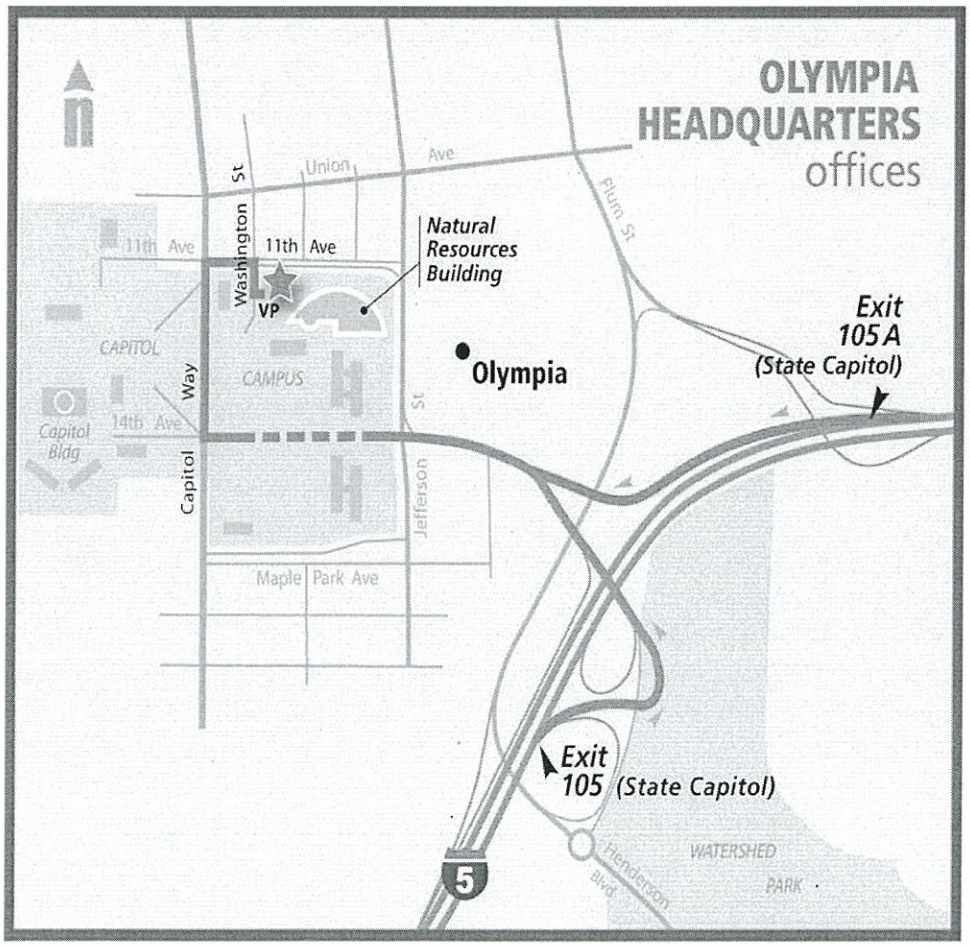
Directions to the Natural Resources Building
Olympia, WA

1111 Washington St. SE, Olympia, WA 98504

Southbound:
From I-5 south take exit 105A; follow the "State Capitol" lane which parallels the freeway for ¼ mile.

Northbound:
From I-5 north take exit 105; keep to the left, following the "State Capitol" lane.

At the second traffic light (Capitol Way, the first light after the tunnel), turn right. Turn right again at the next traffic light (11th Ave.). At the next traffic light (Washington St.), turn right once more. Make the first left into the parking lot of the Natural Resources Building. Visitor parking (VP) is available on Level P1 for $0.50/hour.



GEODUCK QUOTA AUCTION
BID FORM

Department of Natural Resources
Aquatic Resources Division
1111 Washington St SE
PO Box 47027
Olympia, WA 98504-7027

ALL BIDS MUST BE SUBMITTED ON THIS FORM
BIDS MUST BE FILLED OUT COMPLETELY AND LEGIBLY

I, _____ as authorized bidding agent
(Print FULL NAME of Authorized Agent to Submit Bid)

for _____ , do hereby submit a bonus
(Name of Company)

bid of $_____, (_____)
(Bonus Bid Amount to Nearest Dollar) (Please Write Out the Amount you are Bidding)

for the right to harvest geoduck clams, up to the Harvest Ceiling from

_____
(name of harvest area and QUOTA number)

geoduck harvest area as specified in the Invitation to Bid.

I understand that in submitting a bid, I am making an offer to enter into a contract with the State for the right to harvest geoduck clams. If my bid is successful, I must furnish the required bidder responsibility information and the required acceptable performance bond, bid payment, signed Harvest Agreement, and insurance certificate on or before the date(s) specified in the Invitation to Bid. Failure to do so will cause the bid deposit to be forfeited and this bid offer to be rejected and the bidder to be found non-responsible under RCW 79.90.215(1).

August 14, 2008	_____
(Auction Date)	(Name of Agent Authorized to Sign Contract)
_____	_____
(Name of Company)	(Signature (Full Name) of Agent Submitting Bid)
_____	_____
(Address (NO PO Box Numbers)	(UBI number)
_____	_____
(City or Province)	(Phone Number)
_____	_____
(State or Country & Zip)	(FAX Number)

Bonus Bid Deposit Check Returned

Signature of Receiver: _____

Date _____