

CONTRACT SERVICES AGREEMENT

between

THE CONSERVATION FUND

and

ENVIRONMENTAL SYNERGY, INC.

for the

Implementation of Carbon Sequestration Projects under the "Go Zero" Program

This Contract Services Agreement ("Agreement") is entered into by and between The Conservation Fund (hereinafter the "FUND") and Environmental Synergy, Inc. (hereinafter "ESI"), together "the parties".

1.0 BACKGROUND AND OBJECTIVES

- 1.1 New forests are natural carbon sinks because they take carbon dioxide out of the air and sequester it as carbon in living plant tissue. Afforesting agricultural areas, and maintaining these lands in forest, is a scientifically recognized way to sequester carbon.
- 1.2 The FUND, a Maryland nonprofit corporation, desires to support the goals of carbon sequestration, sustainable forestry and biodiversity protection through the restoration of native forest cover to degraded habitat throughout the United States.
- 1.3 In addition, the FUND wishes to generate greenhouse gas emission reductions and associated benefits. As used in this Agreement, "Emission Reductions" shall mean the number of tons of carbon dioxide-equivalent greenhouse gas emissions demonstrated to be mitigated, reduced, avoided, sequestered or fixed deriving from the Project, and any associated credits, rights, authorizations, permits, or other benefits, including but not limited to any rights with respect to any database maintained pursuant to section 1605(b) of the Energy Policy Act of 1992 (Pub. L. No.102-486) or any successor statute.
- 1.4 To that end, the FUND, through its Go Zero program, commits, among other things, to fund forest restoration and preservation initiatives for the purpose of establishing, operating and maintaining carbon sequestration projects (hereinafter "Projects").
- 1.5 ESI, a Delaware Corporation with headquarters in Atlanta, Georgia, is an ecology-based company with a goal of promoting carbon sequestration and biodiversity in native forest habitats.
- 1.6 The Fund and ESI intend to cooperate on implementing Projects under The Fund's Go Zero Program, with ESI providing planting and carbon monitoring services to The Fund as described herein.
- 1.7 This Agreement is intended to serve as the defining framework for all such Projects, with the particulars of each Project to be described in a separate document signed by the Parties and affixed as individual Amendments to this Agreement, including specific obligations that differ or are additional to the obligations described herein.

- 1.8 NOW THEREFORE, in consideration of the foregoing and subject to the terms and conditions set forth below, the FUND and ESI intending legally to be bound do hereby agree as follows:

2.0 SCOPE OF WORK

- 2.1 ESI will undertake afforestation of designated Projects on behalf of the FUND, adhering to seedling growth and planting standards outlined in the quality standards guidelines that will be attached to each Project Amendment. "Afforest" or "Afforestation" is defined for purposes of the Agreement as the restoration of a tract of land to a biodiverse bottomland hardwood forest similar to conditions that existed prior to it having been cleared for agricultural or other non-forest use. Restoration is done through the controlled planting of tree seedlings of varying species that are selected based on the scientific knowledge of foresters and wildlife biologists familiar with the historical habitat patterns and ecosystem interaction of the terrain being planted.
- 2.2 Within the geo-specific timeframe recommended by local foresters for planting, ESI will complete the planting of seedlings sufficient to achieve Afforestation of the Project area.
- 2.3 ESI will provide carbon monitoring services for forest restoration Projects generally as described below, with Project-specific protocols to be described in each Amendment for both forest restoration and preservation Projects:
- 2.3.1 If needed, develop a site specific carbon accrual model representing the anticipated accrual of forest carbon over time.
- 2.3.2 Document baseline conditions.
- 2.3.3 Within 12 months of the completion of planting, establish permanent monitoring plots and take baseline measurements of initial quantities of soil carbon.
- 2.3.4 Undertake a survivability analysis in the fourth year following planting to determine seedling survivability rate, effects of weather or other peril upon survivability and advisability of any replanting or overplanting.
- 2.3.5 Complete on-site carbon measurements of biomass and soil carbon, within 12 months after the 5th and 10th growing seasons to determine the carbon stock change up to those dates and over the respective periods.

3.0 ESI REPRESENTATIONS AND DELIVERABLES

- 3.1 For Afforestation Projects, ESI will, in cooperation with the FUND and any other entity(s) it designates, arrange, manage and complete all aspects of the planting, including coordination with the landowner and/or prospective landowner (e.g. U.S. Fish and Wildlife Service), site preparation, procurement of seedling species and supervision of the planting operations.
- 3.2 Within ninety days following completion of planting, ESI will provide the FUND a report detailing the planting, including a breakdown of species and a GIS map based on physical GPS measurements of the planted area.

- 3.3 ESI will, at the outset of each Project, provide its professional assessment and projection of the Project's expected carbon sequestration over the term of the Project. This projection will be based on the best available empirical data and industry research. Further, ESI agrees to provide the FUND periodic updates on the results of ESI's ongoing research in the field of carbon sequestration in cases where the information is not proprietary to its clients.
- 3.4 Pursuant to monitoring of Projects as described in Paragraph 2.3, ESI will provide the FUND the results of survivability analyses and all carbon measurement events, together with any associated data. ESI will deliver each set of results within 30 days of ESI's completion of those results. The FUND shall retain the right to audit ESI's records/results and to perform its own monitorings or verifications, at its own expense.
- 3.5 ESI will provide to the FUND, for carbon registry reporting purposes, annual data on carbon sequestration on the Project Area for each calendar year following planting, in such form as the FUND reasonably requests. The data for years in which actual monitorings do not occur will be estimates based on the best available research, including research undertaken in connection with, and possibly independently of, this Agreement. For years in which actual monitoring results are available, the data for prior years' findings will be adjusted accordingly for a "trueing up" report to the FUND in the monitoring year.
- 3.6 Notwithstanding the foregoing, ESI will use any inventorying or monitoring and measurement protocols of comparable cost that may be reasonably requested by the FUND, including any such protocols that may be developed under the auspices of the U.S. Department of Energy's 1605(b) Voluntary Greenhouse Gas Reporting program, or other state, federal, or international greenhouse gas reporting or regulatory program.
- 3.7 ESI will ensure prompt payment of all vendor invoices for which ESI is responsible that are associated with its obligations and deliverables under this Agreement.
- 3.8 ESI shall perform its obligations under the Agreement consistent with all applicable federal, state and/or local laws and regulations.
- 3.9 ESI representations under this Section 3.0 assume that:
- 3.9.1 The acres constituting the Project area(s) will be maintained in properly stocked forest for the specified Project period, allowing certain thinnings and other forestry and wildlife management techniques that sustain forest health and ecosystem habitat; and
- 3.9.2 ESI, its employees, agents and authorized representatives will be granted reasonable access, in accordance with landowner's regulations, to the Project area to observe and monitor planting efforts for the purpose of quantifying carbon sequestration.
- 3.10 In the event of circumstances arising which alter the above assumptions in Paragraph 3.9, ESI will provide immediate notification to the FUND of such circumstances and continue to perform on a best efforts basis to meet its obligations under this Agreement.
- 3.11 Quality standards for each Project will be developed by ESI foresters (with a combined experience of over 50 years), in collaboration with the respective federal, state and/or

NGO landowner. The standards are reviewed with all ESI vendors and incorporated into their contracts. Upon certification in writing by the FUND or its designate following planting that the site preparation, seedling quality and planting performance on the Project area have met their expectation, the FUND and not ESI, thereafter assumes the Financial Risk for survival. "Financial Risk" is defined as assumption of the decision and costs to replant, and the assumption of any carbon debits due to a Force Majeure event as described in Section 9.0.

- 3.12 Should the FUND elect to undertake any replanting or supplemental planting of Project areas during the course of the first ten years after initial planting, ESI will undertake such work at its cost, plus 5 per cent, with "cost" defined as direct vendor and ESI costs to coordinate and supervise the planting and make any needed adjustments to the monitoring plan.
- 3.13 Should a Force Majeure event as described in Section 9.0 result in non-survival that is not corrected with subsequent replanting, ESI will submit to the FUND its assessment of any corresponding reduction in work going forward for which ESI may have been paid, and return to the FUND the payment associated with that work.

4.0 RIGHTS IN EMISSION REDUCTIONS

- 4.1 Any Emission Reductions that directly or indirectly result from the Project are the sole property of the FUND, and ESI shall have no rights whatsoever with respect to such Emission Reductions.
- 4.2 ESI represents and warrants that, to the best of ESI's knowledge, it has done nothing to cloud, encumber or impair title to Emission Reductions, if any, nor done anything contrary to the FUND's intention to claim such rights.
- 4.3 ESI covenants and agrees that it will do nothing in the future to interfere with assignment of Emission Reductions that directly or indirectly result from the Project to the FUND.
- 4.4 ESI agrees that it will not contest the FUND's ownership of the Emission Reductions and that it will undertake reasonable efforts, including without limitation execution of documents reasonably requested by the FUND, to assist the FUND should any other party contest or question either the FUND's ownership of the Emission Reductions or the actual (or observed) carbon sequestration rate generated by the activities described in the Agreement.

5.0 COMPENSATION

- 5.1 Compensation for ESI services under this Agreement will be established on a Project-specific basis.
- 5.2 Payments to ESI shall be made by check or by bank wire transfer or other commercially acceptable format to ESI's account as follows:

REDACTED

6.0 ASSIGNMENT

- 6.1 ESI shall not assign or otherwise dispose of the Agreement, or any obligations hereunder, without the written consent of the FUND, which shall not be unreasonably withheld.
- 6.2 The FUND may assign the Agreement and any rights or Emission Reductions derived therefrom. The FUND will provide to ESI immediate notification in writing of any assignment.
- 6.3 If the FUND assigns the Agreement in full to a single party, ESI will from that time provide carbon monitoring data as specified under this Agreement to that party. If assignment of the Agreement or the rights or Emission Reductions is partial or includes multiple parties, ESI will continue to provide all carbon monitoring data to the FUND or its designate.

7.0 TAXES

- 7.1 ESI shall bear responsibility for the payment of all taxes and assessments directly associated with the provision of its Afforestation and Monitoring Services, including with respect to compensation paid to persons employed by ESI or its subcontractors for the performance of any work under the Agreement.
- 7.2 ESI shall not be liable for any property or other taxes, if any, associated with the seedlings once ESI has planted the seedlings, or for any property or other taxes, if any, associated with the carbon sequestration or the Emission Reductions generated by the Project pursuant to this Agreement.

8.0 INSURANCE

- 8.1 ESI and its subcontractors shall maintain an insurance policy for worker's compensation from an insurance carrier approved for transacting worker's compensation business in the state in which services under this Agreement are performed.
- 8.2 ESI shall maintain at its sole expense commercial general liability insurance with limits of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.
- 8.3 ESI shall maintain at its sole expense commercial automobile liability insurance with a limit for bodily injury and property damage of not less than \$1,000,000 each accident.

- 8.4 ESI shall require its subcontractors to carry worker's compensation and employer's liability coverage from an insurance carrier approved for transacting business in the state in which services under this Agreement are performed.
- 8.5 ESI shall require its subcontractors to carry public liability and automobile liability insurance comparable to coverage required of ESI under Paragraphs 8.2 and 8.3.
- 8.6 ESI shall secure and maintain in its files certificates of subcontractors' insurance in compliance with the requirements of Paragraph 8.5 and 8.6.

9.0 FORCE MAJEURE

- 9.1 The obligations of either party hereunder shall be suspended during the period in which either party is unable to perform such obligations by reason of a Force Majeure Event (as defined below), but only to the extent of such inability to perform. Immediately following the occurrence of a Force Majeure Event, the party asserting such suspension of obligations shall notify the other party of the events giving rise to the assertion, the estimated period of suspension and the anticipated degree of disruption of the project. The obligations of ESI to perform as provided by the Agreement in portions of the Project Area not affected by the Force Majeure Event shall continue.
- 9.2 For purposes of the Agreement, "Force Majeure Event" shall mean any event or condition that directly or indirectly prevents a party hereto from performing an obligation hereunder, is beyond the reasonable control of such party and could not, by the exercise of due diligence, have been avoided in whole or in part by such party and shall include, without limitation: act of God, fire, flood, drought, explosion, lightning, storm, ice, wind, typhoon, hurricane, tornado, earthquake, landslide, soil erosion or subsidence, washout, infestation or epidemic, aircraft, or order, judgment, ruling, decision or other act of any governmental, civil or military authority.
- 9.3 The parties shall use all commercially reasonable efforts to promptly resume normal performance under the Agreement after the occurrence of any Force Majeure Event and to act in a manner so as to mitigate any damage resulting therefrom.
- 9.4 Paragraphs 3.11, 3.12 and 3.13 describe the financial risks and responsibilities of the parties with respect to a Force Majeure event.

10.0 INDEMNIFICATION

- 10.1 ESI SHALL INDEMNIFY, DEFEND AT ITS EXPENSE, AND SAVE the FUND (the "INDEMNITEE") HARMLESS FROM ANY LIABILITIES, COSTS AND CLAIMS, INCLUDING JUDGMENTS RENDERED AGAINST, AND FINES AND PENALTIES IMPOSED UPON THE INDEMNITEE, CAUSED BY THE PERFORMANCE OF SERVICES BY ESI, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS IN THE COURSE OF PROVIDING AFFORESTATION OR MONITORING SERVICES ON THE PROJECT AREA, EXCEPT THAT ESI'S OBLIGATION TO INDEMNIFY THE FUND SHALL NOT APPLY TO ANY LIABILITIES UNRELATED TO ESI SERVICES OR ARISING FROM INDEMNITEE'S SOLE NEGLIGENCE.

11.0 DATA AND PROPRIETARY INFORMATION

- 11.1 All written data, such as drawings, plans, reports, designs and specifications, prepared by ESI for The FUND under this Agreement shall become the property of the FUND.
- 11.2 The Fund acknowledges that monitoring results from the Project may be incorporated into statistical analyses and reports provided to other ESI clients under the same monitoring umbrella as described in the Project's monitoring protocols, and similarly, such data for other client-funded projects in the same umbrella would be provided to the FUND.
- 11.3 ESI will not otherwise release, disclose, copy or reproduce any data resulting from this Agreement without advance written permission from the FUND.

12.0 TERMINATION FOR CAUSE

- 12.1 The FUND may terminate this Agreement for cause if ESI (a) files a petition in bankruptcy, or if its creditors file an involuntary petition in bankruptcy, or if it makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of its insolvency, or (b) fails to maintain the schedule set forth in the Agreement, as further defined in Sections 2.0 and 3.0, or (c) fails to promptly pay subcontractors for material or labor, or (d) commits repeated or substantial violations of laws, rules, regulations or policies, or (e) otherwise commits a violation or breach ("Breach") of any material provision of the Agreement; and such Breach is not cured within thirty (30) business days ("Cure Period") following ESI's receipt of written notice from the FUND, which shall specify in reasonable detail the Breach and the curative steps (to the extent reasonably within the knowledge of the FUND) required to be taken ("Notice of Breach"), in which event termination shall occur upon written notice given by the FUND to ESI at any time following the expiration of the thirty (30) business day Cure Period; provided, however, if ESI has undertaken diligently to cure the Breach and such Breach may not be cured in all material respects during the Cure Period, ESI shall have an reasonable period of time as determined by the FUND to complete its cure, provided that (i) ESI is continuously and diligently pursuing such cure to completion and (ii) taking such additional time would not result in a failure to provide the FUND the essential benefits of the work detailed herein.
- 12.2 In the event of termination for cause, (a) ESI shall immediately prepare and submit to the FUND an itemization of the work completed by ESI, for which it will be paid on a percentage of completion basis; (b) to the extent that ESI may have been overpaid, ESI shall return such overpayment; and (c) the FUND may take over uncompleted work and complete it, or have the work completed by others.
- 12.3 In the event that ESI does not agree that the termination was properly a termination for cause and successfully seeks remedy through the courts, such remedy may not exceed compensation greater than the Agreement fees as specified in Section 5.0.
- 12.4 In any court proceeding, the prevailing party shall be entitled to be reimbursed for reasonable attorney's fees and expenses.

13.0 TRADEMARKS

- 13.1 ESI agrees that the FUND's logo, trademarks or service marks or trade names are the property of the FUND. ESI agrees to use the trademarks or service marks or trade names of the FUND only in the manner directed by the FUND, as appropriate, and in no other manner.

14.0 PUBLIC COMMUNICATIONS

- 14.1 ESI shall not issue any written press statement to any public media concerning its relationship with the FUND created by this Agreement, or concerning any activities that have occurred or are occurring pursuant to this Agreement, without first discussing the content of the proposed statement with the FUND and obtaining the FUND's consent, as appropriate, to a final version of the statement.

15.0 RECORDS

- 15.1 ESI shall keep accurate and complete records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Project and shall preserve such records and books of account for three (3) years after termination of the Agreement, or longer if required by law.

16.0 NO AGENCY RELATIONSHIP CREATED

- 16.1 ESI shall not be deemed to be an agent, employee, representative or servant of the FUND, and any representation or implication to the contrary shall be void and grounds for termination. The relationship of the FUND and ESI shall be that of "customer" and "independent contractor."

17.0 NOTICES

- 17.1 Each party shall designate a representative to receive any and all notices required under or relating to this Agreement. Notices shall be in writing and shall be given to the representative designated to receive them, either by personal delivery by an overnight courier or by certified mail, return receipt, properly addressed to such representative. All notices shall be effective upon receipt, or upon such later date following receipt as set forth in the notice. Either party may, by timely written notice to the other, change the representative or the address to which such notices are to be sent.
- 17.2 Notice of a party to the other as required under the Agreement or otherwise shall be sent to the following:

For ENVIRONMENTAL SYNERGY, INC.:

Carol Jordan
President
P.O. Box 52306
Atlanta, Georgia 30355
(6225 Georgetown Park Drive
Norcross, Georgia 30071)
Phone/Fax: (770) 447-4638/4639
E-mail: cj@environmental-synergy.com

For THE CONSERVATION FUND:

Jena Thompson
Director, Go ZeroSM
The Conservation Fund
1800 South Ocean Drive, Suite 1803
Hallandale Beach, FL 33009
Ph: (954) 456-4055
jthompson@conservationfund.org

w/a copy to:
Paul F. Hurt
Deputy General Counsel
1655 N. Ft. Myer Dr., Suite 1300
Arlington, VA 22209
Phone/Fax: (703) 525-6300/4610
E-mail: phurt@conservationfund.org

18.0 TERM OF AGREEMENT

- 18.1 This Agreement will become effective upon signature of the parties and will extend until such time either party requests termination in writing to the other party. At that time, the parties will seek to amicably develop a final Amendment that specifies termination date, the remaining obligations of the parties prior to termination and any clauses or obligations that survive termination of the Agreement.

19.0 APPLICABLE LAWS AND JURISDICTION

- 19.1 The rights and obligations of the Parties arising out of the Agreement shall be governed in all respects by the laws of the State in which the Project is located, and shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns.

20.0 ENTIRE AGREEMENT

20.1 This Agreement constitutes the entire agreement between the parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter of the Agreement, with the exception of the "Contract Services Agreement Between The Conservation Fund and Environmental synergy, Inc. for the Sloughs Wildlife Management Area Afforestation and Carbon Offset Project, a "Go Zero" Initiative" which shall not be superseded by this Agreement. No waiver, alteration, amendment or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the Parties

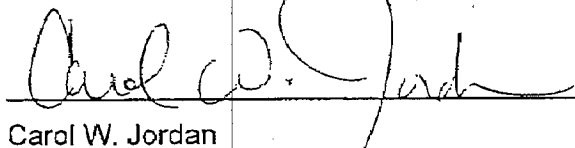
21.0 AUTHORITY TO EXECUTE AGREEMENT

21.1 Each party hereto represents and warrants to the other that (a) it is duly authorized to execute and deliver the Agreement and duly authorized to perform its respective obligations under the Agreement; and (b) the Agreement is the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, subject to bankruptcy, insolvency and similar laws affecting the enforceability of creditors' generally and to general principles of equity.

IN WITNESS THEREOF, the parties hereto have caused the Agreement to be executed by their duly authorized representatives.

Agreed to and Accepted:

ENVIRONMENTAL SYNERGY, INC.



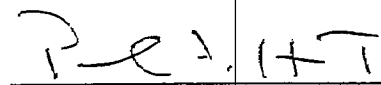
Carol W. Jordan
President

7-17-07

Date

Agreed to and Accepted:

THE CONSERVATION FUND



Paul F. Hurt
Assistant Secretary and Deputy General Counsel

7/31/07

Date

AMENDMENT THREE

TO THE CONTRACT SERVICES AGREEMENT BETWEEN THE CONSERVATION FUND AND ENVIRONMENTAL SYNERGY, INC. FOR THE IMPLEMENTATION OF CARBON SEQUESTRATION PROJECTS UNDER THE "GO ZERO" PROGRAM

Reference: Red River Carbon Sequestration Project 2008/2009

This Third Amendment ("Amendment") is entered into by and between The Conservation Fund (hereinafter the "FUND") and Environmental Synergy, Inc. (hereinafter "ESI"), together "the parties".

I. BACKGROUND

- A. Under the subject Contract Services Agreement ("Agreement"), effective date July 31, 2007, the parties agreed that ESI will be contracted by the FUND to provide afforestation and carbon monitoring services as described in Section 2.0 of the Agreement, "Scope of Work", related to certain projects through the FUND's Go Zero program.
- B. In conformity with Paragraph 1.7 of the Agreement, the purpose of this Amendment is to describe the particulars of such a project, hereinafter called the Red River Project.

II. THE PARTIES HERETO AGREE THAT:

- A. The FUND, through, its Go Zero program and in cooperation with the U.S. Fish and Wildlife Service and ESI, intends to establish, operate and maintain a carbon sequestration project on approximately 922 acres of land that is part of a larger parcel in Natchitoches Parish, Louisiana being acquired by The Fund and conveyed to the Red River National Wildlife Refuge. The plantable acreage, hereinafter called the Project Area, is shown in the map in Exhibit A.
- B. With respect to Paragraph 2.1 of the Agreement, the attached Exhibit B constitutes the Quality Standards for Seedling and Planting Vendors for the Red River Project.
- C. Paragraph 2.2 shall be deleted and replaced as follows:
 - 2.2 Within the geo-specific timeframe recommended by refuge staff for planting, ESI will complete the planting of seedlings sufficient to achieve Afforestation of the Red River Project Area. In advance of planting, ESI will collaborate with refuge staff to ensure appropriate site preparation is undertaken prior to, and/or in conjunction with planting.
- D. Paragraphs 2.3 through 2.3.5 of the Agreement shall be deleted and replaced as follows:
 - 2.3 Pursuant to the Overview of Monitoring Protocol attached as Exhibit C, ESI will provide carbon monitoring services ("Monitoring services") as follows:

- 2.3.1 ESI will provide a carbon monitoring plan inclusive of a scientifically derived predictive model for carbon sequestration over time and specified on-site measurements of soil and biomass carbon on the Project Area.
- 2.3.2 Within one year of planting, ESI will establish permanent monitoring plots in the Project Area and take baseline measurements of initial quantities of soil carbon.
- 2.3.3 ESI will undertake a survivability analysis in the fourth year after planting (following three full growing seasons) to determine seedling survivability rate, effects of weather or other peril upon survivability and advisability of any replanting or overplanting.
- 2.3.4 ~~ESI will undertake on-site carbon measurements of biomass and soil carbon in the eleventh year after planting (following ten full growing seasons) to determine the carbon stock change to that point.~~

E. Paragraph 3.3 shall be deleted and replaced as follows:

- 3.3 ESI represents that its research in collaboration with Winrock International and other organizations indicates that Afforestation of the Project Area should result in a total carbon sequestration of approximately 328 metric tons of carbon dioxide, on average, per acre, after 100 years, with the sequestration rate over time expected to correspond approximately to the graph in Exhibit C. In addition to measurements from the Project Area, and the greater monitoring cohort of which it is a part, ESI will provide the Fund the results of relevant primary research it undertakes or secures that either confirms or alters the expected sequestration from the Project Area over time.

F. Paragraph 3.5 shall be deleted and replaced as follows:

- 3.5 ESI will assist, as reasonably requested by the FUND, with logistics of site visit and information requests of the FUND staff for the purpose of project reporting, tracking, auditing and verification for the duration of this Agreement. Any technical analysis, site visit requested of ESI staff, and/or assistance with project design documents, registration or other services not specified in this Agreement may be subject to additional professional services fees to be agreed upon by both parties.

G. Paragraph 5.1 shall be deleted and replaced as follows:

5.1

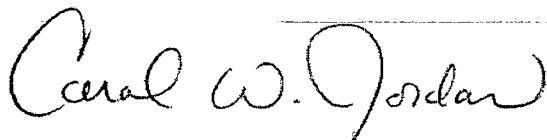
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Except as expressly agreed to in this Amendment, the remaining terms and conditions of the Agreement shall remain in full force and effect, without change.

IN WITNESS THEREOF, the parties hereto have caused the Agreement to be executed by their duly authorized representatives.

Agreed to and Accepted:

ENVIRONMENTAL SYNERGY, INC.



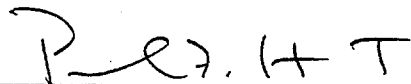
Carol W. Jordan
President

11-6-08

Date

Agreed to and Accepted:

THE CONSERVATION FUND



Paul F. Hurt
Assistant Secretary and Deputy General Counsel

11/6/08

Date

EXHIBIT A: Map of the Red River Project Area



Exhibit B

ESI QUALITY STANDARDS FOR SEEDLING AND PLANTING VENDORS

ESI QUALITY STANDARDS FOR GROWING, PACKAGING AND STORING SEEDLINGS

- Seedlings must be fertilized and watered adequately to achieve a height of between 10" and 24" above the root collar. Seedlings shall have a minimum root collar of 3/8" and shall not exceed 5/8" in diameter. The taproot shall be between 6" and 8" in length with at least 4 well-developed lateral roots between 4" and 6" in length.
- Any exceptions to the above specifications must be approved by ESI Forestry Manager.
- Environmental Synergy, Inc. (ESI) or their representative will notify the nursery two weeks in advance before seedlings are to be lifted and packaged. This notice will specify the number of seedlings to be lifted.
- Unless otherwise approved by ESI, seedlings shall be bundled or packaged at a rate not to exceed 200 plants per grouping, with adequate binding or tying to prevent moisture loss.
- All seedlings must be dipped in a non-starch base, super absorbent water-storing synthetic gel such as Vitera, Hydra Gel or equivalent to ensure that all roots are completely coated with gel. ESI reserves the right to reject all bags of seedlings that do not have visible gel on the roots at the time of planting.
- After lifting, seedlings shall be stored by the nursery in a cooler at a temperature of 34°F - 38°F until picked up by Contractor. The nursery must have adequate cooler space to store seedlings for a period of one month should adverse weather hinder planting schedule.
- All bags must be marked to identify the species, size or age class, and number of seedlings per bag.
- ESI or their representative will be permitted to inspect the nursery at any time prior to and after award of contract.

ESI QUALITY STANDARDS FOR PLANTING SEEDLINGS

- Planting shall be accomplished during the winter/spring 2009 planting season (January-April 2008). Should anticipated or unanticipated circumstances arise that will or could require planting outside of that timeframe, Environmental Synergy, Inc. will notify Contractor of revised planting schedules.
- A recommended planting rate of 302 seedlings per acre should be maintained uniformly across the planted site on a 12 ft by 12 ft spacing.
- A minimum of 257 seedlings or 85% of the number of seedlings planted per acre will be planted with no planting errors.
- Onsite verification of the above two requirements will be made by ESI.

- Where multiple hardwood species have been prescribed, efforts should be made to ensure that each of the species are sufficiently interspersed across the site as to avoid large areas of single-species plantings.
- The taproot shall not be J-rooted, U-rooted or L-rooted.
- Planting slits or holes must be a minimum of 10 inches in depth. Planting holes or slits shall be sufficiently closed; soil must be firmly packed from bottom of hole to top of hole.
- When seedlings are planted with dibble bars, the top edge of the packing hole created by the heel of the planter must be at least 2 inches from the seedling.
- Hardwood seedlings shall not lean towards the ground in excess of 30 degrees.
- Seedlings shall be planted such that the root collar is a minimum of 2 inches below the ground surface.
- There shall be no debris in the planting slit.
- Trees shall be handled/stored with care to prevent desiccation and freeze.
- Seedlings shall not be subject to excessive root pruning. If root pruning is required, the taproot shall be pruned no shorter than 6 inches and lateral roots shall be pruned no shorter than 4 inches.
- Empty planting bags, food and beverage items, personal effects and all other litter shall be removed from the project at the end of each planting day.
- All hardwood seedlings planted shall be healthy, vigorous seedlings having a top length of 10" to 24" above root collar, a root collar diameter of 3/8" to 5/8" and an undamaged, fibrous root system. The taproot shall be 6" to 8" in length with at least 4 lateral roots 4" to 6" in length.
- Hand planting shall be performed with tree planting bars or hoedads that are sufficient in size to facilitate the planting of hardwood seedlings. In most cases, this will require dibble bars with blades measuring 4" wide and at least 11" in length.
- Seedlings shall be transported in the cool part of the day and remain shaded at all times. When it is not possible to park in shade, it is recommended that mylar blankets be used to cover the seedlings. Seedlings shall be transported in a refrigerated unit when the outside temperature exceeds 80°F or is colder than 34°F.
- Contractor (or his Supplier) must have a refrigeration unit on each planting site of adequate size and that will maintain temperatures between 34°F and 38°F. During field planting operations, seedlings must not be exposed to temperatures below 34°F at any time or above 80°F for a period exceeding one hour.
- It is the responsibility of the refuge manager, forester, their representative and/or ESI to designate the species to be planted on each field. No planting can be done without their approval.
- ESI reserves the right to stop all planting operations at any time the above conditions or

quality standards are not adhered to.

Exhibit C

OVERVIEW OF MONITORING PROTOCOL

Note: the Monitoring protocol for Amendment Two's Marais des Cygnes Project is deleted in entirety here and replaced with the protocol for the Red River Project.

ESI's monitoring protocol on behalf of the FUND, developed jointly with Winrock International, will consist of several components: an "umbrella" monitoring plan inclusive of a scientifically derived model for predicting carbon sequestration on the Project Area over time; base-year analysis to determine soil carbon stocks and establish permanent monitoring plots, tree survival analysis after the third growing season, and an on-site measurement of soil and tree biomass carbon following the tenth growing season.

The Monitoring Umbrella

This project will be monitored as part of a larger population of other similar afforestation projects within a two-year age cohort in the same ecoregion, the Lower Mississippi Valley (LMV). The monitoring plan accounts for spatial variability in carbon stocks in vegetation and soil of well-established forests in the vicinity of the Project Area as well as lands not covered by forest, which helps to determine the number of measurement plots across the cohort plantings including the Project Area.

Research undertaken by Winrock and ESI has shown that parameters like flood mark height, soil series or bulk density insignificantly impact carbon sequestration and that therefore multiple planting sites in the LMV, including the Project Area, can be treated as one population in the statistical analysis of plot measurements. ESI's contract fee includes the assumption that the FUND's Project Area will become part of the "umbrella population" of monitored tracts, hereinafter referred to as the "Monitoring Umbrella."

Precision Levels

The number of monitoring plots, together with the spatial variability, determines the precision of the carbon measurements in biomass and soils. In order to reach comparable precision levels in biomass and soil carbon, more plots are needed in the case of soil carbon than for biomass. This is due to the greater spatial variability of soil carbon. Therefore, with any given spatial variability, the desired precision of soil carbon measurements will drive the number of plots.

The number of plots for the Monitoring Umbrella is based on a concept termed "minimum detectable difference" (MDD) for soil carbon, subscribed to by Winrock. At the root of this concept is the question: "by how much does soil carbon have to change in order that the monitoring system detects that a change has occurred with a specified confidence level?"

Winrock and ESI determined that for afforestation projects in the LMV, MDD should be no greater than 8 short tons CO₂ per acre. If soil carbon changes less than 8, then this change will be lost in the "noise" of spatial variability. If it changes by more than 8, then it can be said with 90% confidence to have increased. Under this concept, if the mean across all plots of the soil carbon increase is say 20 tons CO₂/acre, then 12 tons CO₂/acre can be said to have occurred with 90% confidence. The greater the number of plots, the smaller the MDD becomes.

Base-year analysis

Within twelve months of planting, ESI will establish random plots in the Project Area that will be marked with GPS coordinates and physical markers to remain as permanent sample plots.

The following base year characteristics will be measured:

- a. Initial carbon stocks in the soil.
- b. Estimates of the biomass carbon of any significant plant material existing on the site prior to planting.

These samples will be analyzed and the initial amount of carbon contained on the site calculated, together with samples from other planting sites within the cohort. This will provide an estimate of the baseline conditions against which future carbon stock change can be measured.

Soil Sampling

Soils will be sampled one of two ways depending on nature of the soil: either with a standard soil corer or by digging pits. Four samples to 50 cm depth are collected in each plot, one randomly located in each quarter of the circular plot. The soil from each core will be bulked and all samples well-mixed together, with a sub-sample collected and placed in a labelled paper bag for carbon analysis. One additional soil core is taken from each sampling point and placed in one sample bag to be used for bulk density measurement.

Future sampling points will be located as close as possible to the original points to be in a better position to sample the same soil and to detect change. Soil bulk density measurements will be adjusted for moisture and corrected to account for any rock fragments that may be present. Calculating carbon contents on an equal mass basis is particularly important for detecting changes over time.

Tree Survival Analysis

ESI foresters and other scientific guidance indicates that survivorship is best evaluated at age 3-4 years (Allen, J. A. 1990. Establishment of bottomland oak plantations on the Yazoo National Wildlife Refuge Complex. Southern Journal of Applied Forestry. 14(4): 206-210). In collaboration with Red River refuge staff, ESI will undertake a survival analysis on the Project Area in this timeframe and subsequently report those results to the FUND with recommendations for any suggested replanting or overplanting.

Monitoring of soil and tree biomass carbon during the project

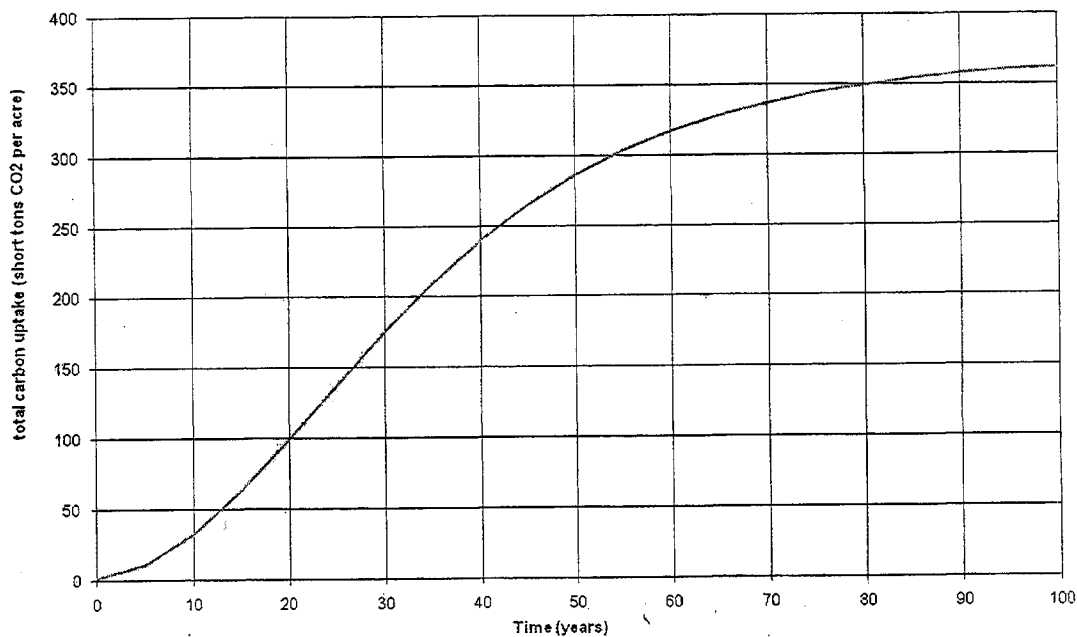
ESI will undertake on-site measurement of tree biomass and soil carbon in the eleventh year following planting (after ten growing seasons). Prior to such measurement, the estimated carbon sequestration on the Project Area will be based on the carbon accrual graph and chart below, together with any new research by Winrock, ESI, or other entities that may be considered to augment or supplant prior research.

The graph and chart reflect the results of an ESI-led research effort in 2007 to build upon earlier predictive models of carbon sequestered over time in the bottomland hardwood forests of the Lower Mississippi Valley. This initiative included a consortium of leaders in forest carbon science and carbon project development including The Nature Conservancy, the Yale School of Forestry and Environmental Studies, the USDA Forest Service Center for Bottomland Hardwoods Research in Stoneville, Mississippi, Winrock International and the US Geological Survey. The findings have been accepted for early 2009 publication in the journal *Wetlands*.

Of note is that the research is specific to a geographic band within the greater Lower Mississippi Valley, referred to as the Lower Mississippi Alluvial Valley. The Pond Creek National Wildlife Refuge falls outside of this band. USFWS indicates, however, and ESI concurs that the bottomland hardwood tree species, soils and growth patterns at Pond Creek are similar to those of the alluvial valley. The site therefore will be included as part of ESI's monitoring umbrella for the Lower Mississippi Valley, with the monitoring plots falling on sites outside the alluvial valley tracked as a separate stratum.

On-site measurement of the Project following the tenth growing season will include live trees, dead woody material, repeat soil sampling, with data analysis and a report to the FUND. Biomass equations will be used (and developed where necessary) for converting diameter and tree height data into total tree biomass data.

Predictive Model for carbon sequestration in bottomland hardwoods in the Lower Mississippi Alluvial Valley



	Measured	USDOE tables			Metric	Short tons
Stand age	Aboveground tree tC/ha	Soil	Dead Wood & Understory	TOTAL	t CO ₂ e/ ac	t CO ₂ e/ ac
0	0.8	0	0.0	0.8	1	1.4
5	4.8	0.1	1.9	6.8	10	11.2
10	14.4	0.5	5.0	19.9	30	32.6
15	29.8	1.1	7.6	38.5	57	63.0
20	49.3	1.9	9.4	60.6	90	99.0
25	70.4	2.9	10.9	84.2	125	137.6
30	90.9	4	12.1	107.0	159	175.0
35	109.6	5.1	13.3	128.0	190	209.3
40	125.7	6.2	14.6	146.5	217	239.5
45	139.1	7.3	15.5	161.9	240	264.7
50	149.9	8.3	16.6	174.8	259	285.8
55	158.5	9.2	17.6	185.3	275	302.9
60	165.2	10.1	18.4	193.7	287	316.7
65	170.3	10.7	19.4	200.4	297	327.8
70	174.3	11.3	20.2	205.8	305	336.6
75	177.4	11.8	21.0	210.2	312	343.7
80	179.7	12.2	21.6	213.5	317	349.1
85	181.4	12.4	22.4	216.2	321	353.5
90	182.7	12.7	23.2	218.6	324	357.5
95	183.7	13	23.2	219.9	326	359.6
100	184.5	13.3	23.2	221.0	328	361.3

Source: Shoch, D., Kaster, G., Hohl, A. and R. Souter. "Carbon sequestration potential of bottomland hardwood afforestation in the Lower Mississippi Valley, U.S.A."; to be published by *Wetlands* in early 2009